

**Replies to written questions raised by Finance Committee Members in examining
the Estimates of Expenditure 2002-03**

**Bureau Secretary : Secretary for the Treasury
Session No. : 1 File name : FB-e1.doc**

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Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB001

Question Serial No.

0899

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Bureau Secretary: Secretary for the Treasury

Question : How many cases of suspected fraud and non-compliance with the Dutiable Commodities Ordinance were detected by the Customs and Excise Department in 2001-02 through checking the documents submitted by duty payers? What is the percentage of the cases detected in the total no. of cases investigated? And will the Department consider to increase manpower for the investigation of more cases? What is the cost involved?

Asked by: Hon. CHAN Kam-lam

Reply:

In the first eleven months of 2001/02, we had detected 39 cases of suspected fraud and non-compliance through checking of documents submitted by duty payers. This represents 1.35% of the total number of 2 880 cases investigated. There is no plan to increase manpower in this area of work.

Signature _____

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs & Excise

Date 20.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB002

Question Serial No.

1271

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Bureau Secretary: Secretary for the Treasury

Question : What are the specific measures adopted by the Administration to strengthen the enforcement action against the illegal distribution, storage and sale, etc. of dutiable commodities within Hong Kong. What is the amount of expenditure involved in this respect?

Asked by: Hon. CHAN Kam-lam

Reply:

The dedicated 24-member Diesel Oil Enforcement Division and the 84-member Anti-Illicit-Cigarette Task Force will continue to deploy the following specific measures to combat the illicit distribution, storage and sale of duty-not-paid fuel and cigarettes –

- (a) conducting intensified and large-scale operations complemented by officers of other divisions of the Customs and Excise Department;
- (b) enhancing intelligence collection;
- (c) launching publicity campaigns on the seriousness of offences in buying and selling illicit cigarettes and fuel; and
- (d) stepping up enforcement actions against buyers and sellers, including street-level sale and house delivery, of illicit cigarettes.

The annual provision for the two dedicated units in 2002-03 is \$29.6 m.

Signature _____

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs & Excise

Date 21.3.2002

Examination of draft Estimates of Expenditure 2002-03

Reply Serial No.

FB003

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

Question Serial No.

0312

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

Programme : 7603-Investigation and Field Audit

Controlling Officer : Commissioner of Inland Revenue

Policy Secretary : Secretary for the Treasury

Question : The Controlling Officer stated in her report that as a result of the economic slowdown, field audit and tax investigation cases have/will become more complicated and more time was/will be required to bring cases to settlement or finalisation. The estimated number of cases completed in field audit and tax investigation is 1,860 in 2002, a drop from 1,920 in 2000 and 2001.

Please elaborate on the reasons for the fall from the 1,920 completed cases in 2000-01 to the estimated number of completed cases of 1,860 in 2002. Please also specify whether backlog would be created and whether more and what resources will be required in this area; and advise when the situation is expected to improve.

Asked by : The Hon. Bernard Chan

Reply : The economic slowdown and financial crisis created financial hardship and liquidity problems for taxpayers. Consequently, it has taken more time for the Inland Revenue Department (IRD) to negotiate with the concerned taxpayers with a view to settlement or agreement on the amount of tax payable, and hence the average time required to bring cases to finalisation has increased. The Department does not envisage that a very substantial backlog will be created because it will actively follow up these cases with a view to bringing about early settlement at the same time as it processes new cases.

With greater application of information and computer technology, IRD will be able to formulate more effective plans to identify and tackle tax evasion and avoidance cases. IRD will also step up efforts to promote voluntary compliance through taxpayer education and publicity programmes in 2002. It is believed that such efforts will help deter would-be evaders and achieve the desired result in a more cost-effective manner.

Signature: _____

Name in block letters: Mrs LAU MAK YEE MING, ALICE

Post Title: Commissioner of Inland Revenue

Date: 21 March 2002

Examination of Estimates of Expenditure 2002-03

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

Reply Serial No.

FB004

Question Serial No.

0996

Head: 76 Inland Revenue Department

Subhead(No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Bureau Secretary: Secretary for the Treasury

Question : Under "Matters Requiring Special Attention in 2002-03", the Inland Revenue Department "will continue to combat tax evasion and to step up anti-avoidance measures". What are the plans and the estimated expenditure? Furthermore, does the Department set specific targets for improving the situation concerning tax evasion and avoidance? If so, what are the details?

Asked by: The Hon. Eric Li Ka-cheung, J.P.

Reply: The estimated expenditure for the Field Audit and Investigation Unit of the Inland Revenue Department (IRD) in 2002-03 is \$186.1M. IRD will continue to step up efforts to combat tax evasion and avoidance in 2002-03. The plans include:

- (1) Increase the presence of field auditors on taxpayers' premises so as to enhance co-operation and voluntary compliance. IRD will redeploy more resources to field audit activities.
- (2) Through the use of information technology, IRD has streamlined assessment procedures as from April 2001. Professional officers can now concentrate more on assessing complex cases and refer suspected evasion cases for audit and investigation. To supplement its manual selection process, IRD will in late 2002 introduce a computer programme to assist in identifying high-risk cases of revenue loss for audit and investigation. It also plans to input more data to enhance the functions of the above computer-assisted risk-based case selection program in 2003.
- (3) IRD will form a cross-unit ad hoc task force to identify and question doubtful cases periodically with a view to uncovering aggressive avoidance schemes, such as those involving offshore arrangements.

The occurrence of tax evasion and avoidance activities and the combating of such activities are affected by many factors and it is not possible to identify meaningful specific targets for this area of work.

Signature : _____

Name in block letters : Mrs LAU MAK YEE MING, ALICE

Post Title : Commissioner of Inland Revenue

Date : 21 March 2002

Examination of draft Estimates of Expenditure 2002-03

Reply Serial No.

FB005

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

Question Serial No.

0532

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

Programme : 7604 – Taxpayer Services

Controlling Officer : Commissioner of Inland Revenue

Policy Secretary : Secretary for the Treasury

Question : Why there was a decline in the indicators in 2002 for both the number of enquiries and the numbers of enquiries processed per post under the over-the-counter enquiry service?

Asked by : The Hon. Jasper Tsang Yok-sing, J.P.

Reply : To assist taxpayers in tax compliance, the Inland Revenue Department (IRD) aims for “EEC” in 2001. By “EEC”, we mean the tax information is “Easy to Understand”, the tax forms are “Easy to Complete” and the IRD is “Communicating with Taxpayers”. To provide easy access to tax information, the IRD disseminates this to the public through different channels, such as tax information leaflets, the IRD Homepage, the IRD Info Touch, Interactive Taxpayer Enquiry Service through the telephone and the tax enquiry service under the Electronic Service Delivery Scheme. With effect from April 2002, a new Teletax Service will be introduced whereby taxpayers will be able to obtain secured information on specified tax matters over the telephone. Furthermore, the IRD acts proactively to assist taxpayers. For instance, upon the passing of legislative amendment on the home loan interest deduction, the IRD sent out application forms and explanatory notes to eligible taxpayers, inviting them to apply for the enhanced deduction. Such measures have assisted or will assist taxpayers in settling their tax affairs, saving them the trouble of paying visits to the department to make enquiries. Accordingly, both the number of enquiries and the average number of counter enquiries handled per post are expected to decline.

Signature _____

Name in block letters Mrs LAU MAK Yee-ming, Alice

Post Title Commissioner of Inland Revenue

Date 20 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB006

Question Serial No.

0712

Head:76-Inland Revenue Department

Subhead(No. & title):

Programme: 7601-Assessing Function

Controlling Officer: Commissioner of Inland Revenue

Bureau Secretary: Secretary for the Treasury

Question: The strength of assessing staff in the current year is 2 472, a net deletion of 29 against 2001-02. Is there any significant implication on the setting of key performance indicators? A further decline is noted in three indicators, namely the number of profits tax assessments made, number of objections and appeals processed as well as the number of business registration certificates issued, as compared with the estimated figure of 2001 and the actual figure of 2000. What is the reason?

Asked by: The Hon. Jasper Tsang Yok-sing, J.P.

Reply: With enhanced information technology, business process re-engineering and streamlining of procedures, the Inland Revenue Department (IRD) will be able to handle the same amount of work with fewer manpower resources. This makes it possible to delete 29 posts from the establishment. The deletion of posts should not adversely affect IRD's provision or quality of services. To ensure this, IRD will implement additional safeguard measures, including the provision of computer training to staff, the stepping up of the monitoring work as well as flexible re-deployment of staff. Nor will the deletion of posts affect the setting or attaining of the key performance indicators for IRD.

We project mild decreases of 3.9% in the number of profits tax assessments to be made and 1.4% in the number of business registration certificates to be issued in 2002. We expect that the declining trends of the number of businesses liable to profits tax as well as of the number of new business registrations, which became evident in the last two years, will continue in 2002.

We project a marginal decrease of 1.9% in the number of appeals and objections to be processed in 2002. This is due to an anticipated reduction of the number of appeal cases carried forward to 2002 as well as the greater complexity of the outstanding objection cases to be processed in 2002.

Signature :

Name in block letters :

Post Title :

Date :

Mrs LAU MAK YEE MING, ALICE

Commissioner of Inland Revenue

21 March 2002

Reply Serial No.

FB007

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Question Serial No.

0533

Head : 162 Subhead (No. & title) :

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

Controlling Officer : Commissioner of Rating and Valuation

Bureau Secretary : Secretary for the Treasury

Question : Under Programme (3), why most of the indicators in 02-03 are lower than those in 01-02?

Asked by : Hon. TSANG Yok-sing

Reply : The indicators under Programme (3) show the numbers of cases completed by the Rating and Valuation Department involving the provision of property valuation advice. The Department offers property valuation advice to the Inland Revenue Department to assist the latter in its determination of stamp duty and estate duty, and to other bureaux and departments to assist their policy formulation and day-to-day work.

The levels of such cases completed are affected by a variety of factors. For example, cases involving stamp duty and estate duty determination are projected to decrease slightly in 2002-03 mainly due to an anticipated marginal decrease in the number of cases which would require property valuation advice from the Rating and Valuation Department. We anticipate that there will be an increase in the number of objections from duty payers which would in turn lengthen the time required to settle cases and hence a reduction in the number of cases completed per post.

We will suitably deploy our resources to ensure that our performance targets in this area of work are met.

Signature : _____

Name in block letters : KENNETH T W PANG

Post Title: Commissioner of Rating and Valuation

Date : 20.3.2002

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

Reply Serial No.

FB013

Question Serial No.

0166

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

Programme : (2) Property Management

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) : (a) Please provide details on the proposal and schedule to contract out the management of government properties as well as the amounts of savings that can be achieved in 2002-03.

(b) What are the number and respective ranks of property management staff affected if there is a contracting-out proposal? Will there be a redeployment of staff?

Asked by : Hon CHAN Yuen-han

Reply : The Government Property Agency has long contracted out its property management work. In 2002/03, there are no new proposals for further contracting out of work. Hence in this respect, there will not be any impact on savings nor staff.

Signature

Name in block letters

Post Title

Date

Ms Maria KWAN

Government Property
Administrator

20 March 2002

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

Reply Serial No.

FB014

Question Serial No.

0276

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

Programme : (1) Acquisition and Allocation

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) : What was the number of days when leased quarters were vacant in 2001?
was the median number of vacant days?

Asked by : Hon CHAN Yuen-han

Reply : The number of leased quarters in January 2001 was 301. Eight of these were vacant for a total of 1140 days in 2001. The median period of vacancy was 93 days.

In view of the lack of demand for some of these quarters, three were de-leased in 2001, one was de-leased in 2002 and two more are about to be de-leased.

Signature

Name in block letters

Ms Maria KWAN

Post Title

Government Property Administrator

Date

20 March 2002

Examination of draft Estimates of Expenditure 2002-03

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

Reply Serial No.

FB015

Question Serial No.

0277

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

Programme : (1) Acquisition and Allocation

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) : (a) In year 2002, it is expected that there will be a decrease of 52 NDQs. What is the reason for such decrease? Please list the addresses of the 52 NDQs and explain how they are to be disposed of.

(b) There will be an increase of departmental quarters by 480 numbers. From which departments does the increase arise?

Asked by : Hon CHAN Yuen-han

Reply : (a) In the year 2002, it is expected that there will be a decrease of 52 NDQs due to reduction or expected reduction in demand as a result of eligible civil servants and existing occupants leaving the service or joining other housing benefit schemes. Of these, 33 units are at sites due for disposal, namely 5 Ede Road (1 flat), 21-25 Borrett Road (21 flats) and 12 Mount Kellet Road (11 flats). The remaining 19 units is an estimated number based on statistical projections of reduction in demand. The whereabouts of these units would only be known when they materialize and appropriate disposal arrangements would then be worked out.

- (b) In 2002, 503 additional departmental quarters (DQs) will be allocated to the disciplined services departments for meeting shortfall. The breakdown is set out below:

| <u>Departments</u> | <u>No. of quarters</u> |
|-----------------------|------------------------|
| Immigration | 149 |
| Police Force | 133 |
| Customs & Excise | 94 |
| Fire Services | 70 |
| Correctional Services | 57 |
| | <hr/> |
| | 503 |

During the same period, we estimate 24 DQs currently allocated to other departments will no longer be required for operational purposes and can be converted to other uses. Thus there will be a net increase of around 480 DQs.

| | |
|-----------------------|--------------------------------------|
| Signature | <hr/> |
| Name in block letters | Ms Maria KWAN |
| | <hr/> |
| Post Title | Government Property Administrator |
| | <hr/> |
| Date | 20 March 2002 |
| | <hr/> |

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

Reply Serial No.

FB016

Question Serial No.

1094

Head : 51 Government Property Agency Subhead 001 Salaries
(No. & title) : 002 Allowances
007 Job-related allowances
149 General departmental expenses

Programme : (2) Property Management

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) : Regarding the contracting out of property management services,

- (a) what are the names and responsibilities of private contractors currently undertaking the management of government properties, their staff size, as well as the tenure and value of the contracts awarded?
- (b) what establishment and expenditure are required for overseeing the performance of property management services contractors?

Asked by : Hon LEE Cheuk-yan

Reply : (a) Private contractors currently undertaking management of government properties under the purview of the Government Property Agency are responsible for cleaning, security and other building management services. Their names, the respective tenure and value of the contracts are as follows-

| <u>Name of Contractor</u> | <u>Contract Duration</u> | <u>Value of Contracts Awarded (rounded figures) (\$m)</u> |
|--|----------------------------|---|
| (i) Guardian Property Management Ltd | 36 months from 1.4.1999 | 97 |
| (ii) Jones Lang Lasalle | 37 months from 1.4.1999 | 64 |
| (iii) Parkland Property Management Ltd | 37 months from 1.4.1999 | 28 |

| | | | |
|--------|---|-------------------------|-----|
| (iv) | Residential Management Services Ltd | 37 months from 1.4.1999 | 48 |
| (v) | First Pacific Davis Property Management Ltd | 37 months from 1.4.1999 | 36 |
| (vi) | Urban Property Management Ltd | 36 months from 1.4.2001 | 116 |
| (vii) | Colliers Jardine Management Ltd | 36 months from 1.4.2001 | 241 |
| (viii) | Guardian Property Management Ltd | 36 months from 1.4.2001 | 160 |

Items (i) – (v) are input-based contracts which stipulate the level of staffing for the services. In total, 104 security guards and 233 cleaners for offices and 210 security guards and 91 cleaners for quarters are deployed in accordance with the contracts’ specifications. Items (vi) to (viii) are outcome-based contracts which focus on specified service standards to be achieved. The staff size is not specified in these contracts.

- (b) All existing input-based contracts will expire in April 2002 and will be replaced by an outcome-based contract for which tenders are being evaluated. For the day-to-day management of the property management services contracts, 17 professional and technical staff are deployed. They comprise 4 officers, in the Maintenance Surveyor / Valuation Surveyor / Chief Technical Officer ranks, who are the contract managers. They are assisted by 4 Senior Building Supervisors and 5 Building Supervisors, each of whom oversees different groups of buildings. These Senior Building Supervisors / Building Supervisors are supported by 4 Assistant Building Supervisors. The estimated staff cost is about \$15m in 2002-03.

| | |
|-----------------------|-----------------------------------|
| Signature | _____ |
| Name in block letters | Ms Maria KWAN |
| Post Title | Government Property Administrator |
| Date | 20 March 2002 |

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB020

Question Serial No.

0534

Head: 188 Treasury

Subhead(No. & title):

Programme: 04 Management of Funds

Controlling Officer: Director of Accounting Services

Bureau Secretary: Secretary for the Treasury

Question :

- a. During 2002-03, the Treasury will appoint additional portfolio managers to carry out investment activities to increase the revenue of the Funds. What is the estimated cost for such appointments?
- b. What are the other new arrangements to increase the revenue of the Funds? Any additional resources required?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply:

- a. Portfolio managers are remunerated on a commission basis at about 0.3% to 0.4% of the amount of funds under their management. These commissions are charged to the Funds concerned.
- b. During 2002-03, the Treasury will explore new arrangements to increase the revenue of the Funds. This includes the examination of various types of security lending and commission rebate programmes. The new arrangements, if introduced, will not require additional resources.

Signature _____

Name in block letters SHUM MAN-TO

Post Title Director of Accounting Services

Date 21 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB022

Question Serial No.

0227

Head: 58 - Government Supplies Department **Subhead(No. & title):**

Programme: (1) Procurement

Controlling Officer: Director of Government Supplies

Bureau Secretary: Secretary for the Treasury

Question : Apart from salary increments for staff, what other expenditure components are accounted for in the increase of \$2.8 million in the estimated expenditure?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

A breakdown of the increase of \$2.8M is as follows :-

| | \$M |
|--|--------------|
| (a) Salary increments | + 0.2 |
| (b) Enhancement to the Electronic Tendering System | + 1.0 |
| (c) Creation of a Senior Executive Officer post (secretarial support to the GSD Tender Board) | + 0.5 |
| (d) Carry forward of capital account projects from 2001-02 to 2002-03 | |
| – International Public Procurement Association Conference | + 0.8 |
| – ISO 14001 accreditation | + 0.3 |
| | — |
| | <u>+ 2.8</u> |

Signature _____

Name in block letters GREGORY LEUNG

Post Title Director of Government Supplies

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB023

Question Serial No.

1232

Head: 58 - Government Supplies Department **Subhead**(No. & title):

Programme: (1) Procurement

Controlling Officer: Director of Government Supplies

Bureau Secretary: Secretary for the Treasury

Question :

As the Government Supplies Department was criticized by the Audit Commission by the end of last year for over-stocking some of the stores which would meet users' requirement for up to 100 years or more, what measures would the Administration adopt to ensure the newly allocated provision and resources will not be wasted again? Would outsourcing of government procurement service be considered as a measure to curtail the related expenditure?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

We shall regularly review the need and cost-effectiveness of the existing arrangements for procurement and delivery of those common-user items which are supplied to departments through the GSD warehouse. Where appropriate, we shall change to other modes of procurement which can achieve better value for money, such as direct delivery of goods by suppliers to users on a need basis or direct purchase of low value items in the market. In parallel, we shall tighten monitoring of the consumption pattern of those common-user items maintained in our warehouse to ensure early warning of any potential excessive stock for speedy remedial action.

These measures should help ensure cost-effectiveness in the use of available resources. At present, we have no plans to outsource our procurement functions.

Signature _____

Name in block letters GREGORY LEUNG

Post Title Director of Government Supplies

Date 20 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB024

Question Serial No.

0081

Head: 58 - Government Supplies Department **Subhead(No. & title):**

Programme: (1) Procurement

Controlling Officer: Director of Government Supplies

Bureau Secretary: Secretary for the Treasury

Question : As Hong Kong is experiencing deflation and the Government Supplies Department was criticized by the Audit Commission for over-stocking some of the stores (e.g. medicine, paper stationery, spare parts for maintenance, etc.) which would meet users' requirement for up to 100 years or more, why does the estimated expenditure on procurement still increase by 5.5%? Please provide the details.

Asked by: Hon. LAU Wai-hing, Emily

Reply:

The estimated increase of 5.5% (or \$2.8M in money terms) is unrelated to the purchase of stores as mentioned in the question. It is attributable to the following :-

| | \$M |
|--|-------|
| (a) Salary increments | + 0.2 |
| (b) Enhancement to the Electronic Tendering System | + 1.0 |
| (c) Creation of a Senior Executive Officer post (secretarial support to the GSD Tender Board) | + 0.5 |
| (d) Carry forward of capital account projects from 2001-02 to 2002-03 | |
| - International Public Procurement Association Conference | + 0.8 |
| - ISO 14001 accreditation | + 0.3 |
| | + 2.8 |

Signature _____

Name in block letters GREGORY LEUNG

Post Title Director of Government Supplies

Date 19 March 2002

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

FB026

Question Serial No.

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

0897

Programme :

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question :

Why is the estimated number of tender exercises to be conducted this year substantially lower than that of the previous year and what is the amount of savings involved?

Asked by : Hon. CHAN Kam-lam

Reply :

The reduction in the number of tenders in 2002 is due to the smaller number of vehicles to be procured and efforts in combining tenders for similar types of vehicle. However, this will not give rise to any surplus in manpower resources as the performance in 2001 was achieved only by temporary redeployment of staff and resources, at the expense of the Agency's other functions and responsibilities. The staff concerned have since returned to their normal duties.

GLTA will continue to vigilantly monitor the deployment of staff and resources to ensure efficient operation and cost-effective utilisation.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

21 March 2002

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

FB027

Question Serial No.

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

0898

Programme :

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question :

Please provide the details of the study on the prospective introduction of low emission vehicles and the expenses involved.

Asked by : Hon. CHAN Kam-lam

Reply :

We have no plans for commissioning specific studies on the introduction of low emission vehicles. The examination of feasibility of introducing these vehicles in the government fleet is a continuous process involving regular contact with local vehicle suppliers to ascertain the availability and performance of environmentally-friendly vehicles and conducting trials and evaluation of the vehicles as and when they become available. The work is absorbed by existing staff in GLTA and no additional expenses are involved.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

21 March 2002

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

FB028

Question Serial No.

0709

Head : 50 - Government Land Transport Agency
Subhead (No. & Title) : 000 Operational expenses
Programme :

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for the Treasury

Question :

The operational expenses on salaries and departmental expenses for 2002-03 have been increased to \$51.10 M from the revised estimate of \$50.21M for the previous year. What are the reasons for that? Is the increase in expenses on salaries and allowances caused by salary increments? What are the reasons for the increase in general departmental expenses ?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply :

The increase of \$0.89M in operational expenses is made up of \$0.35M in salaries and allowances and \$0.54M in departmental expenses.

The increased allocation for salaries and allowances is to cater for annual increments and full year salaries for a few vacant posts currently filled on an acting basis. As regards the increase in departmental expenses, this is for replacement of staff uniform and computer and IT equipment as well as for enhancement of staff training.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 029

Question Serial No.

0504

Head : 130 Printing Department

Subhead (No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

- (a) What are the four posts to be deleted and the ensuing savings in the 2002-03 estimates?
- (b) How many non-civil service contract staff members are expected to be recruited in 2002-03? What is the provision required?

Asked by : Hon. CHAN Yuen-han

Reply :

- (a) The four posts to be deleted in 2002-03 include 2 Senior Printing Technician and 2 Printing Technician I. The total saving involved is \$0.99 million.
- (b) One non-civil service contract staff is expected to be recruited in 2002-03 and the provision required is \$0.35 million.

Signature _____

Name in block letters DAVID TSUI

Post Title Government Printer

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 030

Question Serial No.

0505

Head : 130 Printing Department

Subhead (No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

How much is the cost of outsourcing printing services for the year 2002-03?

Asked by : Hon. CHAN Yuen-han

Reply :

In 2002-03, the estimated provision of the Printing Department for outsourcing printing services is \$49.20 million.

Signature _____

Name in block letters DAVID TSUI

Post Title Government Printer

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 031

Question Serial No.

0541

Head : 130 Printing Department
expenses

Subhead(No. & title) :000 Operational

Programme :

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

Please account for the increase in departmental expenses (including the expenses on specialist supplies and equipment and general departmental expenses) under the subhead of operational expenses in the 2002-03 estimates.

Asked by : Hon. TSANG Yok-sing, Jasper

Reply :

In 2002-03, the estimate of the amount required for the specialist supplies and equipment is \$124.40 million. This represents an increase of \$5.90 million over the revised estimate of \$118.50 million for 2001-02. This is mainly due to the increase of outsourcing of printing services.

In 2002-03, the estimate of the amount required for general departmental expenses is \$23.04 million. This represents an increase of \$1.53 million over the revised estimate of \$21.51 million for 2001-02. This is mainly due to the additional requirements for payment of electricity charges and for cleansing, maintenance and repairing services.

Signature _____

Name in block letters _____ DAVID TSUI _____

Post Title _____ Government Printer _____

Date _____ 20.3.2002 _____

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 032

Question Serial No.

0547

Head : 130 Printing Department

Subhead (No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

- (a) Among various performance targets, those planned for 2002 for printing and delivering departmental forms within two months and for printing and delivering all other printing requirements within an agreed schedule have a percentage drop when compared with the past two years. What are the reasons for this?
- (b) Among various indicators, the use of available production capacity has gradually decreased in recent years. Is there a direct relationship between this phenomenon and the efforts in contracting out general printing services?

Asked by : Hon. TSANG Yok-sing, Jasper

Reply :

- (a) In 2002, there is an anticipated drop for the planned targets of printing and delivering departmental forms within two months and printing and delivering all other printing requirements within an agreed schedule. This is due to the increasing trend of shorter production lead time given by the users, thereby making it more difficult to complete all printing orders on time.
- (b) The decrease in the use of available production capacity is not related to the contracting out of general printing services. This is due to the exceptionally high usage in 2000 for special printing projects such as the printing of publicity materials, guidelines and ballot papers for Legislative Council election and the survey questionnaires and training materials for the Population Census.

Signature _____

Name in block letters _____ **DAVID TSUI** _____

Post Title _____ **Government Printer** _____

Date _____ **20.3.2002** _____

Bureau Serial No.

FB033

Question Serial No.

1209

Examination of draft Estimates of Expenditure 2002-03

**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 of the various financial appraisals and management consultancy studies to be conducted in financial year 2002-03, together with a list of the consultants responsible for these projects.

Asked by : Hon Eric LI Ka-cheung

Reply : A breakdown of the expenses for 2002-03 by nature of the consultancy studies is set out below -

| | Estimate 2002-03 HK\$000 |
|--|---|
| Management consultancy | |
| Public sector reform initiatives, covering - | 14,450 |
| ■ Public sector reform programme | |
| ■ Customer service programme | |
| ■ Enhanced productivity programme | |
| ■ Re-inventing service delivery | |
| ■ Exploiting new technology | |
| Departmental business reviews, covering - | 15,150 |
| ■ Organization and strategy reviews | |
| ■ Outsourcing | |

| | Estimate 2002-03 HK\$000 |
|---|---|
| Financial consultancy | |
| Financial appraisals, reviews of financial/accounting systems, studies on major infrastructural development projects (including financial advice on various railway projects identified under Railway Development Strategy 2000) and advice on secondary offering of shares in MTR Corporation Limited. | 28,000 |
| Total | <u>57,600</u> |

With the exception of the following consultancy studies which will be brought forward from 2001-02, we are unable to provide the name of other 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 Limited (up to October 2002) |
| <i>Financial consultancy</i> | |
| Advice on secondary offering of shares in MTR Corporation Limited and infrastructural development projects | Deutsche Bank AG, Hong Kong Branch |
| Consultancy study for the new Government Financial Management Information Systems | Accenture Company Limited |

Signature _____

Name in block letters Miss DENISE YUE

Post Title Secretary for the Treasury

Date 21 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB036

Question Serial No.

1001

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 : In respect of the provision of \$37,787,000 for 2001-02 under Subhead 284, please provide a breakdown of the various expenditure items, including compensation to victims of wrongful imprisonment.

Asked by: Hon WU King-cheong, Henry

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 revised estimate of \$37,787,000 for 2001-02 was based on the actual expenditure incurred/commitment made under this Subhead at the time when the 2002-03 draft Estimates were prepared and an assessment of the amount of claims likely to be settled for the remainder of 2001-02.

As at 16 March 2002, the actual expenditure and commitment under this Su amounted to about \$29 million, broken down as follows -

| | Amount (\$'000) |
|--|------------------------|
| (a) Payments of compensation or damages ordered by the courts | 23,352 |
| (b) Out-of-court settlements approved by the Secretary for Justice under delegated authority (excluding those covered by court orders) | 4,712 |
| (c) Settlement of claims brought by civil servants for loss or damage under the Civil Service Regulations | 2 |

(d) Miscellaneous cases, such as ex-gratia payments to members of the public affected by legitimate police action, and other moral claims 567

Total 28,633

So far, no expenditure related to compensation for wrongful imprisonment has been incurred in 2001-02.

Signature _____

Name in block
letters Miss Denise Yue

Post Title Secretary for the Treasury

Date 20 March 2002

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

FB037

Question Serial No.

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

0877

Programme : 14702 Service Departments

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

Please list out the total expenditure on compilation and publication of annual departmental reports by various government departments for each of the past five years. What manpower and resources were involved in the compilation and publication of annual reports for the ten departments spending most heavily in this regard? To achieve saving, does the Administration have any plan for releasing annual reports of various departments through the Government Website?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

The costs for compilation and publication of annual departmental reports are borne by the departments concerned from their existing resources. We do not have readily-available information on the details. Departments are also permitted, where appropriate, to outsource the printing jobs involved. We therefore are unable to provide the statistics requested.

The Administration encourages departments to publish their information electronically through the Government Website. However, as the needs and circumstances for individual departments differ and stakeholders' preference is a relevant consideration, the decision on printing annual departmental reports is vested in the heads of departments concerned.

Signature _____

Name in block letters _____

MISS DENISE YUE

Post Title _____

Secretary for the Treasury

Date _____

21 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 041

Head : 147 Government Secretariat:
Finance Bureau

Subhead (No. & title)

Question Serial No.

0056

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

What are the estimated amounts of resources, including manpower and financial provisions, allocated for supporting the corporatisation or privatisation initiatives?

Asked by : Hon. CHAN Kwok-keung

Reply :

There are no specific manpower and financial provisions allocated for supporting corporatisation or privatisation initiatives, which is the day to day responsibility of the Investments Division of Finance Bureau. If additional resources are required to support specific initiatives, we will assess these and seek the necessary approval for such purposes.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2002

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

Reply Serial No.

FB 042

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

Question Serial No.

0057

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

What is the estimated total expenditure for the major investments and loans that may be identified during the course of the year? Please give some examples of such investments or loans together with the expenditure involved.

Asked by : Hon. CHAN Kwok-keung

Reply :

We have provided in 2002-03 a total sum of \$2,415,000,000 for additional commitments that may be identified during the course of the year for major investment and loan proposals: \$2,185,000,000 for investment proposals under the Capital Investment Fund and \$230,000,000 for loan proposals under the Loan Fund. We shall seek the Finance Committee's approval for creating new commitments for such proposals as and when they are identified. Of these commitments we anticipate that the major investment funding will be for the Urban Renewal Authority. On loans, the additional commitments are reserved for a loan to the Employees Compensation Assistance Fund, on which the Administration will be approaching Finance Committee in April 2002.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2002

Reply Serial No.

FB043

Examination of Estimates of Expenditure 2002-03

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

Question Serial No.

0876

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 :

Apart from the planned secondary offering of MTRC shares, will the Bureau conduct any research on the corporatisation or privatisation for establishments such as the KCRC and the new airport in the coming financial year? If yes, what resources and manpower will be required?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

We have no fixed timetable for privatisation of Government's assets. Both the Kowloon-Canton Railway Corporation (KCRC) and the Airport Authority (AA) are potential candidates for the future. We will consider privatization of them as well as any other potential candidate on a case by case basis taking into account all relevant factors. We do not foresee the need for any additional resources or manpower for such purposes in 2002-03.

Signature

Name in block letters

Miss DENISE YUE

Post Title

Secretary for the Treasury

Date

20 March 2002

Examination of draft Estimates of Expenditure 2002-03

Reply Serial No.

FB045

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

Question Serial No.

1120

Head :147 Government Secretariat

Subhead (No. & title) :

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Policy Secretary : Secretary for the Treasury

Question : In order to raise sufficient revenue to cover the government's spending commitment, will provision be earmarked to review the existing territorial source principle so that Hong Kong residents and enterprises working or operating overseas are also subject to tax? If yes, please provide the details together with the amount involved. If no, what are the reasons for that?

Asked by : The Hon. LAU Wai-hing, Emily

Reply : The existing territorial source taxation principle has served Hong Kong well. The Advisory Committee on New and Broad-based Taxes studied a proposal to tax the worldwide income of businesses and individuals. It concluded that a complex system of tax credits together with double taxation arrangements would be the major prerequisites for a tax on worldwide income. In addition, as Hong Kong's tax rates are low by international standards, in most cases, the amount of foreign tax credit would be greater than the Hong Kong tax on that income. Incremental revenue yield from taxing worldwide income of businesses and individuals would be negligible because of the need to grant tax credits for foreign taxes paid.

Based on the above findings of the Advisory Committee and considering that the legislative and administrative framework for taxing foreign-sourced income and profits and allowing tax credits would be complex and costly to administer, we do not consider it appropriate to change the existing territorial source taxation principle at this stage. We will however monitor the situation closely and regularly review the suitability of our taxation principles, deploying existing resources. We have made no provision in the 2002-03 expenditure estimates for a review of the territorial source taxation principle.

Signature _____

Name in block letters YUE Chung-ye, Denise, JP

Post Title Secretary for the Treasury

Date 21 March 2002

Bureau Serial No.

FB 047

Question Serial No.

0965

Examination of draft Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 147 Government Secretariat :
Finance Bureau

Subhead (No. & title) :

Programme : (2) Service Departments

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

- (1) In the new set of guidelines on tender evaluation for the contracting out of services issued by the Finance Bureau last year, it was suggested that the Controlling Officers should take into account the conditions of employment offered by the contractor to the grass-roots workers, such as wage level and the number of working hours. Has the Government assessed the impact of the guidelines on the tender price? If yes, please provide the details.

Asked by : Hon LEE Cheuk-yan

Reply :

- (1) As from late May 2001, we have introduced new requirements, vide Financial Circular No. 3/2001, for all departments procuring service contracts that rely heavily on the deployment of unskilled workers to adopt a marking scheme and to accord due weighting in tender evaluation to each tenderer's offer on the wage levels and working conditions for its employees, their past records of convictions under Employment Ordinance, etc.

We do not have readily-available records of the total number or details of contracts bound by the new requirements. Based on records within the Central Tender Board database (covering contracts at or above \$10 million each), we believe Government has since June 2001 awarded at least 47 cleansing, security and horticultural maintenance contracts, estimated to cost some \$751 million, in accordance with the new requirements. Because of other fundamental changes in the tendering approach for these 47 cleansing, security and horticultural maintenance contracts, it would not be possible to discern whether and how the new requirements alone have impacted on tender prices. For instance, seven of the 47 contracts were new cleansing assignments based on substantially revised service areas, and two others were new assignments designed to facilitate job creation. No meaningful tender price comparison could be drawn. Even for the remaining 38 contracts, the procuring departments have put much greater emphasis on output rather than input, and have substantially enhanced the quality requirements or extended the scope of service (like extended opening hours for museums), as compared with earlier contracts. There is therefore no firm or reliable basis for comparing tender prices before and after the introduction of the new tender assessment requirements.

Signature _____

Name in block letters _____ Miss Denise Yue

Post Title _____ Secretary for the Treasury

Date _____ 21 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 048

Question Serial No.

0055

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

Programme: (1) Revenue and Financial Control

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question :

The target of the Enhanced Productivity Programme is to deliver gains amounting to 5% of the Government's operating expenses by 2002-03. What are the total gains that can be delivered ?

Asked by: Hon.Chan Kwok-keung

Reply:

The target of the Enhanced Productivity Programme (EPP) is to achieve 5% cumulative savings in the Government's baseline operating expenditure progressively over a three-year period from 2000-01 to 2002-03. In 2000-01 and 2001-02, we delivered savings of \$1,148 million (equivalent to 1.2%) and \$2,248 million (equivalent to 2.1%) respectively. For 2002-03, we have identified savings of \$2,036 million (equivalent to 1.9%). Overall, we have achieved cumulative savings from 2000-01 to 2002-03 of \$5.4 billion, or 5.2% of baseline expenditure and have exceeded the cumulative target of 5%. All EPP savings are redeployed to new or improved services. We have put full details of the EPP plans of bureaux, departments and subvented organisations on Finance Bureau's web site at <http://www.info.gov.hk/fb>. Interested parties are invited to visit the web site to browse through the details.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Secretary for the Treasury

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 049

Head : 147 Government Secretariat:
Finance Bureau

Subhead (No. & title)

Question Serial No.

1058

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Since the implementation of the Enhanced Productivity Programme,

As at 2002-03, what is the respective accumulated number of civil service posts in the high, middle and lower salary bands deleted by government departments through outsourcing?

In 2002-03, what is the respective number of civil service posts in the high, middle and lower salary bands deleted by government departments through outsourcing?

Asked by : Hon. LEE Cheuk-yan

Reply :

Bureaux and departments have been adopting a variety of measures to bring about productivity savings. The deletion of a post may result from one or more productivity measures (process re-engineering, re-prioritisation of services, outsourcing, etc.) and it is difficult to classify posts deleted by the different productivity measures. The following therefore summarises number of posts deleted as a result of all Enhanced Productivity Programme (EPP) measures.

2. In 2002-03, the number of posts deleted as a result of the implementation of EPP are :

| | | |
|--|---|------------|
| At lower salary band (MPS point 9 or below) | = | 2 177 |
| At middle salary band (MPS points 10-33) | = | 1 187 |
| At high salary band (MPS points 34 or above) | = | <u>138</u> |
| | | 3 502 |

3. Up to 2002-03, the number of posts deleted as a result of the implementation of EPP are :

| | | |
|--|---|------------|
| At lower salary band (MPS point 9 or below) | = | 4 758 |
| At middle salary band (MPS points 10-33) | = | 3 145 |
| At high salary band (MPS points 34 or above) | = | <u>461</u> |
| | | 8 364 |

4. Deletion of posts is effected mainly through natural wastage, internal redeployment and subsequent deletion of vacant posts, or voluntary retirement. No staff redundancies are involved. In choosing post deletion as one of the options to deliver EPP, Controlling Officers take into account the implications on staff and ensure that the service to the public is not affected.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 050

Head : 147 Government Secretariat:
Finance Bureau

Subhead (No. & title)

Question Serial No.

1059

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Since the implementation of the Enhanced Productivity Programme,

As at 2002-03, what is the respective accumulated number of civil service posts in the high, middle and lower salary bands deleted by government departments through re-structuring of the services delivered?

In 2002-03, what is the respective number of civil service posts in the high, middle and lower salary bands deleted by government departments through re-structuring of the services delivered?

Asked by : Hon. LEE Cheuk-yan

Reply :

Bureaux and departments have been adopting a variety of measures to bring about productivity savings. The deletion of a post may result from one or more productivity measures (process re-engineering, re-prioritisation of services, outsourcing, etc.) and it is difficult to classify posts deleted by the different productivity measures. The following therefore summarises number of posts deleted as a result of all Enhanced Productivity Programme (EPP) measures.

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| At middle salary band (MPS points 10-33) | = | 1 187 |
| At high salary band (MPS points 34 or above) | = | <u>138</u> |
| | | 3 502 |

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| | | |
|--|---|------------|
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| At middle salary band (MPS points 10-33) | = | 3 145 |
| At high salary band (MPS points 34 or above) | = | <u>461</u> |
| | | 8 364 |

4. Deletion of posts is effected mainly through natural wastage, internal redeployment and subsequent deletion of vacant posts, or voluntary retirement. No staff redundancies are involved. In choosing post deletion as one of the options to deliver EPP, Controlling Officers take into account the implications on staff and ensure that the service to the public is not affected.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 051

Head : 147 Government Secretariat:
Finance Bureau

Subhead (No. & title)

Question Serial No.

1060

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Since the implementation of the Enhanced Productivity Programme,

As at 2002-03, what is the respective accumulated number of civil service posts in the high, middle and lower salary bands deleted by government departments through abolition of out-dated or unnecessary services?

In 2002-03, what is the respective number of civil service posts in the high, middle and lower salary bands deleted by government departments through abolition of out-dated or unnecessary services?

Asked by : Hon. LEE Cheuk-yan

Reply :

Bureaux and departments have been adopting a variety of measures to bring about productivity savings. The deletion of a post may result from one or more productivity measures (process re-engineering, re-prioritisation of services, outsourcing, etc.) and it is difficult to classify posts deleted by the different productivity measures. The following therefore summarises number of posts deleted as a result of all Enhanced Productivity Programme (EPP) measures.

2. In 2002-03, the number of posts deleted as a result of the implementation of EPP are :

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| At middle salary band (MPS points 10-33) | = | 1 187 |
| At high salary band (MPS points 34 or above) | = | <u>138</u> |
| | | 3 502 |

3. Up to 2002-03, the number of posts deleted as a result of the implementation of EPP are :

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| At lower salary band (MPS point 9 or below) | = | 4 758 |
| At middle salary band (MPS points 10-33) | = | 3 145 |
| At high salary band (MPS points 34 or above) | = | <u>461</u> |
| | | 8 364 |

4. Deletion of posts is effected mainly through natural wastage, internal redeployment and subsequent deletion of vacant posts, or voluntary retirement. No staff redundancies are involved. In choosing post deletion as one of the options to deliver EPP, Controlling Officers take into account the implications on staff and ensure that the service to the public is not affected.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 19 March 2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB 052

Question Serial No.

0269

Head: 147 GS : Finance Subhead(No. & title):

Programme: (1) Revenue and Financial Control

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question :

What criteria will the Administration use in setting its priorities and deploying its resources as it goes about reviewing the demands for the various services ?

Asked by: Hon.Chan Kwok-keung

Reply:

In reviewing the demands for services, priorities will be accorded to implementing initiatives announced in the Policy Addresses and the service pledges in the Controlling Officers' reports in the Estimates. The Government will also take into account the views expressed by different sectors of the community (including the Legislative Council Members, community, industry and business groups) such as those received during the Financial Secretary's consultations for the preparation of the 2002-03 Budget.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date 20.3.2002

In the meantime, the URA may still carry out its three "early launch" projects approved previously, as well as proceed with the planning and other preparatory work of its proposed projects.

Signature _____

Name in block letters

Miss DENISE YUE

Post Title

Secretary for the Treasury

Date

21 March 2002

Examination of Estimates of Expenditure 2002-03

FB053

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

Question Serial No.

1161

Head Capital Investment Fund
Subhead (No. & title) :

Programme :Controlling Officer : Secretary for the TreasuryBureau Secretary : Secretary for the TreasuryQuestion :

Of the \$2.185 B additional commitment for the coming year, \$2 B is said to be earmarked as injections to the Urban Renewal Authority.

- (a) If the above injections and the amount concerned are confirmed, please provide details of various injection arrangements and their schedule, and explain why the decision on such substantial injections has not been accounted for in the Draft Estimates;
- (b) If not confirmed, which part of the Draft Estimates sets out the provision and expenditure pertaining to the financial arrangements for the Urban Renewal Authority?

Asked by : Hon. LI Wah-ming, FredReply :

In accordance with Section 21 and 22 of the Urban Renewal Authority Ordinance, the Urban Renewal Authority (URA) submitted its first draft five years Corporate Plan and draft Business Plan for 2002/2003 to the Financial Secretary on 18 March 2002. We are now considering the proposals including the amount and mode of financing. The Planning and Lands Bureau will submit the proposed financing arrangements for the URA to the Finance Committee of the Legislative Council for approval as soon as practicable, after consulting the relevant LegCo functional panel. In this connection, and in keeping with usual practice, a sum has been included as part of "Additional Commitments" under the Capital Investment Fund for 2002-03.

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

FB054

Head : 184 - Transfers
to Funds

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

Question Serial No.

0376

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

For the estimated \$1B which will be transferred to Subhead 987, has the Government estimated that revenue will be received from Head 957 - Kowloon-Canton Railway Corporation in the form of dividends? Did the Government receive any dividends from the Corporation since its initial capital was appropriated to the Government in 1998? If not, why hasn't the Government demanded the Corporation to pay out dividends?

Asked by : Hon. CHEUNG Man-kwong

Reply :

Section 14(3) of the Kowloon-Canton Railway Corporation (KCRC) Ordinance stipulates that all dividend declared by the Corporation shall be paid into general revenue. Dividend, if any, will not be paid to Capital Investment Fund (CIF). As such, there is no direct relation between dividend payment by KCRC and the transfer of \$1B.

Since the enactment of the amendment to the KCRC Ordinance to give effect to a new capital structure on 3 April 1998, the Government have not received any dividend from the Corporation. Having considered KCRC's ongoing capital expenditure requirements, its financial position, including the amount of outstanding commercial debt, and our equity injection for various railway projects currently under construction, we have agreed with KCRC's recommendation in each of the past years that the Government would not require any dividend payment from the KCRC for these years.

Signature _____

Name in block letters Miss DENISE YUE

Post title Secretary for the Treasury

Date 21 March 2002