

**Replies to written questions raised by Finance Committee Members in examining the
Draft Estimates of Expenditure 2001-02**

**[Bureau Secretary/Controlling Officer : Secretary for the Treasury]
[Session No. : 15]**

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Bureau Serial No.	Question Serial No.	Name of Member	Head	Programme
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Bureau Serial No.

FB001

Question Serial No.

0364

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 188 Treasury Subhead (No. & title) :

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

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please provide the respective provision for the standard allowances (including acting allowance, disciplined services overtime allowance, expatriate officer allowance, disciplined services extraneous duties allowance, overtime allowance, stand-by allowance and typhoon allowance etc.) and non-standard allowances under Subhead 002 in 2000-01 and the calculation basis.

Asked by : Hon SIN Chung-kai

Reply :

The projected total expenditure on the various standard allowances and non-standard allowances under Subhead 002 for the year 2000-01 is attached at Annex 1.

The calculation basis on the various allowances is detailed in Annex 2.

Signature

Name in block letters

SHUM MAN TO

Post Title

Director of Accounting Services

Date

Subhead 002 - Allowances

<u>Standard Allowances</u>	\$'000	<u>Non-standard Allowances</u>	\$'000
Acting allowances	384,714	Detective allowances	18,122
Disciplined services overtime allowances	216,996	Employer contribution for locally engaged staff in Brussel, Geneva, Washington & New York Offices	4,518
Extra duties allowances for disciplined services	72,029	Flight allowances	504
Honoraria	1,744	ICAC special post allowances	8,783
Overtime allowances	302,902	Judicial dress allowances	103
Rain storm black warning allowances	640	Laundry allowances	491
Stand-by duty allowances	62,951	National Health Insurance contribution (London)	260
Typhoon allowances	10	Occupational pension scheme (London)	1
		Other allowances	9,626
		Overseas allowances	24,501
		Police Special Duty Unit allowances	2,891
		Post allowances	2,606
		Remote station allowances	17,688
		Special duties allowances for disciplined services	28,606
Standard Allowances Total	<u><u>1,041,986</u></u>	Non-standard Allowances Total	<u><u>118,700</u></u>
		Total Subhead 002	1,160,686

Basis of Calculation of the Allowances under Subhead 002

Standard Allowances

a. Acting allowance

This is payable when an officer is operationally required to undertake an acting appointment for no shorter than a minimum qualifying period of 30 calendar days. The rate of acting allowance depends on the type of the acting appointment and is calculated by reference to the minimum salary point of the acting office.

b. Disciplined services overtime allowance

This is payable to disciplined service officers when they are required to perform overtime duties for which granting of time-off as compensation is not practicable. Only officers remunerated on the General Disciplined Services (Rank and File) Pay Scale, officers at ranks ending on or below Point 25 of the General Disciplined Services (Officer) Pay Scale, officers on or below Point 47 of the Police Pay Scale and officers on or below Point 34 of the Independent Commission Against Corruption Salary Scale are eligible. The hourly rate of the allowance is 1/175 of the officer's salary.

c. Extra duties allowance for disciplined services

This is payable over the periods during which the disciplined service officers are operationally required to undertake duties in addition to their normal duties. The rates of the allowance depend on the complexities or qualifications required for delivering the relevant additional duties and range from HK\$518 to HK\$1,682 payable on a monthly basis. Only officers remunerated on or below Point 31 of the General Disciplined Services (Officer) Pay Scale, or officers on or below Point 47 of the Police Pay Scale or equivalent are eligible.

d. Honorarium

When officers have worked over and beyond their conditioned hours but are not eligible for overtime allowance or when the payment of overtime allowance is inappropriate, such officers may be granted an honorarium. The rates of honorarium will be determined on the merits of each case.

e. Overtime allowance

This is payable to civilian officers performing overtime duties of which granting of time-off as compensation is not practicable. Officers in ranks with maximum salary point on or below Master Pay Scale Point 25 and minimum salary point on or below Master Pay Scale Point 19 are eligible for overtime allowance except -

- (a) those in the administrative and professional grades;
- (b) those remunerated from the Training Pay Scale and other officers under training who are required to attend for duty beyond conditioned hours in connection with their training;
- (c) those who are in ranks of Estate Assistant, Senior Estate Assistant, Chief Estate Assistant, Property Attendant and Head Property Attendant, and are provided with quarters at or near their place of work; and
- (d) teaching staff.

The hourly rate of the allowance is 1/140 of an officer's monthly salary. The hourly rate for those officers whose conditioned hours are 44 gross per week is 1/210 in respect of the first 4 hours of overtime work undertaken in any week. The overtime hours thereafter would be compensated at the rate of 1/140.

f. Rainstorm black warning allowance

This is payable to eligible officers who are required to report for duty when the rainstorm black warning is issued. It is payable in respect of periods of duty between the time when the rainstorm black warning is issued and the time when the warning is withdrawn. Officers whose salaries do not exceed Master Pay Scale Point 33 may be eligible except officers in the administrative and professional grades and in the disciplined service and officers who are on duty in a place at or near which they are provided with departmental quarters. The allowance is not payable to an officer already at his place of work when the warning is issued unless he is required to work outdoors for essential duties. The hourly rate of the allowance is 1/140 of an officer's monthly salary.

g. Stand-by duty allowance

This is payable to officers who undertake standby duty at his place of work over and beyond their conditioned hours. An officer provided with quarters at or near his place of work is not eligible for the allowance. The eligibility for the allowance in respect of other officers is the same as that for overtime allowance. The hourly rate of the allowance is 1/210 of an officer's monthly salary.

h. Typhoon allowance

This is payable to eligible officers who are required to report for or stay on duty between the time when tropical cyclone warning signal No. 8 or above is hoisted and the time when the signal is lowered. The allowance is payable only in respect of periods of duty between these times. Officers whose salaries do not exceed Master Pay Scale Point 33 may be eligible, except officers in the administrative and professional grades and in the disciplined service. The allowance is not payable where an eligible officer is on duty at or near a place where he is provided with quarters, except when he is required to leave his departmental quarters to perform duties during the hoisting of the tropical cyclone signal. The hourly rate of the allowance is 1/140 of an officer's monthly salary.

Non-standard Allowances

The basis of calculation of these allowances is provided under individual heads of departments in the Estimates.

Bureau Serial No.

FB002

Question Serial No.

0365

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 188 Treasury Subhead (No. & title) :

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

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please provide details of the calculation basis of the job-related allowances under Subhead 007 for various government departments and the total provision for 2000-01.

Asked by : Hon SIN Chung-kai

Reply :

The calculation basis of the job-related allowances under Subhead 007 is attached at Annex 1. The estimated total expenditure on job-related allowances for various government departments for 2000-01 is detailed at Annex 2.

Signature

Name in block letters

Post Title

Date

SHUM MAN TO

Director of Accounting Services

Basis of Calculation of the Allowances under Subhead 007

Standard allowances

a. Extraneous duties allowance (EDA)

This is granted to recognize a civilian officer's regular performance of duties other than those normally undertaken by officers in his rank or grade. It is subdivided into EDA (Supplementary Duties) and EDA (Responsibility), depending on whether such duties are supplementary to, or of a higher responsibility level than the officer's normal work. The rates of EDA (Supplementary Duties) are either \$543 or \$725 per month depending on the skills required for delivering the extra duties. The rates of EDA (Responsibility) depend on merits of each case. Officers on or below Master Pay Scale Point 33 are eligible.

b. Hardship allowance

This is paid for civilian officers who experience hardships in the performance of duties which are not normally experienced by officers in their ranks or grades by working in obnoxious, dangerous or other hardship environments. The rates for obnoxious duties and dangerous duties are \$656 and \$802 per month respectively. The rates for other hardship circumstances depend on merits of each case. Officers on or below Master Pay Scale Point 33 are eligible.

c. Shift duty allowance

This is to compensate civilian officers who work partly or wholly irregular hours which are defined as between 8 pm to 7 am on Mondays to Saturdays and at any time on Sundays and general holidays. All officers on or below Master Pay Scale Point 33 are eligible except for -

- (a) those officers in the administrative and professional grades;
- (b) those officers whose irregular-hour work is inherent in the duties of their grades or ranks whose pay scales have already taken into account a requirement to work irregular hours; and
- (c) those who are provided with quarters at or near their place of work.

\$440 a month will be payable to those who work irregular hours for 25-49 hours per calendar month and \$871 a month for those who work irregular hours for 50 hours or more per calendar month.

Non-standard allowances

The basis of calculation of these allowances is provided under individual heads of departments in the Estimates.

Subhead 007 - Job-related allowances							
		Standard Allowances			Non-standard Allowances		
						various other	
		Extraneous duties	Hardship	Shift duty	On-call duty	duty allowances	
		<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>for civilian</u>	<u>Total</u>
		\$	\$	\$	\$	\$	\$
021 - Chief Executive's Office							
022 - Agriculture, Fisheries and Conservation Department	921,059	1,858,937	3,055,791	73,248	972,988	6,882,023	
023 - Auxiliary Medical Service				43,996		43,996	
024 - Audit Commission	10,872					10,872	
025 - Architectural Services Department				10,464		10,464	
026 - Census and Statistics Department				15,696		15,696	
027 - Civil Aid Service				10,464		10,464	
028 - Civil Aviation Department	298,447		140,314	9,513		448,273	
030 - Correctional Services Department	280,611	1,894,598	140,246			2,315,456	
031 - Customs and Excise Department	45,765		216,105	151,966		413,836	
037 - Department of Health	184,558	4,655,192	561,639	18,074		5,419,463	
039 - Drainage Services Department	178,798	9,553,549	3,111,783	567,910		13,412,040	
040 - Education Department	1,093,291	6,108			3,950,532	5,049,931	
042 - Electrical and Mechanical Services Department	22,127		39,242			61,369	
043 - Civil Engineering Department		1,135,928	121,163	188,828		1,445,919	
044 - Environmental Protection Department	36,344	799,692				836,036	
045 - Fire Services Department			114,130	4,281		118,411	
047 - Information Technology Services Department				592,405		592,405	
048 - Government Laboratory	49,938	47,232		65,162		162,332	
049 - Food and Environmental Hygiene Department	991,659	69,563,674	45,187,011	75,864		115,818,208	
050 - Government Land Transport Agency			40,397			40,397	
051 - Government Property Agency			10,560			10,560	
053 - GS: Home Affairs Bureau	10,872	6,108				16,980	
055 - GS: Information Technology & Broadcasting Bureau		6,108				6,108	
056 - GS: Planning & Lands Bureau and Works Bureau	8,927	12,216				21,143	
060 - Highways Department		1,950,940		5,232		1,956,172	
063 - Home Affairs Department	300,268		195	846,200		1,146,663	
070 - Immigration Department	196,474	29,542	264,239	5,232		495,486	

Subhead 007 - Job-related allowances							
		Standard Allowances			Non-standard Allowances		
						various other	
		Extraneous duties	Hardship	Shift duty	On-call duty	duty allowances	
		<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>for civilian</u>	<u>Total</u>
		\$	\$	\$	\$	\$	\$
072 - Independent Commission Against Corruption		26,686					26,686
074 - Information Services Department		12,879		158,062	21,879		192,820
076 - Inland Revenue Department		131,068			15,696		146,764
080 - Judiciary		4,040,037	36,093		115,580		4,191,709
090 - Labour Department		36,856			22,593		59,449
091 - Lands Department		43,069	2,660,222		5,232		2,708,523
092 - Department of Justice		32,407					32,407
094 - Legal Aid Department		48,381					48,381
095 - Leisure and Cultural Services Department		336,994	156,627	28,291,865	740,566		29,526,052
100 - Marine Department		204,306	526,114	4,142,114	148,874		5,021,409
114 - Office of the Ombudsmam		21,744	6,108				27,852
115 - Official Languages Agency		436,828					436,828
116 - Official Receiver'S Office		19,472	124,521				143,992
118 - Planning Department		21,744					21,744
122 - HongKong Police Force		2,620,064	1,118,729	1,196,137	250,423		5,185,353
130 - Printing Department			70,519	1,157,834	18,550		1,246,903
142 - GS: Offices of the Chief Secretary for Admin & Fin. Secy			6,108	1,430	25,922		33,460
143 - GS: Civil Service Bureau			5,711				5,711
144 - GS: Constitutional Affairs Bureau			6,108				6,108
145 - GS: Economic Services Bureau			6,108				6,108
146 - GS: Education and Manpower Bureau		17,673	6,108				23,781
147 - GS: Finance Bureau		198	6,108				6,306
148 - GS: Financial Servcies Bureau			6,108				6,108
149 - GS: Health and Welfare Bureau			6,108				6,108
150 - GS: Housing Bureau		21,744	6,108				27,852
151 - GS: Security Bureau		10,872	6,108		15,696		32,676
152 - GS: Commerce and Industry Bureau			6,108				6,108
153 - GS: Transport Bureau		21,744	6,108				27,852

Subhead 007 - Job-related allowances							
		Standard Allowances			Non-standard Allowances		
						various other	
		Extraneous duties	Hardship	Shift duty	On-call duty	duty allowances	
		<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>allowances</u>	<u>for civilian</u>	<u>Total</u>
		\$	\$	\$	\$	\$	\$
	154 - GS: Environment and Food Bureau	19,767	6,108				25,875
	160 - Radio Television Hong Kong			44,767	45,899		90,665
	162 - Rating and Valuation Department	7,108			20,928		28,036
	163 - Registration and Electoral Office		6,108				6,108
	168 - Hong Kong Observatory	126,426		101,866	271,826		500,118
	170 - Social Welfare Department	6,516	2,600,123	2,725,975	547,933	2,675,498	8,556,045
	180 - Television and Entertainment Licensing Authority	32,751					32,751
	181 - Trade Department	19,548			36,148		55,696
	186 - Transport Department	175,384	115,488		109,396		400,268
	188 - Treasury	363,711			138,349		502,060
	194 - Water Supplies Department	284,969	3,864,862	2,578,500	522,487		7,250,817
	Total	13,770,955	102,884,346	93,401,364	5,758,512	7,599,019	223,414,195

Bureau Serial No.

FB003

Question Serial No.

0901

Examination of draft Estimates of Expenditure 2001-02

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

Head : 188-Treasury Subhead (No. & title) :

Programme : (4) Management of Funds

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Regarding the management of the Grant Schools Provident Fund, the Subsidized Schools Provident Fund and the Quality Education Fund, please provide a breakdown of the rates of return on investment by the department and by each portfolio manager separately.

Asked by : Hon CHEUNG Man-kwong

Reply :

Rates of return on investment for the school year ended 31.8.2000 in respect of the Grant Schools Provident Fund (GSPF), Subsidized Schools Provident Fund (SSPF) and the Quality Education Fund (QEF) are as follows : -

	Treasury	Portfolio Managers					
		A	B	C	D	E	F
SSPF	12%	8%	4%	17%	11%	-	-
GSPF	12%	-	-	18%	12%	-	-
QEF	13%	-	-	-	-	18%	10%

Note : For comparison, Consumer Price Index 'B' for the year ended 31.8.2000 was -5%.

Signature

Name in block letters

SHUM MAN TO

Post Title

Director of Accounting Services

Date

19 March, 2001

Bureau Serial No.

FB004

Question Serial No.

1129

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 106

Subhead (No. & title) : 163 Write-offs

Programme : Revenue Collection and Financial Control

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please state the purpose for the amount of \$280,000 under
Subhead 163 in 2000-01

Asked by : Dr Hon YEUNG Sum

Reply : The 2000-01 revised estimate of \$284,000 is for the write-off of :

	\$
(i) irrecoverable advances to civil servants	64,000
(ii) losses of cash due to forged bank notes, theft and under-collection	29,000
(iii) stores destroyed during typhoons and fire	191,000

Total	284,000

Signature

Name in block letters

Post Title

Date

SHUM MAN TO

Director of Accounting Services

15 March, 2001

Bureau Serial No.

FB005

Question Serial No.

0404

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 25 - Architectural Services Department

Subhead (No. & title) :

Programme : (2) - Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : The Architectural Services Department will complete an environmental awareness review of the use of materials and construction techniques in the coming year. Would the Administration please inform this Council whether the above-mentioned review is carried out by a task force or by commissioned consultants? And how about the expenditure involved?

Asked by : Hon LAU Wong-fat

Reply :

The review will be conducted by consultants at an estimated expenditure of \$500,000.

Signature

Name in block letters

Post Title

Date

S.H. PAU

Director of Architectural Services

16 March 2001

Bureau Serial No.

FB006

Question Serial No.

0422

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 50 Government Land Transport Agency Subhead (No. & Title) :

Programme : (2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Bureau Secretary : Secretary for the Treasury

Question : Please provide details of the savings in expenditure arising from the deletion of two posts in 2001-02.

Asked by : Hon LI Fung-ying

Reply :

The deletion of the two posts, involving one Special Driver and one Motor Driver posts, will result in a saving of \$132,000 in Personal Emoluments (PE) in 2001-02, broken down as follows -

Post	PE savings
1 Special Driver	\$91,000
1 Motor Driver	\$41,000
	<hr/>
Total:	\$132,000

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

19 March 2001

Bureau Serial No.

FB007

Question Serial No.

952

Examination of draft Estimate of Expenditure 2001-2002

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 50 - Government Land Transport Agency Subhead (No. & Title) :

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question : Government Land Transport Agency is going to replace 747 pre-Euro I vehicles in 2001-02. What is the percentage of these 747 vehicles in the government fleet and what types of vehicle are they?

Asked by : Hon Mrs Miriam LAU Kin-ye

Reply :

Of the 747 vehicles to be replaced in 2001, only 164 are pre-Euro I vehicles. They represent 2.3% of the total government fleet of 7 170 vehicles as at January 2001. Details of the 164 pre-Euro I vehicles to be replaced in 2001 are as follows -

Vehicle type	<u>No.</u>
Rehabus	3
Medium Truck	39
Light Truck	26
Extra Large Van (Police Version)	75
Large Bus	7
Medium Bus	14
	<hr/>
Total	164

Signature

Name in block letters

P B Walker

Post Title

Government Land Transport Administrator

19 March 2001

Bureau Serial No.

FB008

Question Serial No.

953

Examination of draft Estimate of Expenditure 2001-2002

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 50 - Government Land Transport Agency Subhead (No. & Title) :

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question :

Government Land Transport Agency has held discussions with local vehicle suppliers about the availability of vehicles powered by alternative fuels, such as liquefied petroleum gas, to replace diesel vehicles. What are the results of the discussions?

Asked by : Hon Mrs Miriam LAU Kin-ye

Reply :

From our discussions with local vehicle suppliers, we are given to understand that light buses using liquefied petroleum gas (LPG) will be available in the market in late 2001. We will consider replacing existing diesel vehicles in the government fleet with cleaner fuel substitutes where they are available.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

19 March 2001

Bureau Serial No.

FB009

Question Serial No.

1074

Examination of draft Estimate of Expenditure 2001-2002

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 50 - Government Land Transport Agency Subhead (No. & Title) :

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question :

- (a) The Government Land Transport Agency (GLTA) will replace 747 vehicle next year. What are the models, purposes and prices of these vehicles?
- (b) How will GLTA implement the "green" spirit in the procurement and replacement of vehicles in the coming year?
- (c) What is the schedule of the study on environmental control measures in the government fleet?

Asked by : Hon LEUNG Fu-wah

Reply :

- (a) The models, purposes and estimated prices (actual prices are subject to tender) of the 747 replacement vehicles to be purchased in 2001 are listed below -

Vehicle Types	No.	Principal Purposes	Estimated Unit Prices
Light Truck	26	To support operations in various departments such as survey duties, vehicle recovery, etc.	\$0.4M - \$0.6M
Medium Truck – 7 tonne	17	To transport bulky item such as stores, equipment etc.	\$0.3M - \$0.5M
Medium Truck – 11 to 16 tonne	7	To transport bulky item such as rescue equipment, dangerous goods, etc.	\$ 0.5M - \$0.7M
Medium Truck (Light Rescue)	15	For fire services operations	\$0.95M

Small Motorcycle	198	For police operations	\$0.05M
Large Motorcycle	84	For fire services/police operations	\$0.13M
Medium Van	113	To support operations in various departments such as survey duties, inspection, etc.	\$0.15M
Large Van	129	To support operations in various departments such as survey duties, conveyance of staff and equipment, etc.	\$0.25M - \$0.3M
Extra Large Van	75	For police operations	\$0.75M
Cross Country Vehicle	39	For police operations	\$0.4M
Bus	24	To convey staff, shelter centre workers, inmates, etc.	\$0.4M - \$0.8M
Multi-purpose Car	6	To meet the passenger transport needs of departments	\$0.33M
Medium Saloon	1	To support Customs & Excise operations	\$0.2M
Large Saloon	13	To meet the passenger transport needs of departments	\$0.3 M - \$0.5M

- (b) The Government Land Transport Agency will continue to explore with local vehicle suppliers the feasibility of replacing diesel-driven vehicles in the government fleet with models driven by cleaner, alternative fuels. Meanwhile, all the 164 new diesel vehicles to be procured in 2001 as replacements for pre-Euro I vehicles will meet the environmentally more stringent Euro III standard. We will also consider fitting all Euro I and II vehicles with diesel oxidation catalysts (DOC) or passive particulate traps (PPT).
- (c) The Government Land Transport Agency will continue to monitor closely international developments in fuel and engine technology and maintain close contact with local suppliers about the availability of environmentally-friendly vehicles and equipment for introduction to the government fleet where appropriate. This is a continuous endeavour and no formal study has been commissioned.

Signature

Name in block letters

P B Walker

Post Title

Government Land Transport Administrator

Date

19 March 2001

Bureau Serial No.

FB010

Question Serial No.

0675

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

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

Programme : 5103 Estate Utilisation

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) :

Which are the 48 government premises identified for commercialisation opportunities in 2001-02?

And where are they situated?

Asked by : Hon Eric LI Ka-cheung

Reply :

The location of the 48 government premises identified for commercialisation opportunities in 2001-02 is as follows -

Serial	<u>Location</u>
1-17	17 shop units in departmental quarters development at Lee On Road, Kwun Tong
18-36	19 commercial tenancies at ex-cattle depot at Ma Tau Wai, Kowloon City
37-38	2 commercial tenancies at ex-Passenger Terminal Building, Kai Tak

Serial	<u>Location</u>
39	Police Officers' Club in Causeway Bay (for commercial advertising on external walls)
40	Kwun Tong Ferry Pier (for commercial advertising on roof top)
41	North Point Ferry Pier (for commercial advertising on roof top)
42	Wanchai East Pumping Station in Causeway Bay (for commercial advertising on roof top)
43	Yuen Long District Office Building (for commercial parking after office hours)
44	Kwun Tong Government Offices (for commercial parking after office hours)
45	APB Centre of the Architectural Services Department at Sung Ping Street, Hung Hom (for commercial parking after office hours)
46	Chai Wan Market Complex (for commercial parking)
47	Hong Kong Coliseum (for commercial use of an existing display system)
48	402 Des Voeux Road West (for commercial use of reserved MTR exit)

Signature

Name in block letters

ALBERT LAI

Post Title

Government Property Administrator

Date

March 2001

Bureau Serial No.

FB011

Question Serial No.

0934

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

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

Programme : All

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) :

1. Did the Government Property Agency contract out its services to the private sector?
If yes,
2. What kinds of services were contracted out to the private sector?
3. What were the total number of contracts of outsourcing and the gross contract value by service category in each of the past three years?
4. What was the number of civil service posts reduced in the high, middle and lower salary bands# through outsourcing in each of the past three years? What were the emoluments and allowances involved?

lower salary band: equivalent to MPS 9 or below;
middle salary band: equivalent to MPS 10-33;
high salary band: equivalent to MPS 34 or above.

Asked by : Hon LEE Cheuk-yan

Reply :

1. Yes.
2. The Government Property Agency has been outsourcing property management services, cleansing and security services for government offices, specialist buildings and quarters.

3. The number of contracts involving outsourcing and the gross contract value by service category from 1998-99 to 2000-01 are as follows:

Service category	1998-1999		1999-2000		2000-2001	
	No. of Contracts	Value in \$M	No. of Contracts	Value in \$M	No. of Contracts	Value in \$M
<i>Property Management Services</i>	18	151	21	194	21	182
<i>Cleansing</i>	13	69	13	72	13	79
<i>Security</i>	7	33	7	19	5	20

4. The cleansing and security services have been contracted out for over 20 years, while the property management services have been outsourced for over eight years. The continued outsourcing of these services has not given rise to any deletion of civil service posts in the past three years.

Signature

Name in block letters

ALBERT LAI

Post Title

Government Property Administrator

Date

March 2001

Bureau Serial No.

FB012

Question Serial No.

0981

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 58 – Government Supplies Department Subhead (No. & Title) :

Programme : (1) Procurement

Controlling Officer : Director of Government Supplies

Bureau Secretary : Secretary for the Treasury

- Question :
1. Will priority be given to recycled products? If yes, what will be the specific measures? If no, why?
 2. Will the Government Supplies Department assist in the transaction of recyclable materials between departments with a view to saving resources and protecting the environment? If yes, what are the specific measures? If no, why?

Asked by : Hon LEUNG Yiu-chung

Reply :

1. The Government Supplies Department is sensitive to the environmental impact of purchasing decisions and takes account of legitimate environmental concerns, including the use of recycled products, while continuing to achieve best value for money in the purchasing programme. In this connection, a consultancy study by the Hong Kong Productivity Council on environmentally responsible products specifications was commissioned in January 2000 to investigate the potential of developing green product specifications for thirty-one targeted government-procurement items. The study was completed in November 2000 and recommended the use of higher percentage of postconsumer fibre, recovered fibre and plastic recycled content for fifteen paper and plastic related products. The report also recommended the use of a marking scheme to recognise environmental factors as well as other quality features. We are developing a set of guidelines advising departments how they could implement the recommendations to recognise the advantages of products with better environmental features.

We are also seeking to discourage unnecessary purchases and to encourage where economically rational the purchase of products with improved recyclability, high recycled content, reduced packaging, and greater durability. This objective has been included in the guidelines for drawing up tender specifications annexed to the Stores and Procurement Regulations.

2. The Government Supplies Department has assisted departments in buying and selling recyclable and reusable products such as sale of paper waste, used lubricants, used transformer oil and metal scraps, recycling of toners for laser printers, recovery of silver from used x-ray and photographic film fixing solution, using retreaded tyres in the maintenance of the government vehicle fleet and greater use of recycled toner cartridges for laser printers.

Signature	_____
Name in block letters	NIGEL SHIPMAN
Post Title	Director of Government Supplies
Date	16 March 2001

Bureau Serial No.

FB013

Question Serial No.

1086

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 58 – Government Supplies Department Subhead (No. & Title) :

Programme : (1) Procurement

Controlling Officer : Director of Government Supplies

Bureau Secretary : Secretary for the Treasury

Question : What were the green products purchased by the Government Supplies Department in 2000-01? What was the expenditure on these products?

Asked by : Hon LAW Chi-kwong

Reply :

The Government Supplies Department has sought to discourage unnecessary purchases and encourage the purchase of products with improved recyclability, reduced packaging, greater durability, and where economically rational, with high recycled content. Among the various commonly used stock items, the product specifications of the following items have been improved by removing features that may cause harm to the environment. The value of purchases of such items in 2000-01 was as follows :

Description	<u>Value (\$million)</u>
Refillable Ball-Pointed Pen, Black	0.58
Refill for Ball-Pointed Pen, Black	0.14
Refillable Ball-Pointed Pen, Red	0.19
Refill for Ball-Pointed Pen, Red	0.04
Clutch Pencil 0.5mm HB, Black	0.21
Lead Refill for Clutch Pencil	0.08
Correction Fluid, Typewriting, White	0.57
Thinner for Correction Fluid, Typewriting	0.23
Typewriting Correction Fluid Pen	0.25
Cleansing Powder, Lavatory	1.46
Detergent Powder	0.50
Alkaline Soap Powder	0.11
Liquid Detergent	0.56
Soap Toilet	0.64

Yellow Washing Soap	0.07
Toilet Liquid Soap	1.13
Dry Battery, Alkaline, UM-1	1.12
Dry Battery, Alkaline, UM-2	1.33
Dry Battery, Alkaline, UM-3	0.82
Dry Battery, Alkaline, UM-4	0.61
File Jacket C/W Lever Arch Mechanism	0.80
Recycled Photocopying Paper A4	11.14
Recycled Photocopying Paper A3	0.37
Toilet Paper in Roll	14.73
Remanufactured Toner/Ink Cartridge for HP Printers	1.90
Jumbo Roll Recycled Toilet Paper	6.23
Recycled Paper Hand Towel Roll	2.52
Recycled Paper Towel in Pack	<u>7.14</u>
Total Value :	55.47
	=====

Signature

Name in block letters

Post Title

Date

NIGEL SHIPMAN

Director of Government Supplies

16 March 2001

Bureau Serial No.

FB014

Question Serial No.

1087

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 58 – Government Supplies Department Subhead (No. & Title) :

Programme :

Controlling Officer : Director of Government Supplies

Bureau Secretary : Secretary for the Treasury

Question : How was the Enhanced Productivity Programme carried out under the reorganization, re-distribution of duties and contracting out of work in 2000-01?

Asked by : Hon LEUNG Fu-wah

Reply :

In 2000-01 the Government Supplies Department achieved savings under the Enhanced Productivity Programme in five major areas.

- (a) We reduced the size of the delivery teams by deleting one post from each team and re-distributed the workload among the other team members. As a result, 10 vacant Workman II posts were deleted in 2000-01.
- (b) Upon the reorganization of municipal services 31 posts were originally earmarked for creation in 2000-01 to handle the additional workload. As a result of enhancement of the productivity of and the redistribution of duties among in-house staff, these 31 posts were no longer required for creation.
- (c) Having regard to the decision announced in the Financial Secretary's Budget Speech for 2000-01 to contain the size of the civil service, we re-organized the staffing resources of individual units in the Government Supplies Department taking into account findings on workload reviews. As a result, 22 vacant posts were deleted in 2000-01.

- (d) We minimised overtime and acting allowances (a total saving of \$0.5m) in 2000-01 through rationalisation of work schedule and better staff career development plan.
- (e) We are in the process of closing down the Furniture Workshop in the Government Supplies Department by contracting out the existing furniture maintenance service to commercial operators. Twelve of the 18 posts on its establishment were deleted in 2000-01 and the remaining 6 posts are scheduled to be deleted in the next financial year.

These savings are/were achieved without compromising the quality of service or giving rise to staffing problems.

Signature	_____
Name in block letters	NIGEL SHIPMAN
Post Title	Director of Government Supplies
Date	16 March 2001

Bureau Serial No.

FB015

Question Serial No.

0465

Examination of draft Estimates of Expenditure 2001-02
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION

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

Programme : 7601 - Assessing Functions

Controlling Officer : Commissioner of Inland Revenue

Bureau Secretary : Secretary for the Treasury

Question : In 2001-02, 14 permanent posts will be created. What are the ranks and posts involved? What is the share of the expenses in the increased Estimate?

Asked by : Hon Eric Li Ka-cheung

Reply : In 2001-02, following the lifting of the freeze on the recruitment to the civil service, 14 permanent Assistant Assessor (AA) posts will be created for the employment of permanent staff to replace the existing non-civil service contract staff. The 14 AAs will be responsible for tax assessment. An additional provision of \$685,000 is included in 2001-02 due to the difference in salary provision between the contract staff and permanent staff.

Signature : _____

Name in block letters : MRS. LAU MAK YEE MING, ALICE

Post Title : Ag. Commissioner of Inland Revenue

Date : 19 March 2001

Bureau Serial No.

FB016

Question Serial No.

0846

Examination of draft Estimates of Expenditure 2001-02
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION

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

Programme : 7603 - Investigation and Field Audit

Controlling Officer : Commissioner of Inland Revenue

Bureau Secretary : Secretary for the Treasury

Question :

In "Matters Requiring Special Attention in 2001-02", the Department promises to combat tax evasion and minimise opportunities for tax avoidance. What are the details of the combat efforts and how much is the estimated total expenditure? Has the Department set specific target(s) for improving the situation concerning tax evasion and tax avoidance? If yes, what are the details? If no, what is(are) the reason(s)?

Asked by : Hon Ambrose Lau Hon-chuen

Reply :

The estimated expenditure for Field Audit & Investigation Unit of the Inland Revenue Department (IRD) in 2001-02 is \$179.7M. IRD will continue to step up efforts to combat tax evasion and minimize tax avoidance in 2001-02. The plans include:

1. Conversion of two investigation sections to two field audit teams so as to step up field audit efforts, improve taxpayers' voluntary compliance and minimise opportunities for tax avoidance.
2. Through the use of information technology opportunities, the IRD will streamline the assessing procedures of profits tax, salaries tax and property tax by replacing the existing system of manual screening and selection of cases for assessment by one whereby selection can be done automatically according to pre-set criteria with effect from 2001-02. The professional officers in the assessing units can thus concentrate more on assessing complex cases and conduct sampling reviews of the assessed cases. They will refer suspected tax evasion and tax avoidance cases to the Field Audit & Investigation Unit for detailed investigation.

3. In the Information System Strategy Plan currently under way, IRD plans to improve the computer system, enlarge the database, and develop and design computer programmes in order to facilitate more effective identification of suspected tax evasion cases.

Signature : _____

Name in block letters : MRS. LAU MAK YEE MING, ALICE

Post Title : Ag. Commissioner of Inland Revenue

Date : 19 March 2001

Bureau Serial No.

FB017

Question Serial No.

0928

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead : N.A.

Programme : (4) Revenue Protection and Collection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for the Treasury

Question : (a) The Financial Secretary announced a rise in tobacco duty. Is aggravation of the illicit cigarettes problem anticipated? Will any specific measures be taken to deal with the possible increase in the demand for illicit cigarettes?
(b) The number of illicit cigarettes cases detected by the Anti-Illicit-Cigarette Task Force last year registered a substantial increase over the preceding year, but the number of cigarettes seized decreases. Why?

Asked by : Hon SZETO Wah

Reply :

- (a) With the creation of 44 additional posts as from 2000-01 to form a 84-strong Anti-Illicit-Cigarette Task Force, we have strengthened our enforcement action against illicit cigarettes. As a result, the scale of street-level peddling activities diminished, with a 70% reduction in the number of peddling black spots, from over 100 to less than 30 in the course of last year. The duty-paid quantity of cigarettes for the period April to December 2000 increased by 4%, or 86 million sticks over the corresponding period in 1999. We are confident that the proposed increase in tobacco duty will not lead to an increase in the smuggling and peddling of contraband cigarettes. We will continue to step up our enforcement to protect both government revenue and public health.
- (b) The substantial increase in the number of cases detected in 2000 was the result of enhanced enforcement action taken since April against the sale of illicit cigarettes, especially at the street level, by the strengthened Anti-Illicit-Cigarettes Task Force. As regards the fall in the number of

cigarettes seized in 2000, it is due to the seizure of an exceptionally large quantity of about 130 million sticks of cigarettes in seven transshipment cases in 1999. We did not make such an exceptionally huge seizure in 2000.

Signature

Name in block letters

LI WAI-MAN

Post Title

Commissioner of Customs & Excise (Ag)

Date

16 March 2001

Bureau Serial No.

FB018

Question Serial No.

0940

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (4) Revenue Protection and Collection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for the Treasury

Question : Please give a breakdown of different kinds of vehicles found in the use of illicit diesel oil in 1999 and 2000.

Asked by : Hon Mrs Miriam LAU Kin-yee

Reply :

A breakdown is provided below –

	Lorry	Light goods van	Taxi	Public light bus	Others	Total
1999	95	155	178	21	7	456
2000	184	309	191	29	10	723

Signature _____

Name in block letters _____

LI WAI-MAN

Post Title _____

Commissioner of Customs & Excise (Ag)

Date _____

16 March 2001

Bureau Serial No.

FB019

Question Serial No.

0941

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (4) Revenue Protection and Collection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for the Treasury

Question : How many cases involving the supply and use of illicit petrol were detected in 2000?
What is the number of vehicles seized? What is the duty potential of the petrol seized?

Have any resources been allocated to curb the supply and use of illicit petrol? If yes, please give details.

Asked by : Hon Mrs Miriam LAU Kin-ye

Reply :

In 2000, the Customs and Excise Department tackled 319 cases involving the use and supply of illicit motor spirit. A total of 227 persons were arrested, 185 000 litres of illicit motor spirit at a duty potential of \$1.12 m were seized, and 41 vehicles were detained.

The Department has been taking a zero tolerance approach to eradicating any form of illicit fuel activities, including illicit motor spirit, through flexible deployment of existing resources. The Diesel Oil Enforcement Division, comprising 24 officers, conducts in-depth investigation and surveillance on syndicates involved in the smuggling and supply of illicit fuel including motor spirit. The Marine and Land Enforcement Command with a total of about 300 officers undertakes the principal day-to-day operational work. Their duties include the raiding of illicit fuel filling stations; setting up road blocks to check vehicles for illicit fuel; and mounting surveillance at coastal areas, waterfronts and black spots to detect illicit oil activities. In addition, large-scale operations mobilizing other officers of all operational units of the Department are conducted from time to time. The Department also works closely with the Police and the Fire Services Department in dealing with the problem.

Signature

Name in block letters

LI WAI-MAN

Post Title

Commissioner of Customs & Excise (Ag)

Date

16 March 2001

Bureau Serial No.

FB020

Question Serial No.

1018

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme: (4) Revenue Protection and Collection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for the Treasury

Question : Illicit cigarettes cases totalled 45 in 1999 and 750 last year, while 750 cases are anticipated for the current year. Considering the proposed rise in tobacco duty in the Budget, however, will the number of such cases increase? Will additional manpower be deployed to combat syndicated distribution of contraband cigarettes?

Asked by : Hon Mrs Selina CHOW LIANG Shuk-yee

Reply :

In 2000-01, an additional 44 posts were created to form a 84-strong Anti-Illicit-Cigarette Task Force (AICTF) to reinforce the enforcement capabilities of the Department in combating smuggling, distribution and street-level sale of contraband cigarettes. The enforcement work of AICTF has produced positive enforcement results, as reflected, for example, in the increased black market retail price of contraband cigarettes by 10% from early 2000 to late 2000. We are confident that we have contained the problem of sale of contraband cigarettes and that the increase in duty-rate for cigarettes will not lead to increased smuggling and peddling of contraband cigarettes.

The AICTF is assisted from time to time, as the situation requires, by other officers, such as those in the Marine and Land Enforcement Command. With the flexible deployment of resources, we will continue with our multi-pronged strategy against illicit cigarettes, including the enhancement of cooperation with other Customs administrations on intelligence exchange, to combat syndicated distribution of contraband cigarettes.

Signature

Name in block letters

LI WAI-MAN

Post Title

Commissioner of Customs & Excise (Ag)

Date

16 March 2001

Bureau Serial No.

FB021

Question Serial No.

0206

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau

Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What is the progress of the work of the Advisory Committee on New Broad-based Taxes? When will its findings be announced?

Asked by : Hon SIN Chung-kai

Reply :

The Advisory Committee on New Broad-based Taxes has been considering broad-based taxes currently levied in OECD (Organisation for Economic Cooperation and Development) and Asia Pacific economies but not practised in Hong Kong, such as a goods and services tax (also known as value-added tax), a payroll tax, a capital gains tax, "green" or environment-related taxes, etc. It has also been examining if there are changes to the current taxation regime that could achieve the objective of broadening the tax base. The Committee has not taken a firm view on any of the items considered. Separately, the Committee has initiated a consultancy study on Hong Kong's tax base to see how we stand in comparison with other jurisdictions.

The Committee intends to consult the public later in the year. It is due to report its findings to the Financial Secretary by the end of 2001.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Secretary for the Treasury

Date 15 March 2001

Bureau Serial No.

FB022

Question Serial No.

0207

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head :147 Government Secretariat: Finance Bureau

Subhead(No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What is the progress of the work of the Task Force set up to examine the Government's projected operating deficits? When will its findings be announced?

Asked by : Hon SIN Chung-kai

Reply :

The Task Force on Review of Public Finances has initiated detailed studies on the correlation between economic performance on the one hand and recurrent government revenue in general as well as key direct and indirect taxes on the other. The Task Force is also planning a study on the correlation between the performance of the property market and property-related revenue items. Findings of these studies are not yet available.

The Task Force intends to consult the Legislative Council in the second half of 2001. It is due to report to the Financial Secretary by the end of 2001.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Secretary for the Treasury

Date 15 March 2001

Bureau Serial No.

FB023

Question Serial No.

0208

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat : Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please provide details of the consultancy projects conducted in the years 1999-2000 and 2000-01 including their respective titles, findings, purposes and expenses involved.

Asked by : Hon SIN Chung-kai

Reply :

An actual expenditure of \$17,599,000 in 1999-2000 and a revised estimate of \$643,000 in 2000-01 provided under Head 147 Government Secretariat: Finance Bureau are for the financial consultancies commissioned for the Hong Kong Disneyland and Cyberport projects in these years. The consultancy services for the two projects were to analyse and advise Government on their financial viability, and to provide expert advice to Government in negotiating with the project proponents.

For reasons of commercial sensitivity, it is not possible to provide further details on the findings, except those which have already been made public in respect of Hong Kong Disneyland and Cyberport projects. The advice provided by the consulting firms has been very useful in helping us to take these projects forward.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB024

Question Serial No.

0209

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 147 Government Secretariat: Finance Bureau

Subhead (No. & title) : 110 Honoraria for members of committees

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What are the reasons for the decrease in the provision under Subhead 110 Honoraria for members of committees from the estimate of \$5.10 million to the actual expenditure of \$3.79 million in 1999-2000?

Asked by : Hon Sin Chung-kai

Reply : Subhead 110 is for the payment of honoraria to members of the Board of Review (Inland Revenue). The primary function of the Board is to consider appeals made by taxpayers who object to the tax assessment by the Commissioner of Inland Revenue. The Board currently comprises one Chairman, nine Deputy Chairmen and 128 Members, all of whom were appointed on an *ad personam* basis and remunerated by honoraria at different rates for services rendered to the Board outside their normal professional hours. While the Chairman and Deputy Chairmen are remunerated for their professional services, Members are remunerated for their out-of-pocket expenses incurred in the course of attending hearings of the Board. The rates of remuneration are as follows:

	Annual retainer	Remuneration per hearing session	Fee for writing a decision/ stating a case
Chairman	\$86,510	\$4,440	\$8,880
Deputy Chairmen ¹	\$57,680	\$4,440	\$8,880
Members	Not applicable	\$220	Not applicable

The total actual expenditure on honoraria in each financial year is largely determined by the actual number of hearing sessions held and the number of decisions written and cases stated during that year. This could vary from one year to another, depending mainly on the number of appeals received and carried forward from the previous years, as well as the nature and complexity of such appeals.

The actual expenditure on honoraria in 1999-2000 was lower than the original estimate mainly because tax appeal cases received were fewer than expected, as were the number of hearing sessions held and the number of decisions written and cases stated in that year.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2001

¹ In 1999-2000, the Board of Review had ten Deputy Chairmen.

Bureau Serial No.

FB025

Question Serial No.

0210

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 147 Government Secretariat: Finance Bureau

Subhead (No. & title) : 110 Honoraria for members of committees

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : In 1999-2000 and 2000-01, how many appeal cases were heard by the Board of Review (Inland Revenue Ordinance)? What were the results of the appeals and how much money was involved?

Asked by : Hon Sin Chung-kai

Reply : The number of appeal cases heard in 1999-2000 and 2000-01 and the results of the appeals are given below:

Financial year	No. of appeals heard	Outcome of appeals heard					
		A	B	C	D	E	F
1999-2000	161	109	21	14	12	3	2
2000-01 (up to 28.2.2001)	171	82	9	10	21	0	49

The outcome of appeals heard can be divided into six broad categories, as shown in the above table. They are summarised below:

- a) Category **A** are cases where Commissioner of Inland Revenue (CIR)'s tax assessments (i.e. tax amounts payable by taxpayers) were confirmed by the Board of Review;

- b) Category **B** are cases where CIR's assessments were annulled;
- c) Category **C** are cases where the Board of Review reduced the tax amounts payable by taxpayers;
- d) Category **D** are cases where the Board of Review increased the tax amounts payable by taxpayers;
- e) Category **E** are cases where the Board has given a general direction and remitted cases concerned to the Inland Revenue Department for further negotiation of the taxable amount with taxpayers concerned; and
- f) Category **F** are cases pending the Board's decision as at the end of February 2001.

We do not keep statistics on the quantum of tax involved in each and every case. This is partly because there are cases where there is no income under dispute. Rather, they concern questions of principle, such as the question of whether the penalty imposed by CIR for late filing of tax returns is excessive. Besides, we do not consider keeping such statistics would serve much useful purpose. The Board of Review provides an avenue for taxpayers to challenge CIR's tax assessment. This valuable statutory right to appeal should not be measured by the quantum of tax involved.

Signature	_____
Name in block letters	<u>Miss DENISE YUE</u>
Post title	<u>Secretary for the Treasury</u>
Date	<u>March 2001</u>

Bureau Serial No.

FB026

Question Serial No.

0464

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please list out the consultancy studies on finance and management to be commissioned in the financial year 2001-02 and the consultants responsible for these studies.

Asked by: Hon Eric Li Ka-cheung

Reply:

We have commissioned KPMG for a study on Hong Kong's tax base in connection with the work of the Advisory Committee on New Broad-based Taxes. The study is expected to be completed by May 2001.

Under Head 106 Subhead 182 Expenses for the appointment of financial and management consultants, Finance Bureau plans to commission in 2001-02 a term financial consultant to advise government on the financing arrangements of major infrastructural projects as and when required and a financial study on the proposed Shatin to Central Link railway project. We have not yet decided on the consultants.

Signature _____

Name in block letters _____ MISS DENISE YUE

Post Title _____ Secretary for the Treasury

Date _____ March 2001

Bureau Serial No.

FB027

Question Serial No.

0744

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

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

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : The forecast of cumulative savings for the Hong Kong Housing Authority and five trading fund departments under the Enhanced Productivity Programme up to 2001-02 is as high as 8% on average, while the government bureaux/departments/organisations can only achieve an average of 3%. What are the reasons for such a great variation ? Why can the former achieve savings in excess of the target?

Asked by : Dr Hon TANG Siu-tong

Reply : Both the Hong Kong Housing Authority and the five Trading Fund departments operate on a self-financing basis with their own operating systems and accounts. This allows them greater flexibility in achieving productivity gains.

Signature _____

Name in block letters Miss Denise YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB028

Question Serial No.

0924

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : All

Subhead (No. & title) : All

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

1. In 2001-02, what is the total number of civil service posts in the lower, middle and high salary bands[#] deleted by government departments due to the implementation of the Enhanced Productivity Programme (EPP)? What are the respective savings in emoluments and allowances ?
2. As at 2001-02, what is the accumulated number of civil service posts in the lower, middle and high salary bands[#] deleted by government departments due to the implementation of EPP ? What are the respective savings in emoluments and allowances ?

lower salary band: equivalent to MPS point 9 or below;
middle salary band: equivalent to MPS points 10-33;
high salary band: equivalent to MPS points 34 or above.

Asked by : Hon LEE Cheuk-yan

Reply :

In 2001-02, the number of posts deleted as a result of the implementation of the Enhanced Productivity Programme (EPP) are :

At lower salary band (MPS point 9 or below)	=	2 313
At middle salary band (MPS points 10-33)	=	1 433
At high salary band (MPS points 34 or above)	=	<u>236</u>
		3 982

We do not have the breakdown of the corresponding savings of the above deletion. Nevertheless, the total amount of savings in personal emoluments and personnel related expenses under EPP for 2001-02 are \$1,050 million.

2. Up to 2001-02, the number of posts deleted as a result of the implementation of EPP are:

At lower salary band (MPS point 9 or below)	=	2 581
At middle salary band (MPS points 10-33)	=	1 958
At high salary band (MPS points 34 or above)	=	<u>323</u>
		4 862

We do not have the breakdown of the corresponding savings of the above deletion. Nevertheless, the total amount of cumulative savings in personal emoluments and personnel related expenses under EPP up to 2001-02 are \$1,436 million.

Signature _____

Name in block letters Miss Denise YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB029

Question Serial No.

0779

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat : Finance Bureau

Subhead (No. & title) : 106 Miscellaneous Services

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

Regarding consultancy studies for policy making and assessment commissioned by the departments/services under your Bureau,

- (1) Was there any financial provision allocated for commissioning consultancy studies in 2000-01? If yes, please reply with the following details:

Names of consultants (if available)	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)

- (2) Will there be any financial provision allocated for commissioning consultancy studies in 2001-02? If yes, please reply with the following details:

Names of consultants (if available)	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)

Asked by : Hon Cyd HO

Reply :

- (1) We are not aware of any consultancy studies related to policy making and assessment commissioned by my departments in 2000-01. Consultancy studies related to policy making and assessment commissioned by Finance Bureau in 2000-01 are listed below -

Names of consultants	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)
KPMG	\$1,190,000 (\$390,000 in 2000-01)	in progress
Merrill Lynch (Asia Pacific) Ltd.	based on actual work done, with a cap of \$600,000 per month	The contract will expire in May 2001.

- (2) At this point in time, we are not aware of any consultancy studies related to policy making and assessment that may be commissioned by departments under my policy area in 2001-02. In addition to provision for the study in progress under (1) above, Finance Bureau has, at this point in time, made provision to commission the following consultancy studies related to policy making and assessment in 2001-02 –

- (a) a financial adviser consultancy for providing financial advice on major infrastructural development projects upon the expiry of the current consultancy by Merrill Lynch as listed under (1) above; and
- (b) a financial assessment study on the bids to be received from MTRCL and KCRC on the Shatin to Central Link railway project.

Tenders for these two items will be issued in due course.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date 20 March 2001

Bureau Serial No.

FB030

Question Serial No.

1161

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Paragraph 89 of the 2001-02 Budget says the government will “contain growth (in expenditure) to 2.5% from 2001-02 to 2003-04”. Is it referring to government recurrent expenditure, government expenditure or public expenditure? Is the “growth” referring to the real growth over the actual expenditure or the estimated expenditure of the previous year?

Asked by : Dr Hon YEUNG Sum

Reply : (a) The last sentence of paragraph 89 of the 2001-02 Budget Speech refers to containing the growth of government expenditure to 2.5% in real terms a year.

(b) The “growth” refers to the real growth over the original estimate for expenditure of 2000-01.

Signature _____

Name in block letters Miss Denise Yue _____

Post Title Secretary for the Treasury _____

Date March 2001 _____

Bureau Serial No.

FB031

Question Serial No.

1162

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please give a detailed list of the amounts of government expenditure (both at constant and current prices), the respective real growth rate and cumulative growth rates of government expenditure as well as the real growth rate and its cumulative growth rates of GDP from 1986-87 to 2004-05, the end of the Medium Range Forecast Period.

Asked by : Dr Hon YEUNG Sum

Reply : The data for comparing the cumulative growth in government expenditure with cumulative growth in GDP since the introduction of the Medium Range Forecast are:-

Year	<u>Total Government Expenditure</u>			<u>GDP</u>	
	<u>at current price</u>	<u>Real growth rate^(note)</u>	<u>Cumulative growth rate</u>	<u>Real growth rate</u>	<u>Cumulative growth rate</u>
	\$ billion	%	%	%	%
1986-87	41.1				
1987-88	45.3	2.5	2.5	13.0	13.0
1988-89	53.4	5.8	8.5	8.0	22.0
1989-90	67.8	11.8	21.2	2.6	25.2

Year	<u>Total Government Expenditure</u>			<u>GDP</u>	
	<u>at current price</u>	<u>Real growth rate^(note)</u>	<u>Cumulative growth rate</u>	<u>Real growth rate</u>	<u>Cumulative growth rate</u>
	<u>\$ billion</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1990-91	79.1	2.5	24.3	3.4	29.5
1991-92	90.4	3.1	28.1	5.1	36.1
1992-93	107.3	4.9	34.4	6.3	44.7
1993-94	134.0	17.3	57.7	6.1	53.5
1994-95	143.2	(2.2)	54.2	5.4	61.8
1995-96	161.6	5.1	62.0	3.9	68.1
1996-97	173.6	0.7	63.2	4.5	75.6
1997-98	194.2	5.1	71.5	5.0	84.4
1998-99	218.8	5.2	80.4	(5.3)	74.6
1999-00	214.5	(2.4)	76.1	3.1	80.1
2000-01	226.1	2.2	80.0	10.5	99.0
Revised estimate					
2001-02	252.7	10.8	99.5	4.0	106.9
Draft estimate					
Forecast					
2002-03	266.9	2.9*	105.3	4.0	115.2
2003-04	282.8	3.3*	112.0	4.0	123.8
2004-05	297.5	2.5*	117.3	4.0	132.8

* These figures are lower than the assumed 4% growth in real terms a year because of the irregular and lumpy nature of capital expenditure. For a fuller explanation, please see reply to question serial no. 1166.

Signature _____

Name in block letters _____ Miss Denise Yue

Post Title _____ Secretary for the Treasury

Date _____ March 2001

Bureau Serial No.

FB032

Question Serial No.

1163

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme: (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

- (a) Please provide the definitions of the operating expenditure and General Revenue Account expenditure and explain the reasons for their difference.
- (b) Please give a detailed list of the estimated and closing figures for the expenditure and balance of the operating account since 1986-87.
- (c) Which table in Appendix A to the 2001-02 Budget provide details on the revenue and expenditure of the operating account and its balance?

Asked by : Dr Hon YEUNG Sum

Reply :

- (a) The definitions are given in Appendix E to the 2001 Budget Speech. General Revenue Account expenditure refers to all expenditure charged to General Revenue Account, excluding transfers to Funds. In the context of the Medium Range Forecast, operating expenditure refers to all expenditure from General Revenue Account charged to any of the subheads listed in the Estimates under "Recurrent Account", plus Other Non-Recurrent expenditure. Operating expenditure therefore excludes expenditure which is capital in nature.

(b) Details are as follows:-

<u>Year</u>	<u>Operating Expenditure</u>		<u>Operating Surplus / (Deficit)</u>	
	<u>Estimate</u> <u>\$ billion</u>	<u>Actual</u> <u>\$ billion</u>	<u>Estimate</u> <u>\$ billion</u>	<u>Actual</u> <u>\$ billion</u>
1986-87	33.1	32.8	5.1	9.1
1987-88	36.7	36.3	8.6	17.2
1988-89	42.2	42.0	10.6	22.3
1989-90	50.2	51.1	21.8	22.3
1990-91	63.9	61.5	21.0	19.9
1991-92	72.2	71.7	23.5	28.3
1992-93	83.3	85.0	29.0	34.2
1993-94	98.1	96.9	31.4	42.8
1994-95	108.5	106.6	36.3	40.5
1995-96	124.5	121.9	31.8	29.0
1996-97	140.0	135.9	19.3	34.9
1997-98	156.9	160.6	15.1	43.8
1998-99	180.1	177.4	7.7	(0.6)
1099-00	186.1	175.9	(32.1)	(0.7)
2000-01 Revised estimate	188.8		(19.2)	
2001-02 Draft estimate	207.8		(16.6)	
Forecast				
2002-03	220.0		(9.3)	
2003-04	233.5		(5.6)	
2004-05	249.6		(4.0)	

(c) The column 'Operating' under 'Government expenditure and revenue' in Table 5 on page 13 of Appendix A to the 2001-02 Budget Speech shows the forecast Operating Revenue of \$191.2 billion, Operating Expenditure of \$207.8 billion and Operating Deficit of \$16.6 billion for 2001-02.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB033

Question Serial No.

1164

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : How the real growth rates of government expenditure in 1999-2000 and 2000-01 (revised) were affected by the deflation in our economy in 1999 and 2000? And hence what was the influence on public spending?

Asked by : Dr Hon YEUNG Sum

Reply : In deriving the real growth rates in government and public expenditure in 1999-2000 and 2000-01 (revised estimate), we have taken into account the price changes in 1999 and 2000. We applied the price changes appropriate to the relevant expenditure components (e.g. salaries for civil servants and staff of subvented organisations, operating expenses, plant and equipment, etc.) of the government, subvented organisations and other public bodies to bring the expenditure in the comparative years to the same price level before computing the real growth rates.

It would be misleading to compare the price changes in government and public expenditure with those of the economy as a whole, as government and public expenditure is different in terms of components and weights among expenditure items. For example, government and public expenditure comprise predominantly personal emoluments which saw a freeze in 1999-2000 and 2000-01.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB034

Question Serial No.

1165

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : There was a difference of \$10 billion between the estimated provision and the revised provision in the appropriation in the year 2000-01. Please list in details the factors and items for such a great discrepancy.

Asked by : Dr Hon YEUNG Sum

Reply : The revised estimate of \$194.6 billion for 2000-01 is \$9.5 billion less than the approved estimate of \$204.1 billion. The reduction mainly comprises:-

- reduced spending of \$6.8 billion arising largely from Government's determined efforts to enhance productivity and efficiency and the lower-than-expected prices of goods and services;
- lower-than-expected spending of \$2 billion on Comprehensive Social Security Assistance;
- the reduction in the transfer to the Loan Fund from the original estimate of \$2 billion to zero due to lower-than-expected payments by the Loan Fund;

- offset by additional expenditure of \$1.3 billion on pension and related payments in respect of the voluntary retirement schemes, for which no provision was made in the original estimates.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB035

Question Serial No.

1166

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat: Finance Bureau Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : According to the figures shown on the table "Public Expenditure in the Context of the Economy" in Appendix A of the 2001-02 Budget, the assumption of a growth of 2.5% in the actual expenditure in the year 2002-03 and 2003-04 can hardly be reached in terms of operating expenditure, government expenditure or public expenditure. Please explain the reasons and the ways to work out the expenditure forecast.

Asked by : Dr Hon YEUNG Sum

Reply :

As stated in the 2001 Budget Speech (para. 150), we have assumed that government expenditure will grow by 4% in real terms a year starting in 2002-03. We have adhered to this spending guideline when projecting **operating expenditure** in the years 2002-03 to 2004-05. This can be seen from Table 4 in Appendix A to the 2001-02 Budget Speech, illustrated as follows :

2002-03 : \$220 billion, representing a real increase of 4% or a nominal increase of 5.9% on the estimate for 2001-02;

2003-04 : \$233.5 billion, representing a real increase of 4% or a nominal increase of 6.1% on the estimate for 2002-03;

2004-05 : \$249.6 billion, representing a real increase of 4% or a nominal increase of 6.9% on the estimate for 2003-04.

In projecting **capital expenditure**, we have also taken into account the stated spending guideline. In addition, we have factored in the irregular and lumpy nature of capital expenditure in order to arrive at a realistic forecast. This is necessary because capital expenditure includes spending on plant, equipment, capital works projects, subvented projects, housing loans, loans for students, etc. The cash flow requirements of these kinds of spending are not evenly spread from year to year. The capital expenditure forecast for 2002-03 to 2004-05, as shown in Table 4 of Appendix A, has been prepared on this basis.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2001

	Estimate 2001-02 HK\$000
Departmental business reviews, covering -	14,856
■ Organization and strategy reviews	
■ Outsourcing	
Financial consultancy	
Financial appraisals, reviews of financial/ accounting systems, studies on major infrastructural development projects (including financial advice on the proposed Shatin to Central Link Railway Project) and advice on privatisation of the Mass Transit Railway.	31,000
Total	<u>62,062</u>

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB037

Question Serial No.

0471

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 106 Miscellaneous Subhead (No. & title) : 182 Expenses for the appointment of
Services financial and management
consultants

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please provide details on the financial and management consultancy projects to be conducted in the financial year 2001-02 and the consultants appointed for these projects.

Asked by : Hon Eric LI Ka-cheung

Reply : A breakdown of the expenses for 2001-02 by nature of the consultancy studies is set out below -

**Estimate
2001-02
HK\$000**

Management consultancy

Public sector reform initiatives, covering -	16,206
■ Managing for results	
■ Customer service programme	
■ Enhanced productivity programme	
■ Exploiting new technology	

	Estimate 2001-02 HK\$000
<ul style="list-style-type: none"> ■ Re-inventing service delivery ■ Public sector reform programme ■ Efficiency improvement programme 	
Departmental business reviews, covering -	14,856
<ul style="list-style-type: none"> ■ Organization and strategy reviews ■ Outsourcing 	
Financial consultancy	
Financial appraisals, reviews of financial/ accounting systems, studies on major infrastructural development projects (including financial advice on the proposed Shatin to Central Link Railway Project) and advice on privatisation of the Mass Transit Railway.	31,000
Total	62,062

With the exception of the following four consultancy studies which will be brought forward from 2000-01, we are unable to provide the name of the consultants as the contracts have yet to be awarded -

Project	Consultant
<i>Management consultancy</i>	
Provision of consultancy support to Efficiency Unit for the Public Sector Reform Programme	PricewaterhouseCoopers Consultants Hong Kong Ltd.
Term consultancy for Management Services Agency	KPMG Consulting Limited
<i>Financial consultancy</i>	
Study of investment strategy for Quality Education Fund	William M. Mercer Ltd.
Advice on infrastructural development projects	Merrill Lynch (Asia Pacific) Ltd. (the contract lasts until May 2001)

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB038

Question Serial No.

1130

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 106 Miscellaneous Subhead (No. & title) : 182 Expenses for the appointment of
Services financial and management
consultants

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please provide the titles of the various projects related to financial assessments, departmental business reviews and public sector reform initiatives conducted by consultants in 2000-01. What other similar projects are to be carried out in 2001-02?

Asked by : Dr Hon YEUNG Sum

Reply : The management and financial consultancy projects carried out/to be carried out in 2000-01 and 2001-02, classified by the following categories, are listed below -

2000-01

Public sector reform initiatives

- Performance measurement programme
- Target-based management process programme
- Customer service programme
- Exploiting new technology
- Efficiency improvement programme
- Corporatization and outsourcing

Departmental business reviews

- Organization and strategy reviews
- Outsourcing

Financial assessments

- Studies on major infrastructural development projects
- Review of the government financial management information systems

2001-02

Public sector reform initiatives

- Managing for results
- Customer service programme
- Enhanced productivity programme
- Exploiting new technology
- Re-inventing service delivery
- Public sector reform programme
- Efficiency improvement programme

Departmental business reviews

- Organization and strategy reviews
- Outsourcing

Financial assessments

- Study of investment strategy of Quality Education Fund
- Studies on major infrastructural development projects
- Review of financial/accounting systems
- Advice on privatisation of the Mass Transit Railway

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB039

Question Serial No.

0125

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 106 Miscellaneous Services Subhead (No. & title) : 251 Additional
commitments

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Provision for additional commitments is made to meet expenditure which is expected to be required in excess of the amounts provided under other heads of expenditure.

- (a) Please explain how the Administration calculated the estimated figure of additional commitments.
- (b) What is the reason for the more than doubling of the provision for additional commitments from \$2,150,000,000 in the approved estimate of 2000-01 to \$4,820,000,000 in the estimate for 2001-02?

Asked by : Hon Emily LAU Wai-hing

Reply : (a) The provision under Head 106 Miscellaneous Services Subhead 251 Additional Commitments is to meet :

- (i) the likely price adjustments to a number of expenditure items, including the possible annual pay award for civil servants and employees of subvented organisations, and the corresponding adjustment to civil service pensions;

- (ii) the cash flow requirements in 2001-02 of the expenditure initiatives announced in the 2001 Budget Speech;
 - (iii) the requirements of new expenditure items for which we will seek Finance Committee approval during the year; and
 - (iv) urgent but unforeseen requirements which may arise during the year.
- (b) The provision allowed for in 2001-02 is higher than that in 2000-01 mainly because in 2000-01 we did not include provision for the price adjustments mentioned in (a) above.

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB040

Question Serial No.

1131

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 106 Miscellaneous Services Subhead (No. & title) : 251 Additional
commitments

Programme : 10605 Revenue Collection and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please explain in detail how the amount of \$4.8 billion under this Subhead is computed. Please also provide details on the comparison of the estimated and actual expenditure under this Subhead in the past ten years.

Asked by : Dr Hon YEUNG Sum

Reply : (a) The provision under Head 106 Miscellaneous Services Subhead 251 Additional Commitments is to meet :

- (i) the likely price adjustments to a number of expenditure items, including the possible annual pay award for civil servants and employees of subvented organisations, and the corresponding adjustment to civil service pensions;
- (ii) the cash flow requirements in 2001-02 of the expenditure initiatives announced in the 2001 Budget Speech;
- (iii) the requirements of new expenditure items for which we will seek Finance Committee approval during the year; and

(iv) urgent but unforeseen requirements which may arise during the year.

(b) Spending of the provision under the Additional Commitments is through transfer of provision to other heads/subheads. The original estimate for Head 106 Miscellaneous Services Subhead 251 Additional Commitments and the transfers therefrom to other heads/subheads for the last ten years are as follows :-

<u>Year</u>	<u>Original Estimate</u> <u>\$'000</u>	<u>Amount transferred to other</u> <u>Heads/Subheads during the year</u> <u>\$'000</u>
1999-2000	1,050,000	729,080
1998-99	8,350,000	7,183,366
1997-98	8,380,000	7,855,984
1996-97	8,230,000	7,841,979
1995-96	8,000,000	7,861,515
1994-95	7,575,000	7,526,816
1993-94	7,300,000	6,814,490
1992-93	6,800,000	6,722,272
1991-92	5,950,000	5,813,325
1990-91	8,210,000	6,753,316

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date March 2001

Bureau Serial No.

FB041

Question Serial No.

0246

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 106 Miscellaneous Services Subhead (No. & title) : 789 Additional commitments

Programme: 10605 Revenue Collection and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

- (a) The approved estimate for "additional commitments" for 2000-01 was \$0.68b, but the estimate for "additional commitments" for 2001-02 is \$1.5b, which is more than twice of that of last year. What are the reasons for the increase?
- (b) The above provision is expected to meet which heads' or subheads' non-recurrent expenditure, and what kind of additional provision is expected to be approved and covered by the provision under this subhead?

Asked by : Hon Martin LEE Chu-ming

Reply : (a) The bulk of provision included under Head 106 Miscellaneous Services Subhead 789 Additional Commitments is for funding proposals which have not yet been approved by the Finance Committee at the cut-off date of the preparation of the 2001-02 Draft Estimates (namely 15 December 2000). These include the three-year training and development programme for the civil service, one-off book grants for school teachers, parent education projects, projects to help the all-round development of students, compensatory

payments to affected staff upon the corporatisation of the Survey and Mapping Office.

- (b) The Heads and Subheads of Expenditure to which additional provision will be made will only be known with precision at the time the expenditure proposals are ready. For example, for the one-off book grant for school teachers recently approved by the Finance Committee, the approved provision will be transferred from the Additional Commitments to Head 40 - Education Department Subhead 700 General other non-recurrent.

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date _____

Bureau Serial No.

FB042

Question Serial No.

1132

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 106 Miscellaneous Services Subhead (No. & title) : 789 Additional commitments

Programme : 10605 Revenue Collection and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please explain in detail how the amount of \$1.5 billion under this Subhead is computed. Please also provide details on the comparison of the estimated and actual expenditure under this Subhead in the past ten years.

Asked by : Dr Hon YEUNG Sum

Reply : (a) The bulk of provision included under Head 106 Miscellaneous Services Subhead 789 Additional Commitments is for funding proposals which have not yet been approved by the Finance Committee at the cut-off date of the preparation of the 2001-02 Draft Estimates (namely 15 December 2000). These include the three-year training and development programme for the civil service, one-off book grants for school teachers, parent education projects, projects to help the all-round development of students, compensatory payments to affected staff upon the corporatisation of the Survey and Mapping Office.

(b) Spending of the provision under the Additional Commitments is through transfer of provision to other heads/subheads. The original estimates for Head 106 Miscellaneous Services Subhead 789 Additional Commitments and

the transfers therefrom to other head/subheads for the last ten years are as follows :-

<u>Year</u>	<u>Original Estimate</u> <u>\$'000</u>	<u>Amount transferred to</u> <u>other Heads/Subheads</u> <u>during the year</u> <u>\$'000</u>
1999-2000	3,740,000	3,245,164
1998-99	5,700,000	5,564,491
1997-98	1,050,000	868,841
1996-97	1,000,000	956,873
1995-96	300,000	282,886
1994-95	350,000	316,637
1993-94	3,450,000	3,411,935
1992-93	750,000	747,577
1991-92	590,000	584,384
1990-91	100,000	84,365

Signature _____

Name in block letters _____

Miss Denise Yue

Post Title _____

Secretary for the Treasury

Date _____

March 2001

Bureau Serial No.

FB043

Question Serial No.

1133

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 106 Miscellaneous Services Subhead 284 Compensation

Programme : Revenue Collection and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please provide details on the \$55 million of expenses under this Subhead in 2000-01.

Asked by : Dr Hon YEUNG Sum

Reply :

The Subhead is for the settlement of claims (other than compensation connected with land, public works and mail, and for civil servants under the Employees' Compensation Ordinance) and for certain ex-gratia payments. Given the unpredictable nature of such expenditure, it is difficult to estimate it with a high degree of accuracy in a particular year. The \$55 million estimate was based on the actual expenditure incurred/commitment made under this Subhead at the time when the 2001-02 draft Estimates were prepared and an assessment of the amount of claims likely to be settled for the remainder of 2000-01.

As at 19 March 2001, the actual expenditure and commitment under this Subhead amounted to about \$30 million, broken down as follows -

	Amount ('000)
(a) Payments of compensation or damages ordered by the courts	25,220
(b) Out-of-court settlements approved by the Secretary for Justice under delegated authority (excluding those covered by court orders)	4,147
(c) Settlement of claims brought by civil servants for loss or damage under the Civil Service Regulations	6
(d) Miscellaneous cases, such as ex-gratia payments to members of the public affected by legitimate police action, and other moral claims	916
Total	30,289

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date 20 March 2001

Bureau Serial No.

FB044

Question Serial No.

0181

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 708 Capital Subventions and
Major Systems and Equipment

Subhead (No. & title) :

Programme :

Controlling Officer :

Bureau Secretary : Secretary for the Treasury

Question : For Head 708, under the revised estimate for 2000-01 in respect of "Works completed, cancelled or curtailed", what are the details for each project, such as its title, provision involved, the amount of curtailment, etc. ? What are the reasons for cancellation or curtailment of each project ?

Asked by : Hon Lau Chin-shek

Reply : For Head 708, the revised estimate for 2000-01 in respect of "Works completed, cancelled or curtailed" is \$128,056,000. This is an aggregate total of expenditure for the following 16 capital subvention projects and 47 major systems and equipment projects, which are expected to be completed in financial year 2000-01. No projects have been cancelled or curtailed.

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
Capital subvention projects		
8007EA	Erection of a school hall to Sheng Kung Hui St. Joseph's Primary School	775
8022EF	Redevelopment of Chung Chi College teaching buildings, phase V, The Chinese University of Hong Kong (CUHK)	6,224
8024EF	Extension to Chung Chi College new teaching buildings complex, CUHK	10,517
8048EG	Supplementation for the new Biological Sciences Building on cost of furniture and equipment items, The University of Hong Kong	16,410

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
8003EN	Basic teaching equipment for the Hong Kong Institute of Education	7
8006MA	Caritas Medical Centre - installation of a central medical gas supply to Wai Mon Block	15
8003ME	Pok Oi Hospital extension and staff quarters - phase III	542
8002MG	Ruttonjee Hospital - air-conditioning	97
8006MM	Hospital improvement programme, phase I	167
8011MM	Prince of Wales Hospital - new specialist out-patient clinic building	682
8014MM	Hospital improvement programme, phase II - improvement of operating theatre at Hong Kong Buddhist Hospital	48
8015MM	Upgrading medical gas pipeline systems in public hospitals	840
8019MM	Hospital improvement programme phase II - re-roofing and pipe replacement works in Blocks D, E and F and podium areas of the Yan Chai Hospital	80
8020MM	Retrofitting or replacement of air-conditioning and refrigerating plants and fire fighting systems in public hospitals	4,772
8021MM	Hospital improvement programme, phase II - replacement of cold and hot water supply system in Tung Wah Hospital	516
8030MM	Renovation of wards at Duchess of Kent Children's Hospital	884
Sub-total		42,576
<u>Major systems and equipment projects</u>		
8001VA	Replacement of chiller plants at Sha Tin Town Hall, Leisure and Cultural Services Department	5,220
8008XC	Expansion of existing computerised quantity surveying system (phase II), Architectural Services Department (ArchSD)	29
8012XC	Expansion of computer-aided drafting (CAD) system, ArchSD	10
8020XF	Digital photogrammetric system, Lands Department (LandsD)	303
8024XF	Replacement of 45 sets of obsolete models of workstations of CAD systems, LandsD	100
8025XF	CAD system for electronic guide map, LandsD	240
8030XF	Replacement of In-house Developed Survey/ Carto CAD System in Survey and Mapping Office (SMO), LandsD	540
8034XF	Replacement of In-house Developed Work Record Systems for Survey Activities in SMO, LandsD	782

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
8026XG	Replacement of PABX system in Wanchai Tower, Census and Statistics Department	220
8001XI	Replacement of 2 sets of total 530kw water-cooled chillers with refrigerant R134a for Central Government Offices, East Wing, Government Property Agency (GPA)	211
8015XI	Replacement of air-cooled condensing coils at Wu Chung House, GPA	258
8018XI	Replacement and upgrading of the central air-conditioning systems of Yuen Long District Office Building, GPA	660
8005XJ	Upgrading/replacement of equipment systems for air navigational aids and air traffic control at the Hong Kong International Airport, Civil Aviation Department	200
8005XK	Replacement of geological modelling system, Civil Engineering Department	900
8003XL	Replacement of radio communication system, Correctional Services Department (CSD)	855
8005XL	Replacement of intercom system in Shek Pik Prison, CSD	200
8008XO	Laboratory Information Management System, Drainage Services Department (DSD)	2,429
8009XO	Automated Mapping/Facility Management System, DSD	1,285
8034XP	Indoor air quality improvement at Central bus and public light bus station (Exchange Square), Electrical and Mechanical Services Department (EMSD)	1,026
8035XP	Indoor air quality improvement at Cheung Sha Wan Plaza bus terminus, EMSD	1,404
8036XP	Indoor air quality improvement at Kwai Fong MTR bus terminus, EMSD	1,584
8038XP	Indoor air quality improvement at Shau Kei Wan MTR transport interchange, EMSD	4,500
8003XQ	Comprehensive Air Quality Modelling System, Environmental Protection Department	3,473
8025XR	Enhancement of fire ground radio telephone communication system, Fire Services Department (FSD)	200
8026XR	Rectification of the trunked radio system for Year 2000 compliance, FSD	800
8055XV	Pilot implementation of two intelligent call centres, Government Secretariat : Offices of the Chief Secretary for Administration and the Financial Secretary	1,779
8005YD	Acquisition of additional equipment for existing CAD system, Highways Department	58
8007YD	Pilot scheme on CAD drawing management system for Highway Department	2,500
8010YG	Enhancement of the microwave link system, Independent	6,683

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
	Commission Against Corruption	
8007YM	Replacement of the PABX system at the Harbour Building, Labour Department	342
8017YQ	Mirs Bay vessel traffic centre-equipment, Marine Department (MD)	1,974
8021YQ	Equipment for local marine traffic control station at Container Terminal No. 8, MD	503
8022YQ	Installation of shore cranes at marine refuse collection points in Aberdeen, Cha Kwo Ling and Causeway Bay, MD	31
8041YU	Radio system for Witness Protection Unit, Hong Kong Police Force	86
8006YW	Purchase of two computer-to-plate systems, Printing Department	6,500
8008YZ	Mobile filling system for the record library, Radio Television Hong Kong (RTHK)	286
8012YZ	Replacement and upgrading of air-conditioning equipment in the Broadcasting House, RTHK	732
8010ZG*	Additional works for Holiday Centre for the Elderly, Social Welfare Department	1,173
8015ZN	Automation of annual traffic census detectors, Transport Department (TD)	993
8024ZN	Procurement of electronic parking devices, TD	11,080
8029ZN	Pilot Scheme on Speed Enforcement Camera System, TD	16
8030ZN	Red light camera system for 15 locations, TD	100
8042ZN	Rectification of Year 2000 Problem for Toll Computer System of Shing Mun Tunnels, TD	2,295
8043ZN	Rectification of Year 2000 Problem for Toll Computer System, Central Monitoring Control System and Traffic Control System of Tseung Kwan O Tunnel, TD	2,100
8048ZN	Procurement of electronic parking devices for parking meter expansion programme, TD	9,500
8020ZR	Implementation of a computer-aided drafting network system in Water Supplies Department	2,950
8011ZT	Enhancement of CAD Systems for District Planning Offices and Other Sections of the Planning Department, Planning Department	6,370
	Sub-total	85,480
	Total	128,056

* Reclassified as capital subvention project Subhead 8002SE in the 2001-02 Draft Estimates

Signature	_____
Name in block letters	Miss Denise Yue
Post Title	Secretary for the Treasury
Date	20 March 2001

Bureau Serial No.

FB045

Question Serial No.

0187

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 710 Computerisation

Subhead (No. & title) :

Programme :

Controlling Officer :

Bureau Secretary : Secretary for the Treasury

Question : For Head 710, under the revised estimate for 2000-01 in respect of "Works completed, cancelled or curtailed", what are the details for each project, such as its title, provision involved, the amount of curtailment, etc.? What are the reasons for cancellation or curtailment of each project?

Asked by : Hon Lau Chin-shek

Reply : For Head 710, the revised estimate for 2000-01 in respect of "Works completed, cancelled or curtailed" is \$14,169,000. This is an aggregate total of expenditures for the following 10 projects expected to be completed in financial year 2000-01. No projects have been cancelled or curtailed.

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
A019XF	Office Automation System in Lands Administration Office, Lands Department	1,236
A017XS	Bureau computer service 1993-94, Information Technology Services Department (ITSD)	2,330
A083XS	Secure central internet gateway system, ITSD	930
A027YF	Rectification of the computer systems of the Immigration Department of Year 2000 compliance, Immigration Department	2
A013YL	Provision of digital audio recording and transcription services in courts, Judiciary	210
A022YL	Provision of digital audio recording and transcription services in the High Court, Judiciary	2

Subhead (Code)	Approved projects	Revised estimate 2000-01 (\$'000)
A006YM	Replacement computer system for processing employees' compensation claims, Labour Department	100
A069YU	Rectification of Police computer systems for Year 2000 compliance, Hong Kong Police Force	600
A002ZG	New computerised social security payment system, Social Welfare Department	21
A006ZV	Enhancement to the Electoral and Registration System for the 1999 District Councils election and the 2000 Legislative Council election, Registration and Electoral Office	8,738
Total		14,169

Signature _____

Name in block letters _____

Post Title _____

Date _____

Miss Denise Yue

Secretary for the Treasury

20 March 2001

Bureau Serial No.

FB046

Question Serial No.

0390

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 702 Port and Airport Development Subhead (No. & title) : 2001AX, 2002AX,
2003AX and 2005AX

Programme :

Controlling Officer :

Bureau Secretary : Secretary for the Treasury

Question :

- (a) Why did block allocation **Subhead 2001AX** not appear in the printed Estimates for 2000-01, but appear in the Draft Estimates for 2001-02? Conversely, why did block allocation **Subhead 2002AX**, which appeared in the printed Estimates for 2000-01, not appear in the Draft Estimates for 2001-02?
- (b) Why no "Actual expenditure" was shown for all these block allocations on both the printed Estimates for 2000-01 and the Draft Estimates for 2001-02?

Asked by : Hon Eric Li Ka-cheung

Reply :

- (a) Each year we obtain FC's approval of the estimated annual expenditure for various block allocations prior to the printing of the Draft Estimates. Block allocations which will incur expenditure in the year in question will appear in the Draft Estimates and those with no anticipated expenditure will be excluded. For fiscal year 2000-01, we did not seek any funding approval for **Subhead 2001AX** as there was no anticipated expenditure under the block allocation in that year. For fiscal year 2001-02, \$1 million will be required under **Subhead 2001AX** for carrying out preliminary investigations for the West Tuen Mun Port feasibility study. This accounts for the re-appearance of **Subhead 2001AX** in the 2001-02 Draft Estimates. Likewise, **Subhead 2002AX** had an approved allocation of \$10,000 for fiscal year 2000-01, but did not require any

allocation in 2001-02. The subhead therefore appears in the 2000-01 Estimates, but not in the 2001-02 Draft Estimates.

- (b) Block allocations are approved on an annual basis. As such these items have no approved project estimates against which to show cumulative expenditure in the printed estimates. We do, however, provide quarterly reports on the expenditure for each subhead by means of a PWSC information note.

Signature _____
Name in block letters Miss Denise Yue
Post Title Secretary for the Treasury
Date 20 March 2001

Bureau Serial No.

FB047

Question Serial No.

1334

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head :147 Government Secretariat: Finance Bureau

Subhead (No. & title) :

Programme: (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please describe the work and findings of the Task Force set up to examine the Government's operating deficits? When is the study expected to be completed?

Asked by : Hon LAU Chin-shek

Reply :

The Task Force on Review of Public Finances has initiated detailed studies on the correlation between economic performance on the one hand and recurrent government revenue in general as well as key direct and indirect taxes on the other. The Task Force is also planning a study on the correlation between the performance of the property market and property-related revenue items. Findings of these studies are not yet available. The Task Force is due to report to the Financial Secretary by the end of 2001.

Signature _____

Name in block letters _____

Miss Denise Yue

Post Title _____

Secretary for the Treasury

Date _____

15 March 2001

Bureau Serial No.

FB048

Question Serial No.

1335

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head :147 Government Secretariat: Finance Bureau

Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please give a breakdown of the expenditure incurred by the Advisory Committee on New Broad-based Taxes in 2000-01 and 2001-02 respectively.

Does the Advisory Committee have plans to commission consultants to carry out some of its studies? If so, on what areas and for how much?

Asked by : Hon LAU Chin-shek

Reply :

For the financial year 2000-01, \$70,325 were spent on honoraria for members of the Advisory Committee on New Broad-based Taxes. \$390,000 were used on consultancy services. This makes a total of \$460,325 for 2000-01.

For 2001-02, the amount of honoraria for members of the Advisory Committee is expected to be \$96,000. \$410,000 are earmarked for printing and publicity. \$800,000 will be spent on consultancy services. This gives a total of \$1,306,000 for the financial year of 2001-02.

In connection with the Advisory Committee's work, the International Monetary Fund has been invited to conduct a study on the technical aspects of a goods and services tax (or value-added tax) if implemented in Hong Kong. The Advisory Committee has also employed the service of a private consulting firm to examine Hong Kong's tax base in comparison with other developed jurisdictions and the policy implications. The latter study would cost \$1,190,000 for the two years of 2000-01 and 2001-02, which is the total expenditure on consultancy studies in the breakdown in paragraphs 1 and 2 above.

Signature _____

Name in block letters _____

Miss Denise Yue

Post Title _____

Secretary for the Treasury

Date _____

15 March 2001

Bureau Serial No.

FB049

Question Serial No.

1459

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Loan Fund

Subhead (No. & title) :

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : In the estimated expenditure of the Loan Fund for 2001-02, a sum of \$2,285,000,000 is earmarked as additional commitments. What are the projects that have been finalized under this item so far and what are their commitments?

Asked by : Hon LAU Chin-shek

Reply :

As set out in the memorandum notes, the sum provided under "Additional Commitments" is to meet increase in expenditure arising from additional requirements during the financial year that cannot be precisely identified at the time of preparing, or identified after the cut-off date for, the Draft Estimates. At this point in time, we have not fixed any sum provided under the "Additional Commitments" for any project yet. As and when any increase in Approved Estimate/Approved Commitment for an existing subhead or any new subhead under the Loan Fund is identified, approval from the Finance Committee will be sought for the necessary commitment.

As this point in time, we are aware that funds may be needed for the initial setting up and operations of the Urban Renewal Authority.

Signature

Name in block letters

Miss DENISE YUE

Post title

Secretary for the Treasury

Date

March 2001

Bureau Serial No.

FB050

Question Serial No.

1460

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Capital Investment Fund
957 - Kowloon-Canton
Railway Corporation

Subhead (No. & title) : 121 Ma On Shan to Tai
Wai Rail Link and Kowloon-Canton
Railway Extension from Hung Hom to
Tsim Sha Tsui

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : The total approved commitment for the works on the Ma On Shan to Tai Wai Rail Link and the Kowloon-Canton Railway Extension from Hung Hom to Tsim Sha Tsui is \$8.5 billion, while the estimated expenditure for such works in the Draft Estimates for 2000-01 was \$6 billion. It was also stated in a Finance Committee paper in May 2000 that the amount of equity injection for the year was \$6 billion. Why is the provision in 2000-01 raised to \$8 billion in the Draft Estimates for 2001-02? What is the reason for increasing the provision for the Kowloon-Canton Railway Corporation in 2000-01?

Asked by : Hon LAU Chin-shek

Reply : The original plan (as reflected in the submission to the Finance Committee in July 1999) was to inject up to \$8.5 billion into KCRC for the Ma On Shan Project and the Tsim Sha Tsui Extension, with \$6 billion in early 2000-01 and a second tranche of up to \$2.5 billion around one year later. This plan was drawn up on the basis that the key terms of the agreement between the Government and KCRC on these two projects would be concluded by early 2000-01. Accordingly, a sum of \$6 billion was provided in 2000-01 under the Additional Commitments of the Capital Investment Fund.

As it turned out, the key terms of the concerned agreement were not concluded until recently. In light of this and as KCRC has already awarded a few contracts for these two projects, we agreed to make a one-off injection of \$8 billion into KCRC in March 2001 to give it the necessary financial support.

Signature

Name in block letters

Miss DENISE YUE

Post Title

Secretary for the Treasury

Date

March 2001

Bureau Serial No.

FB051

Question Serial No.

1496

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 28 Civil Aviation Department

Subhead (No. & title) :

Programme : 6 Air Passenger Departure Tax (APDT) Administration

Controlling Officer : Director-General of Civil Aviation

Bureau Secretary : Secretary for the Treasury

Question :

What is the provision for 2001-02 for administering the Air Passenger Departure Tax (APDT) collection?

Asked by : Hon Howard YOUNG

Reply :

The cost for administering the Air Passenger Departure Tax (APDT) collection under Head 28 Civil Aviation Department (CAD) in 2001-02 is \$1.6M mainly for staff costs. In addition, a provision of \$41.7M has been made under Head 106 Miscellaneous Services Subhead 281 Air passenger departure tax administration fee in 2001-02 for the payment to airlines and CAD's contracting agent respectively for the collection of APDT, and for the processing of APDT exemption and refund cases.

Signature

Name in block letters

Post Title

Date

ALBERT K Y LAM

Director-General of Civil Aviation

19 March 2001