

**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-e2.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

Reply Serial No.

Examination of draft Estimates of Expenditure 2002-03

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

FB003

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

Reply Serial No.

FB008

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

Question Serial No.

0643

Head : 25 – Architectural Services Department

Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : The provision for 2002-03 is \$9 m higher than the revised estimate for 2001-02, which is due to provision for consultants' fees relating to building services, structural engineering and maintenance-related projects. Please specify the respective amounts of provision for the consultants' fees of these three project items in 2002-03 and provide specific information on their respective study areas.

Asked by : Hon. HO Chung-tai, Raymond

Reply : Provision for 2002-03 is \$9 million higher than the revised estimate for 2001-02 for Programme 2 – Facilities Upkeep. This is mainly due to additional provision for consultants' fees relating to building services, structural engineering and maintenance-related projects as well as valuation of government buildings for implementation of accrual accounting. The respective provision for consultant fees in these three categories in 2002-03 is \$0.4 million for building services, \$0.5 million for structural engineering, \$14.4 million for maintenance-related projects and \$15 million for valuation of government buildings for implementation of accrual accounting. A list of the 13 items involved and their description is at Annex.

Signature _____

Name in block letters _____ S. H. PAU

Post Title _____ Director of Architectural Services

Date _____ 22 March 2002

Annex

Items requiring consultancy services under Subhead 111 in 2002-03 for Programme 2 - Facilities Upkeep

Project Item and description

(i) Building Services :

Consultancy for the investigation and development of an elemental coding system for the building services equipment Schedule in electronic format

(ii) Structural Engineering :

Investigation into the shaft friction in steel H-piles socketed into rock

Investigation into bursting forces in pile caps arising from reaction of steel H-piles

(iii) Property Services :

Consultancy for structural engineering service to supplement in-house team in Property Services Branch to assist in minor works projects

Condition survey to government buildings and piers

Geotechnical consultancy for anchor monitoring to slopes at North Point Primary School

Consultancy to study safety and environmental precautions for demolition of buildings and to make recommendations for improvement

Termite study and control in government buildings

Cartographic preservation of identified historic buildings

Term quantity surveying consultancy for account checking

Consultancy for the supervision of minor works carried out by term contractors in order to uphold the quality of the maintenance works

Consultancy for the long term improvement to prevent water damage to building services installation at government buildings (for 10 buildings)

Hire of consultants to carry out valuation of 2,300 government buildings for the preparation of accrual-based accounts for the SAR Government

Reply Serial No.

FB009

Question Serial No.

0779

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

Head : 25 – Architectural Services Department

Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : The Architectural Services Department (Arch SD) is providing facilities upkeep services for Government-subsented and institutional buildings, as well as inspection and maintenance services for the 5650 related slopes. In this connection, will the Government inform this Council :

- (a) whether similar consultancy services are available in the private sector? If yes, can expenditure on maintenance services be reduced through outsourcing?
- (b) the Civil Engineering Department (CED) also carries out works on slope safety. If all slope maintenance works are contracted out, will the staff responsible for slope inspection and maintenance in the Arch SD be incorporated into the CED? How much money can be saved on recurrent expenditure such as administration expenses each year?
- (c) since some of the services provided by the Arch SD are also available in the private sector and there is some overlapping between the functions of the Arch SD and other departments, will the Bureau concerned consider restructuring the departments under its supervision in order to enhance administrative efficiency?

Asked by : Hon. IP Kwok-him

- Reply :
- (a) Yes, similar services are available in the private sector and are already employed for a large part of the facilities upkeep activities. The possibility for further outsourcing will continue to be explored. However, given the need for Arch SD to retain responsibilities for contract administration, consultancy/contract letting and management, supervision and control, the scope for further outsourcing with significant savings in expenditure may be limited.
 - (b) There is clear division of responsibilities for slope maintenance between CED and Arch SD. CED is responsible for setting standards and guidelines, and coordination of slope maintenance works by all government departments. Arch SD is responsible for all the physical activities of slope maintenance under its maintenance responsibility.
 - (c) Where similar services are available in the private sector, a large part of the works has already been outsourced. There is also little overlap of functions between Arch SD and other departments. In the coming years, Arch SD aims to further outsource activities relating to project co-ordination, account sampling and checking of works.

Signature _____

Name in block letters _____ S. H. PAU

Post Title _____ Director of Architectural Services

Date _____ 22 March 2002

Examination of Estimates of Expenditure 2002-03

Reply Serial No.

FB010

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

Question Serial No.

0688

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : (1) Please provide a breakdown of the provision for the estimated consultants' fees relating to building services, structural engineering and maintenance-related projects in 2002-03.

(2) Please provide a list of the 16 posts deleted under the Enhanced Productivity Programme in 2002-03 and specify the saving in the amount of expenditures as a result of the deletion of posts.

Asked by : Hon. LI Fung-ying

Reply : (1) A breakdown of the provision for the consultancy fees relating to building services, structural engineering and maintenance-related projects in 2002-03 is at the Annex.

(2) The 16 posts to be deleted in 2002-03 and the consequential savings are as below :-

<u>Rank</u>	<u>No. of post</u>	<u>Savings (\$M)</u>
Maintenance Surveyor	2	1.323
Technical Officer/ Technical Officer Trainee (Architectural)	1	0.181
Assistant Clerk of Works	2	0.542
Works Supervisor II (Building)	11	2.049
Total :	16	4.095

Signature _____

Name in block letters S. H. PAU

Post Title Director of Architectural Services

Date 21 March 2002

**Provision for consultancy fees relating to building services,
structural engineering and maintenance-related projects in 2002-03**

Consultancy	Required provision
Consultancy for the investigation and development of an elemental coding system for the building services equipment schedule in electronic format.	\$400,000
Investigation into the shaft friction in steel H-piles socketed into rock.	\$250,000
Investigation into bursting forces in pile caps arising from reaction of steel H-piles.	\$250,000
Consultancy for structural engineering service to supplement in-house team in Property Services Branch to assist in minor works projects.	\$5,600,000
Condition survey to government buildings and piers.	\$450,000
Geotechnical consultancy for anchor monitoring to slopes at North Point Primary School.	\$400,000
Consultancy to study safety and environmental precautions for demolition of buildings and to make recommendations for improvement.	\$2,100,000
Termite study and control in government buildings.	\$800,000
Cartographic preservation of identified historic buildings.	\$1,050,000
Term quantity surveying consultancy for account checking.	\$500,000
Consultancy for the supervision of minor works carried out by term contractors in order to uphold the quality of the maintenance works.	\$2,000,000
Consultancy for the long term improvement to prevent water damage to building services installation at government buildings (for 10 buildings).	\$1,500,000

Reply Serial No.

FB011

Question Serial No.

0818

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

Head : 25 – Architectural Services Department

Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : In the Matters Requiring Special Attention in 2002-03, it is mentioned that “the department will continue to carry out site inspections, stability assessments, routine maintenance and improvement works for 5,650 slopes under the department’s maintenance responsibility”. Please provide information on the slopes in Kwun Tong and Wong Tai Sin Districts :

- (a) the locations of the slopes;
- (b) the locations of the slopes where site inspection will be carried out in the coming year;
- (c) the locations of the slopes where stability assessment will be carried out in the coming year;
- (d) the locations of the slopes where routine maintenance is being carried out or will be carried out in the coming year, as well as the anticipated commencement and completion dates of the works;
- (e) the locations of the slopes where improvement works are being carried out or will be carried out in the coming year, as well as the anticipated commencement and completion dates of the works.

Asked by : Hon. LI Wah-ming, Fred

- Reply :
- (a) There are 227 slopes maintained by the Architectural Services Department in Kwun Tong as listed in Table 1 attached and there are 133 slopes maintained by the Department in Wong Tai Sin as listed in Table 2 attached.
 - (b) Routine maintenance inspection on each of the slopes in Tables 1 and 2 is carried out at annual intervals, i.e. all the slopes will be inspected at least once in the coming year.
 - (c) Engineer inspection to all the slopes will be completed by September 2002. Based on the results of the inspection, stability assessment will be carried out in order of priority.
 - (d) All maintenance works found necessary after the routine maintenance inspection will be carried out and completed within the same year.
 - (e) Routine maintenance works are carried out throughout the year. There is at present no slope upgrading works in progress in Kwun Tong and Wong Tai Sin. The slope upgrading works proposed to be carried out in 02/03 are :

<u>Slope No.</u>	<u>Location</u>	<u>Tentative programme</u>
11 NE-A/C 96	Diamond Hill Crematorium, Wong Tai Sin	Nov. 02 – Feb. 03
11 SE-B/FR 8	Yau Tong Fire Station, Kwun Tong	Oct. 02 – Jan. 03

Signature _____

Name in block letters _____

S. H. PAU

Post Title _____

Director of Architectural Services

Date _____

22 March 2002

Table 1 – Arch SD Slopes in Kwun Tong

Slope No.	Location
11NE-A/C 65	Ping Shek Playground
11NE-A/C 75	GPA venue at Lee On Road (Within GLA-NK623 & GLA-TNK1110)
11NE-A/C 101	Ping Shek Playground
11NE-A/C 104	Ping Shek Playground
11NE-A/C 128	Centrally located within Kwun Tong Rd Children's Playground
11NE-A/C 130	Detective Training School
11NE-A/C 198	Within GLA-NK465 W boundary of the site
11NE-A/C 199	Within GLA-TNK945/KGS/63 S of the site
11NE-A/C 436	Shun Lee Sitting-out Area
11NE-A/C 437	Shun Lee Sitting-out Area
11NE-A/C 447	EPD Venue Near Shun Lee Tsuen Road
11NE-A/C 449	Within GLA-NK381
11NE-A/C 450	Within GLA-NK381
11NE-A/C 454	Within GLA-NK623 & adjoining Clear Water Bay Rd
11NE-A/C 458	In the Centre of the Allocation site S of New Clear Water Bay Rd
11NE-A/C 540	Adjoining Jordan Valley closed Landfill site GLA-TNK998
11NE-A/C 541	Adjoining GLA-TNK998
11NE-A/C 550	Ping Shek Playground
11NE-A/C 577	Detective Training School
11NE-A/C 632	Ping Shek Park
11NE-A/C 633	Ping Shek Park
11NE-A/CR 69	Slope falls in GLA-NK465, NKIL167 & NKIL6039
11NE-A/CR 542	Adjoining Clear Water Bay Rd, within GLA-NK418, VO95 & GL
11NE-A/CR 543	Adjoining GLA-TNK930 & Clear Water Bay Rd
11NE-A/CR 613	Within GLA-TNK945/KGS/63 near spot level 18.3
11NE-A/F 52	Shun Lee Tsuen Recreation Ground
11NE-A/F 59	Shun Lee Tsuen Playground
11NE-A/F 60	Shun Lee Tsuen Recreation Ground
11NE-A/F 61	Shun Lee Tsuen Playground
11NE-A/F 250	Jordan Valley Landfill
11NE-A/F 254	Jordan Valley Landfill
11NE-A/F 256	Adjacent to new Shun Lee Tsuen Recreation Ground
11NE-A/FR 86	Detective Training School
11NE-A/FR 90	Detective Training School
11NE-A/FR 91	Detective Training School
11NE-A/FR 160	Detective Training School
11NE-A/FR 283	Within GLA-NK465 (Kwun Tong Road Playground)
11NE-A/R 17	Within GLA-TNK 945/KGS/63
11NE-A/R 19	Kwun Tung Road Open Space
11NE-B/C 867	Shun Lee Tsuen Park
11NE-C/C 9	Jordan Valley Recreation Ground
11NE-C/C 10	Jordan Valley Recreation Ground
11NE-C/C 11	Jordan Valley Recreation Ground
11NE-C/C 12	Jordan Valley Recreation Ground
11NE-C/C 14	Jordan Valley Recreation Ground
11NE-C/C 15	Jordan Valley Leisure Pool, Ngau Tau Kok, Kowloon
11NE-C/C 16	Jordon Valley Playground Phase II
11NE-C/C 25	On Tak Road Playground
11NE-C/C 26	On Tak Road Playground
11NE-C/C 29	Fook Wah Tsuen Playground
11NE-C/C 30	Kung Lok Road Playground
11NE-C/C 34	Kung Lok Road Playground
11NE-C/C 40	Kung Lok Road Playground
11NE-C/C 78	Hong Ning Road Rest Garden
11NE-C/C 82	Kwun Tong Kung Lok Govt Sec School
11NE-C/C 83	Kwun Tong Govt Sec School
11NE-C/C 91	Fook Wah Tsuen Playground
11NE-C/C 141	Jordan Valley Leisure Pool
11NE-C/C 146	Shun Lee Tsuen Road Lookout

Slope No.	Location
11NE-C/C 152	Jordan Valley Leisure Pool
11NE-C/C 153	Jordan Valley Leisure Pool
11NE-C/C 154	Jordan Valley Leisure Pool
11NE-C/C 161	Jordan Valley Leisure Pool
11NE-C/C 169	Jordan Valley Leisure Pool
11NE-C/C 171	Jordan Valley Leisure Pool
11NE-C/C 172	Jordan Valley Leisure Pool
11NE-C/C 173	Jordan Valley Leisure Pool
11NE-C/C 178	Fukien Secondary School
11NE-C/C 179	Jordan Valley Leisure Pool
11NE-C/C 181	Jordan Valley Recreation Ground
11NE-C/C 182	Jordan Valley Leisure Pool
11NE-C/C 183	Jordan Valley Leisure Pool
11NE-C/C 208	Hong Ning Road Park
11NE-C/C 212	Fuk Wah Tsuen Playground
11NE-C/C 218	Kung Lok Road Playground
11NE-C/C 220	Fukien Secondary School
11NE-C/C 227	Ngau Tau Kok Jockey Club Clinic
11NE-C/C 228	Ting On Street
11NE-C/C 229	Ting On Street Playground (11NE-17B/S 21)
11NE-C/C 234	Fook Wah Tsuen Playground
11NE-C/C 237	Fook Wah Tsuen Playground
11NE-C/C 238	Ting On Street Amenity Plot
11NE-C/C 240	Ngau Tau Kok Playground
11NE-C/C 241	Ngau Tau Kok Playground
11NE-C/C 242	Ngau Tau Kok Playground
11NE-C/C 243	Ngau Tau Kok Playground
11NE-C/C 268	Jordan Valley Recreation Ground
11NE-C/C 270	Jordan Valley Recreation Ground
11NE-C/C 272	Hong Ling Road Recreation Ground
11NE-C/CR 33	Kung Lok Road Playground
11NE-C/CR 155	Jordan Valley Leisure Pool
11NE-C/CR 174	Fukien Secondary School
11NE-C/CR 211	Fuk Wah Tsuen Playground
11NE-C/CR 239	Kwun Tong Govt Primary School
11NE-C/CR 267	Jordan Valley Leisure Pool
11NE-C/CR 269	Jordan Valley Recreation Ground
11NE-C/F 1	Kung Lok Road Playground
11NE-C/F 2	Kung Lok Road Playground
11NE-C/F 41	Hong Ning Road Recreation Ground
11NE-C/F 48	Hong Ning Road Recreation Ground
11NE-C/F 58	Jordan Valley Recreation Ground
11NE-C/F 75	Kung Lok Road Playground
11NE-C/F 95	Fook Wah Tsuen Playground
11NE-C/F 96	To the SW of Fook Wah Tsuen Playground
11NE-C/F 111	Hong Ling Road Recreation Ground
11NE-C/F 112	Hong Ling Road Recreation Ground
11NE-C/F 113	Hong Ling Road Recreation Ground
11NE-C/F 118	Jordan Valley Recreation Ground
11NE-C/F 119	Jordan Valley Recreation Ground
11NE-C/FR 4	Hong Ning Road Recreation Ground
11NE-C/FR 5	Hong Ning Road Recreation Ground
11NE-C/FR 6	Hong Ning Road Recreation Ground
11NE-C/FR 15	Kung Lok Road Playground
11NE-C/FR 18	On Tak Road Playground
11NE-C/FR 63	Jordan Valley Recreation Ground
11NE-C/FR 65	Jordan Valley Leisure Pool
11NE-C/FR 66	Jordan Valley Leisure Pool
11NE-C/FR 84	Hong Ning Road Park
11NE-C/FR 99	Hong Lee Road Rest Farden
11NE-C/R 10	Kwun Tong Govt Sec School

Slope No.	Location
11NE-C/R 23	Jordan Valley Leisure Pool
11NE-C/R 61	Kong Lok Road Playground
11NE-C/R 68	Kwun Tong Govt Sec School
11NE-C/R 94	Ngau Tau Kok Jockey Club Clinic
11NE-C/R 102	Kwun Tong Road Rest Garden
11NE-C/R 130	Within GLA-NK172
11NE-D/C 35	Sau Nga Road Recreation Ground
11NE-D/C 37	Hong Ning Road Park
11NE-D/C 44	Hiu Ming Street Temporary Playground
11NE-D/C 47	Hiu Ming Street Temporary Playground
11NE-D/C 55	Yuet Wah Street Bus Terminus Temp. Amenity Area
11NE-D/C 67	Kwun Tong Road / Hip Wo Street Rest Garden
11NE-D/C 74	Lam Tin Fire Station
11NE-D/C 75	Lam Tin Fire Station
11NE-D/C 221	Sau Mai Ping Memorial School
11NE-D/C 224	USD Venue at Hiu Lai Court
11NE-D/C 255	Hiu Kwong St Park Strip
11NE-D/C 289	Lam Tin Park
11NE-D/C 290	Lam Tin Park
11NE-D/C 291	Lam Tin Park
11NE-D/C 294	Lam Tin Polyclinic
11NE-D/C 334	Lam Tin Park
11NE-D/C 338	Lam Tin Park
11NE-D/C 341	Lam Tin Park
11NE-D/C 342	Lam Tin Park
11NE-D/C 356	Kwun Tong Road / Hip Wo Street Rest Garden
11NE-D/C 357	Kwun Tong Road / Hip Wo Street Rest Garden
11NE-D/C 362	Hiu Kwong Street Park Strip
11NE-D/C 372	Kwun Tong Police Station
11NE-D/C 374	EMSD Storage
11NE-D/C 390	Sai Tso Wan Landfill
11NE-D/C 392	Sin Fat Road Tennis Court
11NE-D/C 406	Cha Kwo Ling Vehicle Depot (FEHD)
11NE-D/C 438	Ma Yau Tong Landfill
11NE-D/C 447	Lam Tin Park
11NE-D/C 697	HAD Venue Near Shun On Road
11NE-D/C 785	St. Edward Catholic Primary School
11NE-D/CR 45	Hiu Ming Street Temporary Playground
11NE-D/CR 222	Sau Mai Ping Memorial Park
11NE-D/CR 394	Lam Tin Ambulance Depot
11NE-D/DT 1	Lam Tin Polyclinic
11NE-D/DT 2	Within Lam Tin Park & adjoining GL
11NE-D/F 2	Sau Nga Road Playground
11NE-D/F 11	Hiu Kwong Street Indoors Games Hall
11NE-D/F 15	Hong Ning Road Park
11NE-D/F 22	Hiu Kwong Street Playground
11NE-D/F 95	Sau Nga Road Recreation Ground
11NE-D/F 99	Sau Nga Road Recreation Ground
11NE-D/F 217	Lam Tin Park
11NE-D/F 218	Lam Tin Park
11NE-D/F 221	Lam Tin Polyclinic
11NE-D/F 222	Lam Tin Park
11NE-D/F 223	Lam Tin Polyclinic
11NE-D/F 243	Ma Yau Tong Landfill
11NE-D/F 250	Lam Tin Park
11NE-D/F 251	Lam Tin Park
11NE-D/F 252	Lam Tin Park
11NE-D/F 253	Lam Tin Park
11NE-D/F 254	Lam Tin Park
11NE-D/F 255	Lam Tin Park
11NE-D/F 256	Lam Tin Park

Slope No.	Location
11NE-D/F 262	Hong Ning Road Park
11NE-D/F 287	Cha Kwo Ling Depot
11NE-D/F 318	Ma Yau Tong West Landfill
11NE-D/F 321	Ma Yau Tong West Landfill
11NE-D/F 389	Cha Kwo Ling Depot
11NE-D/F 460	Lam Tin Park
11NE-D/F 480	Kwun Tong Recreation Ground
11NE-D/FR 7	Hui Kwong Street Park Strip
11NE-D/FR 9	Hui Kwong Street Rest Garden
11NE-D/FR 14	Hui Kwong Street Recreation Ground
11NE-D/FR 17	Sau Mau Ping Road Sitting out Area
11NE-D/FR 23	Hui Kwong Street Rest Garden/Sau Mau Ping Memorial Park
11NE-D/FR 100	Hui Kwong Street Playground
11NE-D/FR 141	Hui Kwong Street Playground
11NE-D/FR 469	St. Edward Catholic Primary School
11NE-D/FR 477	Sai Tso Wan Landfill
11NE-D/R 45	Sau Mai Ping Memorial School
11NE-D/R 53	Hui Ming Street Temp. Playground
11NE-D/R 57	Yut Wah Street Bus Terminus
11NE-D/R 58	Yut Wah Street Bus Terminus
11SE-B/C 26	Ko Chiu Road Rest Garden
11SE-B/C 46	Sam Ka Tsuen Recreation Ground
11SE-B/C 47	Sam Ka Tsuen Recreation Ground
11SE-B/C 49	Sam Ka Tsuen Recreation Ground
11SE-B/C 50	Sam Ka Tsuen Recreation Ground
11SE-B/C 121	Yau Tong Fire Station
11SE-B/C 122	Lei Yue Mun Road Playground
11SE-B/C 125	Yau Tong Community Centre (SWD Venue Near Yan Wing Street)
11SE-B/C 164	Ko Chiu Road Rest Garden
11SE-B/C 166	Buddist Ho Nam Kam Prevocational College
11SE-B/C 171	Sam Ka Tsuen Recreation Ground
11SE-B/C 173	Sam Ka Tsuen Recreation Ground
11SE-B/C 174	Sam Ka Tsuen Recreation Ground
11SE-B/C 201	Pik wan Road Sitting-out Area, Yau Tong
11SE-B/C 227	Yau Tong Community Centre (SWD Venue Near Yan Wing Street)
11SE-B/C 437	Cha Kwo Ling Depot
11SE-B/C 438	Cha Kwo Ling Depot
11SE-B/C 460	Yau Tong Community Centre (SWD Venue Near Yan Wing Street)
11SE-B/C 551	Ko Chiu Road Rest Garden
11SE-B/CR 27	Ko Chiu Road Rest Garden
11SE-B/CR 55	Yau Tong Fire Station
11SE-B/F 32	Ko Chiu Road Rest Garden
11SE-B/F 33	Sam Ka Tsuen Recreation Ground
11SE-B/F 105	Cha Kwo Ling UC Depot
11SE-B/F 106	Cha Kwo Ling UC Depot
11SE-B/FR 8	Yau Tong Fire Station

Table 2 – Arch SD Slopes in Wong Tai Sin

Slope No.	Location
7SE-C/C 564	Fei Ngo Shan Police Post
7SE-C/C 565	Fei Ngo Shan Police Post
7SE-C/C 566	Fei Ngo Shan Police Post
7SE-C/C 567	Fei Ngo Shan Police Post
7SE-C/C 568	Fei Ngo Shan Police Post
7SE-C/C 571	Fei Ngo Shan Police Post
7SE-C/C 572	Fei Ngo Shan Police Post
7SE-C/C 573	Fei Ngo Shan Police Post
7SE-C/C 574	Fei Ngo Shan Police Post
7SE-C/C 585	Fei Ngo Shan Police Post
7SE-C/C 596	Adjoining access rd to Police Post at Tate's Ridge
7SE-C/C 598	Adjoining access rd to Police Post
7SE-C/C 614	Adjoining access rd to police post at Tate's Ridge
7SE-C/FR 186	Within GLA-TNK208/KGS/KE & adjoining GL
7SE-C/R 60	Adjoining Fui Yiu Ha New Village
7SW-D/C 579	Within GLA-ST166
7SW-D/C 753	St. Anglican Church, Maranatha House, N of Shing Mun Tunnel East Portal
7SW-D/F 57	Within GL W of DD182 Lot906, Kak Tin Kung Miu Resite Village
7SW-D/F 58	Within GL N of DD182 Lot906-911, Kak Tin Kung Mui Resite Village
7SW-D/F 61	E of DD182 Lots911, 915-921, Kak Tin Kung Miu Resite Village
7SW-D/R 211	St. anglican Church, Maranatha House, N of shing Mun Tunnel East Portal
11NE-A/C 14	Diamond Hill Crematorium
11NE-A/C 31	Tsz Wan Shan Estate Central Playground
11NE-A/C 33	Wu York Yu Health Centre
11NE-A/C 94	Diamond Hill Crematorium
11NE-A/C 96	Diamond Hill Crematorium
11NE-A/C 124	Tsz Wan Shan Sub-divisional Police Station
11NE-A/C 125	Diamond Hill Crematorium
11NE-A/C 148	Sof HK School for The Deaf, Hammer Hill Road
11NE-A/C 231	Lung Cheung Govt Sec School
11NE-A/C 251	S of Ka Wah Terrace
11NE-A/C 254	Within Diamond Hill Crematorium, NKIL6001 & GL
11NE-A/C 265	Within NKIL6217 & GLA-NK581
11NE-A/C 267	Within NKIL6217 & GL
11NE-A/C 289	Tse Wan Shan Road Playgounnd
11NE-A/C 290	Tse Wan Shan Road Playground
11NE-A/C 291	Tse Wan Shan Road Playground
11NE-A/C 292	Tse Wan Shan Road Playground
11NE-A/C 336	Po Kong Village Road Indoor Games Hall
11NE-A/C 366	Diamond Hill Crematorium
11NE-A/C 367	Diamond Hill Crematorium
11NE-A/C 368	Diamond Hill Crematorium
11NE-A/C 369	Diamond Hill Crematorium
11NE-A/C 370	Diamond Hill Crematorium
11NE-A/C 372	Diamond Hill Crematorium
11NE-A/C 386	Diamond Hill Crematorium
11NE-A/C 396	Diamond Hill Crematorium
11NE-A/C 420	Fung Shing Street
11NE-A/C 487	Diamond Hill Crematorium
11NE-A/C 504	Diamond Hill Crematorium
11NE-A/C 556	Lung Cheung Govt Sec School
11NE-A/C 558	Ma Tsai Hang Recreation Ground
11NE-A/C 583	St. Bonaventure Catholic Primary School
11NE-A/C 589	Within GLA-NK503 (Fung Tak Park)
11NE-A/C 590	Within GLA-NK503 (Fung Tak Park)
11NE-A/C 618	Morse Park (Formerly Part of 11NE-A/F 43)
11NE-A/C 620	Morse Park
11NE-A/C 628	Within VO41 & possession licence area near spot level 106.4 (Tsz Lok Estate)

Slope No.	Location
11NE-A/CR 90	GLA-NK145 and partly within VO51 & VO72 (Chuk Yuen-South Estate)
11NE-A/CR 126	Lung Cheung Govt Sec School
11NE-A/CR 217	Morse Park (Formerly Part of 11NE-A/F 43)
11NE-A/CR 232	Within S portion of GLA-NK242 (Lung Cheung Rd towards Fung Mo Street)
11NE-A/CR 320	Ma Tsai Hang Recreation Ground
11NE-A/CR 334	St. Bonaventure Catholic Primary School
11NE-A/CR 365	Diamond Hill Crematorium
11NE-A/CR 410	Choi Hung Road Playground
11NE-A/CR 484	Muk Lun St. Playground
11NE-A/DT 5	Diamond Hill Urn Cemetery
11NE-A/DT 6	Within Diamond Hill Urn Cemetery & adjoining temporary structures
11NE-A/DT 7	Within Diamond Hill Urn Cemetery
11NE-A/F 28	Tsz Wan Shan (South) ESS GEO Works (Community Ctr)
11NE-A/F 37	Morse Park
11NE-A/F 39	Morse Park
11NE-A/F 40	Morse Park
11NE-A/F 41	Morse Park
11NE-A/F 42	Morse Park
11NE-A/F 55	Within Sitting Out Area & Adjoining Shatin Pass Road
11NE-A/F 76	Tsz Wan Shan Estate Central Playground
11NE-A/F 85	Tsz Wan Shan Sub-divisional Police Station
11NE-A/F 116	Fung Shing Street, Ngau Chi Wan
11NE-A/F 117	Fung Shing Street, Ngau Chi Wan
11NE-A/F 153	Diamond Hill Crematorium
11NE-A/F 229	Diamond Hill Crematorium
11NE-A/F 231	Morse Park
11NE-A/F 239	Hammer Hill Road Sports Ground
11NE-A/F 242	Hammer Hill Leisure Pool
11NE-A/F 270	Po Kong Interchange Rest Garden
11NE-A/F 275	Po Kong Interchange Rest Garden
11NE-A/F 276	Wong Tai Sin Fire Station
11NE-A/F 279	Po Kong Interchange SOA / Amenity Area
11NE-A/F 305	Diamond Hill Crematorium
11NE-A/F 364	Morse Park (Formerly Part of 11NE-A/C 43)
11NE-A/FR 10	Tsz Wan Shan Estate Central Playground
11NE-A/FR 22	Within VO40 & GLA-NK350 to the N of Lok Wah St Playground
11NE-A/FR 33	Hammer Hill Road Sports Ground
11NE-A/FR 38	Morse Park
11NE-A/FR 238	Hammer Hill Road Sports Ground
11NE-A/FR 243	Slope falls in GLA-NK128 & NKIL5753 W of Ping Ting Rd
11NE-A/FR 306	Diamond Hill Crematorium
11NE-A/FR 343	Within GLA-NK503 (Fung Tak Park)
11NE-A/FR 370	Within GLA-NK132 & adjoining GL (Tsz Wan Shan Polica Station)
11NE-A/R 10	Wong Tai Sin Ambulance Depot
11NE-A/R 11	Within GLA-NK253 (Ying Fung Lane - FSQ Carpark Entrance)
11NE-A/R 30	Morse Park Swimming Pool
11NE-A/R 35	Morse Park Swimming Pool
11NE-A/R 36	Morse Park Swimming Pool
11NE-A/R 44	San Po Kong Interchange Garden
11NE-A/R 47	San Po Kong Interchange Garden
11NE-A/R 49	San Po Kong Interchange Garden
11NE-A/R 100	Within GLA-NK385 & Ext to the N of football field
11NE-A/R 101	Within GLA-NK385 & Ext to the NE of tennis courts
11NE-A/R 111	Hammer Hill Rd. Sportsground
11NE-A/R 118	Wong Tai Sin Fire Station
11NE-A/R 119	Choi Hung Road Playground
11NE-A/R 120	Choi Hung Road Playground
11NE-A/R 121	Wong Tai Sin Fire Station
11NE-A/R 185	Within an adjoining GLA-NK268
11NE-A/R 198	St. Bonaventure Catholic Primary School
11NE-A/R 199	St. Bonaventure Catholic Primary School

Slope No.	Location
11NE-A/R 233	Basketball Court of Islamic Dharwood Pau Memorial School, Tsz Wan Shan Road
11NW-B/C 240	Lion Rock Park
11NW-B/C 348	Lok Fu Public Toilet & Bath House
11NW-B/C 536	Lion Rock Park
11NW-B/C 813	MA Tsai Hang Recreation Ground
11NW-B/C 874	Ma Tsai hang Road
11NW-B/C 883	Lok Fu Recreation Ground
11NW-B/CR 197	Slope falls in GL & GLA-TNK939 N of Chuk Yuen Rd
11NW-B/CR 349	Lok Fu Public Toilet & Bath House
11NW-B/F 64	Within GLA-TNK865 & adjoining Chuk Yuen Road
11NW-B/F 66	Within Lion Rock Park
11NW-B/F 210	Ma Tsai Hang Recreation Ground
11NW-B/F 358	Lok Fu Recreation Ground
11NW-B/FR 65	Lion Rock Transit Nursery

Reply Serial No.

FB012

Question Serial No.

1281

Examination of Estimates of Expenditure 2002-03

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

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : The Architectural Services Department's expenditure on the maintenance, repair and refurbishment of government buildings and facilities represents more than half of its total expenditure each year. In view of this, has the Administration considered rebuilding some of the older government buildings to achieve optimal use of resources ? If yes, what is the plan ? If not, what are the reasons for that ?

Asked by : Hon. CHAN Kam-lam

Reply : Government buildings are adequately maintained for their designated uses. When suitable opportunities come up, redevelopment projects are proposed and implemented. In considering whether older government buildings should be demolished for redevelopment of the sites, the Administration would take into account a number of factors, the main ones being redevelopment potential, planning considerations, operational needs and reprovisioning possibilities. Given the general condition of maintenance, the age of government buildings is not necessarily the deciding factor. Currently there are plans for redevelopment involving 9 sites.

Signature _____

Name in block letters _____ S. H. PAU

Post Title _____ Director of Architectural Services

Date _____ 22 March 2002

Examination of draft Estimates of Expenditure 2002-03
**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/>

(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

Reply Serial No.

FB017

Question Serial No.

1257

Examination of Estimates of Expenditure 2002-03
**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 :

Can the Administration provide a complete list of all standard and non-standard allowances with

- (a) the number of staff receiving each allowance;
- (b) expenditure on each allowance; and
- (c) the position of the Administration on each of the allowances – whether the allowance should continue to be paid, be reviewed or cease for new recruits?

Asked by : Hon. CHEUNG Man-kwong

Reply :

A list of standard and non-standard allowances, with the revised estimated expenditure on and the number of staff receiving each allowance in 2001-02 and the position of the Administration on each of the allowances, is attached at **Annex 1**. A list of fringe benefits payable to eligible civil servants, with the revised estimated expenditure on and the number of staff receiving each benefit in 2001-02 and the position of the Administration on each of the benefits, is attached at **Annex 2**.

Signature

Name in block letters

Post Title

Date

SHUM MAN-TO

Director of Accounting Services

22 March 2002

Allowances Payable to Eligible Civil Servants

<u>Allowances</u>	<u>2001-02 Expenditure (\$'000)</u>	<u>No. of Recipients</u>	<u>Remarks</u>
I. Acting Allowance	385,019	21,868	Reviewed in early 2000. Eligibility period triggering payment of the allowance tightened from 14 days to 30 days. Allowances will not be paid for doubling-down acting appointments.
II Overtime and Related Allowances			Reviewed in end 2000. Rules on control and administration of overtime work strengthened.
a. Overtime Allowance for civilian staff	285,039	27,183	
b. Disciplined Service Overtime Allowance	209,333	19,179	
c. Standby Duty Allowance	78,053	5,962	
d. On-call Duty Allowance	6,110	4,437	
e. Honorarium	2,969	165	
III. Job-related Allowances¹			Review in progress. The Administration launched a 3-month consultation in end 2001 on the recommendations made by the Standing Commission on Civil Service Salaries and Conditions of Service and the Standing Committee on Disciplined Services Salaries and Conditions of Service concerning the review of job-related allowances. The feedback from the consultation exercise is being examined.
a. Extraneous Duties Allowance for civilian staff	13,477	1,823	
b. Extra Duties Allowance for Disciplined Services	75,490	10,413	
c. Hardship Allowances			
(i) Dangerous Duties	11,429	1,301	
(ii) Obnoxious Duties	77,970	11,263	
(iii) Management Consideration	5,026	1,251	
(iv) Typhoon	16,421	8,433	
(v) Rainstorm Black Warning	323	685	
d. Shift Duty Allowance	89,242	16,586	
e. Special Allowances for civilian staff	8,548	659	
f. Special Allowances for disciplined services			
(i) Detective Allowance	18,079	8,220	
(ii) Police Special Duty Unit Allowance	2,787	95	
(iii) Remote Station Allowance	17,575	1,554	
(iv) Others	13,437	3,612	

Allowances	2001-02 Expenditure (\$'000)	No. of Recipients	Remarks
IV. Subsistence Allowance	68,137	N/A ³	Rates are subject to reviews from time to time.
V. Travelling Allowances²			
a. Supplementary Travel Allowance	37,207	N/A ³	Introduced in April 2000 to replace the former Home to Office Travelling Expenses and Home-Office Mileage Allowance with features more in line with modern day circumstances.
b. Duty Travelling Expenses	34,372	N/A ³	Provision reviewed and modernised in April 2000.
c. Duty Mileage Allowance	22,436	N/A ³	Being reviewed to ensure provision is reasonable and in line with present day circumstances.
VI. Allowances for Officers Posted Outside Hong Kong			
a. Rent Allowance	25,790	77	Review in progress.
b. Special Posting Allowance (including Exchange Compensation Allowance)	19,216	82	Review on Special Posting Allowance completed. A new system of Special Posting Allowance was approved by the FC in March 2002.
c. Passage Allowance	2,134	87	Subject to review from time to time.
d. Baggage Allowance	1,315	39	
e. Disturbance Grant	4,633	65	
f. Expenses incurred by employers for employment of locally engaged staff in offices outside HK for meeting local statutory requirements etc.	4,364	125	Need to retain.
VII. Other Allowances			
a. Post Allowance	2,563	122	Payable to certain Survey Officers and Senior Survey Officers in the land and engineering streams. Ceased for officers appointed on and after 1.7.1982.
b. Laundry Allowance	488	313	Rates are subject to regular reviews.

Allowances	2001-02 Expenditure (\$'000)	No. of Recipients	Remarks
c. ICAC Post Allowance	8,396	1,220	Payable to ICAC officers recruited before 26.6.2000. Ceased for officers offered appointment on or after 26.6.2000.
d. Judicial Dress Allowance	116	7	Need to retain.
e. Flight Allowance for Senior Operations Officers (Flight Operations Inspector)	315	3	Reviewed and ceased in 2000 for recruits.
f. Special Allowance for Judicial Officers	9,252	50	Need to retain.
g. Others	2,268	N/A ³	

¹ Job-related allowances are not fringe benefits. They can be classified into Extraneous Duties Allowance for civilian, (Extra Duties Allowances for disciplined staff), Hardship Allowance, Shift duty Allowance and Special Allowance.

² For travelling allowances, payments are made by individual departments in response to claims from the officers. Treasury does not have records on the number of officers who have claimed these allowances.

³ Not available. The allowance is paid on a reimbursable basis. The Treasury does not have records of the number of officers who have claimed reimbursement of the allowance.

Fringe Benefits Payable to Eligible Civil Servants

Fringe Benefits		2001-02 Expenditure (\$'000)	No. of Recipients	Remarks
I.	Education Allowances			
a.	Local Education Allowance	241,850	19,670	Reviewed and ceased for officers offered appointment on or after 1.6.2000.
b.	Overseas Education Allowance	390,525	3,903	Reviewed and ceased for officers offered appointment on or after 1.8.1996.
II.	Housing Benefits			
a.	Home Purchase Allowance	1,122,145	15,272	Reviewed and ceased for officers offered appointment on or after 1.6.2000.
b.	Home Financing Scheme	2,386,975	8,975	Reviewed and ceased for officers offered appointment on or after 1.6.2000.
c.	Non-accountable Cash Allowance	1,971	10	Introduced for officers offered appointment on or after 1.6.2000 to replace all other housing benefits scheme.
d.	Non-accountable Cash Allowance in lieu of housing benefits	4,650	N/A	Payable to judicial officers at levels of District Judge or above in lieu of housing benefits.
e.	Quartering Benefit			
(i)	Hotel Subsistence Allowance	0	0	Reviewed and ceased for officers offered appointment on or after 1.5.1999.
(ii)	Housing Allowance for Disciplined Services	6,183	251	The allowance is an incentive to encourage officers in the disciplined services to move out of departmental quarters (DQ). There is a need to retain the allowance which helps to alleviate the DQ shortage problem.
(iii)	Hotel Allowance	206	25	Reviewed and ceased for officers offered appointment on or after 1.6.2000 except those officers on overseas posting.

Fringe Benefits	2001-02 Expenditure (\$'000)	No. of Recipients	Remarks
(iv) Removal Allowance	28,244	2,568	To assist officers who are directed to move from one quarter to another; and to assist disciplined services officers who move out of departmental quarters (DQ) upon obtaining Housing Authority accommodation through the Special Quota of the Civil Service Public Housing Quota. It is necessary to retain the allowance as the above-mentioned direction will continue, and it helps to alleviate the DQ shortage.
f. Air-conditioning Allowance	260	92	Reviewed and ceased for officers occupying substantively a directorate post on or after 1.5.1999.
g. House, Furniture and Domestic Appliances, Overseas Renting Allowance	14,766	10,950	Furniture and Domestic Appliance Allowance was reviewed and ceased for officers offered appointment on or after 1.5.1999. Also ceased for serving officers who receive a substantive salary on MPS Pt. 34 to 44 on or after 1.7.2000. House Allowance being phased out as officers offered appointment on or after 1.10.1990 are not eligible for the allowance.
h. Accommodation Allowance Scheme	40,061	125	Reviewed and ceased for officers offered appointment on or after 1.1.1999.
i. Rent Allowance Scheme	1,773	6	Reviewed and ceased for officers offered appointment on or after 1.6.2000.
j. Private Tenancy Allowance	160,348	689	Reviewed and ceased for officers offered appointment on or after 1.10.1990.
III. Passage Benefits			
a. Leave Passage Allowance	73,600	1,937	Subsequent to a review in early 2000, Leave Passage Allowance is only provided to eligible officers but not their families for officers offered appointment on or after 1.6.2000.
b. School Passage Allowance	114,016	5,131	Reviewed and ceased for officers offered appointment on or after 1.8.1996.

Fringe Benefits	2001-02 Expenditure (\$'000)	No. of Recipients	Remarks
c. First Appointment Passage	N/A ¹	N/A ¹	To provide single air tickets for officers recruited outside Hong Kong to travel from their residence country to Hong Kong on first appointment. Need to retain.
d. Sea Passage	N/A ¹	N/A ¹	Ceased for officers offered appointment on or after 1.12.1984.
e. Baggage Allowance	N/A ¹	N/A ¹	Since the introduction of common terms on 1.1.1999 (overseas terms no longer offered) and the cessation of school passage allowance to new recruits since 1.8.1996, Baggage Allowance ceases to be available to new recruits (except for officers recruited from overseas and provided with First Appointment Passage).
f. Travelling expenses	N/A ¹	N/A ¹	Ceased for new recruits (except for officers recruited from overseas and provided with First Appointment Passage) since the introduction of common terms on 1.1.1999 (overseas terms no longer offered) and the cessation of school passage allowance to new recruits starting from 1.8.1996.

¹ No breakdown on expenditure and number of recipients is available

Reply Serial No.

FB018

Question Serial No.

0380

Examination of draft Estimates of Expenditure 2002-03

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

Head : 188 Treasury

Subhead (No. & title) : 002 Allowances

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

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please list in detail the expenditure of all Heads and its portion on the 00/01 and 01/02 actual provisions in respect of:

- (a) the various standard allowances under Subhead 002 (including: acting allowance, disciplined services overtime allowance, overtime allowance); and
- (b) the various non-standard allowances under Subhead 002 (e.g. detective allowance, overseas allowance); and
- (c) how much was spent on allowances by one line vote departments under Subhead 000.

Last year the administration indicated that there would be a review on the above allowances, what is the progress now?

Asked by : Hon. Sin Chung-kai

Reply : The required information is attached at annex.

Signature

Name in block letters

Post Title

Date

SHUM MAN-TO

Director of Accounting Services

22 March 2002

Allowances

	Financial Year						Remarks
	2000-01 Actual Expenditure			2001-02 Revised Estimates			
	Subhead 000	Subhead 002	Total	Subhead 000	Subhead 002	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Standard Allowances							
Overtime allowances	6,208	337,047	343,255	117,742	167,297	285,039	(a)
Acting allowances	28,525	353,079	381,604	98,463	286,556	385,019	(b)
Typhoon allowances	0	10	10	3,829	12,592	16,421	(c)
Stand-by duty allowances	30,945	34,726	65,671	47,133	30,920	78,053	(a)
Honoraria	0	1,751	1,751	2,506	463	2,969	(a)
Disciplined services overtime allowance	102,955	150,709	253,664	107,008	102,325	209,333	(a)
Extra duties allowance for disciplined services	46,326	25,990	72,316	48,238	27,252	75,490	(c)
Rain storm black warning allowance	22	565	587	61	262	323	(c)
Standard Allowances Total	214,981	903,877	1,118,858	424,980	627,667	1,052,647	
Non-standard Allowances							
National Health Insurance contributions(London)	0	283	283	0	261	261	(d)
Post allowances	0	2,601	2,601	796	1,767	2,563	(e)
Detective allowances	13,649	4,524	18,173	13,631	4,448	18,079	(c)
Laundry allowances	490	0	490	488	0	488	(f)
Remote station allowances	98	17,594	17,692	93	17,482	17,575	(c)
ICAC special post allowances	0	8,767	8,767	0	8,396	8,396	(g)
Judicial dress allowances	0	110	110	0	116	116	
Overseas allowances	399	26,467	26,866	286	23,215	23,501	
Police Special Duty Unit allowances	2,890	0	2,890	2,787	0	2,787	(c)
Employers contributions for locally engaged staff in Brussels, Geneva, Washington and New York Offices	0	4,823	4,823	0	4,102	4,102	(d)
Special allowance for disciplined services	0	31,040	31,040	0	13,437	13,437	(c)
Flight allowance	0	502	502	0	315	315	(h)
Special allowance(Judges)	0	7,665	7,665	0	9,252	9,252	
Others	0	2,136	2,136	0	2,269	2,269	
Non-standard Allowances Total	17,526	106,512	124,038	18,081	85,060	103,141	
Subhead Total	232,507	1,010,389	1,242,896	443,061	712,727	1,155,788	
Subhead 000 Provision in Estimates	12,962,325			26,301,705			
Subhead 002 Provision in Estimates		1,467,680			894,528		

Remarks :

- (a) CSB reviewed the *overtime and related allowances* (including stand-by duty allowances and honoraria) and promulgated a set of revised guidelines in December 2000 to tighten up the administration and control over the spending of Overtime Allowance.
- (b) The acting appointment system (including the granting of *acting allowance*) was last reviewed in January 2000. As a result of the review, we extended the qualifying period for granting acting allowances from 14 to 30 days and abolished acting allowance payable on acting appointments for doubling-down.
- (c) On *Job-Related Allowances (JRAs)*, at the invitation of the Administration, the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (Standing Committee) have reviewed the JRA system in respect of civilian staff and disciplined services staff respectively. CSB has embarked on a 3-month consultation exercise with the staff side and departmental management on the recommendations of the Standing Commission and the Standing Committee. The 3-month consultation ended on 22 February 2002. CSB is now examining the views received from the staff side and departmental management before making a decision on the way forward.
- (d) For employing locally engaged staff in offices outside Hong Kong and meeting local statutory requirements. Need to retain.
- (e) Payable to Survey Officers and Senior Survey Officers in the land and engineering streams. **Ceased** for officers appointed on and after 1.7.1982.
- (f) Rates are subject to review from time to time.
- (g) Reviewed and **ceased** for officers offered appointment on or after 26.6.2000.
- (h) Reviewed and **ceased** in 2000 for new recruits.

Reply Serial No.

FB019

Question Serial No.

0381

Examination of draft Estimates of Expenditure 2002-03

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

Head : 188 Treasury

Subhead (No. & title) : 007 Job-related Allowances

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

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please list in detail the expenditure of all Heads and its portion on the 00/01 and 01/02 actual provisions in respect of:

(d) the various job-related allowances under Subhead 007; and

(e) how much was spent on job-related allowances by one line vote departments under Subhead 000.

Last year the administration indicated that there would be a review on the above allowances, what is the progress now?

Asked by : Hon. Sin Chung-kai

Reply : The required information is attached at annex.

Signature

Name in block letters

Post Title

Date

SHUM MAN-TO

Director of Accounting Services

22 March 2002

Job-related Allowances

	Financial Year						Remarks
	2000-01 Actual Expenditure			2001-02 Revised Estimates			
	Subhead 000 \$'000	Subhead 007 \$'000	Total \$'000	Subhead 000 \$'000	Subhead 007 \$'000	Total \$'000	
Extraneous Duties Allowances	3,001	10,820	13,821	4,798	8,679	13,477	(a)
Hardship Allowances	1,120	101,307	102,427	11,630	82,795	94,425	(a)
Shift Duty Allowances	1,188	99,309	100,497	7,095	82,147	89,242	(a)
On-call Duty Allowances	392	5,542	5,934	1,393	4,717	6,110	(b)
Various other Duty Allowances for Civilian	-	8,467	8,467	1,211	7,337	8,548	(a)
Subhead Total	5,701	225,445	231,146	26,127	185,675	211,802	
Subhead 000 Provision in Estimates	12,962,325			26,301,705			
Subhead 007 Provision in Estimates		255,240			205,265		

Remarks :

- (a) On Job-Related Allowances (JRAs), at the invitation of the Administration, the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (Standing Committee) have reviewed the JRA system in respect of civilian staff and disciplined services staff respectively. CSB has embarked on a 3-month consultation exercise with the staff side and departmental management on the recommendations of the Standing Commission and the Standing Committee. The 3-month consultation ended on 22 February 2002. CSB is now examining the views received from the staff side and departmental management before making a decision on the way forward.
- (b) CSB reviewed the overtime and related allowances (including on-call duty allowances) and promulgated a set of revised guidelines in December 2000 to tighten up the administration and control over the spending of the concerned allowances.

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

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

FB021

Question Serial No.

0535

Head: 28 Civil Aviation Department

Subhead(No. & title): 000 Operational Expenses

Programme: (6) APDT Administration

Controlling Officer: Director-General of Civil Aviation

Bureau Secretary: Secretary for the Treasury

Question : According to the indicator for 2002, there is a decrease in the no. of taxpayers compared with 2000 and 2001. The amount of APDT collected, however, rise significantly to \$846.7 million, registering an increase of 44.7% over 2001. Why?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply: Due to the 9-11 incident in the United States, it is anticipated that there will be a slight decrease (of less than 1%) in the number of visitors to Hong Kong and hence a lower number of taxable passengers in 2002 when compared to 2001 and 2000. The significant increase in air passenger departure tax revenue to \$846.7 million in 2002 reflects the full-year effect of the tax increase from \$50 to \$80 effective from 1 October 2001 and the effect of helicopter passengers being subject to the payment of air passenger departure tax starting from the same date.

Signature _____

Name in block letters ALBERT K.Y. LAM

Post Title Director-General of Civil Aviation

Date 21.3.2002

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

	<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.

FB025

Question Serial No.

0577

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 strategic approach to purchasing will the Government Supplies Department adopt in 2002-2003 in order to improve the overall value, quality and reliability of goods and services supplied? What are the details of this approach and how does it differ from the present one? What are the performance indicators of this approach?

Asked by: Hon. NG Leung-sing

Reply:

Strategic purchasing involves the development of different modes of procurement designed to suit the requirements of different purchases. Skillful application of different purchasing strategies enables users to obtain their goods and services at best value for money and in a timely manner.

Over the years, based on the principle of fair and open competition, the Government Supplies Department (GSD) has developed different modes of procurement for different major items of purchase. These strategies include: conducting prequalification exercises prior to purchase to identify the most suitable sources of supply; arranging bulk / term contracts with suppliers to obtain better prices; providing storage and distribution services by GSD to ensure reliability of supply of critical items; and setting up Standing Offer Agreements with selected suppliers to facilitate timely purchases at competitive prices.

Revising and improving the purchasing strategies for different items in line with changing user requirements and market conditions is an on-going and continuous process. In 2002-03, GSD will continue with these revision and improvement efforts. Furthermore, GSD will seek to extend the use of electronic means in our procurement work to enable access to a wider range of potential suppliers and to reduce the administrative costs of the tenderers. Given that users have different priorities in terms of quality, reliability and value for different purchases, it has not been feasible to develop performance indicators for strategic purchasing which are equally applicable to different circumstances.

Signature _____

Name in block letters _____

GREGORY LEUNG

Post Title _____

Director of Government Supplies

Date _____

20 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.

0898

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

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
Operational expenses

Subhead (No. & title) :000

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

57,600

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

Management consultancy

Provision of consultancy support to Efficiency Unit for the Public Sector Reform Programme

PricewaterhouseCoopers Consultants Hong Kong Limited
(up to October 2002)

Financial consultancy

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.

FB034

Question Serial No.

0021

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

Programme:

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question : (a) Would the Administration inform us that apart from meeting the estimated expenditure of the newly-proposed on-the-job training programme for the youth, the remaining portion of the \$1,830,000,000 provision under "additional commitments" is earmarked for what kinds of "unavoidable expenditure which is expected to be required during the year in excess of the amounts provided under other heads of expenditure"?

(b) Does such portion of provision include related expenditure (e.g. remuneration of the newly-appointed ministers) of the ministerial system which will be introduced by the Chief Executive in the near future? If yes, what is the amount of it?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (a) The remaining provision under Head 106 Miscellaneous Services Subhead 251 Additional Commitments is to meet the cash flow requirements of new expenditure items and other urgent but unforeseen requirements which may arise during the year.
- (b) At this stage we have not earmarked any specific sum to meet expenditure that may arise under the new system of appointing principal officials. If necessary, we will make available sums from the \$1.8 billion provision to meet the expenditure.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 March 2002

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

Reply Serial No.

FB035

Question Serial No.

0389

Head: 106 Miscellaneous
Services

Subhead(No. & title): 251, 789 Additional
Commitments

Programme: (1) Revenue and Financial Control

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question : With regard to the estimated expenditures under Subheads 251 (\$4.82 b) and 789 (\$1.5 b) of Head 106, please provide details of the amounts to be transferred to other Heads in 2001-02 and their purposes.

Asked by: Hon. SIN Chung-kai

Reply:

The transfers from Head 106 Subhead 251 Additional Commitments to other Heads involve many items of varying amounts and nature. Total transfers as of 15 March 2002 amount to \$1.4 billion. The major items of transfer include \$1.1 billion to various Heads to effect the 2001 pay award for civil servants and increase in salary-related subventions to subvented organisations; \$54 million to Head 40 Education Department to increase the capacity enhancement grant for secondary schools; \$49 million to Head 173 Student Financial Assistance Agency for the means-tested grant for post-secondary students; and \$41 million to Head 63 Home Affairs Department for environmental improvement and community involvement projects.

2. Total transfers as of 15 March 2002 from Head 106 Subhead 789 Additional Commitments amount to \$370 million. The major items of transfer include \$90 million to Head 22 Agriculture, Fisheries and Conservation Department for compensation and ex-gratia payment to poultry operators affected by avian flu; \$50 million to Head 181 Trade and Industry Department for the four funding schemes for Small and Medium Enterprises; \$20 million to Head 29 Civil Service Training and Development Institute for the three-year training and development programme for the civil servants; and \$10 million to Head 74 Information Services Department for the HK Inc. PR Project.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 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

Examination of Estimates of Expenditure 2002-0 Reply Serial No.
**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.

FB038

Question Serial No.

0387

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 set out in detail the amount of government expenditure at current prices, its growth rate and cumulative growth rate from 1986-87 to the end of the current forecast period in 2006-07; and also the Gross Domestic Product at current prices, its growth rate and cumulative growth rate over the same period.

(b) Please set out in detail the amount of public expenditure at current prices, its growth rate and cumulative growth rate from 1986-87 to the end of the current forecast period in 2006-07.

Asked by: Hon. SIN Chung-kai

Reply:

Government expenditure, public expenditure and Gross Domestic Product at current prices :

Year	Government Expenditure (Note)			Public Expenditure			Gross Domestic Product		
	Amount	Growth rate	Cumulative growth rate	Amount	Growth rate	Cumulative growth rate	Amount	Growth rate	Cumulative growth rate
	\$billion	%	%	\$billion	%	%	\$billion	%	%
86-87	41.1	0.0	0.0	47.9	0.0	0.0	312.6	0.0	0.0
87-88	45.3	10.2	10.2	53.6	11.9	11.9	384.5	23.0	23.0
88-89	53.4	17.8	29.8	64.8	20.8	35.2	455.0	18.3	45.6
89-90	67.8	27.1	64.9	81.9	26.5	71.0	523.9	15.1	67.6
90-91	79.1	16.6	92.3	95.2	16.2	98.6	582.5	11.2	86.4
91-92	90.4	14.3	119.9	108.0	13.5	125.4	668.5	14.8	113.9
92-93	105.0	16.1	155.3	123.5	14.3	157.6	779.3	16.6	149.3
93-94	134.0	27.7	226.0	155.2	25.7	223.8	897.5	15.2	187.1
94-95	143.2	6.8	248.3	165.9	6.9	246.2	1,010.9	12.6	223.4
95-96	161.6	12.9	293.2	191.3	15.3	299.2	1,077.1	6.6	244.6
96-97	173.6	7.4	322.4	211.2	10.4	340.7	1,191.9	10.7	281.3
97-98	194.2	11.9	372.5	234.8	11.1	389.8	1,323.9	11.1	323.6
98-99	216.2	11.3	425.9	266.4	13.5	455.9	1,259.3	(4.9)	302.9
99-00	214.5	(0.8)	421.9	269.5	1.1	462.2	1,227.0	(2.6)	292.6

00-01	224.8	4.8	446.8	278.4	3.3	480.8	1,266.7	3.2	305.2
01-02	239.4	6.5	482.2	273.2	(1.9)	469.9	1,262.6	(0.3)	303.9
02-03	254.2	6.2	518.5	287.2	5.1	499.2	1,256.2	(0.5)	301.9
03-04	253.3	(0.4)	516.2	291.8	1.6	508.9	1,311.5	4.4	319.6
04-05	255.6	0.9	521.9	290.2	(0.6)	505.5	1,369.2	4.4	338.1
05-06	259.1	1.4	530.3	292.6	0.8	510.5	1,429.4	4.4	357.3
06-07	264.0	1.9	542.2	299.0	2.2	523.8	1,492.3	4.4	377.5

Note : The figures have not been realigned to reflect changes in the make up of government expenditure over the years, e.g. for departments which changed to operate on a trading fund basis, their expenditure has been re-classified from government expenditure to public expenditure; expenditure of the former provisional municipal councils has been re-classified from public expenditure to government expenditure since 1 January 2000. Any comparison of year on year growth in government expenditure needs to take these changes into account.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 March 2002

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

Reply Serial No.

FB039

Question Serial No.

0388

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 set out in detail the amount of government expenditure at constant price (using the year 1990 as the base year), its growth rate and cumulative growth rate from 1986-87 to the end of the current forecast period in 2006-07; and also the Gross Domestic Product at constant price, its growth rate and cumulative growth rate over the same period.

(b) Please set out in detail the amount of public expenditure at constant price (using the year 1990 as the base year), its growth rate and cumulative growth rate from 1986-87 to the end of the current forecast period in 2006-07.

Asked by: Hon. SIN Chung-kai

Reply:

Government expenditure, public expenditure and Gross Domestic Product at constant 1990/91 price level :

<u>Year</u>	Government Expenditure ^(Note)			Public Expenditure			Gross Domestic Product		
	Amount	Growth rate	Cumulative growth rate	Amount	Growth rate	Cumulative growth rate	Amount	Growth rate	Cumulative growth rate
	\$M	%	%	\$M	%	%	\$M	%	%
86-87	63.6	0.0	0.0	75.3	0.0	0.0	450.4	0.0	0.0
87-88	65.2	2.5	2.5	77.9	3.5	3.5	508.8	13.0	13.0
88-89	69.0	5.8	8.4	84.1	7.9	11.7	549.3	8.0	22.0
89-90	77.1	11.8	21.2	93.1	10.7	23.6	563.4	2.6	25.2
90-91	79.1	2.5	24.3	95.2	2.3	26.5	582.5	3.4	29.5
91-92	81.5	3.1	28.1	98.0	2.9	30.1	612.0	5.1	36.1
92-93	85.5	4.9	34.4	101.1	3.2	34.3	650.3	6.3	44.6
93-94	100.3	17.3	57.7	116.8	15.5	55.1	690.2	6.1	53.5
94-95	98.1	(2.2)	54.2	114.2	(2.2)	51.7	727.5	5.4	61.8
95-96	103.1	5.1	62.0	121.4	6.3	61.3	755.8	3.9	68.1
96-97	103.8	0.7	63.2	124.9	2.9	65.9	789.8	4.5	75.6
97-98	109.1	5.1	71.5	130.2	4.2	72.9	829.0	5.0	84.4
98-99	114.8	5.2	80.4	140.6	8.0	86.7	785.1	(5.3)	74.6

99-00	112.0	(2.4)	76.1	141.3	0.5	87.7	808.7	3.0	79.9
00-01	113.7	1.5	78.7	140.7	(0.4)	86.9	893.3	10.5	98.8
01-02	120.2	5.7	88.9	143.1	1.7	90.1	894.6	0.1	99.0
02-03	129.5	7.7	103.5	152.4	6.5	102.5	903.5	1.0	101.0
03-04	130.0	0.4	104.3	155.8	2.2	106.9	935.2	3.5	108.0
04-05	130.6	0.5	105.3	154.3	(0.9)	105.1	967.9	3.5	115.3
05-06	131.8	0.9	107.2	155.0	0.4	105.9	1,001.8	3.5	122.8
06-07	133.8	1.5	110.3	157.8	1.8	109.6	1,036.8	3.5	130.6

Note : The figures have not been realigned to reflect changes in the make up of government expenditure over the years, e.g. for departments which changed to operate on a trading fund basis, their expenditure has been re-classified from government expenditure to public expenditure; expenditure of the former provisional municipal councils has been re-classified from public expenditure to government expenditure since 1 January 2000. Any comparison of year on year growth in government expenditure needs to take these changes into account.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 March 2002

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

Reply Serial No.

FB040

Question Serial No.

0390

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

Programme: (1) Revenue and Financial Control

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question : Referring to the Summary of Expenditure Estimates (page 25 of Volume 1A), please explain in detail why the Government's approved provision is different from its revised provision by \$10 b in 2001-02. With regard to the decrease in government expenditure, how much is attributed to the decrease in prices, and savings by the Government respectively. Please give a detailed explanation of the decrease in provision for Transfer to Funds. What are the reasons for the decrease in the provisions for various allowances and financing schemes for the civil servants? Does the Government plan to review the accuracy of the annual expenditure estimates so as to avoid making overestimations?

Asked by: Hon. SIN Chung-kai

Reply:

The 2001-02 Revised Estimates (RE) for individual heads of expenditure may be higher or lower than the Original Estimates (OE) for various causes that could not be anticipated during the compilation of the OE. These include factors such as adjustments to the civil service pay and other price adjustments, fluctuations in the demand for government services, refinements to programmes, changes in cash flow for capital projects, and implementation of measures to enhance productivity. We do not have a breakdown by these causes of the reduced expenditure of \$10 billion. The major items that contribute to this reduction include:

- (i) The RE for Transfer to Funds is \$3 billion less than the OE as the original estimate for a transfer of \$3 billion to the Loan Fund is no longer required due to reduced demand of loans under the Loan Fund. The reduced demand is mainly in the housing loans to civil servants, the Hong Kong Housing Society for the Home Starter Loan Scheme and the Ocean Park Lowland Redevelopment Fund.

(ii) The requirement for various allowances and financing schemes for the civil servants under Head 46 General Expenses of the Civil Services is less than the OE mainly due to:

- \$370 million reduction in requirement for Home Purchase Allowance and the Home Financing Scheme under Subheads 014 and 033. This is mainly due to the decrease in the average rates of allowances and in the number of participants;
- \$80 million reduction in requirement for the Personal Allowances under Subhead 013. This is mainly because the rates of education allowances have remained unchanged in 2001/02; and
- \$30 million reduction in requirement for the Private Tenancy Allowance and the Accommodation Allowance Scheme under Subheads 032 and 038. This is mainly due to the decrease in the average rates of allowances and also the decrease in number of participants in the case of Accommodation Allowance Scheme.

(iii) Controlling Officers have achieved savings through reduced demand and various measures to re-engineer work processes and change in mode of service delivery (e.g. by outsourcing or contracting out). For example, the Education Department, the Food and Environmental Hygiene Department, the Government Property Agency and the Leisure and Cultural Services Department together have reduced their requirement by some \$1.5 billion.

2. As always the Government reviews and assesses the funding requirements for the various programmes/services in the preparation of the Annual Expenditure Estimates as realistically as possible.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 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

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

Post Title

Date

Miss DENISE YUE

Secretary for the Treasury

20 March 2002

Examination of Estimates of Expenditure 2002-03

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

Reply Serial No.

FB044

Question Serial No.

0789

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

Programme: (1) Revenue and Financial Control

Controlling Officer: Secretary for the Treasury

Bureau Secretary: Secretary for the Treasury

Question : Please list out the estimated expenditure and / or actual expenditure on salary increments for civil servants and staff of subvented organisations in the past 3 years (1999-2000, 2000-01 and 2001-02) and the coming year (2002-03), and provide the expenditure breakdown for civil servants and the staff of subvented organisations separately.

Asked by: Hon. TANG Siu-tong

Reply:

Annual salary increments are payable to eligible civil servants who have not reached the maximum pay point of their salary scale subject to satisfactory performance. They amounted to \$0.72 billion in 1999-2000 and \$0.65 billion in 2000-01. The information for 2001-02 is not yet available. It is not possible to separately identify a cost component for salary increments in the Estimates.

2. For organisations subvented on a deficiency basis, we provide a subvention to meet the full difference between the subvented organisation's estimated income and its approved expenditure on a programme of activities approved by the Government. The approved expenditure covers, inter alia, the requirements for salary increments for staff on an approved establishment.

3. For organisations subvented on a discretionary basis, we generally determine the annual allocation on the basis of a lump-sum grant which is adjusted annually for price movements and any changes in funding requirements as a result of changes in the programme of activities. In general, we do not make specific provisions for salary increments in the process. Once the allocation is determined, the subvented organisations may decide on the disposition of the allocation between salaries and other expenses.

4. In view of the situation explained in paragraphs 2 and 3 above, we do not have readily available data on the total amount of salary increments for the subvented sector and the extent to which these increments are funded by the Government.

Signature _____

Name in block letters Miss Denise YUE, JP

Post Title Secretary for the Treasury

Date 22 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-yee, Denise, JP _____

Post Title _____ Secretary for the Treasury _____

Date _____ 21 March 2002 _____

Examination of Estimates of Expenditure 2002-03

Reply Serial No.

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

FB046

Question Serial No.

0503

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 :

Will any working groups or committees be set up to follow up the findings released by the Advisory Committee on New Broad-based Taxes and the Task Force on Review of Public Finances? If yes, what kind of working groups or committees will be set up? What are their respective numbers? What manpower and resources will be involved?

Asked by : Hon Chan Yuen-han

Reply :

The government will continue to monitor our public finance closely and carefully study the recommendations of the Advisory Committee on New Broad-based Taxes. At present, there is no plan to set up any working group or committee to follow up the Committee's findings or those of the Task Force.

Signature _____

Name in block letter _____

Miss DENISE YUE

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 high salary band (MPS points 34 or above)	=	<u>138</u>
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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 :

At lower salary band (MPS point 9 or below)	=	2 177
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		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 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

Reply Serial No.

Examination of Estimates of Expenditure 2002-03

FB05

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

Question Serial No.

61

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

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, Fred

Reply :

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.

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
**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

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

Reply Serial No.

FB055

Question Serial No.

0815

Head: 28 Civil Aviation Department

Subhead(No. & title): 000 Operational Expenses

Programme: (6) Air Passenger Departure Tax Administration

Controlling Officer: Director-General of Civil Aviation

Bureau Secretary: Secretary for the Treasury

Question : On handling applications for refund and waiver, what expenses were incurred for the past two years? What were the breakdowns on these expenses? There were 12 100 exemptions for the past year. Mainly what kind of people were exempted?

Asked by: Hon. LI Wah-ming, Fred

Reply: The expenses for the past two years incurred in the handling of applications for refund and waiver are as follows:

2000-2001	:	\$750,000
2001-2002	:	\$750,000

These expenses include :

- (i) Fees paid to agents for handling enquiries and refund applications at the Air Passenger Departure Tax Counter at Hong Kong International Airport. Provision for the expense was made under Subhead 281 - Air Passenger Departure Tax Administration Fees of Head 106 Miscellaneous Services; and
- (ii) Departmental staff cost and printing of exemption coupons. Expenses were paid under Subhead 001 Salaries and Subhead 149 General departmental expenses of Head 28 - Civil Aviation Department.

The total number of exemptions for the past year was 12 100. They were mainly in respect of passengers in transit, visiting diplomats, consul generals, eligible consular staff and their family members.

Signature _____

Name in block letters ALBERT K.Y. LAM

Post Title Director-General of Civil Aviation

Date 21.3.2002
