

Bureau Serial No.

FB001

Question Serial No.

0001

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) : Please explain why the estimated provision of \$184.8 million of 2000-01 exceeds the actual provision under the same Programme for 1998-99 by 11.05% and provide the respective figures in expenditure on Transport Consultancy and Procurement of vehicles in these two financial years.

Asked by : The Honourable LEE Kai-ming

Reply :

The estimated provision of \$184.8 million of 2000-01 exceeds the actual provision of \$166.4 million under the same programme for 1998-99 by 11.05%. This is mainly due to the rising trend in vehicle prices and the increased expenditure on transport consultancy services.

In 1998-99, the expenditure on vehicle procurement was \$160.9 million and a total of 718 vehicles was procured in 1998. Although the total number of vehicles to be procured in 2000 will be reduced to 708, the expenditure in 2000-01 is expected to increase to \$176.8 million. This estimated provision is derived on the basis of past trends and price forecasts having regard to, inter alia, the prevailing market situation and forecast exchange rate movements. These factors indicate a rising trend in vehicle prices for 2000-01.

The expenditure amount for transport consultancy service (which is an in-house service provided by GLTA) and vehicle procurement for the year 1998-99 and 2000-01 is as follows -

| | 1998-99 (Actual) \$m | 2000-01 (Estimate) \$m |
|--------------------------------|----------------------------|------------------------------|
| Transport consultancy services | 5.5 | 8.0 |
| Vehicle procurement | 160.9 | 176.8 |

Signature

Name in block letters

Post title

Date

P.B. WALKER

Government Land Transport Administrator

17 March 2000

Bureau Serial No.

FB002

Question Serial No.

0068

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) :

- (A) Regarding transport pool resources utilisation expressed in terms of the "percentage of the drivers tasked daily", as the actual rate has already reached 91% in 1998, why is the rate in 2000 only planned at 90%?
- (B) The target utilisation rate of the pool vehicles utilised daily is 86%, but the planned rate in 2000 is only 84%. Please explain why.

Asked by : The Honourable LEE Kai-ming

Reply :

- (A) In 1998, the percentage of drivers tasked daily was 91%. Since departments have economised on the use of pool transport, the demand for such service has been on the decline. To address the situation, the Agency has initiated measures to enhance the flexibility in the deployment of its pool vehicles and drivers. It is expected that these efficiency improvements will increase the percentage of drivers tasked daily from 88% in 1999 to 90% in 2000.
- (B) The target pool vehicle utilisation rate of 86% was first set in 1994. Over the years, a number of factors, including austerity drive amongst user departments, have affected the Agency's ability to achieve this target. Having regard to the gradual decline in demand, we have critically reviewed the size of the transport pool and have agreed to progressively trim this down - from 186 in April 1999 to 153 in March 2000 and 138 by March 2001. The fleet optimisation programme will help improve the percentage of pool vehicles utilised daily from 70% in 1999 to 84% in 2000. We believe that the target at 86% is still achievable and will no doubt make every effort to achieve it in 2001.

Signature

Name in block letters

Post title

Date

P.B. WALKER

Government Land Transport Administrator

17 March 2000

Bureau Serial No.

FB 005

Question Serial No.

0168

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 51 Government Property Agency

Subhead(No. & title) : 030 Leasing and
management of
quarters and
283 Rents and
management charges
for properties

Programme : Acquisition and Allocation

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question : 1. Targets:

- (a) What external mechanism is used to verify the attainment of its targets to achieve below market rentals for offices and quarters?
- (b) The attainment of 99.8% office occupancy. How is this defined? Is this efficient insofar as future expansion cannot be accommodated, resulting in significant disruption and costs.

Asked by : The Hon Christine LOH

Reply : (a) GPA compares the rentals it has negotiated with landlords with the rentals of comparable properties in private sector transactions collected by the Rating and Valuation Department in order to establish how well it has fared in the rental market on an overall basis.

- (b) The “99.8% office occupancy” means that 99.8% of the total available stock of owned and leased office accommodation have been allocated for use by departments. When planning the construction of new premises, an expansion factor would be included. This is based on actual departmental forecasts and is reviewed during the construction period to ensure that upon completion, the users are adequately provided to cater for their foreseeable accommodation needs.

Signature _____

Name in block letters ALBERT LAI

Post Title Government Property Administrator

Date 17 March 2000

Bureau Serial No.

FB 006

Question Serial No.

0169

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head 51 Government Property Agency Subhead(No. & title) : 104 Light
& Power

Programme : Property Management

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question : Headcount down on 1999 levels, but Light and Power costs up 6%. Why?

Asked by : The Hon Christine LOH

Reply : Based on actual expenditure up to September 1999, we estimated that there would be a 6% increase in the expenditure on light and power in joint-user office buildings in 1999-2000 as compared with the actual expenditure for 1998-99. There is no necessary direct relationship between headcount and electricity consumption. The latter is heavily influenced by the amount of space served, and the plant and equipment used.

Signature _____

Name in block letters ALBERT LAI

Post Title Government Property Administrator

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**Head: 162 Rating and Valuation Department Subhead (No. & title):Programme: (1) Statutory Valuation and AssessmentsControlling Officer: Commissioner of Rating and ValuationBureau Secretary: Secretary for the TreasuryQuestion: Why is it regarded as satisfactory for the department to allocate numbers to rural buildings where there exists a numbering scheme within two months of completion?Asked by: The Hon. Christine LohReply:

The Rating and Valuation Department has enhanced its performance pledge for 2000-01 in respect of allocating numbers to rural buildings where there is an established numbering scheme. The Department has pledged to allocate building numbers within **one** month of completion to at least 85% of new buildings, both in the urban areas and in the rural areas where there is an established numbering scheme. This represents an improvement over the previous target of one month in the urban areas and two months in the rural areas where there is an established numbering scheme. It should be noted that the Department usually needs time to consult village representatives and the Post office on village boundaries before allocating building numbers to rural properties.

Signature: _____

Name in block letters: KENNETH T W PANGPost Title: Commissioner of Rating and ValuationDate: 17.3.2000

Bureau Serial No.

FB019

Question Serial No.

0174

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (4) Taxpayer Services

Controlling Officer : Commissioner of Inland Revenue

Policy Secretary : Secretary for the Treasury

Question : In Paragraph 21, under Targets, why is the department intending to allow its enquiry service centre to have the number of connected telephone calls answered within 3 minutes dropped from 86.6 in 1999-2000 to 75 in 2000-01?

Asked by : The Honourable Christine LOH

Reply : The Inland Revenue Department has pledged to maintain a target of 94% for most of the financial year 2000-01. The target of 75% applies only to the months of May and June in 2000. A lower target was set for these two months because we anticipated an increase in the number of telephone enquiries arising from the issue of a new tax return form in May 2000. Although the new proforma will require taxpayers to provide more information, the changes are intended to make it easier for taxpayers to complete their returns and for the department to process the forms. Since taxpayers are not familiar with the new proforma, the department envisages the number of telephone enquiries will increase initially. It may also take a longer time to handle each enquiry. A lower target was therefore set for May and June in 2000.

Signature _____

Name in block letters Mrs SIN LAW Yuk-lin, Agnes

Post Title Commissioner of Inland Revenue

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head : 76 - Inland Revenue Department Subhead 149 General Departmental Expenses

Programme : -

Controlling Officer : Commissioner of Inland Revenue

Bureau Secretary : Secretary for the Treasury

Question : Under Subhead 149, why the increase in general departmental overheads of HK\$30 million from 1998-99 to 2000-01?

Asked by : The Honourable Christine LOH

Reply : The increase of \$29.5 million from 1998-99 to 2000-01 under head 76 Subhead 149 General departmental expenses is mainly attributable to :

- (i) the extra provision of \$21.6 million for meeting printing charges in 1999-2000 and 2000-01, following the allocation of provision for printing expenses from Printing Department to individual user departments with effect from 1999-2000;
- (ii) the extra provision of \$5.3 million for salary payment of 39 non-civil service contract staff employed with varying durations in tax assessment and collection work in 1999-2000 and 2000-01, following the suspension of recruitment of civil servants since 1 April 1999;
- (iii) the increase of \$1.4 million in bank charges for tax enquiry by local banks for photo-copying and reconstruction of records from 1999-2000 onwards; and
- (iv) an increase of about \$1.2 million in expenditure on air-conditioning charges due to increased prices with effect from 1 June 1999; and the need to pay for attendance charge to the Electrical and Mechanical Services Department for performing overtime duties after normal hours with effect from September 1999.

Signature

Name in block letters

Mrs. SIN LAW Yuk-lin, Agnes

Post Title

Commissioner of Inland Revenue

Date

17 March 2000

Bureau Serial No.

FB 024

Question Serial No.

0205

Examination of draft Estimates of Expenditure 2000-2001

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

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 : Customs is now studying the proposal on the open bond system for warehouses. Has such an idea been implemented in other countries and what is the effect? Will Customs draw from the experience of other countries in the study, and what is the cost of the study?

Asked by : The Hon LAU Wong-fat, GBS, JP

Reply :

The open bond system has been adopted by Australia, Singapore, the United Kingdom and the United States for more than ten years without any major problem.

We have completed a consultancy study on the open bond system at a cost of HK\$880,000. It has taken into account the experience of other countries. To strike the right balance between trade facilitation and revenue protection, we are sending our officers to relevant Customs administrations overseas to study their systems closely before finalising our implementation plan.

Signature _____

Name in block letters JOHN C TSANG

Post Title · · Commissioner of Customs and Excise

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-2001**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN 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 respect of the "maintenance services to premises controlled by the Hong Kong Institute of Education, subvented schools and voluntary agencies' holiday camps, and hospitals under the Hospital Authority", did the Architectural Services Department provide any provision for a study of the possibility of providing a block allocation each year for these organisations to handle the maintenance works themselves so as to reduce the Government's expenditure and enhance cost effectiveness ?

Asked by : Hon LAU Wong-fat, GBS, JP

Reply : The Hong Kong Institute of Education, subvented schools, voluntary agencies' holiday camps and hospitals are already provided with resources for maintenance services from the relevant Controlling Officer (i.e., the Secretary General, University Grants Committee; Secretary for Education and Manpower; Director, Leisure and Cultural Services; and Secretary for Health and Welfare). These organizations already have the option to handle the maintenance works themselves. Architectural Services Department only acts as a works agent for them when required. No provision has been made for the study mentioned in the question.

Signature _____

Name in block letters _____ S.H. PAU

Post Title _____ Director of Architectural Services

Date _____ 17 March 2000

Bureau Serial No.

FB 030

Question Serial No.

0270

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

As announced by the Financial Secretary in the Budget Speech, the Finance Bureau will set up a Task Force to review the existing tax regime and examine various aspects of new types of taxes. Would the Administration inform the Council of the details of the establishment and financial provision of the Task Force?

Asked by : Hon SIN Chung-kai

Reply :

As announced by the Financial Secretary in the 2000-01 Budget Speech, we will set up a Task Force within the Finance Bureau with the objective of reviewing whether we are facing a short-term cyclical problem or a fundamental shift in our revenue base. The Task Force will also critically examine the long-term viability of our existing tax regime. We will, in parallel, appoint an Independent Committee comprising tax experts, professionals, and academics to look specifically into the suitability of introducing new types of broad-based taxes, including a consumption-based tax, and to consider what form such taxes should take and their practical implications.

The Task Force will be headed by the Secretary for the Treasury. It will consist mainly of representatives of the Finance Bureau, Inland Revenue Department and the Economic Analysis Division of the Financial Services Bureau. Our preliminary assessment is that we will require some extra resources to provide secretariat support for the Task Force. We are working out the details concurrently with the resource requirements for the Independent Committee.

| | |
|-----------------------|----------------------------|
| Signature | _____ |
| Name in block letters | Miss Denise YUE |
| Post Title | Secretary for the Treasury |
| Date | 16 March 2000 |

Bureau Serial No.

FB 042

Question Serial No.

0271

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head : 147

Subhead (No. & title) :

Programme : 1 Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

As the general revenue cannot meet the recurrent expenditure, a deficit is recorded continuously. Furthermore, the Audit Reports published by the Audit Commission listed a large number of specific cases of considerable waste of public money by government departments or their ineffectiveness in increasing government revenues. Will the administration inform this Council whether the Finance Bureau has set up a task force to investigate thoroughly the incidents about wasting public money published in the Director of Audit's reports or revealed through other channels and to offer solutions? If yes, what is its establishment and resource allocation? If not, has the Finance Bureau considered re-deploying resources for undertaking this job?

Asked by : Hon SIN Chung-kai

Reply :

Heads of bureaux, departments and agencies in performing their role as a Controlling Officer in respect of each head and subhead of expenditure under the Public Finance Ordinance, are required to ensure the cost-effectiveness in the use of resources under their control. Finance Bureau, as part of its on-going work in overall resource management, strives to ensure that resources allocated are used cost-effectively. We achieve this by ensuring that Controlling Officers are complying with the rules and regulations on use and redeployment of resource, that additional resources for new or improved services will only be allocated where fully justified having regard to their existing use of resources and that Controlling Officers investigate and take appropriate follow up action on reports of the Director of Audit and recommendations of the Public Accounts Committee, monitored through the Government Minute and regular progress reports to the Legislative Council. As this is an on-going task, we see no need to set up a separate task force for the purpose. It should be noted that Bureaux are assisted by dedicated Resource Management Units in overseeing the use of resources in their respective policy areas and Departments are supported by finance units to undertake such duties.

Signature

Name in block letters

Miss Denise Yue

Post Title

Secretary for the Treasury

Date

16.3.2000

Bureau Serial No.

FB 025

Question Serial No.

0285

Examination of draft Estimates of Expenditure 2000-2001

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

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 : In the area of revenue protection and collection regarding First Registration Tax, the assessment of provisional taxable values of imported vehicles to be completed within five days of receipt of applications falls from 99.4% (actual) in 1999 to 90% (plan) in 2000. Does it mean deterioration in the service provided by Customs? Will the authorities concerned give an explanation for this?

Asked by : The Hon Mrs Selina CHOW LIANG Shuk-yee, JP

Reply :

There will not be any deterioration in our performance on the assessment of provisional taxable values of imported vehicles. The target for completing these assessments within five days of receipt of applications which is set at 90% for 2000, has, indeed, been raised by 5% from 85% in 1999. We are striving to achieve a high level of performance beyond the 90% target as we have done in the past two years.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17 March 2000

Bureau Serial No.

FB 026

Question Serial No.

0286

Examination of draft Estimates of Expenditure 2000-2001

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

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 : The number of cigarettes seized by the Anti-Cigarette Smuggling Task Force registers significant downward adjustment from over 170 million (actual) in 1999 to over 88 million (estimate) in 2000. Why?

Asked by : The Hon Mrs Selina CHOW LIANG Shuk-ye, JP

Reply :

The 1999 figure was distorted by exceptional seizures of about 130 million sticks of cigarettes in seven transshipment cases. We do not expect to achieve the same level of seizure quantity in 2000.

Signature

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs and Excise

Date 17 March 2000

Bureau Serial No.

FB033

Question Serial No.

0448

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What is the basis for anticipating an increase in demand for the appointment of
financial consultants which attributes to an increase of 5% over the revised
estimate for 1999-2000?

Asked by : Hon. Ronald Arculli

Reply : The increase is mainly due to the anticipated appointment of a financial
consultant to give expert, independent and impartial advice to Government on
matters relating to the initial public offering of the shares of the Mass Transit
Railway Corporation.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2000

Bureau Serial No.

FB 031

Question Serial No.

0459

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme :(1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary :Secretary for the Treasury

Question :

The Administration is preparing to carry out a study to review the tax regime including the introduction of new taxes, widening of our tax base, and restructuring of the components of our revenue in the next financial year. In this connection,

- a) What are the scope, contents and purpose of the review; and
- b) What are the resources required for the study.

Asked by :Hon CHEUNG Man-kwong

Reply :

- a) As announced by the Financial Secretary in the 2000-01 Budget Speech, we need to assess whether the projected successive years of operating deficits is simply cyclical in nature or whether it represents a more serious structural problem. Depending on the nature of the problem, we may need to put in place well-deliberated solutions. To this end, the Financial Secretary has decided to take a two-pronged approach.

We will set up a Task Force headed by the Secretary for the Treasury with the objective of reviewing whether we are facing a short-term cyclical problem or a fundamental shift in our revenue base. It will also critically examine the long-term viability of our existing tax regime. We will, in parallel, appoint an Independent Committee comprising tax experts, professionals, and academics to look specifically into the suitability of introducing new types of broad-based taxes, including a consumption-based tax, and to consider what form such taxes should take and their practical implications.

- b) Our preliminary assessment is that we will require resources for extra staff to service both the Task Force and the Independent Committee, providing honoraria to non-official members, and engaging technical advisers if necessary. We are working out the details.

| | |
|-----------------------|----------------------------|
| Signature | _____ |
| Name in block letters | Miss Denise YUE |
| Post Title | Secretary for the Treasury |
| Date | 16 March 2000 |

Bureau Serial No.

FB 010

Question Serial No.

0502

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

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

Programme : (1) Central Accounting, Collections and Payments

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

- Question :
- (a) About the new facility introduced by the Treasury to allow the public to pay Government bills through the Electronic Services Delivery Scheme (ESD), has the department assessed the public acceptance of payments through the above payment method? What are the measures in place to ensure the security of electronic payments made under ESD?
 - (b) How many suppliers have accepted government payments by direct credit to their bank accounts as encouraged by the Treasury? What is the cost of implementing the above measure and what are the savings achieved? Why have the other suppliers not accepted the above arrangements? What is the cost of continuing the measure and what are the expected savings? Does the measure enable the Treasury to reduce its expenditure?

Asked by : The Honourable Jasper Tsang Yok-sing

Reply : (a) In recent years, electronic payment methods have proved to be increasingly popular among members of the public. In 1997-98, 31% of government bills collected by the Treasury were paid by electronic methods. The percentage increased to 37% in 1998-99 and further increased to 42% in 1999-2000. The Treasury expects the percentage of electronic payments to further increase with the introduction of the Electronic Services Delivery Scheme (ESD).

As regards the security of electronic payments of Government bills, all existing electronic payment methods are operated by banks and companies in the private sector which have well-established security measures to ensure data integrity and correctness of transactions. The ESD will be linked to these systems, and will have the same security measures.

(b) Some 78,000 or 82% of our regular creditors have accepted payments by direct credit to their bank accounts. The Treasury will continue to encourage more creditors to accept this payment method. This payment method has not entailed any substantial implementation costs or savings, but has resulted in greater efficiency and, from an environmental protection viewpoint, less consumption of paper as fewer cheques are used in the process.

Signature _____

Name in block letters SHUM MAN TO

Post Title Director of Accounting Services

Date 17 March 2000

Bureau Serial No.

FB003

Question Serial No.

0503

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) :

- (A) Please list in detail the model and usage of the 82 additional vehicles and the 626 replacement vehicles to be procured by the GLTA in 2000-01. Please provide the years of service of the 626 vehicles to be replaced and the percentage of these vehicles in the total number of Government vehicles.
- (B) Please state in detail the targets and the timeframe of the review on the economic life of Government vehicles to be continued by GLTA.

Asked by : The Honourable Jasper TSANG Yok-sing

Reply :

- (A) GLTA plans to procure 82 additional vehicles and 626 replacement vehicles in 2000. Details are as follows :

| Model | Age of vehicles to be replaced | Usage | Number of replacement/ additional vehicles |
|-----------------------|---------------------------------------|---|---|
| Cross Country Vehicle | 7 to 9 years | operational duties such as to recover broken down vehicle, site inspection, tree clearing, etc. | 35 replacement vehicles and 3 additional vehicles in 11 departments |
| Large Van | 6 to 9 years | site inspection, tree clearing, patrol duties, escort, ambulance duties, etc. | 114 replacement vehicles and 24 additional vehicles in 15 departments |
| Large Bus | 8 years | repatriation , escort and trainee conveyance duties | 4 replacement vehicles in 2 departments |
| Large Motorcycle | 2 to 3 years | enforce traffic regulations, training, ambulance duties | 118 replacement vehicles and 19 additional vehicles in 2 departments |

| Model | Age of vehicles to be replaced | Usage | Number of replacement/ additional vehicles |
|---------------------------|---------------------------------------|---|---|
| Large Saloon Car | 6 years | passenger conveyance, anti-smuggling duties, criminal investigation duties, etc. | 14 replacement vehicles in 11 departments |
| Light Bus | 7 to 8 years | passenger conveyance, prisoner conveyance, mobile dispensary, attending fault repairs, etc. | 14 replacement vehicles and 5 additional vehicles in 7 departments |
| Light Truck | 7 to 8 years | staff and goods conveyance duties | 14 replacement vehicles in 3 departments |
| Medium Bus | 6 to 9 years | passenger conveyance duties, inmates conveyance duties, tunnel operation duties | 12 replacement vehicles and 5 additional vehicles in 7 departments |
| Medium Van - 5 passengers | 5 to 8 years | site inspection, attending fault repairs, goods conveyance, collect water samples, etc. | 22 replacement vehicles and 9 additional vehicles in 10 departments |
| Medium Saloon Car | 5 years | passenger conveyance and operational duties such as criminal investigation, fire attendance, site inspection, raiding, etc. | 17 replacement vehicles and 8 additional vehicles in 7 departments |
| Medium Truck | 7 to 9 years | goods conveyance and rescue duties, etc. | 28 replacement vehicles and 1 additional vehicle in 9 departments |
| Medium Van - 7 passengers | 4 to 8 years | passenger conveyance and operational duties such as investigation, training, site inspection, tunnel operation, etc. | 60 replacement vehicles and 1 additional vehicle in 11 departments |
| Multi-purpose Car | 5 to 7 years | passenger conveyance | 3 replacement vehicles in 3 departments |
| Small Estate Car | 3 to 4 years | mail delivery, patrol duties, emergency attendance, etc. | 20 replacement vehicles in 5 departments |
| Small Motorcycle | 2 to 4 years | site inspections, mail delivery, driving training and traffic regulations enforcement, etc. | 99 replacement vehicles and 6 additional vehicles in 11 departments |
| Small Saloon Car | 4 years | site inspection, patrolling, passenger conveyance, attending fault repairs, etc. | 19 replacement vehicles in 10 departments |

| Model | Age of vehicles to be replaced | Usage | Number of replacement/ additional vehicles |
|-----------------|---------------------------------------|---|---|
| Small Van | | to attend fire incident | 1 additional vehicle in 1 department |
| VIP Saloon Car | 10 years | conveyance of overseas visitors | 1 replacement vehicle in 1 department |
| Extra Large Van | 7 to 8 years | operational duties such as dog catching, border control, etc. | 32 replacement vehicles in 2 departments |
| Total : | | | 708 vehicles |

There are 7,471 vehicles in the Government fleet. These 626 replacement vehicles constitute 8.38% of the total fleet.

- (B) The purpose of the review on the economic life of Government vehicles is to work out the optimal time to replace vehicles so as to achieve cost-effectiveness in vehicle utilisation.

The Agency has completed the review of 51% of the Government fleet in 1999. It is expected that the review on the economic life of the remaining fleet can be completed within 2000.

Signature

Name in block letters

Post title

Date

P.B. WALKER

Government Land Transport Administrator

17 March 2000

Bureau Serial No.

FB004

Question Serial No.

0504

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Bureau Secretary : Secretary for the Treasury

Question(s) :

- (A) Please spell out the targets and estimated expenses of enhancing “the training of Transport Services Officers and Driver Grades staff”.
- (B) Please spell out specific measures to further improve the cost-effectiveness of pool transport services, the resultant savings in resources and enhanced effectiveness.

Asked by : The Honourable Jasper TSANG Yok-sing

Reply :

- (A) (a) The objective of enhancing the training of Transport Services Officers is to develop their professional and managerial skills to cope with the increasing demand for enhanced productivity and efficiency improvements.
- (b) The objectives of enhancing the training of Driver Grades staff are to:
- maintain a professional standard for safe driving;
 - improve their driving skill;
 - correct bad driving habits; and
 - promote environmentally conscious driving practices.

The vast majority of the above-mentioned training is provided in-house by GLTA. The estimated total expenditure in 2000-01 is \$500,000.

- (B) To improve the cost-effectiveness of pool transport services, the Agency will reduce the pool fleet size from 153 in March 2000 to 138 by March 2001. The surplus usable vehicles thus released will be redeployed to other Government departments. The Agency will keep the optimal fleet size of the pool under constant review. We will evaluate the results of a trial scheme on the pooling of departmental vehicles and will extend the scheme, where appropriate.

Signature

Name in block letters

Post title

Date

P.B. WALKER

Government Land Transport Administrator

17 March 2000

Bureau Serial No.

FB 013

Question Serial No.

0505

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 130 Printing Department Subhead (No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

The printing expenses for 2000-01 are estimated at \$239.5m, representing an 18% increase over the revised estimate for 1999-2000. This is the main cause of inflated expenses for printing services. As we have entered the era of electronic information, will the Printing Department consider taking steps to reduce printing hard copies and rely more on distribution in electronic form so as to control cost inflation?

Asked by : Hon Jasper TSANG Yok-sing, JP

Reply :

The increase in printing provision for 2000-01 estimates is mainly due to the increased demand for printing services in connection with the LegCo election this year and the population census in 2001. The provision has also taken into account the estimated increase in paper prices in the coming year.

As printing service is demand-driven, the expenses for printing service are directly determined by printing requirements initiated by client departments. With the advent of electronic communication technology, there is a growing tendency for departments to reduce the quantities of their publications by wider application of electronic means. The Printing Department has promoted in its customer liaison group meetings with client departments the greater use of electronic forms for various publications, which can be readily uploaded onto the internet. The Printing Department is also planning to upload the Main Gazette and the Legal Supplements onto the government homepages in a few months' time.

Signature _____

Name MR DAVID TSUI KWAN-PING

Post Title Government Printer

Date 17 March 2000

Bureau Serial No.

FB 014

Question Serial No.

0506

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 130 Printing Department Subhead(No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

Two additional customer liaison groups will be set up in the next year (to meet user bureaux/departments twice a year for enhancing customer feedback). How would the services to be provided by these two liaison groups differ from those provided by your Business and Customer Services Division? Please also give a detailed account of the actual expenditure, staff establishment and other resources thus involved.

Asked by : Hon Jasper TSANG Yok-sing, JP

Reply :

The function of the Business and Customer Services Division of the Printing Department is to provide a 'one stop service' to all government bureaux and departments to meet their printing requirements. As part of the work of the Division, customer liaison groups are established to enhance customer feedback on the printing services provided to them.

The Printing Department established four customer liaison groups in 1998 to serve 20 major clients. Each liaison group meets twice a year with their respective clients. In 2000/01, we will establish two new liaison groups to better serve nine other major clients including the Trading Funds. We plan to deploy 40 man-hours from existing resources to serve the two additional customer liaison groups in the coming year. No additional expenditure will be incurred.

Signature _____

Name MR DAVID TSUI KWAN-PING

Post Title Government Printer

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : In the 2000-01 Estimate, expenditure under Subhead 182 Expenses for the appointment of financial and management consultants exceeds \$60m, up by 5% over the revised estimate for 1999-2000 and by nearly 30% over 1998-99. What is the demand of the Government for the appointment of financial and management consultants in the long term? Is this kind of arrangement more cost-effective?

Asked by : Hon. Jasper Tsang Yok Sing

Reply : The increase in the 2000-01 Estimate is mainly due to the anticipated appointment of a financial consultant to advise on matters relating to the initial public offering of shares of the Mass Transit Railway Corporation.

The decision to appoint financial and management consultants depends on, inter alia, the nature of the assignment and whether in-house resources are available. As far as possible, in-house resources will be used to undertake assignments. However, there are occasions when the appointment of outside consultants is necessary or desirable. Such circumstances include -

- (a) when qualified staff for the services are not available, or cannot be deployed, for the purpose within the required time frame;
- (b) when it is more appropriate for the services to be undertaken by an independent third party or by consultants with specialist credentials and expertise for the task.

Financial consultants are appointed mainly for financial appraisal work and management consultants are appointed to deal with departmental business and public sector reform initiatives. The work of the consulting firms is generally very effective. The financial studies have helped Government take forward major projects cost-effectively, and the management studies can lead to improvements in productivity, efficiency and better use of resources in government departments.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2000

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : In the coming year, provision for additional commitments under Subhead 251 of the Recurrent Account is \$2,150,000,000. Why is the figure twice as much as the approved estimate for 1999-2000? Please provide the breakdowns of this figure.

Asked by : Hon. Jasper TSANG Yok-sing, JP

Reply : The provision under Additional Commitment is for expenditure expected to be incurred during the year which cannot be precisely identified at this time and has, therefore, not been allocated to specific heads and subheads. It also includes, in accordance with our normal practice, provision for specific items for which we will seek Finance Committee approval during the course of the year. In addition, based on past experience, there is a general provision for urgent but unforeseen requirements which may arise during the year. The recurrent additional commitment of \$2,150m in 2000-01 is higher than that in 1999-2000, as it specifically includes provision for the new initiatives announced in the Financial Secretary's Budget Speech, including -

- (a) \$800 million earmarked for early implementation of Education Commission's recommendations on education reform;
- (b) \$300 million for a package of training, retraining and employment related initiatives;
- (c) \$200 million for implementing a service-oriented strategy to help able-bodied CSSA recipients and potential recipients to overcome barriers to work; and
- (d) \$140 million for improving textbook assistance and travel subsidy schemes to needy students.

Signature _____

Name in block letters Miss Denise Yue, JP

Post Title Secretary for the Treasury

Date 14 March 2000

Bureau Serial No.

FB043

Question Serial No.

0519

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

(a) Regarding Finance Bureau's reviews on the existing and planned use of Government, Institution and Community sites so as to achieve optimal utilisation, please give an account of the number of cases that have achieved optimal utilisation, the actual expenditure involved and the resources thus saved or effectiveness attained.

(b) How much resource has the Finance Bureau reserved for the purposes of "considering major investment and loan proposals in support of economic and social development" in 2000-01?

(c) Please give a detailed account of the Finance Bureau's work to combat tax evasion and step up efforts to recover outstanding tax payments, the actual expenditure involved, manpower and the amount of outstanding tax recovered. What is the working relationship between the Finance Bureau and the Inland Revenue Department when they carry out the above work?

Asked by : The Hon. Jasper TSANG Yok-sing, JP

Reply :

(a) In financial year 1999-00, seven under-utilized GIC sites with a total area of about 70,000m² were released and sold for redevelopment to achieve optimal utilization. When developed to their full potential, these sites will provide a total gross floor area of around 109,000m² which represents 270% of their existing utilisation. The sale of the seven sites generated a total revenue of \$5,300 million. The GPA also agreed with users on the optimal joint use of 23 sites. The total expenditure incurred was \$4.4 million in terms of staff cost and administrative overhead.

(b) The Capital Investment Fund (CIF) and the Loan Fund (LF) are two Funds established by LegCo Resolution. The CIF finances Government's investments in various statutory corporations or other bodies. The LF provides loans for approved purposes or schemes of development in Hong Kong. "Additional Commitments" are reserved under both the CIF and

LF to cater for possible increases in expenditure under the existing subheads as well as any new requirements that may be identified in the course of the financial year. In 2000-01, sums of \$6,000,000,000 and \$1,670,000,000 have been provided under the CIF and LF respectively for this purpose. These provisions are based on estimates of the funding requirements needed to implement relevant policy commitments during the financial year in support of various aspects of development, including economic and social development. We will seek Finance Committee's approval to expend moneys for the additional commitments as and when such needs arise.

At this point in time, we are aware that the Kowloon-Canton Railway Corporation may need some equity injection from the Government for the Ma On Shan and the Hung Hom to Tsim Sha Tsui rail projects. If so and if approved by Finance Committee, the equity injection will be met by the provision in the additional commitments under the CIF. At this point in time, we are aware that some loan funding may be sought for urban redevelopment. If so and if approved by Finance Committee, the requirement will be met from the provision in the additional commitments under the LF.

(c) As the policy bureau with the responsibility of protecting Government revenue, Finance Bureau is combating tax evasion mainly through the work of the Inland Revenue Department. The Bureau oversees the Department's work in this area and controls the resources dedicated to it.

The Inland Revenue Department has been tackling tax evasion and unlawful tax avoidance by exercising its statutory powers under the Inland Revenue Ordinance. The major provisions are Sections 60, 61, 61A and 61B. With these provisions, the Department may ignore transactions which are considered artificial or fictitious; discard transactions carried out for the purpose of enabling the taxpayer to obtain a tax benefit in its tax assessment; and raise an additional assessment if it appears that for any year of assessment a person has not been assessed or has been assessed at less than the proper amount.

Apart from statutory measures, the Department is also tackling tax evasion through conducting tax investigation and field audits. It conducts detailed investigations into any suspected tax evasion cases, and takes prosecution actions and impose penalties in respect of established evasion cases. It also widely publicizes successful prosecution cases in order to deter would-be evaders.

As regards field audit, the Department conducts site visits to examine the accounting records of taxpayers and verify the profits declared and information submitted by the persons-in-charge of corporations and unincorporated businesses. Such visits help to induce voluntary compliance with taxation requirements, and ensure businesses maintain sufficient business records and submit correct tax returns. Moreover, the Department will examine tax avoidance arrangements through such site visits with a view to rejecting unacceptable practices.

The number of tax evasion cases under the Inland Revenue Ordinance which were confirmed through investigation and field audit by the Inland Revenue Department, as well as the amount of back tax and penalties assessed in the past five years are as follows:

Table 1

| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 (estimate) |
|--|---------|---------|---------|---------|-------------------------|
| Number of tax evasion cases confirmed | 1 543 | 1 755 | 1 714 | 1 697 | 1 750 |
| Amount of back tax and penalties assessed (\$ million) | 1,773 | 2,021 | 2,128 | 2,141 | 2,320 |

The manpower and provision for investigation and field audit involved during the same period are set out below:

Table 2

| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|--|---------|---------|---------|---------|-----------|
| Combined establishment of the Investigation Unit and Field Audit Group | | | | | |
| -Professional officers (Assessors) | 183 | 190 | 190 | 190 | 199 |
| -Others | 66 | 66 | 66 | 66 | 66 |
| -Total | 249 | 256 | 256 | 256 | 265 |
| Administrative costs (\$ million) | 120.4 | 136.0 | 145.8 | 159.8 | 169.7 |

To strengthen the Inland Revenue Department's efforts in countering tax evasion, we provided extra resources to the Department in both 1996-97 and 1999-2000, resulting respectively in the addition of one field audit team. Following the creation of the latter additional field audit team in October 1999, we pledged to recover an additional \$100 million per year in tax and penalties. As shown in Table 1, we expect to recover an increase of \$179 million in 1999-2000 over 1998-99.

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date 17 March 2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 28 Civil Aviation Department

Subhead (No. & title) : N/A

Programme : (6) Air Passenger Departure Tax Administration

Controlling Officer : Director of Civil Aviation

Bureau Secretary : Secretary for the Treasury

Question(s) : (a) Since the airlines agreed to include the Air Passenger Departure Tax (APDT) in air tickets in 1998, travel agents are responsible for collecting the tax. The APDT Unit of the Finance Division is responsible for monitoring airlines' compliance with their legal obligation to collect the APDT from the departing air passengers. How much provision is related to monitoring the APDT collection?

(b) The number of Air Passenger Departure Taxpayers increased only 3.57% in 1999 from 1998, but, the actual number of exemptions for 1999 dropped almost 3 times than that of 1998. What accounts for such drop?

Asked by : The Hon Howard YOUNG

Reply : (a) The total provision of \$1.6 million in the 2000-01 estimate is solely for the monitoring of the Air Passenger Departure Tax collection.

(b) Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines are responsible for collecting the Air Passenger Departure Tax (APDT) from taxable passengers. All passengers departing by air from the Hong Kong International Airport are liable to pay the APDT, with the exception of those who are exempted under the Ordinance. The exempted categories include children aged below 12, direct transit passengers, connecting airside transfer passengers, passengers from aircraft landed in Hong Kong due to emergency, same-day transit passengers, consular staff etc.

The number of APDT exemptions dropped from 30,151 in 1998 to 11,052 in 1999. The reduction was mainly due to the change in the recording of exemption cases following the change in the mode of APDT collection (from collection through sale of tax coupons at check-in counters of the airport to collection through ticket sale with effect from September 1998). Before September 1998, transit or transfer passengers who passed through the arrival immigration controls due to misconnected flights, flights diverted to Hong Kong by reasons of technical problems, emergency or adverse weather etc.,

were required to apply for exemption coupons before re-entering the restricted area of the airport. All these applications were recorded as exemption cases. However, ever since airlines started to collect the APDT through ticket sale (i.e. September 1998), these types of transit or transfer passengers who continue to be exempted from the APDT are no longer required to hold exemption coupons since APDT is no longer collected at check-in counters. As a result, the exemption figure was substantially reduced in 1999-2000 when compared with 1998-99.

| | |
|-----------------------|----------------------------|
| Signature | _____ |
| Name in block letters | ALBERT K Y LAM |
| Post Title | Director of Civil Aviation |
| Date | 17 March 2000 |

Examination of draft Estimates of Expenditure 2000-2001**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**Head31 Customs and Excise DepartmentSubhead (No. & title) :Programme : (4) Revenue Protection and CollectionControlling Officer : Commissioner of Customs and ExciseBureau Secretary : Secretary for the Treasury

Question : (a) In light of environmental concerns over the use of illicit fuel, and in view of seeming proliferation of sales of illicit fuel in Hong Kong, why is the Diesel Oil Enforcement Division manned by only 24 officers whereas the Anti-cigarette Smuggling Task Force has a strength of 40 officers? (b) Why is it expected that the number of cases detected by the Anti-cigarette Smuggling Task Force will increase substantially in 2000 whereas the number of cases detected by the Diesel Oil Enforcement Division in 2000 will only remain approximately the same as 1999? Why is the detection rate for the latter not higher bearing in mind that the Customs and Excise Department claims that it will step up enforcement action against illicit fuel?

Asked by : The Hon Mrs Miriam LAU Kin-ye, JPReply :

- (a) Both the Diesel Oil Enforcement Division and the Anti-cigarette Smuggling Task Force are dedicated principally to analytical work and investigations on syndicated activities at the import, storage and distribution levels. The Anti-cigarette Smuggling Task Force is also actively involved in anti-smuggling operations in respect of contraband cigarettes. Both formations are assisted, from time to time as the situation requires, by officers in other formations, including the Marine and Land Enforcement Command and the Special Task Force.
- (b) The projected increase in the detection rate of cigarette cases is mainly due to the stepped-up enforcement of sale of contraband cigarettes at the street level following the creation of 44 posts in the Anti-cigarette Smuggling Task Force in 2000-2001. The formation dealing with illicit oil has done an admirable job in 1999, as illustrated by the increase in the number of cases detected and the amount of illicit oil seized. The number of cases detected in 1999 (462 cases) is almost double that of 1998 (236 cases). Maintaining a comparable level of performance in the coming year reflects sustained efforts on the part of the Department under increasingly challenging circumstances.

Signature

Name in block letters

Post Title

Date

JOHN C TSANG

Commissioner of Customs and Excise

17 March 2000

Bureau Serial No.

FB 028

Question Serial No.

0588

Examination of draft Estimates of Expenditure 2000-2001
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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 : It states that the Department will take large-scale operations to suppress the selling and distribution of illicit fuel. Please advise: (1) What are these operations? (2) The number of illicit fuel cases detected in government leased car parks and the quantities of diesel oil seized in government leased car parks in 1999-2000? (3) What measures will the Customs and Excise Department take to eliminate illicit fuel activities in the government leased car parks?

Asked by : The Hon Christine LOH

Reply :

- (1) The operations will include –
 - (i) checking of vehicles;
 - (ii) raiding of illicit fuel filling stations; and
 - (iii) conducting joint operations with the Police and the Fire Services Department in combating the illicit use and storage of fuel.
- (2) In 1999-2000 (up to 29 February 2000), 168 cases were detected in government leased car parks with seizure of 238,019 litres of illicit fuel.
- (3) Apart from mounting operations against those illicit fuel filling stations, we will continue to pass on information to relevant agencies so that appropriate action could be taken to eradicate the continued operation of these stations.

Signature

Name in block letters

Post Title

Date

JOHN C TSANG

Commissioner of Customs and Excise

17 March 2000

Examination of draft Estimates of Expenditure 2000-2001

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

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 : (a) The financial provision under Programme (4) will increase by 9.4% and 43 posts will be created. To what use will the provision and the new posts be put?
(b) It is mentioned in paragraph 25 that Customs will step up enforcement action against the distribution of contraband cigarettes and illicit fuel. What are the details and the resources allocated?

Asked by : The Hon CHAN Kam-lam

Reply :

- (a) The net creation of 43 posts under Programme (4) is the result of the proposed creation of 44 posts in 2000-2001, offset by the deletion of one post. The 44 new posts are temporary resources created for three years commencing 2000-2001 to reinforce the Department's enforcement capabilities in combating the sale of contraband cigarettes at street level.
- (b) We will deploy the 44 additional officers mentioned in (a) to strengthen the existing 40-member strong Anti-cigarette Smuggling Task Force through the following measures –
- (i) enhancing enforcement action against street level sale and purchase of contraband cigarettes;
 - (ii) organizing media campaigns to intensify the publicity that both the sellers and buyers of contraband cigarettes commit criminal offences; and
 - (iii) maintaining intelligence exchange with overseas Customs and Customs authorities in the Mainland.

/...

The 24-member strong Diesel Oil Enforcement Division under the Marine and Land Enforcement Command (MLEC) will take enhanced measures as follows –

- (iv) checking for vehicles using illicit fuel;
- (v) raiding blackspots of illicit fuel filling stations;
- (vi) organizing media campaigns to publicise that using illicit fuel is illegal and dangerous; and
- (vii) maintaining intelligence exchange with Customs authorities in the Mainland.

The Anti-cigarette Smuggling Task Force and the Diesel Oil Enforcement Division will be reinforced, from time to time, by the Land Enforcement Teams of the MLEC (which comprise 49 officers) and the 185-member Special Task Force (which is also responsible for taking enforcement action against infringement of intellectual property rights), as well as the Police and Fire Services Department, when mounting field operations against the distribution of contraband cigarettes and illicit fuel.

Signature

Name in block letters

JOHN C TSANG

Post Title

Commissioner of Customs and Excise

Date

17 March 2000

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head 58 Government Supplies Department

Programme : (1) Procurement

Controlling Officer : Director of Government Supplies

Bureau Secretary : Secretary for the Treasury

Question : What were the green products purchased by the Government in 1999-2000?
 What was the expenditure on these products?

Asked by : The Honourable LAW Chi-kwong, J.P.

Reply : In support of government's commitment to best environmental practices, Government Supplies Department has purchased more environmentally friendly products for some items in the unallocated stores. Currently, the Department maintains about 21 items for which the specifications are designed to remove features that may cause harm to the environment. The green products purchased by the Department in 1999-2000 and their values were as follows:

| <u>Description</u> | <u>Value (\$ million)</u> |
|---|---------------------------|
| Refillable Ball-pointed Pen, Black | 0.45 |
| Refill for Ball-pointed Pen, Black | 0.11 |
| Refillable Ball-pointed Pen, Red | 0.13 |
| Refill for Ball-pointed Pen, Red | 0.03 |
| Clutch Pencil 0.5mm HB, Black | 0.16 |
| Lead Refill for Clutch Pencil | 0.09 |
| Correction Fluid, Typewriting | 0.30 |
| Thinner for Correction Fluid, Typewriting | 0.15 |
| Cleansing Powder | 1.03 |
| Detergent Powder | 0.22 |
| Liquid Detergent | 0.31 |
| Toilet Soap | 0.35 |
| Yellow Washing Soap | 0.29 |
| Toilet Liquid Soap | 0.89 |
| Dry Battery, Alkaline, UM-1 | 1.11 |
| Dry Battery, Alkaline, UM-2 | 0.81 |
| Dry Battery, Alkaline, UM-3 | 0.73 |
| Dry Battery, Alkaline, UM-4 | 0.54 |
| Recycled Photocopying Paper A4 | 2.35 |
| Recycled Photocopying Paper A3 | 0.16 |

Recycled Toilet Paper

7.51
Total : \$17.72
=====

Signature

Name in block letters

NIGEL SHIPMAN

Post Title

Director of Government Supplies

Date

17th March 2000

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 58 Government Supplies Department

Programme : (1) Procurement

Controlling Officer : Director of Government Supplies

Bureau Secretary : Secretary for the Treasury

Question 1(a) It was stated in paragraph 5 that during 1999, the prices of bulk purchases of stores requiring regular replenishment fell by an average of 10.7% when compared with the last purchases of the same items with the savings achieved through price negotiations amounting to \$251 million. Does the Government anticipate a continual fall in price of the same items to be purchased in 2000? And what will be the amount of savings?

1(b) What will be the savings for the Treasury following the adoption of the Electronic Tendering System in 2000-01?

Asked by : The Honourable Jasper TSANG Yok-sing, J.P.

Reply :

(a) Having made reference to past trends and price forecasts, we do not anticipate a continual fall in price of the regular replenishment items to be purchased in 2000. On the contrary, we expect the cost of paper to rise by about 10% in 2000 which would lead to an increase in expenditure of about \$0.8 million.

As regards the savings to be achieved through price negotiations, we will continue to negotiate for better terms. The amount of savings that can be achieved will only be available after the negotiations.

(b) The Electronic Tendering System (ETS) is an additional means of tendering through Internet technology. The cost of handling one set of tender documents under the ETS (that includes the issuing of tender invitation and documents and the receiving and opening of tender documents) is comparable to that for the traditional tendering process. Both are estimated to be \$120 on a per tender basis.

A main benefit of the ETS is its ability to extend the reach of our tender invitations and reduce the time and cost for tenderers to submit their offers. This should enable a wider range of competitive offers to be received, resulting in better value for money purchases for the Government.

| | |
|-----------------------|---------------------------------|
| Signature | _____ |
| Name in block letters | NIGEL SHIPMAN |
| Post Title | Director of Government Supplies |
| Date | 17 th March 2000 |

Bureau Serial No.

FB 007

Question Serial No.

0666

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 51 Government Property Agency Subhead (No. & title) : 111 Hire
of services and professional fees

Programme : Property Management

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for the Treasury

Question : Why does the estimate for 2000-01 under Subhead 111 Hire of services and professional fees increase by more than \$30M against the revised estimate for 1999-2000? Please give a detailed account of the expenses for hire of services and professional fees.

Asked by : The Hon Jasper TSANG Yok-sing

Reply : A detailed account for the increase of \$33 million in the estimate for Subhead 111 Hire of services and professional fees in 2000-01 is as follows -

- | | | |
|-----|---|--------------|
| (a) | Full-year provision for cleaning and management services for buildings and venues transferred from the Provisional Urban Council and Provisional Regional Council to GPA on 1 January 2000 upon the reorganization of municipal services; | \$24 million |
| (b) | Full-year provision for contract service charge for Cheung Sha Wan Government Offices Building completed in October 1999; and | \$8 million |
| (c) | Provision for cleaning services for new government buildings to be completed in 2000-01. | \$1 million |

| | |
|-------|--------------|
| Total | \$33 million |
|-------|--------------|

Signature

Name in block letters

Post Title

Date

ALBERT LAI

Government Property Administrator

17 March 2000

Examination of draft Estimates of Expenditure 2000-01**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

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

Programme : (1) Assessing Functions

Controlling Officer : Commissioner of Inland Revenue

Policy Secretary : Secretary for the Treasury

Question : Up till now, how many people have made use of the electronic tax reserve certificate scheme introduced in September 1999? How will the government strengthen publicity of the scheme? Does the scheme bring about enhanced productivity?

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

Reply: Some 7,000 people have made use of the Electronic Tax Reserve Certificates (TRCs) Scheme since it was introduced in September 1999.

The Inland Revenue Department has been promoting the Scheme through a series of publicity programmes ever since it was introduced in September 1999. These include distribution of promotional posters to various public bodies and major employers; mailing of promotional leaflets together with tax demand notes to taxpayers; and putting up advertisements on newspapers, television and radio. In addition, information about the Scheme has been placed on the Inland Revenue Department's webpage, the Interactive Voice Response System and the Info Touch terminals since September last year.

The main purposes of introducing the Electronic TRCs Scheme are to enable taxpayers to buy TRCs through electronic means such as bank autopay, telephone, bank ATMs and the Internet; and to provide an additional "auto tax payment service" in order to improve our services to taxpayers. We expect that the productivity of staff responsible for administering TRCs will be enhanced in tandem with the increase in the number of subscribers under this Scheme.

Signature _____

Name in block letters Mrs SIN LAW Yuk-lin, Agnes

Post Title Commissioner of Inland Revenue

Date 17 March 2000

Bureau Serial No.

FB022

Question Serial No.

0679

Examination of draft Estimates of Expenditure 2000-01

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

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

Programme : (3) Investigation and Field Audit

Controlling Officer : Commissioner of Inland Revenue

Policy Secretary : Secretary for the Treasury

Question :

- (a) The estimate for 2000-01 in respect of the indicator for field audit of taxpayers' accounting records shows that the back tax and penalty per post is lower than the figure in the year 1999-2000. Why?
- (b) Provision for 2000-01 is \$4.8 million higher than the revised estimate for 1999-2000. How much is due to the salary increments for existing staff and how much is due to the increased workload of investigation and field audit work?

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

Reply:

- (a) The estimates of back tax and penalty assessed per post as a result of field audit activities for 1999-2000 and 2000-01 are \$10.7 million and \$9.5 million respectively. The 2000-01 estimate is lower than 1999-2000 mainly because we have revised upwards the estimate of back tax and penalty assessed for 1999-2000 from the original estimate of \$1,040 million to \$1,300 million. This revision is necessary since we completed a few tax avoidance cases which involved an unexpectedly large amount of outstanding tax over several past Years of Assessments in the second quarter of 1999-2000. Since these cases were exceptional, they were discarded in drawing up the estimate for the ensuing year.
- (b) Out of the increased provision of \$4.8 million for 2000-01, \$2.6 million is for meeting salary increments of existing staff. The balance of \$2.2 million is to meet the full year salary provision for the new field audit team set up in October 1999 whereby nine assessing officers were added to the existing establishment.

Signature Signed in Chinese version

Name in block letters Mrs SIN LAW Yuk-lin, Agnes

Post Title Commissioner of Inland Revenue

Date 17 March 2000

Bureau Serial No.
FB035
Question Serial No.
0695

Examination of draft Estimates of Expenditure 2000-01

CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What is the detailed breakdown of the expenses for the appointment of financial
and management consultants last year?

Asked by : Hon. Lee Cheuk Yan

Reply : A breakdown of the expenses by nature of consultancy studies last year is set
out below -

| | Revised Estimate 1999-2000 HK\$000 |
|---|---|
| Management consultancy | |
| Public sector reform initiatives | 31,770 |
| Departmental business | 14,572 |
| Information technology | 5,858 |
| Financial consultancy | |
| Financial appraisals and studies on major infrastructural development projects | 8,800 |
| Total | <hr/> 61,000 <hr/> |

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date March 2000

Bureau Serial No.

FB 037

Question Serial No.

696

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

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

Programme : -

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What is the reason for the more than doubling of the provision for additional commitments from \$1.05 billion in the estimates for 1999-2000 to \$2.15 billion in 2000-01?

Asked by : Hon. LEE Cheuk-yan

Reply : The provision under Additional Commitment is for expenditure expected to be incurred during the year which cannot be precisely identified at this time and has, therefore, not been allocated to specific heads and subheads. It also includes, in accordance with our normal practice, provision for specific items for which we will seek Finance Committee approval during the course of the year. In addition, based on past experience, there is a general provision for urgent but unforeseen requirements which may arise during the year. The recurrent additional commitment of \$2,150m in 2000-01 is higher than that in 1999-2000, as it specifically includes provision for the new initiatives announced in the Financial Secretary's Budget Speech, including -

- (a) \$800 million earmarked for early implementation of Education Commission's recommendations on education reform;
- (b) \$300 million for a package of training, retraining and employment related initiatives;
- (c) \$200 million for implementing a service-oriented strategy to help able-bodied CSSA recipients and potential recipients to overcome barriers to work; and
- (d) \$140 million for improving textbook assistance and travel subsidy schemes to needy students.

Signature _____

Name in block letters Miss Denise Yue, JP

Post Title Secretary for the Treasury

Date 14 March 2000

Bureau Serial No.

FB 038

Question Serial No.

708

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

Head 147 - Government Secretariat Subhead(No. & title) : 251
Finance Bureau

Programme : 1. Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : What percentage does the salary increments for civil servants of various ranks account for in the real increase in government expenditure for the coming year? What is the estimated expenditure involved?

Asked by : Dr Hon. TANG Siu-tong, JP

Reply : In preparing the 2000-01 draft Estimate, we estimated that additional salary payments arising from salary increment would be in the region of \$500 million. The actual requirement will vary subject to the change in staff profile during the year. This accounts for less than 0.3% Government expenditure real growth in the year.

Signature _____

Name in block letters _____ Miss Denise Yue, JP

Post Title _____ Secretary for the Treasury

Date _____ 14 March 2000

Bureau Serial No.

FB 039

Question Serial No.

709

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme:(1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

Please provide the average percentage of productivity savings achieved by the subvented organisations in the past year. Please also show the proportion of these organisations achieving different levels of EPP savings analysed in incremental steps of 1%.

Asked by : The Honourable TANG Siu-tong

Reply :

In 1999-2000, subvented organisations, like government bureaux and departments, were encouraged, but not mandated, to deliver productivity gains under the advance implementation of Enhanced Productivity Programme (EPP). Of the \$818 million productivity gains pledged in 1999-2000, about \$266 million (i.e. one-third) was contributed by the subvented sector.

Since the implementation of EPP in 1999-2000 was purely on a voluntary basis, not every subvented organisation pledged to deliver productivity gains in the past year.

Starting from 2000-01, subvented organisations, together with bureaux and departments, are required to progressively reduce their operating expenditure, moving towards the target of a 5% cumulative savings by 2002-03. For 2000-01, we have mandated an initial savings requirement of 1%. All subvented organisations subject to EPP have met this mandatory requirement with some over-achieving the 1% target. The amounts of savings and the corresponding percentages over the recurrent expenditure achieved by individual subvented organisations in 2000-01 are set out in the "*Enhanced Productivity Programme: 2000-01*" Booklet.

Signature _____

Name in block letters Miss Dennis YUE

Post Title Secretary for the Treasury

Date 15 March 2000

Bureau Serial No.

FB 011

Question Serial No.

0733

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme : (1) Central Accounting, Collections and Payments

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Under the 'Indicator', the actual increase for 'no. of payments' in 1998-99 is 6%, but the estimated number of payments to be handled, in 2000 is 1 160 000, which represents an increase of 30% over 1999. What are the justifications for this estimate?

Asked by : The Honourable Fung Chi-kin

Reply : The estimated number of payments in 2000 is 30% higher than the actual number in 1999. The increase is due to the projected growth in the number of payments based on past trends, and the takeover of payments previously handled by the Provisional Urban Council and Provisional Regional Council upon the reorganisation of municipal services on 1 January 2000.

Signature _____

Name in block letters SHUM MAN TO

Post Title Director of Accounting Services

Date 17 March 2000

Bureau Serial No.

FB009

Question Serial No.

1094

Examination of draft Estimates of Expenditure 2000-2001

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

Head : 25 - Architectural Services Department

Subhead :

Programme : (2) - Facilities Upkeep

Controlling Officer : Director of Architectural Services

Bureau Secretary : Secretary for the Treasury

Question : Under Programme (2) Facilities Upkeep, what is the reason for 15.1% increase in financial provision for the year 2000-2001 compared to 1999-2000?

Asked by : Hon Edward HO Sing-tin, SBS, JP

Reply : The anticipated 15.1% increase in financial provision for Facilities Upkeep is mainly attributable to the takeover of funding responsibility for the maintenance of buildings previously under the control and management of the Provisional Urban Council and Provisional Regional Council upon the re-organisation of municipal services on 1 January 2000. This accounts for over 97% of the increase. The remaining 3% is due to salary increments for existing staff and increased departmental expenses on installation of minor equipment.

Signature _____

Name in block letters _____ S.H. PAU

Post Title _____ Director of Architectural Services

Date _____ 17 March 2000

Bureau Serial No.

FB 015

Question Serial No.

1103

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 130 Printing Department Subhead (No. & title) :

Programme : Printing Services

Controlling Officer : Government Printer

Bureau Secretary : Secretary for the Treasury

Question :

How long does it normally take for the Printing Department to outsource printing services? Does the existing establishment include the staff for handling and approving requests for outsourcing printing services by government departments? How long does the whole process of outsourcing printing services take?

Asked by : Hon Jasper TSANG Yok-sing, JP

Reply :

Within the existing establishment of Printing Department, there are three staff whose duties cover, inter alia, handling and approving requests from government bureaux and departments for outsourcing printing services. All such requests are processed within one or two working days. Outsourcing by Printing Department itself is sometimes required due to in-house capacity constraints and technical considerations. Depending on the value and urgency of the job order, a lead time ranging from a few days to ten weeks is required to complete the outsourcing process, which includes preparation of tender specifications, inviting quotations and tender evaluations.

Signature _____

Name MR DAVID TSUI KWAN-PING

Post Title Government Printer

Date 17 March 2000

Bureau Serial No.

FB 040

Question Serial No.

1104

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head All Subhead (No. & title) : All

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question :

As a result of the implementation of EPP, how many posts at senior, middle and junior levels[#] will be deleted, and what will be the corresponding savings?

- # Junior level: equivalent to MPS point 9 or below
Middle level: equivalent to MPS points 10-33
Senior level: equivalent to MPS point 34 or above

Asked by : The Honourable LEE Cheuk-yan

Reply :

In 2000-01, the numbers of post deletions arising from the implementation of the Enhanced Productivity Programme are :

| | | |
|---|---|-----------|
| At junior level (MPS point 9 or below) | = | 268 |
| At middle level (MPS points 10-33) | = | 525 |
| At senior level (MPS point 34 or above) | = | <u>87</u> |
| | | 880 |

We do not have the breakdown of the corresponding savings of these deletions. Nonetheless, the total amount of savings in personal emoluments and personnel related expenses for 2000-01 (including advance savings in 1999-2000) are \$386 million.

Signature _____

Name in block letters Miss Dennis YUE

Post Title Secretary for the Treasury

Date 15 March 2000

Bureau Serial No.

FB 045

Question Serial No.

1107

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme :

Controlling Officer :

Bureau Secretary : Secretary for the Treasury

Question : Please provide a breakdown of the project items covered by the total estimates for Subheads 2002AX, 2003AX and 2005AX. What are their respective target dates of completion.

Asked by : Hon Lau Chin-shek

Reply : The projects to be funded from the block allocations under Head 702 are listed below. In each case, the consultancy services have been substantially completed, but outstanding accounts remain to be settled in the 2000-01 financial year.

Estimate
2000-01
\$'000

Subhead 2002AX

| | |
|---|-----------|
| 1. West Kowloon Expressway - consultants' design fees and investigation | 10 |
| Total | <u>10</u> |

Subhead 2003AX

| | |
|--|------------|
| 1. Feasibility study and associated site investigations for port development at area 131, Tseung Kwan O | 200 |
| 2. Reclamation and servicing of Tuen Mun area 38 for special industries - consultants' fees and site investigation | 100 |
| 3. Tsueng Kwan O port development at area 137 (Fat Tong O), remaining works - site investigation and consultancy | 50 |
| Total | <u>350</u> |

Subhead 2005AX

| | |
|---|----------|
| 1. Water transfer, treatment and supply to North Lantau, consultants' fees and investigations for Stage I works | 1 |
| Total | <u>1</u> |

Signature _____

Name in block letters Miss Denise Yue

Post Title Secretary for the Treasury

Date _____

Bureau Serial No.

FB046

Question Serial No.

1108

Examination of draft Estimates of Expenditure 2000-01
CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION

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

Programme :

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : The total estimated payments under the Capital Investment Fund (CIF) in 2000-01 is \$6,744,000,000. Within this sum, a provision of \$6,000,000,000 is for "Additional Commitments", of which the details have not been provided. What are the projects Government expects to be included in the "Additional Commitments"?

Asked by : The Honourable Lau Chin-shek

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

At this point in time, we are aware that the Kowloon-Canton Railway Corporation may need some equity injection from the Government for the Ma On Shan and the Hung Hom to Tsim Sha Tsui rail projects.

Signature _____

Name in block letters Miss Dennis YUE

Post Title Secretary for the Treasury

Date March 2000

Bureau Serial No.

FB 012

Question Serial No.

1170

Examination of draft Estimates of Expenditure 2000-01

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

Head 188 Treasury

Subhead (No. & title) :

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

Controlling Officer : Director of Accounting Services

Bureau Secretary : Secretary for the Treasury

Question : Please list in detail the actual expenditure, establishment and other resources required for the accomplishment of the following tasks in 2000-01:-

1. Enhancement of the Treasury Payroll System.
2. For the implementation of the Mandatory Provident Fund Schemes, the extensive development work to be undertaken to meet the necessary changes to the existing operation and computer systems – Please provide the number of civil servants to be affected by the implementation of the aforesaid schemes.

Asked by : The Honourable Jasper TSANG Yok-sing, JP

Reply : The enhancement of the Treasury Payroll System as a result of the Civil Service Reform may require Treasury input ranging from 30 to 80 man-months, depending on the scale of changes to be effected.

Development work for the implementation of the Mandatory Provident Fund Schemes is expected to require 50 man-months of Treasury input, to be met through redeployment of existing resources. No additional cost is involved.

It is estimated that the Mandatory Provident Fund Scheme will affect about 5,000 Government employees who are employed on contract terms.

Signature

Name in block letters

Post Title

Date

SHUM MAN TO

Director of Accounting Services

17 March 2000

Bureau Serial No.

FB047

Question Serial No.

1268

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

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

Programme : (1) Revenue and Financial Control

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Please provide the details and findings of the consultancy studies completed in 1999-2000?

Asked by : The Honourable Lau Chin-shek

Reply : A sum of \$18,550,000 has been provided in 1999-2000 under Head 147 Government Secretariat: Finance Bureau for the financial consultancies commissioned for the Hong Kong Disneyland and Cyberport projects. The consultancy services for the two projects were to analyse and advise Government on their financial viability, and to provide expert advice to Government in negotiating with the project proponents.

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

Signature

Name in block letters

Miss Denise Yue

Post Title

Secretary for the Treasury

Date

3.2000

Bureau Serial No.

FB 041

Question Serial No.

1278

Examination of draft Estimates of Expenditure 2000-01
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY WRITTEN QUESTION**

Head 106 Subhead(No. & title) : 251

Programme : -

Controlling Officer : Secretary for the Treasury

Bureau Secretary : Secretary for the Treasury

Question : Has the Estimates included any provision for civil service pay adjustments?

Asked by : Hon CHAN Kwok-keung

Reply : For the purpose of the estimate, we have not included any provision for the civil service pay award in 2000-01.

Signature _____

Name in block letters _____ Miss Denise Yue, JP

Post Title _____ Secretary for the Treasury

Date _____ 15 March 2000

Bureau Serial No.

FB 044

Question Serial No.

1093

Examination of draft Estimates of Expenditure 2000-01

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

Head : Various Heads Subhead (No. & title) : 102 Technical Services Agreement

Programme : Not applicable

Controlling Officer :

Bureau Secretary : Secretary for the Treasury

Question :

- (a) Under Subhead 102 of various Heads of expenditure, what is the total provision for payments to Cable and Wireless HKT under the Technical Services Agreement?
- (b) Please list out the percentage increase/decrease of the this year's estimate against the revised estimate for 1999-2000 under this subhead of various departments concerned and explain the basis on which this year's estimate is calculated.

Asked by : The Honourable Emily LAU Wai-hing, JP

Reply :

- (a) The total provision for payments to Cable and Wireless HKT under the Technical Services Agreement (TSA) of various Heads of expenditure amounts to \$384.5 million in 2000-01.
- (b) The percentage increase/ decrease of the estimate for 2000-01 against the revised estimate for 1999-2000 of bureaux and departments concerned (except the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department) is set out below -

| <i>Head</i> | <i>Bureau/ Department</i> | <i>Revised estimate 1999-2000 (\$'000)</i> | <i>Draft estimate 2000-01 (\$'000)</i> | <i>Percentage change over 1999-2000 revised estimate (%)</i> |
|-------------|--|--|--|--|
| 027 | Civil Aid Services | 1,850 | 1,850 | - |
| 028 | Civil Aviation Department | 190,529 | 171,337 | -10.1 |
| 031 | Customs & Excise Department* | 210 | 257 | +22.4 |
| 042 | Electrical & Mechanical Services Department | 12,892 | 13,072 | +1.4 |
| 151 | Security Bureau* | 610 | 610 | - |
| 168 | Hong Kong Observatory | 9,740 | 9,876 | +1.4 |
| 100 | Marine Department | 32,284 | 31,822 | -1.4 |
| 160 | Radio Television Hong Kong | 89,000 | 90,077 | +1.2 |
| | Total | 337,115 | 318,901 | -5.4 |

It should be noted that the provision sought for TSA services in 2000-01, when compared to the original estimate for 1999-2000, represents an even more significant reduction of \$59.5 million, or 15.7%.

In addition, the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department have used TSA services since their establishment on 1 January 2000. The provisions for TSA for the last three months of 1999-2000 and for 2000-01 are as follows -

| <i>Head</i> | <i>Department</i> | <i>Revised estimate 1999-2000 (last quarter) (\$'000)</i> | <i>Draft estimate 2000-01 (full year) (\$'000)</i> |
|-------------|---|---|--|
| 049 | Food and Environmental Hygiene Department* | 63 | 230 |
| 095 | Leisure and Cultural Services Department | 16,500 | 65,362 |

* For these Heads, payments for TSA services are included under Subhead 149 General departmental expenses.

The estimated requirements for TSA services in 2000-01 are worked out on the following basis -

- i. realistic assessment of requirements for maintenance of systems covered under the TSA, taking into account actual requirements in the past and changes in demand;
- ii. reduced requirements of over-time allowances through improving and rescheduling the work process taking account of Director of Audit's value for money study and recommendations of the Public Accounts Committee;
- iii. decrease in rent and rates which make up part of the cost of service; and
- iv. freeze of salary of Cable and Wireless HKT staff in 2000.

Signature _____

Name in block letters MISS DENISE YUE

Post Title Secretary for the Treasury

Date 17 March 2000