

Government accepts recommendations of the Group of Experienced Leaders on Future Fund

The Government announced today (February 26) that it has accepted the recommendations tendered by the Group of Experienced Leaders ("the Group") on the investment strategies and portfolios of the Future Fund.

The Group recommends that the Government should deploy part of the Future Fund to establish a new portfolio, named "Hong Kong Growth Portfolio", to make strategic investments in projects with a Hong Kong nexus. The purpose is to enhance returns, while also consolidating Hong Kong's status as a financial, commercial and innovation centre, and raising Hong Kong's productivity and competitiveness in the long run.

"We must make good use of the Future Fund to continuously invest for the future of Hong Kong. The Government agrees with the recommendations of the Group, including the establishment of a new Hong Kong Growth Portfolio to make strategic investments in projects with a Hong Kong nexus," said the Financial Secretary, Mr Paul Chan.

Mr Chan said that the Government would now proceed with the preparatory work leading to the establishment of the Hong Kong Growth Portfolio.

In his 2019-20 Budget Speech, the Financial Secretary announced that he would invite several leaders from the financial services and business sectors to make recommendations on the investment strategies and portfolios of the Future Fund. The Group led by Dr Victor Fung, comprising Professor Lawrence J Lau, Mr Peter Wong and Mr Norman Chan (former Chief Executive of the Hong Kong Monetary Authority), had thoroughly discussed and reviewed the subject, and tendered its recommendations to the Government.

The summary of recommendations of the Group is at Annex.

Tax measures proposed in 2020-21 Budget

In his Budget delivered today (February 26), the Financial Secretary proposed the following tax measures.

The Financial Secretary proposed a one-off reduction of profits tax, salaries tax and tax under personal assessment for the year of assessment

2019-20 by 100 per cent, subject to a ceiling of \$20,000 per case. This measure will cost the Government \$20.8 billion, benefiting about 2.09 million taxpayers.

The tax reduction will reduce the amount of tax payable by taxpayers for the year of assessment 2019-20. Taxpayers should file their profits tax returns and tax returns for individuals for the year of assessment 2019-20 as usual. Upon enactment of the relevant legislation, the Inland Revenue Department will effect the reduction in the final assessment.

The proposed tax reduction will only be applicable to the final tax for the year of assessment 2019-20, but not to the provisional tax of the same year. Therefore, despite the proposed reduction, taxpayers are still required to pay the provisional tax on time as stipulated in the demand notes that have been issued to them. The provisional tax paid will, in accordance with the Inland Revenue Ordinance, be applied in payment of the final tax for the year of assessment 2019-20 and provisional tax for the year of assessment 2020-21. Excess balance, if any, will be refunded.

The proposed tax reduction is not applicable to property tax. Nevertheless, individuals with rental income, if eligible for personal assessment, may be able to enjoy such reduction under personal assessment.

A taxpayer who is separately chargeable to salaries tax and profits tax can enjoy tax reduction under each of the tax types. For a taxpayer having business profits or rental income and electing for personal assessment, the reduction will be based on the tax payable under personal assessment. It might be different from the amount of tax reduction he or she would get if he or she was not assessed under personal assessment. The exact position will need to be evaluated case by case. Individuals having business profits or rental income may elect for personal assessment in their tax returns for the year of assessment 2019-20.

The Financial Secretary also proposed to waive the business registration fees for 2020-21.

The above proposed tax measures will be effected by amending the relevant ordinances. Details of the proposals and examples of tax calculations are available on the website of the Inland Revenue Department (www.ird.gov.hk) for the public's reference. They can also be obtained through the fax hotline 2598 6001.

LCQ13: Providing management training for doctors of the Hospital Authority

Following is a question by the Hon Mrs Regina Ip and a written reply by

the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (February 26):

Question:

Some members of the public have relayed that as public hospitals have persistently been plagued with the problems of insufficient resources, manpower mismatch, excessively long waiting time for patients, etc., there is a need to raise their management efficiency. In this connection, will the Government inform this Council if it knows: (i) among the doctors who belong to the management of the Hospital Authority (HA), the number and percentage of those who have received professional training in management, and (ii) whether HA has provided training allowances and offered paid study leave to doctors who possess the potential to take up senior management duties, so that they may enrol in management programmes or receive the relevant training; if HA has, of the details; if not, whether HA will consider doing so?

Reply:

President,

To provide doctors at the rank of Consultant with well-structured training, the Hospital Authority (HA) developed the Management 303, a programme encompassing areas including strategic thinking, excellence in leadership, leading change and healthcare service management. In the past five years, about 50 per cent of the some 860 full-time Consultants (including 168 Chiefs of Service) attended the programme.

The HA is also committed in nurturing doctors who have potentials in hospital and divisional management to prepare them for future advancement. They will be recommended to participate in the HA Executive Leadership Programme, a 12-odd-day programme comprising of classes and seminars. There were 106 doctors completed the programme in the past five years.

Each year, the HA offers opportunities for management personnel to study at local or overseas institutions, including the Chinese University of Hong Kong, the Richard Ivey School of Business of the University of Western Ontario, the Harvard Business School, the Saïd Business School of the University of Oxford and the Columbia Business School, with full-paid study leave and training allowances.

LCQ10: Accelerating the sale of flats

in Tenants Purchase Scheme estates

Following is a question by the Hon Lau Kwok-fan and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (February 26):

Question:

The Chief Executive mentioned in last year's Policy Address that the Government would propose that the Hong Kong Housing Authority (HA) make active preparations to accelerate the sale of about 42 000 flats that remain unsold in the 39 Tenants Purchase Scheme (TPS) estates. On matters relating to TPS estates, will the Government inform this Council:

(1) given that the existing Marking Scheme for Estate Management Enforcement is not applicable to tenants of the unsold flats in the TPS estates, whether the Government will consider requesting HA to formulate a separate marking scheme applicable to such tenants; if so, of the details; if not, the reasons for that;

(2) whether it will consider re-launching the Mutual Exchange Scheme so that those tenants of non-TPS estates who intend to purchase a flat in TPS estates may be matched against those tenants of TPS estates who do not mind moving to other estates; if so, of the details; if not, the reasons for that; and

(3) whether it will consider, by drawing reference from the Flat for Flat Pilot Scheme for Elderly Owners implemented by the Hong Kong Housing Society, allowing owners of flats of TPS estates, after selling their premium-unpaid flats, to buy again another premium-unpaid flat in the subsidized sale flats secondary market, with a view to speeding up the circulation of flats of TPS estates; if so, of the details; if not, the reasons for that?

Reply

President,

Our reply to Hon Lau Kwok-fan's question is as follows:

(1) Same as other private properties, estates under Tenants Purchase Scheme (TPS estates) are governed by the Building Management Ordinance, the relevant Government leases and Deeds of Mutual Covenant. In respect of property management, all TPS estates have formed their own Owners' Corporations (OCs) and appointed their own property management companies to manage the common areas and facilities of their estates. The Hong Kong Housing Authority (HA), as the owner of the unsold flats in TPS estates, is one of the owners of these estates.

Hence, HA can only regulate misdeeds committed by the tenants in the rental units of TPS estates (e.g. throwing objects from heights) with the Marking Scheme for Estate Management Enforcement (Marking Scheme). If

tenants commit these behaviors in the common areas of TPS estates, as these areas fall under the management of OCs, HA cannot regulate them with the Marking Scheme. Even if HA sets another marking scheme specifically for tenants in TPS estates, it would still not be feasible to comprehensively implement such a scheme due to the same reason.

Currently, although the misdeeds (e.g. littering, wax-boiling, smoking, spitting, and illegal gambling, etc.) of TPS tenants in the common areas of the estates are not regulated under the Marking Scheme, they are still subject to the regulation of relevant law provisions. In addition, HA representatives have been advising the OCs on estate management issues and encouraging the OCs and their estate management agents to report the misdeeds committed by tenants and others in common areas to relevant Government departments for following up.

(2) In 2019 Policy Address, the Chief Executive proposed that HA make active preparations with a view to accelerating the sale of the around 42 000 unsold flats in the 39 TPS estates. In this regard, we will first consult the Subsidised Housing Committee of HA, inviting Members to endorse the freezing of the letting of flats recovered from TPS estates. In the long term, aside from putting up recovered TPS flats for sale, we also need to draw up other measures to expedite the sale of TPS flats, including those currently leased to sitting tenants. Measures that we can consider may include but are not limited to developing a special program to transfer out tenants who do not intend purchase their TPS flats to non-TPS estates. We plan to consult the views of the Legislative Council Panel on Housing on how to accelerate the sale of unsold flats in TPS estates in the first quarter this year.

As for the Mutual Exchange Scheme, HA introduced the scheme in 1976, under which public rental housing tenants interested in swapping their residential units might exchange accommodation with other tenants. Applicants were matched against each other based on their household size, choice of estate, flat size, etc. Subsequently, due to the low successful matching rate, HA ceased to accept new applications for the scheme in February 2004 and terminated the scheme in 2006.

(3) To further facilitate the circulation of subsidised sale flats (SSFs), the Hong Kong Housing Society (HKHS) launched the "Flat for Flat Pilot Scheme for Elderly Owners" on a trial basis on October 14, 2019, so that eligible owners aged 60 or above who have owned HKHS' SSFs for at least ten years with premium not yet paid can sell their original flat and then buy a smaller one in HA's or HKHS' Secondary Market. As the pilot scheme has just been rolled out, it remains premature at the moment to extend the scope of the scheme. HKHS will review the effectiveness of the pilot scheme in one year's time after the launch.

LCQ9: Digital terrestrial TV services

Following is a question by the Hon James To and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 26):

Question:

The authorities have set to switch off the analogue television (TV) broadcasting (analogue switch-off) on November 30 this year to make way for the implementation of full digital TV broadcasting from December 1 onwards. Some residents living in tenement buildings in the urban areas (such as Kam Wa Street in Shau Kei Wan) and remote areas (such as Ma Wan Village) have relayed that owing to problems relating to the reception of digital TV signals at their premises (such as poor reception or no signal at all), they currently have access to local free TV programmes (TV programmes) in analogue format only; and they will no longer be able to access TV programmes after the analogue switch-off. On the other hand, to tie in with the analogue switch-off, the Government has commissioned the Hong Kong Council of Social Service for the implementation of the Community Care Fund Digital Television Assistance Programme (the Assistance Programme) to help analogue TV households with financial need to obtain digital TV receivers (including set-top boxes or TV sets), so that they can continue to access TV programmes after November 30. In this connection, will the Government inform this Council:

(1) of the districts currently having problems relating to digital TV signal reception, as well as the respective numbers of households involved;

(2) of the number of complaints/requests for assistance received by the authorities in the past five years relating to problems of digital TV signal reception, with a breakdown by District Council (DC) district; the number of resolved cases among those cases, with a breakdown by solution (such as the installation of small-scale transposers by the residents on their own initiatives);

(3) of the measures to help residents living in premises with problems relating to digital TV signal reception to continue to access TV programmes after the analogue switch-off; whether it will install transposers for them or resort to other means in order to enable them to steadily receive clear digital TV signals; if so, of the DC district(s) involved; and

(4) of the measures to ensure that all households benefitting from the Assistance Programme can access all TV programmes (including the programmes of Radio Television Hong Kong) after obtaining relevant receivers?

Reply:

President,

To tie in with the implementation of full digital television (TV) broadcast on December 1 this year, the Government has engaged the Hong Kong Council of Social Service (HKCSS) to launch the Community Care Fund Digital TV Assistance Programme (Assistance Programme) to help needy households who are still using analogue TV to purchase digital TV receivers.

Regarding the question of the Honourable Member, a consolidated reply is provided as follows:

(1) to (3) Currently, the coverage of the digital terrestrial TV services exceeds 99 per cent of the Hong Kong population. However, the hilly terrains in Hong Kong create practical difficulties for broadcasting networks to achieve 100 per cent coverage. At present, places that experience poor reception of digital terrestrial TV signals are mainly located at some remote areas of Sai Kung, North District, south of the Lantau Island and other outlying islands. Residents of individual old buildings in the urban areas with TV reception problems have also approached the Office of the Communications Authority (OFCA) for assistance. The OFCA does not have the information of the exact number of such households.

Over the past five years (2015 to 2019), the OFCA received a total of over 700 cases of public enquiry/complaint on poor TV reception that required on-site signal measurements. A breakdown of the figures by district is at Annex.

The OFCA is committed to helping residents resolve poor TV reception problems. It would conduct on-site signal measurements having regard to the actual situation of each case and offer technical advice to concerned residents. According to records of signal measurements, nearly 90% of the cases of TV reception related problems can be resolved or improved through the following means:

- * using TV receiving antenna with better TV reception characteristics;
- * installing additional TV signal boosters;
- * re-positioning the reception antenna to a suitable position/direction; and
- * using appropriate signal cables and connection arrangements.

Moreover, residents at remote areas may consider building their own small self-help transposers to improve the overall TV reception of the areas. Should members of the public experience difficulties in TV reception, they can contact the OFCA. The OFCA would be pleased to provide technical advice to assist the public to improve TV reception.

(4) In most of the cases, existing analogue TV households should be able to receive free digital terrestrial TV services after replacing their TV sets with digital ones or installing a digital set-top box.

Under the Assistance Programme, the contractor selected through open tender by the HKCSS will provide the eligible households with a digital TV set or set-top box, together with services including on-site installation,

channel search, collection of old analogue TV set and maintenance of the new TV set. The actual number of channels that the households can receive depends on the coverage of TV signals and the configuration of the communal aerial broadcast distribution system of their buildings. Should the households encounter problems in TV reception, they could contact the OFCA which would be pleased to provide professional advice.