

For discussion
on 17 December 1999

FCR(1999-2000)54

ITEM FOR FINANCE COMMITTEE

GENERAL REVENUE ACCOUNT

**NEW HEAD "GOVERNMENT SECRETARIAT : ENVIRONMENT AND
FOOD BUREAU"**

HEAD 53 - GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU
New Subhead "Hong Kong Philharmonic Society"
New Subhead "Hong Kong Arts Festival Society"

**NEW HEAD "FOOD AND ENVIRONMENTAL HYGIENE
DEPARTMENT"**

NEW HEAD "LEISURE AND CULTURAL SERVICES DEPARTMENT"

HEAD 25 - ARCHITECTURAL SERVICES DEPARTMENT
Subhead 218 Maintenance of government buildings

HEAD 106 - MISCELLANEOUS SERVICES
Subhead 289 Commonwealth War Graves Commission

HEAD 176 - SUBVENTIONS : MISCELLANEOUS
Subhead 451 Hong Kong Life Saving Society

CAPITAL WORKS RESERVE FUND

**HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND
EQUIPMENT**
Leisure and Cultural Services Department
New Subhead "Replacement of chiller plants at Sha Tin Town Hall"

HEAD 710 - COMPUTERISATION
Leisure and Cultural Services Department
New Subhead "Redevelopment of Recreation and Culture Computerised
Booking System"
New Subhead "Library Automation System"
New Subhead "Digital Library System"
New Subhead "Computer Cataloguing System for the Hong Kong Film
Archive"

/For

For the purpose of operating the new institutional framework for the delivery of municipal services on a vote-funded basis from 1 January 2000, Members are invited to approve –

(a) for the Environment and Food Bureau –

(i) creation of a new Head of Expenditure under the General Revenue Account entitled “Government Secretariat : Environment and Food Bureau”, with the Secretary for Environment and Food as the controlling officer;

(ii) creation of four Recurrent Account Subheads under this new Head of Expenditure; and

(iii) supplementary provision of \$12.5 million in 1999-2000;

(b) under Head 53 Government Secretariat : Home Affairs Bureau -

(i) creation of two new Recurrent Account Subventions Subheads in respect of the Hong Kong Philharmonic Society and Hong Kong Arts Festival Society; and

(ii) supplementary provision of \$18.7 million for making subvention to these two organisations in 1999-2000;

(c) for the Food and Environmental Hygiene Department –

(i) creation of a new Head of Expenditure under the General Revenue Account entitled “Food and Environmental Hygiene

Department”, with the Director of Food and Environmental Hygiene as the controlling officer;

- (ii) creation of four Recurrent Account Subheads and two Capital Account Subheads under this new Head of Expenditure;
 - (iii) supplementary provision of \$1,212.1 million in 1999-2000;
 - (iv) a non-recurrent commitment of \$19.2 million for making ex-gratia payments under the Itinerant Hawker Licence Compulsory Deletion Policy;
 - (v) a non-recurrent commitment of \$38 million for making ex-gratia payments to abattoir grade staff retiring on abolition of office terms due to the closure of the Kennedy Town Abattoir By-product Plant and the Cheung Sha Wan Abattoir; and
 - (vi) payment of honorarium to the Chairman of the Liquor Licensing Board at a specified rate;
- (d) for the Leisure and Cultural Services Department –
- (i) creation of a new Head of Expenditure under the General Revenue Account entitled “Leisure and Cultural Services Department”, with the Director of Leisure and Cultural Services as the controlling officer;
 - (ii) creation of 11 Recurrent Account Subheads and one Capital Account Subhead under this new Head of Expenditure;

/(iii)

- (iii) supplementary provision of \$1,429.4 million in 1999-2000;
 - (iv) a non-recurrent commitment of \$11.5 million under Head 708 Capital Subventions and Major Systems and Equipment of the Capital Works Reserve Fund for replacing the chiller plants at Sha Tin Town Hall; and
 - (v) four non-recurrent commitments for computerisation projects under Head 710 Computerisation of the Capital Works Reserve Fund, namely \$25.25 million for redeveloping the Recreation and Culture Computerised Booking System; \$122.75 million for developing a new Library Automation System; \$143.6 million for introducing a digital library system; and \$12 million for establishing a computer cataloguing system for the Hong Kong Film Archive;
- (e) under Head 25 Architectural Services Department Subhead 218 Maintenance of government buildings, supplementary provision of \$36.6 million in 1999-2000;
- (f) change in the controlling officer for Head 106 Miscellaneous Services Subhead 289 Commonwealth War Graves Commission from the Director of Urban Services to the Director of Food and Environmental Hygiene; and
- (g) change in the controlling officer for Head 176 Subventions : Miscellaneous Subhead 451 Hong Kong Life Saving Society from the Director of Urban Services to the Director of Leisure and Cultural Services.

PROBLEM

We need to fund the new institutional framework for the delivery of municipal services from Government expenditure from 1 January 2000.

PROPOSAL

2. We propose to -
- (a) create in the 1999-2000 Estimates new Heads and Subheads of Expenditure under the General Revenue Account for the Environment and Food Bureau (EFB), the Food and Environmental Hygiene Department (FEHD) and the Leisure and Cultural Services Department (LCSD);
 - (b) provide supplementary provision of \$12.5 million to EFB, \$1,212.1 million to FEHD and \$1,429.4 million to LCSD in 1999-2000;
 - (c) create non-recurrent commitments totalling \$372.3 million to enable FEHD and LCSD to take forward approved capital non-works projects and initiatives of the Provisional Municipal Councils (PMCs);
 - (d) pay an honorarium at a specified rate to the Chairman of the Liquor Licensing Board;
 - (e) transfer the funding responsibility in respect of the Hong Kong Philharmonic Society (HKPS) and the Hong Kong Arts Festival Society (HKAFS) to the Secretary for Home Affairs (SHA), and approve supplementary provision of \$18.7 million needed for this purpose in 1999-2000;
 - (f) provide supplementary provision of \$36.6 million in 1999-2000 to the Architectural Services Department (ArchSD) for maintaining buildings and facilities of the new Departments - FEHD and LCSD;
 - (g) change the controlling officer for the subvention to the Commonwealth War Graves Commission from the Director of Urban Services (DUS) to the Director of Food and Environmental Hygiene (DFEH); and
 - (h) change the controlling officer for the subvention to the Hong Kong Life Saving Society from DUS to the Director of Leisure and Cultural Services (DLCS).

/JUSTIFICATION

JUSTIFICATION**New Institutional Framework for Delivery of Municipal Services**

3. On 2 December 1999, the Legislative Council (LegCo) passed the Provision of Municipal Services (Reorganisation) Bill. On 8 December 1999, the Establishment Subcommittee of the Finance Committee endorsed, *vide* EC(1999-2000)26, the proposed organisation and staffing structure of a new institutional framework for the delivery of municipal services from 1 January 2000 after the dissolution of the PMCs. This involves the setting up of a new EFB and a new FEHD for the regulation of food safety and provision of environmental hygiene services, a new LCSO under the Home Affairs Bureau (HAB) for the provision of leisure and cultural services, and consequential transfers of posts between a few bureaux and departments.

Funding of the New Institutional Framework

4. At present, the PMCs are financially autonomous bodies funded directly from income from Rates. Their spending does not form part of the vote-funded Government expenditure, appropriated by LegCo annually. From 1 January 2000, the new Bureau and Departments will be funded from general revenue. They will be subject to all controls applicable to the use and management of Government expenditure. To meet their operating and related expenses from 1 January 2000, we have to make changes to the 1999-2000 Estimates under the General Revenue Account. We also need to create new non-recurrent commitments under the relevant Heads of the Capital Works Reserve Fund to continue the PMCs' computerisation and plant and equipment acquisition projects.

5. The level of funding sought fully reflects the staffing structure as endorsed by the Establishment Subcommittee at its meeting on 8 December 1999. It has accordingly taken into account efficiency savings arising from organising municipal services on a functional rather than regional basis. It has also reflected savings in direct expenses relating to the PMCs (such as Members' remuneration and the Council Secretariats) which are no longer needed. Other than these adjustments, to ensure a smooth transition, we have ensured that there will be sufficient operating expenditure to continue the provision of municipal services.

Detailed Proposals for the New Bureau and Departments

6. We are seeking the creation of three new Heads of Expenditure under the General Revenue Account to account for the spending of -

- (a) EFB under Government Secretariat with the Secretary for Environment and Food as the controlling officer;

/(b)

- (b) FEHD with DFEH as the controlling officer; and
- (c) LCSD with DLCS as the controlling officer.

7. As in the case of other Bureaux and Departments, the expenditure sought under the new Heads is accounted for by specific expenditure subheads. Details of each of the three new Heads presented in the conventional Estimates Encls. 1-3 format with supporting explanation are set out in Enclosures 1 to 3.

8. For the period 1 January to 31 March 2000, EFB, FEHD and LCSD are estimated to incur a total of \$2,584.4 million in *recurrent* expenditure, made up as follows -

- (a) \$12.5 million under the new Head "Government Secretariat : Environment and Food Bureau";
- (b) \$1,166.7 million under the new Head "Food and Environmental Hygiene Department"; and
- (c) \$1,405.2 million under the new Head "Leisure and Cultural Services Department".

9. FEHD and LCSD will also incur *non-recurrent* expenditure for procuring minor plant, specialist vehicles and equipment, other than administrative computer systems, each costing more than \$100,000 but not exceeding \$2 million (e.g. air treatment plants, library vans, water wagons and projectors). We propose to create under each of the two new Heads of Expenditure Capital Account Subhead 661 Minor plant, vehicles and equipment (block vote) with supplementary provision in 1999-2000 as follows –

- (a) \$10.6 million under the new Head "Food and Environment Hygiene Department"; and
- (b) \$24.2 million under the new Head "Leisure and Cultural Services Department".

In addition, about \$22 million worth of planned minor administrative computer systems not exceeding \$10 million each and acquisition of stand-alone computers will be charged respectively to the block allocation under Head 710 Computerisation and general departmental expenses of FEHD and LCSD. There will be sufficient funds within the approved provision for 1999-2000 to accommodate these requirements. The PMCs have budgeted for these levels of minor capital expenditure in the last quarter of 1999-2000.

10. To enable the two new Departments to carry through the initiatives approved by the PMCs, we further propose to create new non-recurrent commitments as follows –

(a) under Head 708 Capital Subventions and Major Systems and Equipment and Head 710 Computerisation of the Capital Works Reserve Fund –

Encl. 4 (i) \$11.5 million for replacing the chiller plants at Sha Tin Town Hall (details in Enclosure 4);

Encl. 5 (ii) \$25.25 million for redeveloping the Recreation and Culture Computerised Booking System (details in Enclosure 5);

Encl. 6 (iii) \$122.75 million for developing a new Library Automation System (details in Enclosure 6);

Encl. 7 (iv) \$143.6 million for introducing a digital library system (details in Enclosure 7); and

Encl. 8 (v) \$12 million for establishing a computer cataloguing system for the Hong Kong Film Archive (details in Enclosure 8).

(b) under Subhead 700 of the new Head of Expenditure for FEHD –

Encl. 9 (i) \$19.2 million for continuing the Itinerant Hawker Licence Compulsory Deletion Policy (details in Enclosure 9); and

Encl. 10 (ii) \$38 million for making ex-gratia payments to abattoir grade staff retiring on abolition of office terms upon the closure of the Cheung Sha Wan Abattoir and the Kennedy Town Abattoir By-product Plant (details in Enclosure 10).

Encl. 11 11. There are 11 other approved initiatives or projects in the PMCs' expenditure plans for 1999-2000, each costing no more than \$10 million. We will take over all these projects for funding under the General Revenue Account or the Capital Works Reserve Fund as appropriate. We will create the individual commitments under delegated authority. Details of these minor projects with a total non-recurrent commitment of \$23.6 million are in Enclosure 11.

Honorarium for Chairman of Liquor Licensing Board

12. The Liquor Licensing Boards of the two PMCs are currently served by Members of the Councils. In future, a new Liquor Licensing Board will be established with ten non-official members. We intend to pay these members an

/honorarium

honorarium at the maximum rate of \$785 per sitting as approved by the Secretary for the Treasury under delegated authority. As for the Chairman, taking into account the likely workload and his heavier responsibilities, we propose to pay him a special rate pitched at 150% of the above-mentioned maximum rate of honorarium (i.e. \$1,180 per sitting). This rate will be adjusted whenever the maximum honorarium rate for members is adjusted in future.

New Subvention Subheads under Home Affairs Bureau

13. Both HKPS, which runs the Hong Kong Philharmonic Orchestra, and HKAFS, which organises the annual Hong Kong Arts Festival, have been receiving recurrent subvention from the Provisional Urban Council to meet part of their operating expenses. We consider it appropriate for the Government to take over from the Council the responsibility of subventing these organisations from 1 January 2000, and propose to create for this purpose two new Subventions Subheads under Head 53 Government Secretariat : Home Affairs Bureau –

- (a) “Hong Kong Philharmonic Society” for subvention to HKPS to meet part of its operating expenses; and
- (b) “Hong Kong Arts Festivals Society” for subvention to HKAFS to meet part of its operating expenses.

SHA will be the controlling officer for both Subheads.

14. The Provisional Urban Council has set aside \$71.9 million and \$9.1 million for subventing HKPS and HKAFS respectively in 1999-2000. In the last quarter of 1999-2000, \$16.1 million remains to be paid to HKPS and \$2.6 million to HKAFS. SHA requires total supplementary provision of \$18.7 million for making subvention to HKPS and HKAFS in 1999-2000.

Supplementary Provision for Architectural Services Department

15. At present, the PMCs, as financially autonomous bodies, pay ArchSD for maintaining their buildings and facilities. In future, being vote-funded, the new Bureau and Departments will obtain services from ArchSD in the same manner as that exists for the whole Government, i.e. without inter-departmental charging. To resource ArchSD for providing maintenance services to the new Departments, we propose to make supplementary provision of \$36.6 million in 1999-2000 to Head 25 Architectural Services Department Subhead 218 Maintenance of government buildings. This amount is what the two Councils would otherwise have to incur on general maintenance (net of the on-cost payable by the Councils to ArchSD) in the last quarter of 1999-2000 under their approved budgets. In addition, about \$60 million worth of planned maintenance and

/refurbishment

refurbishment works by the Councils will be charged to the relevant block allocations under the Capital Works Reserve Fund managed by the Director of Architectural Services.

Changes in Controlling Officers

16. DUS, on behalf of the Government, is currently the controlling officer for Head 106 Miscellaneous Services Subhead 289 Commonwealth War Graves Commission. The approved provision of \$250,000 in 1999-2000 under this Subhead is to meet one-third of the annual expenditure of maintaining the Stanley Military Cemetery in compliance with the terms of a deed signed in January 1957 between the Government and the Commonwealth War Graves Commission (formerly the Imperial War Graves Commission). We propose that after the dissolution of PMCs, DFEH should take over the vote controlling function for this Subhead.

17. DUS is also the controlling officer for Head 176 Subventions : Miscellaneous Subhead 451 Hong Kong Life Saving Society. The Society promotes interest in life saving work and water safety training in Hong Kong. The subvention is for the Society to meet part of its administrative expenses. The approved provision in 1999-2000 is \$610,000. We propose that after the dissolution of PMCs, DLCS should take over the vote controlling function for this Subhead.

FINANCIAL IMPLICATIONS

18. The proposals in this paper will involve total supplementary provision of \$2,709.3 million in 1999-2000, broken down as follows -

	\$ million
EFB	12.5
FEHD	1,212.1
LCSD	1,429.4
HAB	18.7
ArchSD	36.6
Total	2,709.3

Subject to Members' approval, we will offset the supplementary provision required by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 789 Additional commitments. Included in the approved provision for this Subhead in the 1999-2000 Estimates is a sum of \$3.3 billion originally envisaged for paying the PMCs for their loss in Rates revenue as a result of the Rates concession granted in the 1999 Budget.

19. Reorganisation of the municipal services will necessitate other minor changes to the 1999-2000 Estimates of a few Bureaux and Departments, largely as a result of the creation and deletion of posts as endorsed by the Establishment Subcommittee. For the creation of 39 posts in nine Departments which is estimated to cost about \$5 million for the remainder of this financial year, in line with the usual practice, we will provide supplementary provision to the relevant Heads and Subheads of Expenditure under delegated authority. For the deletion of 476 posts in seven Bureaux and Departments for which approved provision of about \$38 million for the last quarter of 1999-2000 is no longer required, we will reserve the amounts under the relevant Heads and Subheads of Expenditure.

20. When fully implemented (that is, upon phasing out of the 542 surplus staff through natural wastage or redeployment), the reorganisation will result in total annual savings of about \$700 million, with staff cost expressed in terms of the notional annual salary at mid-point, analysed as follows -

	\$ million
Staff costs	330.3
PMC Secretariat expenses	24.0
PMC Members' remuneration	65.0
Other charges	103.4
Other streamlining/enhanced productivity initiatives	177.1
Total	699.8

21. In future, additional funding requirements of the new Bureau and Departments will be subject to the same control within the Administration and by LegCo. Generally speaking, we will only provide additional recurrent expenditure to meet earmarked growth while funding for new initiatives will have to be sought in the annual resource allocation exercise. For the year 2000-01, apart from a full-year budget of the requirements as at 1 January 2000, we estimate that the new institutions will require additional recurrent expenditure of about \$365 million. This is largely for meeting the full year effect of new initiatives introduced or new facilities commissioned by the PMCs in 1999-2000 as well as commissioning new facilities in 2000-01. The full requirements of the new Bureau and Departments will be reflected in the 2000-01 Draft Estimates and will be subject to scrutiny by LegCo in the context of the Appropriation Bill 2000.

BACKGROUND INFORMATION

22. Members of LegCo were briefed on the new framework for the delivery of municipal services at a meeting of the Bills Committee on 26 October 1999. The Provision of Municipal Services (Reorganisation) Bill was passed by LegCo on 2 December 1999. On 8 December 1999, the Establishment Subcommittee of the Finance Committee endorsed the proposed organisation and staffing structure of the new framework.

Finance Bureau
December 1999

**Estimated Provision Required for
Environment and Food Bureau
in the Last Quarter of 1999-2000**

Sub- head (Code)		Estimate 1999-2000
		<u> </u> \$'000
Recurrent Account		
	I—Personal Emoluments	
001	Salaries	10,877
002	Allowances	300
007	Job-related allowances.....	90
		<u> </u>
	Total, Personal Emoluments	11,267
		<u> </u>
	III—Departmental Expenses	
149	General departmental expenses	1,190
		<u> </u>
	Total, Departmental Expenses .	1,190
		<u> </u>
	Total, Recurrent Account.....	12,457
		<u> </u>
	Total Expenditure	12,457
		<u> </u> =====

/Details

Details of Expenditure by Subhead

The Environment and Food Bureau will be established on 1 January 2000. The estimate of the amount required in the last three months of 1999-2000 for the salaries and expenses of the Bureau is \$12,457,000.

Recurrent Account

Personal Emoluments

2. Provision of \$10,877,000 is for meeting the salary costs of 10 directorate staff and 64 non-directorate staff.
3. The establishment at 1 January 2000 will be 74 permanent posts.
4. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 1999-2000, but the notional annual mid-point salary value of all such posts must not exceed \$28,089,720.
5. Provision of \$300,000 under *Subhead 002 Allowances* is for standard allowances.
6. Provision of \$90,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7. Provision of \$1,190,000 under *Subhead 149 General departmental expenses* is for meeting expenses that are directly related to the day-to-day running of the Bureau such as stores and equipment, light and power, training expenses, hire of services and professional fees, administration, transport and travelling and honoraria for members of advisory bodies.

**Estimated Provision Required for
Food and Environmental Hygiene Department
in the Last Quarter of 1999-2000**

Sub-head (Code)		Estimate 1999-2000
		<u> </u>
		\$'000
Recurrent Account		
	I—Personal Emoluments	
001	Salaries	802,280
002	Allowances	29,050
007	Job-related allowances.....	<u>40,700</u>
	Total, Personal Emoluments	<u>872,030</u>
	III—Departmental Expenses	
149	General departmental expenses	<u>294,619</u>
	Total, Departmental Expenses .	<u>294,619</u>
	Total, Recurrent Account.....	1,166,649
Capital Account		
	I—Plant, Equipment and Works	
661	Minor plant, vehicles and equipment (block vote)	<u>10,601</u>
	Total, Plant, Equipment and Works	<u>10,601</u>
	II—Other Non-Recurrent	
700	General other non-recurrent.....	<u>34,772</u>
	Total, Other Non-Recurrent	<u>34,772</u>
	Total, Capital Account	<u>45,373</u>
	Total Expenditure	1,212,022
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/Details

Details of Expenditure by Subhead

The Food and Environmental Hygiene Department will be established on 1 January 2000. The estimate of the amount required in the last three months of 1999-2000 for the salaries and expenses of the Department is \$1,212,022,000.

Recurrent Account

Personal Emoluments

2. Provision of \$802,280,000 is for meeting the salary costs of 14 directorate staff and 16 861 non-directorate staff.

3. The establishment at 1 January 2000 will be 16 874 permanent posts and one supernumerary post.

4. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 1999-2000, but the notional annual mid-point salary value of all such posts must not exceed \$3,033,574,770.

5. Provision of \$29,050,000 under *Subhead 002 Allowances* is for standard allowances.

6. Provision of \$40,700,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7. Provision of \$294,619,000 under *Subhead 149 General departmental expenses* is for meeting expenses that are directly related to the day-to-day running of the department such as stores and equipment, light and power, workshop services, hire of services and professional fees, temporary staff, administration, transport and travelling, and other miscellaneous expenses.

/Capital

Capital Account

Plant, Equipment and Works

8. Provision of \$10,601,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is to cover minor capital expenditure on plant, specialised vehicles and equipment, with the cost of individual items above \$100,000 but not exceeding \$2,000,000.

Other Non-Recurrent

9. Provision of \$34,772,000 under *Subhead 700 General other non-recurrent* is to cover the cashflow requirement in 1999-2000 arising from approved non-recurrent items.

**Estimated Provision Required for
Leisure and Cultural Services Department
in the Last Quarter of 1999-2000**

Sub-head (Code)		Estimate 1999-2000 \$'000
Recurrent Account		
I —Personal Emoluments		
001	Salaries	515,200
002	Allowances	25,000
007	Job-related allowances	<u>10,440</u>
	Total, Personal Emoluments	<u>550,640</u>
III—Departmental Expenses		
102	Technical Services Agreement	16,500
149	General departmental expenses.....	<u>646,000</u>
	Total, Departmental Expenses..	<u>662,500</u>
IV—Other Charges		
205	Publicity	29,000
239	Cultural presentations, entertainment programmes, activities and exhibitions	57,000
240	Recreation and sports activities, programmes, campaigns and exhibitions	32,000
241	Library materials and multi-media services	39,000
242	Artefacts and museum exhibitions....	<u>13,000</u>
	Total, Other Charges	<u>170,000</u>
V—Subventions		
368	Leisure and culture subsidy schemes	<u>22,000</u>
	Total, Subventions	<u>22,000</u>
	Total, Recurrent Account	1,405,140

/Capital

Sub-head (Code)	Estimate 1999-2000 \$'000
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Capital Account

I — Plant, Equipment and Works

661	Minor plant, vehicles and equipment (block vote)	<u>24,200</u>
	Total, Plant, Equipment and Works	<u>24,200</u>
	Total, Capital Account.....	<u>24,200</u>
	 Total Expenditure.....	 1,429,340
		=====

/Details

Details of Expenditure by Subhead

The Leisure and Cultural Services Department will be established on 1 January 2000. The estimate of the amount required in the last three months of 1999-2000 for the salaries and expenses of the Department is \$1,429,340,000.

Recurrent Account

Personal Emoluments

2. Provision of \$515,200,000 is for meeting the salary costs of 12 directorate staff and 9 766 non-directorate staff.

3. The establishment at 1 January 2000 will be 9 776 permanent posts and two supernumerary posts.

4. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 1999-2000, but the notional annual mid-point salary value of all such posts must not exceed \$1,958,827,530.

5. Provision of \$25,000,000 under *Subhead 002 Allowances* is for standard allowances and the following non-standard allowance -

Rate

Bonus to beach staff	One-off payment of \$775 for acquiring the life saving awards or the certificate for motorised rescue boat.
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6. Provision of \$10,440,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances and the following non-standard job-related allowance -

/Rate

Rate

Extraneous duties allowance (responsibility) for Senior Recreation and Sport Officers occupying District Leisure Manager posts	Difference between the substantive salary of the Senior Recreation and Sport Officer and the minimum pay of the Chief Amenities Officer
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Departmental Expenses

7. Provision of \$16,500,000 under *Subhead 102 Technical Services Agreement* is to meet payments to Cable & Wireless HKT for services provided under the Technical Services Agreement.

8. Provision of \$646,000,000 under *Subhead 149 General departmental expenses* is for meeting expenses that are directly related to the day-to-day running of the department such as stores and equipment, light and power, training expenses, temporary staff, hire of services and professional fees, administration, transport and travelling, fuel and lubricating oil, data processing, specialist supplies and equipment, maintenance materials, recruiting expenses, workshop services and trading fund services.

Other Charges

9. Provision of \$29,000,000 under *Subhead 205 Publicity* is to promote and publicise leisure and cultural activities, facilities and venues.

10. Provision of \$57,000,000 under *Subhead 239 Cultural presentations, entertainment programmes, activities and exhibitions* is for organising indoor and outdoor cultural presentations, entertainment programmes, activities and exhibitions, e.g. International Arts Carnival, annual thematic arts festival and Hong Kong International Film Festival.

11. Provision of \$32,000,000 under *Subhead 240 Recreation and sports activities, programmes, campaigns and exhibitions* is for the organisation of leisure programmes, recreational and sports events, activities, campaigns and exhibitions, e.g. International Sand Sculpture Competition, Masters Games and Corporate Games.

/12.

12. Provision of \$39,000,000 under *Subhead 241 Library materials and multi-media services* is for the purchase and processing of books, newspapers, periodicals, audio and visual materials, multi-media services and materials, online services and other materials for use in libraries.

13. Provision of \$13,000,000 under *Subhead 242 Artefacts and museum exhibitions* is for the acquisition of artefacts and museum exhibits, exhibition loan charges, purchase of display mounting materials, insurance and packing of exhibits, conservation treatment for exhibits, multi-media services, routine servicing of exhibits and other exhibition related expenses.

Subventions

14. Provision of \$22,000,000 under *Subhead 368 Leisure and culture subsidy schemes* is for the payment of subsidies to non-profit making organisations for the promotion of leisure and cultural activities and events.

Capital Account

Plant, Equipment and Works

15. Provision of \$24,200,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is to cover minor capital expenditure on plant, specialised vehicles and equipment, with the cost of individual items above \$100,000 but not exceeding \$2,000,000.

Replacement of Chiller Plants at Sha Tin Town Hall

PROPOSAL

We propose to allocate \$11.5 million from the Capital Works Reserve Fund to create for the Leisure and Cultural Services Department under Head 708 Capital Subventions and Major Systems and Equipment a new Subhead entitled "Replacement of chiller plants at Sha Tin Town Hall" for replacing three chiller plants at the Town Hall.

JUSTIFICATION

2. The Government decided earlier to gradually phase out the use of ozone depleting substances in Government buildings. Sha Tin Town Hall was built in 1987 with three chiller plants using ozone depleting substance. The Electrical and Mechanical Services Department (EMSD) suggested in 1995 to replace one chiller plant and retrofit the other two. A project with a cost estimate of \$6.5 million was approved by the then Regional Council in 1996. But after taking into account the unavailability of the original equipment manufacturer to carry out the retrofitting work and the increasing operating costs of the old plants, EMSD suggested in 1998 to replace instead of retrofit the other two plants. The Provisional Regional Council approved the increase of estimate to \$11.5 million in 1998 for replacing all the three chiller plants at the Town Hall.

FINANCIAL IMPLICATIONS

Non-recurrent cost

3. The estimated total non-recurrent cost is \$11.5 million, broken down as follows -

	\$'000
(a) Equipment cost	10,500
(b) EMSD charges	1,000
Total	11,500

4. The projected cashflow of the project is set out below -

/Prior

Prior to 31.12.1999 \$'000	1.1.2000- 31.3.2000 \$'000	2000-01 \$'000	Total \$'000
7,500	3,300	700	11,500

Annually recurrent savings

5. There will be annually recurrent savings of \$300,000 in electricity charges upon completion of the project.

Implementation plan

6. The project started in 1997 and is due for completion in May 2000. The implementation timetable is as follows -

Activity	Completion date
Installation of Chiller No. 1	March 1999 (completed)
Installation of Chiller No. 2	March 2000 (target)
Installation of Chiller No. 3	April 2000 (target)
Completion of whole project	May 2000 (target)

**Redevelopment of Recreation and Culture
Computerised Booking System**

PROPOSAL

We propose to allocate \$25.25 million from the Capital Works Reserve Fund to create for the Leisure and Cultural Services Department under Head 710 Computerisation a new Subhead entitled "Redevelopment of Recreation and Culture Computerised Booking System" for redeveloping the computerised system for booking and management of the department's leisure and cultural facilities and programmes.

JUSTIFICATION

2. In 1997, the Provisional Regional Council (ProRC) commissioned a review on the Regional Council Computerised Booking System (to be renamed as Recreation and Culture Computerised Booking System (RCCBS)). It was found that enhancement should be made to system features to support further improvements to services. In 1997, ProRC approved the redevelopment of the system with enhanced functions. During the redevelopment stage, it was found that the hardware and software of the system was not Year 2000 compliant. In 1999, ProRC approved the tender on the procurement of new hardware, software and implementation service for the redevelopment of the RCCBS.

3. The redevelopment of RCCBS is implemented in two phases. Phase I development includes functions such as counter booking, cross-venue booking, telephone booking and accounting. Phase II development includes management information reports and revenue collection interface.

FINANCIAL IMPLICATIONS

Non-recurrent cost

4. The estimated total non-recurrent cost for the two phases is \$25.25 million, broken down as follows -

/(a)

	\$'000
(a) Hardware and software	10,159
(b) System development and implementation	15,091
Total	25,250

5. As regards paragraph 4(a) above, the expenditure of \$10.2 million is for the acquisition of computers, servers, routers, printers and software. According to the contract, first payment will be made after completion of the acceptance tests in January/February 2000. Final payment will be made 12 months thereafter.

6. As regards paragraph 4(b) above, the expenditure of \$15.1 million is for the hiring of professional services to carry out programming and system implementation.

7. The projected cashflow of the project is set out below -

Prior to 31.12.1999 \$'000	1.1.2000- 31.3.2000 \$'000	2000-01 \$'000	Total \$'000
10,840	10,159	4,251	25,250

Annually recurrent cost

8. There will be no additional annually recurrent cost for maintaining the redeveloped RCCBS.

Implementation plan

9. Phase I was completed in October 1999. Development of Phase II started in November 1999 and the target completion date is April 2000. The implementation timetable is as follows -

/Activity

Activity	Completion date
Phase I	October 1999 (completed)
Phase II	April 2000 (target)

Library Automation System

PROPOSAL

We propose to allocate \$122.75 million from the Capital Works Reserve Fund to create for the Leisure and Cultural Services Department under Head 710 Computerisation a new Subhead entitled "Library Automation System" for replacing the existing library automation systems of the two Provisional Municipal Councils with an enhanced and integrated system.

JUSTIFICATION

2. The Regional Council and the Urban Council started to computerise the library catalogue systems of their public libraries in 1992 and 1993 respectively. Both systems are among the largest computerised library systems in the world with Chinese and English capabilities. Computerisation has greatly improved the efficiency of library services and enabled more cost-effective use of library resources. The public can now search the libraries' online catalogues, check their loan records, renew loans and make reservations of library materials in the libraries and through the Internet.

3. Computerisation has greatly stimulated usage of public library services. Despite several enhancements to the systems, the capacity of the computerised library systems has been exceeded. In order to maintain the quality and efficiency of the public library services, meet the expectation of users, cater for the new libraries to be opened in the next few years and provide an integrated library service for Hong Kong as a whole, a joint decision was made by the Provisional Urban Council and the Provisional Regional Council in 1998 to upgrade the existing library automation systems.

FINANCIAL IMPLICATIONS

Non-recurrent cost

4. The estimated total non-recurrent cost at money-of-the-day prices for replacing the existing library automation systems by a new system is \$122.75 million, broken down as follows -

/(a)

	\$'000
(a) Hardware and software	69,924
(b) Site preparation	8,355
(c) System development and implementation	39,946
(d) Contract staff	4,524
Total	122,749

5. As regards paragraph 4(a) above, the expenditure of \$69.9 million is for the acquisition of workstations, servers, self-charging terminals, routers and switches, printers and printer server and software.

6. As regards paragraph 4(b) above, the expenditure of \$8.4 million is for the installation of power points, trunking and cabling.

7. As regards paragraph 4(c) above, the expenditure of \$39.9 million is for the acquisition of professional services in system implementation, data conversion, disaster recovery service and training.

8. As regards paragraph 4(d) above, the expenditure of \$4.5 million represents the contract staff cost for implementing the project. It is calculated on the basis of one Deputy Manager in Information Technology, one Programmer I and six Assistant Librarians for a period of 18 months.

9. The projected cashflow of the project is as follows -

1.1.2000- 31.3.2000	2000-01	2001-02	2002-03	2003-04	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1,365	93,945	19,427	3,372	4,640	122,749

/Annually

Annually recurrent cost

10. There will be no additional annually recurrent cost for maintaining the new Library Automation System.

Implementation plan

11. The contract for the project was signed in November 1999 and project completion is scheduled in 2004. The proposed implementation timetable is as follows -

Activity	Target completion date
System servers installation, network migration and system migration for the existing Library Automation Systems	April 2000
Application system upgrade, workstation installation, and network and management system installation	August 2000
Merging of library databases and system integration with multi-media information system in the Hong Kong Central Library	November 2000
Add-on products installation and application customisation	March 2001
Project implementation to existing libraries	March 2001
Project implementation to new libraries	March 2004

Digital Library System

PROPOSAL

We propose to allocate \$143.6 million from the Capital Works Reserve Fund to create for the Leisure and Cultural Services Department under Head 710 Computerisation a new Subhead entitled "Digital Library System".

JUSTIFICATION

2. The digital library concept has become an integral part of the infrastructure development of major libraries worldwide in the past few years. An increasing number of major libraries have developed or are developing digital library applications in providing library services. The Hong Kong Central Library will be developed into an information and community education centre for Hong Kong. It will provide a digital library system supporting the use of digital technology to acquire, store, preserve and provide access to information published in digital form.

3. The digital library system will provide video-on-demand (VOD) and audio-on-demand (AOD) services, document imaging, CD-ROM and Internet search facilities, multi-media production studios, multi-media rooms, language learning system, telephone enquiry system, electronic library directory system and braille and speech system. Through a broadband network, the Hong Kong Central Library will be linked up with other public libraries in Hong Kong providing users in other libraries access to information in digital form.

4. The Provisional Urban Council approved the award of contract to the successful tenderer in October 1999.

FINANCIAL IMPLICATIONS

Non-recurrent cost

5. The estimated total non-recurrent cost for developing the digital library system at money-of-the-day prices is \$143.6 million, broken down as follows -

/(a)

	\$'000
(a) Hardware and software	65,318
(b) System development and implementation	64,380
(c) Site preparation	9,800
(d) Contingency	4,098
Total	143,596

6. As regards paragraph 5(a) above, the expenditure of \$65.3 million is for the acquisition of workstations, servers/firewalls, jukeboxes, routers/switches, scanners, printers, audio-visual equipment and software.

7. As regards paragraph 5(b) above, the expenditure of \$64.4 million is for the acquisition of professional services in system implementation and data conversion.

8. As regards paragraph 5(c) above, the expenditure of \$9.8 million is for the installation of power points, trunking and cabling. The bulk of the works has been completed.

9. The projected cashflow of the project is as follows -

Prior to 31.12.1999 \$'000	1.1.2000- 31.3.2000 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000	2003-04 \$'000	Total \$'000
10,848	317	91,241	21,201	13,215	6,774	143,596

Annually recurrent cost

10. The additional annually recurrent cost for maintaining the new digital library system is as follows -

/(a)

	2000-01	2001-02	2002-03	2003-04 and onwards
	\$'000	\$'000	\$'000	\$'000
(a) Hardware and software maintenance	3,736	8,752	10,319	12,230
(b) Data communication	523	6,068	5,669	5,669
(c) Staff costs	1,049	2,098	2,098	2,098
(d) Licence for multi-media information services	1,500	3,000	3,000	3,000
(e) On-line data base subscriptions	2,694	5,387	5,387	5,387
Total	9,502	25,305	26,473	28,384

11. As regards paragraph 10(a) above, the expenditure of \$12.2 million is for the contract maintenance of the hardware and software of the system.

12. As regards paragraph 10(b) above, the expenditure of \$5.7 million is mainly for data line rental for connecting to over 70 libraries in Hong Kong.

13. As regards paragraph 10(c) above, the expenditure of \$2.1 million is for the employment of staff to support the system.

14. As regards paragraph 10(d) above, the expenditure of \$3.0 million is for payment of licence fees for multi-media information services.

15. As regards paragraph 10(e) above, the expenditure of \$5.4 million is for paying subscription fees for access to online databases on various topics, e.g. financial and economic information and current information on business, science and technology etc.

/Implementation

Implementation plan

16. The main contract for the project was signed in November 1999 and project completion is scheduled in 2004. The proposed implementation timetable is as follows -

Activity	Target completion date
Installation of power points and data ports	March 2000
Installation of hardware and software	August 2000
System acceptance testing and integration with the Library Automation System	November 2000
Installation of hardware and software in branch libraries	March 2001
Installation of multi-media production studios	March 2002
Conversion of library materials to digital format	March 2004

Computer Cataloguing System for the Hong Kong Film Archive

PROPOSAL

We propose to allocate \$12 million from the Capital Works Reserve Fund to create for the Leisure and Cultural Services Department under Head 710 Computerisation a new Subhead entitled "Computer Cataloguing System for the Hong Kong Film Archive" to develop a bilingual cataloguing system for keeping a centralised database of collected items for the Hong Kong Film Archive (HKFA).

JUSTIFICATION

2. The HKFA is scheduled to open in October 2000. It is a centre to maintain and conserve original film titles and related products of Hong Kong. It has currently over 10 000 collected items in stock. To provide an efficient and quality service to the public, it is necessary to establish an effective bilingual cataloguing and library system for keeping a centralised database of the collected items. This system will provide a modern information retrieval system with image (still and moving) digitising functions, which will facilitate research work at the Archive and on-line public access using the Internet.

3. The Provisional Urban Council approved the award of contract to the successful tenderer in October 1997.

FINANCIAL IMPLICATIONS

Non-recurrent cost

4. The estimated total non-recurrent cost for developing the Computer Cataloguing System is \$12 million, broken down as follows -

/(a)

	\$'000
(a) Hardware and software	7,790
(b) System development and implementation	3,133
(c) Site preparation	150
(d) Contingency	927
Total	12,000

5. As regards paragraph 4(a) above, the expenditure of \$7.8 million is for the acquisition of servers, CD-ROM towers, workstations, printers, scanner, routers and software.

6. As regards paragraph 4(b) above, the expenditure of \$3.1 million is for the acquisition of professional services in system implementation and data conversion.

7. As regards paragraph 4(c) above, the expenditure of \$150,000 is for the installation of power points, trunking and cabling.

8. The projected cashflow of the project is as follows -

Prior to 31.12.1999 \$'000	1.1.2000- 31.3.2000 \$'000	2000-01 \$'000	2001-02 \$'000	Total \$'000
1,800	600	9,200	400	12,000

Annually recurrent cost

9. The additional annually recurrent cost for maintaining the new Computer Cataloguing System is as follows -

/(a)

	2000-01 \$'000	2001-02 and onwards \$'000
(a) Hardware and software maintenance	11	730
(b) Hire of service	280	280
(c) Data conversion	-	100
Total	291	1,110

Implementation plan

10. The project is due for completion in September 2000 to tie in with the opening of the HKFA. The implementation timetable is as follows -

Activity	Target completion date
System design and procurement	April 2000
System development and implementation	August 2000
Site preparation and cabling	September 2000

**Ex-gratia Payment under
Itinerant Hawker Licence Compulsory Deletion Policy**

PROPOSAL

We propose to allocate \$19.2 million from the General Revenue Account to create for the Food and Environmental Hygiene Department (FEHD) under new Head "Food and Environmental Hygiene Department" Subhead 700 General other non-recurrent a new item entitled "Ex-gratia payment under Itinerant Hawker Licence Compulsory Deletion Policy" for continuing the Provisional Urban Council (PUC)'s policy to offer ex-gratia payments in exchange for voluntary surrender of itinerant hawker licences (IHLs) for cancellation.

JUSTIFICATION

2. IHLs are issued in both the PUC and Provisional Regional Council areas under the Hawker (Urban Council/Regional Council) Bylaws. In view of the environmental problems created by these IHL-holders and the enforcement difficulties created by these hawkers in the raidings of illegal hawking, the PUC has not issued any new IHL since 1970 and decided that the existing IHLs be phased out by natural wastage. In March 1993, the then Urban Council approved the IHL Compulsory Deletion Policy setting 1 April 1996 as the target date for deleting the category of IHLs. There were then 3 426 IHLs. IHL-holders were offered an ex-gratia payment of \$30,000 or a choice of fixed pitch/market stall/kiosk, in exchange for voluntary surrender of their licences for cancellation. Due to the economic downturn and a series of on-going litigation in relation to the IHL policy, the PUC had to set aside the original deletion date.

3. So far about 2 780 IHLs have been deleted. It is estimated that only 640 IHLs will remain on 1 January 2000.

FINANCIAL IMPLICATIONS

Non-recurrent cost

4. The estimated total non-recurrent cost for fully implementing the Itinerant Hawker Licence Compulsory Deletion Policy on the basis of all the remaining 640 IHLs opting for the ex-gratia payment of \$30,000 is \$19.2 million.

/Annually

Annually recurrent cost

5. There will be no recurrent cost.

Implementation plan

6. Payments will be made from this commitment as and when holders of IHL surrender their licences for cancellation. There is at the moment no intention to set a phasing out date. The new FEHD will review this policy in the overall context of hawker control.

Ex-gratia Payment to Abattoir Grade Staff

PROPOSAL

We propose to allocate \$38 million from the General Revenue Account to create for the Food and Environmental Hygiene Department under new Head "Food and Environmental Hygiene Department" Subhead 700 General other non-recurrent a new item entitled "Ex-gratia payment to abattoir grade staff" for making ex-gratia payments to 206 abattoir grade staff who are expected to retire after 31 December 1999 on abolition of office (AOO) terms arising from the closure of Kennedy Town Abattoir By-product Plant (KTABP) and Cheung Sha Wan Abattoir (CSWA).

JUSTIFICATION

2. The KTABP and CSWA, which were run by the Provisional Urban Council, were closed on 22 August 1999 and 3 October 1999 respectively, upon the Phases I and II commissioning of the Sheung Shui Slaughterhouse. On 11 June 1999, the Finance Committee of the Legislative Council approved an ex-gratia award as part of the redundancy package payable to the abattoir grade staff concerned who will retire on AOO terms. The ex-gratia award, which is payable on the effective date of retirement, is made up of a fixed payment equivalent to six times an officer's final monthly salary and an additional two months' salary for every ten years of service and pro-rata for shorter periods. This is in addition to the statutory pension payments and enhanced element payable under the Pensions Ordinances. Since the abattoir grade staff will revert to vote-funded basis from 1 January 2000, we need to charge the outstanding ex-gratia payments to the General Revenue Account.

FINANCIAL IMPLICATIONS

Non-recurrent cost

3. The estimated total requirement for making ex-gratia payments to the affected abattoir grade staff from 1 January 2000 is \$37,979,000, say \$38 million.

Annually recurrent cost

4. There will be no recurrent cost.

/Implementation

Implementation plan

5. The payment of ex-gratia award upon the retirement of abattoir grade staff has started since the closure of CSWA in October 1999. A total of 219 abattoir grade staff are affected and the majority have indicated their wish to retire on AOO terms (13 will have retired by 31 December 1999). The Administration is actively looking for redeployment opportunities for those who have requested redeployment within the civil service.

**Provisional Municipal Councils
Approved Capital Non-works Items
(Each costing no more than \$10 million)**

Item	Estimated total cost (\$'000)
Book detection system and gates for libraries	2,006
Two rescue jet ski vessels for beaches	320
Two inflatable motor boats for Southern beaches for patrol	400
Two inflatable motor boats for beaches in Sai Kung	400
Purchase of electricity exhibits for Science Museum	4,250
Leasing of audio guide system and production of commentaries for Museum of Arts	1,817
Production of a history book about the Provisional Urban Council	2,000
Research project for Hong Kong Museum of History	690
Ex-gratia payments to cooked food hawker licencees	6,900
Improvement to air-conditioning plants at Po On Road Indoor Games Hall and Kai Tak East Indoor Games Hall	2,632
Upgrading of air-cooled water chillers at Tso Kung Tam Outdoor Recreation Centre	2,160
Total	23,575