

**Index Page**

**Replies to initial written questions raised by Finance Committee Members in examining  
the Estimates of Expenditure 2014-15**

**Director of Bureau : Secretary for Financial Services and the Treasury**

**Session No. : 4**

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

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">FSTB(Tsy)001</a>	1702	CHAN Hak-kan	25	(2) Facilities Upkeep
<a href="#">FSTB(Tsy)002</a>	1703	CHAN Hak-kan	25	(2) Facilities Upkeep
<a href="#">FSTB(Tsy)003</a>	0382	LAU Wong-fat	25	(2) Facilities Upkeep
<a href="#">FSTB(Tsy)004</a>	1172	TSE Wai-chuen, Tony	25	(2) Facilities Upkeep
<a href="#">FSTB(Tsy)005</a>	2105	CHIANG Lai-wan	28	(6) Air Passenger Departure Tax Administration
<a href="#">FSTB(Tsy)006</a>	1331	LEUNG, Kenneth	28	(6) Air Passenger Departure Tax Administration
<a href="#">FSTB(Tsy)007</a>	1333	LEUNG, Kenneth	28	(6) Air Passenger Departure Tax Administration
<a href="#">FSTB(Tsy)008</a>	3190	TONG Ka-wah, Ronny	28	(6) Air Passenger Departure Tax Administration
<a href="#">FSTB(Tsy)009</a>	2874	CHAN Kam-lam	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)010</a>	2216	KWOK, Dennis	31	(1) Control and Enforcement
<a href="#">FSTB(Tsy)011</a>	2749	LAM Tai-fai	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)012</a>	3241	LEE Wai-king, Starry	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)013</a>	1007	WONG Ting-kwong	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)014</a>	2195	YICK Chi-ming, Frankie	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)015</a>	1105	CHAN Yuen-han	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)016</a>	0740	FUNG Kin-kee, Frederick	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)017</a>	0741	FUNG Kin-kee, Frederick	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)018</a>	2373	LEUNG Mei-fun, Priscilla	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)019</a>	2387	LEUNG Mei-fun, Priscilla	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)020</a>	0354	SHEK Lai-him, Abraham	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)021</a>	0781	TIEN Pei-chun, James	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)022</a>	1179	TSE Wai-chuen, Tony	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)023</a>	2713	TSE Wai-chuen, Tony	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)024</a>	2912	WONG Ting-kwong	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)025</a>	2913	WONG Ting-kwong	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)026</a>	3289	WU Chi-wai	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)027</a>	1262	CHAN Chi-chuen	59	(4) Printing Services
<a href="#">FSTB(Tsy)028</a>	2329	LAM Kin-fung, Jeffrey	59	(3) Land Transport
<a href="#">FSTB(Tsy)029</a>	2330	LAM Kin-fung, Jeffrey	59	(4) Printing Services
<a href="#">FSTB(Tsy)030</a>	2331	LAM Kin-fung, Jeffrey	59	(4) Printing Services
<a href="#">FSTB(Tsy)031</a>	1851	LAU Wai-hing, Emily	59	(3) Land Transport
<a href="#">FSTB(Tsy)032</a>	2826	CHEUNG Wah-fung, Christopher	76	(1) Assessing Functions

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">FSTB(Tsy)033</a>	2827	CHEUNG Wah-fung, Christopher	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)034</a>	0733	FUNG Kin-kee, Frederick	76	
<a href="#">FSTB(Tsy)035</a>	0739	FUNG Kin-kee, Frederick	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)036</a>	2616	HO Chun-yan, Albert	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)037</a>	2617	HO Chun-yan, Albert	76	(4) Taxpayer Services
<a href="#">FSTB(Tsy)038</a>	2618	HO Chun-yan, Albert	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)039</a>	2619	HO Chun-yan, Albert	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)040</a>	2620	HO Chun-yan, Albert	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)041</a>	2625	HO Chun-yan, Albert	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)042</a>	2333	LAM Kin-fung, Jeffrey	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)043</a>	3206	LEE Wai-king, Starry	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)044</a>	3224	LEE Wai-king, Starry	76	(2) Collection
<a href="#">FSTB(Tsy)045</a>	3225	LEE Wai-king, Starry	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)046</a>	3236	LEE Wai-king, Starry	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)047</a>	3279	LEE Wai-king, Starry	76	(2) Collection
<a href="#">FSTB(Tsy)048</a>	1317	LEUNG, Kenneth	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)049</a>	2495	SIN Chung-kai	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)050</a>	0712	TANG Ka-piu	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)051</a>	1043	WONG Kwok-hing	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)052</a>	2914	WONG Ting-kwong	76	(1) Assessing Functions, (2) Collection
<a href="#">FSTB(Tsy)053</a>	0256	CHAN Wai-yip, Albert	162	(2) Collection and Billing of Rates and Government Rent
<a href="#">FSTB(Tsy)054</a>	2828	CHEUNG Wah-fung, Christopher	162	(1) Statutory Valuation and Assessment
<a href="#">FSTB(Tsy)055</a>	0735	FUNG Kin-kee, Frederick	162	(2) Collection and Billing of Rates and Government Rent
<a href="#">FSTB(Tsy)056</a>	0393	CHAN Kam-lam	186	(2) Licensing of Vehicles and Drivers
<a href="#">FSTB(Tsy)057</a>	0713	TANG Ka-piu	188	(2) Payment of Salaries, Pensions and Benefits
<a href="#">FSTB(Tsy)058</a>	3228	TONG Ka-wah, Ronny	188	(4) Management of Funds
<a href="#">FSTB(Tsy)059</a>	1697	CHAN Hak-kan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)060</a>	2885	CHAN Kam-lam	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)061</a>	0257	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)062</a>	0258	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)063</a>	0283	CHAN Wai-yip, Albert	147	(1) Director of Bureau's Office
<a href="#">FSTB(Tsy)064</a>	0284	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)065</a>	1943	CHAN Yuen-han	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)066</a>	1944	CHAN Yuen-han	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)067</a>	1949	CHAN Yuen-han	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)068</a>	1950	CHAN Yuen-han	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)069</a>	2818	CHEUNG Wah-fung, Christopher	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)070</a>	2819	CHEUNG Wah-fung, Christopher	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)071</a>	0686	CHUNG Kwok-pan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)072</a>	0731	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)073</a>	0732	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)074</a>	0734	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">FSTB(Tsy)075</a>	0736	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)076</a>	0737	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)077</a>	0738	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)078</a>	0991	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)079</a>	0992	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)080</a>	2575	HO Sau-lan, Cyd	147	(1) Director of Bureau's Office, (2) Revenue and Financial Control, (3) Service Departments
<a href="#">FSTB(Tsy)081</a>	2129	KWOK Ka-ki	147	(1) Director of Bureau's Office
<a href="#">FSTB(Tsy)082</a>	3207	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)083</a>	3213	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)084</a>	3251	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)085</a>	3259	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)086</a>	0130	LEONG Kah-Kit, Alan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)087</a>	0131	LEONG Kah-Kit, Alan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)088</a>	0133	LEONG Kah-Kit, Alan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)089</a>	0136	LEONG Kah-Kit, Alan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)090</a>	2909	LEONG Kah-Kit, Alan	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)091</a>	1011	LEUNG Kwok-hung	147	(1) Director of Bureau's Office
<a href="#">FSTB(Tsy)092</a>	2477	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)093</a>	3254	LEUNG Kwok-hung	147	(1) Director of Bureau's Office
<a href="#">FSTB(Tsy)094</a>	3262	LEUNG Kwok-hung	147	(3) Service Departments
<a href="#">FSTB(Tsy)095</a>	1318	LEUNG, Kenneth	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)096</a>	1322	LEUNG, Kenneth	147	
<a href="#">FSTB(Tsy)097</a>	1325	LEUNG, Kenneth	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)098</a>	3087	MA Fung-kwok	147	
<a href="#">FSTB(Tsy)099</a>	3169	MA Fung-kwok	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)100</a>	0306	NG Leung-sing	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)101</a>	0307	NG Leung-sing	147	(3) Service Departments
<a href="#">FSTB(Tsy)102</a>	0429	SHEK Lai-him, Abraham	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)103</a>	1688	SIN Chung-kai	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)104</a>	1689	SIN Chung-kai	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)105</a>	2494	SIN Chung-kai	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)106</a>	0570	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)107</a>	0775	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)108</a>	0782	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)109</a>	0783	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)110</a>	0784	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)111</a>	1582	TIEN Puk-sun, Michael	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)112</a>	2737	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)113</a>	3139	TONG Ka-wah, Ronny	147	
<a href="#">FSTB(Tsy)114</a>	3226	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)115</a>	3227	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)116</a>	3229	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)117</a>	0228	WONG Kwok-hing	147	
<a href="#">FSTB(Tsy)118</a>	1044	WONG Kwok-hing	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)119</a>	1074	WONG Kwok-kin	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)120</a>	1078	WONG Kwok-kin	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)121</a>	1005	WONG Ting-kwong	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)122</a>	4900	CHAN Ka-lok,	25	(2) Facilities Upkeep

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Kenneth		
<a href="#">FSTB(Tsy)123</a>	4901	CHAN Ka-lok, Kenneth	25	(2) Facilities Upkeep
<a href="#">FSTB(Tsy)124</a>	4760	WONG Kwok-hing	28	(6) Air Passenger Departure Tax Administration
<a href="#">FSTB(Tsy)125</a>	4112	KWOK Ka-ki	31	(1) Control and Enforcement
<a href="#">FSTB(Tsy)126</a>	4139	KWOK Ka-ki	31	(1) Control and Enforcement
<a href="#">FSTB(Tsy)127</a>	4155	KWOK Ka-ki	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)128</a>	5703	LEE Wai-king, Starry	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)129</a>	5848	LEUNG Kwok-hung	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)130</a>	5520	SHEK Lai-him, Abraham	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)131</a>	5396	WONG Kwok-kin	31	(4) Revenue Protection and Collection
<a href="#">FSTB(Tsy)132</a>	5416	CHAN Hak-kan	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)133</a>	5584	CHAN Kam-lam	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)134</a>	4326	CHAN Yuen-han	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)135</a>	4327	CHAN Yuen-han	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)136</a>	4328	CHAN Yuen-han	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)137</a>	4293	MAK Mei-kuen, Alice	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)138</a>	4294	MAK Mei-kuen, Alice	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)139</a>	3326	TANG Ka-piu	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)140</a>	5156	TIEN Pei-chun, James	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)141</a>	5157	TIEN Pei-chun, James	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)142</a>	5158	TIEN Pei-chun, James	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)143</a>	5159	TIEN Pei-chun, James	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)144</a>	5160	TIEN Pei-chun, James	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)145</a>	4701	WONG Kwok-hing	51	
<a href="#">FSTB(Tsy)146</a>	4702	WONG Kwok-hing	51	
<a href="#">FSTB(Tsy)147</a>	4703	WONG Kwok-hing	51	
<a href="#">FSTB(Tsy)148</a>	4989	WU Chi-wai	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)149</a>	4990	WU Chi-wai	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)150</a>	5080	WU Chi-wai	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)151</a>	5081	WU Chi-wai	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)152</a>	5087	WU Chi-wai	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)153</a>	5088	WU Chi-wai	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)154</a>	5119	WU Chi-wai	51	(1) Acquisition and Allocation
<a href="#">FSTB(Tsy)155</a>	6150	WU Chi-wai	51	(3) Estate Utilisation
<a href="#">FSTB(Tsy)156</a>	3591	CHAN Ka-lok, Kenneth	59	(3) Land Transport
<a href="#">FSTB(Tsy)157</a>	3592	CHAN Ka-lok, Kenneth	59	(3) Land Transport
<a href="#">FSTB(Tsy)158</a>	4263	KWOK Wai-keung	59	(3) Land Transport
<a href="#">FSTB(Tsy)159</a>	4265	KWOK Wai-keung	59	(1) Procurement
<a href="#">FSTB(Tsy)160</a>	6166	MOK Charles Peter	59	(4) Printing Services
<a href="#">FSTB(Tsy)161</a>	6248	MOK Charles Peter	59	(1) Procurement
<a href="#">FSTB(Tsy)162</a>	5247	WONG Yuk-man	59	
<a href="#">FSTB(Tsy)163</a>	5585	CHAN Kam-lam	76	(3) Investigation and Field Audit
<a href="#">FSTB(Tsy)164</a>	5946	CHEUNG Chiu-hung, Fernando	76	
<a href="#">FSTB(Tsy)165</a>	6485	CHEUNG Kwok-che	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)166</a>	6486	CHEUNG Kwok-che	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)167</a>	6487	CHEUNG Kwok-che	76	(1) Assessing Functions



<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">FSTB(Tsy)168</a>	6573	CHEUNG Kwok-che	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)169</a>	6574	CHEUNG Kwok-che	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)170</a>	4264	KWOK Wai-keung	76	(4) Taxpayer Services
<a href="#">FSTB(Tsy)171</a>	6693	LAM Kin-fung, Jeffrey	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)172</a>	4799	TANG Ka-piu	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)173</a>	5691	TONG Ka-wah, Ronny	76	(1) Assessing Functions
<a href="#">FSTB(Tsy)174</a>	5692	TONG Ka-wah, Ronny	76	(4) Taxpayer Services
<a href="#">FSTB(Tsy)175</a>	5276	WONG Yuk-man	76	
<a href="#">FSTB(Tsy)176</a>	5325	CHAN Wai-yip, Albert	162	(2) Collection and Billing of Rates and Government Rent
<a href="#">FSTB(Tsy)177</a>	6374	CHEUNG Chiu-hung, Fernando	162	(3) Provision of Valuation and Property Information Services
<a href="#">FSTB(Tsy)178</a>	6151	TIEN Pei-chun, James	162	(3) Provision of Valuation and Property Information Services
<a href="#">FSTB(Tsy)179</a>	5290	WONG Yuk-man	162	
<a href="#">FSTB(Tsy)180</a>	5598	TO Kun-sun, James	188	(4) Management of Funds
<a href="#">FSTB(Tsy)181</a>	5296	WONG Yuk-man	188	
<a href="#">FSTB(Tsy)182</a>	3618	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)183</a>	6310	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)184</a>	6311	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)185</a>	5302	CHAN Wai-yip, Albert	147	(3) Service Departments
<a href="#">FSTB(Tsy)186</a>	5361	CHAN Wai-yip, Albert	147	
<a href="#">FSTB(Tsy)187</a>	4318	CHAN Yuen-han	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)188</a>	5918	CHEUNG Chiu-hung, Fernando	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)189</a>	5921	CHEUNG Chiu-hung, Fernando	147	
<a href="#">FSTB(Tsy)190</a>	6403	CHEUNG Kwok-che	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)191</a>	6404	CHEUNG Kwok-che	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)192</a>	6469	CHEUNG Kwok-che	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)193</a>	5656	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)194</a>	5667	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)195</a>	5668	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)196</a>	4576	HO Sau-lan, Cyd	147	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
<a href="#">FSTB(Tsy)197</a>	4612	HO Sau-lan, Cyd	147	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
<a href="#">FSTB(Tsy)198</a>	4632	HO Sau-lan, Cyd	147	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
<a href="#">FSTB(Tsy)199</a>	4214	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)200</a>	4215	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)201</a>	4216	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)202</a>	4217	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)203</a>	4218	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)204</a>	4219	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)205</a>	4220	KWOK Ka-ki	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)206</a>	5696	LEE Wai-king, Starry	147	(2) Revenue and Financial Control

<b>Reply Serial No.</b>	<b>Question Serial No.</b>	<b>Name of Member</b>	<b>Head</b>	<b>Programme</b>
<a href="#">FSTB(Tsy)207</a>	6396	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)208</a>	6508	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)209</a>	6509	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)210</a>	6510	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)211</a>	6511	LEUNG Kwok-hung	147	
<a href="#">FSTB(Tsy)212</a>	6512	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)213</a>	6513	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)214</a>	6514	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)215</a>	6520	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)216</a>	6521	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)217</a>	6522	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)218</a>	6523	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)219</a>	6524	LEUNG Kwok-hung	147	
<a href="#">FSTB(Tsy)220</a>	6525	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)221</a>	6526	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)222</a>	6528	LEUNG Kwok-hung	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)223</a>	6190	MOK Charles Peter	147	
<a href="#">FSTB(Tsy)224</a>	6208	MOK Charles Peter	147	
<a href="#">FSTB(Tsy)225</a>	6223	MOK Charles Peter	147	
<a href="#">FSTB(Tsy)226</a>	6537	MOK Charles Peter	147	
<a href="#">FSTB(Tsy)227</a>	6554	MOK Charles Peter	147	
<a href="#">FSTB(Tsy)228</a>	3352	SIN Chung-kai	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)229</a>	3355	SIN Chung-kai	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)230</a>	4798	TANG Ka-piu	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)231</a>	5594	TO Kun-sun, James	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)232</a>	5678	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)233</a>	5395	WONG Kwok-kin	147	(2) Revenue and Financial Control
<a href="#">FSTB(Tsy)234</a>	5256	WONG Yuk-man	147	

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)001**

**(Question Serial No. 1702)**

Head: (25) Architectural Services Department  
Subhead (No. & title): Not Specified  
Programme: (2) Facilities Upkeep  
Controlling Officer: Director of Architectural Services (K K LEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 52

Question (Member Question No. 7):

Regarding the expenditure on works of the Department in 2013, will the Administration advise on:

- (1) the reason(s) for the increase in expenditure on maintenance works from the estimated amount of \$721.7 million to the actual amount of \$748.7 million; and
- (2) the reason(s) for the decrease in expenditure on refurbishment and improvement works from the estimated amount of \$2,687.9 million to the actual amount of \$2,403.5 million.

Asked by: Hon. CHAN Hak-kan

Reply:

The estimated expenditures on maintenance, refurbishment and improvement works under Programme (2) in 2013 were prepared in 2012 with reference to past expenditure pattern and forecasted needs for next year. The final expenditures in 2013 reflect the actual works requirements of government buildings in the year and therefore may vary slightly from the estimated expenditures.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)002**

**(Question Serial No. 1703)**

Head: (25) Architectural Services Department  
Subhead (No. & title): Not Specified  
Programme: (2) Facilities Upkeep  
Controlling Officer: Director of Architectural Services (K K LEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 52

Question (Member Question No. 8):

The target under the Programme is “attending to emergency repairs ... within one hour of notification in Hong Kong, Kowloon and new towns in the New Territories”. Has the Administration set a target time for attending to emergency repairs for areas other than new towns in the New Territories? If yes, what is the target and will it be listed as a performance measure in future? If not, what are the reasons?

Asked by: Hon. CHAN Hak-kan

Reply:

In view of the extensive geographical spread and the remoteness of some of the areas other than new towns in the New Territories, the Architectural Services Department (ArchSD) is unable to set a standardised target applicable to all emergency repairs for these areas. Nevertheless, once the ArchSD received request from the management department concerned for emergency repairs of government buildings in these areas, the ArchSD will follow up immediately by arriving at the scene as soon as the traffic conditions and other situations permit to complete the repairs.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)003**

**(Question Serial No. 0382)**

Head: (25) Architectural Services Department  
Subhead (No. & title): Not specified  
Programme: (2) Facilities Upkeep  
Controlling Officer: Director of Architectural Services (K K LEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 52

Question (Member Question No. 6):

Regarding the maintenance services for subvented schools, please advise its expenditure for the coming year, the number of schools involved and the average life span of school buildings.

Asked by: Hon. LAU Wong-fat

Reply:

The estimated expenditure for the maintenance services for subvented schools to be provided by the Architectural Services Department in 2014-15 is \$130 million which include new projects for 49 schools. The average life span of the school buildings concerned is about 35 years. The Administration will provide timely maintenance services on practical needs and upon request of the school bodies.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)004****(Question Serial No. 1172)**

Head: (25) Architectural Services Department

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

Programme: (2) Facilities Upkeep

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 55

Question (Member Question No. 7):

Regarding staffing provision, there will be a creation of 12 posts under Programme (1) and 5 posts under Programme (3), and a decrease of 3 posts under Programme (2) in 2014-15. What are the posts to be created and deleted and their terms of employment? As Programme (2) mainly involves facilities upkeep, including provision of efficient and cost-effective professional and project management services for the maintenance and refurbishment of buildings and facilities, has the Department assessed how the deletion of 3 posts will affect its existing services and manpower? If so, what are the assessment outcome and corresponding measures? If not, what are the reasons and how to ensure that related services, particularly the maintenance of buildings, management and internal staff morale will not be affected?

Asked by: Hon. TSE Wai-chuen, Tony

Reply:

The Architectural Services Department (ArchSD) plans to create 12 posts, delete three posts and create five posts under Programme (1), (2) and (3) respectively in 2014-15. Details are as follows:

	<b>Rank (Civil Service Post)</b>	<b>Number of Posts</b>
<b>Programme (1)</b>	Senior Architect	2
	Architect / Assistant Architect	2
	Building Services Engineer / Assistant Building Services Engineer	3
	Structural Engineer / Assistant Structural Engineer	1
	Quantity Surveyor / Assistant Quantity Surveyor	1
	Maintenance Surveyor	1
	Technical Officer / Technical Officer Trainee ( Architecture)	1
	Executive Officer II	1
	<b>Sub-total</b>	<b>12</b>

	<b>Rank (Civil Service Post)</b>	<b>Number of Posts</b>
<b>Programme (2)</b>	Maintenance Surveyor	-1
	Clerk of Works	-1
	Assistant Clerk of Works	-1
	<b>Sub-total</b>	<b>-3</b>
<b>Programme (3)</b>	Senior Architect	2
	Architect / Assistant Architect	1
	Senior Building Services Engineer	1
	Building Services Engineer / Assistant Building Services Engineer	1
	<b>Sub-total</b>	<b>5</b>
	<b>Total</b>	<b>14</b>

ArchSD will recruit suitable candidates on civil service terms of employment to fill the 17 posts created. As for the deletion of three posts under Programme (2), they are three of the nine three-year or four-year time-limited posts created in 2011-12 designated to handle the improvement works for barrier free facilities in existing government properties. These improvement works involve a few thousand existing government buildings and facilities and are carried out in phases. Following the gradual completion of the works, the manpower required can also be reduced accordingly. As such, these three three-year time-limited posts will be deleted in 2014-15 as scheduled.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)005**

**(Question Serial No. 2105)**

Head: (28) Civil Aviation Department

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

Programme: (6) Air Passenger Departure Tax Administration

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 114 (if applicable)

Question (Member Question No. 41):

Please list out in detail the items with reduced provision for operating expenses and the reason(s) for the reduction. Has the Administration reviewed why the expenditure for the Programme concerned was relatively large in 2013-14? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHIANG Lai-wan

Reply:

As the Civil Aviation Department completed the enhancement of the information system for Air Passenger Departure Tax in 2013-14, the operating expenses for 2014-15 will decrease.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 1331)**

Head: (28) Civil Aviation Department

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

Programme: (6) Air Passenger Departure Tax Administration

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 112 (if applicable)

Question (Member Question No. 3.03):

Please provide the following details regarding the air passenger departure tax (APDT) administration fees:

- (1) the specific work involved in the collection of the APDT;
- (2) the staffing for the collection of the APDT;
- (3) whether or not any omission or evasion has been identified in the collection of the APDT and if yes, the relevant figures for the past 5 years;
- (4) whether or not a checking mechanism is in place to prevent omission or evasion and if yes, the details of the mechanism;
- (5) the average administration cost for processing the APDT in each case; and
- (6) whether or not ways to further reduce the administration cost have been explored and if yes, the details.

Asked by: Hon. LEUNG, Kenneth

Reply:

- (1) Under the Air Passenger Departure Tax Ordinance, airlines are responsible for collecting APDT from departing passengers on behalf of the Government. Airlines carrying departing passengers will submit monthly APDT returns to the Civil Aviation Department (CAD) and deposit the tax revenue in a designated bank account. The CAD will verify the relevant returns and handle applications for APDT refund.
- (2) The collection of the APDT is part of the regular duties of the Finance Division of the CAD. There is no dedicated departmental establishment for APDT administration.
- (3) In verifying the APDT returns submitted by the airlines, the CAD has not identified any incident of tax evasion. In case there are discrepancies between the APDT returns and the actual number of passengers, the CAD will immediately notify the airlines concerned to rectify the discrepancies. The CAD does not compile statistics on these minor discrepancies.
- (4) Regarding all APDT returns submitted by the airlines, CAD will verify whether the returns tally with the CAD's flight movement records, whether the calculations in the APDT returns are in order and whether the amounts of tax revenue deposited in the designated bank account by the airlines are the same as the amounts indicated on the APDT returns. Furthermore, the CAD will conduct random checks on the airlines' passenger lists to ensure that they are consistent with the APDT returns.
- (5) The Government pays to the airlines an administration fee in respect of each passenger who has paid APDT. For passengers departing from the Hong Kong International Airport, the administration fee is 2.322% of the APDT, whereas for passengers departing by helicopters, the administration fee is 1.240% of the APDT.

(6) The level of the above administration fee is determined based on the costing information provided by the airlines. It is the established practice that the Government will review the administration fee as and when the APDT is adjusted.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)007**

**(Question Serial No. 1333)**

Head: (28) Civil Aviation Department  
Subhead (No. & title): (-) Not Specified  
Programme: (6) Air Passenger Departure Tax Administration  
Controlling Officer: Director-General of Civil Aviation (Norman LO)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 112 (if applicable)

Question (Member Question No. 3.10):

On details of Air Passenger Departure Tax (APDT) Administration:

- (1) what measures are taken by the relevant Division of the Civil Aviation Department (CAD) to monitor aviation organisations' compliance with their obligation to collect APDT from departing air passengers?
- (2) did the Administration identify any non-compliance of aviation organisations in collecting APDT over the past five years? If yes, please provide respective figures by year;
- (3) please list out by year the number of applications for refund/exemption of APDT over the past five years, and the average cost of each refund application; and
- (4) the number of people applying for refund/exemption of APDT as a percentage of all eligible people over the past five years.

Asked by: Hon. LEUNG, Kenneth

Reply:

- (1) Under the Air Passenger Departure Tax Ordinance, airlines are responsible for collecting APDT from departing passengers on behalf of the Government. Airlines carrying departing passengers will submit monthly APDT returns to the CAD, and deposit the tax revenue in a designated bank account. Regarding all APDT returns submitted by the airlines, the CAD will verify whether the returns tally with the CAD's flight movement records, whether the calculations in the APDT returns are in order and whether the amounts of tax revenue deposited in the designated bank account by the airlines are the same as the amounts indicated on the APDT returns. Furthermore, the CAD will conduct random checks on the airlines' passenger lists to ensure that they are consistent with the APDT returns.
- (2) In verifying the APDT returns submitted by the airlines, the CAD has not identified any incident of tax evasion. In case there are discrepancies between the APDT returns and the actual number of passengers, the CAD will immediately notify the airlines concerned to rectify the discrepancies. The CAD does not compile statistics on these minor discrepancies.

(3) and (4) In the past five years, the number of passengers applying for refund/exemption of APDT and the number of passengers eligible for APDT exemption are tabulated below -

Year	Number of passengers applying for refund after payment of APDT/APDT exemption	Number of passengers whose applications for refund/exemption were approved	Number of passengers eligible for APDT exemption and from whom the airlines have not collected APDT	Total number of passengers eligible for tax exemption
2009	14 475	14 437	9 900 345	9 914 782
2010	15 390	15 317	10 631 723	10 647 040
2011	16 570	16 543	11 138 084	11 154 627
2012	17 750	17 682	11 487 777	11 505 459
2013	17 818	17 732	11 775 304	11 793 036

As the handling of applications for APDT refund/exemption is part of the regular duties of the relevant staff in the CAD, there is no breakdown of the costs involved.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)008**

**(Question Serial No. 3190)**

Head: (28) Civil Aviation Department

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

Programme: (6) Air Passenger Departure Tax Administration

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 112 (if applicable)

Question (Member Question No. 23):

The number of taxpayers expected to be handled by the Civil Aviation Department (CAD) in 2014 is 18 880 000, which is an increase as compared with last year. However, the financial provision on this area will reduce by 20% from \$23 million last year to \$18 million. What are the reasons? How is it possible to have a significant reduction in the provision required? How can the Department ensure that such service will not be affected?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

As the CAD completed the enhancement of the information system for Air Passenger Departure Tax in 2013-14, the operating expenses for 2014-15 will decrease. The services under this programme will not be affected by the reduced provision.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)009****(Question Serial No. 2874)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 128 Page 36

Question (Member Question No. 23):

Please advise this Committee on the following:

- (a) What were the respective sales volumes of cigarettes in Hong Kong in the past 5 years?
- (b) What were the respective amounts of illicit cigarettes seized in the past 5 years?

Asked by: Hon. CHAN Kam-lam

Reply:

(a) The Customs and Excise Department (C&ED) does not have any sales data on tobacco products. With reference to the records kept by C&ED, the numbers of duty-paid cigarettes in Hong Kong in the past five years are as follows -

	2009	2010	2011	2012	2013
Duty-paid Cigarettes (million sticks)	2 887	3 137	2 877	2 914	3 135

(b) In the past five years, the numbers of illicit cigarettes seized by C&ED from local illegal activities are as follows:

	2009	2010	2011	2012	2013
Illicit Cigarettes ( '000 sticks)	58 000	47 000	71 000	67 000	79 000

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)010**

**(Question Serial No. 2216)**

Head: (31) Customs and Excise Department  
Subhead (No. & title): (-) Not specified  
Programme: (1) Control and Enforcement  
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 145

Question (Member Question No. 36):

In 2013, the number of persons compounded for offences relating to illicit cigarettes has reached a rather high level of 9 162, representing a significant increase as compared to the figure in 2012. In this regard, would the Administration advise this Committee on the following:

1. What were the "costs" for compounding offences?
2. Among the 9 162 persons compounded for offences, how many of them were repeat offenders? If any, what were the reasons for compounding their offences?
3. Does the Administration have any plans to combat crimes relating to illicit cigarettes? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. KWOK, Dennis

Reply:

1. Incoming passengers who fail to declare or make a false / incomplete declaration to a Customs officer on the quantity of dutiable goods in their possession which are in excess of the duty-free concessions are liable to prosecution for contravening the Dutiable Commodities Ordinance. However, the Ordinance allows that certain offending passengers may choose to pay five times the duty payable and an additional penalty of \$2,000. This arrangement is called "compounding the offence" in short.
2. In 2013, among the 9 162 persons involved, 934 were repeat offenders. Since the dutiable value of the goods carried by these persons did not exceed \$10,000, the Customs and Excise Department (C&ED) decided to handle the cases by compounding the offences having regard to their past records and the situation at scene.
3. C&ED has all along been committed to combating illicit cigarette activities, especially stepping up enforcement actions at source, coupled with interception along railway stations to prevent smuggling of illicit cigarettes into Hong Kong. In the past two years, C&ED set up a dedicated team comprising 26 officers to conduct intelligence analysis and plan enforcement operations on telephone ordering of illicit cigarettes activities. C&ED will also conduct raiding operations in the urban area with a view to suppressing the distribution, storage and peddling of illicit cigarettes.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)011****(Question Serial No. 2749)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 151

Question (Member Question No. 53):

During 2014-15, the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling, as well as strengthen regional co-operation with other Customs administrations in combating smuggling of illicit cigarettes. As the Financial Secretary has announced an increase in tobacco duty in the Budget this year, will C&ED step up efforts to combat illicit cigarette activities in 2014-15? What will be the estimated expenditure involved? Please list out C&ED's estimated expenditure in combating illicit cigarette activities and the number of illicit cigarettes seized every year since the Government had announced to increase the tobacco duty by 50% in 2009-10.

Asked by: Hon. LAM Tai-fai

Reply:

In view of the proposed increase in tobacco duty in the 2014-15 Budget, the Customs and Excise Department (C&ED) has deployed additional manpower to closely monitor the situation at various boundary control points and at street level. So far, there is no sign of increase in illicit cigarette activities. In the past two years, C&ED set up a dedicated team comprising 26 officers to combat telephone ordering of illicit cigarettes through intelligence analysis and enforcement operations. The number of complaints in 2013 decreased by 37% when compared with the figure for the previous year. C&ED will continue to step up enforcement actions against illicit cigarette activities at source, coupled with interception along railway stations in order to prevent smuggling of illicit cigarettes into Hong Kong. C&ED will also conduct raiding operations in the urban area with a view to suppressing the distribution, storage and peddling of illicit cigarettes.

The expenditure in respect of the relevant work in the past five financial years and in 2014-15 is as follows -

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Expenditure (\$ million)	9.91	10	10.63	15.92	20.31	20.31 (Estimate)

The amounts of illicit cigarettes seized by C&ED in the past five years are as follows -

	2009	2010	2011	2012	2013
Amount of illicit cigarettes (million sticks)	58	47	71	67	79



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)012****(Question Serial No. 3241)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 151

Question (Member Question No. 62):

During 2014-15, the Customs and Excise Department will strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling. What will be the manpower and resources involved? What is the situation like when compared with the past three years? Are there any differences in terms of the frequency and mode of the anti-illicit cigarette actions?

Asked by: Hon. LEE Wai-king, Starry

Reply:

There is an Anti-Illicit-Cigarette Investigation Division under the Customs and Excise Department (C&ED) with an establishment of 61 officers, including the Telephone Order Task Unit comprising 26 officers. In 2013, C&ED detected 25 major cases of smuggling and concealment of illicit cigarettes with a seizure of 39.3 million sticks of illicit cigarettes. C&ED also detected 195 cases of telephone ordering of illicit cigarettes with a seizure of 2 million sticks of illicit cigarettes. The number of complaints in 2013 decreased by 37% when compared with the figure for the previous year.

The expenditure in respect of actions carried out by C&ED against illicit cigarettes in the past three financial years and in 2014-15 is as follows -

	2011-12	2012-13	2013-14	2014-15
Expenditure (\$ million)	10.63	15.92	20.31	20.31 (Estimate)

The amounts of illicit cigarettes seized by C&ED in the past three years are as follows -

	2011	2012	2013
Amount of illicit cigarettes (million sticks)	71	67	79

In 2014-15, C&ED will keep up efforts to combat illicit cigarette activities, especially stepping up enforcement actions at source, coupled with interception along railway stations in order to prevent smuggling of illicit cigarettes into Hong Kong. C&ED will also conduct raiding operations in the urban area with a view to suppressing the distribution, storage and peddling of illicit cigarettes.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)013**

**(Question Serial No.: 1007)**

Head: (31) Customs and Excise Department  
Subhead (No. & title): (-) Not specified  
Programme: (4) Revenue Protection and Collection  
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 150

Question (Member Question No.: 36):

The number of inspection and verification of imported vehicles for payment of First Registration Tax in 2013 is 1 206, representing a considerable increase as compared with the number of 478 in 2012. What are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2013, the Customs and Excise Department (C&ED) set up a dedicated team comprising seven officers to step up verification of the information, models and configuration of imported vehicles, with a view to curbing the problem of making false declaration of the taxable values of motor vehicles for assessment of First Registration Tax (FRT). Since the establishment of the dedicated team, the number of monthly spot checks on the applications for the first registration of motor vehicles has increased from 40 to 120. As a result, the number of inspection and verification of imported vehicles by C&ED for assessment of FRT increased substantially in 2013. Such arrangements have been effective. In 2013, the number of cases of such malpractice dropped from 63 in the previous year to 57.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)014**

**(Question Serial No. 2195)**

Head: (31) Customs and Excise Department  
Subhead: (-) Not specified  
Programme: (4) Revenue Protection and Collection  
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 150

Question (Member Question No. 38):

In 2013, the number of cases conducted by Customs and Excise Department in respect of inspection and verification of imported vehicles for assessment of First Registration Tax was 1 206, which was almost 2.5 times in excess of that in 2012. As for 2014, it is estimated that the number will increase by 20% to 1 413 cases. What are the reasons for such increases and the additional resources required?

Asked by: Hon. YICK Chi-ming, Frankie

Reply:

In 2013, the Customs and Excise Department (C&ED) set up a dedicated team comprising seven officers to step up verification of the information, models and configuration of imported vehicles, with a view to curbing the problem of making false declaration of the taxable values of motor vehicles for assessment of First Registration Tax (FRT). The expenditure on salary provision for the dedicated team is approximately \$3.36 million per annum. Since the establishment of the dedicated team, the number of monthly spot checks on the applications for the first registration of motor vehicles has increased from 40 to 120. As a result, the number of inspection and verification of imported vehicles by C&ED for assessment of FRT increased substantially. Such arrangements have been effective. In 2013, the number of cases of such malpractice dropped from 63 in the previous year to 57.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)015**

**(Question Serial No. 1105)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)

Question (Member Question No. 44):

According to Matters Requiring Special Attention in the coming year, the Agency will assist government bureaux and departments in reviewing their under-utilised sites with a view to releasing the sites for alternative uses or disposal as may be appropriate. In this connection, will the Administration provide the following information:

1. Over the past 3 years, among the under-utilised sites which the Government has reviewed, how many are vacant? What are the details?
2. Over the past 3 years, how many sites which were identified vacant by the review have been released for disposal, redevelopment or other purposes? What are the details of their development?
3. Over the past 3 years, how many sites which were identified vacant by the review have maintained their original uses? What are the reasons for not changing their uses? How will the Government Property Agency deal with these vacant government sites?

Asked by: Hon. CHAN Yuen-han

Reply:

The Government Property Agency reviews sites under the purview of various government bureaux and departments with a view to identifying under-utilised sites to release their development potential by land sale, redevelopment or revitalisation. In the process, the Agency will consider relevant issues like district planning; infrastructural development; environmental factors; demand for housing, office and other development needs of the locality; the age, condition and maintenance cost of the existing facilities; as well as the site's optimal development potential, before deciding as to whether the site is suitable for redevelopment or alternative uses.

All the government properties which the Agency has reviewed over the past three years (including the ex- Burma Lines Military Site in Fanling being managed by the Lands Department (Lands D) and earmarked for housing and educational development; and the site at 650 Cheung Sha Wan Road, which has been transferred to the Lands D for commercial/office development by land sale) were occupied, apart from the building at 5-7 Yip Shing Street, Kwai Chung.

The property at 5-7 Yip Shing Street, Kwai Chung is an industrial building which stands on a site earmarked for road construction. In view of its dilapidated condition, refurbishment will be costly and therefore not cost-effective. As such, we are unable to make arrangements for short-term use or letting of the property. The government is examining whether the site is still required for road construction or it can be converted into alternative uses.

## CONTROLLING OFFICER'S REPLY

FSTB(Tsy)016

**(Question Serial No. 0740)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)

Question (Member Question No. 12):

According to the Indicators, there are seven and three sites ready to be released for disposal, redevelopment or other purposes in 2013 and 2014 respectively. Will the Administration inform this Committee of the exact location, floor area that can be made available 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 2013 and 2014 respectively are tabulated as follows:

2013

	Property	Use	Floor Area that can be Made Available <sup>(Note 1)</sup> (m <sup>2</sup> ) (approx.)
1.	Ex-Housing Department Staff Quarters, Tin Wan Street, Aberdeen	Development of disciplined services quarters	3 570
2.	650 Cheung Sha Wan Road	Commercial/office development	17 980
3.	Murray Building, 22 Cotton Tree Drive, Central	Hotel development	30 200
4.	4 Rose Street, Kowloon Tong	School development	Not Available <sup>(Note 2)</sup>
5.	Lower Radio Station (Site C), Tai Mo Shan	Handed over to Lands Department. Departments concerned are studying its future use	Not Available <sup>(Note 2)</sup>
6.	Ex-Burma Lines Military Site, Fanling	Housing and education development	Not Available <sup>(Note 2)</sup>
7.	Junction of Fu Yan Street and Yan Oi Court	Redevelopment by Urban Renewal Authority	Not Available <sup>(Note 3)</sup>

2014

	Property	Use	Floor Area that can be Made Available <sup>(Note 1)</sup> (m <sup>2</sup> ) (approx.)
1.	Ex-Housing Department Staff Quarters, 20 Heng Lam Street, Lok Fu	Development of disciplined services quarters	5 700
2.	Ex-Kennedy Town Police Married Quarters, Block B	Public housing development	Not Available <sup>(Note 2)</sup>
3.	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	Commercial/office/hotel development	Not Available <sup>(Note 2)</sup>

Note 1 The floor area that can be made available at each site depends on various factors, e.g. planning, building design, etc. The figures provided are approximations only.

Note 2 As development of the site has yet to commence or in planning stage, the figures are not available.

Note 3 As the site is part of the Kwun Tong Town Centre Comprehensive Redevelopment project, a separate figure for this portion of land is not available.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)017**

**(Question Serial No. 0741)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 13):

According to the Indicators, there are a net increase of leased office accommodation in 2013 and an anticipated net increase in 2014 of 13 728m<sup>2</sup> and 22 900m<sup>2</sup> respectively. Will the Administration inform this Committee of the respective areas additionally leased and deleased in 2013 and the anticipated figures of 2014, the departments to which additional office areas are provided and the increase in rental expenditure so incurred?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In 2013, the Government Property Agency had an increase of 27 691m<sup>2</sup> in leased office accommodation, mainly for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department originally located in the Government Logistics Centre in Chai Wan, and for providing new office space to departments including the Labour Department, the Immigration Department and the Social Welfare Department. The printing workshop of Government Logistics Department in Cornwall House of Taikoo Place will then be relocated to the Government Logistics Centre with a view to enhancing its operational efficiency. On the other hand, the Agency deleased 13 963m<sup>2</sup> office space in 2013 with regard to the operational needs of individual departments and the terms of the relevant tenancy agreements. Therefore, there was a net increase of 13 728m<sup>2</sup> of leased office accommodation in 2013, involving additional rental expenditure of about \$33 million per annum.

We anticipate a net increase of 22 900m<sup>2</sup> in leased office accommodation in 2014. Around 27 400m<sup>2</sup> of offices will be newly leased, mainly for providing additional office space to the Registration and Electoral Office, Radio Television Hong Kong, the Efficiency Unit and the Leisure and Cultural Services Department to meet their operational needs and for launching new services. Since we are still identifying suitable premises, we are unable to provide the rental information at this stage. On the other hand, we expect to delease about 4 500m<sup>2</sup> office area in 2014 with regard to the operational needs of individual departments and the terms of relevant tenancy agreements.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)018**

**(Question Serial No. 2373)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 118 Page 39 (if applicable)

Question (Member Question No. 16):

The shortage of Grade A offices in core business districts has pushed up office rent and increased operation cost of businesses, thereby undermining the competitiveness of Hong Kong. According to paragraph 118 of the Budget Speech, the Administration will expedite “the conversion of suitable Government, Institution or Community sites in core business districts for commercial use”. In this connection, will the Administration inform this Committee of the following:

- a. the resources which the Administration has put in to relocate government offices in core business districts over the past three years? Please set out the expenses in detail; and
- b. the resources which the Administration plans to deploy in the coming three years to implement the relocation plan?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

- a. In 2011-12 and 2012-13, the Government Property Agency had coordinated the planning and implementation of the relevant relocation projects with its existing staff resources. Since the staff members handling these projects were concurrently engaged in various other duties, we do not have the breakdown in respect of staff cost for the relocation projects. In 2013-14, apart from the above staff resources, the Agency created four posts in May and July 2013 for four years to take forward the said projects. The annual salary expenditure of these four posts is \$2.3 million in 2013-14.
- b. In the coming three years, the Agency will continue to implement various relocation projects with the above staff resources.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)019**

**(Question Serial No. 2387)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 303 (if applicable)

Question (Member Question No. 30):

At present, there is a shortage of public housing. The Government has endeavoured to identify sites for public housing development to meet public demand. However, it is suggested that there are many vacant government sites which can be used for development. In this connection, will the Administration inform this Committee of the following:

- (1) How many vacant government sites are there under the purview of the Government Property Agency? Please provide in detail the distribution of these vacant sites over the 18 districts and their respective sizes.
- (2) How much resources have the Administration deployed to the repair and maintenance of these vacant sites and/or vacant government buildings on these sites over the past three years? Please provide the expenditure incurred in detail.
- (3) Are there any plans to develop these vacant sites with a view to alleviating the shortage of public housing? If yes, what are the details? If no, why?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

At present, there is no vacant site suitable for public housing development under the purview of the Government Property Agency. Notwithstanding this, the sites of a vacant building and another largely vacant property temporarily under our management have been reserved for public housing development. These two properties are:

- (i) Ex-Kennedy Town Police Married Quarters Block B under demolition, the site area of which is about 1 800 m<sup>2</sup>; and
- (ii) Former Cheung Sha Wan Abattoir, the site area of which is about 19 200 m<sup>2</sup>. Due to structural problems, the abattoir building cannot be put to other short-term uses, but its surrounding areas are used for temporary storage.

Over the past three years, the total expenditure on the management of the buildings on the above two sites (including security and cleaning) is about \$1.7 million.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)020**

**(Question Serial No. 0354)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 28):

Regarding the Matters Requiring Special Attention in 2014-2015, the Administration will plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront. Please provide the scale, the timeframe, the latest progress and the expected completion date of these projects.

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. As a start, we will relocate some departments (including the Transport Department, the Government Property Agency and Music Office of the Leisure and Cultural Services Department) to the West Kowloon Government Offices (WKGO) currently under planning. We have gained support of the Panel on Financial Affairs of the Legislative Council in respect of the WKGO project. After obtaining funding approval from the Legislative Council in early 2015, we will commence the construction of the WKGO for completion in 2018-19.

We have also earmarked sites in other places including Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O for the construction of other replacement buildings. Subject to availability of resources, we aim at commencing construction works from 2017-18 onwards for completion in succession from 2020-21 onwards.

Upon relocation of the departments from the three government office buildings at the Wan Chai waterfront, we will arrange to lease out the vacant floor space in phases to help increase the supply of Grade A offices.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)021**

**(Question Serial No. 0781)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 118 Page 39 (if applicable)

Question (Member Question No. 31):

According to paragraph 118 of the Budget Speech, the Government is taking forward the plan to relocate the offices in the three government office buildings at the Wan Chai waterfront. Will the Government inform this Committee of the anticipated completion date and estimated expenditure of the plan?

Asked by: Hon. TIEN Pei-chun, James

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. As a start, we will relocate some departments (including the Transport Department, the Government Property Agency and Music Office of the Leisure and Cultural Services Department) to the West Kowloon Government Offices (WKGO) currently under planning. We have gained support of the Panel on Financial Affairs of the Legislative Council in respect of the WKGO project. After obtaining funding approval from the Legislative Council in early 2015, we will commence the construction of the WKGO for completion in 2018-19.

We have also earmarked sites in other places including Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O for the construction of other replacement buildings. Subject to availability of resources, we aim at commencing construction works from 2017-18 onwards for completion in succession from 2020-21 onwards.

Upon relocation of the departments from the three government office buildings at the Wan Chai waterfront, we will arrange to lease out the vacant floor space in phases to help increase the supply of Grade A offices.

In view of the complexity and scale of the relocation project, we do not have any scheduled date of completion or cost estimate for the whole project at this stage.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)022**

**(Question Serial No. 1179)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)

Question (Member Question No. 14):

Among the government properties under the portfolio of the Government Property Agency, eight are anticipated to have new commercialisation opportunities in 2014, which is less than the 10 premises in 2013 and 15 premises in 2012. What are the main reasons? What are the factors and criteria for deciding as to whether a government premises has new commercialisation opportunities? How many staff and how much expenditure will be involved in these work in 2014? How do they compare with those for 2013?

Asked by: Hon. TSE Wai-chuen, Tony

Reply:

Having identified initially a government property with commercialisation opportunity, the Government Property Agency will consult departments concerned and examine in detail the implications of the proposal on the image, external appearance, and pedestrian flow of the government building; as well as any impact of the changed use on fire escape, fire services and building installations, in order to determine whether the proposed commercial use is feasible and suitable.

As government properties are designed mainly for offices, public facilities or other government uses, but not for commercial purposes, commercialisation opportunities in government properties are limited and most of the suitable space has been leased out. Therefore, the number of government properties with identifiable commercialisation opportunities is decreasing.

In each of 2013 and 2014, eight officers worked for this task while undertaking other duties as well. As there is no breakdown of the expenditure by individual task, we cannot compare the expenditure on this task in 2013 with that in 2014. However, there should not be any significant difference.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)023**

**(Question Serial No. 2713)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 45):

The Government Property Agency will plan and take forward new government office building projects for the reprovisioning of the departments in the 3 government office buildings at the Wan Chai waterfront. In this connection, please inform the following:

- (a) What is the progress and the timetable?
- (b) What are the estimated expenditure and manpower arrangements in this regard in 2014-15? Please provide a breakdown of provision in respect of reprovisioning the departments according to the usage and nature, including purchase or leasing of private premises, office removal, procurement of furniture, etc.
- (c) With the progressive completion of new government office building projects, departments in the 3 government office buildings at the Wan Chai waterfront will be moving out gradually. Nevertheless, it might be some time before these office buildings can be demolished. These premises may become vacant in the interim. What plans and arrangements has the Bureau to optimise the use of these resources?
- (d) When will the planning and use in respect of the sites of the 3 government office buildings be known the soonest?

Asked by: Hon. TSE Wai-chuen, Tony

Reply:

- (a) Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. As a start, we will relocate some departments (including the Transport Department, Government Property Agency and Music Office of the Leisure and Cultural Services Department) to the West Kowloon Government Offices (WKGO) currently under planning. We have gained support of the Panel on Financial Affairs of the Legislative Council in respect of the WKGO project. After obtaining funding approval from the Legislative Council in early 2015, we will commence the construction of the WKGO for completion in 2018-19.

We have also earmarked sites in other places including Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O for the construction of other replacement buildings. Subject to availability of resources, we aim at commencing construction works from 2017-18 onwards for completion in succession from 2020-21 onwards.

- (b) In 2014-15, the Government Property Agency will continue to take forward the project of relocating the three government office buildings at the Wan Chai waterfront and other relocation projects with existing staff resources. Since the staff members handling the relocation project of the three government office buildings at the Wan Chai waterfront are concurrently engaged in various other duties, we do not have the breakdown in respect of staff cost by projects, and hence we are not able to provide the relevant staff cost. We plan to re-provision the departments in the three government office buildings at the Wan Chai waterfront to government-owned accommodation and therefore will not incur expenditure on the procurement or leasing of private premises. As we will consider the funding for office removal and purchase of furniture, etc. after the Legislative Council has approved the funding for the construction works of the project, we are unable to provide the relevant information at the moment.
- (c) Upon relocation of the departments from the three government office buildings at the Wan Chai waterfront, we will arrange to lease out the vacant floor space in phases to help increase the supply of Grade A offices.
- (d) Upon finalising the relocation plan in respect of the three government office buildings at the Wan Chai waterfront, the Planning Department will start to amend the Approved Wan Chai North Outline Zoning Plan with a view to rezoning the subject site from “Government, Institution or Community” to “Commercial” to facilitate commercial development in future. The amendment process may take about one and a half year.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)024**

**(Question Serial No. 2912)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 49):

The performance indicators reveal that the Government expects a net increase of 22 900 m<sup>2</sup> in leased office accommodation in 2014. Which departments will be allocated with the additional leased office space? What is the estimated increase in rental expenditure? Which departments will be involved in the deleasing in 2014-15? How much rental expenditure can be saved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Government Property Agency anticipates a net increase of 22 900m<sup>2</sup> in leased office accommodation in 2014. Around 27 400m<sup>2</sup> of offices will be newly leased, mainly for providing additional office space to the Registration and Electoral Office, Radio Television Hong Kong, the Efficiency Unit and the Leisure and Cultural Services Department to meet their operational needs and for launching new services. Since we are still identifying suitable premises, we are unable to provide the rental information at this stage. On the other hand, we expect to delease about 4 500m<sup>2</sup> office area in 2014 with regard to the operational needs of individual departments and the terms of relevant tenancy agreements. The deleasing will mainly concern departments including the Hongkong Post, the Social Welfare Department and the Lands Department. The rental saving is estimated to be about \$10 million per annum.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)025****(Question Serial No. 2913)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)Question (Member Question No. 41):

- (a) In 2014-15, the Government Property Agency will continue to identify government properties on its portfolio with commercialisation potential with a view to realising such potential. In this regard, what are the details of the government properties assessed to have commercialisation potential in 2013-14? Which projects have been commenced?
- (b) As commercial sites are insufficient, will the Agency enhance its efforts in 2014-15 to identify more government properties with commercialisation potential or assist departments in optimising utilisation of their sites or converting them for alternative uses? If yes, will additional manpower and expenditure be required?

Asked by: Hon. WONG Ting-kwongReply:

In 2013, the Government Property Agency has initially identified the following 10 government properties which may have new commercialisation opportunities:

	<b>Property</b>	<b>Proposed Use</b>
1.	Man Kam To Control Point	Automatic Teller Machine
2.	Harbour Building	Automatic Teller Machine
3.	Ground floor lobby of Wanchai Tower	Automatic Vending Machine
4.	Departure hall of China Ferry Terminal	Café
5.	The roof and external walls of Water Supplies Department Kowloon East Regional Building	Advertising area
6.	The roof of Argyle Street Waterworks Depot	Advertising area
7.	The external walls of Water Supplies Department Kowloon West Regional Building	Advertising area
8.	The roof of Water Supplies Department Hong Kong Regional Building	Advertising area
9.	The external walls of Tsuen Wan Market	Advertising area
10.	The external walls of San Hui Market, Tuen Mun	Advertising area

After detailed examination, the Agency has changed the original proposal of installing an automatic teller machine at Man Kam To Control Point to automatic vending machine which was let out successfully. The Agency is arranging for the letting of the automatic teller machine site at Harbour Building, the automatic vending machine site at Wanchai Tower, the café at China Ferry Terminal and the advertising area at Water Supplies Department Kowloon East Regional Building. After further analysis, the remaining five cases (item nos. 6 to 10 above) were found not suitable for commercial use.

In 2014-15, the Agency will continue to identify government properties with commercialisation potential and assist government bureaux and departments to review the utilisation of their sites with a view to, where appropriate, releasing them for alternative uses (e.g. In 2013, we handed over the 650 Cheung Sha Wan Road to Lands Department for land sale for commercial/office development). The Agency will carry out this area of work with its existing manpower. Additional staff resources and expenditure are not required at this stage.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)026**

**(Question Serial No. 3289)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 301 (if applicable)

Question (Member Question No. 169):

As regards provision of staff quarters , please advise this Committee on the following:

- 1) Were there any idle departmental quarters in the past five years? If yes, please provide information on each of the idle quarters, including their names, locations, site areas, numbers of flats and planned uses.
- 2) Are there any quarters which have been left idle for over five years? If yes, please provide information on each of the idle quarters, including their names, locations, site areas, numbers of flats, the dates since they were left idle; and whether the Government Property Agency has been requested to take back these quarters.
- 3) Was there any government land newly allocated for use as staff quarters in the past three years? If yes, please provide information on these new staff quarters, including their names, locations, site areas and numbers of flats.

Asked by: Hon. WU Chi-wai

Reply:

There was only one idle (i.e. vacant without any planned use) departmental quarters (DQ) in the past five years. The concerned DQ is located at 173 Kwong Fuk Road, Tai Po, and is a Grade 2 historic building that has only one unit of about 90 m<sup>2</sup> saleable area. As no eligible disciplined services officers had applied for this DQ, it has been left idle since 2013. To avoid affecting the ecology of egrets in this area, the Planning Department considered the site only suitable for Government, Institution or Community use or recreational purposes. As there has not been any suitable government department identified for using the premises, relevant departments are considering its alternative use.

There was no government land newly allocated for use as staff quarters in the past three years. However, the Administration will expedite actions on the eight DQ projects on the sites earmarked. Subject to the allocation of resources, the target is to complete all these projects by 2020. Details of the eight projects are as follows:-

	DQ Project	Site area (m <sup>2</sup> ) (approx.)	Estimated No. of Flats
(i)	Redevelopment of ex-Housing Department Staff Quarters at 4 Tseung Kwan O Road, Kwun Tong	4 150	448
(ii)	Redevelopment of ex-Housing Department Staff Quarters at 57 Sheung Fung Street, Tsz Wan Shan	3 600	56
(iii)	Redevelopment of ex-Housing Department Staff Quarters at 20 Heng Lam Street, Lok Fu	2 670	80
(iv)	Redevelopment of ex-Housing Department Staff Quarters at Tin Wan Street, Aberdeen	710	55
(v)	Redevelopment of Fan Garden, Fanling	14 000	1 000
(vi)	DQ Development at Pak Shing Kok, Tseung Kwan O	12 430	352
(vii)	DQ Development at Yau Yue Wan Village Road, Tseung Kwan O	4 200	136
(viii)	DQ Development at Po Lam Road, Tseung Kwan O	3 290	108
	<b>Estimated total no. of flats</b>		<b>2 235</b>

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)027****(Question Serial No. 1262)**

Head: (59) Government Logistics Department

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

Programme: (4) Printing Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 35):

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

- (1) The volume of printed material, in tabular form, produced by GLD for different government departments in the past three years, including the itemised volume of printed material of the top three government departments with the highest volume.
- (2) The volume of printed material produced by GLD for the public consultation on Methods for Selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016.

Asked by: Hon. CHAN Chi-chuen

Reply:

- (1) The Government Logistics Department (GLD) produces a wide variety of printed material for bureaux and departments. A detailed breakdown of the types of printed material by volume and department is not readily available. However, based on the information available, the respective total tonnage of printed material produced in the past three years is as follows:

	<b>2011</b>	<b>2012</b>	<b>2013</b>
Total tonnage of printed material (metric tonnes)	4 797.6	4 765.6	4 233.4

- (2) The details of the volume of printed material produced by GLD for the public consultation on Methods for Selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016 are provided as follows:

<b>Items</b>	<b>Volume (copies/sets)</b>
“Consultation Document on the Methods for Selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016” (Chinese and English versions)	60 500
Promotional leaflets (Chinese, English and six other languages versions)	621 000
Posters and other publicity material	68 500



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)028**

**(Question Serial No. 2329)**

Head: (59) Government Logistics Department

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

Programme: (3) Land Transport

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 293 (if applicable)

Question (Member Question No. 10):

(a) Would the Government provide details of the current government fleet in the following table:

	Number	Environment-friendly vehicles	Number of replacement vehicles in 2013-14	Expenditure on replacement vehicles in 2013-14	Increase in environment-friendly vehicles in 2013-14	Estimated number of replacement vehicles for the coming three years
VIP Car						
Large Saloon Car (Grade A)						
Large Saloon Car (Grade B)						
Van						
Truck						
Motorcycle						
Bus						
Cross Country Vehicle						
Specialised Vehicle						
Ambulance						

- (b) What selection criteria does the Government follow when procuring environment-friendly vehicles? Where feasible, is it required to give priority to environment-friendly vehicles when replacing vehicles? And
- (c) In the course of using environment-friendly vehicles, what difficulties has the government fleet encountered?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

- (a) The following details of the current government fleet are provided:

	Number	Environment-friendly vehicles (Note)	Number of replacement vehicles in 2013-14	Expenditure on replacement vehicles in 2013-14 (\$million)	Increase in environment-friendly vehicles in 2013-14	Estimated number of replacement vehicles for the coming three years
VIP Car	4	3	0	0	0	1
Large Saloon Car (Grade A)	72	72	0	0	0	16
Large Saloon Car (Grade B)	71	21	0	0	0	9
Van	1 473	131	61	12.9	61	377
Truck	304	72	141	68.43	141	54
Motorcycle	422	14	14	0.8	3	189
Bus	602	426	86	40.9	86	183
Cross Country Vehicle	104	0	2	0.59	0	46
Specialised Vehicle	1 673	476	289	204.15	0	709
Ambulance	343	311	35	42	35	186

Note: Includes vehicles meeting the qualifying standards of the Environmental Protection Department's tax incentive schemes, electric vehicles and LPG light buses.

- (b) Subject to the availability of suitable models on the market and operational and resource considerations, we will give priority to environment-friendly (EF) vehicles when replacing vehicles in the government fleet. When procuring vehicles, the Government will draw up the relevant tender specifications according to the actual operational needs of the departments concerned and the purposes of the vehicles. If suitable models are available, we will set the Environmental Protection Department's qualifying standards for EF petrol private cars and EF commercial vehicles as the mandatory requirements for procurement and will assess tenders based on the established procedures.
- (c) The Government has not encountered any specific difficulties in the course of using EF vehicles.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)029****(Question Serial No. 2330)**

Head: (59) Government Logistics Department

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

Programme: (4) Printing Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 11):

- (a) Please list the number and cost of purchase of the existing printing machinery in the Government Logistics Department;
- (b) The average printing quantity and surplus quantity of each issue of the Gazette; and
- (c) The printing quantity and surplus quantity of the Policy Address and the Budget.

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

- (a) The printing machinery in the Government Logistics Department (GLD) include 5 large size two-colour and multi-colour offset printing presses, 3 medium size two-colour offset printing presses, 1 web offset printing press and 1 small size single-colour offset printing press. The printing presses were purchased at different times and the total cost of purchase was about \$53.8 million.
- (b) The average printing quantity of each issue of the Gazette is 425 sets. GLD arranges for printing work according to printing orders and delivers all the printed products to the departments placing the orders.
- (c) In 2014, the respective printing quantities of the Policy Address and the Budget are:

	2014 Policy Address (Copies)	2014-15 Budget Speech (Copies)
Chinese version	33 300	48 600
English version	23 603	32 300

GLD arranges for printing work according to printing orders and delivers all the printed products to the departments placing the orders.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)030**

**(Question Serial No. 2331)**

Head: (59) Government Logistics Department

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

Programme: (4) Printing Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 12):

The Budget proposes to actively implement paperless solutions. Would the Government advise on the volume of printed material destroyed directly by the Government Logistics Department in 2013. Has the Administration adopted any measures to reduce the waste of paper? What is the Administration's expenditure on destroying printed material?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The Government Logistics Department (GLD) arranges for printing work according to printing orders and delivers all the printed products to the bureaux/departments placing the orders. To reduce the waste of paper in printing work, GLD will provide technical advice to bureaux and departments on the design size of the printed material and the use of paper. During the printing process, GLD will also ensure that the work complies with the standards as required under ISO 14001 Environmental Management System.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)031**

**(Question Serial No. 1851)**

Head: (59) Government Logistics Department

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

Programme: (3) Land Transport

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 21):

Regarding "give priority to environment-friendly vehicles when replacing vehicles in the government fleet subject to availability of suitable models on the market as well as operational and resources considerations", would the Administration advise on the following:

- (a) The estimated expenditure in this respect in 2014-15;
- (b) The number and rank of the officials involved in the work;
- (c) The items included in the specific work plan; and
- (d) The progress or timetable in 2014-15.

Asked by: Hon. LAU Wai-hing, Emily

Reply:

- (a) Of the estimated 370 replacement vehicles to be procured by the Government Logistics Department (GLD) in 2014-15, about 300 vehicles are environment-friendly (EF) vehicles, including vehicles meeting the qualifying standards of the Environmental Protection Department's tax incentive schemes, electric vehicles and LPG light buses. The estimated expenditure involved is about \$129 million. For the rest of them, there are no suitable EF models that meet the operational needs of the departments concerned.
- (b) The work is undertaken by 9 officers, including 1 Government Transport Manager, 1 Chief Transport Services Officer, 3 Transport Services Officers I, 1 Principal Supplies Officer, 1 Chief Supplies Officer, 1 Senior Supplies Officer and 1 Supplies Officer. These 9 officers are not designated solely for vehicle procurement matters and they have to undertake various other duties at the same time.
- (c) The specific work for procuring vehicles includes conducting surveys of the supply of suitable EF models on the market, drawing up tender specifications for procuring vehicles, arranging for tendering and awarding of contracts, etc.
- (d) In 2014-15, GLD plans to arrange about 10 tenders for procuring the above 370 replacement vehicles. The specific work has commenced. The various tendering procedures and the award of the contracts concerned are estimated to be completed successively in the second half of 2014.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)032**

**(Question Serial No. 2826)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (189) Interest on tax reserve certificates  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 651 (if applicable)

Question (Member Question No. 15):

It is estimated that the expenditure for interest on tax reserve certificates (TRCs) will decrease by 28.3% in the coming year, and the Administration explains that it is mainly due to the significant decrease of interest payable on redemption of TRCs after giving consideration to the tax objection and appeal cases that may be finalized. How many successful appeal cases will there be? What types of tax will be involved and what are the respective amounts? In the past 3 years, what were the successful rates of appeal cases? How many of them were processed for more than 1 year and what is the longest time taken to finalize a case? Will the Administration study how to improve the assessing system so as to reduce taxpayers' needs to lodge appeals?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The expenditure on interest on tax reserve certificates (TRCs) is largely used to settle interest on TRCs for "conditional standover order" (Conditional TRCs), which is paid upon settlement of objections/appeals in taxpayers' favour. As such, the actual amount of interest paid in a particular year depends on whether the objections/appeals could be settled within that financial year, whether the taxpayers would succeed in the objections/appeals, changes in interest rate, and the holding period of the Conditional TRCs, etc. These factors are beyond the control or prediction of the Inland Revenue Department (IRD). For cases involving more complex facts or difficult legal issues, taxpayers may lodge appeals to the Board of Review (Inland Revenue Ordinance) and the courts according to the statutory channels, thus affecting the timing of settlement of cases. IRD has made the best endeavour in estimating the amount of funding provision for the interest on TRCs.

In early 2014, after reviewing the actual expenditure position for the financial year 2013-14 and judging from the objection/appeal cases with Conditional TRCs pending settlement in hand, IRD decided to revise downwards the original estimate of \$86 million to \$60 million. In arriving at the estimated funding provision for the interest on TRCs for the financial year 2014-15 (i.e. \$43 million), IRD has already taken into account all the above-mentioned factors, particularly the total value of unredeemed Conditional TRCs and the estimated number of objection/appeal cases to be completed in that year which may involve interest payment.

IRD does not keep statistics on tax types and the respective amounts involved for successful appeal cases. Hence, the relevant information cannot be provided. In the past three financial years, the numbers of appeal cases dealt with by the Appeals Section of IRD, the numbers of completed appeal cases, the numbers of successful appeal cases, the numbers of successful appeal cases processed for more than one year and the longest processing time are as follows -

Financial Year	2011-12	2012-13	2013-04 (As at 28 February 2014)
Finalized appeal cases	80	71	72
Successful appeal cases (rate%)	11 (13.8%)	9 (12.7%)	5 (6.9%)
Successful appeal cases that required more than one year to process	6	6	5
The longest processing time	About 7 years	About 4 years	About 6 years

To ensure that Hong Kong's tax system keeps up with times, the Government reviews from time to time various aspects of the tax system (including the assessing system). There is, however, no plan at this stage to propose any measures to reduce taxpayers' needs to lodge appeals.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)033**

**(Question Serial No. 2827)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 16):

The Financial Secretary has mentioned in Page 51 of the Budget Speech that measures would be taken to preserve the revenue base, and he has also mentioned in Paragraph 141 that the Administration would draw on international experience, step up tax enforcement and make better use of IT to combat tax evasion and avoidance, thereby recovering tax payable. However, the number of field audit and tax investigation cases that the Inland Revenue Department estimates to be completed in the coming year is still 1 800, and the estimated back tax and penalty assessed is still \$2.5 billion, showing no increase at all. What are the reasons behind such estimates? How will the Administration step up its measures to recover the tax payable?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

In the financial year 2014-15, the Field Audit and Investigation Unit (the Unit) of the Inland Revenue Department (IRD) estimates that 1 800 cases will be completed, involving a total amount of back tax and penalty of \$2.5 billion. As tax avoidance schemes are usually very complicated involving overseas associated companies, the audit work involved is very complex and time-consuming. It may take years to complete the investigation. The estimates for the financial year 2014-15 are based on the number of field audit and investigation cases expected to be finalized and their back tax and penalty to be assessed in the year.

The Unit undertakes various on-going measures to enhance the efficiency and effectiveness of its work 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.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)034****(Question Serial No. 0733)**

Head: (76) Inland Revenue Department

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 147 page 53 (if applicable)

Question (Member Question No. 3):

The Budget Speech proposes “reducing salaries tax and tax under personal assessment for 2013-14 by 75 per cent, subject to a ceiling of \$10,000. This proposal will benefit 1.74 million taxpayers in the territory. The reduction will be reflected in the final tax payable for 2013-14. This will cost the Government about \$9.2 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 tax under personal assessment and its percentage out of the total number of taxpayers? what are the operational expenses and manpower involved in the said tax reduction measure?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

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

Year of assessment	Tax reduction measure		Amount of tax reduction		
	% of tax reduced	Ceiling (\$)	Salaries tax (\$million)	Personal Assessment (\$million)	Total (\$million)
2010-11	75%	6,000	5,380	418	5,798
2011-12	75%	12,000	9,726	740	10,466
2012-13	75%	10,000	8,473*	643*	9,116*

\* As at 28 February 2014

The 2014-15 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2013-14 by 75%, subject to a ceiling of \$10,000. It is estimated that this proposal will cost the Government about \$9.2 billion. The Inland Revenue Department (IRD) estimates that 620 000 salaries tax payers and 42 000 taxpayers under personal assessment will each be granted with tax reduction at the ceiling of \$10,000, representing about 38% of the total number of 1.74 million taxpayers to be benefited. IRD will implement the tax reduction measure with existing staff and through internal redeployment of resources.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)035****(Question Serial No. 0739)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 11):

It is stated in the Brief Description that "In 2013-14, 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 .....electronically." Could the Administration inform this Committee of the following: the popularity of electronic filing of tax returns; the percentage share of electronic tax returns filed out of the total number of tax returns filed; how did the Administration promote electronic tax filing in the past; what measures will be adopted in the coming year to encourage more members of the public to file tax returns electronically and will any incentive will be provided?

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 financial year 2001-02 to around 431 000 in the financial year 2013-14 (as at 28 February 2014). There was also an increase of more than 10% when compared with 391 000 in the corresponding period last year. The numbers and percentage shares of tax returns filed electronically in the financial year 2013-14 are as follows -

Financial Year	Total number of tax returns filed online (% of the respective total tax returns)			
	Individual Tax Return	Profits Tax Return	Property Tax Return	Employer's Return
2013-14 (As at 28.2.2014)	415 000 (16.9%)	1 200 (0.4%)	7 300 (4.7%)	7 500 (2.2%)

As in past years, IRD will continue to promote electronic filing services in the financial year 2014-15 by launching a series of promotional activities, including seminars, posters, publicity leaflets, newspaper advertisements, electronic media advertisements, Internet publicity, promotional messages as well as e-mails to civil servants and other organisations. Time of submitting the tax returns will be extended for taxpayers who file their tax returns electronically.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)036**

**(Question Serial No. 2616)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 13):

In respect of "During 2014–15, the Department will continue to exert determined effort to combat tax evasion and counter tax avoidance schemes", please provide the following details:

- (a) What is the total amount of tax recovered in 2013-14 and how many cases were investigated?
- (b) What is the expenditure for combating tax evasion and countering tax avoidance?
- (c) What are the ranks of the officers responsible for this task?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In the financial year 2013-14 (as at 28 February 2014), the Field Audit and Investigation Unit (the Unit) of Inland Revenue Department completed 1 688 cases with back tax and penalty assessed amounting to \$2,486 million and with back tax and penalty collected amounting to \$2,011 million. The Unit is headed by an Assistant Commissioner and has an establishment of 240, comprising 189 Assessor grade staff, 19 Taxation Officer grade staff and 32 clerical grade staff. The revised estimate of funding provision of the Unit for the financial year 2013-14 is \$201 million.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 2617 )**

Head: (76) Inland Revenue Department

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

Programme: (4) Taxpayer Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 647 (if applicable)

Question (Member Question No. 14):

In respect of “During 2014–15, the Department will continue to deliver quality customer service and promote the use of electronic services through which taxpayers can file tax returns, obtain their personal tax information and documents, notify changes of personal particulars and lodge requests for holdover of provisional tax and revision of assessment”, please provide the following details:

- (a) What is the estimated expenditure of the Inland Revenue Department in this aspect in 2014-15?
- (b) What is the number of officers responsible for this task and what are their ranks?
- (c) What items are included in the specific work plan?
- (d) What will be the progress of this task in 2014-15 or is there any timetable?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In the financial year 2014-15, the Inland Revenue Department (IRD) will organise a series of activities to promote the use of its electronic services. The estimated expenditure for the promotion activities is about \$420,000. The promotional activities include seminar, poster, publicity leaflet, newspaper advertisement, electronic media advertisement, Internet publicity, promotional messages as well as e-mails to civil servants and other organizations to promote the eTAX services. These activities will mainly be carried out from April to June 2014. IRD does not have staff solely responsible for promoting the use of its electronic services. Such duties are taken up by the teams responsible for monitoring and operating electronic services.

Regarding the delivery of quality customer service, the Enquiry Service Centre (the Centre) of IRD handles telephone and counter enquiries. It is estimated that in the financial year 2014-15, the Centre will answer around 1.45 million telephone calls and handle around 370 000 counter enquiries. The estimated expenditure is around \$23.4 million. The Centre is equipped with a computer network linked to IRD's Knowledge Database to enable it to provide, as far as possible, an immediate “one-stop” service. The Centre operates an Interactive Telephone Enquiry System (ITES) with 144 telephone lines. Callers can have access on a 24-hour basis to a wide range of tax information by listening to recorded messages and obtaining facsimile copies of information sheets and forms. A “Leave-and-call-back” facility, for recording information requests, and a “Fax-in enquiry” service are also available. Callers can choose to speak to the staff of the Centre during office hours. The Centre also maintains an eTAX help desk hotline to handle enquiries on eTAX services. For counter enquiries, the Centre's counter staff is competent to handle enquiries, collect mail items and issue forms all by themselves without the need of referring callers to other officers in IRD for assistance. The establishment of the Centre is 59, comprising 3 Assessor grade staff, 50 Taxation Officer grade staff and 6 clerical grade staff.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)038**

**(Question Serial No. 2618)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 15):

In respect of “processing objections and appeals in relation to tax assessments raised under the Inland Revenue Ordinance (Cap. 112) which involve complicated issues of fact or law, or disputed assessments that cannot be settled by agreement”, please provide the following details:

- (a) What are the numbers of objections and appeals received by the Inland Revenue Department (IRD) in 2013-14?
- (b) What are the numbers of objections and appeals rejected by the IRD in 2013-14?
- (c) What is the estimated expenditure of the IRD in this aspect in 2014-15?
- (d) What is the number of officers responsible for this task and what are their ranks?
- (e) What items are included in the specific work plan?
- (f) What will be the progress of this task in 2014-15 or is there any timetable?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In the financial year 2013-14 (as at 28 February 2014), the Appeals Section of the Inland Revenue Department (IRD) received 853 objection and appeal cases. It completed 731 objection and appeal cases, of which 414 cases were rejected. The estimated funding provision for the Appeals Section in the financial year 2014-15 is \$23.3 million. It has an establishment of 25, comprising 18 Assessor grade staff, 1 Taxation Officer grade staff and 6 clerical grade staff. The Appeals Section of IRD estimates that it will complete 810 objection and appeal cases in the financial year 2014-15.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)039**

**(Question Serial No. 2619)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 643 (if applicable)

Question (Member Question No. 16):

In respect of “promote the use of electronic services and enhance eTAX services to allow online submission of application for exemption from payment of business registration fee and levy”, please provide the following details:

- (a) What is the estimated expenditure of the Inland Revenue Department in this aspect in 2014-15?
- (b) What is the number of officers responsible for this task and what are their ranks?
- (c) What items are included in the specific work plan?
- (d) What will be the progress of this task in 2014-15 or is there any timetable?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In the financial year 2014-15, the Inland Revenue Department (IRD) will organise a series of activities to promote the use of its electronic services. The estimated expenditure for the promotion activities is about \$420,000. The promotional activities include seminar, poster, publicity leaflet, newspaper advertisement, electronic media advertisement, Internet publicity, promotional messages as well as e-mails to civil servants and other organisations to promote eTAX services. These activities will mainly be carried out from April to June 2014.

Regarding the enhancement of eTAX services, in the financial year 2014-15, IRD plans to allow online submission of application for exemption from payment of business registration fee and levy. IRD has made an application to the Office of the Government Chief Information Officer for a provision of around \$3 million funded by their Computerisation Block Vote, for the purpose of enhancing the existing system. The new service is planned to be launched in early 2015.

IRD does not have staff solely responsible for promoting the use of its electronic services and enhancing eTAX services. Such duties are taken up by the teams responsible for monitoring and operating electronic services.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)040**

**(Question Serial No. 2620)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 18):

In respect of “The increase in the number of property tax compliance check cases is due to the anticipated increase in the number of tenancy agreements”, please provide the following details:

- (a) How many staff members of supernumerary establishment will the Inland Revenue Department increase in this aspect in 2014-15 and how much salary expenditure will be increased in total?
- (b) What items are included in the specific work plan?
- (c) What will be the progress of this task in 2014-15 or is there any timetable?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The work of Property Tax Compliance Check (PTCC) involves the carrying out of verification checks on the correctness of rental income reported by property owners. Due to the estimated increase in the number of tenancy agreements submitted to the Stamp Office for stamping, the Inland Revenue Department (IRD) estimates that the number of PTCC cases to be completed will increase correspondingly from 142 000 in the financial year 2013-14 to 146 000 in the financial year 2014-15 with \$69 million of back tax assessed. All along, IRD allocates resources according to services need and work priorities in order to carry out its responsibilities. In the financial year 2014-15, IRD has no plan to hire additional staff to complete the PTCC work.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)041**

**(Question Serial No. 2625)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 17):

In respect of “field audit, including site visits and examination of accounting records of taxpayers, and promotion of voluntary compliance with taxation requirements”, please provide the following details:

- (a) How many site visits and examinations of accounting records of taxpayers were conducted by the Inland Revenue Department (IRD) in 2013-14?
- (b) How many prosecutions were initiated by the IRD in 2013-14 in connection with site visits and examinations of accounting records of taxpayers?
- (c) What is the estimated expenditure of the IRD in this aspect in 2014-15?
- (d) What is the number of officers responsible for this task and what are their ranks?
- (e) What items are included in the specific work plan?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In the financial year 2014-15, the Field Audit and Investigation Unit (the Unit) of the Inland Revenue Department (IRD) estimates that it will complete 1 800 cases, including both field audit and tax investigation cases, with funding provision of about \$206 million. The Unit has 17 field audit sections mainly responsible for making site visits to business premises and examining accounting records of taxpayers. Each section consists of 1 Senior Assessor (totaling 17), 4 Assessors (totaling 68) and 4 Assistant Assessors (totaling 68). IRD has not separately apportioned the funding provision to field audit work.

Cases processed by the Unit generally involve examination of taxpayers' accounting records, irrespective of whether site visits are conducted. In processing field audit cases, the Unit would conduct site visits to the relevant business premises to understand their modes of operation as well as accounting records kept. However, IRD would not necessarily carry out on-site examination of books and records due to such considerations as insufficient space in the business premises, voluminous accounting records or avoiding disruption to business operations. IRD does not keep statistics on the number of site visits and examination of books and records. Hence, the relevant figures cannot be provided.

In the financial year 2013-14 (as at 28 February 2014), IRD has not initiated any prosecution arising from field audit cases.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)042****(Question Serial No. 2333)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 14):

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

2009-10			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of ad valorem stamp duty	The average percentage of ad valorem stamp duty out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

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

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

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

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

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The collection of ad valorem stamp duty on property transactions by the Inland Revenue Department (IRD) in the past five financial years is as follows –

2009-10			
Consideration or value of the property	Number of cases (Note 1)	Average ad valorem stamp duty (\$) (Note 2)	Average proportion of ad valorem stamp duty paid over stated consideration (Note 3)
\$2,000,000 or below	99 576	100	Not Available
\$2,000,001 to \$3,000,000	28 339	30,909	1.25%
\$3,000,001 to \$4,000,000	17 546	75,452	2.16%
\$4,000,001 to \$6,000,000	16 228	140,086	2.90%
\$6,000,001 to \$20,000,000	15 857	375,695	3.71%
\$20,000,001 or above	3 476	1,662,686	4.22%

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

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

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

2013-14 (as at 28 February 2014)			
Consideration or value of the property	Number of cases (Note 1)	Average ad valorem stamp duty (\$) (Note 2)	Average proportion of ad valorem stamp duty paid over stated consideration (Note 3)
\$2,000,000 or below	25 030	100	Not Available
\$2,000,001 to \$3,000,000	11 592	35,396	1.37%
\$3,000,001 to \$4,000,000	11 340	75,842	2.16%
\$4,000,001 to \$6,000,000	13 013	140,982	2.90%
\$6,000,001 to \$20,000,000	13 054	360,635	3.70%
\$20,000,001 or above	2 427	2,449,597	4.24%

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

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

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

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)043****(Question Serial No. 3206)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 642 (if applicable)

Question (Member Question No. 69):

1. The estimated number of assessments made and the estimated number of compliance check cases for property tax in 2014-15 both increase by 4 000 when compared to last year's figures. Please state the reasons and the basis of estimation in detail.
2. The amount of back tax assessed for property tax this year is higher than that of last year. What were the condition and trend of tax avoidance regarding property tax over the past seven years? What tax avoidance tactics were commonly used?

Asked by: Hon. LEE Wai-king, StarryReply:

1. Property Tax is charged on property owners by reference to the actual rent received from their properties in Hong Kong. Due to the rising number of properties let, the Inland Revenue Department (IRD) estimates that the number of property tax assessments made will increase from 552 000 in the financial year 2013-14 to 556 000 in the financial year 2014-15. Property Tax Compliance Check (PTCC) is a process of selecting cases for compliance audit, from tenancy agreements presented to the Stamp Office for stamping, to verify the correctness of rental income reported by property owners. Due to the expected increase in the number of tenancy agreements presented to the Stamp Office for stamping, IRD estimates that the number of PTCC cases to be completed will increase from 142 000 in the financial year 2013-14 to 146 000 in the financial year 2014-15.
2. In the past seven financial years, the number of PTCC cases completed and the amount of back tax assessed by IRD are as follows -

Financial Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
No. of cases completed	18 200	36 700	60 400	79 000	90 700	102 400	117 900
Back tax assessed (\$million)	25.6	33.0	33.8	43.8	46.3	53.1	55.4

Among the PTCC cases completed, most of the cases with back tax assessed are due to the failure of property owners to report in their tax returns the correct amount of rental income received or to inform IRD in writing that they were in receipt of rental income and liable to tax. According to information available, we have not noticed that there is a rising trend in the number of tax avoidance cases in this regard.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)044****(Question Serial No. 3224)**

Head: (76) Inland Revenue Department

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

Programme: (2) Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 644 (if applicable)

Question (Member Question No. 57):

- (1) For the past ten financial years, 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.
- (2) Please provide the estimated percentage shares of taxpayers whose salaries tax reduction will be lower than and up to the ceiling respectively under the measure of salaries tax reduction proposed in the latest Budget.

Asked by: Hon. LEE Wai-king, Starry

Reply:

- (1) 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
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	1 634 000	1 067 000	75%	567 000	12%
2012-13*	75%	\$10,000	1 579 000	960 000	75%	619 000	12%

# No one-off reduction of salaries tax measures for the years of assessment 2003-04, 2004-05 and 2005-06

\* As at 28 February 2014

Note : The above figures do not include personal assessment taxpayers

- (2) The 2014-15 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2013-14 by 75%, subject to a ceiling of \$10,000. IRD estimates that 1 010 000 salaries taxpayers will each be granted with tax reduction below the ceiling whereas 620 000 salaries tax payers will each be granted with tax reduction at the ceiling of \$10,000, representing respectively 62% and 38% of the total number of 1.63 million salaries tax payers to be benefited. The above figures do not include 110 000 personal assessment taxpayers estimated to be benefited from the same tax reduction measure.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)045****(Question Serial No. 3225)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 642 (if applicable)

Question (Member Question No. 58):

Regarding the Inland Revenue Department's work on tax assessment, please set out in the table below the number and the total profits tax assessed for companies chargeable to profits tax for the past seven years of assessment.

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

Asked by: Hon. LEE Wai-king, Starry

Reply:

The numbers of companies (excluding sole proprietorship and partnership businesses) with assessable profits and the total profits tax assessed for the past seven years of assessment (as at 28 February 2014) are as follows –

**Year of Assessment 2006-07 (mainly assessed in the financial year 2007-08)**

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	79 230	90.12%	9,090	11.14%
5,000,001-10,000,000	3 670	4.18%	4,525	5.54%
10,000,001 or above	5 020	5.70%	68,019	83.32%
Total	87 920	100%	81,634	100%

**Year of Assessment 2007-08 (mainly assessed in the financial year 2008-09)**

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	85 350	90.11%	8,245	8.25%
5,000,001-10,000,000	3 900	4.12%	4,704	4.70%
10,000,001 or above	5 470	5.77%	87,059	87.05%
Total	94 720	100%	100,008	100%



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

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	84 590	90.97%	8,837	11.65%
5,000,001-10,000,000	3 580	3.85%	4,174	5.51%
10,000,001 or above	4 820	5.18%	62,816	82.84%
Total	92 990	100%	75,827	100%

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

Company's assessable profits * (\$)	Number of companies^	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	86 020	91.03%	8,778	11.18%
5,000,001-10,000,000	3 660	3.87%	4,237	5.40%
10,000,001 or above	4 820	5.10%	65,496	83.42%
Total	94 500	100%	78,511	100%

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

Company's assessable profits * (\$)	Number of companies^	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	91 180	90.07%	9,748	10.21%
5,000,001-10,000,000	4 190	4.14%	4,868	5.10%
10,000,001 or above	5 860	5.79%	80,889	84.69%
Total	101 230	100%	95,505	100%

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

Company's assessable profits * (\$)	Number of companies^	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	93 150	89.77%	9,241	8.71%
5,000,001-10,000,000	4 440	4.28%	5,101	4.81%
10,000,001 or above	6 170	5.95%	91,748	86.48%
Total	103 760	100%	106,090	100%

**Year of Assessment 2012-13 (mainly assessed in the financial year 2013-14)**

Company's assessable profits * (\$)	Number of companies^	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	85 740	88.98%	9,122	8.42%
5,000,001-10,000,000	4 300	4.46%	4,939	4.56%
10,000,001 or above	6 320	6.56%	94,248	87.02%
Total	96 360	100%	108,309	100%

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

^ The number of companies may change depending on the outcome of outstanding assessments for each year of assessment.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)046**

**(Question Serial No. 3236)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 642-643 (if applicable)

Question (Member Question No. 70):

The Inland Revenue Department estimates that the number of profits tax assessments made in 2014-15 will increase by 3 000 cases in comparison with that of the previous year while the number of business registration certificates issued for the same period will decrease significantly. What are the reasons?

Asked by: Hon. LEE Wai-king, Starry

Reply:

Since the Inland Revenue Department (IRD) normally issues first tax returns some 18 months after the date of commencement of a new business (or the date of incorporation in the case of a newly-incorporated company), there is no direct correlation between the increase or decrease in the number of business registration certificates and the number of profits tax assessments made in the same year. In the financial year 2014-15, IRD expects that the number of profits tax assessments can be slightly increased to 453 000 by reallocation of resources according to work priorities.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)047****(Question Serial No. 3279)**

**Head:** (76) Inland Revenue Department

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

**Programme:** (2) Collection

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

**Director of Bureau:** Secretary for Financial Services and the Treasury

**This question originates from:** Estimates on Expenditure Volume 1 Page 644 (if applicable)

**Question (Member Question No. 56):**

In respect of the recovery actions taken by the Inland Revenue Department in the past five years, please provide the following details:

- (a) the tax types of recovery cases and the number of cases for each type;
- (b) the amount involved in the recovery cases;
- (c) the types of recovery cases completed and the amounts involved; and
- (d) 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 2009-10 to 2013-14 financial years (as at 28 February 2014), 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)
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
<b>Total</b>	<b>188 300</b>	<b>202.07</b>	<b>4,042</b>	<b>10 900</b>	<b>141.84</b>	<b>1,351</b>
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
<b>Total</b>	<b>189 100</b>	<b>182.92</b>	<b>3,659</b>	<b>12 000</b>	<b>70.84</b>	<b>675</b>

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2011-12 financial year						
Profits Tax	13 300	78.57	1,571	3 000	50.98	486
Salaries Tax	156 600	112.40	2,248	7 200	30.58	291
Property Tax	16 700	9.78	196	1 100	2.31	22
Personal Assessment	12 900	5.29	106	600	2.26	21
Total	199 500	206.04	4,121	11 900	86.13	820
2012-13 financial year						
Profits Tax	11 300	69.30	1,386	3 100	58.17	554
Salaries Tax	153 700	105.86	2,117	9 000	35.19	335
Property Tax	16 200	10.72	215	1 700	2.78	27
Personal Assessment	13 200	6.61	132	800	3.60	34
Total	194 400	192.49	3,850	14 600	99.74	950
2013-14 financial year *						
Profits Tax	13 900	69.70	1,394	2 800	62.15	592
Salaries Tax	179 800	115.78	2,316	8 700	31.06	296
Property Tax	16 500	12.35	247	1 800	3.31	32
Personal Assessment	13 000	5.28	105	800	3.39	32
Total	223 200	203.11	4,062	14 100	99.91	952

\* As at 28 February 2014

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 2009-10 to 2013-14 financial years (as at 28 February 2014), the numbers of cases for which IRD has taken recovery actions are as follows -

	2009-10	2010-11	2011-12	2012-13	2013-14 *
	No. of cases#				
Recovery Notices	105 855	102 293	102 558	107 227	108 263
Legal Proceedings	7 081	5 897	4 996	3 706	2 647

\* As at 28 February 2014

# IRD does not have statistical breakdown of tax recovery actions by tax types

(c) IRD only keeps statistics on tax in arrears and tax collected, and does not have statistical breakdown of total tax collected by grouping into tax paid on time and tax paid after initiation of successful recovery actions.

(d) As at 28 February 2014, the total amount of tax in default was about \$8.2 billion, involving 116 262 charges.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)048****(Question Serial No. 1317)**

Head: (76) Inland Revenue Department

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

Programme: (3) Investigation and Field Audit

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 141 Page 51 (if applicable)

Question (Member Question No. 4.01):

Over the past five years, how much manpower and expenditure were involved in the enforcement action of Inland Revenue Department (IRD) against tax evasion and avoidance, and how much tax payable was recovered? Please provide the relevant figures in the following table.

Financial Year	No. of Relevant Enforcement Actions	Expenditure Involved	Tax Payable Recovered	
			Personal Income Tax	Corporate Profits Tax
2013-14				
2012-13				
2011-12				
2010-11				
2009-10				

In the coming year, does IRD have any plan to increase manpower to achieve the Financial Secretary's target of stepping up tax enforcement against tax evasion and avoidance in order to prevent loss of revenue? If yes, how much manpower will be increased? Will it be achieved through internal redeployment or increasing the establishment?

Asked by: Hon. LEUNG, Kenneth

Reply:

The types of tax involved in cases completed by the Field Audit and Investigation Unit (the Unit) of the Inland Revenue Department (IRD) include profits tax, salaries tax, property tax and personal assessment. However, IRD does not have statistical breakdown by tax types. In the five financial years from 2009-10 to 2013-14, the actual numbers of audit and investigation cases completed, the associated back tax and penalty assessed and collected by IRD, the manpower and the funding provision involved are as follows –

Financial year	Cases completed	Resources allocation		Back tax and penalty assessed (\$million)	Back tax and penalty collected (\$million)
		Establishment and supporting departmental posts	Full-year funding provision (\$million)		
2013-14 (As at 28 February 2014)	1 688	267	201.4 <sup>^</sup>	2,486	2,011
2012-13	1 802	267	190.1	3,448	3,438
2011-12	1 804	268	180.9	6,003*	6,852*
2010-11	1 805	269	170.3	3,827	3,881
2009-10	1 803	272	173.7	2,590	2,385

<sup>^</sup>Revised Estimate

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

IRD will endeavour to counter against acts of tax evasion and avoidance to recover tax payable. Although IRD has no plan to increase the number of establishment of the Unit in the coming year, it undertakes on-going measures to enhance its efficiency and effectiveness of work through optimal use of 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.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)049**

**(Question Serial No. 2495)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Budget Speech Paragraph 141 Page 51 (if applicable)

Question (Member Question No. 18):

It is stated that "To prevent revenue loss, the Inland Revenue Department will draw on international experience, step up tax enforcement and make better use of IT to combat tax evasion and avoidance, thereby recovering tax payable." In respect of this, please provide the following details:

- (a) What are the estimated expenditures for prevention of revenue loss and stepping up of tax enforcement in 2014-15 respectively?
- (b) What is the number of officers responsible for this task and what are their respective ranks?
- (c) What items are included in the specific work plan?
- (d) What will be the progress of this task in 2014-15 or is there any timetable?

Asked by: Hon. SIN Chung-kai

Reply:

The Field Audit and Investigation Unit (the Unit) of the Inland Revenue Department (IRD) is responsible for conducting field audits and investigations with a view to combating tax evasion and avoidance. Where under-reporting is detected through audits or investigations, IRD will make back tax assessments and impose penalties on the relevant taxpayers. The Unit estimates to complete 1 800 cases in the financial year 2014-15 with back tax and penalty assessed amounting to \$2.5 billion. The funding provision of the Unit is about \$206 million. The Unit is headed by an Assistant Commissioner and has an establishment of 240, comprising 189 Assessor grade staff, 19 Taxation Officer grade staff and 32 clerical grade staff.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)050**

**(Question Serial No. 0712)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (-) Not Specified  
Programme: (3) Investigation and Field Audit  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 26):

It is stated in the Brief Description of Programme (3) that “the Department continued its determined effort to combat tax evasion and counter tax avoidance schemes. The computer-assisted risk-based case selection programme was used to facilitate the identification of high-risk cases for audit and investigation.”

1. With regard to the field audit and tax investigation cases processed by the Inland Revenue Department (IRD) concerning the employees' salaries tax reported by employers, please provide the following information for the past three years: the numbers of such cases processed and completed by IRD, the amounts of back tax and penalty assessed, the numbers of such cases processed by each post, the amounts of provision for each case, the amounts of back tax and penalty charged for each case, the amounts of back tax and penalty involved for each post, and the amounts of back tax and penalty recovered for each dollar of provision.
2. IRD has made use of computer-assisted risk-based case selection programme to facilitate the identification of high-risk cases for audit and investigation. How did the mechanism actually work?
3. Some employees have accidentally discovered that their former employers had submitted incorrect tax information about them, including their employment period and remuneration, but IRD has stated in an earlier reply to a question raised by the Legislative Council that it did not have the statistical data for the past five years on incorrect reporting of employees' remuneration discovered due to complaints or by other means. Did IRD review and evaluate the auditing mechanism in the past? If yes, what is the result of the evaluation?
4. In the coming year, will IRD conduct a comprehensive review and evaluation of the current auditing mechanism so as to plug the aforesaid loopholes? If yes, how much money will be involved in upgrading the system? If no, what are the reasons?

Asked by: Hon. TANG Ka-piu

Reply:

1. The Inland Revenue Department (IRD) does not keep statistical breakdown on the back tax and penalty assessed for incorrect claim of salary expenses, nor does IRD apportion the funding provision to the work for randomly checking Employer's Returns submitted. Therefore, the relevant information cannot be provided.



2. The “Assess First Audit Later” (AFAL) system adopted by IRD has been built on an analytical solution to screen tax returns for issuing tax assessments first and then select cases for post-assessment audits and investigations. Under the AFAL system, the data reported in tax returns is stored in IRD’s database. Tax assessments will then be selected by either “Random Selection” or “Risk Assessment” for desk audit. Under “Random Selection”, all returns have equal chances of being selected. Under “Risk Assessment”, a customized computer-assisted case selection programme is used to assess the risk level of each return to ensure that returns with high risk are being selected. Taking into account compliance trend and past audit findings, risk factors are assigned to different items annually. Depending on circumstances, cases selected will be assigned to the assessing officers to conduct “desk audit”, to the field auditors to conduct “field audit” or to the investigators to conduct “in-depth investigation”. By automating and computerizing the screening and selection process, the AFAL system renders the selection of cases for audit to be carried out in a more objective and efficient manner.
  
- 3&4. IRD adopts the AFAL system for tax assessment, and assessments will then be selected for audit using customized computer-assisted case selection programme and risk assessment tools. The AFAL system has been operating effectively since its implementation. IRD has no plan to modify the system at this stage. While IRD does not have statistical data on incorrect reporting of remuneration in Employer’s Returns for the past five years, it would, in the course of its audit and investigation of suspected cases, verify the respective amounts of staff remuneration charged in the accounts of the employers’ businesses with those reported in the Employer’s Returns. For cases found to have reported incorrect remuneration in the Employer’s Returns, IRD would take penal actions in accordance with the provisions of the Inland Revenue Ordinance, including the imposition of penalty by way of additional tax. In the past 15 years, IRD had initiated prosecution against four employers for submitting incorrect Employer’s Returns.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)051****(Question Serial No. 1043)**

Head: (76) Inland Revenue Department

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

Programme: (3) Investigation and Field Audit

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 141 page 51 (if applicable)

Question (Member Question No. 170):

The Financial Secretary mentioned: "The IRD has recovered over \$14 billion in taxes over the past three years." Please list the numbers of tax evasion and tax avoidance cases for salaries tax, profits tax and stamp duty, the amounts involved, the penalties imposed and the manpower assigned to deal with such cases in the past three years.

Asked by: Hon. WONG Kwok-hing

Reply:

The Field Audit and Investigation Unit of the Inland Revenue Department (IRD) collected over \$14 billion of back tax and penalty in the three financial years from 2010-11 to 2012-13. The actual numbers of audit and investigation cases completed, the associated back tax and penalty assessed and collected by IRD, and the establishment in the three financial years are tabulated as follows -

	2010-11	2011-12	2012-13
Cases completed (No statistical breakdown on types of tax which include profits tax, salaries tax, property tax and personal assessment)	1 805	1 804	1 802
Back tax and penalty assessed (\$million)	3,827	6,003#	3,448
Back tax and penalty collected (\$million)	3,881	6,852	3,438
Establishment and supporting departmental posts	269	268	267

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

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)052**

**(Question Serial No. 2914)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions, (2) Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 642 (if applicable)

Question (Member Question No. 48):

- (a) Since the Administration's announcement of the revision of the Special Stamp Duty rates, the implementation of the Buyer's Stamp Duty and the imposition of doubled stamp duty, how many cases out of the assessed cases involved the payment of the above duties? What were the amounts of duty and the numbers of property units involved?
- (b) Under the indicators, it is estimated that the numbers of profits tax assessments and property tax assessments to be made in 2014-15 will be higher than those made in 2013-14. Will the Administration allocate more resources to deal with the said tasks? How much expenditure and manpower will be involved?

Asked by: Hon. WONG Ting-kwong

Reply:

- (a) The Stamp Duty (Amendment) Ordinance 2014 (Amendment Ordinance) adjusts the duty rates and extends the property holding period in respect of Special Stamp Duty (SSD), and introduces a Buyer's Stamp Duty (BSD). From the effective date of the Amendment Ordinance (i.e. 27 October 2012) to 28 February 2014, 46 cases out of those cases submitted for stamping may involve SSD in the Amendment Ordinance and the estimated amount of additional SSD is \$5.25 million. However, the actual amount of SSD to be collected depends on the number of cases eligible for exemption. In respect of BSD, 3 433 cases involved purchasers who were non-Hong Kong identity card holders or companies and the potential BSD is \$4.4 billion. However, the actual amount of BSD to be collected depends on the number of cases eligible for exemption and whether the purchasers who are Hong Kong identity card holders are Hong Kong Permanent Residents (HKPRs) acting on their own behalf. As each instrument may involve more than one unit of property and the Inland Revenue Department (IRD) does not keep statistics on the number of units involved in each instrument, the information about the units of property involved cannot be provided.

The Stamp Duty (Amendment) Bill 2013 (the Bill) proposes to increase the ad valorem stamp duty (AVD) rates on transactions for residential and non-residential properties, with exemption granted to purchasers who are HKPRs acting on their own behalf and are not beneficial owners of any other residential properties in Hong Kong on the date of acquiring the relevant residential properties. The Bill also proposes to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale, to tally with the existing arrangement for residential properties. Under the existing provisions of the Stamp Duty Ordinance, agreements for sale and purchase of non-residential properties are not required to be stamped whereas applicants for stamping of agreements for sale and purchase of residential properties are not required to declare whether they are beneficial owners of any other residential properties in Hong Kong. Therefore, at this stage, IRD is not in a position to size up the number of transactions subject to the doubled AVD and the amount of duty involved.

(b) All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities. In the financial year 2014-15, the estimated manpower and funding provision involved in respect of the assessing work on profits tax and property tax are as follows -

	Profits Tax	Property Tax
Establishment and supporting departmental posts	561	186
Funding provision (\$million)	277.1	79.9

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)053**

**(Question Serial No. 0256)**

Head: (162) Rating and Valuation Department

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

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

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 826 (if applicable)

Question (Member Question No. 11):

Regarding the rates concession as announced in the Budget this year, please inform the Committee of the operational expenses, staff establishment and estimated payroll cost involved in the 2014-2015 rates concession.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Regarding the rates concession measure in the 2014-15 financial year, the Rating and Valuation Department (RVD) will absorb from within its existing resources the operational expenses involved. The said expenses mainly include an estimated amount of around \$770,000 for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. Besides, RVD has not deployed any dedicated manpower for handling the work on rates concession. Hence, RVD does not have the breakdown on manpower and payroll cost involved.

## CONTROLLING OFFICER'S REPLY

FSTB(Tsy)054

**(Question Serial No. 2828)**

Head: (162) Rating and Valuation Department

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

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 829 (if applicable)

Question (Member Question No. 17):

As mentioned in Programme (1), the increase of \$18.6 million in the estimate for this year is partly due to provision for possible refund of overcharged interest in respect of some Government rent appeals. Please inform the Committee of the details, including the number of appeal cases, the case classifications, the rateable values and amounts involved, and the appeal success rates in the past 3 years.

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The Rating and Valuation Department (RVD) assesses the rateable values of development sites in accordance with the Government Rent (Assessment and Collection) Ordinance. Regarding the provision mentioned in Programme (1), it relates to 831 appeal cases on the rateable values of development sites. Following the judgment on the test case of these cases handed down by the Court of Final Appeal in December 2012, RVD has commenced negotiations with the appellants of other appeal cases. Hence, RVD needs to make provision for possible refund of overcharged interest on outstanding payments collected in the past financial years, after settlements or making of court orders.

Furthermore, the statistics on appeal cases relating to Government rent of development sites (including the abovementioned 831 outstanding cases) for the past three financial years are tabulated below -

	2011-12	2012-13	2013-14 (Up to end February 2014)
Outstanding cases at the beginning of the year	2 324 cases	2 415 cases	2 530 cases
Cases received	93 cases	116 cases	59 cases
Cases completed	2 cases	1 case	183 cases
Rateable values reduced (full hearing)	0 case	1 case	0 case
<i>Amount of reduction in rateable values</i>	<i>(not applicable)</i>	<i>\$2,760,000</i>	<i>(not applicable)</i>
Consent orders	0 case	0 case	1 case
<i>Amount of reduction in rateable values</i>	<i>(not applicable)</i>	<i>(not applicable)</i>	<i>\$348,600</i>
Withdrawn/lapsed	2 cases	0 case	182 cases

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)055****(Question Serial No. 0735)**

Head: (162) Rating and Valuation Department

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

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

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 826 (if applicable)

Question (Member Question No. 4):

It is mentioned in the Budget Speech about "waiving rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per quarter for each rateable property. It is estimated to benefit around 3.1 million properties, and will cost Government about \$6.1 billion." Would the Administration inform this Committee of the amount of rates forgone per annum as a result of the rates concession over the past 3 years; the number of properties not exhausting the concession limit of \$1,500 per quarter for each property and its ratio against the total number of properties; the estimated total amount of concession not exhausted and the operational expenses and manpower involved for the above measure?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

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

Financial year	Amount of rates forgone
2011-12	\$9.9 billion
2012-13	\$12.5 billion
2013-14	\$11.6 billion (estimated figure)

In the first two quarters in 2014-15 with rates concession, about 2.26 million of properties (i.e. about 73% of ratepayers) need not pay any rates.

The rates concession measure is to waive the rates payable for each rateable property for the concerned quarters, subject to a ceiling of \$1,500 per quarter. If the rates payable is below the ceiling, the whole amount of rates payable will be waived. There is therefore no question of unspent rates concession. Hence, the billing system of the Rating and Valuation Department (RVD) does not record nor analyse any data relating to the unspent amount of concession.

As for the operational expenses and manpower involved in the rates concession measure, RVD will absorb from within its existing resources the relevant operational expenses. The said expenses mainly include an estimated amount of around \$770,000 for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. Besides, RVD does not deploy any dedicated manpower for handling the work on rates concession. Hence, RVD does not have the breakdown on the manpower and payroll cost involved.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)056****(Question Serial No. 0393)**

Head: (186) Transport Department

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

Programme: (2) Licensing of Vehicles and Drivers

Controlling Officer: Commissioner for Transport (Mrs. Ingrid YEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume Page

Question (Member Question No. 36):

Regarding the Personalized Vehicle Registration Marks (PVRM) Scheme, please provide the following information:

1. Since the implementation of the PVRM Scheme, as at to-date, how many PVRMs were successfully auctioned on average each year? What is the average auction price? What is the highest auction price in each year? Please list out separately.
2. Since the implementation of the scheme, how many PVRMs were successfully auctioned at reserve price each year? Please list out by year.
3. Since the implementation of the scheme, what is the amount of proceeds brought to the Treasury? Please list out by year.

Asked by: Hon. CHAN Kam-lam

Reply:

Since the first auction under the Personalized Vehicle Registration Marks (PVRM) Scheme conducted in September 2006 up till February 2014, the number of PVRM allocated through auction, number of PVRM so allocated at reserve price, average auction price, highest auction price and the proceeds of PVRM auction each year are tabulated below –

Year	No. of PVRM allocated through auction	No. of PVRM allocated at reserve price	Average auction price(\$)	Highest auction price(\$ '000)	Proceeds of PVRM auction(\$ '000)
2006 (Since September)	657	215	38,979	1,400	25,609
2007	2 127	1 026	22,863	700	48,629
2008	2 458	1 641	15,305	1,400	37,619
2009	2 825	1 891	14,255	1,200	40,270
2010	2 827	1 864	12,255	520	34,644
2011	2 665	1 871	11,111	800	29,610
2012	2 877	2 065	10,857	1,250	31,236
2013	2 086	1 567	10,591	440	22,092
2014 (Up to February)	237	176	17,148	1,520	4,064



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)057**

**(Question Serial No. 0713)**

Head: (188) Treasury

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

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

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 911 (if applicable)

Question (Member Question No. 27):

Under programme (2), the Treasury serves as the Government's paymaster for salaries, allowances, contract gratuities, mandatory provident fund and Civil Service Provident Fund (CSPF) contributions, and other benefits for civil servants as well as pensions for retired civil servants and other eligible persons. In this regard, please provide this Committee with:

1. A breakdown by department of the amounts of salaries, allowances, contract gratuities, mandatory provident fund and CSPF contributions, and other benefits paid by the Treasury to civil servants in the past 3 years.
2. A breakdown by reason for payment in the following table of the amounts of mandatory provident fund contributions paid by the Treasury to civil servants in the past 3 years.

Year: \_\_\_\_\_

Reason for payment	Reaching the retirement age of 65	Early retirement	Permanent departure from Hong Kong	Total incapacity	Small balance account	Death of account holder	Offsetting severance payment	Offsetting long service payment	Total
Number of cases									
Total amount									

3. What are the manpower and expenditure involved in the payment and management of the aforesaid amounts?

Asked by: Hon. TANG Ka-piu

Reply:

1 The total amounts of salaries, allowances, contract gratuities, mandatory provident fund and CSPF contributions, and other benefits paid by the Treasury to civil servants in the past three years from 2010-11 to 2012-13 is provided at Annex. Although all expenditures of government departments are paid through the Treasury directly or indirectly, we could not provide details on expenditures of other departments since these expenditures are not directly related to expenditures under the Head 188 Treasury.

2. In accordance with the Mandatory Provident Fund Schemes Ordinance (cap 485) (MPFSO), the Government is required to make employer's contribution which is 5% of the employee's relevant income subject to a maximum level of relevant income of \$25,000 per month. Employees are also required to make the employee's contributions (currently 5% of the employee's relevant income subject to minimum and maximum levels of the relevant income of \$7,100 and \$25,000 per month respectively). The Treasury is required to pay the mandatory contributions to the various Mandatory Provident Fund (MPF) trustees of the civil servants pursuant to the MPFSO requirements. The accrued benefits derived from the mandatory contributions have to be preserved until any of the prescribed circumstances for withdrawal as stipulated in the law has been met and the employees can accordingly make the arrangement with the trustees for the withdrawal. The Treasury does not therefore have the information in this regard.

3. The manpower and expenditure involved in the payment and management of the aforesaid amounts in paragraph 1 above as well as pensions payment of about \$20 billion per annum in the past three years are given below :

	<u>No. of officers</u>	<u>Expenditure involved</u> \$M
2010-11	235	103.1
2011-12	235	99.0
2012-13	229	107.3

**Analysis on the amounts of salaries, allowances, contract gratuities, MPF and CSPF contributions, and other benefits paid by the Treasury to civil servants in 2010-11, 2011-12 and 2012-13**

Expenditure Heads	Expenditures					
	Salaries \$'M	Allowances \$'M	Contract Gratuities \$'M	MPF Contributions by Government \$'M	CSPF Contributions by Government \$'M	Other Benefits \$'M
<b>2010-11</b>						
Treasury (Head 188)	165.1	2.4	-	0.3	0.4	-
Other Expenditure Heads	56,474.2	1,656.7	352.9	190.3	568.4	2,465.0
<b>Total</b>	<b>56,639.3</b>	<b>1,659.1</b>	<b>352.9</b>	<b>190.6</b>	<b>568.8</b>	<b>2,465.0</b>
<b>2011-12</b>						
Treasury (Head 188)	180.3	2.6	-	0.4	1.1	-
Other Expenditure Heads	60,395.8	1,858.4	314.7	202.9	855.1	2,470.1
<b>Total</b>	<b>60,576.1</b>	<b>1,861.0</b>	<b>314.7</b>	<b>203.3</b>	<b>856.2</b>	<b>2,470.1</b>
<b>2012-13</b>						
Treasury (Head 188)	191.3	1.9	-	0.5	1.8	-
Other Expenditure Heads	64,217.0	1,998.6	399.1	243.7	1,189.8	2,488.0
<b>Total</b>	<b>64,408.3</b>	<b>2,000.5</b>	<b>399.1</b>	<b>244.2</b>	<b>1,191.6</b>	<b>2,488.0</b>

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)058****(Question Serial No. 3228 )**

Head: (188) Treasury

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

Programme: (4) Management of Funds

Controlling Officer: Director of Accounting Services (Martin SIU)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 37):

The Treasury is responsible for the management of funds. What are the reasons for the 7.2% increase in provision in the 2014-15 estimate?

What were the respective average investment returns of various funds in the past 5 years? What were the target investment returns?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Treasury's estimate for 2014-15 in respect of Programme (4): Management of Funds is about \$0.5 million (7.2%) higher than that of the revised estimate for 2013-14. The main reason for such an increase is the filling of vacancies.

The average investment returns in the past five years of the eight funds managed by the Treasury are tabulated below:

Name of fund	Average investment return in the past five years up to 2013 (%)
Financial year ending at 31 March	
1. Sir David Trench Fund for Recreation	
-Main fund	2.9
-Sports Aid Foundation Fund	3.1
-Hong Kong Athletes Fund	3.6
-Arts and Sport Development Fund	2.4
-Sports Aid for the Disabled Fund	1.6
-Arts Development Fund	1.4
2. Beat Drugs Fund	2.2
3. AIDS Trust Fund	1.0
Financial year ending at 31 August	
4. Grant Schools Provident Fund	3.2
5. Subsidized Schools Provident Fund	3.2
6. Quality Education Fund	4.9
7. HKSAR Government Scholarship Fund	3.2
8. Self-financing Post-secondary Education Fund	1.1 (Note)

Note: The Self-financing Post-secondary Education Fund was established in November 2011. The average investment return for 2011/12 and 2012/13 was 1.1%.

The investment objectives and target investment return of each fund are set by the respective investment committee having regard to factors including the asset size, any requirement to keep the capital base intact, spending and cash flow requirements of the fund, and approved by the respective governing committee.

As the Sports Aid for the Disabled Fund, the Arts Development Fund and the AIDS Trust Fund are of smaller asset size or have to maintain high liquidity to meet expenditure, their investments are in the form of time deposits. The strategic target investment return of the Grant and Subsidized Schools Provident Funds is 2% above the Consumer Price Index B in each school year in the long run. As for the other funds, the investment objectives and target investment return are to maintain the capital of the funds in the long run and to generate sufficient revenue from the funds to meet expenditure. The respective investment committees of the funds will review their investment strategies and target returns regularly and whenever necessary according to changes in the investment environment.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 1697)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 2):

The Budget Speech proposes to set up a "Future Fund" so that the Government may draw on the fund in the event of sustained budget deficit to finance strategic infrastructure projects. In this regard, please provide information on the following:

- a. What are the differences between "Future Fund" and "Capital Works Reserve Fund"?
- b. Is the "Future Fund" included in the "Exchange Fund" with the fiscal reserves and "Capital Works Reserve Fund" and managed by the Hong Kong Monetary Authority?
- c. After the setting up of the "Future Fund", is the provision from the Fund subject to approval by the Finance Committee of the Legislative Council?

Asked by: Hon. CHAN Hak-kan

Reply:

The Capital Works Reserve Fund was established by Resolution of the Legislative Council in 1982. Its main purposes are to finance the Government's public works programme, and the purchase and installation of major systems and equipment used by the Government.

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group also recommends that the use and *modus operandi* of the "Future Fund" should be left open and just focus on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)060**

**(Question Serial No. 2885)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 129 Page (if applicable)

Question (Member Question No. 44):

It is mentioned in the Budget Speech that the Working Group on Long-Term Fiscal Planning was set up in June 2013.

- (a) What has been the amount of expenditure since its inception?
- (b) How much funds have been set aside for its expenditure in this financial year?

Asked by: Hon CHAN Kam-lam

Reply:

(a) The expenditure involved in supporting the work of the Working Group on Long-Term Fiscal Planning ("Working Group") has been absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). In 2013-14, the expenditure involved mainly includes the salary costs of two temporary posts and the printing costs of the Working Group report, which are around \$1,200,000 and \$410,000 respectively.

(b) In 2014-15, the expenditure involved in pursuing the recommendations of the Working Group will continue to be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)061**

**(Question Serial No. 0257)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No: 12)

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

- (1) What is the establishment of staff responsible for forecasting surplus/deficit of the Budget in the past year?
- (2) What are the administration expenses involved in forecasting surplus/deficit?
- (3) What are the indicators adopted in appraising the performance of staff responsible for forecasting surplus/deficit?
- (4) Will these staff members be held accountable for the fact that the revenue had been far higher than expected and the expenditure had been far lower than estimated in the past year? If so, what are the details? If not, please give reasons.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) The preparation of revenue and expenditure estimates is an extensive exercise involving staff in the Treasury Branch as well as all policy bureaux and departments responsible for finance, personnel, administration and project management etc.
- (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. Government revenue, while highly susceptible to economic fluctuations, is also determined by economic changes on a broader scale. It is therefore beyond the Government's control. In fact, the Government's actual revenue from the major sources, such as profits tax, land premium and stamp duty, has been highly volatile since reunification. In the past five years, the difference between the estimated and actual government revenue was mainly due to the higher-than-expected revenue from profits tax and land premium, the latter being the result of the Government's proactive land sale programme.

As government expenditure involves a wide range of policy areas and schemes, a difference in a few percentage points between the actual and estimated expenditure is unavoidable. In the past few years, the differences between the actual government expenditure and the original estimate have narrowed down gradually. In 2013-14, the revised estimate of \$435.8 billion for total government expenditure is only 1% lower than the original estimate.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0258)**

- Head: (147) Government Secretariat: Financial Services and the Treasury Bureau  
(The Treasury Branch)
- Subhead (No. & title): (-) Not Specified
- Programme: (2) Revenue and Financial Control
- Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury)  
(Ms. Elizabeth TSE)
- Director of Bureau: Secretary for Financial Services and the Treasury
- This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 13):

Regarding Programme (2), 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 administration expenses involved in the rates concession measure as mentioned in paragraph 147 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 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 number of cases and the amounts of profits tax refund involved the profits tax concession proposal as mentioned in paragraph 147 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 2014-15 financial year, around 3.11 million properties will benefit from rates concession, of which about 0.4 million are non-domestic properties. The estimated amount of rates concession involved is about \$900 million.

Regarding the rates concession measure in the 2014-15 financial year, the Rating and Valuation Department (RVD) will absorb from within its existing resources the operational expenses. The said expenses mainly include an estimated amount of around \$770,000 for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. RVD does not have a breakdown of the operational expenses involved by type of buildings for the rates concession measure.

- (2) 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.
- (3) The secrecy provisions in the Inland Revenue Ordinance prohibit the Inland Revenue Department from disclosing information of individual cases.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)063**

**(Question Serial No. 0283)**

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

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 40):

Will the Administration inform this Committee that in 2014-15:

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

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) The estimated operational expenses of the Office of the Secretary for Financial Services and the Treasury (SFST) in 2014-15 are \$12.7 million.
- (2) The estimated salary provisions for the Secretary, the Under Secretary and the Political Assistant are \$3.38 million, \$2.54 million and \$1.18 million respectively.
- (3) The estimated provision for entertainment expenses of the Office of SFST is \$180,000.
- (4) The estimated provision for activities like official duty visits and study tours of the Office of SFST is \$1.1 million.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0284)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 41):

In Matters Requiring Special Attention in 2014-15 under this Programme , the Administration stated that it would pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government. Will the Administration advise this Committee on the following:

- (1) What are the estimated operational expenses for the Working Group on Long-Term Fiscal Planning in 2014-15?
- (2) What is the establishment of supporting staff for the Working Group on Long-Term Fiscal Planning and the estimated salary provision involved in 2014-15?
- (3) What are the details in respect of pursuing the recommendations of the Working Group on Long-Term Fiscal Planning?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1)&(2) The expenditure involved in pursuing the recommendations of the Working Group on Long-Term Fiscal Planning (“Working Group”) will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.
- (3) The Working Group has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)065**

**(Question Serial No. 1943)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 140 Page 51 (if applicable)

Question (Member Question No. 73):

The Financial Secretary mentioned that he will “not rule out any means to increase tax revenue”. Has the Administration:

1. considered conducting a comprehensive review of the taxation system? If so, what are the details? If not, what are the reasons?
2. planned to review the introduction of new taxes? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Yuen-han

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.

On broadening the revenue base, there is little room for major tax hikes, having regard to the competitiveness of Hong Kong and the impact on the community. In principle, the Government will not rule out any means to increase tax revenue. However, we also understand that it will be controversial to put forward any tax increase proposals, which may entail other policy considerations. It takes time for the community to engage in rational discussions with a view to forging a consensus on the matter. At this stage, the Government has no plan to introduce new taxes for the purpose of raising additional revenue.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)066**

**(Question Serial No. 1944)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 129 Page (if applicable)

Question (Member Question No. 68):

The Working Group on Long-Term Fiscal Planning was set up last June. Economists and experts from the accounting, tax and actuarial fields were invited to explore ways for planning our public finances. What were the detailed criteria for appointing non-official members to the Working Group? Did the Administration consider other scholars or experts? If not, what were the reasons?

Asked by: Hon. CHAN Yuen-han

Reply:

As announced in the 2013-14 Budget Speech, the Financial Secretary established the Working Group on Long-Term Fiscal Planning ("Working Group") in June 2013 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.

The appointments have taken into consideration the work nature of the Working Group, and the vast experience and rich knowledge in the professions/sectors such as economics, accountancy, financial services and actuary services that the non-official members possess.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)067**

**(Question Serial No. 1949)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 70):

It is mentioned under programme (2) that the Branch will “pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government”.

1. Is realisation or securitisation of appropriate assets included? If so, which assets will be given the priority to be securitised?
2. What is the asset amount involved in these securitised items?
3. Will the Administration conduct a study if there is no specific project available for the time being? If so, what are the expenditure and manpower involved?
4. What are the criteria for securitisation? Will the social costs be included? When will the study commence and be completed?

Asked by: Hon. CHAN Yuen-han

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the stepping up of the management of the Government’s assets. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)068**

**(Question Serial No. 1950)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 140 Page (if applicable)

Question (Member Question No. 72):

The Financial Secretary mentioned that the Government has to “keep moving our economy up the value-added chain”. In this regard, please list the implementation initiatives, the amount involved and the anticipated percentage growth rate of the gross domestic product (GDP).

Asked by: Hon. CHAN Yuen-han

Reply:

This question is not directly related to Head 147.

It is a major Government policy direction to keep moving the economy up the value-added chain and enhance Hong Kong's competitiveness. In this aspect, a wide range of policy areas and measures are involved, which include maintaining an excellent business environment; improving the efficiency in the flow of people, goods, capital and information; promoting the sustainable development of the four pillar industries and enhancing our strength in international competitiveness; promoting the development of innovation and technology industries to help raise the productivity of all sectors; overcoming the constraints brought by manpower, land supply and ageing population to Hong Kong's future development etc. Since it involves a wide range of areas, we could not list out the specific policy measures and quantify the amount involved and the anticipated percentage growth in the gross domestic product.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)069**

**(Question Serial No. 2818)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 7):

It is mentioned in paragraph 143 of the Budget Speech that, to prepare for the future, consideration can be given to the setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses as a contingency fund to finance strategic infrastructure projects conducive to Hong Kong's future economic development. In this regard, will the Government give an account of such infrastructure projects in mind? How will the criteria for drawing on the "Future Fund" be formulated so as to differentiate such projects from the recurrent and non-recurrent expenditure items?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)070**

**(Question Serial No. 2819)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 418 (if applicable)

Question (Member Question No. 8):

It is mentioned in Programme (2) that the expenditure for the coming year will be \$2.8 million lower than the revised estimate for this year. Will the Administration inform this Committee of the number of staff reduced, and whether the financial control work of the Branch will be affected?

Asked by: Hon CHEUNG Wah-fung, Christopher

Reply:

Provision for 2014–15 is \$2.8 million lower than the revised estimate for 2013–14. This is mainly due to the decreased salary provision arising from staff changes and projected decrease in general departmental expenses, to be partially offset by an increase of 1 post and additional requirement for air passenger departure tax administration fee. Staff changes are mainly due to the replacement of retirees and officers leaving the office for other reasons with new appointees and promotees. The required salary provision for new appointees and promotees will be less as compared with that for outgoing officers who were remunerated at higher pay points. As such, there is no reduction in the number of staff and the work of the Branch will not be affected.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)071**

**(Question Serial No. 0686)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 35):

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 2013-14? Please tabulate the tax evasion cases investigated and prosecuted by types over the year. Are there performance indicators for 2014-15? 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) so as to preserve tax revenue. According to our available information, there is no indication that the number of tax evasion cases is on the rise.

The number of field audit and investigation cases anticipated to be completed and the associated amount of back tax and penalty assessed by IRD in the financial year 2013-14 are as follows -

	<u>2013-14</u> (Revised Estimate)
Cases completed	1 800
Total back tax and penalty assessed (\$ million)	2,500

In the financial year 2014-15, 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 the financial year 2013-14, the financial provision is higher than the revised estimate for 2013-14 by 2%, amounting to \$206 million.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)072**

**(Question Serial No. 0731)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 161 Page 61 (if applicable)

Question (Member Question No. 1):

It is mentioned in paragraph 161 of the Budget Speech that "I forecast an annual surplus in the Operating Account in the four years from 2015-16. With a number of major infrastructure projects entering their construction peaks, a deficit will arise in the Capital Account, but a surplus is expected in the Consolidated Account in all years except 2015-16. Fiscal reserves are estimated at approximately \$799.2 billion by end-March 2019, representing about 29.1 per cent of GDP and equivalent to 19 months of government expenditure". Will the Administration advise this Committee on: (1) the reasons why the Consolidated Account will record a deficit; and (2) the original estimated revenue, expenditure and Consolidated Account for the past 10 financial years, as well as the differences between these estimated figures and the actual ones in a table?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

- (1) The forecast deficit in the Consolidated Account for 2015-16 is mainly due to the \$50 billion earmarked for supporting the implementation of healthcare reform as well as a deficit in the Capital Account.

- (2) The estimated and actual government revenue, expenditure and surplus/deficit in the Consolidated Account for the period between 2003-04 and 2012-13 are tabulated below:

	<b>Government Revenue</b>			<b>Government Expenditure</b>			<b>Issuance of Government Bonds and Notes Proceeds Receipt/(Repayment)</b>			<b>Consolidated Surplus/(Deficit)</b>		
	Original Estimate	Actual	Difference	Original Estimate	Actual	Difference	Original Estimate	Actual	Difference	Original Estimate	Actual	Difference
2012-13	390.3	442.1	51.8	393.7	377.3	(16.4)	-	-	-	(3.4)	64.8	68.2
2011-12	369.7	437.7	68.0	378.2	364.0	(14.2)	-	-	-	(8.5)	73.7	82.2
2010-11	292.0	376.5	84.5	317.2	301.4	(15.8)	-	-	-	(25.2)	75.1	100.3
2009-10	261.7	318.4	56.7	298.1	289.0	(9.1)	(3.5)	(3.5)	-	(39.9)	25.9	65.8
2008-09	307.9	316.6	8.7	312.7	312.4	(0.3)	(2.7)	(2.7)	-	(7.5)	1.5	9.0
2007-08	273.8	358.4	84.6	248.4	234.8	(13.6)	-	-	-	25.4	123.6	98.2
2006-07	257.3	288.0	30.7	249.2	226.9	(22.3)	(2.5)	(2.5)	-	5.6	58.6	53.0
2005-06	243.1	247.1	4.0	253.6	233.1	(20.5)	-	-	-	(10.5)	14.0	24.5
2004-05	197.5	238.2	40.7	266.1	242.2	(23.9)	26.0	25.4	(0.6)	(42.6)	21.4	64.0
2003-04	193.5	207.3	13.8	261.4	247.4	(14.0)	-	-	-	(67.9)	(40.1)	27.8

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0732)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 149 Page 56 (if applicable)

Question (Member Question No. 2):

As mentioned in paragraph 149 of the Budget Speech, "The revised estimate for government revenue for 2013-14 is \$447.8 billion, \$12.7 billion or 2.9 per cent higher than the original estimate. Amid uncertain global economic situation, revenue from profits tax is \$11.5 billion or 8.8 per cent less than originally estimated while that from salaries tax is \$4 billion or 7.8 per cent higher than the original estimate. Last year, the Government put additional sites on the market on a quarterly basis to augment land supply. As a result, the sale of land brought in \$84.1 billion, about \$15.1 billion or 21.9 per cent higher than the original estimate. I forecast that the revised estimate for government expenditure will be \$435.8 billion, which is \$4.2 billion lower than the original estimate." In this regard, will the Administration advise this Committee of:

- (1) the Bureau's existing manpower and resources involved in estimating government revenue and expenditure items; and whether any assessment has been made on the reasons for the discrepancies over the years; if so, the details;
- (2) the reasons for government expenditure being \$4.2 billion lower than the original estimate and the major areas involved;
- (3) the justifications for the estimated decrease in revenue from profits tax; and whether any assessment has been made on the reasons for the 8.8% decrease in tax revenue from profits of enterprises despite continuous overall economic growth; if so, the results; and
- (4) the differences between the estimated and actual revenue from profits tax for the last five financial years in a table?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

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

Hong Kong is a small and open economy. Our tax base is narrow. Government revenue, while highly susceptible to economic fluctuations, is also determined by economic changes on a broader scale. It is therefore beyond the Government's control. In fact, the Government's actual revenue from the major sources, such as profits tax, land premium and stamp duty, has been highly volatile since reunification. In the past five years, the difference between the estimated and actual government revenue was mainly due to the higher-than-expected revenue from profits tax and land premium, the latter being the result of the Government's proactive land sale programme.

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.

- (2) The estimated expenditure of the Government for 2013-14 is lower than the original estimate. This is mainly due to the projected decrease in operating expenditure of various bureaux and departments, to be partially offset by an increase in capital expenditure. In the past few years, the differences between the actual government expenditure and the original estimate have narrowed down gradually. In 2013-14, the revised estimate of \$435.8 billion for total government expenditure is only 1% lower than the original estimate.
- (3) The revised estimate for profits tax revenue in 2013-14 is lower than the original estimate. This is due to the decrease in assessable profits for the assessment year 2012-13 as compared to the estimation in previous year (i.e. when the 2013-14 Estimates were compiled). As a small and open economy, Hong Kong is particularly susceptible to fluctuations of the global economy and other external factors. In recent years, about 80% of the profits tax revenue in the final tax assessment was contributed by trade-related sectors (such as retailing, wholesaling, import and export, manufacturing, shipping, etc) as well as sectors related to finance, real estate and investment. The fact that these business sectors are far more volatile than the overall economy, and that profits tax revenue largely comes from a small number of enterprises have made it even more difficult to make revenue forecast.
- (4) The estimated and actual revenue from profits tax for the past five financial years are as follows:

	<u>Original Estimate</u>	<u>Actual</u>	<u>Difference</u>
	(\$ billion)	(\$ billion)	(\$ billion)
2012-13	105.6	125.6	20.0
2011-12	96.9	118.6	21.7
2010-11	78.5	93.2	14.7
2009-10	71.0	76.6	5.6
2008-09	83.3	104.2	20.9



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)074**

**(Question Serial No. 0734)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 147 Page 53 (if applicable)

Question (Member Question No. 8):

The Budget Speech proposes “reducing profits tax for 2013-14 by 75 per cent, subject to a ceiling of \$10,000. This proposal will benefit 126 000 taxpayers in the territory. The reduction will be reflected in the final tax payable for 2013-14. This will cost Government about \$1 billion.” Could the Administration inform this Committee of the following: What is the actual amount of reduction of profits tax for the past year? What is the anticipated percentage of those who will benefit from the tax reduction up to the ceiling of \$10,000 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 year of assessment 2012-13, the amount of one-off tax reduction under profits tax is as follows –

Year of assessment	Tax reduction measure		Amount of tax reduction
	% of tax reduced	Ceiling	
2012-13	75%	\$10,000	Around \$1 billion*

\* Up to 28 February 2014

The 2014-15 Budget proposes to reduce profits tax for the year of assessment 2013-14 by 75%, subject to a ceiling of \$10,000. This proposal will cost the Government around \$1 billion. The Inland Revenue Department (IRD) estimates that 88 500 taxpayers under profits tax will be granted with tax reduction at the ceiling of \$10,000, representing about 70% of the total number of 126 000 taxpayers to be benefitted. IRD will implement the tax reduction measure by existing staff and through internal redeployment of resources.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0736)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 7):

It is mentioned in Matters Requiring Special Attention in 2014-15 that the Branch will “continue to control government expenditure and manage the allocation of resources having regard to established principles for the prudent management of public finance.” Would the Administration advise this Committee on the details of the above “established principles for the prudent management of public finance” and whether the principle of keeping public expenditure at a level not exceeding 20% of Gross Domestic Product is included? If not, what restrictions does the Government impose on public expenditure at present? In the formulation of fiscal policy and utilisation of fiscal reserve, how does the Administration realise the principle of governance advocated by the Chief Executive?

Asked by: Hon FUNG Kin-kee, Frederick

Reply:

Fiscal prudence has been the guiding principle of the Government on the management of public finances. Article 107 of the Basic Law stipulates that the Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, striving to achieve a fiscal balance and avoid deficits and keeping the budget commensurate with the growth rate of its gross domestic product (GDP).

As set out in the Appendix to the Budget Speech, the underlying principle is that, over time, expenditure growth should not exceed the growth of economy. The Government also targets to control public expenditure at or below 20% of the GDP.

Although government revenue swings along with and in the same direction as fluctuations in the local and global economy, government revenue as a percentage of nominal GDP has seldom exceeded 20% (only seven times in the past 40 years). Government revenue was on average 18.6% of nominal GDP between 1997-98 and 2012-13, with the trough at 13.3% and the peak at 22.6%. This essentially reflects the inherent low tax regime in Hong Kong. If public expenditure were to consistently exceed 20%, we need to explore how to increase revenue to sustain such an expenditure level. The 20% of GDP guideline can help maintain Hong Kong's competitiveness and ensure that the Government will not consume excessive social resources which may impede the development of the private sector. It also helps ensure adherence to the principles of keeping the expenditure within the limits of revenues, striving to achieve a fiscal balance and avoiding deficits. The 20% of GDP guideline on public expenditure is a target for managing public finances. It can be exceeded in particular financial years if necessary.

Adequate financial resources have been provided in the 2014-15 Budget to fully support the launch of initiatives in the Chief Executive's Policy Address, which involve funding of \$25 billion covering over 160 measures mentioned in the Policy Address.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)076**

**(Question Serial No. 0737)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 9):

It is mentioned in Matters Requiring Special Attention in 2014-15 that the Branch will “continue to consider major investment and loan proposals in support of economic and social development.” Would 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:

In 2014-15, the Government has earmarked \$259 million under the Loan Fund to meet the demand for start-up loans for post-secondary education providers and fisheries loans. The additional commitments are \$185 million and \$74 million respectively. The Government's financial support for the above purpose is subject to the approval of the Finance Committee of the Legislative Council. 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.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0738)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 10):

Regarding the Matters Requiring Special Attention in 2014-15, it is mentioned that the Branch will “continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the cost recovery calculations to ensure better compliance with the ‘cost recovery’ and ‘user pays’ principles for appropriate government services.” Would the Administration inform this Committee of the government fees and charges to be reviewed in the short and mid-term based on the “cost recovery” and “user pays” principles? Is public affordability a major factor taken into account when the government considers raising the related fees and charges? What are the expenditure and staffing arrangement involved in the review?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Government services are generally charged in accordance with the “user pays” principle. The “user pays” principle and “cost recovery” principle are inter-related. The former originates from the perspective of the service users while the latter originates from the perspective of the government departments which provide services. Under the “user pays” principle, the costs of services will be paid by the service users, without requiring the taxpayers to bear. Under the “cost recovery” principle, the government departments will collect fees from the service users to achieve cost recovery. If service fee levels are lower than service costs, the Government is required to subsidise individual service users with the general revenue, which is unfair to the general taxpayers. The “user pays” principle and “cost recovery” principle are both long-established fee charging principles and are also important measures of fiscal discipline.

From the practical perspective, the government departments will link the service fee levels with the service costs, with a view to recovering the full service costs. For the subsidised services determined on some policy considerations, the government departments are also required to link the service fee levels with the pre-set levels of cost subsidy according to the “user pays” principle, so that the service users will pay for part of the service costs, without requiring taxpayers to bear the full costs.

After a review of more than 1 300 fees and charges, the departments concerned have proposed more than 200 increases, including the fees for pesticide permits/licences, exhibition permit/licences for animals and birds, riding establishment licence, and road traffic-related charges (e.g. removal charge). All government departments will consult relevant stakeholders on their proposals for fee revisions to ensure compliance with the “user pays” principle.

In reviewing the fees and charges, policy bureaux and departments will take into account factors including the specific circumstances of the services provided, public affordability and acceptability, and the views of Legislative Council Members before making proposals for fee revisions.

Fees and charges review is part of a bureau/department's regular duties. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)078**

**(Question Serial No. 0991)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 161 Page 61 (if applicable)

Question (Member Question No. 5):

It is mentioned in paragraph 161 of the Budget Speech that "...Fiscal reserves are estimated at approximately \$799.2 billion by end-March 2019, representing about 29.1 per cent of GDP and equivalent to 19 months of government expenditure". Will the Administration inform the Committee: given that the former terms of Government had different views on the ceiling of fiscal reserves, what criteria does the current-term Government use to determine whether fiscal reserves are adequate or not? 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? If so, when will they be conducted? What are the expenses and manpower involved?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In preparing the Budget each year, the Financial Secretary reviews the levels of revenue, expenditure and fiscal reserves with a view to striking an appropriate balance. In the estimated expenditure under Head 147 for 2014-15, no provision of expenses or manpower has been set aside specifically for reviewing the adequacy of fiscal reserves.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)079**

**(Question Serial No. 0992)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 150 Page 56 (if applicable)

Question (Member Question No. 6):

Paragraph 150 of the Budget speech reads: "For 2013-14, I forecast a surplus of \$12 billion. By March 31, 2014, fiscal reserves are expected to reach \$745.9 billion." The latest estimate for the current financial year is a surplus of \$12 billion, a noticeable discrepancy from the deficit proposed in the previous Budget. What are the reasons? Does it involve factors such as deliberate underestimation of revenue and overestimation of expenditure? In view of the discrepancies between budgetary estimates and actual amounts of revenue and expenditure over the years, has the Administration reviewed if there had been ineffective use of the surplus resources due to underestimation of revenue in the past. Had expenditure been wrongly cut or addition of required items of expenditure been rejected due to the expenditure being budgeted on the basis of the underestimated revenue, which resulted in a failure to provide sufficient resources to meet needs of the public? Has the Administration examined if the aforesaid arrangement of setting expenditure on the basis of underestimated revenue violates the principle of "keeping the expenditure within the limits of revenues" enshrined in the Basic Law? If it has, what is the outcome?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Hong Kong is a small and open economy. Our tax base is narrow. Government revenue, while highly susceptible to economic fluctuations, is also determined by economic changes on a broader scale. It is therefore beyond the Government's control. In fact, the Government's actual revenue from the major sources, such as profits tax, land premium and stamp duty, has been highly volatile since reunification. In the past five years, the difference between the estimated and actual government revenue was mainly due to the higher-than-expected revenue from profits tax and land premium, the latter being the result of the Government's proactive land sale programme.

Government expenditure involves a wide range of policy areas and schemes, and as such a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. In the past few years, the differences between the actual government expenditure and the original estimate have narrowed down gradually. In 2013-14, the revised estimate of \$435.8 billion for total government expenditure is only 1% lower than the original estimate.



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.

Under the principles of fiscal prudence and commitment of resources only when justified, the government expenditure level is in no way conservative. It can be seen from the past figures that government expenditure has been on the rise in response to the various needs of the public and for the promotion of the overall development of Hong Kong. The increase in government expenditure, whether from 1997-98 onwards, or in the five years from 2008-09, exceeded both government revenue and economic growth in the same period. The increase in three main areas, namely education, social welfare and health, was especially significant. The key figures are as follows:

(\$ billion)	1997-98	2008-09	2012-13	Cumulative Growth	Cumulative Growth
	Actual	Actual	Actual	1997-98 to 2012-13	2008-09 to 2012-13
Government Revenue	281.2	316.6	442.1	57.2%	39.7%
Government Expenditure	194.4	312.4*	377.3	94.1%	20.8%
Recurrent Expenditure	149.4	214.1	262.3	75.6%	22.5%
Education	37.3	49.9	60.4	62.0%	21.2%
Social Welfare	20.0	38.5	42.8	114.5%	11.2%
Health	26.0	33.8	46.2	77.8%	36.6%
Gross Domestic Product	1,373.1	1,707.5	2,037.2	48.4%	19.3%

\* Excluding the repayment of government bonds and notes amounting to \$2.7 billion.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)080****(Question Serial No. 2575)**

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

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

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

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 29):

Regarding the records management work of the Bureau and its departments over the past 3 years:

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 meters 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 meters 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 meters 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. Apart from the Treasury, no officer is designated in the Treasury Branch and other departments under its purview to perform records management work. Such work is mainly undertaken by staff of the Executive and Clerical Grades in addition to their own duties. In spite of this, an officer not lower than the rank of Senior Executive Officer or equivalent is assigned as the Departmental Records Manager in this Branch and all departments under its purview. As for the Treasury, 1 Clerical Officer, 3 Assistant Clerical Officers, 9 Clerical Assistants, 1 Office Assistant and 2 Confidential Assistants are designated to perform records management work.
2. The information on programme and administrative records of this Branch and departments under its purview which have been closed pending transfer to the Government Records Service (GRS) for appraisal in the past 3 years 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
Programme	1946 - 2013	13 230 files (Note) (339.16 lm in total)	2 - 40 years	Including 1 539 confidential documents
Administrative	1960 - 2013	2 518 records (114.13 lm in total)	1 - 7 years	Including 141 files confidential documents

3. The information on programme and administrative records of this Branch and departments under its purview which have been transferred to GRS for retention in the past 3 years is as follows:

Category of records	Years covered by the records	Number and linear meters (lm) of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Programme	2007 - 2013	36 780 files (261.6 lm in total)  1 058 boxes of copies of revenue receipts and daily collection books, forms and other relevant documents (353 lm in total)	2011 - 2013	2 - 10 years	No

4. The information on records of this Branch and departments under its purview which have been approved for destruction by GRS in the past 3 years is as follows:

Category of records	Years covered by the records	Number and linear meters (lm) of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Programme	1955 - 2013	488 491 files (Note) (5 092.11 lm in total)  6 761 boxes of copies of revenue receipts and daily collection books, and original copy of payment vouchers (2 291 lm in total)	1999 - 2013	3 months - 30 years	Including 18 confidential documents
Administrative	1972-2011	5 708 files (465.15 lm in total)	2011 - 2014	1 - 7 years	Including 5 confidential documents

Note: Records concerned do not include computer printouts, returns, temporary or page records which were difficult to quantify by numbers.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)081**

**(Question Serial No. 2129 )**

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

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 16):

1. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2014-15.
2. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2014-15.
3. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2014-15.

Asked by: Hon. KWOK Ka-ki

Reply:

The revised estimates of salary provisions for the Secretary for Financial Services and the Treasury (SFST), the Under Secretary for Financial Services and the Treasury (USFST) and the Political Assistant to SFST in 2013-14 are \$3.38 million, \$2.54 million and \$1.18 million respectively. The salary provisions earmarked for SFST, USFST and Political Assistant to SFST in 2014-15 are close to that for 2013-14. There is no expenditure or estimate in 2013-2014 and 2014-2015 to cater for the regular allowances, job-related allowances and non-accountable entertainment allowances payable to SFST, USFST and Political Assistant to SFST.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)082****(Question Serial No. 3207)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 71):

During the year, the Bureau will pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government. The Working Group has recommended in its report that the Government should step up the management of its assets by considering asset disposals or securitisation. Please provide the following information:

1. asset items disposed of and securitised by the Government, the amount realised or the amount of funds raised for each item, and the annual aggregate investment income and expenditure of securitised items as at the end of 2013 since the handover of sovereignty; and
2. asset items that may be disposed of and securitised in the future.

Asked by: Hon. LEE Wai-king, Starry

Reply:

From 1997 to 2013-14, the Government received about \$38.781 billion from the disposal and securitisation of asset items. Details of the items are as follows:

<b>Year</b>	<b>Item</b>	<b>Proceeds (\$billion)</b>
2000-01	Privatisation of Mass Transit Railway Corporation (currently known as MTR Corporation Limited)	10.069
2003-04	The sale of Civil Servant Housing Loans, Home Starter Loan Scheme and Sandwich Class Housing Loan Scheme	15.466
2004-05	Issuance of Toll Revenue Bond	5.522
	Return of share capital from Airport Authority	6.00
	The sale of Civil Servant Housing Loans	0.177
2005-06	The sale of shareholding in Tradelink Electronic Commerce Limited	0.264
	The sale of Civil Servant Housing Loans	0.172
2006-07	The sale of Civil Servant Housing Loans	0.107
2007-08	The sale of Civil Servant Housing Loans	0.063
2008-09	The sale of shareholding in Digital Trade and Transportation Network Limited	0.012
	The sale of Civil Servant Housing Loans	0.068
2009-10	The sale of Civil Servant Housing Loans	0.172
2010-11	The sale of Civil Servant Housing Loans	0.154

<b>Year</b>	<b>Item</b>	<b>Proceeds (\$billion)</b>
2011-12	The sale of Civil Servant Housing Loans	0.118
2012-13	The sale of shareholding in Tradelink Electronic Commerce Limited	0.119
	Refund of capital injection by the Hong Kong Export Credit Insurance Corporation	0.02
	The sale of Civil Servant Housing Loans	0.127
2013-14	The sale of Civil Servant Housing Loans	0.151
	<b>Total :</b>	<b>38.781</b>

The Government expenditure involved in securitisation of revenue from tolled tunnels and bridges and the issuance of Toll Revenue Bond is \$0.43 billion. The amount has been deducted from the proceeds of the issuance of Toll Revenue Bond, and is reflected in the Capital Works Reserve Fund account in 2004-05.

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the stepping up of the management of the Government’s assets. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)083**

**(Question Serial No. 3213)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 40):

The Financial Secretary stated in his Budget Speech that consideration can be given to the setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses to serve as a contingency fund which the Government may draw on in the event of sustained budget deficit and finance strategic infrastructure projects conducive to Hong Kong's future economic development. Which economies, as far as the Government knows, have established "Future Funds" of similar nature? What are their forms of establishment, operation, uses, investments and returns?

Asked by: Hon. LEE Wai-king, Starry

Reply:

Details of the overseas experiences that the Working Group on Long-Term Fiscal Planning has made reference to and the relevant deliberations are set out in Chapters 6 and 7 of the Working Group's report which can be accessed through the following link –

(<http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm>).

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)084****(Question Serial No. 3251)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 18):

Please provide the amount of fiscal surpluses in the past 10 financial years and the amount involved in the Government's one-off relief measures or measures of returning wealth to the people in each of these years.

Asked by: Hon. Starry LEE Wai-king

Reply:

Financial year	Consolidated surplus	One-off relief measures <sup>Note 1</sup> estimated amount <sup>Note 2</sup>
2013-14	\$12,014 million (revised estimate)	\$33,650 million
2012-13	\$64,826 million	\$42,220 million
2011-12	\$73,686 million	\$63,255 million
2010-11	\$75,121 million	\$20,243 million
2009-10	\$25,917 million	\$27,205 million
2008-09	\$1,450 million	\$60,350 million
2007-08	\$123,650 million	\$14,800 million
2006-07	\$58,601 million	\$230 million
2005-06	\$13,964 million	\$1,380 million
2004-05	\$21,356 million	\$1,545 million

Note 1: Including measures of returning wealth to the people.

Note 2: Estimated amounts are estimates at the time of announcement of relevant measures, including the estimated additional expenditure and revenue foregone.

The above information is not directly related to Head 147.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)085**

**(Question Serial No. 3259)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 142 Page 52 (if applicable)

Question (Member Question No. 19):

In paragraph 142 of the Budget Speech, it is stated that among the more than 1 300 fees and charges reviewed by government departments, more than 200 increases have been proposed. These will reduce the loss of public revenue by around \$60 million per year. Please set out the details of the increases and the estimated increase in government revenue by department and service type.

Asked by: Hon. LEE Wai-king, Starry

Reply:

After a review of more than 1 300 fees and charges, the departments concerned have proposed more than 200 increases, including the fees for pesticide permits/licences, exhibition permit/licences for animals and birds, riding establishment licence, and road traffic-related charges (e.g. removal charge). Government departments review the cost recovery calculations on a regular basis and consult relevant stakeholders for the implementation of proposed increases to ensure compliance with the "user pays" and "cost recovery" principles.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)086**

**(Question Serial No. 0130)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 156 Page 59 (if applicable)

Question (Member Question No. 3):

1. Changes have been made to the public expenditure figures while the gross domestic product (GDP) figures have also revised by the Census and Statistics Department. Under what criteria will these two sets of figures be revised? Which government statistical publication should the public refer to in terms of government revenue/expenditure, public revenue/expenditure and GDP?
2. Please set out (1) the total government expenditure; (2) the total public expenditure; (3) GDP; and (4) the respective ratios of the total government expenditure and total public expenditure to GDP in each year since 2009-10.

Asked by: Hon. LEONG Kah-Kit, Alan

Reply:

1. The annual Estimates compiled by the Government set out the actual revenue/expenditure in the past year, the revised estimate for the current year and the estimate for the coming year. The actual government revenue/expenditure of the year is included in the annual Accounts of the Government published by the Treasury, whereas public expenditure is given in the Appendices (Section III, Appendix B) of the Budget Speech.

The latest figures and forecast of the gross domestic product (GDP) of Hong Kong are set out in the Appendices (Section III, Appendix A) of the Budget Speech and *2013 Economic Background and 2014 Prospects* compiled by the Economic Analysis and Business Facilitation Unit. More detailed GDP figures are provided in *2013 Gross Domestic Product* compiled by the Census and Statistics Department, which follows the international practice of revising the GDP figures at regular intervals. Details can be found in Chapter 1 of *2013 Gross Domestic Product*.

2. GDP, total government expenditure and total public expenditure and their percentages in terms of GDP from 2009-10 to 2014-15 are as follows:

	Total government expenditure <sup>*</sup>		Total public expenditure <sup>*</sup>		GDP
	Amount (\$ billion)	In terms of percentage of GDP (%)	Amount (\$ billion)	In terms of percentage of GDP (%)	(\$ billion)
2014-15 (Original Estimate)	411.2	18.5	440.0	19.8	2,218.0
2013-14 (Revised Estimate)	435.8	20.5	461.5	21.7	2,122.5
2012-13	377.3	18.5	400.2	19.6	2,037.2
2011-12	364.0	18.8	385.6	19.9	1,934.4
2010-11	301.4	17.0	320.6	18.0	1,776.3
2009-10	289.0	17.4	307.2	18.5	1,659.2

\* Excluding repayments of government bonds and notes amounting to \$3.5 billion and \$9.75 billion in 2009-10 and 2014-15 respectively

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)087**

**(Question Serial No. 0131)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 152 Page 58 (if applicable)

Question (Member Question No. 4):

Please set out the total expenditure on health, social welfare, infrastructure and education, as well as their respective percentage changes in government expenditure, government recurrent expenditure, public expenditure and public recurrent expenditure in Hong Kong for each year since 2009-10.

Asked by: Hon. LEONG Kah-Kit, Alan

Reply:

The information required is not directly related to Head 147.

The relevant financial statistics can be found on pages 243 to 252 of the Report of the Working Group on Long-Term Fiscal Planning, an Excel version of which can be downloaded at the Treasury Branch's website <http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm> for analysis. Further information, if required, can be obtained from the Treasury Branch.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)088****(Question Serial No. 0133)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 147 Page (if applicable)

Question (Member Question No. 6):

It is mentioned in paragraph 147 of the Budget Speech that the Government has introduced a number of one-off relief measures in recent years. Please provide the information on one-off relief measures from 2009-10 to 2013-14 in the table below.

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

Asked by: Hon. LEONG Kah-Kit, Alan

Reply:

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

One-off relief measures introduced from 2009-10 to 2013-14 are as follows:

Year	One-off relief measures	Beneficiaries <sup>Note 1</sup>	Estimated amount <sup>Note 1</sup>
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

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	Provide an extra one month of Old Age Allowance (OAA), Disability Allowance (DA) and standard Comprehensive Social Security Allowance (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 financial crisis and the Human Swine Influenza for one year	Around 200 000 licensees	\$670 million
	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

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	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 Small and Medium Enterprises (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 each rateable property	Around 90% domestic properties and 60% non-domestic properties subject to no rates in the year	\$8,600 million
	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

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	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	Some 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
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



<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	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
2013-2014	Reduce 2012-13 salaries tax and tax under personal assessment by 75% subject to a ceiling of \$10,000	About 1.53 million taxpayers	\$8,400 million
	Waive rates for 2013-14, subject to a ceiling of \$1,500 per quarter for each rateable property	Around 75% properties subject to no rates in the year	\$11,600 million
	Waive business registration fees for 2013-14	All business operators	\$2,100 million
	Reduce 2012-13 profits tax by 75%, subject to a ceiling of \$10,000	All 119 000 people liable to profits tax	\$1,000 million
	Allow student loan borrowers the option of starting to repay their loans one year after graduation in 2013	Student loan borrowers	\$10 million
	Provide one-off grant to all kindergartens under the Pre-primary Education Voucher Scheme for minor improvement works, furniture and learning resources	Over 700 kindergartens and 130 000 children	\$162 million
	Implement the first phase of the Pilot Scheme on Community Care Service Voucher for the Elderly	Eligible elders	\$380 million
	Extend the 2 600 temporary positions for young people aged between 15 and 29 created in subvented non-government organisations	About 2 600 young people	\$268 million
	Provide a special one-off assistance scheme for hawkers in fixed-pitch hawker areas to improve fire safety	General public and about 4 300 hawkers	\$230 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>
	Provide an extra one month of Old Age Living Allowance, OAA, DA and CSSA	Around 1.1 million eligible persons	\$2,700 million
	Pay two months' rent for public housing tenants	Some 730 000 public housing tenants	\$2,200 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

Note 1: Beneficiaries and estimated amount are estimates at the time of announcement of relevant measures, including the estimated additional expenditure and revenue forgone.

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.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0136 )**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 9):

It is stated in Programme (2) of Head 147 that the Financial Services and the Treasury Bureau (the Treasury Branch) will “continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the cost recovery calculations to ensure better compliance with the ‘cost recovery’ and ‘user pays’ principles for appropriate government services.”

What government services does the quoted text refer to? Among those services, which ones comply with the “cost recovery” principle and which ones comply with the “user pays” principle? Has the Government planned or intended to review the calculations of any of its services this year and with what tendency (such as upward or downward adjustment)?

Asked by: Hon. LEONG Kah-Kit, Alan

Reply:

Government services are generally charged in accordance with the “user pays” principle. The “user pays” principle and “cost recovery” principle are inter-related. The former originates from the perspective of the service users while the latter originates from the perspective of the government departments which provide services. Under the “user pays” principle, the costs of services will be paid by the service users, without requiring the taxpayers to bear. Under the “cost recovery” principle, the government departments will collect fees from the service users to achieve cost recovery. If service fee levels are lower than service costs, the Government is required to subsidise individual service users with the general revenue, which is unfair to the general taxpayers. The “user pays” principle and “cost recovery” principle are both long-established fee charging principles and are also important measures of fiscal discipline.

From the practical perspective, the government departments will link the service fee levels with the service costs, with a view to recovering the full service costs. For the subsidised services determined on some policy considerations, the government departments are also required to link the service fee levels with the pre-set levels of cost subsidy according to the “user pays” principle, so that the service users will pay for part of the service costs, without requiring taxpayers to bear the full costs.

After a review of more than 1 300 fees and charges, the departments concerned have proposed more than 200 increases, including the fees for pesticide permits/licences, exhibition permit/licences for animals and birds, riding establishment licence, and road traffic-related charges (e.g. removal charge). All government departments will consult relevant stakeholders on their proposals for fee revisions to ensure compliance with the “user pays” principle.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)090**

**(Question Serial No. 2909)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 151 Page 57 (if applicable)

Question (Member Question No.46):

As stated in paragraph 151 of the Budget Speech, there is an increase of \$22.3 billion in recurrent expenditure over last year. In addition, 24 new and enhanced services are listed in a chart on the relevant leaflet. What is the actual expenditure involved in each of the following services for each year since 2009-10? What are the percentages of the recurrent expenditure and public expenditure such service accounts for in the same year?

- (1) Small class teaching in primary schools
- (2) New senior secondary academic structure
- (3) Increasing research postgraduate places
- (4) Injection into the Arts and Sport Development Fund
- (5) Enhancing after-school learning and support programme
- (6) Expanding vaccination programme
- (7) Increasing certain rates under the Comprehensive Social Security Assistance
- (8) Work Incentive Transport Subsidy Scheme
- (9) Setting up Self-financing Post-secondary Education Fund
- (10) Relaxing the means test mechanism of student financial assistance schemes
- (11) Injection into the Samaritan Fund
- (12) Public Transport Fare Concession Scheme (should include the estimated expenditure for extending the Public Transport Fare Concession Scheme for 2014-15)
- (13) New academic structure in the University Grants Committee-funded institutions
- (14) Increasing publicly-funded undergraduate places
- (15) Injection into Research Endowment Fund
- (16) Old Age Living Allowance
- (17) Guangdong Scheme
- (18) Injection into Community Care Fund
- (19) Phasing out pre-Euro IV diesel commercial vehicles

- (20) Injection into the Environment and Conservation Fund
- (21) Establishing a fund to support the development of Qualifications Framework
- (22) Enhancing support for non-Chinese speaking students and students with special education needs
- (23) Enhancing pre-primary education voucher
- (24) Enhancing Elderly Health Care Voucher

Asked by: Hon. LEONG Kah-Kit, Alan

Reply:

The estimated recurrent government expenditure for 2014-15 amounts to \$307.4 billion, an increase of 39% over the expenditure of \$221.2 billion for 2009-10. The on-going increase in recurrent expenditure reflects the Government's long-term commitment in the provision of services under various policy areas. Among them, education, social welfare and health take up almost 60% of recurrent government expenditure. The year-on-year increase in the recurrent expenditure of these three policy area groups are 32%, 44% and 48% respectively. Over the past five years, recurrent expenditure on elderly services has increased by more than 40% from \$3.8 billion to \$5.4 billion. From 2014-15, there will be an increase in annual expenditure to enhance elderly services and facilities with an additional funding of more than \$660 million. On healthcare, recurrent allocation to the Hospital Authority has increased by \$15 billion, or nearly 50%, over the past five years. The total recurrent provision to the Hospital Authority for 2014-15 exceeds \$47 billion. The 24 services listed on the Budget Highlights illustrate only some of the items with additional expenditure. Details of expenditure for the 24 services are under the purview of the Controlling Officers for the respective Expenditure Heads. The information required is not directly related to Head 147 and is therefore not provided.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 1011)**

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

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 421 (if applicable)

Question (Member Question No. 140):

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

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

Asked by: Hon. LEUNG Kwok-hung

Reply:

1. Of the 8 established posts in the Office of the Secretary for Financial Services and the Treasury (SFST), one is at the rank of Administrative Officer Staff Grade C (AOSGC).
2. In 2014-15, salary provisions earmarked for the politically appointed officials (including the SFST, Under Secretary for Financial Services and the Treasury (USFST) and Political Assistant to SFST) and the AOSGC officer are \$3.38 million, \$2.54 million, \$1.18 million and \$1.73 million respectively. In addition to cash remuneration, SFST, USFST and Political Assistant to SFST are entitled to annual leave, medical and dental benefits as well as Mandatory Provident Fund contribution by the Government while the AOSGC officer is eligible for the fringe benefits that are prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. As the expenditure for the above items is mainly absorbed by Head (46) General Expenses of the Civil Service, no provision is earmarked specifically for this purpose under this Programme.

- 3-4. The total salary provision earmarked for the politically appointed officials and the directorate officer of the Office in 2014-15 is about \$8.84 million, which is slightly higher than the revised estimates for 2013-14 by 4% and roughly accounts for 70% of the total estimated operational expenses of the Office.
  
5. The estimated total operational expenses of the Office in 2014-15 are \$12.70 million. There are no non-recurrent expenses under this Programme.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)092**

**(Question Serial No. 2477)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 5 Page 2 (if applicable)

Question (Member Question No. 519):

It is mentioned in the Budget Speech of the 2014-15 Budget that "Last month, the Chief Executive delivered a wide ranging Policy Address with over 160 measures benefiting a broad spectrum of the community. The additional expenditure involved is \$25 billion. I shall ensure that financial resources are adequate to fully support the early launch of the relevant initiatives to meet the aspirations of the public."

Please list the measures and their respective additional expenditures involved.

Asked by: Hon. LEUNG Kwok-hung

Reply:

The estimated expenditure on the initiatives was provided on the Budget Day and uploaded onto the following website:

<http://www.budget.gov.hk/2014/eng/relateddoc.html>



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)093****(Question Serial No. 3254)**

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

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 593):

- 1) What was the actual staff establishment of the Director of Bureau's Office in 2012-13? What were the actual salaries, allowances, job-related allowances and contributions to the Mandatory Provident Fund ("MPF") or the Civil Service Provident Fund ("CSPF") of all the posts/ranks of the Office respectively?
- 2) What is the revised staff establishment of the Director of Bureau's Office in 2013-14? What are the revised salaries, allowances, job-related allowances and contributions to the MPF or the CSPF of all the posts/ranks of the Office respectively?
- 3) What is the estimated staff establishment of the Director of Bureau's Office in 2014-15? What are the estimated salaries, allowances, job-related allowances and contributions to the MPF or the CSPF of all the posts/ranks of the Office respectively?

Asked by: Hon. LEUNG Kwok-hung

Reply:

From 2012-13 to 2013-14, the staffing of the Office of the Secretary for Financial Services and the Treasury (SFST) included SFST, the Under Secretary and the Political Assistant to SFST, as well as 8 civil servants (1 Administrative Officer Staff Grade C, 1 Personal Assistant, 1 Senior Personal Secretary, 1 Personal Secretary I, 1 Senior Executive Officer, 2 Clerical Assistants, and 1 Chauffeur) providing support services. We do not have any plan to change the staffing of the Office in 2014-15.

The relevant expenditure estimates are as follows:

	2012-13 Expenditure (\$million)	2013-14 Revised Estimates (\$million)	2014-15 Estimates (\$million)
Salary of the SFST	3.38	3.38	3.38
Salary of the Under Secretary	2.54	2.54	2.54
Salary of the Political Assistant to SFST	0.51*	1.18	1.18
Contributions to the MPF for the above Political Appointees	0.03	0.05	0.05
Salaries, allowances, job-related allowances and contributions to CSPF of the civil servants providing support services	4.6	4.86	4.98

\* The post of the Political Assistant to SFST was vacant from 1 July 2012 to 17 March 2013.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)094**

**(Question Serial No. 3262)**

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

Subhead (No. & title):

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 554):

Please list the funds administered by the government bureaux, departments and units, together with information on their operation and use by "A. Funds outside the Accounts of the Government" and " B. Funds under the Accounts of the Government"; and give out information on the numbers of meetings, average members' attendance rate, as well as numbers of applications received and approved by the respective committees in the past 3 years.

Please give a breakdown of the membership size, members' political affiliations and amount of honoraria of these committees.

Asked by: Hon. LEUNG Kwok-hung

Reply:

The information required is not directly relevant to Expenditure Head 147

As the information required involves over 50 funds, including non-financial information related to those funds, extensive time will be needed for bureaux and departments to collate the details, and we are thus not able to provide the information. If the question is focused on specific funds, we may refer it to the relevant policy bureaux or departments for direct reply.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)095**

**(Question Serial No. 1318)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 139 Page (if applicable)

Question (Member Question No. 4.02):

The Financial Secretary has not pointed out in the latest Budget any clear and specific ways of broadening the Government's revenue base, certainly not on the front of creating new taxes. On this premises, containing expenditure growth seems all the more important. With an ageing population and continued growth in major areas of recurrent expenditure such as social welfare and medical services, how will the Administration consolidate public services and what items will be phased out? By means of consolidation, will there be re-engineering of the Government structure? What other plans are in place to further enhance the overall productivity of government departments?

Asked by: Hon. LEUNG, Kenneth

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. In respect of the proposed measure to contain expenditure growth, one of the Working Group's recommendations is that the major spending bureaux/departments and key subvented bodies should undertake fundamental expenditure reviews to explore ways and means for enhancing productivity. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)096**

**(Question Serial No. 1322)**

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

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

Programme: (-)

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 36 Page 9 (if applicable)

Question (Member Question No. 4.07):

In the newly released Budget, it is stated that the issuance of bonds would be examined as a means to finance the third runway. Will the Government consider to raise funds through bonds for other major infrastructure projects to be commissioned in the coming years? If yes, what are the projects intended to be financed through bonds? If not, what are the reasons?

Asked by: Hon. LEUNG, Kenneth

Reply:

At present, the Government has no intention to finance other major capital works projects to be commissioned in the coming years through issuing bonds but will study different kinds of viable financing arrangements by taking into account the Government's financial situation, the nature of projects and market condition.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)097**

**(Question Serial No. 1325)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 4.10):

The financial Secretary proposed to set up a “Future Fund” comprising the Land Fund and a portion of future surpluses as a contingency fund to finance strategic infrastructure projects. As pointed out in the Report of the Working Group on Long-Term Fiscal Planning, “it is hard to foresee what the spending priorities would be” in the future. Major infrastructure projects may not be the only area which deserves long-term investment. Therefore, in the event of financial difficulties, would the Government consider using the “Future Fund” to finance other social projects (e.g. projects for educational and human resources development) that will also be conducive to the economic development of Hong Kong? If the answer is no, what are the reasons?

Asked by: Hon. LEUNG, Kenneth

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

<b>FSTB(Tsy)098</b>
---------------------

**(Question Serial No. 3087)**

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

Subhead (No. & title):

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 3):

Please provide information on the operation and use of funds (including funds outside the Accounts of the Government and funds under the Accounts of the Government) administered by government bureaux, departments and units for the past 3 years and the coming year using the table below.

Name of fund:			
Responsible bureaux:			
Category: Funds under the Accounts of the Government/Funds outside the Accounts of the Government (Delete as appropriate)			
Financial status:			
Year	Opening balance of the fund	Government injection / Commitment increased	Expenditure
2011-12			
2012-13			
2013-14			
2014-15			

Asked by: Hon. MA Fung-kwok

Reply:

The question is not directly relevant to Head 147. As the financial information required involves over 50 funds, we will need some time to collate the details but will arrange to provide them separately as soon as possible.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)099**

**(Question Serial No. 3169)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 5 Page 2 (if applicable)

Question (Member Question No. 31):

According to paragraph 5 of the Budget Speech, the Policy Address delivered early this year involves an additional expenditure of \$25 billion. In this regard, will the Administration advise us of:

- (a) the recurrent to non-recurrent expenditure ratio in the additional expenditure of \$25 billion?
- (b) the estimated expenditure on each of the new initiatives?

Asked by: Hon. MA Fung-kwok

Reply:

- (a) Of the additional expenditure of \$25 billion, around \$11.3 billion (or 45%) is recurrent expenditure while the rest, i.e. around \$13.7 billion (or 55%), is non-recurrent expenditure.
- (b) The estimated expenditure on the initiatives was provided on the Budget Day and uploaded onto the following website:  
<http://www.budget.gov.hk/2014/eng/relateddoc.html>

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)100**

**(Question Serial No. 0306)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 421 (if applicable)

Question (Member Question No. 12):

What are the reasons for the estimated increase of 1 post under the establishment of the Treasury Branch in 2015? Can the staffing requirement be absorbed within the existing manpower resources?

Asked by: Hon. NG Leung-sing

Reply:

In 2014-15, the Financial Services and the Treasury Bureau (The Treasury Branch) plans to create a civil service post in the information technology (IT) discipline, namely Analyst/Programmer I, to replace a non-civil service contract position which has been created for about 6 years at comparable rank. This Analyst/Programmer I post will be the deputy head as well as the only and principal professional middle manager of our IT Management Unit. The post will assist in coordinating the development and support for all IT services of the Branch. Apart from managing general IT systems, the Treasury Branch has in recent years been tasked to support the new Annual Estimates Production System and website upgrade. Besides, there will be more and more IT-related work given the increasingly stringent requirements on electronic information management and security within the Government. We have reviewed our existing IT manpower resources and considered that there is a long-term need for an Analyst/Programmer I post. We therefore proposed to convert the non-civil service contract position to a civil service post to tie in with our long-term IT development. As compared to other policy bureaux with similar establishment, the Treasury Branch has a comparatively lean staffing structure (1 System Manager, 1 Assistant IT Manager at the rank comparable with Analyst/Programmer I, 2 Assistant IT Officers and 1 IT Assistant), and it is common among policy bureaux to have created Analyst/Programmer I posts to assist their IT managers. In view of the foregoing, it is not possible to have the related work to be absorbed by the existing establishment.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)101**

**(Question Serial No. 0307)**

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

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

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 417 (if applicable)

Question (Member Question No. 13):

How will the cost-effectiveness be enhanced through automation of the central support services delivered by the Treasury Branch?

Asked by: Hon. NG Leung-sing

Reply:

Departments under the purview of the Treasury Branch ("the Branch") will, as far as possible, strive to enhance the cost-effectiveness of the central support services provided to various bureaux and departments ("b/ds") through automation.

On procurement and supplies management, the Government Logistics Department has put in place the e-Tender Box ("ETB") and Procurement and Contract Management System ("PCMS"). The launch of the ETB mainly serves to facilitate the operation of the industry by allowing suppliers to view tender notices as well as contract award notices, download tender documents, make tender enquiries and submit tender offers on the Internet. The PCMS helps b/ds to process tenders, monitor progress of tender requests, manage contracts, place orders, analyse the performance of contractors and procurement information, and prepare relevant procurement reports so that b/ds can retrieve and consolidate data and information swiftly. Through the PCMS, suppliers may submit and update their information and receive purchase orders placed by user departments.

On financial management, the electronic Government Financial Management Information System ("GFMIS") provided by the Treasury for b/ds covers a number of modules (such as General Ledger, Accounts Payable, Purchase Order, Accrual Accounting, Fixed Assets, Revenue Recording and Management and Costing Information Processing etc.) which facilitate b/ds' handling of daily accounting operations and provide information necessary for financial management.

On Government budget preparation, the Branch launched a new version of the electronic Annual Estimates Production System ("AEPS") in 2013 to enhance the automated workflow and efficiency of b/ds in the production of the Estimates of Expenditure.

The above automation systems have helped streamline workflows and enhance cost-effectiveness. It is estimated that the launch of the ETB and the PCMS can achieve a total annual saving of about \$2.7 million in staff costs. While it is difficult to quantify the cost-effectiveness of the GFMIS and the AEPS, the two electronic systems have definitely helped speed up workflows and increase efficiency.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 0429)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 139 Page (if applicable)

Question (Member Question No. 47):

Regarding "Government departments and the public sector should conduct expenditure reviews and introduce efficiency measures with a view to doing more with less", will the Administration inform this Committee of the following:

1. Has the Administration introduced any guidelines to the relevant review? If so, what areas are involved? If not, what are the reasons?
2. Will indicators for cutting expenses be formulated? If so, what are the details? If not, what are the reasons?
3. When will the review be completed? Will a report be submitted to the Legislative Council? If so, what are the details? If not, what are the reasons?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. In respect of containing expenditure growth, one of the Working Group's recommendations is that the major spending bureaux/ departments and key subvented bodies should undertake fundamental expenditure reviews to explore ways and means for enhancing productivity. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)103**

**(Question Serial No. 1688)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 138 Page (if applicable)

Question (Member Question No. 15):

“It is incumbent upon Government to strictly contain the growth of expenditure. When preparing annual budgets, Government would hold fast to the forecast nominal GDP growth rates over the medium term as planning ceilings for total government expenditure. We should uphold fiscal disciplines, and put in place a more vigorous internal control and monitoring mechanism for assessing and prioritising competing funding priorities with appropriate offsettings from different programmes.” In this regard,

- (a) what is the Bureau's estimated expenditure on a more vigorous internal control and monitoring mechanism for 2014-15?
- (b) what are the number and rank of officials to be tasked with the work?
- (c) what projects are included in the specific work plan?
- (d) what is the progress or schedule for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should contain expenditure growth. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendation of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)104**

**(Question Serial No. 1689)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 139 Page (if applicable)

Question (Member Question No. 16):

“Government departments and the public sector should conduct expenditure reviews and introduce efficiency measures”. In this regard,

- (a) what is the Bureau's estimated expenditure on efficiency measures for 2014-15?
- (b) what are the number and rank of officials to be tasked with the work?
- (c) what projects are included in the specific work plan?
- (d) what is the progress or schedule for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. In respect of the proposed measure to contain expenditure growth, one of the Working Group's recommendations is that the major spending bureaux/departments and key subvented bodies should undertake fundamental expenditure reviews to explore ways and means for enhancing productivity. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)105**

**(Question Serial No. 2494)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 139 Page (if applicable)

Question (Member Question No. 17):

It is noted that "All government departments should consider how best to consolidate their services and funding schemes, and phase out outdated and redundant items." In this regard,

- (a) What is the Bureau's estimated expenditure for consolidating the services and funding schemes for 2014-15?
- (b) What are the number and rank of officials to be tasked with the work?
- (c) What projects are included in the specific work plan?
- (d) What is the progress or schedule for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. In respect of the proposed measure to contain expenditure growth, one of the Working Group's recommendations is that the major spending bureaux/departments and key subvented bodies should undertake fundamental expenditure reviews to explore ways and means for enhancing productivity. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)106****(Question Serial No. 0570)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 21 ):

During 2014-15, 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 in 2013-14? What are the amounts involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

In 2013-14, the major capital investment and loan proposals considered by the Treasury Branch that have been/would be submitted to the Legislative Council Finance Committee ("FC") for approval are as follows:

	Item	FC Paper No.	Amount
1.	Loan for the Ocean Park's Tai Shue Wan Development Project	FCR(2013-14)11	\$2,290 million
2.	Start-up loan for post-secondary education providers - Hang Seng School of Commerce	FCR(2013-14)24	\$800 million
3.	Start-up loan for post-secondary education providers - HKCT Group Limited	FCR(2013-14)58	\$30 million
4.	Hong Kong Disneyland - New Hotel Development	Expected to submit to FC for approval on 2 May 2014	New shareholder's loans: \$808.5 million  Conversion of existing Government loan to equity : \$1,700 million

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)107**

**(Question Serial No. 0775)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 6 Page (if applicable)

Question (Member Question No. 25):

It is stated in paragraph 6 of the Budget Speech that a structural deficit would be inevitable if expenditure growth outpaces revenue growth in a persistent manner. Will the Administration explain in detail what it means by “in a persistent manner” and “a structural deficit” as well as its argument?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has completed a fiscal sustainability appraisal on the public finances in Hong Kong and released its report. According to the projections of the report, over the period from 2014-15 to 2041-42, the projected average growth in government expenditure would range from 5.3% to 7.5% per annum, which is higher than the projected average growth in government revenue of 4.5% per annum. Since the growth in expenditure is higher than the growth in revenue, structure deficit would surface within a decade or two. Structural deficit differs from a cyclical deficit in that it exists regardless of the point in the business cycle (i.e. not resulted from changes in the economic cycle). The structural deficit is caused by ageing population, decelerating economic growth and underlying imbalance in government revenue and expenditure.

The analysis of the Working Group’s projection is based on the Government’s projection on population from 2013 to 2041, and the Government’s current policies and financial commitments. For details and bases of the projections, reference may be made to the Working Group’s report.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)108****(Question Serial No. 0782)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page 52 (if applicable)

Question (Member Question No. 32):

As paragraph 143 of the Budget Speech reads, "Our fiscal reserves currently stand at over \$700 billion. Of this amount, \$220 billion is the balance of the Land Fund and \$130 billion is held in funds with designated uses. Only the remaining \$400 billion or so, held in the General Revenue Account, may be flexibly deployed to meet the day-to-day operation of Government." Will the Administration inform this Committee of:

1. whether there is any restriction to the use of the balance of the Land Fund. If so, what are the details?
2. a breakdown of the \$130 billion held in funds with designated uses (in a table); and
3. whether any specific funds, after injection from the Government, will not be included in the fiscal reserves account. If so, what are the details?

Asked by: Hon. TIEN Pei-chun, James

Reply:

- 1 The Land Fund was established on 1 July 1997 by Resolution of the Provisional Legislative Council to receive and hold all of the assets, including all accounts receivable, net of expenses, transferred from the Hong Kong Special Administrative Region Government Land Fund. From the tenor of the Resolution, the Land Fund can be used only for investment and not for the provision of any Government services.
- 2 The balance held in the funds with designated use as of 31 March 2014 is estimated as follows:

	(\$ billion)
Capital Works Reserve Fund	78.7
Capital Investment Fund	2.0
Civil Service Pension Reserve Fund	27.0
Disaster Relief Fund	-
Innovation and Technology Fund	1.8
Loan Fund	1.4
Lotteries Fund	21.1
	132.0



- 3 In respect of the above funds, their fund balances after funding injections (such as transfer of funds to the Lotteries Fund) are still included in the fiscal reserves.

There are other funds which have been set up outside the government accounts since inception, such as the Environment and Conservation Fund, the Community Care Fund and the Language Fund. Their accounts are not part of the fiscal reserves and thus the amount of funding injections will not be included in the fiscal reserves.

The information above is not relevant to Expenditure Head 147.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)109**

**(Question Serial No. 0783)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 33):

It is stated in paragraph 143 of the Budget Speech that the Government is considering the setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses as a contingency fund to finance strategic infrastructure projects. Will the Government inform this Committee of:

1. whether the "Future Fund" will be included in the fiscal reserves account? If not, what are the reasons?
2. the amount to be injected into the "Future Fund" by the Government and whether an accumulation ceiling is set for it? If so, what are the details? If not, what are the reasons?
3. the differences between the "Future Fund" and the existing land and infrastructure-related funds such as Capital Works Reserve Fund, Capital Investment Fund, Land Fund, etc.?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY****(Question Serial No. 0784)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 155 Page 59 (if applicable)

Question (Member Question No. 34):

In paragraph 155 of the 2014-15 Budget Speech, the Financial Secretary forecasts that capital expenditure for 2014-15 will be \$86.2 billion, including \$70.8 billion on capital works. In recent years, capital works expenditure has been maintained at high levels, reflecting Government's vigorous investment in infrastructure. In this connection, will the Government advise this Committee on the following:

1. What was the amount of capital works expenditure in each of the past 5 years? And
2. Among the capital expenditure of \$86.2 billion for 2014-15, what other expenditure items are included apart from the \$70.8 billion on capital works? What was the amount of the expenditure on such items in each of the past 5 years?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The total estimated capital expenditure includes the following:

- (a) the expenditure of the six purpose-specific funds (including Capital Investment Fund, Capital Works Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund) established under section 29 of the Public Finance Ordinance (Cap. 2); and
- (b) the expenditure of Plant, Equipment and Works as well as Capital Subventions under the General Revenue Account.

For the years from 2009-10 to 2014-15, the respective capital works expenditure and other capital expenditure are provided below:

year	Capital expenditure		
	Capital works expenditure (\$ billion)	Other capital expenditure <sup>1</sup> (\$ billion)	Total capital expenditure (\$ billion)
2009-10	45.3	9.3	54.6
2010-11	49.8	12.3	62.1
2011-12	58.4	9.2	67.6
2012-13	62.4	12.0	74.4
2013-14 (revised estimate)	83.1	13.9	97.0
2014-15 (estimate)	70.8	15.4	86.2

<sup>1</sup> Including the expenditure (other than capital works expenditure) under the Capital Works Reserve Fund; expenditure of Plant, Equipment and Works as well as Capital Subventions under the General Revenue Account; and expenditure of the other five funds.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)111**

**(Question Serial No. 1582)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 19):

The setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses is mentioned in paragraph 143 of the Budget Speech. In this regard, please provide information on the following:

- 1) investment target, target rate of return and anticipated annual investment income of the Future Fund and Land Fund;
- 2) investment portfolios of the Future Fund and Land Fund;
- 3) which government department will be responsible for the supervision and management of the Funds?

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)112**

**(Question Serial No. 2737)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 139 Page (if applicable)

Question (Member Question No. 10):

The Financial Secretary reiterated that Hong Kong may encounter a structural deficit in future. In 2014-15, how much resources will be reserved for formulating large-scale efficiency enhancement measures to contain expenditure growth? If such measures will indeed be formulated, what areas will they cover and how much can be saved for the public coffer? If there will not be any such measures, what are the reasons?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. In respect of the proposed measure to contain expenditure growth, one of the Working Group's recommendations is that the major spending bureaux/departments and key subvented bodies should undertake fundamental expenditure reviews to explore ways and means for enhancing productivity. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)113**

**(Question Serial No. 3139)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 8):

Under Item 881 Electricity charges subsidy for eligible residential accounts of the Operating Account, the accumulated expenditure to 31 March 2013 and the revised estimated expenditure for 2013-14 are \$15.2 billion and \$4.2 billion respectively. How did the Administration make the projection at the outset? Why is there such a big discrepancy between the two figures?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

Item 881 "Electricity charges subsidy for eligible residential accounts" covers the four rounds of electricity charges subsidy approved by the Finance Committee of the Legislative Council since 2008. The \$15.2 billion mentioned in the question is the accumulated expenditure for this Item from 2008-09 to 31 March 2013; \$4.2 billion is the revised estimate of expenditure for 2013-14, which is mainly the cash flow requirements of the fourth round of the subsidy scheme implemented since July 2013. The relevant estimate is mainly based on the information about the electricity accounts (including the number of accounts, electricity charges etc.) provided by the two electricity companies.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)114**

**(Question Serial No. 3226)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 133 Page (if applicable)

Question (Member Question No. 2):

It is stated in the Budget that a structural deficit would surface in 15 years' time if the Government maintained the existing level of recurrent expenditure for education, social welfare and healthcare, and in 7 years' time if such expenditure grew at a rate of 3% per annum. However, the Government's estimates have been wrong year in, year out. Last year, the Government forecast that its accounts would record a deficit of nearly \$8 billion this year, which turned out to be a surplus of \$12 billion. Now it forecasts a surplus of \$9.1 billion for the coming year, and that fiscal reserves will even grow to \$800 billion in 5 years' time, i.e. in 2019. These projections therefore constitute a "structural contradiction".

1. Why is the Government making such projections?
2. In view of this foreseeable problem, what specific measures will the Government adopt in the coming year to save costs? Will resources be earmarked in the coming year for studying cost-saving measures in the long run? If so, what are the details as well as the expenditure and manpower involved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

1. The objectives of the Working Group on Long-Term Fiscal Planning ("Working Group") are to explore ways to make more comprehensive planning for public finances to cope with the ageing population and the Government's other long-term financial commitments; to assess, under existing policies, the long-term public expenditure needs and changes in government revenue; and to propose feasible measures with reference to overseas experience.
2. The Working Group has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration. The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)115**

**(Question Serial No. 3227)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 4):

On the economic front, apart from the few measures providing assistance to small and medium enterprises, the Budget has put forward no concrete policies or recommendations to promote economic development other than the setting up of a "Future Fund" to finance infrastructure projects. However, promoting infrastructural development does not mean promoting economic development.

1. How will the Administration ensure that the infrastructure projects under the "Future Fund" will not become "white elephant projects" and can benefit our economy even without the support from other economic policies?
2. What are the details of the "Future Fund"? When will it be established?
3. It is proposed that the "Future Fund" will comprise the Land Fund and a portion of future surpluses. What will be the estimated size of the fund in the first year? How much surpluses will be injected into the fund on an annual basis?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)116**

**(Question Serial No. 3229)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 161 Page 61 (if applicable)

Question (Member Question No. 16):

According to the Government's medium range forecast for the Hong Kong economy, the operating surplus will drop substantially from \$23.88 billion in 2014-15 to \$3.44 billion in 2015-16 amidst a substantial rise in the Capital Account deficit from nearly \$5 billion to \$31.72 billion.

Please advise on the most important reasons behind for the Consolidated Account surplus of \$18.88 billion in the 2014-15 forecast to drop substantially to the deficit of \$28.28 billion in the 2015-16 forecast.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

For 2014-15, the consolidated surplus after repayment of bonds and notes of \$9.8 billion is estimated to be around \$9.1 billion.

The operating surplus forecast for 2015-16 is around \$3.44 billion which is \$20.44 billion lower than the estimate of around \$23.88 billion for 2014-15. This is mainly due to the facts that the operating expenditure for 2015-16 has taken into account the \$50 billion for supporting healthcare reform, and that the increase in operating revenue for the same year falls short of offsetting the said expenditure in full. As regards the Capital Account, the deficit forecast of around \$31.72 billion for 2015-16 is higher than the estimate of \$5 billion for 2014-15. This is mainly due to the forecast of a reduced land premium revenue and an increased capital works expenditure for 2015-16.

Taking into account the above changes in revenue and expenditure of the Operating Account and the Capital Account, the consolidated deficit for 2015-16 is forecast to be around \$28.28 billion.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)117****(Question Serial No. 0228)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 422 (if applicable)

Question (Member Question No. 47):

Regarding Item 881 "Electricity charges subsidy for eligible residential accounts", would the Administration advise of the following:

1. What are the breakdown, by the 2 electricity companies, of the expenditure involved in granting the electricity charges subsidy to residential accounts and the number of households benefited in the past 5 years?
2. What are the breakdown, by the 2 electricity companies, of the number of households which have not used up their electricity charges subsidies granted in the preceding years (\$3,600 in 2008, \$1,800 in 2011, \$1,800 in 2012, \$1,800 in 2013) and the amount of the balance involved?
3. Will the Administration set up a relevant database if the above information is not available?
4. The Budget this year ceases to grant the electricity charges subsidy. As there are households which have not used up their subsidies granted over the years, will the Administration refund them in cash any unused subsidies accumulated in their accounts or extend the validity period of the subsidies?
5. After deducting the expenditure for 2013-2015, the balance of the commitment is about \$2.8 billion. What will the Administration do with the balance?

Asked by: Hon. WONG Kwok-hing

Reply:

1. The Government granted electricity charges subsidy to each registered residential electricity account for four rounds in total in 2008, 2011, 2012 and 2013. The total commitment involved was \$22,300 million. The expenditure from 2009-10 to 2013-14 is as follows –

Year	Hongkong Electric Co., Ltd. (\$ million)	CLP Power Hong Kong Ltd. (\$ million)	Total amount (\$ million)
2009-10	776	3,666	4,442
2010-11	60	424	484
2011-12	555	2,317	2,872
2012-13	766	3,437	4,203
2013-14 (revised estimate)	774	3,466	4,240

About 2.5 million households in Hong Kong benefited from the above four 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.&3. As we are currently providing a monthly subsidy under the fourth round of electricity charges subsidy launched in 2013, 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 \$22.3 billion and the balance of the commitment as at the end of March 2014 is estimated to be about \$2.8 billion.

4.&5. The scheme benefits about 2.5 million residential electricity account holders in Hong Kong and the existing validity period is long enough for the subsidy to be used up by about 90% of them. There is still some time before the validity period expires. The account holders may still use the unused subsidy, if any, to pay billed electricity charges under the same account until 30 June 2016. We will keep in view the situation of the unused subsidy and decide on the relevant arrangements in the light of the prevailing economic and fiscal position.

We estimate that the balance of approved commitment as at 31 March 2014 for Item 881 “Electricity charges subsidy for eligible residential accounts” will be around \$2.8 billion. After deducting the estimated expenditure for 2014-15 of around \$1.7 billion, the balance of the commitment of around \$1.1 billion will be used by residential electricity account holders with unused subsidy to pay billed electricity charges under the same account until 30 June 2016.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)118**

**(Question Serial No. 1044)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 142 Page 52 (if applicable)

Question (Member Question No. 171):

Please list out the 200 items of fees and charges for which increases have been proposed by departments, the percentages of increase proposed, the estimated additional revenue to be generated by each item, the manpower and expenditure required and the number of members of the public to be affected.

Asked by: Hon. WONG Kwok-hing

Reply:

After a review of more than 1 300 fees and charges, the departments concerned have proposed more than 200 increases, including the fees for pesticide permits/licences, exhibition permit/licences for animals and birds, riding establishment licence, and road traffic-related charges (e.g. removal charge). Government departments review the cost recovery calculations on a regular basis and consult relevant stakeholders for the implementation of proposed increases to ensure compliance with the "user pays" and "cost recovery" principles.

Fees and charges review is part of a bureau/department's regular duties. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)119**

**(Question Serial No. 1074)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 76):

It is mentioned in the Budget Speech that consideration can be given to the setting up of a "Future Fund" to finance strategic infrastructure projects in the future. Have the Financial Secretary and the Working Group on Long-Term Fiscal Planning:

1. considered using the "Future Fund" as a universal retirement protection fund? If so, what are the details? If not, what are the reasons? Will such an arrangement be considered in the future?
2. made reference to other economies in exploring saving schemes and proposing the establishment of a "Future Fund"? Please list the economies concerned as well as the sources of revenue, expenses, uses and returns of similar funds over the past three years.

Asked by: Hon. WONG Kwok-kin

Reply:

1. The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

2. Details of the overseas experiences that the Working Group has made reference to and the relevant deliberations are set out in Chapters 6 and 7 of the Working Group's report (<http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm>).

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)120****(Question Serial No. 1078)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 22 ):

The Treasury Branch will continue to consider major capital investment and loan proposals in support of economic and social development. In this regard, will the Administration inform this Committee of the following:

1. What were the projects and plans of the Treasury Branch in respect of major capital investment and loan in the past 3 years? How much expenditure was involved?
2. What were the completion time and estimated completion time in respect of each of the above projects and plans?
3. What are the major capital investment and loan proposals under consideration for the coming year and what are the areas concerned?
4. What are the expenditure and staffing arrangement involved?

Asked by: Hon. WONG Kwok-kin

Reply:

During 2011-12 to 2013-14, the major capital investment and loan proposals considered by the Treasury Branch that have been/would be submitted to the Legislative Council Finance Committee ("FC") for approval are as follows:

	Item	FC Paper No.	Amount	Item completion date/expected completion date
1.	Loans to Students - Extension of the application period of the existing one-off relief arrangement concerning deferment of student loan repayment for one year till 31 July 2012	FCR(2011-12)37	--	The one-off relief measure ended on 31 July 2012 and has been made a standing arrangement with effect from the 2012/13 academic year.
2.	Loans to Schools/Teachers - Loan to the Kellett School	FCR(2012-13)15	\$203.83 million	Completion date: August 2013

	Item	FC Paper No.	Amount	Item completion date/expected completion date
	Association Limited for meeting part of the construction cost of its new school premises			
3.	<p>Primary Products</p> <ul style="list-style-type: none"> <li>- Fisheries Loans Expansion of the scope of the Fisheries Development Loan Fund</li> <li>- Fish Marketing Organization Loan Fund (Fishing Moratorium Loan Scheme) Increasing the loan ceiling of the Fishing Moratorium Loans and under exceptional circumstances, adjusting the interest rate down</li> </ul>	FCR(2012-13)18	--	The two loan funds are still under operation and are operating under revolving fund
4.	<p>Loan to Schools/Teachers – Start-up loan for post-secondary education providers</p> <ul style="list-style-type: none"> <li>- The Chinese University of Hong Kong</li> </ul>	FCR(2012-13)24	\$40 million	Completion date: September 2012
5.	<p>Loans to Schools/Teachers– Loan to the Hong Kong Academy Educational Foundation Limited for meeting part of the construction cost of its new school premises</p>	FCR(2012-13)28	\$157.72 million	Completion date: July 2013
6.	<p>Loans to Schools/Teachers– Loan to the Harrow International School (Hong Kong) Limited for meeting part of the construction cost of its new school premises</p>	FCR(2012-13)40	\$272.74 million	Completion date: August 2012
7.	<p>Loans to Students – Improvement measures on the means-tested assistance schemes, namely the Tertiary Student Finance Scheme- Publicly-funded Programmes and the Financial Assistance Scheme for Post-secondary Students</p>	FCR(2012-13)41	--	Implemented from 2012/13 academic year
8.	<p>Loan to Schools/Teachers – Start-up loan for post-secondary education providers</p>	FCR(2012-13)51	Caritas-Hong Kong: \$300 million	Expected completion date: Caritas-Hong Kong: September 2016

	Item	FC Paper No.	Amount	Item completion date/expected completion date
	- Caritas-Hong Kong - Vocational Training Council		Vocational Training Council: \$670 million	Vocational Training Council: September 2016
9.	Loan for the Ocean Park's Tai Shue Wan Development Project	FCR(2013-14)11	\$2,290 million	Expected to be completed in the second half of 2017
10.	Start-up loan for post-secondary education providers - Hang Seng School of Commerce	FCR(2013-14)24	\$800 million	Completion date: September 2013 (academic and administrative building and sports and amenities centre)  Expected completion date: April 2015 (student Hostels)
11.	Start-up loan for post-secondary education providers - HKCT Group Limited	FCR(2013-14)58	\$30 million	Expected completion date: September 2015
12.	Hong Kong Disneyland - New Hotel Development	Expected to submit to FC for approval on 2 May 2014	New Government loan: \$808.5 million  Conversion of existing Government loan to equity : \$1,700 million	Expected completion date: 2017

In 2014-15, the Government has earmarked \$259 million under the Loan Fund to meet the demand for start-up loans for post-secondary education providers and fisheries loans. The additional commitments are \$185 million and \$74 million respectively. The Government's financial support for the above purpose is subject to the approval of the Finance Committee of the Legislative Council. 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.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)121**

**(Question Serial No. 1005)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 30):

In 2014-15, the Treasury Branch will pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government. What are the details of such work? Which recommendations will take priority to be pursued? What are the estimated expenditure and manpower involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)122**

**(Question Serial No. 4900)**

Head: (25) Architectural Services Department  
Subhead (No. & title): Not Specified  
Programme: (2) Facilities Upkeep  
Controlling Officer: Director of Architectural Services (K K LEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 53

Question (Member Question No. 325):

- (1) What was the expenditure on the provision of barrier-free access facilities in government buildings in the past financial year? Please provide the details of the works concerned.
- (2) Does the Government have any statistics on the number of government buildings yet to be provided with barrier-free access facilities? When does the Government expect the present situation to improve? What is the estimated expenditure involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- (1) The expenditure of the Architectural Services Department (ArchSD) on upgrading the barrier-free access facilities in existing government buildings and facilities in 2013-14 was about \$293 million. The retrofitting works were identified by government departments with reference to the Design Manual: Barrier-free Access 2008 published by the Buildings Department and with technical support provided by the ArchSD, which involved 2 500 existing government buildings and facilities frequented by members of the public. The works included retrofitting of various facilities such as tactile guide paths, ramps, accessible toilets, public enquiry counters, elevators, etc.
- (2) We have earmarked \$290 million for the expenditure on upgrading the barrier-free access facilities in 2014-15. The Labour and Welfare Bureau has been submitting quarterly progress reports on the retrofitting programme to the Legislative Council Panel on Welfare Services. In addition to the above-mentioned 2 500 premises, the ArchSD will continue to liaise closely with relevant bodies and government departments with a view to providing them with advice on the needs and details of retrofitting works on upgrading the barrier-free access facilities in other government buildings and facilities.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)123**

**(Question Serial No. 4901)**

Head: (25) Architectural Services Department  
Subhead (No. & title): Not Specified  
Programme: (2) Facilities Upkeep  
Controlling Officer: Director of Architectural Services (K K LEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 52

Question (Member Question No. 326):

- (1) What are the maintenance costs and the number of maintenance works carried out in each year at the new Central Government Complex (CGC) and the Legislative Council Complex (LCC) at Tamar since their commissioning?
- (2) How many items of defect rectification works have yet to be completed since the expiry of the one-year maintenance period of the CGC and the LCC? How much additional expenditure is involved?
- (3) In its report released in October 2013, the Audit Commission criticised that many defects and minor defects of the CGC and the LC were not yet rectified as at August 2013. In this connection, has the Architectural Services Department allocated additional resources for completing such works or supervising the contractor in carrying out such works? How much expenditure is involved and what progress has been made?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- (1) The contractor provided services during the one-year maintenance period in accordance with the contract after the completion of the Central Government Complex (CGC) and the Legislative Council Complex (LCC) at Tamar in July 2011. After expiry of the maintenance period, the Architectural Services Department (ArchSD) received about 600 maintenance orders from various departments of the CGC during the period from August to December 2012 and the maintenance works cost about \$150,000. In 2013, about 1 600 maintenance orders were received and the maintenance works cost about \$350,000. Regarding the day-to-day maintenance of the LCC, the ArchSD received about 100 maintenance orders from the Legislative Council Secretariat during the period from August to December 2012 and the maintenance works cost about \$25,000. In 2013, about 300 maintenance orders were received and the maintenance works cost about \$70,000.
- (2) As at the end of February 2014, the defect rectification works at the CGC and the LCC have generally been completed by the contractor. The few outstanding items remain are being followed up, include further adjustments to certain building services installations and further improvements in some of the completed defects rectification works. These works are part of the contractor's obligations under the contract and, therefore, do not incur additional government expenditure.
- (3) In response to the recommendations of the audit report, the ArchSD has stepped up supervision of the contractor and maintained close communication with the management departments of the facilities concerned in order to provide the necessary assistance in coordination and expedite the completion of the few outstanding defects rectification works. These works will not incur additional government expenditure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)124**

**(Question Serial No. 4760)**

Head: (28) Civil Aviation Department

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

Programme: (6) Air Passenger Departure Tax Administration

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 505 (if applicable)

Question (Member Question No. 50):

It is mentioned under *Matters Requiring Special Attention* of this Programme that the Administration will monitor the government VIP service provided by the Airport Authority Hong Kong ("AA"). How will the AA's handling of foreign officials' departure tax be monitored? What are the details?

Asked by: Hon. WONG Kwok-hing

Reply:

The Protocol Division is responsible for monitoring the provision of government VIP services by the Airport Authority Hong Kong (AA). Where appropriate, the Protocol Division may arrange VIP services at the airport for foreign officials.

According to the Air Passenger Departure Tax Ordinance, certain foreign officials (e.g. consuls, consular staff and diplomats) are exempted from payment of Air Passenger Departure Tax (APDT). They can apply for refund if the tax paid should have been exempted. The AA, the Protocol Division and the Civil Aviation Department have implemented various measures with a view to stepping up the monitoring of the processing of APDT refund applications from foreign officials, including verification of records on refund acknowledgments from diplomats, enhancing the supervision of the refund procedures by supervisory staff, and tightening the verification of the refund arrangement.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)125**

**(Question Serial No. 4112)**

Head: (31) Customs and Excise Department  
Subhead (No. & title): (-) Not specified  
Programme: (1) Control and Enforcement  
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 145

Question (Member Question No.67):

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 2014-15?

Asked by: Hon. KWOK Ka-ki

Reply:

In 2014-15, the expenditure for the work under Programme (1) Control and Enforcement by the Customs and Excise Department (C&ED) will be approximately \$2,227.9 million, involving 4 496 posts. Since interception of dutiable goods at 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.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)126****(Question Serial No. 4139)**

Head: (31) Customs and Excise Department

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

Programme: (1) Control and Enforcement

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 145

Question (Member Question No. 142):

What were the actual amounts of illicit cigarettes seized by the Customs and Excise Department (C&ED) at various control points, the numbers of staff and the actual expenditure involved in the past five years? What will be the number of staff to be deployed for combating illicit cigarette activities by C&ED and the actual expenditure in 2014-2015?

Asked by: Hon. KWOK Ka-ki

Reply:

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

	2009	2010	2011	2012	2013
Number of compounding cases (Amount of illicit cigarettes involved)	5 503 (2.1 million sticks)	4 141 (1.5 million sticks)	6 633 (2.6 million sticks)	8 638 (3.2 million sticks)	9 162 (3.3 million sticks)
Number of smuggling activities through other cargo and passenger channels (Amount of illicit cigarettes involved)	1 179 (26.1 million sticks)	874 (28.5 million sticks)	1 375 (22.1 million sticks)	1 442 (29.9 million sticks)	1 227 (43.9 million sticks)

Since the work involved is part of the general duties of C&ED, it would be difficult to separately quantify the number of officers and the expenditure involved. In 2014-15, C&ED will dedicate 61 officers for combating illicit cigarette activities, involving an expenditure of approximately \$20.31 million.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)127****(Question Serial No. 4155)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 149

Question (Member Question No. 166):

What were the respective number of cases of selling illicit cigarettes through telephone ordering detected, amount of illicit cigarettes seized and number of persons arrested by the Customs and Excise Department in the past five years? What are the estimated provision and the number of staff deployed for combating the sale of illicit cigarettes through telephone ordering by the Department in 2014-2015?

Asked by: Hon. KWOK Ka-ki

Reply:

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

	2009-10	2010-11	2011-12	2012-13	2013-14 <sup>^</sup>
Number of cases	85	69	40	134	195
Total number of illicit cigarettes seized (sticks)	0.87 million	0.47 million	0.21 million	3.4 million	2 million
Number of persons arrested	91	80	42	167	225

<sup>^</sup> As at 28 February 2014

C&ED has set up a Telephone Order Task Unit with an establishment of 26 officers for combating telephone ordering of illicit cigarettes. In 2014-15, C&ED will sustain its effort in this regard. The annual expenditure of the Unit is approximately \$8.67 million.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)128**

**(Question Serial No. 5703)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 150

Question (Member Question No. 45):

1. The number of inspection and verification of imported vehicles for payment of First Registration Tax (FRT) carried out by the Customs and Excise Department (C&ED) in 2012 was over 400. However, the number increased substantially to over 1 200 in 2013 and the estimated number is expected to further increase to 1 413 in 2014. What are the reasons?

2. Under what circumstances will C&ED re-assess the provisional taxable value of imported vehicles? In the past two years, the number of cases of inspection and verification of imported vehicles for payment of FRT increased substantially whereas that of re-assessment of the provisional taxable value of imported vehicles decreased. What are the reasons?

Asked by: Hon. LEE Wai-king, Starry

Reply:

1. In 2013, C&ED set up a dedicated team comprising seven officers to step up verification of the information, models and configuration of imported vehicles, with a view to curbing the problem of making false declaration of the taxable values of motor vehicles for assessment of FRT. Since the establishment of the dedicated team, the number of monthly spot checks on applications for the first registration of motor vehicles has increased from 40 to 120. As a result, the number of inspection and verification of imported vehicles by C&ED for assessment of FRT increased substantially in 2013. Such arrangements have been effective. In 2013, the number of cases of such malpractice dropped from 63 in the previous year to 57.

2. According to the Motor Vehicles (First Registration Tax) Ordinance, all motor vehicle distributors (including agents and parallel importers) shall submit the suggested Published Retail Price (PRP) to C&ED seven days prior to the sale of motor vehicles for approval and calculation of 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 already approved by C&ED due to changes in market conditions or promotion strategies, distributors shall apply to C&ED for re-assessment of the provisional taxable value. Therefore, there is no direct correlation between the number of cases of inspection of imported vehicles and the number of cases of re-assessment of the provisional taxable value of imported vehicles.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)129****(Question Serial No. 5848)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 143

Question (Member Question No. 858):

It is mentioned in paragraph 146 of the 2013-14 Budget that “regarding indirect taxes, the annual revenue from tobacco duty and motor vehicles first registration tax is over \$4 billion and \$7 billion respectively. We notice that the main modus operandi of selling illicit cigarettes has recently changed from street peddling to telephone ordering, making law enforcement more difficult. On the other hand, some dealers provide false information on the selling prices of vehicles to evade motor vehicles first registration tax (FRT), which reduces our tax revenue. To protect the revenue from tobacco duty and motor vehicles first registration tax, the C&ED will deploy more resources to step up its efforts to combat tax evasion in the coming year.”

In the financial year of 2013-14, what was the number of operations taken by the Customs and Excise Department (C&ED) against street peddling and telephone ordering of illicit cigarettes? What was the average number of sticks of cigarettes involved?

In the financial year of 2013-14, what was the number of operations taken by C&ED against vehicles evading FRT? What was the average amount involved?

Asked by: Hon. LEUNG Kwok-hung

Reply:

Details of the cases of street peddling and telephone ordering of illicit cigarettes detected by the Customs and Excise Department (C&ED) in 2013 are as follows -

	Street peddling	Telephone ordering
Number of cases	529	195
Amount of illicit cigarettes (million sticks)	3.1	2
Average amount of illicit cigarettes involved per case (sticks)	5 900	10 000

In the same year, C&ED also detected 12 cases of evasion of motor vehicles first registration tax, involving a total of 205 vehicles. The average amount of tax involved per vehicle was approximately \$80,000.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)130****(Question Serial No. 5520)**

Head: (31) Customs and Excise Department

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

Programme: (4) Revenue Protection and Collection

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 150

Question (Member Question No. 79):

As far as anti-illicit-cigarette enforcement is concerned, while the number of actual seizure cases and persons prosecuted for offences relating to illicit cigarettes in 2013 were lower than those in 2012, the actual number of cigarettes seized was obviously higher in 2013, with 83.296 million sticks seized in 2013 as against 69.435 million sticks seized in 2012. This might imply that offences relating to illicit cigarettes were larger in scale as well as more organized. In this connection, will the Administration inform this Committee whether it has formulated any plans to combat against this trend; if it has, please advise on the details, including a breakdown by the provision and manpower for anti-illicit-cigarette enforcement for 2009-2014 and a breakdown by the number of enforcement actions (successful cases and failed cases) for 2009-2013; and the number of joint enforcement actions with the Mainland Customs and other Customs administrations in the region for 2009-2013?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The Customs and Excise Department (C&ED) has all along been committed to combating illicit cigarette activities, in particular stepping up the enforcement at source, coupled with interception along railway stations in order to prevent smuggling of illicit cigarettes into Hong Kong. In the past two years, C&ED has set up a dedicated team comprising 26 officers to combat telephone ordering of illicit cigarettes through intelligence analysis and planned enforcement operations. C&ED will also conduct raiding operations at street level with a view to suppressing the distribution, storage and peddling of illicit cigarettes. In 2013, in addition to the detection of 25 major cases of smuggling and concealment of illicit cigarettes with a seizure of 39.3 million sticks of illicit cigarettes, C&ED also detected 195 cases of telephone ordering with a seizure of two million sticks of illicit cigarettes. The number of complaints in 2013 decreased by 37% as compared with that in the previous year.

Details of the establishment and expenditure dedicated to combat illicit cigarette activities in the past five financial years and in 2014-15 are as follows -

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Establishment (No. of staff)	35	35	35	50	61	61
Expenditure (\$ million)	9.91	10	10.63	15.92	20.31	20.31 (Estimate)

The numbers of cases and joint operations in respect of illicit cigarette activities in the past five years are as follows -

	2009	2010	2011	2012	2013
No. of cases	2 825	2 062	2 442	2 264	1 970
No. of joint operations with the Mainland	25	12	21	15	15
No. of joint operations with other regions	29	257	277	193	130

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)131**

**(Question Serial No. 5396)**

Head: (31) Customs and Excise Department  
Subhead (No. & title): (-) Not specified  
Programme: (4) Revenue Protection and Collection  
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 149

Question (Member Question No. 52):

It is mentioned in the Aim that the Customs and Excise Department (C&ED) is responsible for combating smuggling and distribution of illicit cigarettes and taking enforcement actions against illicit fuel activities at all levels. In this regard, please advise this Committee on the following:

1. In the past two years, C&ED seized 83.296 million and 69.435 million sticks of cigarettes, as well as 10 000 and 48 000 litres of hydrocarbon oil respectively. Please list out the amount of duty evaded involved in the above seizures.
2. Apart from illicit cigarettes and illicit fuel, please also list out the categories and quantities of the top five types of goods confiscated in anti-smuggling operations in the past two years, as well as the amount of duty evaded.

Asked by: Hon. WONG Kwok-kin

Reply:

1. In 2012 and 2013, the amounts of duty involved in the illicit cigarettes seized by the Customs and Excise Department (C&ED) were \$120 million and \$140 million respectively, whereas those of the illicit hydrocarbon oil products were \$290,000 and \$60,000 respectively.
2. Since the items seized by C&ED fall under different categories involving different measurement units, it would be difficult to make comparison by quantity. In terms of number of cases, the articles seized were mainly tobacco products, liquor, food and beverages, dangerous drugs, as well as clothing and footwear. Regarding the smuggled liquor seized by C&ED, the amounts of duty involved in the past two years were \$1.5 million and \$930,000 respectively.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)132****(Question Serial No. 5416)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)Question (Member Question No. 51):

According to Matters Requiring Special Attention, the Government Property Agency will continue to conduct annual accommodation reviews. What were the results of the reviews in the past three years (i.e. 2011-12, 2012-13 and 2013-14)? What are the criteria for reducing, increasing or relocating office accommodation?

Asked by: Hon. CHAN Hak-kanReply:

Through the annual accommodation review mechanism, the Government Property Agency encourages government departments to prudently review their office accommodation requirements in the coming three to five years so as to optimise the use of resources. When applying for additional office space or relocation of office accommodation, departments will need to work out their space requirements for staff and ancillary facilities (such as storage areas and conference room) in accordance with the established space standards for government office and submit their requirements in the form of schedules of accommodation to the Agency or the Property Vetting Committee for approval.

Our policy is to accommodate government offices in government-owned premises as far as possible. When government-owned premises are available, the Agency will allocate them to suitable departments according to their needs. We will only consider leasing when no suitable government-owned premises are available. To cope with the new office accommodation requirements and reprovisioning arrangement of departments, the net increase in leased office accommodation in the past three years is as follows:

Year	Net increase in leased office accommodation (m <sup>2</sup> )
2011	919
2012	2 802
2013*	13 728

\* In 2013, the newly leased office accommodation was mainly for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department originally located in the Government Logistics Centre in Chai Wan to make space available for accommodating the printing workshop of the Government Logistics Department with a view to enhancing its operational efficiency.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)133****(Question Serial No. 5584)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 301 (if applicable)Question (Member Question No. 76):

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

Asked by: Hon. CHAN Kam-lamReply:

The average monthly rents <sup>Note 1</sup> and internal floor areas of 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)		Internal floor area (square metre) (approximately)
	\$ per square metre	\$ per square foot	
2004	171	16	297 000
2005	186	17	278 000
2006	213	20	271 000
2007	223	21	268 000
2008	229	21	267 000
2009	226	21	272 000
2010	235	22	275 000
2011	252	23	276 000
2012 <sup>Note 2</sup>	232	22	278 000
2013	252	23	292 000
<b>Average monthly rent for the past decade</b>	<b>222</b>	<b>21</b>	<b>-</b>

<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**

**FSTB(Tsy)134**

**(Question Serial No. 4326)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 34):

For the Matters Requiring Special Attention in the coming year, the Government Property Agency will plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront. In this connection, will the Administration inform this Committee of the following:

1. The departments in the three government office buildings will be relocated to the new government office buildings in West Kowloon, Kai Tak, Cheung Sha Wan and Tseung Kwan O. How much is the total construction cost and what is the timetable for the four new government office buildings?
2. 29 departments are involved in the reprovisioning of the three government office buildings at the Wan Chai waterfront. Please list out how these 29 departments will be relocated to the four new government office buildings.
3. What are the estimated rental and land premium of the government office buildings at the Wan Chai waterfront?
4. What are the estimated removal expenses and timetables for relocating the 29 departments in the three government office buildings? Will additional staff be recruited to handle this large-scale reprovisioning project? If yes, what are the details?

Asked by: Hon. CHAN Yuen-han

Reply:

1. Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. As a start, we will relocate some departments to the West Kowloon Government Offices (WKGO) currently under planning. We have gained support of the Panel on Financial Affairs of the Legislative Council in respect of the WKGO project. After obtaining funding approval from the Legislative Council in early 2015, we will commence the construction of the WKGO for completion in 2018-19. We have also earmarked sites in other places including Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O for the construction of other replacement buildings. Subject to availability of resources, we aim at commencing construction works from 2017-18 onwards for completion in succession from 2020-21 onwards. Since these projects are still under planning, we do not have the total cost estimate at this stage. We will provide the detailed cost estimate when we seek funding approval from the Legislative Council for the individual projects.

2. Our current plan is to relocate the Transport Department, the Government Property Agency and Music Office of the Leisure and Cultural Services Department to WKGO under planning. We are also planning to build another government office building in Cheung Sha Wan, mainly for reprovisioning the Treasury and the Office of the Government Chief Information Officer, etc. We are still working on the relocation of other departments to Kai Tak Development Area and Tseung Kwan O.
3. According to the property market statistics in the Hong Kong Property Review Monthly Supplement published by the Rating and Valuation Department in March 2014, the average monthly rent for Grade A private offices in Wan Chai / Causeway Bay was \$762 per square metre as at January 2014. Since land premium will be affected by a number of factors (including development parameters) which are yet to be finalised, we are unable to provide the requested valuation at this stage.
4. As mentioned above, WKGO is scheduled for completion in 2018-19. Subject to availability of resources, we aim at commencing construction works of other government office buildings projects from 2017-18 onwards for completion in succession from 2020-21 onwards. Departments in the three government office buildings at the Wan Chai waterfront will be relocated in phases upon the completion of the construction works of the new office buildings. As we will consider the funding for office removal for individual departments after obtaining funding approval from the Legislative Council for the construction works of the projects, we are unable to provide the relevant information at this stage. In 2013-14, apart from the existing staff resources, the Government Property Agency created four posts for four years to take forward the said projects. The annual salary expenditure of these four posts is around \$2.87 million in 2014-15.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)135**

**(Question Serial No. 4327)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 35):

1. Please provide the details of the regular accommodation reviews in the past three years. Which government departments have their office area increased or reduced? What were the total areas and rentals involved?
2. According to the Indicators, both “total area of office space” and “net change in leased office accommodation” will increase in 2014. Please list by department the increase in office areas and their rental expenditures.
3. According to the Indicators, the areas on “renewals of leased office accommodation” will substantially decrease in 2014 when compared to that in 2013. Why is this so? Please list by department the reduction in leased office areas and rental expenditures.

Asked by: Hon. CHAN Yuen-han

Reply:

1. To cater for the 2011 Population Census of the Census and Statistics Department and to meet the operational and new services needs of the Labour Department and the Immigration Department, the Government newly leased about 5 500 m<sup>2</sup> of offices in 2011, at a total annual rent of about \$10 million. On the other hand, about 7 000 m<sup>2</sup> were released upon the relocation of some offices of the Customs and Excise Department, the Commerce and Economic Development Bureau and the Hongkong Post to government-owned properties, saving about \$30 million rental per annum.

In 2012, the Urban Renewal Authority (URA) leased about 4 100 m<sup>2</sup> of offices for the Government to relocate the departments affected by the redevelopment project of the Kwun Tong District Branch Offices Building, including the Kwun Tong District Office, the Labour Department and the Food and Environmental Hygiene Department, etc. The total rental expenditure incurred by the URA was about \$18 million per annum. On the other hand, some 3 500 m<sup>2</sup> of offices were released upon the relocation of the Labour and Welfare Bureau, the Civil Service Bureau, the Financial Services and the Treasury Bureau and the Efficiency Unit to government-owned properties, saving about \$34 million rental per annum.

In 2013, the Government newly leased about 8 400 m<sup>2</sup> of offices for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department originally located in the Government Logistics Centre (GLC), Chai Wan in order to relocate the printing workshop of the Government Logistics Department to the GLC with a view to enhancing its operational efficiency. The above newly leased space also includes new office space for the Labour Department, the Immigration Department and the Social Welfare Department etc. This involved a total rental expenditure of about \$19 million per annum. On the other hand, about 5 200 m<sup>2</sup> of offices were deleased due to the reprovisioning of the Tin Shui Wai Public Library of the Leisure and Cultural Services Department, the Kowloon City District Office and some offices of the Civil Aviation Department from leased premises to government-owned properties, saving about \$25 million in annual rental.

2. To meet departments' operational needs, we anticipate a net increase of about 22 900 m<sup>2</sup> in leased accommodation in 2014. The anticipated newly leased 27 400 m<sup>2</sup> will be used to meet the operational and new services needs of the Registration and Electoral Office, Radio Television Hong Kong, the Efficiency Unit, the Leisure and Cultural Services Department, etc. Since we are still identifying suitable premises for leasing, we are unable to provide the rental information at this stage. Meanwhile, having regard to the operational needs of individual departments and the terms of the relevant tenancy agreements, about 4 500 m<sup>2</sup> of offices will be deleased in 2014, saving about \$10 million in annual rental.
3. The area for lease renewal in 2014 will depend on the area involved in the respective tenancies due for renewal in that year. The figures for 2014 and 2013 are not directly comparable. Before a tenancy expires, the Government Property Agency will consider the need for renewal having regard to the operational needs of department(s). We expect to delease about 4 500 m<sup>2</sup> of office space in 2014, involving mainly the Hongkong Post, the Social Welfare Department and the Lands Department. The total rental saving is about \$10 million per annum.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)136****(Question Serial No. 4328)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)Question (Member Question No. 43):

According to the Brief Description of Programme (3), the Government Property Agency updates the Government, Institution and Community (GIC) site record system to incorporate new development areas and revised planning parameters. In this connection, please inform the following:

1. How many GIC sites in newly developed areas and GIC sites whose planning parameters have been revised were incorporated into the record system in the past three years? What were the details of the sites involved?
2. How many GIC sites in newly developed areas and GIC sites whose planning parameters have been revised will be incorporated into the record system in the coming year?
3. As more sites will be identified in the future, the workload of the Government Property Agency may become heavier. Has the Agency assessed whether the existing establishment is sufficient? Has the Agency considered recruiting more staff? How much will be the expenditure?

Asked by: Hon. CHAN Yuen-hanReply:

1. Fifty-five government properties in the Government, Institution and Community (GIC) zoned sites have been incorporated into our GIC record system in the past three years. Details of the sites are summarised by property type below:

<u>Property Type</u>	<u>No. of Sites</u>	<u>Use</u>
Joint-user, Specialist and/or Departmental Buildings	39	Community centre, municipal services building, playground, sitting-out area, air mail centre, store room, service reservoir, pumping station, pump house, sewage treatment plant, flood shelter, family retreat centre, public toilet, refuse collection point, cemetery, police station, fire station, correctional institution
Schools	8	School, kindergarten
Quarters	1	Staff quarters
Others	7	Camp site, monastery, telephone exchange station, cooked food market, etc.
Total:	55	

2. With reference to the figures in the past three years, we anticipate to incorporate about 20 GIC zoned sites / buildings, i.e. those in newly developed areas and those with planning parameters revised, into the record system in the coming year. However, the actual figure will need to be confirmed with the Planning Department which is responsible for the task concerned.
  
3. We expect that the Government Property Agency will be able to carry out this area of work with its existing manpower. Additional staff resources and expenditure are not required at this stage.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)137****(Question Serial No. 4293)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)Question (Member Question No. 42):

Regarding the sites ready to be released for disposal, redevelopment or other purposes under the Indicators, will the Administration inform this Committee of the following:

1. There were five and seven sites ready to be released for the above purposes in the past two years (i.e. 2012 and 2013 respectively). What are the details of development in respect of these sites? Please provide their locations, uses, areas as well as the expenditure incurred for the converted uses.
2. It is anticipated that three sites will be released for the above purposes in the coming year. What are the details of their development? Please provide their locations, uses, areas as well as the expenditure incurred for the converted uses.

Asked by: Hon. MAK Mei-kuen, AliceReply:

1. The Government Property Agency has assisted in releasing the following sites for disposal, redevelopment or alternative uses in the past two years:

2012

	Government property	Converted to alternative use or disposal	Site area (m <sup>2</sup> ) (approx.)	Estimated Expenditure
(i)	Tsuen Wan Transport Complex, 98 Tai Ho Road, Tsuen Wan	MTR West Rail cum residential development	6 300	Not applicable
(ii)	Ex-Hollywood Road Police Married Quarters, 35 Aberdeen Street, Central	Handed over to the Development Bureau for revitalisation into a creative centre	6 100	Conversion cost of about \$560 million
(iii)	Ex-Kwun Tong District Branch Offices Building, 6 Tung Yan Street, Kwun Tong	Redevelopment by Urban Renewal Authority	4 000	Not applicable

	Government property	Converted to alternative use or disposal	Site area (m <sup>2</sup> ) (approx.)	Estimated Expenditure
(iv)	Ex-Housing Department Staff Quarters, 57 Sheung Fung Street, Tsz Wan Shan	Handed over to the Customs and Excise Department for disciplined services quarters development	3 600	Under planning, estimated expenditure not yet available
(v)	Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street	Handed over to the Lands Department. Departments concerned are examining its future use	700	Not applicable

2013

	Government property	Converted to alternative uses or disposal	Site area (m <sup>2</sup> ) (approx.)	Estimated Expenditure
(i)	Ex-Burma Lines Military Site, Fanling	Handed over to the Lands Department for housing and educational development	283 500	Under planning, estimated expenditure not yet available
(ii)	Lower Radio Station (Site C), Tai Mo Shan	Handed over to the Lands Department. Departments concerned are examining its future use	14 000	Not applicable
(iii)	Murray Building, 22 Cotton Tree Drive, Central	Handed over to the Lands Department for hotel development	6 100	Not applicable
(iv)	4 Rose Street, Kowloon Tong (the site was originally used as a school)	School development	3 700	Currently no development timeline, estimated expenditure not yet available
(v)	650 Cheung Sha Wan Road (the site was originally used as a post office and quarters)	Handed over to the Lands Department for commercial/office development	1 500	Not applicable
(vi)	Ex-Housing Department Staff Quarters, Tin Wan Street, Aberdeen	Handed over to the Correctional Services Department for disciplined services quarters development	700	Under planning, estimated expenditure not yet available
(vii)	The junction of Fu Yan Street and Yan Oi Court, Kwun Tong	Redevelopment by Urban Renewal Authority	80	Not applicable

2. We plan to assist in releasing the following sites in 2014 for disposal, redevelopment or alternative uses:

	Government property	Converted to alternative uses or disposal	Site area (m <sup>2</sup> ) (approx.)	Estimated Expenditure
(i)	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	Land sale for commercial/office/hotel development	3 200	Not applicable
(ii)	Ex-Housing Department Staff Quarters, 20 Heng Lam Street, Lok Fu	Handed over to the Immigration Department for disciplined services quarters development	2 700	Under planning, estimated expenditure not yet available
(iii)	Ex-Kennedy Town Police Married Quarters, Block B	Under demolition, to be handed over to the Lands Department for public housing development	1 800	Under planning, estimated expenditure not yet available

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)138****(Question Serial No. 4294)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)Question (Member Question No. 44):

Regarding government premises identified as having new commercialisation opportunities under the Indicators, please inform this Committee of the following:

1. There were 15 and 10 government premises identified as having new commercialisation opportunities in the past 2 years (i.e. 2012 and 2013 respectively). Please provide the details of the development of these premises by listing out their locations, uses, areas as well as expenditure involved for their converted uses.
2. It is anticipated that eight government premises will be identified as having new commercialisation opportunities in the coming year. Please provide the details of the development by listing out their locations, uses, areas, as well as expenditure involved for their converted uses.

Asked by: Hon. MAK Mei-kuen, AliceReply:

1. In 2012, the Government Property Agency initially identified the following 15 government premises which might have new commercialisation opportunities:

	Property	Proposed Use	Area (m <sup>2</sup> )
(i)	Tai Po Government Offices	Automatic Teller Machine	Not applicable
(ii)	Shun Lee Disciplined Services Quarters	Automatic Teller Machine	Not applicable
(iii)	Causeway Bay Market	Automatic Teller Machine	Not applicable
(iv)	Queen Elizabeth Stadium	Automatic Teller Machine	Not applicable
(v)	Bowrington Road Market	Automatic Teller Machine	Not applicable
(vi)	Tang Lung Chau Market	Automatic Teller Machine	Not applicable
(vii)	Harbour Building	Automatic Vending Machine	Not applicable
(viii)	Part of the columns and walls on ground floor of Queensway Plaza	Advertising area	Not applicable
(ix)	The external walls of Ngau Tau Kok Market	Advertising area	Not applicable



	Property	Proposed Use	Area (m <sup>2</sup> )
(x)	The external walls of Kowloon Bay Sports Centre	Advertising area	Not applicable
(xi)	The external walls of Po Kong Village Road Sports Centre	Advertising area	Not applicable
(xii)	The external walls of Shun Lee Tsuen Sports Centre	Advertising area	Not applicable
(xiii)	Mongkok Stadium	Advertising area	Not applicable
(xiv)	Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop	About 110
(xv)	Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop	About 30

The automatic teller machine site at Tai Po Government Offices has been leased out. We are arranging for the tendering of the automatic vending machine site at Harbour Building and the advertising area on the ground floor of Queensway Plaza.

As the tendering of the automatic teller machine site at Shun Lee Disciplined Services Quarters was unsuccessful, we are conducting further analysis on its commercial potential. Moreover, the original locations proposed for the automatic teller machine at Causeway Bay Market and the advertising area at Ngau Tau Kok Market were found unsuitable on technical grounds. We are consulting the concerned departments for identifying other suitable locations.

The two shops in the Passenger Terminal Building of Shenzhen Bay Port Hong Kong Port Area were required and used by government departments. They will no longer be available for commercial use. After further analysis, the remaining seven cases (item nos. (iv) to (vi) and (x) to (xiii)) were found not suitable for commercial use.

In 2013, the Agency initially identified the following 10 government premises which might have new commercialisation opportunities:

	Property	Proposed Use	Area (m <sup>2</sup> )
(i)	Man Kam To Control Point	Automatic Teller Machine	Not applicable
(ii)	Harbour Building	Automatic Teller Machine	Not applicable
(iii)	Ground floor lobby of Wanchai Tower	Automatic Vending Machine	Not applicable
(iv)	Departure hall of China Ferry Terminal	Café	About 80
(v)	The roof and external walls of Water Supplies Department Kowloon East Regional Building	Advertising area	Not applicable
(vi)	The roof of Argyle Street Waterworks Depot	Advertising area	Not applicable
(vii)	The external walls of Water Supplies Department Kowloon West Regional Building	Advertising area	Not applicable
(viii)	The roof of Water Supplies Department Hong Kong Regional Building	Advertising area	Not applicable
(ix)	The external walls of Tsuen Wan Market	Advertising area	Not applicable
(x)	The external walls of San Hui Market, Tuen Mun	Advertising area	Not applicable

After detailed examination, the Agency changed the original proposal of installing an automatic teller machine at Man Kam To Control Point to automatic vending machine which was let out successfully. We are arranging for the letting of the automatic teller machine site at Harbour Building, the automatic vending machine site at Wanchai Tower, the café at China Ferry Terminal and the advertising area at Water Supplies Department Kowloon East Regional Building. After further analysis, the remaining five cases (item nos. (vi) to (x) above) were found not suitable for commercial use.

Government premises are normally let on the basis of “as is” condition. In 2012 and 2013, no expenditure was incurred in converting the uses of the above government premises.

2. In 2014, the Agency has initially identified the following eight government premises which may have new commercialisation opportunities:

	Property	Proposed Use	Area (m <sup>2</sup> )
(i)	Kowloon City Government Offices	Automatic Teller Machine	Not applicable
(ii)	Former Central Government Offices, Lower Albert Road	Automatic Teller Machine	Not applicable
(iii)	Tuen Mun Government Offices	Automatic Vending Machine	Not applicable
(iv)	North District Government Offices	Automatic Vending Machine	Not applicable
(v)	Ground floor lobby of Eastern Law Courts Building	Automatic Vending Machine	Not applicable
(vi)	Cheung Sha Wan Government Offices	Automatic Vending Machine	Not applicable
(vii)	Ground floor, Chai Wan Municipal Services Building	Automatic Vending Machine	Not applicable
(viii)	The roof of Eastern Law Courts Building	Advertising area	Not applicable

Upon identifying the above government premises with commercialisation opportunity initially, the Agency will consult the concerned departments and examine in detail the implications of the proposal on the image, external appearance, and pedestrian flow of the government building; as well as any impact of the changed use on fire escape, fire services and building installations, in order to determine whether the proposed commercial uses are feasible and suitable. At this stage, we have not incurred any expenditure on converting the use of the above premises.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)139**

**(Question Serial No. 3326)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 28):

Regarding non-departmental quarters (NDQ), Government-owned NDQ and departmental quarters (DQ) under Programme (1):

1. How many NDQ and DQ are there?
2. Civil servants appointed on or after 1 October 1990 are not eligible for NDQ. In view of the coming wave of retirement in the civil service, these quarters are expected to decrease progressively. Has the Government Property Agency assessed the occupancy rate of these quarters in the coming five years? Is there any plan to redevelop or demolish these quarters for other uses?
3. As the disciplinary forces are constantly having new recruits in recent years, the demand for disciplined services quarters (DSQ) will continue to increase. The Administration pointed out last year that four ex-quarters would be redeveloped into DSQ. Please provide the details and the completion timetable.
4. Apart from the four projects mentioned above, are there any plans to construct or redevelop any quarters? Will the Administration consider integrating residential care service or community facilities into these new projects, thereby taking the lead and showcasing such integration for the community? If not, will the Administration deploy resources to examine this proposal?

Asked by: Hon. TANG Ka-piu

Reply:

1. At present, about 680 non-departmental quarters (NDQ) and 22 730 departmental quarters (DQ) are available for allocation to eligible civil servants.
2. The Civil Service Bureau allocates NDQ to eligible officers who may apply for any available NDQ units of their choice. The Government Property Agency is therefore not in a position to assess the occupancy rate of these quarters, though the overall demand is expected to diminish progressively. The Administration has been reviewing the demand and supply of NDQ regularly and, where feasible, lets or sells the surplus ones through the Agency, or returns the quarters sites to the Lands Department for long-term development to optimise the use of the resources. For example, the quarters site at 122 Pokfulam Road was handed over to the Lands Department last year and subsequently transferred to the Hospital Authority for expansion of the Queen Mary Hospital.

3. The four ex-quarters sites of the Housing Department at Tseung Kwan O Road, Kwun Tong; Heng Lam Street, Lok Fu; Tin Wan Street, Aberdeen and Sheung Fung Street, Tsz Wan Shan respectively will be redeveloped into disciplined services quarters (DSQ) to provide about 640 units. In general, a quarters development will take around three years to complete after the approval of funding. The Security Bureau and the concerned disciplined services departments are finalising the details of the four redevelopment projects with the relevant departments. The Administration will later submit funding applications to the Legislative Council for individual projects with respective timetables.
  
4. The 2014 Policy Address mentions that the Administration will expedite actions on the eight DQ projects for the disciplined services departments in the coming years. Subject to the allocation of resources, the target is to complete these projects by 2020 which will provide more than 2 200 units. Apart from the four projects mentioned in (3) above, the other four projects include DSQ in Fan Garden, Fanling; Pak Shing Kok, Tseung Kwan O; Yau Yue Wan Village Road, Tseung Kwan O and Po Lam Road, Tseung Kwan O.

When considering new / redevelopment quarters projects, the concerned departments will explore whether it is necessary and suitable to incorporate residential care service / community facilities into the proposed developments to meet the local demand of the community. The departments concerned should be able to handle the work with existing resources.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)140****(Question Serial No. 5156)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)Question (Member Question No. 61):

In 2014-15, the Government Property Agency will continue to pursue deleasing opportunities where appropriate. In this regard, how much is the annual rental expenditure by Government in the past five years? How much rental can be saved in the coming three years?

Asked by: Hon. TIEN Pei-chun, JamesReply:The annual rental expenditure of the Government<sup>Note 1</sup> for the past five financial years are as follows:

<b>Financial year</b>	<b>Rental expenditure (\$ million) (approximately)</b>
2013-14 <sup>Note 2</sup>	878
2012-13	776
2011-12	764
2010-11	753
2009-10	760

With the completion and inauguration of a number of government-owned properties (such as the Trade and Industry Tower in Kai Tak Development Area) in the coming three financial years, we will relocate some offices currently accommodated in leased premises to government-owned properties. The annual saving on rental expenditure starting from 2017-18 will be about \$140 million (based on the existing leases).

---

<sup>Note 1</sup> Including rent and the associated expenditures on property management and air-conditioning charges.

<sup>Note 2</sup> The rental expenditure for March 2014 is an estimated figure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)141**

**(Question Serial No. 5157)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 62):

In 2014-15, the Government Property Agency will continue, through its annual accommodation review mechanism, to encourage government bureaux and departments to regularly review office accommodation required in the short and medium-terms. In this regard, will the Administration inform this Committee of:

- (1) the achievements and savings realised in related government expenditure;
- (2) the work objectives and plan for 2014-15 and the anticipated savings in government expenditure.

Asked by: Hon. TIEN Pei-chun, James

Reply:

- (1) Through the annual accommodation review mechanism, the Government Property Agency encourages government departments to prudently review their office accommodation requirements in the coming three to five years. Depending on operational needs and merits of each case, we will give priority to relocating departments in leased premises (particularly those in central business districts) to suitable government-owned premises to reduce rental expenditure as far as practicable. We will also consider letting or selling surplus government-owned premises to help increase the supply of office space in the private sector. In 2013, government offices relocated from leased premises to government-owned ones included the Tin Shui Wai Public Library of the Leisure and Cultural Services Department, the Kowloon City District Office and some offices of the Civil Aviation Department. Properties released are mainly located in Hung Hom, Kwun Tong, Yuen Long and Chek Lap Kok, comprising a total area of 13 963 m<sup>2</sup> with rental saving at about \$58 million per annum.
- (2) In 2014-15, we will, through the annual accommodation review mechanism, continue to encourage government departments to review prudently their office accommodation requirements in the coming three to five years. Taking into consideration the operational needs of individual departments, the terms of tenancy agreements, the landlords' intentions and other relevant factors, we plan to release about 4 500 m<sup>2</sup> of office space in 2014, mainly comprising accommodation of the Hongkong Post, the Social Welfare Department and the Lands Department, etc. at an estimated rental saving of about \$10 million per annum.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)142****(Question Serial No. 5158)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)Question (Member Question No. 63):

In 2014-15, the Government Property Agency will continue to assist government bureaux and departments in reviewing their under-utilised sites with a view to releasing the sites for alternative uses or disposal as may be appropriate. In this regard, will the Administration provide the relevant information as at 2013-14 in the following table:

Bureau/Department	Location of the under-utilised sites	Area (hectare)	Proposed uses

Asked by: Hon. TIEN Pei-chun, JamesReply:

The Government Property Agency will assist government bureaux and departments in reviewing utilisation of their sites with a view to, where appropriate, releasing the under-utilised sites for alternative uses, redevelopment or disposal. The Agency reviewed a total of 85 sites in 2013. Details of the reviewed sites by property type are summarised at the **Annex**.

## Sites Reviewed in 2013 by Property Type

Property Type	Department / Organisation to which the Property Belongs	District	Total Site Area (m <sup>2</sup> ) (approx.)	Use
Joint-user, Specialist and/or Departmental Buildings	Agriculture, Fisheries and Conservation Department, Civil Engineering and Development Department, Correctional Services Department, Environmental Protection Department, Fire Services Department, Food and Environmental Hygiene Department, Government Laboratory, Department of Health, Home Affairs Department, Hongkong Post, Hong Kong Police Force, Lands Department, Leisure and Cultural Services Department, Social Welfare Department, Transport Department, Water Supplies Department, and Hospital Authority	Central & Western District, Eastern District, Southern District, Kowloon City, Kwun Tong, Sham Shui Po, Wong Tai Sin, Yau Tsim Mong, Islands, Kwai Tsing, North District, Sai Kung, Sha Tin, Tai Po, Tsuen Wan, Tuen Mun, Yuen Long	247 000  (involving 78 sites)	These sites are originally used for public health, transport, fire services, postal and social security purposes, etc.  <b>Proposed uses:</b> 58 sites are retained for Government, Institution and Community (GIC) use under their existing development intensity.  9 sites are retained for GIC use. They can be considered for redevelopment in order to enhance their development intensity.  11 sites are under planning review for deciding their long term uses.
Quarters	Security Bureau, Food and Environmental Hygiene Department, Leisure and Cultural Services Department, and Water Supplies Department	Central & Western District, Southern District, Kowloon City	6 400  (involving 4 sites)	<b>Proposed uses:</b> 1 site is retained for GIC use under its existing development intensity.  1 site is retained for GIC use. It can be considered for redevelopment in order to enhance its development intensity.  The remaining 2 sites are proposed for other alternative uses, subject to planning review.
Schools	Education Bureau	North District	5 900  (involving 1 site)	<b>Proposed uses:</b> The site is retained for GIC use under its existing development intensity.
Others	Food and Environmental Hygiene Department	Kwun Tong, Sha Tin	1 400  (involving 2 sites)	These 2 sites are originally used as cooked food markets.  <b>Proposed uses:</b> 1 site is retained for GIC use under its existing development intensity and the other is under planning review.
		Total:	260 700  (involving 85 sites)	



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)143****(Question Serial No. 5159)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)Question (Member Question No. 64):

In 2014-15, the Government Property Agency will continue to assist government bureaux and departments in putting surplus departmental properties to alternative uses or disposal as may be appropriate. In this regard, will the Administration provide the relevant information as at 2013-14 in the following table:

Bureau/Department	Location of the property	Area	Proposed uses

Asked by: Hon. TIEN Pei-chun, JamesReply:

In 2013-14, the Government Property Agency has assisted government bureaux and departments in putting their surplus departmental properties to alternative uses or disposal, with details as follows:

	Department to which the Property Belongs	Property Address	Area (m <sup>2</sup> )(approx.)
1.	Food and Environmental Hygiene Department	Ex-Mong Kok Market	3 600
2.	Hong Kong Police Force	Ex-Lau Fau Shan Police Station	700
3.	Department of Health	Four ex-clinics in Sham Shui Po, Stanley, Tai O and Sha Tau Kok	150-310
4.	Water Supplies Department	12 ex-quarters in Central, Tai Tam Tuk, Tai Kwai Wan, Lower Shing Mun, Tsuen Wan, Tai Tam, Wong Nai Chung, Pok Fu Lam, Cheung Sha, Kau Wa Keng and Hing Fong Road; one barrack at Tai Tam Upper Reservoir; and five station buildings or depots in Western District, the Peak, Tai O, Yi O and Shek Lei Hill	20-300
5.	Fire Services Department	Mui Wo Fireboat Pier	20

	Department to which the Property Belongs	Property Address	Area (m <sup>2</sup> )(approx.)
6.	Lands Department	Sha Tau Kok Hung Leng Station, Fanling; Mau Wu Shan Observation Post, Tiu Keng Leng; King Lam School, Tap Mun, Tai Po; and four military facilities in Southern District and Sai Kung	As the Lands Department does not possess information on the area of these properties, we are unable to provide the information.

Among the above properties, the ex-Mong Kok Market site has been included in the 2014-15 Land Sale Programme, and the ex-clinic in Sha Tau Kok has been used by another department for storage purposes. As for the Mui Wo Fireboat Pier as well as the ex-quarters of the Water Supplies Department in Pok Fu Lam, Cheung Sha, Kau Wah Keng and Hing Fong Road, several departments are considering the use of these properties respectively as a pier, storage space, training site as well as site office, etc.

The Agency will, according to established procedures, continue to invite bureaux and departments to regularly consider using the remaining 25 properties. Whether these properties can eventually be put to alternative use will depend on their locations, compliance of the overall design and facilities with the prevailing statutory safety standards, cost-effectiveness of the refurbishment and modification expenses to be incurred to meet the operational needs of the individual departments concerned.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)144**

**(Question Serial No. 5160)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)

Question (Member Question No. 65):

In 2014-15, the Government Property Agency will continue to identify government properties on its portfolio with commercialisation potential with a view to realising such potential. In this connection, will the Administration inform this Committee of how government properties with commercialisation potential were identified? How much expenditure was involved and how was its effectiveness?

Asked by: Hon. TIEN Pei-chun, James

Reply:

Having identified initially a government property with potential commercialisation opportunity (e.g. as advertising areas, café, automatic vending machines, automatic teller machines etc.), the Government Property Agency will consult department(s) concerned and examine in detail the implications of the proposal on the image, external appearance and pedestrian flow of the government buildings, as well as any impact of the changed use on fire escape, fire services and building installations, in order to determine whether the proposed commercial use is feasible and suitable.

As the officers working for this task also undertake other duties, we do not have a breakdown of the expenditure by individual task. Among the initially identified government properties with commercialisation opportunities in 2013, the automatic vending machine at Man Kam To Control Point (which was originally planned for an automatic teller machine) has been let out. The Agency is arranging for the letting of the remaining four properties.

Government properties are normally let on the basis of "as is" condition. The properties mentioned above will not involve any change in use and will not incur additional cost. Apart from optimising the use of government resources and increasing revenue, the letting of the properties for such purposes will also provide a convenient service to the staff and visitors of the government properties concerned.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)145****(Question Serial No. 4701)**Head: (51) Government Property AgencySubhead (No. & title): (000) Operational expensesProgramme:Controlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 308 (if applicable)Question (Member Question No. 110):

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

	2013-14 (the latest position)
Number of contracts with employment agencies	( )
Contract sum paid to each employment agency	( )
Length of contract for each employment agency	( )
Number of agency workers	( )
Breakdown of positions held by agency workers	
Monthly salary range of agency workers	
• \$30,001 or above	( )
• \$16,001 to \$30,000	( )
• \$8,001 to \$16,000	( )
• \$6,501 to \$8,000	( )
• \$6,240 to \$6,500	( )
• below \$6,240	( )
Length of service of agency workers	
• over 15 years	( )
• 10 to 15 years	( )
• 5 to 10 years	( )
• 3 to 5 years	( )
• 1 to 3 years	( )
• under 1 year	( )
Percentage of agency workers out of the total number of staff in the department	( )

	2013-14 (the latest position)
Percentage of amount paid to employment agencies out of the total departmental staff costs	( )
Number of workers who have been paid severance payments / long service payments / contract gratuities	( )
Amount of severance payments / long service payments / contract gratuities paid	( )
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Amount of severance payments / long service payments offset by and the amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Number of workers with paid meal break	( )
Number of workers without paid meal break	( )
Number of workers on five-day week	( )
Number of workers on six-day week	( )

( ) denotes changes in percentage as compared with 2012-13

Asked by: Hon. WONG Kwok-hing

Reply:

The Government Property Agency has not engaged any employment agency for provision of services in 2013-14.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)146****(Question Serial No. 4702)**Head: (51) Government Property AgencySubhead (No. & title): (000) Operational expensesProgramme:Controlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 308 (if applicable)Question (Member Question No. 111):

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

	2013-14 (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	( )
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	( )

	2013-14 (the latest position)
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	( )
Number of workers who have received severance payments / long service payments / contract gratuities	( )
Amount of severance payments / long service payments / contract gratuities paid	( )
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Number of workers with paid meal break	( )
Number of workers without paid meal break	( )
Number of workers on five-day week	( )
Number of workers on six-day week	( )

( ) denotes changes in percentage as compared with 2012-13

Asked by: Hon. WONG Kwok-hing

Reply:

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

	2013-14 (the latest position)*
Number of outsourced service contracts	7 (-)
Total amount paid to outsourced service providers	\$241,916,000 (+2.9%)
Length of contract for each outsourced service provider	3 – 4 years $\phi$
Number of outsourced workers engaged through outsourced service providers	1 882 (-4.4%)
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	883.6% (decrease by 31.7 percentage point <sup>^</sup> )
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	196.5% (decrease by 5.0 percentage point <sup>#</sup> )

	2013-14 (the latest position)*
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 such as monthly salaries, length of service, number of working days per week and the provision or otherwise for paid meal breaks of general outsourced workers are not specified in the outsourced contracts, we are unable to provide the information requested. However, if low-skilled workers are employed by the outsourced service providers, the employers are required to adopt the standard employment contract as stipulated by the Labour Department specifying the employment details including monthly salaries, number of working days per week and the provision or otherwise for paid meal breaks, etc.
Length of service of outsourced workers <ul style="list-style-type: none"> <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 workers with paid meal break Number of workers without paid meal break	
Number of workers on five-day week Number of workers on six-day week	
Number of workers who have received severance payments / long service payments / contract gratuities	
Amount of severance payments / long service payments / contract gratuities paid	
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	Since we do not keep the information of severance payments / long service payments / contract gratuities of outsourced workers from the outsourced service providers, we are unable to provide such information.
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	

( ) denotes changes in percentage as compared with 2012-13

Remarks:

\* As at 31.3.2014.

φ In 2012-13, the length of contract for each outsourced service provider was 2 - 4 years.

^ In 2012-13, the percentage of outsourced workers out of the total number of staff in the department was 915.3%.

# In 2012-13, the percentage of amount paid to outsourced service providers out of the total departmental staff costs was 201.5%.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)147**

**(Question Serial No. 4703)**

Head: (51) Government Property Agency

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

Programme:

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 308 (if applicable)

Question (Member Question No. 112):

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

	2013-14 (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	( )
Percentage of NCSC staff out of the total number of staff in the department	( )

	2013-14 (the latest position)
Percentage of staff costs for NCSC staff out of the total departmental staff costs	( )
Number of NCSC staff who have received severance payments / long service payments / contract gratuities	( )
Amount of severance payments / long service payments / contract gratuities paid	( )
Number of NCSC staff whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	( )
Number of 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	( )

( ) denotes changes in percentage as compared with 2012-13

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:

	2013-14 (the latest position)*
Number of NCSC staff	4 (-63.6%)
Breakdown of positions held by NCSC staff	
• Leasing Manager	1
• Assistant Property Officer	2
• Contract Solicitor	1
Expenditure on salaries of NCSC staff	\$1,663,000 (-8.5%)
Monthly salary range of NCSC staff	
• \$30,001 or above	1 (-50.0%)
• \$16,001 to \$30,000	1 (-75.0%)
• \$8,001 to \$16,000	2 (-60.0%)
• \$6,501 to \$8,000	0 (-)
• \$6,240 to \$6,500	0 (-)
• below \$6,240	0 (-)

	2013-14 (the latest position)*	
Length of service of NCSC staff		
• over 15 years	0	( - )
• 10 to 15 years	0	( - )
• 5 to 10 years	1	(-50.0% )
• 3 to 5 years	0	(-100.0% )
• 1 to 3 years	3	( - )
• under 1 year	0	(-100.0% )
Number of NCSC staff converted to civil servants	0	( - )
Percentage of NCSC staff out of the total number of staff in the department	1.9%	(decrease of 3.2 percentage point <sup>@</sup> )
Percentage of staff costs for NCSC staff out of the total departmental staff costs	1.8%	(decrease of 0.3 percentage point <sup>#</sup> )
Number of NCSC staff who have received severance payments / long service payments / contract gratuities	3	( - )
Amount of severance payments / long service payments / contract gratuities paid	\$108,000	(+25.6%)
Number of NCSC staff whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	0	( - )
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	0	( - )
Number of NCSC staff with paid meal break	4	(-63.6%)
Number of NCSC staff without paid meal break	0	( - )
Number of NCSC staff on five-day week	4	(-60.0%)
Number of NCSC staff on six-day week	0	( - )

( - ) denotes changes in percentage as compared with 2012-13

- Remarks: \* The figures provided for 2013-14 reflect the position as at 31.12.2013.
- @ In 2012-13 (as at 31.12.2012), the percentage of NCSC staff out of the total number of staff in the Agency was 5.1%.
- # In 2012-13 (as at 31.12.2012), the percentage of staff costs for NCSC staff out of the total departmental staff costs was 2.1%.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)148**

**(Question Serial No. 4989)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 47):

Regarding the non-departmental quarters (NDQ), general quarters (GQ) and other departmental quarters (DQ) managed by the Government Property Agency, will the Administration inform this Committee of the following:

- 1) Were there any idle NDQ, GQ and other DQ in the past five years? If yes, please provide information on each of the idle quarters, including their names, locations, site areas, number of flats and planned uses.
- 2) Are there any NDQ, GQ and other DQ which have been left idle for over five years? If yes, please provide information on each of the idle quarters, including their names, locations, site areas, number of flats, the dates since they were left idle and whether the Agency will take back these quarters.
- 3) Was there any government land newly allocated for use as NDQ, GQ and other DQ in the past three years? If yes, please provide information on these additional quarters, including their names, locations, site areas and number of flats.

Asked by: Hon. WU Chi-wai

Reply:

Government quarters are grossly classified into non-departmental quarters (NDQ) and departmental quarters (DQ). There was only one idle (i.e. vacant without any planned use) DQ in the past five years. The concerned DQ is located at 173 Kwong Fuk Road, Tai Po and is a Grade 2 historic building that has only one unit of about 90 m<sup>2</sup> saleable area. As no eligible disciplined services officers had applied for the DQ, the unit has been left idle since 2013. To avoid affecting the ecology of egrets in this area, the Planning Department considered the site only suitable for Government, Institution or Community use or recreational purposes. As there has not been any suitable government department identified for using the premises, relevant departments are considering its alternative use.

There was no government land newly allocated for use as staff quarters in the past three years. However, the Administration will expedite actions on the eight DQ projects on the sites earmarked. Subject to the allocation of resources, the target is to complete all these projects by 2020. Details of the eight projects are as follows:-

	DQ project	Site area (m <sup>2</sup> ) (approx.)	Estimated No. of flats
(i)	Redevelopment of ex-Housing Department Staff Quarters at 4 Tseung Kwan O Road, Kwun Tong	4 150	448
(ii)	Redevelopment of ex-Housing Department Staff Quarters at 57 Sheung Fung Street, Tsz Wan Shan	3 600	56
(iii)	Redevelopment of ex-Housing Department Staff Quarters at 20 Heng Lam Street, Lok Fu	2 670	80
(iv)	Redevelopment of ex-Housing Department Staff Quarters at Tin Wan Street, Aberdeen	710	55
(v)	Redevelopment of Fan Garden, Fanling	14 000	1 000
(vi)	DQ Development at Pak Shing Kok, Tseung Kwan O	12 430	352
(vii)	DQ Development at Yau Yue Wan Village Road, Tseung Kwan O	4 200	136
(viii)	DQ Development at Po Lam Road, Tseung Kwan O	3 290	108
	<b>Estimated total no. of flats</b>		<b>2 235</b>

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)149**

**(Question Serial No. 4990)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)

Question (Member Question No. 48):

As regards the sites ready to be released for disposal, redevelopment or other purposes under the above Programme, please inform this Committee of the following:

- 1) There are five such sites for 2012-13 as at March 2014. Please list out their details on i) location; ii) area; iii) the allocatee department and original use; iv) proposed alternative use; and v) expected completion date of conversion work;

i)	ii)	iii)	iv)	v)

- 2) For the seven sites for 2013-14, please list out their details on i) location; ii) area; iii) the allocatee department and original use; iv) proposed alternative use; and v) expected completion date of conversion ;

i)	ii)	iii)	iv)	v)

- 3) For the three sites for 2014-15, please list out their details on i) location; ii) area; iii) the allocatee department and original use; iv) proposed alternative use; and v) expected completion date of conversion work.

i)	ii)	iii)	iv)	v)

Asked by: Hon. WU Chi-wai

Reply:

- 1) In 2012, the Government Property Agency assisted in releasing the following five sites for disposal, redevelopment or alternative uses:

	Property Location	Site Area (m <sup>2</sup> ) (approx.)	Allocatee department (original use)	Proposed alternative use	Expected completion date
(i)	Tsuen Wan Transport Complex, 98 Tai Ho Road, Tsuen Wan	6 300	Transport Department (public carpark, bus and minibus terminus)	MTR West Rail cum residential development	2018
(ii)	Ex-Hollywood Road Police Married Quarters, 35 Aberdeen Street, Central	6 100	Hong Kong Police Force (quarters)	Handed over to the Development Bureau for revitalisation into a creative centre	Soft opening in April 2014
(iii)	Ex-Kwun Tong District Branch Offices Building, 6 Tung Yan Street, Kwun Tong	4 000	Government Property Agency (offices)	Redevelopment by Urban Renewal Authority	2021
(iv)	Ex-Housing Department Staff Quarters, 57 Sheung Fung Street, Tsz Wan Shan	3 600	Housing Department (quarters)	Handed over to the Customs and Excise Department for disciplined services quarters development	2018
(v)	Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street	700	Electrical and Mechanical Services Department (quarters)	Handed over to the Lands Department. Departments concerned are examining its future use	To be confirmed

- 2) In 2013, the Agency assisted in releasing the following seven sites for disposal, redevelopment or alternative uses:

	Property Location	Site Area (m <sup>2</sup> ) (approx.)	Allocatee department (original use)	Proposed alternative use	Expected completion date
(i)	Ex-Burma Lines Military Site, Fanling	283 500	Ex-Military land (barracks and quarters)	Now under the Lands Department's management. Reserved for housing and educational development	To be confirmed
(ii)	Lower Radio Station (Site C), Tai Mo Shan	14 000	Ex-Military land (radio station)	Now under the Lands Department's management. Departments concerned are examining its future use	To be confirmed
(iii)	Murray Building, 22 Cotton Tree Drive, Central	6 100	Chief Secretary for Administration's Office - Administration Wing (offices)	Handed over to the Lands Department for hotel development	Sold

	Property Location	Site Area (m <sup>2</sup> ) (approx.)	Allocatee department (original use)	Proposed alternative use	Expected completion date
(iv)	4 Rose Street, Kowloon Tong	3 700	Education Bureau (school)	School development	To be confirmed
(v)	650 Cheung Sha Wan Road	1 500	Hongkong Post (post office and quarters)	Handed over to the Lands Department for commercial/ office development	Tendering for disposal (tender to be closed on 4 April 2014)
(vi)	Ex-Housing Department Staff Quarters, Tin Wan Street, Aberdeen	700	Housing Department (quarters)	Handed over to the Correctional Services Department for disciplined services quarters development	2016
(vii)	The junction of Fu Yan Street and Yan Oi Court, Kwun Tong	80	Home Affairs Bureau (non-profit making recreation)	Redevelopment by Urban Renewal Authority	2021

- 3) In 2014, we plan to assist in releasing the following properties for disposal, redevelopment or alternative uses:

	Property Location	Site Area (m <sup>2</sup> ) (approx.)	Allocatee department (original use)	Proposed alternative use	Expected completion date
(i)	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	3 200	Transport Department (public carpark and offices)	Land sale for commercial/ office/hotel development	Included in the 2014/15 land sale programme
(ii)	Ex-Housing Department Staff Quarters, 20 Heng Lam Street, Lok Fu	2 700	Housing Department (quarters)	Handed over to the Immigration Department for disciplined services quarters development	2017
(iii)	Ex-Kennedy Town Police Married Quarters, Block B	1 800	Hong Kong Police Force (quarters)	Under demolition, to be handed over to the Lands Department for public housing development	2026



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)150****(Question Serial No. 5080)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)Question (Member Question No. 148):

The Government anticipates that the percentage of leased office space will continue rising up to 31.1% this year, from 28.4% in 2012 to 29.4% in 2013. Please inform this Committee of:

- 1) the respective rental and area of leased office accommodation by district in 2012 and 2013;
- 2) the percentage point of reduction in leased area upon completion of various government office building projects in the next five years?
- 3) will the Government reserve more sites or explore the feasibility of providing more office space in planned community facility projects to facilitate leasing? If yes, please provide the details. If not, please provide reasons.

Asked by: Hon. WU Chi-waiReply:

- 1) The total office area leased by the Government in 18 districts and their respective monthly rents in 2013 are as follows:

	District	Internal floor area (m <sup>2</sup> ) (approximate figure)	Monthly rent <sup>(Note 1)</sup> (\$ million) (approximate figure)
(i)	Central and Western	6 200	3.6
(ii)	Eastern	21 000	5.4
(iii)	Southern	11 100	2.0
(iv)	Wan Chai	21 200	12.4
(v)	Kowloon City	9 000	2.8
(vi)	Kwun Tong	49 000	15.5 <sup>Note 2</sup>
(vii)	Sham Shui Po	18 700	4.6
(viii)	Wong Tai Sin	16 500	2.3

	District	Internal floor area (m <sup>2</sup> ) (approximate figure)	Monthly rent <sup>(Note 1)</sup> (\$ million) (approximate figure)
(ix)	Yau Tsim Mong	25 700	12.1
(x)	Islands	25 000	1.2
(xi)	Kwai Tsing	17 000	3.9
(xii)	North	7 000	1.8
(xiii)	Sai Kung	7 600	1.0
(xiv)	Sha Tin	15 900	3.2
(xv)	Tai Po	1 000	0.2
(xvi)	Tsuen Wan	8 700	1.9
(xvii)	Tuen Mun	19 800	2.1
(xviii)	Yuen Long	11 800	1.9

Note 1 The figures reflect the monthly rent as at 31 December 2013 in respect of the tenancy agreements that the Government Property Agency has entered into, inclusive of rent, associated management fee and air-conditioning charges but exclusive of the rent during rent-free periods.

Note 2 This amount includes the rent paid by the Urban Renewal Authority for leasing temporary offices to accommodate departments affected by the redevelopment project of the Kwun Tong District Branch Offices Building.

The Government Property Agency has no breakdown for the monthly rent in 2012 by 18 districts and is therefore unable to provide such figures.

- 2) A number of new joint-user government office building projects is in the pipeline. In the coming five years, the Trade and Industry Tower in the Kai Tak Development Area and the West Kowloon Government Offices will be completed by mid-2015 and 2018-19 respectively. They will be used for reprovisioning some of the offices currently accommodated in leased accommodation, leading to deleasing of about 43 900 m<sup>2</sup> of private properties, i.e. about 15% of the total office area leased by the Government in 2013.
- 3) The Government has reserved sites in Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O, etc. for new office building projects. For any new/redevelopment projects (including community facilities), the departments concerned will assess the development potential of the site to come up with an optimal development, having regard to zoning, the site area, statutory development control, site conditions/constraints, compatibility with the surrounding environment, local characteristics, infrastructure capacity, town planning and other relevant considerations. The departments concerned will also consider incorporating compatible Government, Institution and Community facilities into the proposed development to meet the accommodation needs of the requesting departments.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)151**

**(Question Serial No. 5081)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 149):

Some residents of the Southern District have expressed that since government services provided by the Home Affairs Department, the Food and Environmental Hygiene Department, the Leisure and Cultural Services Department and the Social Welfare Department, etc. are scattered at different locations in the district, it is very inconvenient to the public. As the Government also needs to spend a huge sum every year on renting offices for these departments, please inform this Committee of the following:

- 1) Will the Administration consider increasing office area of the site earmarked for community hall purpose in Wong Chuk Hang for relocating offices of e.g. the Home Affairs Department and other related departments, with a view to reducing leased office in the private sector?
- 2) If the above site is unable to meet the departments' office needs in the Southern District, will the Administration identify other sites for constructing a government offices building in the district?

Asked by: Hon. WU Chi-wai

Reply:

- 1) The District Facilities Management Committee of the Southern District Council had earlier asked for construction of a multi-purpose community complex in Wong Chuk Hang, which would include a community hall. The Home Affairs Department and other relevant departments are considering the proposal. Subject to the development of the proposal, we will also explore the feasibility of providing office space on top of the community hall in the proposed project for use by appropriate government departments or re-provisioning those in leased premises to reduce rental expenditure.
- 2) At present, the Home Affairs Department and the Social Welfare Department have leased a total of about 2 500 m<sup>2</sup> office space in the Southern District. Other government departments have also leased some space in the district mainly as stores and post office, etc. Moreover, two other government departments have planned to set up respectively two new offices of about 400 m<sup>2</sup> in the district. The above information indicates limited demand for government office space in the Southern District. Therefore, we have no plan to construct a joint-user government office building in the district at this stage. Nonetheless, we will continue to monitor the demand of government departments for office space in the Southern District through the annual accommodation review mechanism.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)152****(Question Serial No. 5087)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)Question (Member Question No. 155):

The Government Property Agency assists government bureaux and departments in reviewing their respective under-utilised sites. In this regard, please inform this Committee of the details of each of the 85 sites reviewed in 2013-14 in the following table, including (i) site location; (ii) site area; (iii) the allocatee department(s) and the original use(s) of the site (if any); (iv) use(s) proposed by the Agency; and (v) whether the site will be transferred to other department(s). If so, please provide the details.

i)	ii)	iii)	iv)	v)

Asked by: Hon. WU Chi-waiReply:

The Government Property Agency will assist government bureaux and departments in reviewing utilisation of their sites with a view to, where appropriate, releasing the under-utilised sites for alternative uses, redevelopment or disposal. The Agency reviewed a total of 85 sites in 2013. Details of the reviewed sites by property type are summarised at the **Annex**.

## Sites Reviewed in 2013 by Property Type

Property Type	Department/ Organisation to which the Property Belongs	District	Total Site Area (m <sup>2</sup> ) (approx.)	Review Result
Joint-user, Specialist and/or Departmental Buildings	Agriculture, Fisheries and Conservation Department, Civil Engineering and Development Department, Correctional Services Department, Environmental Protection Department, Fire Services Department, Food and Environmental Hygiene Department, Government Laboratory, Department of Health, Home Affairs Department, Hongkong Post, Hong Kong Police Force, Lands Department, Leisure and Cultural Services Department, Social Welfare Department, Transport Department, Water Supplies Department, and Hospital Authority	Central & Western District, Eastern District, Southern District, Kowloon City, Kwun Tong, Sham Shui Po, Wong Tai Sin, Yau Tsim Mong, Islands, Kwai Tsing, North District, Sai Kung, Sha Tin, Tai Po, Tsuen Wan, Tuen Mun, Yuen Long	247 000  (involving 78 sites)	These sites are originally used for public health, transport, fire services, postal and social security purposes, etc.  <b>Proposed uses:</b> 58 sites are retained for Government, Institution and Community (GIC) use under their existing development intensity.  9 sites are retained for GIC use. They can be considered for redevelopment in order to enhance their development intensity.  11 sites are under planning review for deciding their long term use.
Quarters	Security Bureau, Food and Environmental Hygiene Department, Leisure and Cultural Services Department, and Water Supplies Department	Central & Western District, Southern District, Kowloon City	6 400  (involving 4 sites)	<b>Proposed uses:</b> 1 site is retained for GIC use under its existing development intensity.  1 site is retained for GIC use. Its can be considered for redevelopment in order to enhance its development intensity.  The remaining 2 sites are proposed for other alternative uses, subject to planning review.
Schools	Education Bureau	North District	5 900  (involving 1 site)	<b>Proposed uses:</b> The site is retained for GIC use under its existing development intensity.
Others	Food and Environmental Hygiene Department	Kwun Tong, Sha Tin	1 400  (involving 2 sites)	These 2 sites are originally used as cooked food markets.  <b>Proposed uses:</b> 1 site is retained for GIC use under its existing development intensity and the other is under planning review.
		Total:	260 700  (involving 85 sites)	

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)153****(Question Serial No. 5088)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 304 (if applicable)Question (Member Question No. 156):

Regarding the follow-up actions in respect of the Director of Audit's Report of October 2008 on the surplus non-departmental quarters and the vacation of police quarters, please inform this Committee of the following:

- 1) the details of each of the surplus non-departmental quarters concerned, including their (i) names; (ii) locations; (iii) site areas; (iv) current conditions; and (v) disposal plans under consideration or in progress; and
- 2) the details of idle quarters at the Kennedy Town Police Married Quarters, Wan Chai Police Married Quarters and Western Police Station Married Quarters - Rank and File as at March 2014, including their respective site areas, current conditions and disposal plans under consideration or in progress.

Asked by: Hon. WU Chi-waiReply:

- 1) The current situation of the surplus non-departmental quarters mentioned in the Director of Audit's Report of October 2008 is as follows:

<b>Name of quarters / Location</b>	<b>Site area (m<sup>2</sup>) (approx.)</b>	<b>Current situation and Disposal plans under consideration / in progress</b>
Mansfield Road Quarters / 2-11 Mansfield Road	23 790 <sup>*</sup>	The three units concerned are let out.
111 Mount Butler Road	23 300 <sup>*</sup>	The three units concerned are either let out or returned to the Civil Service Bureau for allocation.
Beverly Hill / 6 Broadwood Road	21 128 <sup>^</sup>	Among the five units concerned, three were sold, the remaining two with tenancies expired are being considered for letting or sale.
Chater Hall / 1 Conduit Road	13 815 <sup>*</sup>	The two units concerned are let out.
Winfield Building / 1-3 Ventris Road	10 130 <sup>#</sup>	The 10 units concerned were sold.

Name of quarters / Location	Site area (m <sup>2</sup> ) (approx.)	Current situation and Disposal plans under consideration / in progress
Wylie Court / 15-23 Wylie Path	7 251 <sup>#</sup>	The unit concerned is let out.
Cape Mansions / 56-62 Mount Davis Road	4 803 <sup>#</sup>	The unit concerned was sold.
Elm Tree Towers / 8 Chun Fai Road	4 377 <sup>#</sup>	Among the eight units concerned, six are let out or sold, the remaining two with tenancies expired are being considered for letting or sale.
Blocks 41-44 Baguio Villa/ 550 Victoria Road	3 263 <sup>#</sup>	Among the eight units concerned, six are let out or sold, the remaining two with tenancies expired are being considered for letting or sale.
6 Lloyd Path	1 160 <sup>*</sup>	The unit concerned was returned to the Civil Service Bureau for allocation.

Source: \* Records of the Government Property Agency

# Title Deeds of relevant site

^ Building plan

- 2) The current situation of the three former police quarters mentioned in the above Audit Report is as follows:-

Name of quarters	Site area <sup>@</sup> (m <sup>2</sup> ) (approx.)	Current situation and development plan
Ex-Kennedy Town Police Married Quarters	11 100	The sites of Blocks A and C were handed over to the Lands Department which had granted them to the Mass Transit Railway Corporation for use as work sites. Block B is under demolition. Upon completion of the demolition works, the site will be returned to the Administration for public housing development.
Ex-Wan Chai Police Married Quarters	1 900	The quarters building was demolished. The site was handed over to the Lands Department in 2011 and is included in the Land Sale Programme for Hotel / Commercial / Community and Cultural uses.
Ex-Western Police Station Married Quarters - Rank and File	1 650	The quarters building is required to provide structural support for the retaining wall of the relevant section of Queen's Road West. After studying carefully the consultancy report, the Government considered that demolition of the ex-quarters should be carried out when the site is redeveloped. The Government Property Agency is actively examining with relevant departments the development parameters and constraints of the site, as well as various possible development options, with a view to redeveloping the site as soon as possible. At present, the site is being considered for use as government offices / facilities.

Source: <sup>@</sup> Report No. 51 of the Director of Audit, October 2008.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)154**

**(Question Serial No. 5119)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 302 (if applicable)

Question (Member Question No. 188):

In respect of Acquisition and Allocation, the Government Property Agency will “plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront”. What is the progress of this project? As the Trade and Industry Tower in Kai Tak will be completed in April 2015, what is the progress in the relocation plan for other departments? When can the departments move in the new Tower at the earliest?

Asked by: Hon. WU Chi-wai

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. As a start, we will relocate some departments (including the Transport Department, the Government Property Agency and Music Office of the Leisure and Cultural Services Department) to the West Kowloon Government Offices (WKGO) currently under planning. We have gained support of the Panel on Financial Affairs of the Legislative Council in respect of the WKGO project. After obtaining funding approval from the Legislative Council in early 2015, we will commence the construction of the WKGO for completion in 2018-19.

We have also earmarked sites in other places including Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O for the construction of other replacement buildings. Subject to availability of resources, we aim at commencing construction works from 2017-18 onwards for completion in succession from 2020-21 onwards.

Upon relocation of the departments from the three government office buildings at the Wan Chai waterfront, we will arrange to lease out the vacant floor space in phases to help increase the supply of Grade A offices.

The Trade and Industry Tower under construction in the Kai Tak Development Area is scheduled for completion in April 2015. We will then install the computer system facilities and afterwards, departments concerned (mainly the Trade and Industry Department and the Student Financial Assistance Agency in the Trade and Industry Department Tower in Mong Kok) will relocate to the new building in phases.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)155**

**(Question Serial No. 6150)**

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 303 (if applicable)

Question (Member Question No. 206):

Regarding the utilisation of facilities under the management of the Government Property Agency, will the Administration inform this Committee:

- 1) by tabulating, on an annual basis, the information of the facilities under the control of the Agency that are no longer in use (e.g. idle school premises within housing estates, within community services facilities, etc.) in the past five years, including their (i) names; (ii) addresses; (iii) site areas of the facilities; (iv) since when these facilities have not been used; and (v) whether the facilities have been handed over to other government departments (e.g. the Development Bureau, the Planning Department, the Agency, etc.) for other purposes, and if so, the details.

Year	i)	ii)	iii)	iv)	v)

- 2) by tabulating the information regarding facilities that have been left idle for more than five years, including their (i) names; (ii) addresses; (iii) site areas of the facilities; (iv) since when these facilities have not been used; and (v) any plans to hand over the facilities to other government departments (e.g. the Development Bureau, the Planning Department, the Agency, etc.) for other purposes, and if so, the details.

i)	ii)	iii)	iv)	v)

- 3) the annual management expenditure for the above idle facilities in 2011-14.

Asked by: Hon. WU Chi-wai

Reply:

- 1) According to Government Property Agency's records, only the following two facilities have ceased operation (on requests of the tenants) in the past five years:

Year	Property Name/Address (Use)	Site Area (m <sup>2</sup> )(approx.)	Termination Date	Alternative use
2013	4 Rose Street, Kowloon Tong (let to English Schools Foundation for teaching purposes)	3 700	30 August 2013	Handed over to the Education Bureau for education purpose
2013	The junction of Fu Yan Street and Yan Oi Street, Kwun Tong (Non-profit making recreational purposes)	80	28 February 2013	Handed over to the Urban Renewal Authority for redevelopment

- 2) There was only one facility idle for more than five years:

Property Name/Address	Site Area (m <sup>2</sup> )(approx.)	Termination Date	Alternative use
Davis Street Pier, Kennedy Town	50	2005	Its future use is under consideration

The Agency has strived to identify suitable government user for the pier since it became vacant, but in vain. We have also explored the viability of commercialisation, but found this not feasible. As the pier will be affected by Route 7, the Administration is reviewing its future use.

- 3) Davis Street Pier at Kennedy Town has been fenced off and is patrolled regularly by our staff. No extra management cost is incurred.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)156**

**(Question Serial No. 3591)**

Head: (59) Government Logistics Department  
Subhead (No. & title): (000) Operational expenses  
Programme: (3) Land Transport  
Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 293 (if applicable)

Question (Member Question No. 517):

Please advise on the total number of electric vehicles procured by the SAR Government to replace the existing old vehicles in 2013-14. What is the expenditure involved? Besides, will electric vehicles be procured again in 2014-15? If yes, please advise on the number to be procured and the expenditure involved.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Government procured 18 electric vehicles in 2013-14 to replace the vehicles that are due for replacement. The expenditure involved is about \$5 million. The Government will continue to procure more electric vehicles. We are now reviewing the number of electric vehicles to be procured in 2014-15 in conjunction with the departments concerned. At present, the number has yet to be finalised.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)157**

**(Question Serial No. 3592)**

Head: (59) Government Logistics Department  
Subhead (No. & title): (000) Operational expenses  
Programme: (3) Land Transport  
Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 518):

It is stated in the Estimates that 357 vehicles have been replaced in 2013-14. Please advise whether they include the official cars of directorate civil servants. If yes, please provide the number replaced and list the prices of the old and new vehicles.

Besides, it is estimated that 370 vehicles will be replaced in 2014-15. Please advise whether they will include the official cars of directorate civil servants. If yes, please provide the estimated number and the expenditure involved.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Of the 357 vehicles replaced in 2013-14 and the 370 vehicles planned to be replaced in 2014-15, there is no official car of directorate civil servant.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)158**

**(Question Serial No. 4263)**

Head: (59) Government Logistics Department

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

Programme: (3) Land Transport

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 293, 294 (if applicable)

Question (Member Question No. 36):

Paragraph 14 states that the Government Logistics Department (GLD) implements green measures, including replacing diesel light buses progressively with those driven by liquefied petroleum gas (LPG) and exploring the feasibility of using more environment-friendly (EF) vehicles in the government fleet. In this connection, would the Administration inform this Committee of the following:

1. List the number of vehicles in the current government fleet by department. How many of them are EF vehicles?
2. How many vehicles did GLD replace in the past three years respectively? How many of them are EF vehicles? What is the expenditure involved?
3. It is estimated that 370 vehicles will be replaced in the coming year. How many of them are EF vehicles? What is the expenditure involved?
4. How many LPG light buses and diesel light buses does the Government have? How many LPG light buses did GLD purchase to replace diesel light buses in the past three years? What is the expenditure involved?

Asked by: Hon. KWOK Wai-keung

Reply:

1. The establishment of vehicles and number of environment-friendly (EF) vehicles in the current government fleet by department are provided in the Annex.
2. The number of vehicles replaced by the Government Logistics Department (GLD) in the past three years, the number of EF vehicles included and the expenditure involved in procuring EF vehicles are tabulated as follows:

Year	Number of vehicles replaced	Number of EF vehicles	Expenditure involved in procuring EF vehicles
2013	357	344	\$125 million
2012	369	353	\$128 million
2011	375	278	\$96 million

3. Of the estimated 370 vehicles to be replaced in 2014, about 300 vehicles are EF vehicles. The expenditure involved is about \$129 million. For the rest of them, there are no suitable EF models that meet the operational needs of the departments concerned.
4. Of the 250 light buses in the current government fleet, 249 are liquefied petroleum gas (LPG) light buses. Besides, a medium bus meeting the qualifying standards for EF commercial vehicles has been ordered to replace the remaining one diesel light bus. Upon replacing that light bus, all the light buses in the government fleet will be LPG light buses. GLD procured a total of 20 LPG light buses in the past three years. The expenditure involved is \$10.03 million.

## The establishment of vehicles and number of EF vehicles in the government fleet

Department	Establishment of vehicles	Number of EF vehicles
Agriculture, Fisheries and Conservation Department	210	38
Auxiliary Medical Service	18	7
Architectural Services Department	10	7
Audit Commission	1	0
Buildings Department	31	24
Customs and Excise Department	179	76
Census and Statistics Department	3	2
Civil Aviation Department	15	6
Civil Aid Service	40	4
Civil Engineering and Development Department	47	13
Companies Registry	1	1
Correctional Services Department	123	32
Department of Justice	7	2
Department of Health	57	26
Drainage Services Department	49	4
Electrical and Mechanical Services Department	207	16
Food and Environmental Hygiene Department	730	372
Fire Services Department	598	371
Government Flying Service	4	3
Government Logistics Department	62	24
Government Laboratory	1	0
Government Property Agency	2	1
Government Secretariat	134	83
Home Affairs Department	28	19
Hong Kong Monetary Authority	6	3
Hong Kong Observatory	7	3
Hongkong Post	276	125
Hong Kong Police Force	2 452	829
Housing Department	53	24
Highways Department	37	5
Independent Commission Against Corruption	35	15
Immigration Department	35	22
Innovation and Technology Commission	3	0
Intellectual Property Department	1	1
Inland Revenue Department	4	1
Information Services Department	8	6
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	1	0
Judiciary	17	16
Labour Department	27	16

Department	Establishment of vehicles	Number of EF vehicles
Land Registry	1	1
Lands Department	166	79
Leisure and Cultural Services Department	152	29
Legal Aid Department	2	1
Marine Department	5	2
Office of the Communications Authority	21	4
Official Receiver's Office	1	0
Planning Department	12	5
Public Service Commission	1	1
Rating and Valuation Department	7	4
Registration and Electoral Office	1	1
Radio Television Hong Kong	25	14
Secretariat, Commissioner on Interception of Communications and Surveillance	1	1
Student Financial Assistance Agency	1	0
Social Welfare Department	29	23
Transport Department	144	39
Trade and Industry Department	2	1
Treasury	1	0
University Grants Committee Secretariat	1	0
Water Supplies Department	251	86
Total	6 343	2 488



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)159****(Question Serial No. 4265)**

Head: (59) Government Logistics Department

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

Programme: (1) Procurement

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 291, 292 (if applicable)

Question (Member Question No. 29):

- Under the Targets of Programme (1), there is a drop in the planned targets of 2014 compared with 2013. Please give the reasons for lowering the targets.
- What is the total number of procurement contracts awarded by various government departments in the past three years? What is the number and proportion of them that involved the purchase of environment-friendly products and products not meeting the environment-friendly requirements? What is the expenditure involved respectively?
- Starting from July 2013, government departments are vested with the authority to arrange quotation/tender exercises for purchases at or below \$5.0 million. As a consequence, how many contracts were not arranged by quotation/tender exercises via the Government Logistics Department? What is the percentage in terms of the procurement contracts awarded last year? What is the contract value involved?
- In the coming year, how will the Government encourage various government departments to give priority to local recycled products in their procurement contracts with a view to promoting the local recycling industry?

Asked by: Hon. KWOK Wai-keungReply:

- For 2013 and 2014, the planned targets of performance are the same. The information concerned is as follows:

Performance measures	Targets
Issuing tender invitations within 12 working days upon receipt of agreed user specifications (%)	93
Processing and referring tenders received to users for evaluation within four working days (%)	95
Submitting tender recommendations to the approving authority within 12 working days upon receipt of completed evaluation reports (%)	93

2. The number of procurement contracts handled by the Government Logistics Department (GLD) on behalf of various government departments in the past three years (2011, 2012 and 2013) are 449, 490 and 439 respectively. Among them, 307 contracts involved products with green specifications in the tenders. The detailed information is as follows:

Contracts	2011		2012		2013	
	Number	Value (\$million)	Number	Value (\$million)	Number	Value (\$million)
Involve products with green specifications in the tenders	101	680	111	1,390	95	780
Involve purchased products meeting the green specifications concerned	83 (82%)	630 (93%)	93 (84%)	1,350 (97%)	83 (87%)	760 (97%)
Involve purchased products not meeting the green specifications concerned	18 (18%)	50 (7%)	18 (16%)	40 (3%)	12 (13%)	20 (3%)

3. As government departments are vested with the authority to arrange quotation exercises of procurement directly for purchases not exceeding \$1.43 million and departments need not inform GLD when they award contracts by means of quotation procedures, the information concerned is not available. For tender exercises not exceeding \$5 million arranged by respective departments in 2013, according to the information provided by departments to GLD for publication in the Gazette, a total of two contracts for goods were awarded with a total value of \$4.94 million, which is equivalent to 0.5% of the 439 contracts handled by GLD in the same year.
4. The Government's procurement policy follows the principles of open and fair competition and the value for money. Suppliers that can provide products meeting the required specifications will be allowed to bid on an equal basis irrespective of the place of origin of the products.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)160**

**(Question Serial No. 6166)**

Head: (59) Government Logistics Department  
Subhead (No. & title): (-) Not Specified  
Programme: (4) Printing Services  
Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 294 (if applicable)

Question (Member Question No. 89):

Regarding the printing services provided by the Government Logistics Department (GLD) to departments, the provision for 2013-14 is \$204.7 million. Would the department concerned advise on the following:

- (1) Is there any plan for full adoption of recycled materials for enhancing printing services; and further promotion to departments on the use of electronic means in place of bulk paper printing, or reduction of the volume and packaging of printed material and "simplifying the content of printed material"? What are the content, estimated provision and timetable of the plan? If not, what are the reasons?
- (2) Government departments' expenditure on the printing services provided by GLD in 2013-14.

Asked by: Hon. MOK, Charles Peter

Reply:

- (1) The Government Logistics Department (GLD) provides printing services according to the requirements of departments and in the course of providing the services, will render professional advice as far as possible. GLD uses recycled material for the printing of publications where practicable. Presently, when deciding their printing requirements, departments will try to balance between readers' needs and environmental concerns in considering various suitable forms and media in which information may be published, including electronic means.
- (2) In 2013-14 up to end February 2014, Government departments' expenditure on the printing services provided by GLD was about \$200 million.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)161****(Question Serial No. 6248)**

Head: (59) Government Logistics Department

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

Programme: (1) Procurement

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 292 (if applicable)

Question (Member Question No. 88):

Regarding the purchasing card programme, would the Government inform this Committee of the following:

- (1) The bureaux and departments now using purchasing cards, the number of purchasing cards issued and their usage rate;
- (2) The frequency and total transaction amount of low value purchases of stores and services through purchasing cards in the past three years. How many of them were conducted via electronic means or the Internet?
- (3) Does the Government have any plan to fully implement electronic procurement services and to raise the usage rate of purchasing cards? If yes, what are the details and timetable of the plan and the expenditure and manpower involved?

Asked by: Hon. MOK, Charles Peter

Reply:

- (1) As at the end of 2013, 75 government bureaux/departments/offices (b/ds) use purchasing cards for low value purchases not exceeding \$50,000. A total of 8 567 purchasing cards were issued. Of the low value purchases conducted by b/ds in 2013, 67% were paid through purchasing cards. For most of the remaining transactions, purchasing cards could not be used because the suppliers did not accept payment by purchasing cards.
- (2) Regarding low value purchases conducted by various b/ds by using purchasing cards in the past three years, the number of transactions and the amount are as follows:

<b>Year</b>	<b>Number of transactions</b>	<b>Transaction amount (HK\$)</b>
2011	227 001	1.468 billion
2012	235 830	1.524 billion
2013	237 287	1.562 billion

If departments conduct purchase via electronic means or the Internet, they are required to keep the purchase records for auditing purposes but are not required to inform the Government Logistics Department (GLD) separately. Therefore, the number of purchases conducted via electronic means or the Internet is not available.

- (3) The purchasing cards are now being widely used by b/ds for low value purchases and the programme has been operating smoothly. The Government will also review the operation mode of purchasing cards regularly for further improvement.

Regarding the implementation of electronic procurement services, GLD has put in place the e-Tender Box (ETB) and the Procurement and Contract Management System (PCMS) to strengthen the communication between suppliers and GLD and various user b/ds, and to improve efficiency. Through the ETB, suppliers may view tender notices issued by GLD and contract award notices, download tender documents, make tender enquiries and submit tender offers. Suppliers may also use the PCMS to submit and update their information and receive purchase orders placed by user b/ds.

Besides, the Office of the Government Chief Information Officer (OGCIO) rolled out the cloud-enabled e-Procurement Service in December 2013 to facilitate b/ds to process purchases of information technology products and services under the existing bulk contracts. It is expected that all b/ds will use this service by mid-2014.

At the same time, OGCIO is also rolling out the full functions of the cloud-enabled e-Procurement Service to those b/ds which already have the supporting facilities. With this service, b/ds will be able to conduct electronic transactions with suppliers to process low-value purchases (i.e. not exceeding \$1.43 million) of goods and non-construction services. The target is to have at least 30 b/ds to adopt this service by 2017-18. From 2014-15 to 2017-18, the estimated expenditure involved in this project is about \$26 million. The four staff engaged in implementing the project will be redeployed within OGCIO.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)162**

**(Question Serial No. 5247)**

Head: (59) Government Logistics Department

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 298 (if applicable)

Question (Member Question No. 23):

What is the 2014-15 estimate for the Government Logistics Department's duty visits or exchanges to the Mainland? Please provide information about the themes of the duty visits or exchanges to the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit locations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, the Government Logistics Department does not have any activity programme for duty visits or exchanges to the Mainland. Therefore, there is no such expenditure item in the annual estimates.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)163****(Question Serial No. 5585)**

Head: (76) Inland Revenue Department

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

Programme: (3) Investigation and Field Audit

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 645 (if applicable)

Question (Member Question No. 77):

Please provide the numbers of tax avoidance cases (concerning individuals and companies respectively) completed by the Inland Revenue Department and the respective amounts of back tax and penalty assessed in each of the past five years. What is the amount of tax involved for the largest avoidance case?

Asked by: Hon. CHAN Kam-lam

Reply:

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

	2009-10	2010-11	2011-12	2012-13	2013-14 (Revised estimate)
No. of cases completed	206	234	226	207	215
Back tax and penalty assessed (\$million)	1,240	2,193	4,357*	1,524	893

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

IRD does not have statistical breakdown by individuals and companies on the number of audit cases completed. As regards the amount of tax involved for the largest avoidance case, the secrecy provision in the IRO prohibits IRD from disclosing information of individual cases.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)164****(Question Serial No. 5946)**

Head: (76) Inland Revenue Department

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

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 266):

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 and the transaction amounts involved.

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

For previous applications processed by the Inland Revenue Department (IRD) for stamping of agreements for sale and purchase of properties, the applicants were only required to report whether they were holders of Hong Kong Identity Card. Therefore, IRD can only provide 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 <sup>1</sup>	Buyers who are individuals not holding Hong Kong Identity Card 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	57 500	2 865	4.98%	24.526

<sup>1</sup>Note<sup>1</sup> It refers to the number of stamping applications received by IRD during the year.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)165****(Question Serial No. 6485)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 463):

In each of the past 5 years, how many applications filed by societies, limited companies and trust funds to the Inland Revenue Department (IRD) for recognition as tax-exempt charities were rejected respectively?

Number of applications for recognition as tax-exempt charities rejected by IRD	2008-09	2009-10	2010-11	2011-12	2012-13
Societies					
Limited Companies					
Trust Funds					

Asked by: Hon. CHEUNG Kwok-che

Reply:

In the past five financial years, the numbers of tax-exempt charities recognized under section 88 of the Inland Revenue Ordinance and the numbers of tax-exempt charities with tax exemption withdrawn by the Inland Revenue Department (IRD) are as follows -

Financial year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tax-exempt charities	621	581	510	502	517
Number of tax-exempt charities with tax exemption withdrawn	47	106	112	112	128

IRD does not keep statistics on the rejected applications for recognition as tax-exempt charities and their legal forms. Hence, the relevant information cannot be provided.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)166****(Question Serial No. 6486)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 464):

In each of the past 5 years, how many applications filed to the Inland Revenue Department (IRD) for recognition as tax-exempt charities were rejected due to various reasons?

Asked by: Hon. CHEUNG Kwok-che

Reply:

In the past five financial years, the numbers of tax-exempt charities recognized under section 88 of the Inland Revenue Ordinance and the numbers of tax-exempt charities with tax exemption withdrawn by the Inland Revenue Department (IRD) are as follows -

Financial year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tax-exempt charities	621	581	510	502	517
Number of tax-exempt charities with tax exemption withdrawn	47	106	112	112	128

IRD does not keep statistics on the rejected applications for recognition as tax-exempt charities. Hence, the relevant information cannot be provided.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)167****(Question Serial No. 6487)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 465):

In each of the past 5 years, how many applications filed to the Inland Revenue Department (IRD) for becoming a tax-exempt charity were successful? Please provide the figures based on the 4 types of charitable purposes.

Number of applications filed to the IRD for becoming a tax-exempt charity	2008-09	2009-10	2010-11	2011-12	2012-13
Relief of poverty					
Advancement of education					
Advancement of religion					
Other purposes of a charitable nature beneficial to the community					

Asked by: Hon. CHEUNG Kwok-che

Reply:

In the past five financial years, the numbers of tax-exempt charities recognized by the Inland Revenue Department (IRD) under section 88 of the Inland Revenue Ordinance are as follows -

Financial year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tax-exempt charities	621	581	510	502	517

IRD does not keep statistics on the charitable purposes of the tax-exempt charities. Hence, the relevant information cannot be provided.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)168****(Question Serial No. 6573)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 461):

In each of the past 5 years, how many applications were filed by societies, limited companies and trust funds to the Inland Revenue Department (IRD) for recognition as tax-exempt charities respectively?

Number of applications filed to IRD for becoming a tax-exempt charity	2008-09	2009-10	2010-11	2011-12	2012-13
Societies					
Limited Companies					
Trust Funds					

Asked by: Hon. CHEUNG Kwok-che

Reply:

The Inland Revenue Department (IRD) does not keep statistics on the types of applications filed each year for recognition as tax-exempt charities. Hence, the relevant information cannot be provided.

In the past five financial years, the numbers of tax-exempt charities recognized by IRD under section 88 of the Inland Revenue Ordinance are as follows -

Financial year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tax-exempt charities	621	581	510	502	517

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)169****(Question Serial No. 6574)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 462):

In each of the past 5 years, how many applications filed by societies, limited companies and trust funds to the Inland Revenue Department (IRD) for becoming a tax-exempt charity were successful respectively?

Number of applications for becoming a tax-exempt charity approved by IRD	2008-09	2009-10	2010-11	2011-12	2012-13
Societies					
Limited Companies					
Trust Funds					

Asked by: Hon. CHEUNG Kwok-che

Reply:

In the past five financial years, the numbers of tax-exempt charities recognized by the Inland Revenue Department (IRD) under section 88 of the Inland Revenue Ordinance are as follows -

Financial year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tax-exempt charities	621	581	510	502	517

IRD does not keep statistics on the legal form of the tax-exempt charities recognized each year. Hence, the relevant information cannot be provided. As at 31 March 2013, the distribution of charities among various legal forms was as follows -

Form	No. of Organizations
Corporation	5 651
Society	796
Trust	428
Others*	717
Total	7 592

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

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)170****(Question Serial No. 4264)**

Head: (76) Inland Revenue Department

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

Programme: (4) Taxpayer Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 646 (if applicable)

Question (Member Question No. 34):

The Inland Revenue Department (IRD) has extended the telephone enquiry service time in May over the past 3 years. In this regard, 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) over the past 3 years? What are the percentages of such enquiries out of the total numbers of telephone enquiries received?
2. Please provide the details and the expenditure in respect of IRD's redeployment of manpower resources and employment of part-time staff during peak periods over the past 3 years.
3. The targets of the enquiry service centre are only set for 2 periods, i.e. from July to April and from May to June. Will the IRD draw up targets for the other months so that better services can be provided?

Asked by: Hon. KWOK Wai-keung

Reply:

- 1 In the past three financial years, the numbers of telephone calls answered during the extended service hours of the telephone enquiry services were as follows -

Year	Number of telephone calls answered	Percentage to total number of telephone calls answered during the same period
May of 2011	5 210	3.7%
May of 2012	6 296	4.4%
May of 2013	7 772	6.7%

- 2 In the past three financial years, the Inland Revenue Department (IRD) redeployed officers from various units to assist in answering telephone enquiries during peak periods and employed part-time staff to strengthen the daytime telephone enquiry service. The numbers of part-time staff engaged and expenditure involved are as follows -

Financial Year	Number of part-time staff	Expenditure (\$)
2011-12	9	360,000
2012-13	9	480,000
2013-14	9	530,000

- 3 The performance pledge for telephone enquiry service of IRD covers the whole year with targets as follows -

Period	Standard response time for immediate reply or referral to case officers
Between July and April of the following year (10 months)	First 3 minutes: 90% Next 1 minute: 5%
Between May and June (2 months)	First 3 minutes: 80% Next 1 minute: 10%

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)171****(Question Serial No. 6693)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): (-) Not SpecifiedProgramme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryThis question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)Question (Member Question No. 16):

Please provide the information set out in the table below:

Year	Property type	Consideration of property	(A) Acquired in the name of individuals		(B) Acquired in the name of companies which have no actual business operations (i.e. shell companies)		(C) Acquired in the name of companies which have actual business operations		Total number of transaction agreements	Period of ownership of property				
			(i) Hong Kong permanent residents	(ii) Non-permanent residents	(i) All the directors being Hong Kong permanent residents	(ii) Part of the directors not being permanent residents	(i) All the directors being Hong Kong permanent residents	(ii) Part of the directors not being permanent residents		Less than 6 months	6 - 12 months	12 - 24 months	24 - 36 months	



2009	First-hand property	<\$3 m																					
		>=\$3m & <\$6m																					
		>=\$6m & <\$10m																					
		>=\$10m & <\$20m																					
		>=\$20m & <\$30m																					
		>\$30m																					
		Totals for first-hand property in 2009																					
	Second-hand property	<\$3m																					
		>=\$3m & <\$6m																					
		>=\$6m & <\$10m																					
		>=\$10m & <\$20m																					
		>=\$20m & <\$30m																					
		>\$30m																					
		Totals for second-hand property in 2009																					
Totals for 2009																							
2010	First-hand property	<\$3m																					
		>=\$3m & <\$6m																					
		>=\$6m & <\$10m																					
		>=\$10m & <\$20m																					
		>=\$20m & <\$30m																					
		>\$30m																					
		Totals for first-hand property in 2010																					
	Second-hand property	<\$3m																					
		>=\$3m & <\$6m																					
		>=\$6m & <\$10m																					
		>=\$10m & <\$20m																					
		>=\$20m & <\$30m																					
		>\$30m																					
		Totals for second-hand property in 2010																					
Totals for 2010																							

2011	First-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
		Totals for first-hand property in 2011																				
	Second-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
Totals for second-hand property in 2011																						
Totals for 2011																						
2012	First-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
		Totals for first-hand property in 2012																				
	Second-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
Totals for second-hand property in 2012																						
Totals for 2012																						

2013	First-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
		Totals for first-hand property in 2013																				
	Second-hand property	<\$3m																				
		>=\$3m & <\$6m																				
		>=\$6m & <\$10m																				
		>=\$10m & <\$20m																				
		>=\$20m & <\$30m																				
		>\$30m																				
		Totals for second-hand property in 2013																				
	Totals for 2013																					

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

For previous applications processed by the Inland Revenue Department (IRD) for stamping of agreements for sale and purchase of properties, the applicants were only required to report whether they were holders of Hong Kong Identity Card (HKIC). Company applicants were not required to indicate whether they had actual business operations nor whether their directors were Hong Kong Permanent Residents. Therefore, IRD can only provide statistical breakdown by reference to individual buyers holding HKIC, individual buyers not holding HKIC and company buyers. The relevant statistics in the past five years are as follows -

Year	Transaction Type	Consideration (\$)	Total Agreement for Sale and Purchase	Property Holding Period				
				Within 6 months	Between 6 and 12 months	Between 12 and 24 months	Over 24 months	
2009	First-hand properties	<3M	2 309					
		>=3M and <6M	8 389					
		>=6M and <10M	2 127					
		>=10M and <20M	1 758					
		>=20M and <30M	729					
		>=30M	369					
	Total number of first-hand property transactions for 2009			15 681				
	HKIC holders			12 421				
	Non-HKIC holders and company buyers			3 260				
	Second-hand properties	<3M	85 619	6 182	2 581	10 047	66 809	
		>=3M and <6M	21 237	768	487	2 575	17 407	
		>=6M and <10M	5 432	150	132	583	4 567	
		>=10M and <20M	3 310	126	88	314	2 782	
		>=20M and <30M	848	42	11	89	706	
		>=30M	648	17	12	41	578	
	Total number of second-hand property transactions for 2009			117 094	7 285	3 311	13 649	92 849
	HKIC holders			101 531				
Non-HKIC holders and company buyers			15 563					

Year	Transaction Type	Consideration (\$)	Total Agreement for Sale and Purchase	Property Holding Period				
				Within 6 months	Between 6 and 12 months	Between 12 and 24 months	Over 24 months	
2010	First-hand properties	<3M	1 588					
		>=3M and <6M	3 693					
		>=6M and <10M	3 741					
		>=10M and <20M	2 199					
		>=20M and <30M	838					
		>=30M	612					
	Total number of first-hand property transactions for 2010			12 671				
	HKIC holders			8 675				
	Non-HKIC holders and company buyers			3 996				
	Second-hand properties	<3M	94 259	10 109	5 918	7 451	70 781	
		>=3M and <6M	33 792	1 142	1 772	2 829	28 049	
		>=6M and <10M	8 746	154	352	638	7 602	
		>=10M and <20M	4 347	68	174	315	3 790	
		>=20M and <30M	958	14	43	87	814	
		>=30M	950	10	29	48	863	
	Total number of second-hand property transactions for 2010			143 052	11 497	8 288	11 368	111 899
	HKIC holders			119 555				
Non-HKIC holders and company buyers			23 497					

Year	Transaction Type	Consideration (\$)	Total Agreement for Sale and Purchase	Property Holding Period				
				Within 6 months	Between 6 and 12 months	Between 12 and 24 months	Over 24 months	
2011	First-hand properties	<3M	283					
		>=3M and <6M	2 891					
		>=6M and <10M	3 650					
		>=10M and <20M	1 854					
		>=20M and <30M	935					
		>=30M	752					
	Total number of first-hand property transactions for 2011			10 365				
	HKIC holders			6 547				
	Non-HKIC holders and company buyers			3 818				
	Second-hand properties	<3M	47 743	2 250	3 312	5 178	37 003	
		>=3M and <6M	26 132	484	1 233	3 560	20 855	
		>=6M and <10M	7 148	65	272	863	5 948	
		>=10M and <20M	3 156	17	99	327	2 713	
		>=20M and <30M	796	3	34	69	690	
		>=30M	694	4	16	45	629	
	Total number of second-hand property transactions for 2011			85 669	2 823	4 966	10 042	67 838
	HKIC holders			73 258				
Non-HKIC holders and company buyers			12 411					

Year	Transaction Type	Consideration (\$)	Total Agreement for Sale and Purchase	Property Holding Period				
				Within 6 months	Between 6 and 12 months	Between 12 and 24 months	Over 24 months	
2012	First-hand properties	<3M	125					
		>=3M and <6M	4 998					
		>=6M and <10M	3 735					
		>=10M and <20M	2 127					
		>=20M and <30M	582					
		>=30M	706					
	Total number of first-hand property transactions for 2012			12 273				
	HKIC holders			8 980				
	Non-HKIC holders and company buyers			3 293				
	Second-hand properties							
		<3M	37 591	84	132	4 253	33 122	
		>=3M and <6M	28 719	19	33	2 513	26 154	
		>=6M and <10M	8 033	5	3	452	7 573	
		>=10M and <20M	3 097	2	3	135	2 957	
		>=20M and <30M	828	1	-	42	785	
>=30M			723	1	-	33	689	
Total number of second-hand property transactions for 2012			78 991	112	171	7 428	71 280	
HKIC holders			69 971					
Non-HKIC holders and company buyers			9 020					

Year	Transaction Type	Consideration (\$)	Total Agreement for Sale and Purchase	Property Holding Period				
				Within 6 months	Between 6 and 12 months	Between 12 and 24 months	Over 24 months	
2013	First-hand properties	<3M	490					
		>=3M and <6M	5 301					
		>=6M and <10M	2 516					
		>=10M and <20M	2 024					
		>=20M and <30M	290					
		>=30M	289					
	Total number of first-hand property transactions for 2013			10 910				
	HKIC holders			10 191				
	Non-HKIC holders and company buyers			719				
	Second-hand properties	<3M	18 482	48	100	749	17 585	
		>=3M and <6M	19 374	23	43	634	18 674	
		>=6M and <10M	5 758	12	5	81	5 660	
		>=10M and <20M	2 111	3	2	28	2 078	
		>=20M and <30M	521	-	1	3	517	
		>=30M	344	-	-	9	335	
	Total number of second-hand property transactions for 2013			86	151	1 504	44 849	
	HKIC holders			44 444				
Non-HKIC holders and company buyers			2 146					

Note 1: The total numbers of first-hand or second-hand property transactions refer to the numbers of stamping requests in respect of residential property received by IRD within the year.

Note 2: IRD previously did not keep statistics on transactions for “more than 24 months but within 36 months”.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)172****(Question Serial No. 4799)**

Head: (76) Inland Revenue Department

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

Programme: (1) Assessing Functions

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 640 (if applicable)

Question (Member Question No. 51):

- (a) Please show the distribution of the number of properties held by individuals over the past three years (i.e. from 2010-2011 to 2012-2013) in the following table:

Number of Property(ies)	2010-2011 (Number of people)	2011-2012 (Number of people)	2012-2013 (Number of people)
1			
2			
3			
4			
5			
6 to 10			
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 2010-2011 to 2012-2013). Please also state the manpower and expenditure involved in the relevant tax assessment.

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. 2010-11 to 2012-13) is as follows -

Number of Property(ies)	As at 31 March 2011 (Number of people)*	As at 31 March 2012 (Number of people)*	As at 31 March 2013 (Number of people)*
1	1 544 930	1 548 440	1 551 081
2	293 713	295 595	297 219
3	87 363	88 698	89 654
4	34 295	34 996	35 823
5	15 925	16 381	16 815
6 to 10	19 834	20 407	20 879
11 to 30	5 255	5 377	5 509
31 to 50	473	478	488
51 to 90	193	196	206
91 to 100	13	12	10
101 or above	37	39	28

\* 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 2010-11 to 2012-13 financial years, the amounts of property tax assessed by IRD, the manpower and funding provision involved are as follows -

	2010-11	2011-12	2012-13
Tax assessed (\$million)	1,805	2,102	2,504
Establishment and supporting departmental posts	188	186	187
Funding provision (\$million)	66.7	70.5	74.6

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)173**

**(Question Serial No. 5691)**

Head: (76) Inland Revenue Department  
Subhead (No. & title): (000) Operational Expenses  
Programme: (1) Assessing Functions  
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 648 (if applicable)

Question (Member Question No. 62):

There is an increase of \$4.7 million in provision in 2014-15 which involves an increase of 7 posts. What are the duties of these posts? What is the amount involved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

To meet operational needs, the Inland Revenue Department will create 9 new posts under the assessing functions programme in the financial year 2014-15, including 1 three-year supernumerary Chief Assessor post and 8 permanent posts (comprising 1 Senior Assessor, 1 Assessor, 2 Assistant Assessors and 4 Assistant Taxation Officers). These new posts will be created in the Stamp Office to cope with the increasing workload and enhance service delivery in the Stamp Office. At the same time, 2 Typist posts with no more service need will be deleted. The net increase of 7 posts will incur additional annual salary of around \$3.89 million.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)174****(Question Serial No. 5692)**

Head: (76) Inland Revenue Department

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

Programme: (4) Taxpayer Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 647 (if applicable)

Question (Member Question No. 63):

In 2013-14, the Inland Revenue Department (IRD) has vigorously promoted the use of eTAX so that more citizens would file tax returns electronically. In 2014-15, this task is still one of the matters requiring IRD's special attention. Has IRD evaluated the effectiveness of the promotion? What is the percentage share of the public filing tax returns electronically at present? Can manpower be therefore saved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Inland Revenue Department (IRD) has not conducted any formal evaluation on the effectiveness of its promotion of electronic filing of tax returns. However, 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 431 000 in the 2013-14 financial year (as at 28 February 2014). The numbers and percentage shares of tax returns filed electronically in the 2013-14 financial year are as follows –

Financial Year	Total number of tax returns filed online (% of the respective total tax returns)			
	Individual Tax Return	Profits Tax Return	Property Tax Return	Employer's Return
2013-14 (As at 28.2.2014)	415 000 (16.9%)	1 200 (0.4%)	7 300 (4.7%)	7 500 (2.2%)

Taxpayers' use of the electronic filing services may help alleviate the increasing workload of IRD. All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities in a cost-effective manner.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)175****(Question Serial No. 5276)**

Head: (76) Inland Revenue Department

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 651 (if applicable)

Question (Member Question No. 52):

What is the budget for the Inland Revenue Department officers' duty visits or exchange visits to Mainland China in 2014-15? Please provide the themes of the Mainland China duty visits or exchange visits that will be conducted in 2014-15. How will the Administration prevent such duty visits from involving non-duty related activities? How will the Administration prevent the requirement for submission of applications for changing visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

Since the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (the Arrangement) entered into force in 2007, the Hong Kong Special Administrative Region Inland Revenue Department (IRD) and the State Administration of Taxation hold negotiation meetings in the Mainland or Hong Kong as circumstances require. This is in accordance with the mutual agreement procedures of the Arrangement for the purposes of resolving problems arising from the interpretation or application of the Arrangement as well as discussing any revision of its provisions, if necessary. In the financial year 2014-15, the estimated funding provision for duty visits to the Mainland is \$50,000, to meet the expenses for the aforesaid negotiation meetings.

Duty visits, if publicly funded, are subject to control under relevant regulations and guidelines to ensure effective monitoring and proper use of public funds. There is control on aspects, such as duty visits should only be conducted when there are strong operational reasons; all duty visits should obtain prior approval formally and should avoid non-official activities; the officers concerned should provide all necessary information in respect of the proposed visit as far as possible when submitting the application; if there are any subsequent changes to the arrangements, the officers concerned should inform the approving officers as soon as possible who should then assess whether re-consideration of the application is needed.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)176**

**(Question Serial No. 5325)**

Head: (162) Rating and Valuation Department

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

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

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates of Expenditure Volume 1 Page 826 (if applicable)

Question (Member Question No. 83):

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

- (1) the number of cases of rates concession together with the number of cases that involve private domestic premises and commercial properties and the amounts enjoyed by them respectively;
- (2) the amounts enjoyed by each of the top 100 organisations receiving the largest amounts of rates concession in table form;
- (3) the number of cases that reach the ceiling of rates concession with respect to private domestic premises and commercial properties together with the amounts enjoyed by them respectively;
- (4) the number of cases that involve Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies with respect to rates concession and the amounts enjoyed by them.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) For the 2014-15 financial year, around 3.11 million properties will benefit from rates concession, of which about 1.72 million are private domestic properties, 0.76 million are public domestic properties and 0.40 million are non-domestic properties. The estimated amounts of rates concession involving private domestic properties, public domestic properties and non-domestic properties are about \$4.1 billion, \$1 billion and \$0.9 billion respectively.

- (2) For the 2014-15 financial year, the top 100 ratepayers (excluding organisations providing public housing) that will receive the largest estimated amounts of rates concession, involving about \$0.17 billion, are as follows -

Ratepayer	Amount of Rates Concession (\$million)
1 - 50	141.3
51 - 100	30.5
Total	171.8

- (3) For the 2014-15 financial year, the numbers of cases reaching the ceiling of rates concession in respect of private domestic properties and non-domestic properties are about 0.63 million and 0.22 million respectively. In such cases, the estimated amounts of rates concession involving private domestic properties and non-domestic properties are about \$1.9 billion and \$0.66 billion respectively.
- (4) According to the Code on Access to Information, without prior consent from the ratepayers concerned, the Rating and Valuation Department (RVD) is unable to disclose information which will reveal the identity of the ratepayers. Moreover, RVD does not have records of subsidiary companies, affiliated companies and holding companies.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)177****(Question Serial No. 6374)**

Head: (162) Rating and Valuation Department

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

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

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates of Expenditure Volume 1 Page 827 (if applicable)

Question (Member Question No. 267):

In the past five years, 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: Hon. CHEUNG Chiu-hung, Fernando

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 (increased to three calendar years since 2013) 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)
2009-10	1.19
2010-11	1.22
2011-12	1.27
2012-13	1.38
2013-14	1.61



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)178**

**(Question Serial No. 6151)**

Head: (162) Rating and Valuation Department

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

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

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates of Expenditure Volume 1 Page 827 (if applicable)

Question (Member Question No. 76):

As regards certain indicators under this Programme of the Rating and Valuation Department including “valuations on stamp duty and estate duty cases per post”, “other valuations and rental advice cases provided”, “other valuations and rental advice cases per post”, etc., the estimated figures for 2014-15 are much less than the corresponding figures for 2012-13. Would the Administration explain the reason for this, including analysis on whether this is related to the demand-side management measures introduced by the Administration and on the implications to the Department’s expenses?

Asked by: Hon. TIEN Pei-chun, James

Reply:

There are a number of indicators under the Programme of “Provision of Valuation and Property Information Services” of the Rating and Valuation Department (RVD). For various reasons, the estimated figures of the relevant indicators for 2014-15 are lower than those for 2012-13.

Regarding the stamp duty cases scrutinized where stated consideration is considered adequate, the relevant figures decreased because the demand-side management measures introduced by the Government have cooled down the overheated property market. As for the valuations provided for estate duty purposes, the drop in the number of cases is mainly due to RVD’s completion of a large number of requests relating to a portfolio of properties in 2012-13. It is anticipated that the number of cases in 2013-14 and 2014-15 will decline. Hence, the number of valuations on stamp duty and estate duty cases per post will correspondingly drop. Regarding other valuations and rental advice cases provided and other valuations and rental advice cases per post, RVD expects that the figures will drop because of the extension of rental freeze for public markets managed by the Food and Environmental Hygiene Department for two years up to end December 2015, rendering it no longer necessary for RVD to provide rental advice for over 10 000 cases in 2014-15.

RVD will redeploy its manpower as appropriate in the light of the adjusted indicators with a view to providing quality services to the public. There will be no implication to the Department’s expenses.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)179**

**(Question Serial No. 5290)**

Head: (162) Rating and Valuation Department

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

Programme: Not specified

Controlling Officer: Commissioner of Rating and Valuation (Mrs. Mimi BROWN)

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates of Expenditure Volume 1 Page 832 (if applicable)

Question (Member Question No. 66):

What is the 2014-15 estimate for the Rating and Valuation Department's duty visits or exchanges to the Mainland? Please provide information about the themes of duty visits or exchanges to the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

Officers of the Rating and Valuation Department will conduct duty visits to the Mainland in 2014-15 with regard to operational needs, e.g. attending meetings of the relevant professional sectors. There is, however, no specific plan for the time being.

Duty visits, if publicly funded, are subject to control under relevant regulations and guidelines to ensure effective monitoring and proper use of public funds. Relevant control includes: duty visits should only be conducted when there are valid operational reasons; prior approval for all duty visits should be obtained formally and non-official activities should be avoided; the officers concerned should provide all necessary information in respect of the proposed visit as far as possible when submitting the application; if there are any subsequent changes to the visit arrangements, the officers concerned should inform the approving officers as soon as possible who should assess if it is necessary to reconsider the application.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)180**

**(Question Serial No. 5598)**

Head: (188) Treasury  
Subhead (No. & title): (-) Not Specified  
Programme: (4) Management of Funds  
Controlling Officer: Director of Accounting Services (SIU Man-tat, Martin)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page 914 (if applicable)

Question (Member Question No. 79):

With regard to “during 2014-15, the Treasury will continue to review and refine the strategic asset allocation of the Funds consistent with the risk and return perspectives and market development”, please advise of the following:

- (a) the estimated expenditure for this item in 2014-15;
- (b) the number of officers undertaking this area of work and their ranks;
- (c) the specific work plan and the tasks included; and
- (d) the work progress or schedule for 2014-15.

Asked by: Hon. TO Kun-sun, James

Reply:

- (a)-(b) The estimated expenditure for Programme (4) Management of Funds of the Treasury in 2014-15 is \$7.4 million. The work regarding risk management and review of the investment strategies and strategic asset allocation of the various funds is performed mainly by an Assistant Director and two Senior Treasury Accountants, with the related expenditure already included in the overall estimates of the Programme.
- (c)-(d) The Treasury will keep in view the market developments and returns for management of the risks. In this regard, the Treasury will review and refine the investment strategies and strategic asset allocation of the various funds in conjunction with the respective investment committees at the beginning of each year and as required in the light of market conditions for timely asset re-balancing action.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)181**

**(Question Serial No. 5296)**

Head: (188) Treasury  
Subhead (No. & title): (000) Operational expenses  
Programme: Not Specified  
Controlling Officer: Director of Accounting Services (SIU Man-tat, Martin)  
Director of Bureau: Secretary for Financial Services and the Treasury  
This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 72):

What is the 2014-15 estimate for the Treasury's duty visits or exchanges in the Mainland? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

1. Officers of the Treasury will conduct duty visits to places outside Hong Kong (including places overseas and in the Mainland) with regard to operational needs (such as participating in meetings and conferences on financial management and accounting or engaging in professional exchanges with related organisations). There are no specific plans for the time being.
2. Duty visits, if publicly funded, are subject to control under relevant regulations and guidelines to ensure effective monitoring and proper use of public funds. Such controls include: duty visits should only be conducted when there are strong operational reasons; all duty visits should obtain prior approval formally and should avoid non-official activities; the officers concerned should provide all the necessary information in respect of the proposed visit as far as possible when submitting the applications; and if there are any subsequent changes to the arrangements, the officers concerned should inform the approving officers as soon as possible who should then assess whether re-consideration of the applications is needed.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)182****(Question Serial No. 3618)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 134):

Regarding the Government's proposal of setting up a "Future Fund" to finance strategic infrastructure projects in future, please advise this Committee of the following:

- a) As there will be infrastructure projects to be commenced under different policy areas, will the Government draw up a plan for the Future Fund to make provision for each policy area according to a certain proportion or impose a cap on the provision made for each policy area? If so, what are the details?
- b) Will the Integrated Waste Management Facilities and the construction of 3 landfills put forward by the Environment Bureau be included as the funded infrastructure projects of the Future Fund? If so, what are the details?
- c) At present, what infrastructure projects are planned to be funded by the Future Fund? Please list, by project, the project details, work schedules, expenditure and manpower involved, environmental impacts and social benefits.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)183**

**(Question Serial No. 6310)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 286):

Regarding the study on long-term public finances completed earlier, will the Administration inform this Committee of the following:

- a) What are the details of expenditure of the whole study? Please provide the breakdown.
- b) Do the non-official members of the Working Group have any payment of honorarium? If so, what is the amount?
- c) In 2014-15, will the Administration take forward any follow-up study in respect of the above study report? If so, what are the specific plan, work schedule and estimated expenditure of the study?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a. The expenditure involved in supporting the work of the Working Group on Long-Term Fiscal Planning ("Working Group") has been absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). In 2013-14, the expenditure involved mainly includes the salary costs of two temporary posts (one Chief Treasury Accountant and one Senior Administrative Officer) and the printing costs of the Working Group report, which are around \$1,200,000 and \$410,000 respectively.
- b. The Government did not provide any remuneration to the non-official members of the Working Group.
- c. The Working Group has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration. The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)184**

**(Question Serial No. 6311)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 287):

In 2014-15, will the Bureau conduct a study and public consultation on any reform of the tax system? If so, what are the specific plan, work schedule and estimated expenditure of the study? 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.

On broadening the revenue base, there is little room for major tax hikes, having regard to the competitiveness of Hong Kong and the impact on the community. In principle, the Government will not rule out any means to increase tax revenue. However, we also understand that it will be controversial to put forward any tax increase proposals, which may entail other policy considerations. It takes time for the community to engage in rational discussions with a view to forging a consensus on the matter. At this stage, the Government has no plan to conduct tax reform for the purpose of raising additional revenue.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)185****(Question Serial No. 5302)**

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

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

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 58):

What were the respective actual amounts of resources used in each of the past 3 years (i.e. 2011-12 to 2013-14) and how much resources will be reserved for 2014-15 by the Financial Services and the Treasury Bureau (The Treasury Branch) and the departments under its purview in respect of the following items? What are the specific expenditure guidelines on these items?

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

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The actual expenditure on the following items in the 3 years from 2011-12 to 2013-14 and resources reserved for 2014-15 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.



**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>2011-12 Actual</b>	<b>2012-13 Actual</b>	<b>2013-14 Actual (up to 28 Feb 2014)</b>	<b>2014-15 Estimates</b>
	(\$)	(\$)	(\$)	(\$)
Financial Services and the Treasury Bureau (The Treasury Branch) <sup>(Note 2)</sup>	1,494,449	666,205	666,812	1,161,600
Audit Commission	81,655	12,620	35,525	96,000
Government Property Agency	0	0	10,224	0
Government Logistics Department	0	10,246	14,111	37,000
Inland Revenue Department	1,649,038	814,367	713,977	1,793,000
Rating and Valuation Department	87,157	158,521	93,137	95,000
Treasury	36,419	94,919	0	50,000
<b>Total:</b>	<b>3,348,718</b>	<b>1,756,878</b>	<b>1,533,786</b>	<b>3,232,600</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>2011-12 Actual</b>	<b>2012-13 Actual</b>	<b>2013-14 Actual (up to 28 Feb 2014)</b>	<b>2014-15 Estimates</b>
	(\$)	(\$)	(\$)	(\$)
Financial Services and the Treasury Bureau (The Treasury Branch) <sup>(Note)</sup>	145,129	153,136	147,730	220,000
Audit Commission	16,128	10,340	2,450	15,000
Government Property Agency	0	1,685	12,117	1,500
Government Logistics Department	7,630	4,740	0	3,000
Inland Revenue Department	69,030	71,541	63,837	50,000
Rating and Valuation Department	1,180	1,175	3,164	2,500
Treasury	18,029	2,887	5,891	6,500
<b>Total:</b>	<b>257,126</b>	<b>245,504</b>	<b>235,189</b>	<b>298,500</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>2011-12 Actual</b>	<b>2012-13 Actual</b>	<b>2013-14 Actual (up to 28 Feb 2014)</b>	<b>2014-15 Estimates</b>
<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>257,975</b>	<b>329,235</b>	<b>248,991</b>	<b>264,000</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****FSTB(Tsy)186****(Question Serial No. 5361)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 421 (if applicable)

Question (Member Question No. 118):

Please provide details of the government fleet under your purview:

	Number	Operational expenses for 2013	Estimated operational expenses for 2014-15
VIP Car			
Large Saloon Car (Grade A)			
Large Saloon Car (Grade B)			

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The details of the government fleet under the Secretary for Financial Services and the Treasury's Office and the Treasury Branch of the Financial Services and the Treasury Bureau are as follows:

	Number	Operational expenses for 2013-14 (as at 28 February 2014) (\$)	Estimated operational expenses for 2014-15 (\$)
VIP Car	0		
Large Saloon Car (Grade A)	2	218,000 <small>(Note)</small>	206,000 <small>(Note)</small>
Large Saloon Car (Grade B)	0		

Note: Including fuel costs, tolls and maintenance fees.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)187**

**(Question Serial No. 4318)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 71):

Please advise this Committee on whether the Government will conduct studies on the following:

1. increasing the personal allowances in respect of salaries tax,
2. adjusting the tax bands in respect of salaries tax, and
3. implementing a progressive profits tax regime,

thereby complying with the "ability-to-pay" and vertical equity principles. If so, what are the manpower and expenditure involved?

Asked by: Hon. CHAN Yuen-han

Reply:

It has been the Government's on-going exercise to conduct reviews on the tax system, including tax rates, tax bands and tax allowances. The Financial Services and the Treasury Bureau has not set aside any additional manpower or expenditure for this purpose.

In reviewing the tax rates, tax bands and tax allowances under the tax system, the Government will consider carefully and holistically the impact of any adjustment on the Government's fiscal position, tax base, revenue stability and burden on taxpayers.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 5918)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 129 Page (if applicable)

Question (Member Question No. 158):

Regarding the Working Group on Long-Term Fiscal Planning, please advise this Committee of the following:

1. the civil service establishment of the working group and the total expenditure involved;
2. the total amount of remuneration for the economists as well as the accounting, taxation and actuarial experts of the working group;
3. the estimated expenditure and establishment involved for pursuing the recommendations of the working group, where adopted.

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

- 1 The expenditure involved in supporting the work of the Working Group on Long-Term Fiscal Planning ("Working Group") has been absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). In 2013-14, the expenditure involved mainly includes the salary costs of two temporary posts (one Chief Treasury Accountant and one Senior Administrative Officer) and the printing costs of the Working Group report, which are around \$1,200,000 and \$410,000 respectively.
- 2 The Government did not provide any remuneration to the non-official members of the Working Group.
- 3 The Working Group has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration. The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)189****(Question Serial No. 5921)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 200):

The Government has repeatedly provided electricity charges subsidy for eligible residential accounts since 2008. Please provide a breakdown, by year, of:

1. the expenditure of the scheme;
2. the number of eligible accounts, the total amount of subsidy and the total electricity consumption in kWh in respect of the customers of the Hongkong Electric Company Ltd.; and
3. the number of eligible accounts, the total amount of subsidy and the total electricity consumption in kWh in respect of the customers of the CLP Power Hong Kong Ltd.

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

The Government granted electricity charges subsidy to each registered residential electricity account for four rounds in total in 2008, 2011, 2012 and 2013. The total commitment involved was \$22,300 million. Relevant expenditure and the total electricity consumption of residential electricity accounts since 2008 are as follows –

Financial Year	Expenditure (\$ million)			Total electricity consumption <sup>Note 1</sup> (GWh)
	Hongkong Electric Co., Ltd.	CLP Power Hong Kong Ltd.	Total	
2008-09	701	2,546	3,247	10 200
2009-10	776	3,666	4,442	11 000
2010-11	60	424	484	11 000
2011-12	555	2,317	2,872	11 200
2012-13	766	3,437	4,203	11 200
2013-14 (revised estimate)	774	3,466	4,240	8 500 <sup>Note 2</sup>

Note 1: Relevant figures are the total domestic electricity consumption for the year published in the Hong Kong Monthly Digest of Statistics. We do not have information about the total electricity consumption corresponding to the subsidized amount.

Note 2: Up to November 2013.

About 2.5 million households in Hong Kong benefited from the above four 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.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)190**

**(Question Serial No. 6403)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 91):

There has been no significant reform of our tax regime. Please advise if the Administration will conduct a comprehensive review on the Inland Revenue Ordinance to meet the development needs of society? If so, what are the details, manpower and expenditure to be incurred; 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.

On broadening the revenue base, there is little room for major tax hikes, having regard to the competitiveness of Hong Kong and the impact on the community. In principle, the Government will not rule out any means to increase tax revenue. However, we also understand that it will be controversial to put forward any tax increase proposals, which may entail other policy considerations. It takes time for the community to engage in rational discussions with a view to forging a consensus on the matter. At this stage, the Government has no plan to introduce new taxes for the purpose of raising additional revenue. In 2014-15, we have not set aside any additional resources for reviewing the tax system.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)191**

**(Question Serial No. 6404)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 92):

Will the Administration conduct any researches on the implications of the collection of world-wide tax, capital gains tax, tax on large dividends and 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 involved; 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.

On broadening the revenue base, there is little room for major tax hikes, having regard to the competitiveness of Hong Kong and the impact on the community. In principle, the Government will not rule out any means to increase tax revenue. However, we also understand that it will be controversial to put forward any tax increase proposals, which may entail other policy considerations. It takes time for the community to engage in rational discussions with a view to forging a consensus on the matter. At this stage, the Government has no plan to introduce new taxes for the purpose of raising additional revenue.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)192**

**(Question Serial No. 6469)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 140 Page 51 (if applicable)

Question (Member Question No. 241):

The Working Group on Long-Term Fiscal Planning has stated in its report that Hong Kong has too narrow a tax base and is over reliant on direct taxes. The Financial Secretary recognises that the Government should preserve, stabilise and broaden the revenue base, and will not rule out any means to increase tax revenue in principle although thorough consideration and public discussion of the issue are required. Faced with the problem of an ageing population, Hong Kong will inevitably need to increase its healthcare and welfare expenditures. Please advise on the following:

1. In view of Hong Kong's narrow tax base, will the Government set up a committee to study ways to broaden the tax base in order to raise revenue to make up for the spending in the long run? If so, how will the work be carried out? If not, what are the reasons? What are the manpower and resources involved?
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 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? 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? What are the manpower and resources involved?
3. Will the Government study the introduction of a large dividends tax or property gains tax to broaden the tax base and narrow the wealth gap while increasing public revenue? If so, how will the study be conducted? If not, what are the reasons? What are the manpower and resources involved?

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.

On broadening the revenue base, there is little room for major tax hikes, having regard to the competitiveness of Hong Kong and the impact on the community. In principle, the Government will not rule out any means to increase tax revenue. However, we also understand that it will be controversial to put forward any tax increase proposals, which may entail other policy considerations. It takes time for the community to engage in rational discussions with a view to forging a consensus on the matter. At this stage, the Government has no plan to introduce new taxes for the purpose of raising additional revenue.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)193**

**(Question Serial No. 5656)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 69):

It is stated in the Matters Requiring Special Attention in 2014-15 that (the Branch will) “pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government”. Will the Administration advise this Committee on the expenditure and manpower involved? Will the Administration conduct public consultations on the recommendations made by the Working Group? If not, what are the reasons? When will the Administration have the final decision on the recommendations adopted?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)194**

**(Question Serial No. 5667)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 140 Page (if applicable)

Question (Member Question No. 81):

It is stated in paragraph 140 of the Budget Speech that “The second major recommendation of the Working Group is that Government should preserve, stabilise and broaden the revenue base. I am all for it. Having regard to the competitiveness of Hong Kong and the impact on the community, there is little room for major tax hikes. In principle, I shall not rule out any means to increase tax revenue. However, I also understand that it will be controversial to propose any new taxes, which need thorough consideration and public discussion. At the present stage, Government's priorities are to overcome the constraints posed by the ageing population on our economic growth, keep moving our economy up the chain, and increase and preserve our revenue. Meanwhile, we have to ensure that our expenditure growth keeps pace with economic and revenue growth. We should also strive to forge a consensus in the community on preparing for Hong Kong's fiscal challenge in the short, medium and long term.” Will the Administration advise this Committee whether factors such as the economic structure of Hong Kong, income and wealth distribution have been analysed when the Administration or the Working Group propose and consider broadening the revenue base? If not, what are the reasons? Will the Administration also provide the draft proposals for increasing tax revenue?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should preserve, stabilise and broaden the revenue base.

The Working Group has pointed out that the recommendation to preserve, stabilise and broaden the revenue base can be achieved through avoiding excessive reliance on direct taxation, stepping up tax enforcement, avoiding base erosion and profit shifting, and reinforcing the “cost recovery”, “user pay”, and “polluters pay” principles, etc. In due course, the Government should continue to enhance the tax regime to ensure that the tax structure can meet with the long-term needs of Hong Kong. New revenue sources should not be ruled out.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)195**

**(Question Serial No. 5668)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 144 Page (if applicable)

Question (Member Question No. 82):

It is stated in the Budget Speech that “An ageing population will pose sustained challenges to public finances. The conclusions and recommendations of the Working Group have provided a scientific and objective basis for the community to better understand the issues, and consider rational and pragmatic options ahead. We should take early action to address the challenges ahead when our public finances are still healthy. My colleagues and I shall examine the options in detail considering views from various sectors of the community, and take forward appropriate measures. I hope the experts and scholars in the Working Group will continue to tender their valuable advice to Government.” In this regard, will the Administration explain specifically to this Committee the implications of an ageing population on government revenue and expenditure in the medium and long term, including the projected changes in revenue and expenditure?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Details of the implications of an ageing population on government revenue and expenditure in the medium and long term are set out in Chapters 3 and 4 of the report of the Working Group on Long-Term Fiscal Planning, which can be accessed through the following link –

(<http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm>).

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)196**

**(Question Serial No. 4576)**

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

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

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

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 71):

- Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview over the past 3 years, please provide details using the table below:

Bureau/ branch/ department and year	Estimated expenses on entertainment and gifts in the year	Actual expenses on entertainment and gifts in the year	Cap on entertainment expenses (including beverages) per head for the year	Cap on gift expenses per guest for the year	Number of receptions held and total number of guests entertained in the year

- Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview in 2013-14, please provide details using the table below:

Bureau/ branch/ department	Date of reception (day/ month/ year)	Departments/ organisations and titles of the guests entertained (grouped by department/ organisation and indicating the number of guests)	Food expenses incurred in the reception	Beverage expenses incurred in the reception	Gift expenses incurred in the reception	Venue of the reception (department office/restaurant in government facilities/private restaurant/others (please specify))

- Please provide the estimated expenses on entertainment and gifts for 2014-15 using the table below:

Bureau/ branch/ department	Estimated provision for expenses on entertainment and gifts	Cap on entertainment expenses per guest	Cap on gift expenses per guest

Asked by: Hon. HO Sau-lan, Cyd

Reply:

As a general rule, all politically appointed officials and civil servants should observe the same principles in the provision of official meals. They are required to exercise prudent judgement and economy in order to avoid any public perception of extravagance and act in accordance with the relevant regulations and administrative guidelines. According to the existing guidelines, the expenditure limits on entertainment in the form of official meals should not exceed \$450 per person for lunch or \$600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips. Official entertainment provided by the Office of the Secretary for Financial Services and the Treasury (SFST), the Treasury Branch and departments under its purview is also subject to the same principles and guidelines. In 2011-12, 2012-13 and 2013-14 (as at 28.2.2014), the actual expenses on official entertainment incurred by the Office of the SFST, the Treasury Branch and departments under its purview are \$270,000, \$250,000 and \$240,000 respectively. The estimated expenditure for 2014-15 is \$370,000.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As we do not maintain separate accounts for the expenses on the procurement of gifts and souvenirs, relevant statistics are not available.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)197****(Question Serial No. 4612)**

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

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

**Programme:** (1) Director of Bureau's Office, (2) Revenue and Financial Control,  
(3) Service Departments

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

**Director of Bureau:** Secretary for Financial Services and the Treasury

**This question originates from:** Estimates on Expenditure Volume 1 Page (if applicable)

**Question (Member Question No. 111):**

Regarding the studies (if any) commissioned by your bureau and the departments under its purview for the purpose of formulating and assessing policies, please provide information 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 (2012-13 and 2013-14):

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 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 (2014-15)? 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 (\$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?

- (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 Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview commissioned a financial consultant to conduct the following financial study 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 (\$)	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?
ING Bank N.V.	Consultants selection procedures	To advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited	4.45m	March 2012	Completed	The recommendations in the consultancy report were taken into account. On 25 October 2012, the Government fully disposed of its shareholding in Tradelink Electronic Commerce Limited.	The financial consultancy report is serving for internal reference of the Government.

- (b) In 2014-15, provision has been set aside by the Branch and departments under its purview for conducting the following consultancy study:

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?
-	Consultants selection procedures	To provide consultancy services for the Government Logistics Department to study the feasibility on adopting reverse auction and electronic auction. The scope and objectives include a survey and analysis of IT applications, relevant legislative requirements, project cost-effectiveness and acceptance by stakeholders.	Since the selection is still in progress, the amount is yet to be confirmed.	Tentatively by the end of 2014	Under planning	-	-

- (c) The Branch and departments under its purview have all along been selecting financial consultants through open, fair and transparent procedures to achieve best value for money.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)198****(Question Serial No. 4632)**

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

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

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

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume Page (if applicable)

**Question (Member Question No. 130 ):**

In regard to the growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your bureau and the departments under its purview have been involved.

- (a) For Hong Kong/Mainland cross-boundary projects or programmes, please provide information from 2011-12 to 2013-14 as per the following table:

Project/ Programme	Details, objective and whether it is related to the Framework Agreement on Hong Kong/ Guangdong Co-operation (the Framework Agreement)	Expenditure involved	Mainland official and department/ organisation involved	Progress (% completed, commencement date, target completion date)	Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons?	Details of the legislative amendments or policy changes involved in the project/ programme

(b) For Hong Kong/Mainland cross-boundary projects or programmes in 2014-15, please provide information as per the following table:

Project/ Programme	Details, objective and whether it is related to the Framework Agreement	Expenditure involved	Mainland official and department/organisation involved	Progress (% completed, commencement date, target completion date)	Will the details, objectives, amount involved or impact on the public, society, culture and ecology be released to the public? If so, through which channels and what will be the manpower and expenditure involved? If not, what are the reasons?	Details of the legislative amendments or policy changes involved in the project/programme

(c) Apart from the projects or programmes listed above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation? If so, what are they? What were the manpower and expenditure involved over the past 3 years? How much financial and manpower resources have been earmarked in the Estimates for 2014-15?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview have not involved in any Hong Kong/Mainland cross-boundary projects or programmes from 2011-12 to 2013-14. Neither do we have such plan in the coming year. Therefore, no provision has been set aside for this purpose.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)199**

**(Question Serial No. 4214)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 133 Page 49 (if applicable)

Question (Member Question No. 239):

It is mentioned in the Budget Speech that a structural deficit would surface in seven years' time in Hong Kong the soonest. Has the Government projected the revenue and economic growth in these 7 years? If yes, what are the specific method and basis used for projection? If no, what are the reasons? What are the manpower and expenditure involved in making the projections?

Asked by: Hon. KWOK Ka-ki

Reply:

Details of the projections on revenue and economic growth made by the Working Group on Long-Term Fiscal Planning (Working Group) are set out in Chapters 2 and 4 of the Working Group's report which can be accessed through the following link –

(<http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm>).

The expenditure involved in supporting the work of the Working Group has been absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). In 2013-14, the expenditure involved mainly includes the salary costs of two temporary posts and the printing costs of the Working Group report, which are around \$1,200,000 and \$410,000 respectively.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)200**

**(Question Serial No. 4215)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 142 Page 52 (if applicable)

Question (Member Question No. 240):

It is mentioned in the Budget Speech that the Government shall review other fees and charges, including water charges, which have not been revised for 19 years, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. What are the details? What is the specific amount of revenue generated in terms of fiscal income? Will the Government launch any public consultation on the above measures in 2014-15? What are the schedule and estimates involved?

Asked by: Hon. KWOK Ka-ki

Reply:

Policy bureaux and departments review their fees and charges regularly. Fees and charges that will be reviewed this year include water charges, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. In reviewing the fees and charges, policy bureaux and departments will take into account factors including the specific circumstances of the services provided, public affordability and acceptability, and the views of Legislative Council Members before making proposals for fee revisions.

Fees and charges review is part of a bureau/department's regular duties. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)201**

**(Question Serial No. 4216)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 241):

It is mentioned in the Budget Speech that the Government will consider the setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses. What are the details and the specific size of the fund? What are the reasons and grounds of using the Land Fund as seed capital for the "Future Fund"?

Asked by: Hon. KWOK Ka-ki

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)202**

**(Question Serial No. 4217)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 242):

Regarding the "Future Fund", please advise on its investment approach, estimated annual investment return, management and the specific uses of its investment return.

Asked by: Hon. KWOK Ka-ki

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)203**

**(Question Serial No. 4218)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 243):

How is the "Future Fund" different from the existing Capital Works Reserve Fund and Land Fund in terms of nature, purpose of establishment and use?

Asked by: Hon. KWOK Ka-ki

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)204**

**(Question Serial No. 4219)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 244):

It is mentioned in the Budget Speech that the "Future Fund" will enable the Government to draw on this contingency fund in the event of sustained budget deficit to finance strategic infrastructure projects. What are such strategic infrastructure projects that the Financial Secretary is referring to? In what way are they strategic? Why will the Government still spend public money on infrastructure projects when faced with sustained budget deficit?

Asked by: Hon. KWOK Ka-ki

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the "Future Fund" should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)205**

**(Question Serial No. 4220)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page 52 (if applicable)

Question (Member Question No. 245):

It is mentioned in the Budget Speech that the Government may finance strategic infrastructure projects that are conducive to Hong Kong's future economic development. What is its rationale? How will strategic infrastructure projects solve the aging problem? What is the rationale and academic basis for this approach?

Asked by: Hon. KWOK Ka-ki

Reply:

Over the past decades, sustained investment in infrastructure has laid a solid foundation for the economic development of Hong Kong. Maintaining a system that enables efficient flow of people, goods, capital and information as well as providing sites for the commercial sector and other industries in a timely manner are of utmost importance in enhancing Hong Kong's competitiveness. Looking ahead, we will continue to invest in worthwhile works projects while duly considering the overall affordability of Hong Kong in prioritising works projects. In addition to promoting economic development, capital works projects can also meet the needs of the community as a whole. For example, the Hospital Authority is planning a number of major hospital redevelopment and expansion projects, including the expansion of United Christian Hospital and the redevelopment of Kwong Wah Hospital, Queen Mary Hospital and Kwai Chung Hospital. These investments can upgrade our public healthcare system and expand its capacity to prepare for the ageing population.

Government's investment in infrastructure is mainly funded by the Capital Works Reserve Fund and the Lotteries Fund, and is not related to the Appropriation Bill 2014 or the Expenditure Head 147.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)206**

**(Question Serial No. 5696)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 161 Page 61 (if applicable)

Question (Member Question No. 21):

According to press reports, the Financial Secretary expected a surge in expenditure in 2015-16 as the \$50 billion for supporting healthcare reform and the expenditure of certain projects would be accounted in that year, pushing the Government expenditure up to 22.4% of the Gross Domestic Product and leading to an estimated deficit of \$28.3 billion.

Please list the projects to be accounted in 2015-16.

Asked by: Hon. LEE Wai-king, Starry

Reply:

The expenditure of the Capital Works Reserve Fund does not fall under the scope of the Appropriation Bill and is not related to the expenditure under the General Revenue Account.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)207**

**(Question Serial No. 6396)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 43):

Will the Administration consider breaking down the overall surplus on the Accounts of the Government into operating account surplus and capital account surplus in the future so as to enhance the transparency of accounts and make it easier for the Government to increase recurrent expenditure while maintaining a balanced budget?

Asked by: Hon. LEE Wai-king, Starry

Reply:

We have been managing and budgeting for both expenditure and revenue in their totality. Article 107 of the Basic Law stipulates that the Government should keep the budget commensurate with the growth rate of its gross domestic product. Pursuant to this requirement, government expenditure refers to total government expenditure, not just recurrent expenditure. The purpose of segregating the operating and capital accounts is not to increase recurrent expenditure while maintaining a balanced budget at the same time. The Government aims to achieve a balance in the consolidated and operating accounts. The Government also aims, over time, to achieve an operating surplus to partially finance capital expenditure.

To enhance transparency, the surplus/deficit of operating account and capital account are respectively disclosed in the Accounts of the Government. In the Accounts of the Government for the year ended 31 March 2013, the respective surplus/deficit of operating account and capital account are disclosed in Note 17 to the financial statements of consolidated account on page 15. We will review on the reporting policy of the Accounts of the Government from time to time so as to further enhance its transparency.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)208**

**(Question Serial No. 6508)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 134 Page 49 (if applicable)

Question (Member Question No. 539):

It is mentioned in paragraph 134 of the 2014-15 Budget Speech that “The projection results and analysis of the Working Group spark off a clear warning and call for serious attention. If government expenditure keeps growing and outpacing economic and revenue growth, a structural deficit would be inevitable.”

Please advise whether the occurrence of the structural deficit mentioned above contravenes Article 107 of the Basic Law which stipulates that “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.”

Asked by: Hon. LEUNG Kwok-hung

Reply:

It is a requirement of Article 107 of the Basic Law for the Government to keep expenditure within the limits of revenues, avoid deficits, and keep the budget commensurate with the GDP growth. The Working Group on Long-Term Fiscal Planning forewarns about the sustainability of the public finances, and considers that there is a need for the Government to strengthen its fiscal discipline and implement timely and effective fiscal measures to minimise the risk of structural deficits and to avoid contravening the requirement of Article 107 of the Basic Law.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)209**

**(Question Serial No. 6509)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 142 Page 52 (if applicable)

Question (Member Question No. 540):

It is mentioned in paragraph 142 of the 2014-15 Budget Speech that "Fees and charges is an important source of government revenue. Last year, I asked government departments to review their fees and charges, beginning with items which did not directly affect people's livelihood. After a review of more than 1 300 fees and charges, more than 200 increases have been proposed. These will reduce the loss of public revenue by around \$60 million per year. We shall review other fees and charges this year, including water charges, which have not been revised for 19 years, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services."

Please provide the number of fees and charges the Administration will review in the 2014-15 financial year and the estimated expenditure required? How much government revenue will be generated?

Asked by: Hon. LEUNG Kwok-hung

Reply:

Policy bureaux and departments review their fees and charges regularly. Fees and charges that will be reviewed this year include water charges, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. In reviewing the fees and charges, policy bureaux and departments will take into account factors including the specific circumstances of the services provided, public affordability and acceptability, and the views of Legislative Council Members before making proposals for fee revisions.

Fees and charges review is part of a bureau/department's regular duties. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)210**

**(Question Serial No. 6510)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 541):

It is stated in the 2014-15 Budget Speech that, 'our fiscal reserves currently stand at over \$700 billion. Of this amount, \$220 billion is the balance of the Land Fund and \$130 billion is held in funds with designated uses. Only the remaining \$400 billion or so, held in the General Revenue Account, may be flexibly deployed to meet the day-to-day operation of Government. We can consider setting up a savings scheme to prepare for the future having regard to the experience of other economies. One example is the setting up of a "Future Fund" comprising the Land Fund and a portion of future surpluses. Government may draw on this contingency fund in the event of sustained budget deficit to finance strategic infrastructure projects conducive to Hong Kong's future economic development.'

- 1) Will the "Future Fund" be established and replace the Land Fund?
- 2) Apart from financing strategic infrastructure projects, will the "Future Fund" be used to meet other expenses?
- 3) Will the establishment of the "Future Fund" have any implications on the Government's overall surplus position every year?
- 4) Will the establishment of the "Future Fund" have any implications on the Government's fiscal reserves balance every year?
- 5) Will the establishment of the "Future Fund" have any implications on the Government's balance of "public expenditure" as shown in Table 3 of paragraph 13 under Section III of Appendix A of the Supplement and Appendices to the annual Budget?
- 6) Will the establishment of the "Future Fund" have any implications on the Government's "surplus position" as shown in Table 3 of paragraph 13 under Section III of Appendix A of the Supplement and Appendices to the annual Budget?

Asked by: Hon. LEUNG Kwok-hung



Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)211****(Question Serial No. 6511)**

<u>Head:</u>	(147) Government Secretariat: Financial Services and the Treasury Bureau (the Treasury Branch)
<u>Subhead (No. &amp; title):</u>	(-) Not Specified
<u>Programme:</u>	Not Specified
<u>Controlling Officer:</u>	Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Elizabeth TSE)
<u>Director of Bureau:</u>	Secretary for Financial Services and the Treasury
<u>This question originates from:</u>	Budget Speech Paragraph 147 Page 53 (if applicable)

Question (Member Question No. 542):

According to the Budget Speech for the 2014-15 financial year, "147. When drawing up the one-off relief measures to be included in this Budget, I have taken into account the series of recurrent measures introduced by Government earlier to help the grassroots, the economic outlook for the next financial year, especially a slight slowdown in inflation, and the financial position in the current financial year. I now propose to launch five measures involving about \$20 billion. Together with other measures in this Budget, the fiscal stimulus effect on GDP will be 0.7 percentage point. These five measures include –

(a)	reducing salaries tax and tax under personal assessment for 2013-14 by 75 per cent, subject to a ceiling of \$10,000. This proposal will benefit 1.74 million taxpayers in the territory. The reduction will be reflected in the final tax payable for 2013-14. This will cost the Government about \$9.2 billion;
(b)	reducing profits tax for 2013-14 by 75 per cent, subject to a ceiling of \$10,000. This proposal will benefit 126 000 taxpayers in the territory. The reduction will be reflected in the final tax payable for 2013-14. This will cost Government about \$1 billion;
(c)	waiving rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per quarter for each rateable property. It is estimated to benefit around 3.1 million properties, and will cost Government about \$6.1 billion;
(d)	paying one month's rent for public housing tenants. Government will pay one month's base rent for tenants who are required to pay extra rent to the Housing Authority. For non-elderly tenants of the Hong Kong Housing Society's Group B estates, Government will pay two-thirds of their rent for one month. This measure will involve \$1 billion; and
(e)	providing an extra allowance to Comprehensive Social Security Assistance (CSSA) recipients, equal to one month of the standard rate CSSA payments, and an extra allowance to Old Age Allowance, Old Age Living Allowance and Disability Allowance recipients, equal to one month of the allowances. This will involve an additional expenditure of \$2.7 billion."

”

On the other hand, the relief measures in the “Budget Highlights” are:

“Relief Measures:

Increase the allowance for maintaining a dependent parent or grandparent

Reduce salaries tax and tax under personal assessment for 2013-14 by 75%, subject to a ceiling of \$10,000

Waive rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per quarter

Provide an extra allowance to CSSA recipients, Old Age Allowance, Old Age Living Allowance and Disability Allowance recipients, equal to one month of the respective allowances

Pay one month's rent on behalf of public housing tenants"

Please advise: why is there no mention of reducing profits tax for 2013-14 by 75 per cent, i.e. the second item in the Budget Speech?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The reduction of profits tax for 2013-14 announced in the 2014-15 Budget can be found in the section of "Small and Medium Enterprises" under "Development of Industries" of the Budget Highlights.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 6512)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 151 Page 57 (if applicable)

Question (Member Question No. 547):

It was mentioned in paragraph 151 of the 2014-15 Budget Speech that "Operating expenditure for 2014-15 is estimated to be \$325 billion. This is 4.1 per cent or \$13.8 billion less than the revised estimate for 2013-14, mainly due to the reduction of one-off relief measures and one-off injections into funds for designated uses. Recurrent expenditure accounts for \$307.4 billion, or over 94 per cent of the 2014-15 operating expenditure, which is an increase of \$22.3 billion or 7.8 per cent over the revised estimate for 2013-14. This represents Government's continued commitment to improving people's livelihood."

The chart in the paragraph shows that the non-recurrent expenditure in 2014-15 is estimated to be \$12.9 billion while the expenditure for one-off injections and relief measures is estimated to be \$4.7 billion.

However, page 19 of Volume I of the Budget shows that the estimated non-recurrent expenditure in 2014-15 is \$8.5 billion and the additional commitments is \$9.0 billion.

According to paragraph 147 of the Budget, the expenditure for sub-item 4 of the one-off relief measures is \$1 billion and that for sub-item 5 is \$2.7 billion. That is still \$1 billion less than the \$4.7 billion on the chart.

Please list a detailed breakdown of the expenditures for the above one-off injections, relief measures, additional commitments and non-recurrent expenditure.

Asked by: Hon LEUNG Kwok-hung

Reply:

Non-recurrent expenditure for 2014-15 is estimated to be \$17.6 billion. The provision for the approved non-recurrent expenditure items under respective expenditure heads is around \$8.6 billion while the remaining \$9 billion is earmarked under Subhead 789 Additional commitments of Head 106. The additional commitments are provided to meet funding for major non-recurrent initiatives under planning and scheduled to commence in 2014-15, and also any non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates.

The major initiatives scheduled to commence in 2014-15 include the injection into the Qualifications Framework for setting up an endowment fund (\$1 billion), payment of one month's rent for public housing tenants (\$1 billion) and an extra payment to recipients of Comprehensive Social Security Assistance (CSSA), Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA) (\$2.7 billion). The relevant policy bureaux or departments will submit the funding proposals of these initiatives (\$4.7 billion in total) to the Finance Committee of the Legislative Council for consideration and approval after the Budget has been approved. As all non-recurrent subheads should have approved commitments, these initiatives can only be charged to the relevant heads after approval is granted.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)213****(Question Serial No. 6513)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 151 Page 57 (if applicable)

Question (Member Question No. 549):

It is mentioned in paragraph 151 of the Budget Speech for the 2014-15 financial year that "Operating expenditure for 2014-15 is estimated to be \$325 billion. This is 4.1 per cent or \$13.8 billion less than the revised estimate for 2013-14, mainly due to the reduction of one-off relief measures and one-off injections into funds for designated uses. Recurrent expenditure accounts for \$307.4 billion, or over 94 per cent of the 2014-15 operating expenditure, which is an increase of \$22.3 billion or 7.8 per cent over the revised estimate for 2013-14. This represents Government's continued commitment to improving people's livelihood."

Please compare the revised estimate for 2013-14 and the estimate for 2014-15 with details of the Government's reduction of one-off injections into funds for designated uses.

Asked by: Hon. LEUNG Kwok-hung

Reply:

Details of the Government's reduction of one-off injections into funds for designated uses in 2014-15 as compared with those in 2013-14 are as follows:

**2013-14**

1. Community Care Fund	\$15.0 billion
2. Employees Retraining Board	\$15.0 billion
3. Language Fund	\$5.0 billion
4. Environment and Conservation Fund	\$5.0 billion
5. HKSAR Government Scholarship Fund and Self-financing Post-Secondary Education Fund	\$0.5 billion
<b>Total</b>	<b><u><u>\$40.5 billion</u></u></b>

**2014-15**

1. Set up an endowment fund for the Qualifications Framework	\$1.0 billion
<b>Total</b>	<b><u><u>\$1.0 billion</u></u></b>

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)214****(Question Serial No. 6514)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 156 Page 59 (if applicable)

Question (Member Question No. 550):

It is stated in paragraph 156 of the 2014-15 Budget Speech that "owing to the reduction in operating expenditure, total government expenditure is estimated to be \$411.2 billion in the next financial year, 5.7 per cent less than that of last year. Public expenditure will be equivalent to 19.8 per cent of GDP".

Please make a comparison between the revised estimate for 2013-14 and the estimate for 2014-15, and list the major reductions in the three main areas of government expenditure, namely recurrent expenditure under operating expenditure, non-recurrent expenditure under operating expenditure and capital expenditure.

Asked by: Hon. LEUNG Kwok-hung

Reply:

Government expenditure for 2013-14 revised estimate and 2014-15 estimate are as follows:

	2013-14 Revised Estimate (\$ million)	2014-15 Estimate (\$ million)	Difference (\$ million)	Reason
Recurrent Expenditure	285,165	307,433	22,268	
Non-recurrent Expenditure	53,616	17,567	-36,049	Mainly due to the reduction of one-off relief measures and one-off injections into funds for designated uses in 2014-15.
Operating Expenditure	338,781	325,000	-13,781	
Capital Expenditure	97,010	86,163	-10,847	Mainly due to the one-off grant to the Hospital Authority for minor works projects amounting to \$13 billion in 2013-14.
Government Expenditure	<u>435,791</u>	<u>411,163*</u>	<u>-24,628</u>	

\* Excluding repayment of government bonds and notes amounting to \$9,750 million.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)215****(Question Serial No. 6520)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 580):

It is stated in paragraph 7.81 of the Report of the Working Group on Long-term Fiscal Planning,

“In view of the long-term fiscal situation, the Working Group recommends that the Government keep in view the need for disposal or securitisation of government assets from time to time, bearing in mind the above factors. If need be, the Government should engage consultants to advise on the strategy for the holding or disposal of assets. The Working Group also recommends that the Government should ensure that the government business enterprises are managed and operated efficiently and cost-effectively.”

Please list out the Government's asset disposal or securitisation projects and the reviews on such projects in the past ten years.

Asked by: Hon. LEUNG Kwok-hung

Reply:

From 2003-04 to 2013-14, details of the disposal and securitisation of asset items are as follows:

<b>Year</b>	<b>Item</b>	<b>Proceeds (\$billion)</b>
2003-04	The sale of Civil Servant Housing Loans, Home Starter Loan Scheme and Sandwich Class Housing Loan Scheme	15.466
2004-05	Issuance of Toll Revenue Bond	5.522
	Return of share capital from Airport Authority	6.00
	The sale of Civil Servant Housing Loans	0.177
2005-06	The sale of shareholding in Tradelink Electronic Commerce Limited	0.264
	The sale of Civil Servant Housing Loans	0.172
2006-07	The sale of Civil Servant Housing Loans	0.107
2007-08	The sale of Civil Servant Housing Loans	0.063
2008-09	The sale of shareholding in Digital Trade and Transportation Network Limited	0.012
	The sale of Civil Servant Housing Loans	0.068

<b>Year</b>	<b>Item</b>	<b>Proceeds (\$billion)</b>
2009-10	The sale of Civil Servant Housing Loans	0.172
2010-11	The sale of Civil Servant Housing Loans	0.154
2011-12	The sale of Civil Servant Housing Loans	0.118
2012-13	The sale of shareholding in Tradelink Electronic Commerce Limited	0.119
	Refund of capital injection by the Hong Kong Export Credit Insurance Corporation	0.02
	The sale of Civil Servant Housing Loans	0.127
2013-14	The sale of Civil Servant Housing Loans	0.151
	<b>Total :</b>	<b>28.712</b>

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the stepping up of the management of the Government’s assets. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)216**

**(Question Serial No. 6521)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 582):

The following paragraphs of the Report of the Working Group on Long-Term Fiscal Planning state that:

Paragraph 7.54: The Working Group has drawn reference from the budgetary guidelines adopted in the 1970s. The ones relating to expenditure include the following –

- (a) the split between recurrent and capital expenditure should be broadly 70:30;
- (b) recurrent expenditure should absorb no more than 80% of recurrent revenue – the surplus would then be a cushion to help fund capital projects; and
- (c) capital expenditure should be met by capital revenue (at least 20%), supplemented by recurrent surpluses (at least 60%) and if necessary loan financing for “self-liquidating projects”.

Paragraph 7.55: Since the 1970s, the Government’s Recurrent and Capital Accounts have become more sophisticated. The Recurrent Account has been retitled as the Operating Account in 2004-05. Quite a number of funds with designated use have been established by Resolution under the Public Finance Ordinance (Cap. 2), including the Capital Works Reserve Fund (CWRF), the Lotteries Fund, the Innovation and Technology Fund, etc.

Paragraph 7.75: With a better understanding of the fiscal reserves, our community should have a more objective and clearer idea of our fiscal position when considering new policy initiatives.

Please explain the Government’s classification criteria for the Operating and Capital Accounts.

Please explain in detail the criteria for the budgetary guidelines mentioned in Paragraph 7.54 above and the meaning of healthy financial management.

Please explain the split between the Government’s Recurrent and Capital Accounts.

Asked by: Hon. LEUNG Kwok-hung

Reply:

Operating Account includes operating revenue and operating expenditure.

Operating revenue comprises all revenue credited to the General Revenue Account (except those items which are treated as capital revenue, i.e. disposal proceeds of government quarters and other assets, estate duty, loan repayments received and recovery from Housing Authority) and the Land Fund.

Operating expenditure comprises all expenditure charges to the Operating Account of the General Revenue Account (i.e. excluding equipment, works and capital subventions of a minor nature which are under capital expenditure).

Capital Account includes capital revenue and capital expenditure.

Capital revenue comprises all receipts of the seven funds, namely Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund, and capital revenue items in the General Revenue Account.

Capital expenditure comprises all expenditure charged to the Capital Works Reserve Fund (excluding repayment of the bonds and notes), Capital Investment Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund, and the capital expenditure items in the General Revenue Account.

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should segregate and balance the Operating and Capital Accounts. For details and bases of the relevant recommendations, reference may be made to the Working Group’s report.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)217**

**(Question Serial No. 6522)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 584):

In paragraph 7.48 of the Report of the Working Group on Long-Term Fiscal Planning states:

“In order that the community can focus on the size of the Future Fund and avoid confusion with the other parts of the Fiscal Reserves which have other uses, the Working Group also recommends that the Future Fund, notionally held against the Land Fund, with regular top-ups from its own investment returns and perhaps contributions from future surpluses, should not be accounted for as part of the fiscal reserves. It will be presented separately.”

Please explain in detail the meaning of fiscal reserve.

Please explain how the Future Fund change the Government's interpretation of fiscal reserve.

Please explain the meaning of that the Future Fund should not be accounted for as part of the fiscal reserves.

Asked by: Hon. LEUNG Kwok-hung

Reply:

Fiscal reserves refer to the accumulated balances of the General Revenue Account, Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. Only the portion held in the General Revenue Account (about \$394 billion) is for meeting the day-to-day cash flow requirements of the Government; the balance held in the Land Fund (about \$220 billion) has no authorised use; and the balances held in the remaining seven Funds (about \$132 billion) have their respective designated use.

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)218****(Question Serial No. 6523)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 892):

It was mentioned in Para. 7.46 of the Report of the Working Group on Long-Term Fiscal Planning:

“As is, the Land Fund has since 1997-98 served as a *de facto* standby facility for the Government. The Working Group recommends that the Financial Secretary explore the feasibility of turning the Land Fund into a “Future Fund” or savings scheme for the future generation. With a ready “endowment” of some \$220 billion, the Future Fund will be able to build on its investment returns. On top of this, however, the Future Fund would need other sources of income, like a percentage share of the surpluses in either the Operating/Capital Account levels or the Consolidated Account level. The percentage contribution can be fixed for each year for at least ten years. As a discipline, and to avoid the Future Fund being drawn down too readily, at the expense of the future generations, there should be a time bar before withdrawals can be contemplated. The rule may be—no withdrawal earlier than ten years from start, or no earlier than after two successive years of budget deficit.”

In case the Government adopts the idea of a Future Fund, please set out, according to past experience, the estimated timetable for the public consultation exercise and the legislative process.

As regards “the rule may be—no withdrawal earlier than ten years from start, or no earlier than after two successive years of budget deficit”, what are the quantitative justifications for determining “ten years” and “two successive years”? Has an econometric modelling exercise been undertaken to conduct an analysis for this purpose?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)219**

**(Question Serial No. 6524)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 143 Page (if applicable)

Question (Member Question No. 482):

In his Budget Speech, the Financial Secretary ("FS") states that consideration will be given to the setting up of a "Future Fund". Will the FS advise this Committee of the following:

- (1) It is mentioned in the Speech that the "Future Fund" will be used to finance "strategic infrastructure projects". Yet, the FS once said that infrastructural development did not merely refer to the building of roads and bridges, but also hospitals, residential care homes for the elderly, etc. What do "strategic infrastructure projects" actually refer to? What are the criteria for classifying as such? What will be the expenditure involved? Please give examples for illustration.
- (2) Will the mode of operation (investment direction) of the "Future Fund" be similar to funds for like purposes established by other economies, such as the "Future Fund" of Australia, or "Sovereign Fund" of Norway or Singapore? Under which department will the "Future Fund" be managed? Or, will it be included in the "Exchange Fund" and administered by the Hong Kong Monetary Authority as the Government fiscal reserves used to be? In which direction will its investment be different from the "Exchange Fund"?
- (3) The FS said that the "Future Fund" was non-recurrent in nature and might not be suitable for retirement protection purpose. However, Mr. Marcellus Wong, who is a member of the Working Group on Long-Term Fiscal Planning ("the Working Group"), the private think tank of the FS, and also the Senior Adviser of PricewaterhouseCoopers, pointed out that the establishment of the "Future Fund" would serve mainly as a saving scheme for the future and the fund might be used to provide services from social welfare, medical and healthcare, to retirement protection, etc. This concept varies from that of the FS. Will due consideration be given to using the "Future Fund" as the seed fund for "universal retirement protection" to safeguard the future of Hong Kong people, in particular the elderly and the youths?
- (4) The Working Group suggested that there should be a time bar before withdrawal could be contemplated. For example, no withdrawal earlier than "ten years from start" or "after two successive years of budget deficits" should be allowed. As such, one third of the fiscal reserves will be withheld. If serious fiscal deficit was recorded continuously or intermittently in the coming decade, the fund would not be able to provide contingencies once and again, as in 2003 and 2004 when Hong Kong experienced acute economic crisis. In view of the acute fiscal position in the future as projected by the FS and his Working Group, will it be a wise move to withhold the "Future Fund" for investment in full?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn.

The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 6525)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 570):

It was mentioned in Para. 7.5 of the Report of the Working Group on Long-Term Fiscal Planning:

“The Working Group is also conscious of the need to avoid understating the revenue projections. The current projections-that government revenue would move in tandem with GDP and would stay at around 20% of GDP from now to 2041-42, are rather robust already given the projected decline in labour force in a fast ageing economy. These projections for Hong Kong are also very consistent with the revenue trends in the seven economies reviewed; as a percentage of GDP, their revenue streams tended to fluctuate within a very narrow margin.”

On the other hand, in Table 2 under Section III “Relationship Between Government Expenditure/Public Expenditure and GDP in the Medium Range Forecast” of the Appendix in the Budget:

The forecast for 2015-16 is 22.4% in which  $\$2,340 \text{ b} \times (22.4\% - 20\%) =$  a difference of \$56.1 b.

Will the Administration inform this Committee of the solution to tackle the difference of \$56.1b?

Asked by: Hon LEUNG Kwok-hung

Reply:

Controlling public expenditure at or around 20 per cent of GDP is a government target in managing public finances. Its objective is to maintain Hong Kong's competitiveness and ensure that Government will not consume excessive social resources which may impede the development of the private sector. Since Hong Kong has a low tax regime, it would be difficult for government revenue to exceed 20 per cent of GDP. The target would help implement the principle of keeping the expenditure within the limits of revenues. The 20 per cent of GDP guideline on public expenditure is a target for managing public finances. It can be exceeded in individual years if necessary. For example, in the 2013-14 Budget, public expenditure went beyond 20 per cent of GDP. In 2015-16, public expenditure is estimated to exceed 20 per cent of GDP, mainly because of the inclusion of \$50 billion for supporting healthcare reform. Overall, the underlying principle is that, over time, expenditure growth should not exceed the growth of the economy so to avoid structural deficit.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 6526)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 573):

In paragraph 7.94 of the Report of the Working Group on Long-Term Fiscal Planning states: "Establishing Civil Service Pension Stabilisation Fund. The Working Group has also considered the setting up of a Civil Service Pension Stabilisation Fund to smooth out the expenditure hike on pension liabilities, and to relieve the future taxpaying generation from having to bear the full brunt of these statutory commitments. If the idea of a Future Fund can be agreed, the need to establish a savings scheme dedicated to pension commitments will not be necessary."

In the estimates of expenditures, it is stated that:

"Civil Service Pension Reserve Fund

On 25 January 1995, the Legislative Council established the Civil Service Pension Reserve Fund by Resolution to provide a reserve to meet payment of civil service pensions in the unlikely event that the Government cannot meet its liabilities for such payment from the General Revenue Account."

No payments have been made/will be made from 2009-10 to 2014-15.

Please inform this Committee whether the Government has ever been not able to meet payment of civil service pensions from the General Revenue Account (GRA).

Please inform this Committee the expected time when it is possible that the Government cannot meet payment of civil service pensions from the GRA.

Please inform this Committee why the Administration has to consider the Civil Service Pension Stabilisation Fund while the Civil Service Pension Reserve Fund is well-established.

Asked by: Hon. LEUNG Kwok-hung

Reply:

Since the establishment of the Civil Service Pension Reserve Fund (CSPRF), the Government has never made use of the fund balance to pay civil service pensions. The Government has not made any projection on when payment of civil service pensions cannot be met from the General Revenue Account.

The fund balance of the CSPRF is maintained at a level sufficient to cover payment of civil service pensions for one year. The Working Group has considered the setting up of a Civil Service Pension Stabilisation Fund, but has concluded that if the idea of a Future Fund can be agreed, the need to establish a savings scheme dedicated to pension commitments will not be necessary.



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)222****(Question Serial No. 6528)**

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

Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 486):

As the Government has indicated that public expenditure may increase significantly, I would like to know the ratio of increase or decrease under different areas of public expenditure (by policy). Please fill in the table below:

	Expenditure as a percentage of the total public expenditure in a particular year (%)		The percentage of increase under each area in 2014/15 in comparison to the increase in 2007/08 (%)
	2007-2008	2014-2015	
Infrastructure			
Education			
Social welfare			
Hygiene			
Ancillary services			
Security			
Housing			
Environment and Food			
Economy			
Community and external affairs			
Total			

Asked by: Hon. LEUNG Kwok-hung

Reply:

The information required is not directly relevant to Head 147.

Government's financial statistics can be found on pages 243 to 252 of the Report of the Working Group on Long-Term Fiscal Planning, an Excel version of which can be downloaded at the Treasury Branch's website <http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning.htm> for analysis.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 6190)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 134):

Regarding official entertainment expenses of the Bureau and its departments, will the Administration inform this Committee of:

- (1) the number of exceptions where official entertainment expenses of public officers for lunch and dinner exceeded the respective ceilings per head, the number of exceptions with approval of directorate officers, the exceeded amounts and the reasons for the excess over the past three years? Please provide the information by bureau/department/public organisation, etc.
- (2) the number of non-compliance with the guidelines on the bestowal of gifts or souvenirs by public officers during the conduct of official activities, and the number of and reasons for exceptions with approval of directorate officers over the past three years? Please provide the information by bureau/department/public organisation, etc.

Asked by: Hon. MOK Charles Peter

Reply:

The Civil Service Regulations (CSRs) set out the principles, rules and approval procedures relating to official entertainment. Heads of Departments have the delegated authority to authorise all expenditure from the departmental entertainment vote. In addition, according to the Government's internal guidelines, the expenditure limits on entertaining guests should not exceed \$450 per person for lunch or \$600 per person for dinner. Government officers are required to exercise prudent judgement and economy when entertaining guest(s) for official purposes in order to avoid any public perception of extravagance. Where there are sufficient justifications for exceeding the expenditure limits, the departments are required to consider those applications according to the established mechanism and to document properly the detailed justifications for granting such approval.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Besides, the exchange of gifts/souvenirs should only be made from organisation to organisation.

In the past 3 years, no officer of the Office of the Secretary for Financial Services and the Treasury as well as the Treasury Branch was involved in case of alleged contravention of the CSRs or other government requirements in relation to claiming reimbursement of entertainment expenses or offering gifts/souvenirs.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)224**

**(Question Serial No. 6208)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 171):

The Government has announced that it would make all public section information released for public consumption machine-readable in digital formats. In respect of this,

- (1) Please provide in the table below details of the public sector information to be released for public consumption by your Bureau/Department.

Bureau/ Department	Information items that can be released for public consumption	Description of the information	Period of the information	Is the information released in digital formats currently and date of release	If not, will it be converted into digital formats	Digital format already/planned to be used (please choose)			
						Machine-readable, non-proprietary formats (e.g. CSV)	Machine-readable, proprietary formats (e.g. MS Excel, Word)	Non-Machine-readable formats (e.g. JPG, PDF, PNG)	Open-standard formats (e.g. XML)

- (2) Would the Administration indicate the manpower and expenditure involved for releasing public sector information for public consumption in 2014-15? Will more resources and manpower be provided to your Bureau/Department for handling this task so that the plan can be more effectively implemented?

Asked by: Hon. MOK Charles Peter

Reply:

- (1) The Office of the Secretary for Financial Services and the Treasury as well as the Treasury Branch (“the Branch”) have been providing public sector information for public’s free use through the websites. The information includes press releases, work reports, financial plans, revenue and taxation policies, etc. Given the large variety and quantity of public sector information involved, we cannot list out the data released one by one. All the related information is available in digital formats (including DOC, XLS, PDF, JPG).
- (2) As announced in the 2014-15 Budget, the Government will make all government data released for public consumption available in machine-readable digital formats from 2015 onwards. As the Branch is already compiling different types of public data in digital formats, which are raw data requiring minimal processing, we expect that the relevant work can be taken up by the existing manpower staff and we have no intention to increase any resources and manpower in this regard.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)225**

**(Question Serial No. 6223)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No.197):

Regarding the Bureau/Department's expenditure on the procurement of computer software and hardware, would the Administration inform this Committee of the following:

- (a) Does the Administration have any standard internal procurement guidelines which set out the criteria for the purchase or upgrade of computer software and hardware for your Department? If yes, what are the details? Is the Department required to upgrade the computer software and hardware in a timely manner under the guidelines?
- (b) Given that the computer software and hardware supplier Microsoft will terminate its support service for the operating platform of its Windows XP, please provide the respective numbers of mainframe computers in your Department which are using (1) the operating platform of Microsoft Windows XP; (2) the operating platforms released by Microsoft before 2001; and (3) other operating platforms (please specify the version), as well as the respective percentages of these three types of operating systems in the Department's total number of mainframe computers. Does the Department have any plan to upgrade the above operating platform versions which are now obsolete?
- (c) What are the expenditure on and criteria for the procurement of tablet computers by the Department? What are the model numbers and the usages of the tablet computers procured? Is there any confidential information saved on the tablet computers? If yes, what are the details? Is there any information security software installed in the tablet computers used by the Department? What is the expenditure involved?

Asked by: Hon. MOK Charles Peter

Reply:

- (a) According to prevailing Government guidelines, bureaux/departments (B/D) have to formulate annually a 3-year Departmental Information Technology (IT) Projects Portfolio and plan the related IT projects to ensure that the business and operational needs of the B/D can be met effectively. In planning IT upgrading projects, B/Ds have to review and assess potential risks in different aspects and set in place mitigation measures. The potential risks in the technology aspect that have to be considered include product compatibility, maintenance and support service, future replacement product and market supply, etc. In purchasing or updating computer hardware and software, B/Ds should follow the Government's procurement guidelines and carry out the procurement in the most cost effective way through fair and open market competitions. B/Ds should handle the upgrading of the computer hardware and software having regard to the importance and relative priority of the IT projects concerned.
  
- (b) All computers used in the Office of the Secretary for Financial Services and the Treasury as well as the Treasury Branch are running on Microsoft Windows 7. No obsolete operating platform versions are in use.
  
- (c) In 2013-14, the total expenditure of the Treasury Branch on the procurement of tablet computers, through the Standing Offer Agreement administered by the Office of the Government Chief Information Officer or directly from the market, is around HK\$20,000. The tablet computers run on various operating platforms including Apple and Android.

Our tablet computers are mainly used to support and improve our internal operations. They are used for receipt/dissemination of emails and short messages, management of calendars and Internet browsing, etc. When procuring or upgrading tablet computers, the Treasury Branch has followed the Government's procurement guidelines by carrying out the procurement in the most cost effective way through fair and open market competitions.

We would not store confidential information on our tablet computers. Simultaneously, for security enhancement, we have implemented mobile device management solution on the table computers by adopting security measures like password lock and data wiping after specified number of incorrect login attempts. There is no separate breakdown of the expenditure involved for installing the information security software as it is included in the procurement and maintenance costs of these tablet computers.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 6537)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 122):

In connection with the provision of public information and gathering of public opinions by means of the Internet, please advise on the following:

- (a) the information regarding the social media platforms set up and operated by your bureau/departments/public bodies or their agents (such as out-sourced contractors or consultants) for the past year in tabulated form (see the following table).

Commence-ment of operation (Month/Year)	Status (keep updating /ceased updating) (as at 31 January 2014)	Government agencies (including policy bureaux/ departments /public bodies/ government consultations)	Name	Social media (Facebook/ Flickr/ Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube)	Purpose of establish-ment and no. of updates (as at 31 January 2014)	No. of "Likes"/ subscribers/ average monthly visits (as at 31 January 2014)	Whether summary of comments is compiled and follow up is taken on a regular basis (Yes/ No)	Rank and No. of officers responsible for the operation (as at 31 January 2014)	Financial resources involved in the establish-ment and daily operation (as at 31 January 2014)
			(1)...	(1)...					
			(2)...	(2)...					
			(3)...	(3)...					

- (b) whether the "Guidelines on the Use of Social Media" available on Government intranets give instructions to your department on the ceilings on expenditures for using social media or web-based platforms, such as registration fees, advertising expenditures and value-added services. If yes, what are the details? If not, will the guidelines be revised to set out the reasonable levels of expenditures derived from the use of social media?

- (c) In recent years, governments around the world have introduced systems through which citizens may hand in their online proposals. They have also undertaken that they will give a formal online response if a certain number of citizens have indicated their support of the proposals. Has the Administration examined ways to improve the existing channels for collecting public opinions on the Internet and evaluate the feasibility of the system of collecting online proposals mentioned above? If yes, what are the details? If not, what are the reasons?

Asked by: Hon, MOK Charles Peter

Reply:

- (a) The Treasury Branch did not set up or operate any social media platforms in the past year.
- (b) On using social media, the Office of the Government Chief Information Officer provides technical advice and support to bureaux and departments (B/Ds) through the provision of information security and other general guidelines for their reference, including setting up a thematic webpage to share information on as well as tips of using social media. As regards the expenditure for using social media, it would be up to individual B/Ds to decide according to their operational needs.
- (c) At present, we mainly disseminate information to the public through our homepages where the public can also make enquiries and comments via its hyperlinks. For example, we have set up a dedicated website for Budget consultation where the public can obtain relevant information and give their views. During the last Budget consultation exercise, we have received a total of 1 645 responses (excluding those received after the Budget Day), comprising 1 084 through e-mails. We consider the present approach appropriate for our operational needs. Therefore, we do not have any specific plan at this stage to introduce a system for the public to forward their proposals online. Nevertheless, we will monitor website and social media development and public reaction in order to assess the need for adjustments as appropriate in due course.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)227**

**(Question Serial No. 6554)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 415 (if applicable)

Question (Member Question No. 162):

In respect of the public relations expenses of various government departments in the past year, please inform this Committee of:

- (1) The expenses this department spent on advertisement on mainstream or online media as well as the relevant details in table form (please see the following table):

Published / Broadcasted Time (Month / Year)	Status (one-off / ongoing / done) (as at 31 January 2014)	Government or Public Organisation (including policy bureau / department / public organisation / government advisory body)	Name of Advertisement	Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc)	Purpose and Frequency of Publishing (as at 31 January 2014)	Rank and No. of Responsible Person(s) (as at 31 January 2014)	Financial resources for the expenses involved (as at 31 January 2014)
			(1)...	(1)...			
			(2)...	(2)...			
			(3)...	(3)...			



(2) The expenses this department spent on sponsoring media to provide programmes or materials as well as the relevant details (please see the following table):

Programme / Content Published / Broadcasted Time (Month / Year)	Status (one-off / ongoing / done) (as at 31 January 2014)	Sponsoring Government or Public Organisation (including policy bureau / department / public organisation / government advisory body)	Name of Programme / Content	Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc)	Purpose and Frequency of the Sponsorship (as at 31 January 2014)	Rank and No. of Responsible Person(s) (as at 31 January 2014)	Expenses (as at 31 January 2014)
			(1)...	(1)...			
			(2)...	(2)...			
			(3)...	(3)...			

(3) The expenses on and details of the Advertorial of this department (please see the following table):

Programme / Content Published / Broadcasted Time (Month / Year)	Status (one-off / ongoing / done) (as at 31 January 2014)	Government Organisation (including policy bureau / department / public organisation / government advisory body)	Name of Programme / Content	Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc)	Purpose and Frequency of the Publishing / Broadcasting (as at 31 January 2014)	Rank and No. of Responsible Person(s) (as at 31 January 2014)	Non-government organisation / Personnel Responsible for Writing Advertisement Script (if any)	Expenses (as at 31 January 2014)
			(1)...	(1)...				
			(2)...	(2)...				
			(3)...	(3)...				

Asked by: Hon. MOK Charles Peter

Reply:

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

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 3352)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 28):

It is noted that the Branch will “pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government”. In this regard,

- (a) what is the Bureau’s estimated expenditure for the work for 2014-15?
- (b) what are the number and rank of officials to be tasked with the work?
- (c) what projects are included in the specific work plan?
- (d) what is the progress or schedule for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 3355)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 85):

It is noted that the Branch will “pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government”. In this regard,

- (a) what is the Bureau’s estimated expenditure for the Future Fund proposal of the Working Group on Long-Term Fiscal Planning for 2014-15?
- (b) what are the number and rank of officials to be tasked with the work?
- (c) what projects are included in the specific work plan?
- (d) what is the progress or schedule for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

The Working Group on Long-Term Fiscal Planning (“Working Group”) has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the recommendation that the Government should start saving for the future and establish a savings scheme as soon as practicable. The objective is to set aside a portion of the fiscal reserves and annual surplus, invest these, so that the provision can be released after a designated period to help relieve the fiscal pressure in the future. The Working Group has also recommended that the use and *modus operandi* of the “Future Fund” should be left open, and the focus should be on when the amount would be drawn. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.

**CONTROLLING OFFICER'S REPLY**

**(Question Serial No. 4798)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 50):

It is stated in *Matters Requiring Special Attention in 2014-15* under Programme (2) that the Branch will “continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the cost recovery calculations to ensure better compliance with the “cost recovery” and “user pays” principles for appropriate government services”. In this connection, will the Administration inform this Committee of the following:

1. an overview of the revisions of fees and charges for government services in the past 5 years (i.e. 2009-10 to 2013-14) and the number of fee items for government services that satisfy the “user pays” principle;
2. the average percentage increase of over 200 fees and charges which will increase public revenue by around \$60 million per year out of the more than 1 300 fees and charges under review last year, as mentioned in paragraph 142 of the Budget speech;
3. the number of items with fee reduction out of the more than 1 300 fees and charges under review, the amount involved and the average percentage of reduction; and
4. 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:

Government services to individuals or organisations are generally charged in accordance with the “user pays” principle. There are more than 4 000 fees and charges, of which over 1 000 have been adjusted in the past 5 years (i.e. from 2009-10 to end-February of 2013-14) with varying cost recovery rates.

After a review of more than 1 300 fees and charges, the departments concerned have proposed more than 200 increases, including the fees for pesticide permits/licences, exhibition permit/licences for animals and birds, riding establishment licence, and road traffic-related charges (e.g. removal charge). There are also proposed reductions, such as the fee for the issue of a certificate of accuracy under the Import and Export (Fees) Regulations. The proposals for fee revision involve varying rates of adjustment.

Policy bureaux and departments review their fees and charges regularly. As the Financial Secretary points out in the 2014-15 Budget, fees and charges that will be reviewed this year include water charges, which have not been revised for 19 years, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. All government departments will consult relevant stakeholders on their proposals for fee revisions to ensure compliance with the “user pays” principle.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)231**

**(Question Serial No. 5594)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 416 (if applicable)

Question (Member Question No. 75):

Regarding the work to “continue to oversee legislative amendments to the Inland Revenue Ordinance (Cap. 112) and Stamp Duty Ordinance (Cap. 117) to keep the tax regime updated”, please advise on the following:

- (a) What is the estimated expenditure to be involved in 2014-15?
- (b) What are the number and ranks of officers responsible for the work?
- (c) What items are included in the specific work plan?
- (d) What are the progress and schedule of work in 2014-15?

Asked by: Hon. TO Kun-sun, James

Reply:

In 2014-15, the focus of our work in tax legislation will be on the completion of the legislative amendment exercise relating to the Stamp Duty Ordinance so as to effect the measures introduced for stabilising the property market. We will also amend the Inland Revenue Ordinance (IRO) to implement the proposed increase in tax allowances and one-off tax reduction as announced in the Budget. Besides, we plan to propose amendments to the IRO with a view to enhancing the efficiency of the existing tax appeal mechanism. In this regard, we consulted the Legislative Council Panel on Financial Affairs in January 2014.

The above-mentioned legislative amendment exercises are mainly carried out by one Deputy Secretary, one Principal Assistant Secretary and one Assistant Secretary. No additional expenditure is involved. As the relevant legislative amendment work is part of the overall duties of the above-mentioned officers, we are unable to break down the expenditure involved in quantifiable terms.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)232**

**(Question Serial No. 5678)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Budget Speech Paragraph 133 Page (if applicable)

Question (Member Question No. 38):

Financial Secretary John Tsang indicates that a deficit may surface in the Government's revenue and expenditure accounts in future. How will or will the Administration adjust the investment strategy to make up for the ever-increasing government expenditure?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. Such measures include the stepping up of the management of the Government's assets and using the financial return to help reduce the fiscal pressures in the future. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)233**

**(Question Serial No. 5395)**

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

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page (if applicable)

Question (Member Question No. 20):

It is announced in this year's Budget that a number of recommendations from the Working Group on Long-Term Fiscal Planning will be adopted, and the Treasury Branch will pursue and commence work. What are those recommendations adopted that the Treasury Branch will pursue? What are the specific details of the work commenced? Will additional manpower be involved? If so, what is the expenditure?

Asked by: Hon. WONG Kwok-kin

Reply:

The Working Group on Long-Term Fiscal Planning ("Working Group") has recommended to the Financial Secretary the adoption of a comprehensive package of fiscal measures to cope with the fiscal challenges ahead. The Government will carefully examine the recommendations put forward by the Working Group and invite it to provide concrete analyses and assessments in detail on some of the recommendations for further consideration.

The expenditure involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). If needed, we will create temporary posts to provide support according to the established procedures.



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)234**

**(Question Serial No. 5256)**

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

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

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

This question originates from: Estimates on Expenditure Volume 1 Page 421 (if applicable)

Question (Member Question No. 32):

What is the 2014-15 estimate for duty visits or exchanges in the Mainland conducted by the Financial Services and the Treasury Bureau (the Treasury Branch)? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

Officers of the Financial Services and the Treasury Bureau (the Treasury Branch) will conduct duty visits in 2014-15 with regard to operational needs. There are no specific plans to conduct duty visits to the Mainland for the time being.

Duty visits, if publicly funded, are subject to control under relevant regulations and guidelines to ensure effective monitoring and proper use of public funds. Such controls include: duty visits should only be conducted when there are strong operational reasons; all duty visits should obtain prior approval formally and should avoid non-official activities; the officers concerned should provide all necessary information in respect of the proposed visit as far as possible when submitting the application; and if there are any subsequent changes to the arrangements, the officers concerned should inform the approving officers as soon as possible who should then assess whether re-consideration of the applications is needed.