

**Replies to supplementary questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2005-06**

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 4

File name : S-FSTB(Tsy)-e1.doc

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S-FSTB(Tsy)02	S02	WONG Kwok-hing	59	(4) Printing Services
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S-FSTB(Tsy)07	S01	WONG Kwok-hing	25	(2) Facilities Upkeep

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

Reply Serial No.

S-FSTB(Tsy)01

Head : 147 Government Secretariat: Subhead (No. & title) :
Financial Services and
the Treasury Bureau
(The Treasury Branch)

Question Serial No.

SV15

Programme : (2) Revenue and Financial Control

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Treasury)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

1. The “saving-invest” measure to allow departments to retain unspent estimates in expenditure for future use

(Follow-up question to Question No. 0585 raised by Hon. LEE Wing-tat)

The Administration is requested to take the following actions:

- (a) To explain the purposes for implementing the “saving-invest” measure;
- (b) To explain how the measure is implemented, including the criteria and factors to be considered in determining the “percentage figures” of unspent estimates to be retained by departments in a particular financial year;
- (c) To provide the “percentage figures” of unspent estimates retained by departments in recent years; and
- (d) To provide details of assessment conducted, if any, on the effect of the “saving-invest” measure.

Asked by : Hon. LEE Wing-tat

Reply :

- (a) The Save and Invest arrangement was introduced in 1999 to encourage departments to economise and to spend where necessary.

- (b) Under the Save and Invest arrangement, departments can carry forward part of their unspent provisions, in the form of Save and Invest credits, for use in the future. After the government accounts ending 31 March are finalised in May each year, the Centre would work out with departments their unspent provisions eligible for Save and Invest credits. Taking into account the total unspent provisions and the overall financial position of the Government, the Centre would decide how much should be “allocated” to the relevant departments as Save and Invest credits.
- (c) The percentages of Save and Invest credits allocation of the past years are –

Year	Save and Invest Credits Allocation Percentage
1998-99	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> <p>50% of genuine savings in Departmental Expenses</p> </div> </div>
1999-2000	
2000-01	
2001-02	
2002-03	
2003-04	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> <p>25% of unspent provisions in the Operating Account</p> </div> </div>

- (d) The Save and Invest arrangement is well received by departments in general. The arrangement allows greater flexibility in deployment of resources. Departments consider that their efforts to save have been recognized and “rewarded”. This in effect has led to more optimal use of resources and greater savings. The outturn operating expenditure since 1999 was around 4 to 5% lower than the relevant estimates, while the years before were around 2 to 3%.

Signature _____

Name in block letters ALAN N LAI

Post title Permanent Secretary for Financial
Services and the Treasury
(Treasury)

Date 15 April 2005

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

Reply Serial No.

S-FSTB(Tsy)02

Question Serial No.

S02

Head: 59 - Government Logistics
Department

Subhead(No. &
title):

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2004, how many bureaux/departments were given authority by the Government Logistics Department to outsource the printing jobs? What are the number and amount involved for the printing materials and printing jobs outsourced by bureaux/departments?

Asked by: Hon. WONG Kwok-hing

Reply:

All bureaux and departments have been given direct printing authority to outsource printing jobs with value below \$20,000. For outsourcing of printing jobs with value at or above \$20,000 due to technical (no equipment) or capacity reasons (unavoidable clash of schedule), approval is required from the Government Logistics Department.

Pending finalisation of the accounts, we estimate that about 2 100 printing jobs totalling around \$17.5 million in value were outsourced by bureaux and departments in 2004-05.

Signature _____

Name in block letters Stella HUNG (Mrs)

Post Title Director of Government Logistics

Date 18 April 2005

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

Reply Serial No.

S-FSTB(Tsy)03

Question Serial No.

S03

Head: 59 - Government Logistics
Department

Subhead(No. & title):

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many of the printing jobs outsourced by the Government Logistics Department and bureaux/departments were carried out locally? What was the amount involved?

Asked by: Hon. WONG Kwok-hing

Reply:

All bureaux and departments including the Government Logistics Department are required to follow the relevant provisions in the Stores and Procurement Regulations (SPR) in outsourcing services, including printing jobs. The SPR does not impose any restriction on the place of production for outsourced printing jobs as this would be against our non-discriminatory procurement policy. We have no record on the number and value of outsourced printing jobs carried out locally.

Signature _____

Name in block letters _____ Stella HUNG (Mrs)

Post Title _____ Director of Government Logistics

Date _____ 16 April 2005

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

Reply Serial No.

S-FSTB(Tsy)04

Question Serial No.

S04

Head: 59 - Government Logistics
Department

Subhead(No. & title):

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Were open tenders required for outsourcing of printing jobs by the Government Logistics Department and bureaux/departments? If yes, how many jobs were outsourced through open tenders and what was the amount involved? Was it stipulated in the contracts that the printing jobs were to be carried out in HK?

Asked by: Hon. WONG Kwok-hing

Reply:

In accordance with the relevant Stores and Procurement Regulations (SPR), open tenders have to be arranged for outsourcing of printing jobs with a value over \$1.3 million. In 2004-05, all outsourced printing jobs were below that value. For outsourcing of printing jobs which were at or below \$1.3 million but exceeding \$50,000 in value, written quotations from not less than five contractors were obtained. For outsourcing of printing jobs up to \$50,000 in value, at least two contractors were invited to submit quotations.

The SPR does not impose any restriction on the place of production.

Signature _____

Name in block letters _____ Stella HUNG (Mrs)

Post Title _____ Director of Government Logistics

Date _____ 18 April 2005

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

Reply Serial No.

S-FSTB(Tsy)05

Question Serial No.

S17

Head: 59 - Government Logistics
Department

Subhead(No. & title):

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With reference to reply serial no. FSTB(Tsy)057:

1. In the past five years, there were totally how many cars (including 7-seater cars) in the Government?
2. In the past five years, what is the number of new cars (including 7-seater cars) purchased by the Government each year?
3. What is the average mileage of the 165 cars to be replaced?
4. How many of the 165 cars to be replaced are with age less than seven years? What is their average vehicle age? What is their mileage? What is the reason for the replacement? What is the estimated amount required for the replacement of these cars with age less than seven years?
5. What is the estimated amount required for the purchase of new cars (including 7-seater cars) in 2005-06?

Asked by: Hon. SIN Chung-kai

Reply:

1. The total number of cars (including 7-seater cars) in the government fleet in the past five years are as follows:

2000-01	2001-02	2002-03	2003-04	2004-05
1 161	1 154	1 163	1 148	1 138

2. The number of cars (including 7-seater cars) purchased by the Government in the past five years are as follows:

	2000-01	2001-02	2002-03	2003-04	2004-05
Additional Cars	6	8	4	1	0
Replacement Cars	33	111	50	39	66
Total	39	119	54	40	66

3. The average mileage of the 165 cars to be replaced is 142 000 km.
4. 20 of the 165 cars to be replaced have been in service for less than seven years. Among them, 19 are used by the disciplined services departments for patrol and law enforcement duties. The remaining one vehicle is used by the Architectural Services Department for site inspections and daily operations. Their average vehicle age is six years and the average mileage is 184 000 km. All these vehicles have reached the end of the serviceable life based on the assessment of the Economic Life Model which takes into account accumulated maintenance cost, mileage, vehicle age and replacement cost. The estimated replacement cost of these 20 cars is \$2.05M.
5. We will not purchase any additional car in 2005-06. The estimated replacement cost of the 165 cars (including 7-seater cars) in 2005-06 is \$19.5M.

Signature _____

Name in block letters Stella HUNG (Mrs)

Post Title Director of Government Logistics

Date 18 April 2005

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

S-FSTB(Tsy)06

Question Serial No.

SV20

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question : The Administration is requested to provide the following information :

- (a) The cost for improving the newly acquired 4 300 HOS units for use as departmental quarters; and
- (b) The estimate in 2005-06 for managing the 4 300 HOS units to be used as departmental quarters with breakdown of estimate by items, including management fees, renovation works, and provision of common facilities etc.

Asked by : Hon. CHAN Kam-lam

- Reply :
- (a) The estimate for fitting out works to bring the flats in line with the normal standards of departmental quarters, including provision of timber flooring and window grille etc., is \$129 million in money-of-the-day prices. The amount, to be charged to the Capital Works Reserve Fund, was approved by the Finance Committee on 21 July 2004.
 - (b) The estimate in 2005-06 for managing about 4 300 HOS units to be used as departmental quarters is \$58.6 million with breakdown as follows :-

<u>Item</u>	<u>Estimate</u>
Management cost	\$32.2 million
Maintenance cost	\$26.4 million

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ 18 April 2005

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

S-FSTB(Tsy)07

Question Serial No.

S01

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question : What are the arrangements for the officers of the 16 posts to be deleted, and the respective numbers of the officers on redeployment to other departments, retirement, early retirement and dismissal?

Asked by : Hon. WONG Kwok-hing

Reply : Of the 16 officers involved, seven have already retired, four have been redeployed to other departments and the remaining five officers will retire in 2005-06.

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ 18 April 2005