

**Replies to initial written questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2003-04**

**Director of Bureau : Secretary for Financial Services and the Treasury
Session No. : 2 File name : FSTB(T)-e2.doc**

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Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)001

Question Serial No.

0104

Heads :147 Government Secretariat: Financial Subhead (No. & title) :
Services and the Treasury Bureau
(The Treasury Branch)
25: Architectural Services Department
28: Civil Aviation Department
31: Customs and Excise Department
50: Government Land Transport Agency
51: Government Property Agency
58: Government Supplies Department
76: Inland Revenue Department
106: Miscellaneous Services (Part)
130: Printing Department
162: Rating and Valuation Department
186: Transport Department
188: Treasury

Programme: Revenue Collection and Financial Control, and Intra-Governmental Services

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Regarding consultancy studies for policy making and assessment (if any) commissioned by the above bureau and departments, please provide details in the following format:

(1) Please provide the following details on the consultancy studies for which financial provision has been allocated respectively in 2001-02 and 2002-03:

| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning in progress/ completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study |
|------------------------------------|-------------|------------------|---|--|---|
| | | | | | |

(2) Please provide the following details on the consultancy studies for which financial provision has not been allocated respectively in 2001-02 and 2002-03, though consultancy studies have been made during the year:

| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning in progress/ completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study |
|------------------------------------|-------------|------------------|---|--|---|
| | | | | | |

(3) Has financial provision been allocated for commissioning consultancy studies in 2003-04? If yes, please provide the following details:

| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning in progress/ completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study |
|------------------------------------|-------------|------------------|---|--|---|
| | | | | | |

Asked by : Hon. HO Sau-lan Cyd

Reply :

(1) In 2001-02 and 2002-03, provisions have been included under Head 147 and Head 106 for consultancy studies for policy making and assessment commissioned. Details as requested on such studies are in the table attached.

For the other Heads of Expenditure listed in the question, in 2001-02 and 2002-03 no provisions have been made for consultancy studies relating to policy making and assessment.

(2) Nil

(3) As the contracts have not yet been awarded for 2003-04, we are unable to provide the requested details.

Signature

Name in block letters

ALAN N LAI

Post title

Permanent Secretary for Financial
Services and the Treasury (Treasury)

Date

20 March 2003

Head 147: GS: Financial Services and the Treasury Bureau (The Treasury Branch)

| 2001-02 | | | | | |
|---|--|--|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| KPMG | Consultancy study on the tax base in Hong Kong | \$1,423,500 (\$390,000 was paid in 2000-01, and the rest in 2001-02) | Completed | The consultancy study was commissioned by the Advisory Committee on New Broad-based Taxes, which submitted its final report to the Financial Secretary on 1.3.2002. The Administration takes into account the views and recommendations of the Advisory Committee on broadening the tax base in the review of the tax regime and tax items in the annual Budget exercises. | |

Head 106: Miscellaneous Services Subhead 182: Expenses for the appointment of financial and management consultants

| 2001-02 (Financial Consultancy) | | | | | |
|---|---|-------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| Deutsche Bank AG, Hong Kong Branch | Advice on secondary offering of shares in MTR Corporation Limited (MTRCL) and infrastructural development projects | \$10,685,564 | In progress | Launching of the secondary offering of MTRCL shares deferred pending outcome of the merger feasibility study of the two railway corporations. | |
| Merrill Lynch (Asia Pacific) Ltd | Extension of financial consultancy in partial privatisation of MTRCL and other infrastructural development projects | \$284,580 | Completed | MTRCL privatised and 23% of its shares sold to the public in 2001 | N/A |
| Salomon Smith Barney Hong Kong Limited | Shatin to Central Rail Link (SCL) financial assessments | \$8,190,000 | Completed | KCRC selected to implement and operate the SCL in June 2002. | N/A |

| 2001-02 (Financial Consultancy) | | | | | |
|---|---|-------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| William M Mercer Limited | Consultancy study on asset allocation strategy and manager configuration for the Quality Education Fund | \$31,850 | Completed | The recommendations made by the consultant had been implemented with effect from 1 September 2001. | N/A |
| William M Mercer Limited | Consultancy services for selecting a global balanced investment manager for the Quality Education Fund | \$60,000 | Completed | A new global balanced investment manager has been appointed to replace another manager whose investment management service contract was terminated by the Quality Education Fund. | N/A |
| | Sub-total for financial consultancy : | \$19,251,994 | | | |

| 2001-02 (Management Consultancy) | | | | | |
|--|--|-------------------------|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Development of the business case for trading fund status for RVD | \$598,240 | Completed | RVD has proceeded with further study on the detailed financial arrangement and business planning of the proposed trading fund. | N/A |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Business review of the Arch SD's functions | \$1,493,525 | Completed | The Arch SD is proceeding with the implementation of the recommendations. | N/A |
| Pricewaterhouse Coopers Consultants Hong Kong Ltd. | Business review of Government Laboratory | \$1,357,900 | Completed | Some of the recommendations are being implemented within the Government Laboratory; others being examined by the bureaux. | N/A |

| 2001-02 (Management Consultancy) | | | | | |
|---|--|-------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Developing a heritage and tourism concept for the Central Police Station Complex site | \$800,000 | In progress | The findings of the consultancy has provided input to the Administration's work in developing the implementation framework for the heritage tourism project at the Central Police Station Complex site. | N/A |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Developing and implementing public private partnerships for LCSD's recreational facilities | \$2,400,000 | In progress | The lessons learned from this study will be used to good effect in implementing up to ten LCSD's recreational and cultural facilities, as mentioned in the FS' Budget Speech. | N/A |

| 2001-02 (Management Consultancy) | | | | | |
|--|--|-------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| GML Consulting Ltd./GHK(HK) Ltd. | Consultancy study on the future development of Hong Kong public libraries | \$746,100 | In progress | Public consultation is now being conducted until 31.3.2003. Based on the consultant's recommendations and public opinion collected, views from staff and other factors, strategic plans will be formulated. | N/A |
| Arthur Andersen & Company (now PricewaterhouseCoopers) | Consultancy study to review the institutional arrangements of the Insurance Authority in Hong Kong | \$2,784,000 | In progress | N/A | N/A |

| 2001-02 (Management Consultancy) | | | | | |
|---|---|-----------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| | Sub-total for management consultancy : | \$10,179,765 | | | |
| | Grand total for 2001-02 : | \$29,431,759 | | | |

| 2002-03 (Financial Consultancy) | | | | | |
|---|--|-----------------------------|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| Deutsche Bank AG, Hong Kong Branch | Advice on secondary offering of shares in MTRCL and infrastructural development projects | \$7,622,875 | In progress | Launching of the secondary offering of MTRCL shares deferred pending outcome of the merger feasibility study of the two railway corporations. | |
| WALLS, William David | Consultancy study on HK's Betting Duty Regime | \$200,000 | Completed. | The Administration has taken into account the findings of the study in reviewing the betting duty regime during the annual Budget exercises. | N/A |
| Towers Perrin Foster and Crosby Inc | Consultancy services for selecting Hong Kong equities investment managers for the Quality Education Fund | \$60,000 | Completed | Two new Hong Kong equities investment managers have been appointed to take over the investment activities originally undertaken by the Treasury. | N/A |

| 2002-03 (Financial Consultancy) | | | | | |
|---|---|-------------------------|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| Towers Perrin Foster and Crosby Inc | Consultancy services for selecting a custodian for the Hong Kong securities of the Quality Education Fund | \$66,668 | Completed | A new custodian has been appointed. | N/A |
| Towers Perrin Foster and Crosby Inc | Consultancy services for selecting the service providers for commission recapture program of the Quality Education Fund | \$15,000 | Completed | A service provider each for Hong Kong equities and overseas equities has been appointed. | N/A |
| | Sub-total for financial consultancy : | \$7,964,543 | | | |

| 2002-03 (Management Consultancy) | | | | | |
|---|---|-----------------------------|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Developing a heritage and tourism concept for the Central Police Station Complex site | \$469,782 | Completed | The findings of the consultancy has provided input to the Administration's work in developing the implementation framework for the heritage tourism project at the Central Police Station Complex site. | N/A |
| PricewaterhouseCoopers Consultants Hong Kong Ltd. | Developing and implementing public private partnerships for LCSD's recreational facilities | \$1,397,390 | Completed | The lessons learned from this study will be used to good effect in implementing up to ten LCSD's recreational and cultural facilities, as mentioned in the FS' Budget Speech. | N/A |

| 2002-03 (Management Consultancy) | | | | | |
|--|--|-------------------------|---|---|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| LORD Cultural Resources Planning & Management, Deloitte & Touche Management Solutions Ltd. | Consultancy study on the mode of governance of Hong Kong's public museums and the Hong Kong film archive | \$1,000,000 | Completed | The consultant has just submitted the draft final report in March 2003 and the report is being considered in detail by the Administration. | Follow-up action is being taken. |
| GML Consulting Ltd./GHK(HK) Ltd. | Consultancy study on the future development of Hong Kong public libraries | \$911,900 | Completed | Public consultation is now being conducted until 31.3.2003. Based on the consultant's recommendations and public opinion collected, views from staff and other factors, strategic plans will be formulated. | N/A |
| PwC Consulting Hong Kong Limited | Implementation services for change of institutional form for RVD | \$1,289,000 | In progress | N/A | N/A |

| 2002-03 (Management Consultancy) | | | | | |
|--|--|-----------------------------|---|--|---|
| Name of consultants (if available) | Description | Consultancy fees | Progress on consultancy studies (planning / in progress / completed) | The Administration's follow-up action on the study reports and the progress made | Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subject under study |
| Arthur Andersen & Company (now PricewaterhouseCoopers) | Consultancy study to review the institutional arrangements of the Insurance Authority in Hong Kong | \$696,000 | Completed | We are considering turning the Office of the Commissioner of Insurance into an agency independent of the Government. | N/A |
| | Sub-total for management consultancy : | \$5,764,072 | | | |
| | Grand total for 2002-03 : | \$13,728,615 | | | |
| | | | | | |

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)002

Head : 147 GS: Financial Services and the Treasury Bureau
(The Treasury Branch)

Subhead (No. & title)

Question Serial No.

0509

Programme :

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

- (a) While recruitment of civil servants will be frozen with effect from April, the Financial Services and the Treasury Bureau (The Treasury Branch) is going to create two non-directorate posts and one directorate post during 2003-04. Please specify the posts concerned, the reasons for the creation and the expenses so incurred.
- (b) What are the reasons for the bigger rise in "job-related allowances" under personal emoluments?
- (c) What are the reasons for the 26.3% increase in "general departmental expenses" to \$14m under departmental expenses?

Asked by : Hon. CHAN Kam-lam

Reply :

- (a) With the introduction of the Accountability System in July 2002, we created –
 - (i) one directorate post for the Administrative Assistant (AA) to the Secretary for Financial Services and the Treasury (SFST); and
 - (ii) four non-directorate posts for the other staff of the SFST's Office, ie., one Personal Assistant, one Personal Secretary I, one Clerical Assistant, and one Chauffeur.

In 2002-03 such expenditure is charged to various heads of expenditure under SFST's purview. For 2003-04, to properly reflect such expenditure we centralise the provisions for such expenditure under Programme 1 of Head 147.

For the directorate post, the current AA to SFST post is a supernumerary post, and we propose to seek the Finance Committee's approval to create a permanent post. While this will mean the addition of one directorate post, the Bureau has deleted one net directorate post (D5) and downgraded one D2 post to D1, through the merger approved by the Finance Committee on 7 March 2003 of the Government Land Transport Agency, the Government Supplies Department and the Government Property Agency.

For non-directorate posts, all four posts were created in 2002-03 by re-deployment of existing posts in various heads of expenditure under SFST's purview. Non-directorate posts are controlled by the Finance Committee through NAMS ceilings imposed on each head of expenditure. For 2003-04, the creation of the four posts under Head 147 would require an additional NAMS of \$1,111,740. We have offset that addition by reduction of the NAMS of Heads 26 and 51 totalling \$1,111,740. In addition, we have deleted two further non-directorate posts, and reduced the NAMS of \$1,033,440 under Head 147.

In any event the above posts are all filled by existing civil servants through redeployment, and do not involve the recruitment of new civil servants.

- (b) The increase is mainly due to –
- (i) expenses for SFST's Chauffeur. In 2002-03 such expenditure was re-deployed from the provisions in Head 26 Census and Statistics Department. For 2003-04 such provision will be added to Head 147, and Head 26 will not need to fund such expenditure; and
 - (ii) re-classification of the "typhoon allowance" and "rainstorm black warning allowance" from Allowances to Job-related Allowances (please see paragraph 21 of the Introduction to the 2003-04 Estimates). As a result there is an increase in provision under Job-Related Allowances, **completely** offset by a reduction under Allowances.
- (c) The increase in General Departmental Expenses from \$11.085 million in 2002-03 (Revised Estimate) to \$14.005 million in 2003-04 under Head 147 is **mainly** to meet the operating expenses of SFST's Office including SFST's remuneration.

| | |
|-----------------------|---|
| Signature | _____ |
| Name in block letters | ALAN N LAI |
| Post title | Permanent Secretary for Financial Services and the Treasury (Treasury) |
| Date | 19 March 2003 |

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

FSTB(T)003

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

Question Serial No.

1037

Programme : (2) Revenue and Financial Control

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In the Brief Description of the Programme, it is stated that the branch will co-ordinate Controlling Officers' efforts to achieve efficiency savings in operating expenditure required to restore fiscal balance by 2006-07. In this connection, what is the estimated amount of savings in operating expenditure in 2003-04 as a result of the co-ordination and what are the details.

Asked by : Hon. LEE Chu-ming, Martin

Reply :

The 1.8% efficiency savings in operating expenditure achieved in 2003-04 are estimated to amount to about \$3.0 billion.

Signature _____

Name in block letters _____

ALAN N LAI

Post title _____

Permanent Secretary for
Financial Services and the Treasury
(Treasury)

Date _____

20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

FSTB(T)004

Question Serial No.

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

1038

Programme : (2) Revenue and Financial Control

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Financial Secretary has indicated earlier that the Administration would achieve the target of a 1.8% reduction in expenditure in 2003-04 by cancelling new services or narrowing the scope of pledged service enhancement. Please state whether these are included in the current estimates of expenditure. If so, please give a detailed breakdown of the reduction in expenditure, in terms of the percentage, amount and services concerned, of each bureau, branch and department. Otherwise, please state the reason.

Asked by : Hon. LEE Chu-ming, Martin

Reply :

The efficiency savings of 1.8% in operating expenditure on existing and new or improved services for 2003-04 have been reflected in the 2003-04 Expenditure Estimates. As to how these savings are to be achieved and spread out among the various programmes under their respective policy portfolios, it is for Directors of Bureaux to decide. In the case of the Financial Services and the Treasury Bureau, we are looking at various possibilities in 3Rs and 1M to achieve the savings target. We have completed a review of the organisation of our logistics support departments, namely, the Government Land Transport Agency, Government Supplies Department and Printing Department. Our plan is to merge these three departments into a new Government Logistics Department on 1 July this year. The merger will result in a net deletion of 60 posts in civil service establishment and an annual saving of about \$27 million in staff costs.

Signature

Name in block letters

ALAN N LAI

Post title

Permanent Secretary for
Financial Services and the Treasury
(Treasury)

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)005

Question Serial No.

1040

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Please set out in detail, in respect of the actual expenditure in 2001-02, revised estimate in 2002-03 and estimate for 2003-04, the total expenditure of the following items under Subhead 000 for various bureaux, branches and departments: (1) salaries; (2) allowances; (3) job-related allowances; (4) Mandatory Provident Fund contribution; (5) general departmental expenses; (6) other charges; and (7) subventions.

Asked by: Hon. LEE Chu-ming, Martin

Reply:

The breakdown of the total expenditure of the items under Subhead 000 “Operational Expenses” for various bureaux, branches and departments is as follows:

| (\$m) | Salaries | Allowances | Job-related Allowances | Mandatory Provident Fund Contribution | General Departmental Expenses | Other Charges | Subventions |
|----------------------------|----------|------------|------------------------|---------------------------------------|-------------------------------|---------------|-------------|
| 2001-02 Actual Expenditure | 50,480 | 1,213 | 216 | — | 9,048 | 31,328 | 80,220 |
| 2002-03 Revised Estimate | 49,867 | 1,269 | 198 | — | 10,379 | 34,406 | 81,189 |
| 2003-04 Estimate | 49,509 | 1,106 | 341 | 78 | 11,237 | 36,065 | 82,598 |

Signature _____

Name in block letters _____ ALAN N LAI _____

Post Title _____ Permanent Secretary for Financial Services and the Treasury (Treasury) _____

Date _____ 20.3.2003 _____

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)007

Question Serial No.

1042

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

Programme: (2) Revenue and Financial Control

 (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question : With regard to the “Light and power” and “Fuel and lubricating oil” mentioned under “Departmental Expenses” in the Introduction to the Estimates, please list out the total expenditures of all bureaux, branches and departments in respect of the actual expenditure for 2001-02, the revised estimate for 2002-03 and the estimate for 2003-04 for each of the following items: (1) town gas; (2) power; and (3) fuel and lubricating oil. How would the Administration assess the appropriateness of the said expenditures?

Asked by: Hon. LEE Chu-ming, Martin

Reply: “Light and power” and “Fuel and lubricating oil” are two of the expenditure items under “General departmental expenses”. In preparing the revised estimate for 2002-03 and the estimate for 2003-04, the controlling officers were not required to provide a breakdown of the expenditure under “General departmental expenses”. Hence, we can only provide the total expenditures for the following items in respect of the actual expenditure on “Light and power” and “Fuel and lubricating oil” of all bureaux, branches and departments in 2001-02:

| | \$ m |
|------------------------------|-------|
| (1) gas | 55 |
| (2) electricity | 1,785 |
| (3) fuel and lubricating oil | 73 |

Signature

Name in block letters

Post Title

Date

ALAN N LAI

Permanent Secretary for Financial Services
and the Treasury (Treasury)

20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)009

Question Serial No.

1044

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

Programme: (2) Revenue and Financial Control
 (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question : With regard to the "Administration" mentioned under "Departmental Expenses" in the Introduction to the Estimates, please list out the total expenditures of all bureaux, branches and departments in respect of the actual expenditure for 2001-02, the revised estimate for 2002-03 and the estimate for 2003-04 for each of the following items: (1)telephone rentals; (2)telephone call charges; (3)telegram and private communication lines; (4)overseas duty visits; (5)official entertainment; (6)postage; (7)photocopying and reproduction; (8)advertisement; and (9)printing costs etc. How would the Administration assess the appropriateness of the said expenditures?

Asked by: Hon LEE Chu-ming, Martin

Reply: "Administration" is one of the expenditure items under "General departmental expenses". In preparing the revised estimate for 2002-03 and the estimate for 2003-04, the controlling officers were not required to provide a breakdown of the expenditure under "General departmental expenses". Hence, we can only provide the total expenditures for the following items in respect of the actual expenditure on "Administration" of all bureaux, branches and departments in 2001-02:

| | \$ m |
|--|------|
| (1) telephone rentals | 163 |
| (2) telephone call charges | 15 |
| (3) telegram and private communication lines | 51 |
| (4) overseas duty visits | 79 |
| (5) official entertainment | 25 |
| (6) postage | 28 |
| (7) photocopying and reproduction | 33 |
| (8) advertisement | 22 |
| (9) printing costs etc. | 163 |

Signature _____

Name in block letters _____ ALAN N LAI

Post Title _____ Permanent Secretary for Financial Services
and the Treasury (Treasury)

Date _____ 20.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)010

Question Serial No.

1133

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

Programme: (2) Revenue and Financial Control

(3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Concerning the “staff motivation scheme” covered by Departmental Expenses in the Estimates, please give details on the total expenditure of all bureaux, branches and departments on each of the following items: (1) educational programmes, (2) publicity and (3) awards in kind for the 2001-02 actual expenditure, 2002-03 revised estimate and 2003-04 estimate. How will the authorities assess whether the expenditures are appropriate?

Asked by: Hon. SIN Chung-kai

Reply:

“Staff motivation scheme” is one of the many expenditure items of *General departmental expenses* under *Subhead 000 – Operational expenses* for the relevant Heads. As in the case of other subheads, Controlling Officers are free to vire funds among items under this subhead during the year. For this reason, we do not ask Controlling Officers to provide details on “staff motivation scheme” when preparing their estimates. As such, we cannot provide the 2002-03 revised estimate and 2003-04 estimate in respect of “staff motivation scheme”, broken down in the way as specified in the question. The 2001-02 total actual expenditure of all bureaux, branches and departments on “staff motivation scheme” was \$1,579,471. Again, our record on actual expenditure is not broken down in the way as specified in the question. Controlling Officers need to follow the guidelines set out in Civil Service Bureau Circular No. 12/99 in incurring expenditure for the “staff motivation scheme”.

Signature _____

Name in block letters ALAN N LAI

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

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)011

Question Serial No.

1134

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead(No. & title):

Programme: (2) Revenue and Financial Control

(3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Concerning the “staff welfare fund” covered by Departmental Expenses in the Estimates, please give details on the total expenditure of all bureaux, branches and departments on each of the following items: (1) provision for purchase and maintenance of sports and recreational equipment and (2) other provisions for purchase and maintenance of sports and recreational equipment for the 2001-02 actual expenditure 2002-03 revised estimate and 2003-04 estimate. How will the authorities assess whether the expenditures are appropriate?

Asked by: Hon. SIN Chung-kai

Reply:

“Staff welfare fund” is one of the many expenditure items of *General departmental expenses* under *Subhead 000 – Operational expenses* for the relevant Heads. As in the case of other subheads, Controlling Officers are free to vire funds among items under this subhead during the year. For this reason, we do not ask Controlling Officers to provide details on “staff welfare fund” when preparing their estimates. As such, we cannot provide the 2002-03 revised estimate and 2003-04 estimate in respect of “staff welfare fund”, broken down in the way as specified in the question. The 2001-02 total actual expenditure of all bureaux, branches and departments on “staff welfare fund” was \$13,440,505. Again, our record on actual expenditure is not broken down in the way as specified in the question. Controlling Officers need to follow the guidelines set out in Civil Service Bureau Circular No. 6/96 in incurring expenditure from the staff welfare fund.

Signature _____

Name in block letters ALAN N LAI

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

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)012

Question Serial No.

1135

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

Programme: (2) Revenue and Financial Control
 (3) Services Department

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Regarding "Honoraria for members of committee" under Department Expenses described in the Introduction to the Estimates, please provide details of the actual expenditure in 2001/02, the revised estimate for 2002/03 and the estimate for 2003/04 of each bureau, branch and department in respect of: (1) the name of each committee; (2) the average honorarium per member of each committee; and (3) the total honorarium for each committee. How does the Administration assess whether the expenses are appropriate?

Asked by: Hon. SIN Chung-kai

Reply:

Details of committees for which honoraria are paid to members, including the names and the rate of honorarium, are given on the webpage of the Treasury Branch (<http://www.info.gov.hk/fstb/tb>) of this Bureau. At present, we do not have details on the honoraria paid in 2001-02, the revised estimate for 2002-03 and the estimate for 2003-04 in respect of each committee. Since the manual collection of such information takes time, we will provide them in writing later.

Controlling officers assess the appropriateness of these payments in accordance with the principles set out in Financial Circular No. 7/2000.

Signature _____

Name in block letters ALAN N LAI

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

Date 20.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)013

Question Serial No.

1140

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question: The Financial Secretary has explicitly stated in his Budget Speech that the Government would adopt the "3R1M" approach as the basis for reducing expenditure. Would the Administration inform us which "reengineering" procedures are being carried out and how much savings are expected to be achieved in the coming year?

Asked by: Hon. CHOW LIANG Shuk-ye, Selina

Reply: All policy bureaux and departments have started to reduce expenditure by adopting the "3R1M" approach. For example, through the re-organization of the Government Land Transport Agency, the Government Supplies Department and the Printing Department under the Treasury Branch of the Financial Services and the Treasury Bureau, a total of 60 posts are deleted and eventually estimated net savings in full annual average staff cost of approximately \$26.47 million can be achieved. The Education and Manpower Bureau and the Education Department have been merged on 1 January 2003, resulting in the deletion of 5 directorate posts and 1 non-civil service directorate post and estimated net savings in full annual average staff cost of at least \$14.19 million. Following the merger of the Housing Bureau and the Housing Department in July 2002, the first phase of re-organization was completed on 1 January 2003, leading to the deletion of a total of 24 posts and estimated net savings in full annual average staff cost of about \$25.98 million.

It is difficult to list out all the 3R1M measures which are already taken or will possibly be taken by various government bureaux and departments. Moreover, in deciding on how and when a particular 3R1M proposal should be implemented, bureaux and departments have to take the actual circumstances and various relevant factors into consideration. Details of the measures concerned will be announced in due course.

Signature _____

Name in block letters _____ ALAN N LAI _____

Post Title _____ Permanent Secretary for Financial Services and the Treasury (Treasury) _____

Date _____ 20.3.2003 _____

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)014

Head : 147 GS: Financial Services and the Treasury Bureau
(The Treasury Branch)

Subhead(No. & title) : Question Serial No.

1196

Programme :

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? and what will be the number of staff and the level of expenditure involved?

Asked by : Hon LEE Cheuk-yan

Reply :

In 2002-03, we appointed one non-civil service contract staff for about three months at a total cost of \$27,200 to assist us in work related to tenders.
We have no plans to recruit non-civil service contract staff in 2003-04.

| | |
|-----------------------|---|
| Signature | _____ |
| Name in block letters | <u>ALAN N LAI</u> |
| Post title | <u>Permanent Secretary for Financial Services and the Treasury (Treasury)</u> |
| Date | <u>19 March 2003</u> |

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB (T) 015

Question Serial No.

1538

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question: Following the implementation of the Accountability System, a new Programme (1) Director of Bureau's Office with relevant estimated expenses is introduced for all policy bureaux in their budgets for the year 2003-04, with a view to ensuring the smooth operation of the offices of the Bureau Directors.

(1) With regard to the estimated expenses of the offices of the Policy Bureau Directors, please provide a detailed breakdown by (a) purpose (including the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions); (b) items (salaries and establishment, allowances, job-related allowances and departmental expenses);

(2) Please provide a comparison between the expenditure breakdown listed in (1) and the actual expenditure required for the smooth operation of the offices of the Bureau Directors before the implementation of the Accountability System. If the amount of expenses for specific items shows an increase, please give the reasons.

(3) Has the Administration assessed whether the estimated expenditure of the offices of the Bureau Directors is appropriate? What principles have been adopted in assessing its appropriateness?

Asked by: Hon. LEE Chu-ming, Martin

Reply: (1) The estimated expenditure of the Office of the Secretary for Financial Services and the Treasury is for the salaries and allowances of the Director of Bureau and staff in his Office. As the daily work of the Director of Bureau and staff in his Office covers all kinds of official function, it is difficult to provide a breakdown by functions. The breakdown of the estimate by items are as follows:

The estimated expenditure for 2003-04 includes-

| | |
|---|-------------|
| Bureau Director's salaries | \$3,232,000 |
| Salaries of Office's staff (including Administrative Assistant Personal Assistant Chauffeur Personal Secretary I Clerical Assistant) | \$2,614,000 |
| Staff's allowances | \$164,000 |
| Job-related allowances | \$8,000 |

- (2) There was no Director of Bureau's Office prior to the implementation of the Accountability System and the functions of the Secretary for Financial Services and the Treasury are different from those of the then Secretary for Financial Services and the then Secretary for the Treasury. It is therefore difficult to make a comparison on the expenditure.
- (3) Under the principle of using the minimum resources to run the Director of Bureau's Office, we consider the estimated expenditure for the Director for Bureau's Office for 2003-04 appropriate.

Signature _____

Name in block letters ALAN N LAI

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

Date 19.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 106 Miscellaneous Services

Subhead (No. & title) :
789 Additional commitments

Programme :

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please list out the estimated amount of each expenditure item comprising the \$3.53b provision for additional commitments under "Other Non-Recurrent", including the number of Pearl River Delta-related promotion activities funded, the names of such activities, as well as a brief description on them.

Asked by : Hon. CHAN Kam-lam

Reply :

The total provision \$3.53 billion under Head 106 Miscellaneous Services Subhead 789 Additional Commitments includes provisions for the expenditure initiatives proposed in the Budget Speech and a provision of \$0.84 billion in 2003-04 for compensatory/ex-gratia payments to takers of the second Voluntary Retirement Scheme. The remaining \$1.41 billion is to meet other unavoidable capital account expenditure which may arise during the year in excess of amounts provided under other heads and subheads of the Estimates, but which cannot at present be determined and allocated with precision.

The expenditure initiatives announced in the Budget Speech include \$1 billion for setting up a fund to award matching grants to universities which succeed in securing private donations for purposes other than the construction of campus buildings, \$0.2 billion of additional funding over the coming five years for Pearl River Delta (PRD)-related promotional activities, and \$0.08 billion funding to ease unemployment. Of the latter, \$50 million is earmarked for expansion of the Re-employment Training Programme for the Middle-aged. Another \$26 million will be allocated for the provision of attachment training for 2 000 university graduates to enhance their job-related skills.

The above additional funding for PRD-related promotional activities will be used to attract more overseas companies to invest in the Greater PRD and to set up office in Hong Kong. With additional resources, Invest Hong Kong will be able to broaden its overseas presence to boost investment promotion efforts and improve the research and knowledge management capability which are essential in providing efficient and reliable services to potential investors. We plan to put a detailed proposal to the LegCo Panel on Commerce and Industry in April.

Signature _____

Name in block letters _____

ALAN N LAI

Post title _____

Permanent Secretary for
Financial Services and the Treasury
(Treasury)

Date _____

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)017

Question Serial No.

0495

Head: 106 Miscellaneous Services Subhead: 284 Compensation

Programme: Revenue Collection and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question : The estimated provision of \$39.20 million under Compensation in 2003-04 is \$1.41 million higher than that of the previous financial year. Does it imply that the Government expects an increase in the number of claims against the Government and the related ex-gratia payments made? Please elaborate.

Asked by: Hon. Chan Kam-lam

Reply: The Subhead is for settlement of claims (other than compensation connected with land, public works and mail, and for civil servants under the Employees' Compensation Ordinance) and for certain ex-gratia payments. The estimate of \$39.2 million for 2003-04 is to meet the anticipated amount of payments from this Subhead in 2003-04 which is projected based on the actual claims already received and expected to be settled in 2003-04 as well as past spending of this Subhead.

Based on the past spending pattern and the claims already in hand, we estimate that \$31.9 million will be required in 2003-04 to settle claims with settlement sum above \$0.5 million. For cases with settlement sum at or below \$0.5 million each, the estimated total provision required for 2003-04 is \$7.3 million. The 2003-04 estimate for this Subhead in 2003-04 is therefore projected to be \$39.2 million.

Signature _____

Name in block letters _____

Alan N LAI

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

Date _____

20 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)018

Question Serial No.

0496

Head: 106 Miscellaneous Services

Subhead(No. & title): 182 Expenses for the appointment of financial and management consultants

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question : The increase of \$4.23 m in the provision for expenses for the appointment of financial and management consultants this year over the revised estimate for 2002-03 is due to the deferral of some financial consultancies to 2003-04. Please provide the following details:

- (a) Is it that the financial consultants concerned were already paid for their appointment last year, but with their consultancies deferred to the new financial year, the Government has to incur additional cost in appointment?
- (b) What areas do the financial consultancies deal with? What specific work do the consultancies involve? Why were the consultancies deferred last year?

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) No funds have been paid for services that have not been performed. Fees payable to the concerned financial consultant are calculated on the basis of the actual amount of work done. No fees are payable for services yet to be delivered.
- (b) The concerned financial consultant was engaged to advise Government on matters in relation to the proposed offering of a second tranche of shares of the MTR Corporation Limited and other infrastructure projects. Implementation of the former was delayed given unfavourable market condition and pending the findings of the feasibility study of the proposed railway merger.

Signature _____

Name in block letters _____ ALAN N LAI _____

Post Title _____ Permanent Secretary for
Financial Services and the
Treasury (Treasury) _____

Date _____ 20 March 2003 _____

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)019

Question Serial No.

0546

Head: 106-Miscellaneous Services

Subhead(No. & title) : 182 Expenses for the appointment of financial and management consultants

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please list in detail the financial appraisals and management consultancy studies to be conducted in financial year 2003-04, together with the consultants responsible for these projects.

Asked by : Hon. LI Ka-cheung, Eric

Reply:

A breakdown of the expenses for 2003-04 by nature of the consultancy studies is set out below –

| | Estimate 2003-04 HK\$000 |
|--|---|
| Management Consultancy | |
| Public sector reform initiatives, covering - | 21,300 |
| ▪ Performance measurement | |
| ▪ Organisational restructuring | |
| ▪ Outsourcing | |
| ▪ Public private partnership | |
| ▪ Raising awareness and building support for change | |
| ▪ Exploiting the use of new technology | |
| Departmental business review - | |
| Information Technology Services Department (ITSD) - | |
| A Consultancy Study on the ITSD's Change Management Programme | 2,287 |
| Leisure and Cultural Services Department - | 1,300 |
| Study on outsourcing electrical and mechanical and technical services for performing arts venues | |
| Financial Consultancy | |
| Financial appraisals, review of financial/accounting systems, advice on matters concerning implementation of the asset disposal programme and related infrastructure developments. | 28,250 |
| Total | <u><u>53,137</u></u> |

With the exception of the following consultancy study which will be brought forward from 2002-03, we are unable to provide the names of other consultants as the contracts have yet to be awarded –

Project

Consultant

Management consultancy

A Consultancy Study on the Information Technology Services Department's Change Management Programme

K Consulting Southeast Asia, L.L.C.

Financial consultancy

Advice on secondary offering of shares in MTR Corporation Limited and infrastructural development projects

Deutsche Bank AG, Hong Kong Branch

Signature _____
Name in block letters ALAN N LAI
Post Title Permanent Secretary for Financial Services and the Treasury (Treasury)
Date 20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

FSTB(T)020

Question Serial No.

Head : 106 Miscellaneous Services

Subhead (No. & title) :

1361

789 Additional commitments

Programme :

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please provide a breakdown of items under this subhead and the amount involved in each item.

Asked by : Hon. HO Sau-lan, Cyd

Reply :

The total provision \$3.53 billion under Head 106 Miscellaneous Services Subhead 789 Additional Commitments includes provisions for the expenditure initiatives proposed in the Budget Speech and a provision of \$0.84 billion in 2003-04 for compensatory/ex-gratia payments to takers of the second Voluntary Retirement Scheme. The remaining \$1.41 billion is to meet other unavoidable capital account expenditure which may arise during the year in excess of amounts provided under other heads and subheads of the Estimates, but which cannot at present be determined and allocated with precision.

The expenditure initiatives announced in the Budget Speech include \$1 billion for setting up a fund to award matching grants to universities which succeed in securing private donations for purposes other than the construction of campus buildings, \$0.2 billion of additional funding over the coming five years for Pearl River Delta-related promotional activities, and \$0.08 billion funding to ease unemployment. Of the latter, \$50 million is earmarked for expansion of the Re-employment Training Programme for the Middle-aged. Another \$26 million will be allocated for the provision of attachment training for 2 000 university graduates to enhance their job-related skills.

Signature

Name in block letters

Post title

Date

ALAN N LAI

Permanent Secretary for Financial
Services and the Treasury (Treasury)

20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

FSTB(T)021

Question Serial No.

Head : 106 Miscellaneous Services

Subhead (No. & title) :

1491

789 Additional commitments

Programme :

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

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Part of the provision under the above subhead is for funding Pearl River Delta-related promotion activities. Please provide details on the contents of and estimate of expenditure for these promotion activities.

Asked by : Hon. NG Margaret

Reply :

The provision under Head 106 Miscellaneous Services Subhead 789 Additional Commitments includes an additional funding of \$200 million over the next five years for Pearl River Delta (PRD)-related promotional activities to attract more overseas companies to invest in the Greater PRD and to set up office in Hong Kong. With additional resources, Invest Hong Kong will be able to broaden its overseas presence to boost investment promotion efforts and improve the research and knowledge management capability which are essential in providing efficient and reliable services to potential investors. We plan to put a detailed proposal to the LegCo Panel on Commerce and Industry in April.

Signature _____

Name in block letters _____

ALAN N LAI

Post title _____

Permanent Secretary for Financial
Services and the Treasury (Treasury)

Date _____

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)022

Question Serial No.

1468

Head : 130 Printing Department Subhead (No. & title) : 000 Operational expenses

Programme : Printing Services

Controlling Officer : Government Printer

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Provision for Printing Department in 2003-04 is 13.2% higher than that of last year. This is mainly due to the additional requirement for contracting out printing services and provision to cover possible increase in paper price. Would the Administration inform this Council of:

1. the amount of expenditure incurred respectively by the above 2 factors;
2. the reasons for an increase in expenditure as a result of contracting services; and
3. the reasons for an anticipated rise in paper price.

Asked by : Hon. TIEN Pei-Chun, James

Reply :

1. To cope with the increased demand for printing services by various government departments, the additional requirement for contracting out printing services is \$10.68 million. An estimated additional provision of \$7.7 million is also included for the increase of paper price.
2. The increased provision for contracting out printing services is mainly to meet various government departments' printing needs. It includes the huge volume of printing services required by the Registration and Electoral Office in 2003-04 to prepare for the next District Council elections and Legislative Council elections.

In the past few years, Printing Department has optimized the opportunities for outsourcing general printing services so as to improve its cost-effectiveness. In the meantime, it has streamlined its organization structure through natural wastage of and the joining of the Voluntary Retirement Scheme by staff in the department. The staff establishment of Printing Department has successfully been reduced by a quarter from 446 in 2000 to 336 in 2004. In this regard, Printing Department has to increase outsourcing to meet the anticipated increase in demand for printing services by various departments.. In other words, despite the increase in expenditure on contracting out printing services, Printing Department has reduced the expenditure on salaries and allowances since 2000-01.

3. The anticipated rise in paper price is due to the continuous rise in world price of wood-pulp. Printing Department forecast that paper price will continue to rise in the coming year. In addition, Printing Department has gradually switched to the use of more expensive but environmentally friendly paper.

Signature _____

Name in block letters DAVID TSUI

Post Title Government Printer

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)023

Question Serial No.

0508

Head : 130 Printing Department Subhead(No. & title) : 000 Operational expenses

Programme : Printing Services

Controlling Officer : Government Printer

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Provision for this financial year is \$26.6 m higher than the revised estimates for 2002-03. Please specify the additional requirement for contracting out printing services and provision to cover possible increase in paper price, and elaborate on them.

Asked by : Hon. CHAN Kam-lam

Reply :

The additional requirement for contracting out printing services in 2003-04 is estimated to be \$10.68 million. This extra provision is required to meet the anticipated increase in demand for printing services.

The additional provision to cover possible increase in paper price is estimated to be \$7.7 million. This calculation is based on recent trends in world price of wood-pulp for paper and from forecasts provided by suppliers.

Signature _____

Name in block letters _____ DAVID TSUI _____

Post Title _____ Government Printer _____

Date _____ 20.3.2003 _____

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)024

Question Serial No.

0765

Head : 130 Printing Department Subhead(No. & title) : 000 Operational expenses

Programme : Printing Services

Controlling Officer : Government Printer

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Deflation has been persistent in Hong Kong. With the Government's effort in promoting information and technology and the "e-government", the public can now have access to various kinds of documents on the Internet. In addition, the launching of the Smart Identity Card Project will also help reduce the expenses on printing identity cards. Why should there be an increase of \$26.6 million (13.2%) in the estimate made by the Printing Department? Moreover, the Printing Department has stated that it will continue to re-align production processes to enhance productivity. What is the detailed plan? Has a target for enhancing productivity been set?

Asked by : Hon. Emily LAU Wai-hing

Reply :

The difference of \$26.6 million between the revised estimate of 2002-03 and the estimate for 2003-04 is mainly provided for the additional requirement for contracting out printing services to meet various departments' printing needs. It includes the huge increase in printing services required by the Registration and Electoral Office in 2003-04 in preparation for the next District Council elections and Legislative Council elections. In addition, provision has been included in the estimate for the continuous rise in world paper price, and in support of Printing Department's gradual switch to the use of more expensive but environmentally friendly paper.

Printing Department has introduced the following measures to enhance its productivity:

- ☛ Streamlining the organization structure;
- ☛ Joining the Voluntary Retirement Scheme;
- ☛ Upgrading of plant and equipment;
- ☛ Simplifying procurement procedure;
- ☛ Introducing electronic-ordering system;
- ☛ Rationalizing the paper stock level; and
- ☛ Reducing storage space etc.

Signature _____

Name in block letters DAVID TSUI

Post Title Government Printer

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)025

Question Serial No.

1311

Head : 130 Printing Department Subhead(No. & title) : 000 Operational expenses

Programme : Printing Services

Controlling Officer : Government Printer

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

In 2002-03, the number of non-civil service contract staff employed by Printing Department was twenty and the total expenditure involved was about \$3.29 million.

Due to the anticipated decrease of advertisements in the Government Gazette in 2003-04, Printing Department will employ two less non-civil service contract staff and the annual savings in salary is about \$0.32 million.

Signature _____

Name in block letters _____ DAVID TSUI

Post Title _____ Government Printer

Date _____ 20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)026

Question Serial No.

0886

Head: Land Fund

Subhead(No. & title):

Programme:

Controlling Officer: Financial Secretary

Director of Bureau: Financial Secretary

Question :

The Administration plans to transfer \$120 b from the Land Fund to the General Revenue Account. On what basis is this sum arrived at? Does the Administration have any prescribed upper and lower limits for the Fund in order to maintain the balance at a specific level? If yes, what are the upper and lower limits and the criteria adopted? If no, please provide reasons for that.

Asked by: Hon. TANG Siu-tong

Reply:

The Medium Range Forecast for 2002-03 to 2007-08 sets out the Government's targets to achieve operating and consolidated balances in 2006-07. During the intervening years up to 2006-07, the Government will experience fiscal deficits, notably in the Operating Account which is predominantly financed by the General Revenue Account (GRA). The transfer of \$120 billion from the Land Fund to the GRA in 2003-04 is to meet the cashflow requirements of the GRA (and also the Capital Works Reserve Fund and the Capital Investment Fund) in the medium term.

The Administration does not have any prescribed upper and lower limits for the Land Fund. Similar to the existing practice for inter-fund transfers under GRA Head 184 Transfers to Funds, the amount of funds required to be transferred from the Land Fund will be assessed each year with regard to the commitments and forecast cashflow requirements of the GRA and other Funds. Subject to the passage of the amending Resolution, the estimated amount of fund transfer will be included as part of the Estimates submitted to the Legislative Council each year. Apart from the transfer of \$120 billion from the Land Fund to the GRA in 2003-04, we do not envisage any major requirement for further transfers in subsequent years of the projection period.

Signature _____

Name in block letters _____ ALAN N LAI

Post Title _____
Permanent Secretary for
Financial Services and the
Treasury (Treasury)

Date _____ 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)028

Question Serial No.

1390

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

Programme : (4) Revenue Protection and Collection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Financial Services and the Treasury

Question : According to the Audit Report, due to the small percentage of travellers (only less than 1% of the total number of travellers) intercepted for checking by the Customs, a number of "day-trippers" have been able to bring duty-free cigarettes in excess of the statutory concession back to Hong Kong, resulting in loss of \$1.1 b in government revenue annually. What specific measures have been taken by the Customs to deter these activities at present?

Asked by : Hon. CHEUNG Man-kwong

Reply :

The department has implemented the following measures to deter passengers from bringing into Hong Kong excessive duty-free cigarettes illegally –

(I) Revision of Licence Conditions

Since 1.1.2003, the department has revised the licence conditions of the Lowu Duty Free Shop. Under one of the revised licence conditions, when the quantity of cigarettes to be purchased by a customer exceeds the duty-free concession, staff of the duty free shop will issue to the customer an invoice after receiving payment and inform the customer to proceed to the Customs and Excise Duty Payment Office for duty payment and collection of the cigarettes purchased. This is an added measure for protecting government revenue.

(II) New Verification Mechanism

Since 26.2.2003, the department has commenced operation of a new verification mechanism for ascertaining the eligibility of local residents for duty free concessions. Three computer workstations, which are linked to the Immigration Control Automation System of the Immigration Department, have been installed at the Lowu Control Point, Lok Ma Chau Control Point and Hong Kong-Macau Ferry Terminal. They are used to check whether an incoming passenger travelling on a Hong Kong Identity Card has spent 24 hours or longer outside Hong Kong so that his/her eligibility for duty-free concessions can be speedily verified.

Through the mass media and distribution of leaflets, the department has widely publicised this new measure before its implementation and reminded passengers of the requirement to declare excessive duty-free cigarettes they bring into Hong Kong.

From 26.2.2003 to 16.3.2003, 3 516 incoming passengers declared a total of 535 098 excessive duty-free cigarettes and paid duty of a total amount of \$176,961; 25 incoming passengers were arrested (including 19 compounded and 6 prosecuted) for bringing in 40 100 undeclared excessive duty-free cigarettes.

(III) "Yellow Bird Operation"

The department carries out "Yellow Bird" special operations regularly by deploying plain-clothes officers to conduct surveillance at the arrival halls and in the vicinity of the boundary control points. Suspicious passengers will be intercepted and searched. They will be fined or prosecuted if they are found to be in possession of undeclared cigarettes in excess of duty-free concessions.

From 1.1.2003 to 16.3.2003, 66 'Yellow Bird Operations' were conducted, leading to the arrest of 42 incoming passengers (including 32 compounded and 10 prosecuted) and interception of 64 958 undeclared excessive duty-free cigarettes.

Separately, the department has stepped up inspections on incoming passengers at various control points. The department has deployed 21 additional officers to the Lok Ma Chau Control Point since January 2003 and will deploy 31 additional officers to the Lowu Control Point on 1 April 2003. In view of the daily large volume of incoming passengers, the department will endeavour to increase the number of passenger inspections at various control points as far as its manpower permits.

The department will closely monitor and review the effectiveness of the above measures and make every effort to prevent passengers from bringing in excessive duty-free cigarettes illegally.

Signature _____

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 21.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)029

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) : 000 Operational Expenses

0501

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

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

What is the cost for re-development of the Treasury Payroll System?

Asked by : Hon. CHAN Kam-lam

Reply :

The cost for the re-development of the Treasury Payroll System is \$9.815 million.

Signature

Name in block letters

SHUM MAN-TO

Post Title

Director of Accounting Services

Date

20 March, 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)030

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) :

0502

Programme:

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

- (1) How many additional contract staff will the Treasury employ in this financial year? What is the full year expenditure on salaries incurred ?
- (2) Among the operational expenses of \$339,000,000, expenditure on personal emoluments has increased by \$2,440,000 over the previous year. What is the reason(s) for this increase, besides salary increments for staff? Please also provide a breakdown of all additional expenditure involved.

Asked by : Hon. CHAN Kam-lam

Reply :

- (1) We expect that a few additional contract staff will be required on a short term basis in 2003-04 to cover ad hoc assignments. The exact number will depend on the actual job requirement. We have earmarked an additional provision of \$0.192m in the 2003-04 Estimates for the purpose.
- (2) The provision for salaries under the operational expenses on personal emoluments has increased by \$2.44m in 2003-04 mainly due to the need to create five supernumerary posts to accommodate two directorate and three non-directorate officers who will proceed on pre-retirement leave in 2003-04. A breakdown of the additional expenditure is shown below :

Additional provision for creation of five supernumerary posts \$2.20m
to accommodate officers on pre-retirement leave

Net increase in expenditure due to salary adjustments and full \$0.24m
year effect of vacancies filled and post deleted in 2002-03 _____

Total \$2.44m
=====

Signature

Name in block letters

SHUM MAN-TO

Post Title

Director of Accounting Services

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)031

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) :

0503

Programme: (3) Accounting and Financial Information Systems

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Provision for 2003-04 under this programme is \$13.4m higher than the revised estimate for the previous year. Please give an itemized breakdown of the use of this provision.

Asked by : Hon. CHAN Kam-lam

Reply :

The increased provision of \$13.4m is attributed mainly to the following :

| | <u>(\$m)</u> |
|--|---------------------|
| (a) Part-year recurrent cost for the implementation of the replacement of the Government Financial Management and Information System | 10.0 |
| (b) Creation of five supernumerary posts to accommodate officers on pre-retirement leave | 2.2 |
| (c) Full-year effect of vacancies filled | 0.9 |
| (d) Provision for office automation facilities | 0.3 |
| | ——— |
| Total | 13.4 |
| | ==== |

Signature

Name in block letters

SHUM MAN-TO

Post Title

Director of Accounting Services

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)032

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) :

0504

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

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Given the decreasing number of civil servants paid, please explain why the number of passage applications processed in 2003-04 is estimated to rise remarkably to 35 900 from 30 275 of the previous year and advise the amount involved.

Asked by : Hon. CHAN Kam-lam

Reply :

The number of passage applications is not directly proportional to the number of civil servants. The 2003-04 estimate of 35 900 applications is based on a continuation of the current trend in respect of all passages and growth in school passages. The latter is driven by the expected increase in the number of eligible dependent children receiving education overseas. The estimated increase in expenditure for school passage allowance is about \$24M.

Signature

Name in block letters

Post Title

Date

SHUM MAN-TO

Director of Accounting Services

19 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)033

Question Serial No.

0540

Head : 188

Subhead (No. & title) :

Programme :

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question : In Matters Requiring Special Attention in 2003-04, it is mentioned that "the Treasury will co-ordinate the preparation of a second set of Government's annual accounts on accrual basis". Please provide details on the preparation of the accounts on accrual basis and the estimated total expenditure involved.

Asked by : Hon. Eric LI Ka-cheung, JP

Reply : We have established a team in the Treasury to co-ordinate the preparation of the accrual-based Government accounts for 2002-03. We aim to publish these accounts in November this year.

The recurrent cost of compiling the accrual-based accounts, including, among other things, the maintenance of asset registers and production of departmental cost statements, is about \$9 million a year. In addition, two projects costing a total of about \$5 million are in progress to (a) assess the Government's liabilities under various pension schemes for civil servants and judicial officers and (b) value the Government-owned buildings. The expenditure of the latter project is met under Head 25 Architectural Services Department.

Signature _____

Name in block letters _____ SHUM Man-to

Post Title _____ Director of Accounting Services

Date _____ 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)034

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) :

0702

Programme: (3) Accounting and Financial Information Systems

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Treasury plans to create, under Programme (3) Accounting and Financial Information Systems, supernumerary posts to accommodate officers on pre-retirement leave. Please provide reasons for the creation of such posts, the number of officers involved and the expenditure incurred.

Asked by : Hon. TIEN Pei-chun, James

Reply :

As two directorate and three non-directorate officers will proceed on pre-retirement leave in 2003-04, a provision of \$2.2m has been included in the Estimates 2003-04 for the creation of five supernumerary posts to accommodate these officers and to enable them to receive salary payment during their pre-retirement leave. The established posts will then be taken up by their replacement. This arrangement follows established practice in the civil service.

Signature

Name in block letters

Post Title

Date

SHUM MAN-TO

Director of Accounting Services

20 March, 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)035

Question Serial No.

1062

Head : 188 Treasury

Subhead (No. & title) : 000 Operational Expenses

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

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

- (a) Please provide details on the number of staff employed, as well as their respective ranks and salaries, in dealing with the work under Programme (2) (Payment of Salaries, Pensions and Benefits). Since computers are largely used in computing salaries and pensions, etc., has the Treasury actively reduced its staff size over the past three years so as to cut expenditure in this area? If yes, please provide the details. If no, what are the reasons for that?
- (b) Has the Treasury ever calculated the cost of providing support services, including the services provided by bureaux and departments other than the Treasury, in relation to the various civil service benefits and allowances? If yes, please provide the details. Will the Treasury put forward any streamlining measures to reduce costs?
- (c) What the actual and estimated expenditures pertaining to civil service salary increments in 2002-03 and 2003-04 respectively?

Asked by : Hon. TANG Siu-tong

Reply :

- (a) The staff list of the Treasury's Establishment Branch, which deals with the work under Programme (2) *Payment of Salaries, Pensions and Benefits*, is at Annex. Since 2000, due to re-engineering of procedures in respect of paying payroll-related benefits, staff numbers have been reduced by 13.
- (b) We only calculate the Treasury cost of paying various civil servants benefits and allowances each year. The actual cost for 2001-02 was -

| <u>Services</u> | <u>Cost of Service</u> <u>(\$ m)</u> |
|-------------------------------|---|
| Payment of - | |
| (i) Salaries and Allowances | 31.3 |
| (ii) Pensions | 24.9 |
| (iii) Passages | 5.0 |
| (iv) Housing Benefits | 27.8 |
| (v) Education Allowances | 3.6 |
| (vi) Mandatory Provident Fund | 3.6 |
| | <hr/> |
| Total | 96.2 |
| | <hr/> <hr/> |

The above includes the costs of the related computer systems, manual processes, supervision, and administrative overheads.

Treasury has embarked upon a programme of redeveloping all its payroll-related, housing benefits and pension systems during which opportunity will be taken to streamline procedures and reduce expenditure.

- (c) Actual cost of civil service salary increment for 2002-03 is not yet available. However, based on the increment cost of salaries for 2001-02 (0.98%), the costs of increments for 2002-03 and 2003-04 are estimated to be about \$489 m and \$485 m respectively. There has been an upward trend in the percentage of staff who have reached their maximum pay points. We therefore expect that the actual outturn would be less than the estimated figure.

| | |
|-----------------------|---------------------------------|
| Signature | |
| Name in block letters | SHUM MAN-TO |
| Post Title | Director of Accounting Services |
| Date | 20 March 2003 |

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

| Rank | Pay Scale \$ | No. of Staff as at 1 April 2003 |
|---|---------------------|--|
| Assistant Director of Accounting Services | 117,040 - 124,305 | 1 |
| Senior Treasury Accountant | 76,755 - 88,425 | 1 |
| Treasury Accountant | 32,190 - 74,075 | 1 |
| Senior Accounting Officer | 48,140 - 74,075 | 4 |
| Accounting Officer I | 37,200 - 46,810 | 11 |
| Accounting Officer II | 16,095 - 35,535 | 1 |
| Personal Secretary I | 21,160 - 26,995 | 1 |
| Senior Clerical Officer | 28,275 - 35,535 | 18 |
| Clerical Officer | 21,160 - 26,995 | 42 |
| Assistant Clerical Officer | 9,180 - 20,150 | 95 |
| Clerical Assistant | 8,125 - 15,270 | 18 |
| Office Assistant | 8,125 - 11,915 | 3 |
| Property Attendant | 9,200 - 11,320 | 1 |
| Total | | 197 |

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)036

Question Serial No.

1125

Head: 188 Treasury

Subhead(No. & title):

Programme:

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Please specify the respective maximum acceptable entertainment expenses (e.g. for banquets) set for all principal officials under the accountability system, including Director of the Chief Executive's Office and permanent secretaries, and the total amount of claim of expenses in 2002-03. Please advise if there will be any changes to these expenses ceilings in the estimates for next year.

Asked by: Hon. CHEUNG Man-kwong

Reply:

As our accounts only record the official entertainment expenses by bureaux, a breakdown by individual principal officials under the accountability system, the Director of the Chief Executive's Office and the permanent secretaries is not available. The total amount of claim of such expenses by each bureau in 2003-03 is also unavailable now because the financial year of 2002-03 is yet to close.

Official entertainment expenses is an item under general departmental expenses. Since each bureau is allowed to set its own appropriate ceiling for the expenses concerned, we do not keep such records. Besides, bureau controlling officers may make re-allocation as required among items under each sub-head within a financial year, provided that provision for the sub-head is not exceeded. In the coming year, bureaux and departments will operate on a one-line vote basis to achieve flexibility in resource allocation. Official entertainment expenses as an item under the one-line vote will be subject to the decision of individual bureaux to set a ceiling.

Signature _____

Name in block letters _____ SHUM Man-to

Post Title _____ Director of Accounting Services

Date _____ 13.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)037

Head : 188 Treasury

Question Serial No.

Subhead (No. & title) :

1172

Programme:

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The provision for general departmental expenses in Estimate for 2003-04 is \$125,424,000, representing an increase of about 29% over the revised estimate of \$97,591,000 for the previous year. Please provide the items included in the expenses and the reasons for the increase of expenses.

Asked by : Hon. SIN Chung-kai

Reply :

The increased provision of \$27.8m is attributed mainly to the following :

| | <u>(\$m)</u> |
|--|--------------------------|
| (a) Lower-than-expected expenditure on payment to collection agents in 2002-03 as a result of rates and water charges concession | 14.0 |
| (b) Part-year recurrent cost for the implementation of the replacement of the Government Financial Management and Information System | 10.0 |
| (c) Enhancement of office automation facilities and improvement of computer system security | 1.4 |
| (d) Hardware maintenance and software licensing of new Payroll System | 1.4 |
| (e) Consultancy study to assess Government's pension liabilities | 1.0 |
| Total | <u>27.8</u> <u>==</u> |

Signature

Name in block letters

SHUM MAN-TO

Post Title

Director of Accounting Services

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)038

Question Serial No.

1321

Head : 188 Treasury

Subhead (No. & title) :

Programme:

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

An average number of 35 non-civil service contract staff were employed each month in 2002-03 and the estimated expenditure was \$5.9m. We expect that a few additional contract staff will be required on a short term basis in 2003-04 to cover ad hoc assignments. The exact number will depend on the actual job requirement. We have earmarked an additional provision of \$0.192m in the 2003-04 Estimates for the purpose.

Signature

Name in block letters

SHUM MAN-TO

Post Title

Director of Accounting Services

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)039

Head :106 Miscellaneous Services

Subhead :163 Write-offs

Question Serial No.

Programme : -

0497

Controlling Officer : Director of Accounting Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question : (a) The actual expenditure for Write-offs for 2001-02 was \$255,000, while the original approved estimate for 2002-03 was \$260,000. However, it eventually turns out that a total \$1.165m was written off in 2002-03. Please specify the reasons.

(b) Why does the estimate for 2003-04 show a further increase over the previous year?

Asked by : Hon. CHAN Kam-lam, JP

Reply :

(a) The 2002-03 revised estimate of \$1,165,000 is \$905,000 higher than the original estimate of \$260,000. This increase is due to the write-off of :

| | |
|---|-----------|
| (i) irrecoverable petitioners' deposits paid by Department of Justice in connection with 48 bankruptcy and winding-up cases | \$555,000 |
|---|-----------|

| | |
|--|-----------|
| (ii) irrecoverable expenses incurred by Department of Planning for the reinstatement works for an unauthorized development | \$350,000 |
|--|-----------|

\$905,000
=====

(b) The 2003-04 estimate is increased from the original estimate of \$260,000 in 2002-03 to \$1,200,000 to take into account additional provision of \$940,000 for the write-off of petitioners' deposits for bankruptcy and winding-up cases in 2003-04.

Signature _____

Name in block letters _____ SHUM Man-to _____

Post Title _____ Director of Accounting Services _____

Date _____ 18 March 2003 _____

Reply Serial No.

FSTB(T)040

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Question Serial No.

0101

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury
(for Programme (2) – Facilities Upkeep)

Question : Regarding the expenditure on works, the actual expenditure on refurbishment and improvement for 2001 was \$2,196m, the actual expenditure for 2002 was \$3,608m and the estimate expenditure for 2003 is \$3,870m. Will the Government inform this Council of the refurbishment and improvement projects to be paid for in 2003 ?

Asked by : Hon. LAU Ping-cheung

Reply : A breakdown of the expenditure for refurbishment and improvement works in 2003 is as follows :

| | Amount |
|---|--|
| | \$m |
| (A) Refurbishment Projects | 2,674 |
| (B) Improvement Projects | 644 |
| (C) Miscellaneous Projects funded by other Departments | 552 |
| Total | <hr style="width: 100px; margin: 0 auto;"/> 3,870 <hr style="width: 100px; margin: 0 auto;"/> |

Refurbishment Projects funded under Head 703 Subhead 3004GX are works estimated to cost \$15m or less each for the refurbishment, renovation or planned maintenance of government buildings. About 1,200 items will be carried out in 2003. Examples of proposed new items in 2003-04 are at Annex I.

Improvement Projects funded under Head 703 Subhead 3101GX are minor building works, fitting out works, minor alterations, additions and improvement works and minor slope improvement works not exceeding \$15m per item. About 2,900 items will be carried out in 2003. Examples of proposed new items in 2003-04 are at Annex II.

Miscellaneous Projects funded by other departments include major repairs and alterations to 525 non-estate subvented schools funded by Education & Manpower Bureau under Head 708 Subhead 8100QX *Alterations, additions, repairs and improvements to education subvented buildings* and improvement or refurbishment works for some hospitals funded by Health, Welfare and Food Bureau under Head 708 Subhead 8100MX *Hospital Authority – improvement works, feasibility studies, investigations and pre-*

contract consultancy services for building projects.

More details on the proposed expenditure items under the relevant block allocations under the Capital Works Reserve Fund have been set out in PWSC (2002-03)86 approved by the Finance Committee on 21 February 2003.

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ March 2003

Head 703 Subhead 3004GX**Refurbishment of government buildings for items in Category D
of the Public Works Programme****Proposed New Items (in descending order of project estimate)**

| Project Description | Project Estimate \$'000 | Estimate 2003-04 \$'000 |
|--|--|--|
| 1. Re-roofing, repair to external wall and other general maintenance works to 20 numbers of estate schools and community halls | 11,836 | 3,551 |
| 2. Refurbishment to Maple Street Playground | 11,000 | 3,300 |
| 3. Refurbishment to external wall finishes to library block and public area at Tsuen Wan Government Office | 11,000 | 3,300 |
| 4. Refurbishment to hostel blocks and external area at Lei Yue Mun Park | 10,500 | 3,150 |
| 5. Refurbishment to Mui Wo Ferry Concourse Cooked Food Centre | 10,248 | 3,074 |
| 6. Refurbishment to theatre, lecture hall and foyer at Sheung Wan Civic Centre | 10,000 | 3,000 |
| 7. Refurbishment to Hiu Ming Street Playground | 9,184 | 2,755 |
| 8. Conversion of the existing natural turf into artificial turf pitches at Wong Chuk Hang Recreation Ground | 9,000 | 2,700 |
| 9. Conversion of the existing natural turf into artificial turf rugby pitches at Tai Hang Tung Recreation Ground | 9,000 | 2,700 |
| 10. Refurbishment to Java Road Complex Indoor Games Hall | 8,560 | 2,568 |

Head 703 Subhead 3101GX**Minor building works for items in Category D
of the Public Works Programme****Proposed New Items (in descending order of project estimate)**

| Project Description | Project Estimate \$'000 | Estimate 2003-04 \$'000 |
|--|--|--|
| 1. Improvement to Lok Ma Chau (San Tin) Public transport interchange | 15,000 | 10,000 |
| 2. Redevelopment of High West Picnic Area | 15,000 | 15,000 |
| 3. Reprovisioning of Ho Man Tin Vehicle Pound to Kowloon Bay | 15,000 | 1,000 |
| 4. Reprovisioning of Hong Kong Island Vehicle Pound to Siu Sai Wan | 15,000 | 1,000 |
| 5. Reprovisioning of Kwai Shing Vehicle Examination Centre to Tai Lam Chung Weigh Station | 15,000 | 4,000 |
| 6. Reprovisioning of Haiphong Road temporary market, cooked food hawker bazaar and refuse collection point affected by Kowloon Southern Link | 14,900 | 14,900 |
| 7. Construction of a refuse collection point at Ngong Ping | 14,900 | 14,900 |
| 8. Conversion of historical building of Woodside at Mount Parker Road into country park education centre | 14,800 | 11,500 |
| 9. Fire services upgrading works, phase 1 – Yau Ma Tei Jockey Club Clinic | 14,800 | 2,960 |
| 10. Installation of the Fireboat Alexander Grantham at Quarry Bay Park | 14,726 | 14,726 |

Reply Serial No.

FSTB(T)041

Question Serial No.

0703

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury
(for Programme (2) – Facilities Upkeep)

Question : What will be the total expenditure on upkeeping buildings and facilities in 2003-04 by the Architectural Services Department ? What are the major types of building being upkept ?

Asked by : Hon. WONG Sing-chi

Reply : The total expenditure for upkeeping buildings and facilities in 2003-04 by the Architectural Services Department is estimated to be \$1,071m.

Properties maintained include slopes, hospitals and clinics, environmental hygiene facilities (e.g. markets and public toilets), recreational and cultural facilities (e.g. parks and indoor games halls), government and subvented schools, and government buildings (e.g. police stations, fire stations and government offices).

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ 17 March 2003

Reply Serial No.

FSTB(T)042

Question Serial No.

0704

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury
(for Programme (2) – Facilities Upkeep)

Question : The expenditure on maintenance works budgeted by the Architectural Services Department for 2003 is about \$0.21b less than that for 2002. Please account for this. What are the projects that the Department will reduce the expenditure on maintenance ?

Asked by : Hon. WONG Sing-chi

Reply : The reduced expenditure on maintenance works in 2003 is mainly due to –

- (a) reduction in planned maintenance for subvented schools, based on Education Department's projection of the requirement for 2003; and
- (b) reduction in day-to-day maintenance requirement for government buildings, as a result of more improvement and refurbishment works recently carried out under the Capital Works Reserve Fund block allocations.

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ 20 March 2003

Reply Serial No.

FSTB(T)043

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Question Serial No.

0872

Head : 25 – Architectural Services Department Subhead :

Programme : (2) – Facilities Upkeep

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury
(for Programme (2) - Facilities Upkeep)

Question : The estimated Provision for Facilities Upkeep for 2003-04 is \$781.3 million.
What is the amount provided for carrying out the planned 99% comprehensive
maintenance inspections in 2003 ?

Asked by : Hon. SHEK Lai-him, Abraham

Reply : The estimated cost for carrying out the planned inspections in 2003 is \$20m.

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ March 2003

Reply Serial No.

FSTB(T)044

Examination of Estimates of Expenditure 2003-04

Question Serial No.

1250

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 703 - Buildings Subhead : 3100GX - *Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme and*
3101GX - *Minor building works for items in Category D of the Public Works Programme*

Programme :

Controlling Officer : Director of Architectural Services

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Regarding Subhead 3100GX – *Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme* and Subhead 3101GX – *Minor building works for items in Category D of the Public Works Programme* under Block allocations, please list the projects to be implemented in Kwun Tong and Wong Tai Sin districts.

Asked by : Hon. LI Wah-ming, Fred

Reply : Please refer to Appendix I for projects in Kwun Tong and Wong Tai Sin districts funded from Subhead 3100GX; and Appendix II, from Subhead 3101GX.

Signature _____

Name in block letters _____ C. H. YUE

Post Title _____ Director of Architectural Services

Date _____ 20 March 2003

Subhead 3100 GX – *Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme*

List of projects in Kwun Tong and Wong Tai Sin districts included in 2003-04 Estimates

Kwun Tong District

1. Minor investigations/consultancy fees for two 36-classroom primary schools in the Eastern Harbour Crossing site, Yau Tong
2. Consultancy fees for retro-fitting of air-conditioning to Ngau Chi Wan Market and Cooked Food Centre
3. Consultancy fees for retro-fitting of air-conditioning to Ngau Tau Kok Market and Cooked Food Centre
4. Consultancy fees for improvement to Lok Wah Playground, Kwun Tong
5. Minor investigations/consultancy fees for reprovisioning Society of Boys' Centre Shing Tak School, New Clear Water Bay Road
6. Minor investigations/consultancy fees for the development of Platform A at Ngau Chi Wan landfill site as open space
7. Consultancy fees for a proposed toilet at Yuet Wah Street Playground

Wong Tai Sin District

1. Minor investigations/consultancy fees for reprovisioning of Diamond Hill Crematorium
2. Consultancy fees for additional columbarium at Diamond Hill

Subhead 3101GX – *Minor building works for items in Category D of the Public Works Programme*

List of projects in Kwun Tong and Wong Tai Sin districts included in 2003-04 Estimates

Kwun Tong District

1. Lam Fung Street refuse collection point and public toilet
2. Improvement to court facilities, Kwun Tong Magistracy
3. Improvement to existing refuse collection point at Shung Yan Street
4. Renovation of Sau Mau Ping public library
5. Conversion of the secondary hall in Shun Lee Tsuen Sports Centre to the training centre of Hong Kong Amateur Gymnastic Association
6. Improvement to On Tak Road Playground
7. Fire services upgrading work, phase II - Lam Tin Polyclinic
8. Fire services upgrading work, phase II - Kwun Tong Jockey Club Health Centre
9. Incorporation of a community hall cum Lam Tin Sub-office, Kwun Tong District Office into pilot project for development of elderly housing, welfare and medical facilities
10. Reprovisioning of Ho Man Tin Vehicle Pound to Kowloon Bay
11. Fitting-out works for Sau Mau Ping Social Security Field Unit, Social Welfare Department, Sau Mau Ping Estate Phase 7
12. Fitting-out works at Shun Lee Disciplined Service Quarter
13. Fitting-out works at Kwun Tong Police Station and Ngau Tau Kok Police Station
14. Fitting-out works at Ngau Tau Kok Government Offices
15. Reinstatement works for Choi Wan Sheltered Workshop and Hostel, Choi Wan Estate
16. Fitting-out works at Kwun Tong Government Offices

Wong Tai Sin District

1. Footbridge link for Tai Shing Street Market
2. Fire services upgrading work, phase I - Wang Tau Hom Jockey Club Clinic
3. Local open space development at Wing Ting Road
4. Renovation works at Chuk Yuen Sports Centre
5. Fitting-out works at Lung Cheung Office Block, Upper Wong Tai Sin Redevelopment Phase IV
6. Renovation works at the sitting-out area at Ngau Chi Wan Village Playground

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)045

Question Serial No.

0288

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

Programme: (3) Services to Other Departments

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : The average cost of surveying one stockholding point under the above Programme in 2003-04 is estimated to be \$4,632, which is 30% higher than the actual cost for 2002-03. Why?

Asked by: Hon. LEUNG Fu-wah

Reply:

The "average cost of surveying one stockholding point" represents the average staff cost for conducting an internal audit check on the procurement procedures and stores management of an operational unit in a department. It is calculated by dividing the total staff cost by the number of total stockholding points to be surveyed.

The total number of stockholding points to be surveyed in 2003 is estimated to be 788 office units. Although the number of the office units is less than that for 2002 (1 032 units), the total man-hours required to conduct the surveys is expected to increase by 570 man-hours, from 18 753 man-hours in 2002 to 19 323 man-hours in 2003. As a result, the average cost of surveying one stockholding point in 2003 is estimated to be 30% higher than the actual cost (\$3,536.8) for 2002.

The man-hours required for surveying a stockholding point depends on the scope of services of the office units concerned and the number and quantity of stock items involved. For example, 475 man-hours will be required in 2003 for surveying the Government Dockyard of Marine Department with 19 340 stock items while in 2002, only 188 man-hours were used for surveying the Independent Commission Against Corruption having 1 175 stock items.

The increase in the average cost of surveying one stockholding point is therefore mainly due to the decrease in the number of stockholding points to be surveyed in 2003. The total staff cost remains unchanged as in 2002 at \$3.65 million.

Signature _____

Name in block letters (Stella HUNG)(Mrs.)

Director of Government
Supplies

Post Title _____

Date 20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)046

Question Serial No.

0505

Head: 58 - Government Supplies Department

Subhead(No. & title): 000 Operational expenses

Programme:

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

(a) Why do Salaries and Allowances under "Personal Emoluments" increase by 3.9% and 4.2% respectively as compared to last year with a net deletion of one post in 2003-04?

(b) Please account for the increase in each item under Departmental Expenses.

Asked by: Hon. CHAN Kam-lam

Reply:

(a) A breakdown of the 3.9% or \$4.2m increase in Salaries in 2003-04, compared with the revised estimate for 2002-03, is as follows –

| | <u>\$m</u> |
|---|------------|
| (i) Cost-neutral transfer from the Information Technology Services Department of four posts (1 Systems Manager, 2 Analyst/Programmer I and 1 Analyst/Programmer II) | 2.1 |
| (ii) Salary increments | 0.9 |
| (iii) Filling of leave reserve posts and supernumerary posts for officers on pre-retirement leave | 1.2 |
| Total : | <u>4.2</u> |

The 4.2% increase in Allowances, i.e. by \$103,000, is to cater for the acting allowances for a Principal Supplies Officer who is acting as the Controller of Government Supplies and for a Supplies Officer who is acting as Senior Supplies Officer.

- (b) (i) The increase in the Specialist supplies and equipment by \$195,000 is due to the purchase of quarters furniture to meet the forecast requirement arising from demand for replacement or new furniture for 24 300 quarters.
- (ii) The slight increase in the Contract maintenance by \$19,000 is due to the additional requirement in the repair of quarters furniture.
- (iii) A breakdown of the increase of \$2.1m in the General departmental expenses is as follows –

| | <u>\$m</u> |
|--|------------|
| Cost-neutral transfer from the Information Technology Services Department for the employment of 1 Contract Systems Analyst | 0.6 |
| IT security risk assessment on the existing computer systems and other minor enhancements thereof | 1.5 |
| Total : | <u>2.1</u> |

Signature _____

Name in block letters (Stella HUNG)(Mrs.)

Post Title Director of Government Supplies

Date 20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)047

Question Serial No.

0506

Head: 58 - Government Supplies Department

Subhead(No. & title):

Programme: (3) Services to Other Departments

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please account for the increase in "cost of staff management over total salaries of Supplies Grades staff managed in other departments" and "average cost of surveying one stockholding point" in 2003-04.

Asked by: Hon. CHAN Kam-lam

Reply:

- (i) The increase in "cost of staff management over total salaries of Supplies Grades staff managed in other departments" is mainly due to provision of additional resources through internal redeployment to enhance the training programmes for all the Supplies Grades staff in 2003.

With the change in the procurement method for common user items, allocated contracts for the supply of non-essential items will be arranged for user departments to place their orders with suppliers as-and-when-required for direct delivery. Besides, GSD will upgrade the existing Procurement Management System to make it Internet accessible by remote users by end 2003 in order to facilitate the user departments in submitting their forecast requirements, placing orders and monitoring allocated contracts via the PMSU. Additional staff efforts are therefore required in designing, coordinating and hosting the comprehensive training courses for staff to meet the anticipated changes.

- (ii) The "average cost of surveying one stockholding point" represents the average staff cost for conducting an internal audit check on the procurement procedures and stores management of an operational unit in a department. It is calculated by dividing the total staff cost by the number of total stockholding points to be surveyed.

The total number of stockholding points to be surveyed in 2003 is estimated to be 788 office units. Although the number of the office units is less than that for 2002 (1 032 units), the total man-hours required to conduct the surveys is expected to increase by 570 man-hours, from 18 753 man-hours in 2002 to 19 323 man-hours in 2003. As a result, the average cost of surveying one stockholding point in 2003 is estimated to be 30% higher than the actual cost (\$3,536.8) for 2002.

The man-hours required for surveying a stockholding point depends on the scope of services of the office units concerned and the number and quantity of stock items involved. For example, 475 man-hours will be required in 2003 for surveying the Government Dockyard of Marine Department with 19 340 stock items while in 2002, only 188 man-hours were used for surveying the Independent Commission Against Corruption having 1 175 stock items.

The increase in the average cost of surveying one stockholding point is therefore mainly due to the decrease in the number of stockholding points to be surveyed in 2003. The total staff cost remains unchanged as in 2002 at \$3.65 million.

Signature _____

Name in block letters (Stella HUNG)(Mrs.)

Post Title Director of Government Supplies

Date 20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)048

Question Serial No.

0629

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

Programme: (1) Procurement

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : As the Government Supplies Department purchases goods and services that are value for money for government departments, please list out these items with the estimated amount to be spent on procurement in 2003-04?

Asked by: Hon. LI Wah-ming, Fred

Reply:

GSD purchases a diverse range of goods and services for government bureaux and departments involving thousands of different items which can be broadly classified into 40 major categories, as detailed at Annex.

Based on the average value of purchases made in the preceding three years, the purchase value in 2003 is estimated to be \$5,200m. The exact types and value of goods to be purchased in 2003 will depend on the actual orders placed by user departments.

Signature _____

Name in block letters (Stella HUNG)(Mrs.)

Post Title Director of Government Supplies

Date 20 March 2003

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

電腦設備及軟件

Computer Equipment and Software

藥物

Pharmaceuticals

燃油及碳氫潤滑劑

Fuel Oils and Hydrocarbon Lubricants

運輸服務、專用車輛及備件

Transportation Services, Specialized Vehicles and Spares

電訊設備及備件

Telecommunications Equipment and Spares

醫療消耗品

Medical Consumables

書籍

Books

飛機及備件

Aircraft and Spares

濾水用的化學品

Chemicals - Water Treatment

醫院及醫療設備

Hospital and Medical Equipment

科學分析及實驗室使用的器材和消耗品

Scientific, Analytical and Laboratory Equipment and Consumables

機電工程器材及抽水機

Electrical and Mechanical Engineering Plant and Equipment and Pumpset

辦公室用紙

Paper - Office Use

消防及救援用具

Fire-Fighting and Rescue Appliances and Spares

文儀用品

Stationery & Office Supplies

非辦公室用紙

Paper - Other than Office Use

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

海事設備及備件

Marine Equipment and Spares

家庭電器及照明設備

Electrical Domestic Appliances and Light Fittings

食品及飲品

Food and Beverage

水務物品

Waterworks Items

紡織品

Textile Materials

辦公室器材

Office Equipment

非濾水用的化學品

Chemicals - Other than Water Treatment

電腦消耗品

Computer Consumables

槍械彈藥及警察器材

Arms, Ammunition and Police Equipment

清潔用品

Cleaning Materials

醫院家具

Furniture - Hospital

包紮用品

Dressing

宿舍及辦公室家具

Furniture - Quarters and Office

裁縫業及服裝

Tailoring Services & Garments

五金用品及工具

Hardware and Tools

儲物架及器材

Storage Racks and Equipment

家居物品

Household Goods

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

攝影及視聽器材連消耗品

Photographic and Audio/Video Equipment and Consumables

建築材料

Building Materials

衛生器皿

Sanitary Ware

鞋

Shoes

工業用及醫療氣體

Industrial and Medical Gases

新機場設備

New Airport Equipment

雜項及機電物料

Others : Miscellaneous General, Electrical and Mechanical Stores

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)049

Question Serial No.

0697

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

Programme: (1), (2) and (3)

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Why does the "value of orders" under Programme (1) Procurement increase from \$4,600m in 2002-03 to an estimated amount of \$5,200m in 2003-04? What orders are involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The actual value of purchase made in 2002 is \$4,561.6m. Based on the average value of purchases made in the preceding three years, the purchase value in 2003 is estimated to be \$5,200m. GSD purchases a diverse range of goods and services for government bureaux and departments involving over thousands of different items which can be broadly classified into 40 major categories as detailed at Annex. The exact types and value of goods to be purchased in 2003 will depend on the actual orders placed by user departments.

Signature _____

Name in block letters _____ (Stella HUNG)(Mrs.) _____

Post Title Director of Government Supplies

Date _____ 20 March 2003 _____

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

電腦設備及軟件

Computer Equipment and Software

藥物

Pharmaceuticals

燃油及碳氫潤滑劑

Fuel Oils and Hydrocarbon Lubricants

運輸服務、專用車輛及備件

Transportation Services, Specialized Vehicles and Spares

電訊設備及備件

Telecommunications Equipment and Spares

醫療消耗品

Medical Consumables

書籍

Books

飛機及備件

Aircraft and Spares

濾水用的化學品

Chemicals - Water Treatment

醫院及醫療設備

Hospital and Medical Equipment

科學分析及實驗室使用的器材和消耗品

Scientific, Analytical and Laboratory Equipment and Consumables

機電工程器材及抽水機

Electrical and Mechanical Engineering Plant and Equipment and Pumpset

辦公室用紙

Paper - Office Use

消防及救援用具

Fire-Fighting and Rescue Appliances and Spares

文儀用品

Stationery & Office Supplies

非辦公室用紙

Paper - Other than Office Use

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

海事設備及備件

Marine Equipment and Spares

家庭電器及照明設備

Electrical Domestic Appliances and Light Fittings

食品及飲品

Food and Beverage

水務物品

Waterworks Items

紡織品

Textile Materials

辦公室器材

Office Equipment

非濾水用的化學品

Chemicals - Other than Water Treatment

電腦消耗品

Computer Consumables

槍械彈藥及警察器材

Arms, Ammunition and Police Equipment

清潔用品

Cleaning Materials

醫院家具

Furniture - Hospital

包紮用品

Dressing

宿舍及辦公室家具

Furniture - Quarters and Office

裁縫業及服裝

Tailoring Services & Garments

五金用品及工具

Hardware and Tools

儲物架及器材

Storage Racks and Equipment

家居物品

Household Goods

採購貨品類別
Summary of Purchases by Category

貨品類別

Product Description

攝影及視聽器材連消耗品

Photographic and Audio/Video Equipment and Consumables

建築材料

Building Materials

衛生器皿

Sanitary Ware

鞋

Shoes

工業用及醫療氣體

Industrial and Medical Gases

新機場設備

New Airport Equipment

雜項及機電物料

**Others : Miscellaneous General, Electrical and Mechanical
Stores**

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)050

Question Serial No.

0698

Head: 58 - Government Supplies Department

Subhead(No. & title):

Programme: (1), (2) and (3)

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Provision for 2003-04 under Programme (1) - (3) is higher due to salary increments for staff, filling of vacancies and implementation of IT Security Risk Assessment Project. Please account for these expenditure components under each Programme and the amount involved.

Asked by: Hon. TIEN Pei-chun, James

Reply:

A breakdown of the increase by programmes for 2003-04 over the revised estimates for 2002-03 is as follows

| | Programme 1 <u>Procurement</u> \$m | Programme 2 Storage and <u>Distribution</u> \$m | Programme 3 Services to Other <u>Departments</u> \$m | <u>Total</u> \$m |
|--|--|---|--|---------------------|
| Cost-neutral transfer from the Information Technology Services Department of four posts (one Systems Manager, two Analyst/Programmer I and one Analyst/Programmer II) and employment of one Contract Systems Analyst | 0.6 | 0.6 | 1.5 | 2.7 |
| Salary increments | 0.3 | 0.4 | 0.2 | 0.9 |
| Filling of leave reserve posts and supernumerary posts for officers on pre-retirement leave | 0.4 | 0.4 | 0.4 | 1.2 |
| IT security risk assessment on the existing computer systems and other minor enhancements thereof | 0.5 | 0.6 | 0.4 | 1.5 |
| Completion of capital projects | (0.5) | - | - | (0.5) |
| Additional requirement for quarters furniture | - | 0.2 | - | 0.2 |
| Additional allocation for MPF expenditure | - | - | <u>0.1</u> | <u>0.1</u> |
| Total : | <u>1.3</u> | <u>2.2</u> | <u>2.6</u> | <u>6.1</u> |

Signature _____

Name in block letters _____ (Stella HUNG)(Mrs.)

Post Title Director of Government Supplies

Date 20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)051

Question Serial No.

0996

Head: 58 - Government Supplies Department

Subhead(No. & title):

Programme: (1), (2) & (3)

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) the establishment and strength (as at 31 March 2003) for implementing the above programme areas by the following categories:
- I. Ranks with starting pay at MPS 45 & above (including Directorate)
 - II. Ranks with starting pay at MPS 34 to 44
 - III. Ranks with starting pay at MPS 12 to 33
 - IV. Ranks with starting pay at MPS 11 & below
- (Please provide breakdown by programme areas)
- (b) the number of posts (by ranks) already deleted or redeployed in 2002-03 to enhance productivity and optimize resources; and
- (c) the number of posts (by ranks) to be deleted or redeployed in 2003-04 to accomplish the Government's "3R1M" objective.

Asked by: Hon. CHOW LIANG Shuk-ye, Selina

Reply:

- (a) Please refer to the Annex for details of the establishment and strength for implementing the three programme areas.
- (b) The number of posts (by ranks) already deleted/redeployed or to be deleted/redeployed in 2002-03 to enhance productivity and optimise resources is as follows –

Posts already deleted

| <u>Rank</u> | <u>No.</u> |
|--------------------|------------|
| Artisan | -1 |
| Workman II | -2 |
| Supplies Attendant | -3 |
| Sub-total : | -6 |

Posts to be deleted on 31.3.2003

| | |
|--------------------|-----------|
| Supplies Attendant | -1 |
| Workman I | -1 |
| Workman II | <u>-1</u> |
| Sub-total : | -3 |

**Total no. of posts deleted/
to be deleted in 2002-03 : -9**

- (c) The number of posts (by ranks) to be deleted or redeployed in 2003-04 to accomplish the Government's "3R1M" objective is as follows –

Posts to be deleted or redeployed in 2003-04

| <u>Rank</u> | <u>No.</u> |
|------------------------|------------------|
| Supplies Supervisor II | -1 |
| Supplies Assistant | -2 |
| Supplies Attendant | <u>-2</u> |
| Total : | <u>-5</u> |

Signature _____
Name in block letters (Stella HUNG)(Mrs.)
Post Title Director of Government Supplies
Date 20 March 2003

Establishment and Strength as at 31 March 2003

| Rank | Programme (1) | | Programme (2) | | Programme (3) | |
|---|------------------|----|------------------|----|------------------|----|
| | E | S | E | S | E | S |
| I. Ranks with starting pay at MPS 45 and above (including Directorate) | | | | | | |
| Director of Government Supplies | | | | | 1 | 0 |
| Deputy Director of Government Supplies | | | | | 1 | 0 |
| Administrative Officer Staff Grade B1 | | | | | 0 | 1 |
| Administrative Officer Staff Grade B | | | | | 0 | 1 |
| Controller of Government Supplies | 1 | 1 | 1 | 1 | 0 | 0 |
| Principal Supplies Officer | 2 | 2 | 1 | 0 | 3 | 4 |
| Chief Executive Officer | | | | | 1 | 1 |
| Senior Treasury Accountant | | | | | 1 | 1 |
| <i>Sub-total</i> | 3 | 3 | 2 | 1 | 7 | 8 |
| II. Ranks with starting pay at MPS 34 to 44 | | | | | | |
| Chief Supplies Officer | 2 | 1 | 2 | 2 | 1 | 1 |
| Senior Supplies Officer | 7 | 6 | 2 | 2 | 3 | 4 |
| Senior Executive Officer | | | | | 2 | 1 |
| Senior Training Officer | | | | | 1 | 1 |
| <i>Sub-total</i> | 9 | 7 | 4 | 4 | 7 | 7 |
| III. Ranks with starting pay at MPS 12 to 33 | | | | | | |
| Supplies Officer | 17 | 18 | 3 | 3 | 9 | 6 |
| Senior Supplies Supervisor | | | 5 | 3 | 1 | 0 |
| Supplies Supervisor I | 41 | 34 | 14 | 12 | 15 | 10 |
| Executive Officer I | | | | | 2 | 3 |
| Executive Officer II | | | | | 1 | 1 |
| Accounting Officer I | | | | | 1 | 1 |
| Senior Clerical Officer | | | | | 2 | 2 |
| Clerical Officer | 1 | 1 | | | 12 | 11 |
| Senior Personal Secretary | | | | | 1 | 1 |
| Personal Secretary I | | | | | 1 | 1 |
| Supervisor of Typing Services | | | | | 1 | 1 |
| <i>Sub-total</i> | 59 | 53 | 22 | 18 | 46 | 37 |

E : Establishment

S : Strength

IV. Ranks with starting pay at MPS 11 and below (excluding Model Scale)

| | | | | | | |
|----------------------------|----|----|----|----|----|----|
| Assistant Supplies Officer | 13 | 13 | 4 | 3 | 10 | 7 |
| Supplies Supervisor II | 20 | 26 | 12 | 14 | 13 | 12 |
| Supplies Assistant | | | 16 | 14 | 5 | 0 |

| Rank | Programme (1) | | Programme (2) | | Programme (3) | |
|-----------------------------|---------------|------------|---------------|-----------|---------------|------------|
| | E | S | E | S | E | S |
| Chinese Language Officer II | | | | | 1 | 1 |
| Assistant Clerical Officer | 4 | 4 | | | 23 | 24 |
| Clerical Assistant | 8 | 8 | | | 11 | 11 |
| Calligraphist | | | | | 1 | 1 |
| Confidential Assistant | | | | | 1 | 1 |
| Personal Secretary II | | | | | 2 | 2 |
| Typist | | | | | 7 | 7 |
| Computer Operator II | | | | | 3 | 3 |
| Motor Driver | | | 8 | 8 | 0 | 0 |
| Foreman | | | 7 | 7 | 0 | 0 |
| Works Supervisor II | | | 0 | 1 | 0 | 0 |
| Artisan | | | 6 | 5 | 0 | 0 |
| Head Property Attendant | | | 1 | 1 | 0 | 0 |
| <i>Sub-total</i> | <i>45</i> | <i>51</i> | <i>54</i> | <i>53</i> | <i>77</i> | <i>69</i> |
| Grand Total | 116 | 114 | 82 | 76 | 137 | 121 |

E : Establishment

S : Strength

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)052

Question Serial No.

1288

Head: 58 - Government Supplies Department

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by: Hon. LEE Cheuk-yan

Reply:

As at 1.3.2003, the Government Supplies Department (GSD) employed 61 non-civil service contract staff at an expenditure of \$5.4 million. Of these, 23 were employed for providing supplies services to the Hong Kong Housing Authority and the expenditure involved, \$1.8 million, was fully reimbursed by the Hong Kong Housing Authority. The remaining 38 non-civil service contract staff, mostly general office assistants, labourers and security guards, were paid for by the GSD at an expenditure of \$3.6 million in 2002-03.

Since the work performed by these 61 non-civil service contract staff will continue to be required, GSD plans to retain their employment in 2003-04.

Signature _____

Name in block letters _____ (Stella HUNG)(Mrs.)

Post Title _____ Director of Government Supplies

Date _____ 20 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)053

Question Serial No.

1524

Head: 58 - Government Supplies Department

Subhead(No. & title):

Programme: (1) Procurement, (2) Storage and Distribution and (3) Services to Other Departments

Controlling Officer: Director of Government Supplies

Director of Bureau: Secretary for Financial Services and the Treasury

Question: One of the reasons for a higher provision for 2003-04 under Programme (1) - (3) is salary increments for staff. What are the details? Please list out all the ranks with salary increments and the expenditure involved.

Asked by: Hon. LAU Wai-hing, Emily

Reply:

The expenditure involved is estimated to be \$0.9 million in 2003-04. The ranks/grades of the officers who are eligible for salary increments are listed at the Annex.

Signature _____

Name in block letters _____ (Stella HUNG)(Mrs.)

Post Title _____ Director of Government Supplies

Date _____ 20 March 2003

**No. of officers in GSD who have yet to reach
the maximum point in their pay scale
(as at 19.3.2003)**

| <u>Rank</u> | <u>No. of officers</u> | <u>Estimated total cost of salary increments in 2003-04 \$'000</u> |
|-----------------------------|------------------------|--|
| Principal Supplies Officer | 4 | 82 |
| Chief Supplies Officer | 1 | 18 |
| Senior Supplies Officer | 3 | 53 |
| Supplies Officer | 13 | 217 |
| Assistant Supplies Officer | 21 | 202 |
| Senior Supplies Supervisor | 1 | 11 |
| Supplies Supervisor I | 4 | 38 |
| Supplies Supervisor II | 9 | 64 |
| Supplies Assistant | 1 | 7 |
| Senior Executive officer | 1 | 23 |
| Executive Officer I | 1 | 7 |
| Executive Officer II | 1 | 8 |
| Senior Treasury Accountant | 1 | 28 |
| Senior Training Officer | 1 | 23 |
| Chinese Language Officer II | 1 | 13 |
| Clerical Officer | 2 | 17 |
| Assistant Clerical Officer | 5 | 35 |
| Clerical Assistant | 3 | 18 |
| Computer Operator II | 1 | 6 |
| Total : | 74 | 870 |

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)054

Question Serial No

0479

Head : 51 Government Property Agency Subhead 000 Operational expenses
(No. & title) :

Programme :

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : The estimate for personal emoluments of the staff of Government Property Agency in 2003-04 is lower than the revised estimate for last year. Yet there is a slight increase in the amount of allowances. Would the Administration give reasons for this?

Asked by : Hon. CHAN Kam-lam

Reply : The provision for "Allowances" and "Job-related Allowances" in the 2003-04 estimate exceeds the 2002-03 revised estimate by \$74,000. This increase is for the payment of acting allowance to cover the absence of an officer who will be on maternity leave during the year and to cater for possible acting appointment due to change of personnel.

Signature

Name in block letters

Ms Maria KWAN

Post Title

Government Property Administrator

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)055

Question Serial No

0500

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

Programme : (1) Acquisition and Allocation

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Please give reasons for the estimated increase of 32 700m² in total area of office space in this financial year over the actual area last year and the expenditure incurred.

Asked by : Hon. CHAN Kam-lam

Reply : In 2003, the estimated increase in total office area of about 32 700m² would increase rental expenses for the year by about \$50 million. The increase in office space is mainly due to the need to lease space for reprovisioning government departments currently occupying temporary accommodation at the ex-Kai Tak Airport as a result of its re-development. Since the ex-Kai Tak Airport premises is of a temporary nature, the office area concerned has not been included in the total office area for last year.

Signature

Name in block letters

Ms Maria KWAN

Post Title

Government Property Administrator

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)056

Question Serial No

0689

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

Programme : (1) Acquisition and Allocation

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Under Programme (1), the Government Property Agency intends to achieve more efficient use of space in government offices through replacement of old style furniture by less bulky office furniture. In this connection, what is the additional amount of expenditure incurred, and how can this arrangement achieve cost-effectiveness?

Asked by : Hon. TIEN Pei-chun, James

Reply : A five-year furniture replacement programme was launched in 1999 to replace the old style office furniture with new ones of modern design. So far, the cumulative expenditure of the programme is about \$114 million, including costs for new-style furniture and associated minor fitting-out works (such as relocation of powerpoints and LAN nodes, and touching up of walls). New-style furniture items are smaller in size and can achieve more efficient use of space. They are also designed to meet occupational health and safety requirements.

Furthermore, concurrent with the introduction of new-style furniture, the office space standards for staff have been reduced by about 8% to 10%. For reprovisioning of government offices, this Agency will approve the replacement of old-style furniture items with new-style ones and adopt the new space standards in the allocation of office space, thereby achieving rental savings.

The government has reviewed the priorities for implementation of the furniture replacement programme last year. It has been decided that furniture replacement will be confined to those offices where furniture replacement would achieve sufficient realisable savings in rents that justify the new furniture and associated fitting-out costs or enhance the standards of furniture to meet the occupational health and safety requirements.

Signature

Name in block letters

Ms Maria KWAN

Post Title

Government Property
Administrator

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)057

Question Serial No

0690

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

Programme : (3) Estate Utilisation

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Under Programme (3), the Government Property Agency intends to exploit commercial opportunities within government structures. Please provide details on such plans together with the expenditure involved and the cost-effectiveness.

Asked by : Hon. TIEN Pei-chun, James

Reply : The Agency continues to identify and explore commercial opportunities at government premises. These include letting of canteens, advertising space, shops, café/restaurants/kiosks, surplus non-departmental quarters and carparking spaces in government buildings after office hours.

In 2003, expenditure related to commercialisation is estimated to be \$21 million. In the same year, Government Property Agency's income generated by leasing out of properties is estimated to be \$553 million.

Signature

Name in block letters

Post Title

Date

Ms Maria KWAN

Government Property Administrator

20 March 2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head : 51 Government Property Agency Subhead 000 Operational expenses
(No. & title) :

Programme : (2) Property Management

Controlling Officer : Government Property Administrator

Bureau Secretary : Secretary for Financial Services and the Treasury

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

What are the names and responsibilities of private contractors currently undertaking the management of government properties, their staff size, as well as the tenure and value of the contracts awarded?

What establishment (please list out by ranks) and expenditure are required for overseeing the performance of property management services contractors? How is the monitoring function carried out?

Asked by : Hon. LEE Cheuk-yan

Reply : The four private contractors currently undertaking management of government properties under the purview of the Government Property Agency are responsible for cleaning, security and general building management. Their names, tenure and the value of their contracts are as follows:-

| | <u>Name of Contractor</u> | <u>Tenure</u> | <u>Value of Contract Awarded</u> (rounded to \$m) |
|-------|---|----------------------------|--|
| (i) | Urban Property Management Ltd | 36 months from 1.4.2001 | 116 |
| (ii) | EastPoint Property Management Services Ltd | 36 months from 1.4.2001 | 241 |
| (iii) | Guardian Property Management Ltd | 36 months from 1.4.2001 | 160 |
| (iv) | Hsin Chong Real Estate Management Ltd | 36 months from 1.5.2002 | 135 |

As the property management contracts are outcome-based contracts, the contractors are not required to specify the number of staff they deploy. However, according to information from the contractors, they currently employ about 2,100 staff, mostly security guards and cleaners, in providing the services to the Government.

A total of 17 professional and technical staff, estimated to cost \$14.4m in 2003-04, are managing the four outcome-based property management contracts. These comprise four Maintenance Surveyors or equivalent grade staff, four Senior Building Supervisors, five Building Supervisors and four Assistant Building Supervisors. The performance of the contractors is monitored through liaison meetings, site inspections, user surveys and feedback.

| | |
|-----------------------|-----------------------------------|
| Signature | _____ |
| Name in block letters | Ms Maria KWAN |
| Post Title | Government Property Administrator |
| Date | 20 March 2003 |

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)059

Question Serial No

1066

Head : 51 Government Property Agency Subhead 000 Operational expenses
(No. & title) :

Programme :

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply : The Agency employed 11 non-civil service contract (NCSC) staff in 2002-03 and the expenditure involved would be \$1.13 million. The employment of six of the staff was terminated in March 2003 because the work for which they were employed to do has been completed. The remaining 5 NCSC staff will continue to be employed in 2003-04. The expenditure involved would be \$0.78 million. At present, the Agency does not have any plans to employ more NCSC staff in 2003-04.

Signature

Name in block letters

Post Title

Date

Ms Maria KWAN

Government Property Administrator

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)060

Question Serial No.

1102

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

Programme : (2) Property Management

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : G14. There are 23,356 residential flats managed by the Government Property Agency in 2003. Please advise :

The vacancy rate of these residential flats and how the Government Property Agency is going to dispose of these vacant flats.

Asked by : Hon. LI Wah-ming, Fred

Reply : The Government Property Agency estimates that the number of domestic units to be managed in 2003 will be 23,356. The vacancy rate during the year is hard to forecast at this stage as it will change with market conditions. As at 1 March 2003, there were 2,883 vacant domestic units managed by the Agency. Of these vacant units, 202 were ex-non-departmental quarters which were either being renovated or being put on the market. Another 39 were old and dilapidated ex-departmental quarters which, from a cost-effectiveness point of view, would not be suitable for commercial leasing. The remaining 2,642 vacant units were ex-departmental quarters previously vacated for land sale programme. They are waiting to be handed over to the Lands Department together with the sites concerned. The Agency is reviewing the temporary use of these 2,642 ex-departmental quarters. Of these, 194 units are considered not suitable for commercial leasing due to structural and safety problems; the Lands Department's advice on tenure is being awaited before the commercialization of another 1,543 units could be considered; for the remaining 905 units, the Agency is currently studying the feasibility and cost effectiveness of leasing them out.

Signature

Name in block letters

Post Title

Date

Ms Maria KWAN

Government Property Administrator

20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)061

Question Serial No

1188

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

Programme : (3) Estate Utilisation

Controlling Officer : Government Property Administrator

Director of Bureau : Secretary for Financial Services and the Treasury

Question : In respect of the number of government premises identified for commercialisation under the key performance measures, the estimate for this year decreases substantially by 50% over the number in the previous year. Would the Government give reasons for this?

Asked by : Hon. IP Kwok-him

Reply : Government premises identified for commercialisation include those that are put up for tender under a pre-determined programme, such as canteens in government premises; and those which have been identified after considering feasibility and commercial potential and are ready for letting in a particular year, for example, advertisement sites, shops and carparks. The main reason for the decrease in the figure for 2003 compared to that for 2002 is that the number of canteens to be tendered would be 26 less. This is because the tender exercise for two thirds of the total number of canteens was completed in 2002 as scheduled.

Signature

Name in block letters

Ms Maria KWAN

Post Title

Government Property Administrator

Date

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)062

Question Serial No

0346

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

Programme : (2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : (a) Please list out the six posts and no. of vehicles to be deleted in 2003-04 and the associated savings.

(b) What is the estimated financial provision for implementing the taxi hiring scheme in 2003-04?

Asked by : Hon. LI Fung-ying

Reply :

- (a) We estimate that six Motor Driver posts and six medium saloon cars in the GLTA Transport Pool can be given up in 2003-04 as a result of implementing the taxi hiring scheme. This will make possible a potential savings of \$1m in salaries and operating expenses. The amount of savings in capital cost for the vehicles which will not be replaced cannot be quantified at this stage because it depends on the replacement cost of similar cars, which is subject to tender.
- (b) No specific provision has been earmarked. GLTA will co-ordinate implementation of the taxi hiring scheme by re-deployment of resources from within its approved provision. User departments will also absorb the costs of hiring taxis by savings in their own departmental expenses.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)063

Question Serial No

0349

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

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Please list (a) the purchase cost of the 28 additional vehicles for 2003; and
(b) the purchase cost for the 556 replacement vehicles in 2003 and the reasons for replacement.

Asked by : Hon. LI Fung-ying

Reply :

The costs for the 28 additional vehicles and 556 replacement vehicles currently scheduled for procurement in 2003-04 are estimated to be \$4.12m and \$95.87m respectively. The purchase cost for individual vehicles or type of vehicles is subject to tender. We are therefore unable to provide a break-down.

The 556 replacement vehicles are needed because the original vehicles have all reached the end of their serviceable life. Non-replacement will deprive the user departments of necessary provision of official transport for duties and hamper their efficient operation.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)064

Question Serial No

0507

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

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Please list out the types and numbers of the additional and replacement vehicles to be procured for bureaux and departments in 2003-04, reasons for the addition and replacement of the vehicles and the involved expenditures.

Asked by : Hon. CHAN Kam-lam

Reply :

The 28 additional vehicles at an estimated total cost of \$4.12m currently scheduled for procurement in 2003-04 are detailed below –

| Item | Type of Vehicles | No. | Reasons | Department |
|-------------|-----------------------------------|------------|---|------------------------------|
| 1. | Medium Van | 2 | For inspection and arrest duties. | Correctional Services |
| | | 3 | For covert surveillance, raiding operations and arrest. | Customs & Excise |
| | | 1 | For delivery of samples of animals which may be contaminated. | Food & Environmental Hygiene |
| | | 2 | One for conveyance of dangerous goods samples; and one for the new Fire Station at Tseung Kwan O. | Fire Services |
| | | 2 | For two investigation teams on computer-related crimes. | Police |
| 2. | Large Motorcycle (Police Version) | 13 | For New Territories traffic policing. | Police |

| | | | | |
|-------|------------------|----|--|---|
| 3. | Large Van | 1 | For transfer of firearms and ammunition. | Correctional Services |
| | | 1 | For management and patrol duties for two newly opened Marine Parks. | Agriculture, Fisheries and Conservation |
| 4. | Security Bus | 1 | For transfer of maximum-security prisoners. | Correctional Services |
| 5. | Small Motorcycle | 1 | For officers to carry out patrol and enforcement duties in remote areas. | Agriculture, Fisheries and Conservation |
| | | 1 | For inspecting and supervising Tree Gangs in Tsuen Wan. | Leisure & Cultural Services |
| Total | | 28 | | |

The estimated purchase cost of the 556 replacement vehicles in 2003-04 is \$95.87m. These vehicles have reached the end of their serviceable life. Non-replacement will cause operational difficulties. The types and numbers of the 556 vehicles currently scheduled for replacement are as follows –

| Item | Type of Vehicles | No. |
|-------|-----------------------------------|-----|
| 1 | Medium Truck | 21 |
| 2 | Large Van (Police) | 113 |
| 3 | Large Van | 42 |
| 4 | Medium Van | 60 |
| 5 | Cross Country Vehicle (Police) | 3 |
| 6 | Cross Country Vehicle | 14 |
| 7 | Large Saloon Car (Patrol) | 3 |
| 8 | Large Saloon Car (Special Duties) | 11 |
| 19 | Large Estate Car (Patrol) | 2 |
| 10 | Large Motorcycle (Police) | 195 |
| 11 | Small Motorcycle | 92 |
| Total | | 556 |

Signature

Name in block letters

P B Walker

Post Title

Government Land Transport Administrator

Date

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)065

Question Serial No

0692

Head : 50 - Government Land Transport Agency

Subhead (No. & Title) :

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Under Programme (1), the number of replacement vehicles procured by the Government Land Transport Agency will increase from 367 in 2002-03 to an estimated 556 in 2003-04. Please explain in details the reasons for the substantial replacement and specify the types of vehicles involved and the expenses so incurred.

Asked by : Hon. TIEN Pei-chun, James

Reply :

The increase in the number of vehicles currently scheduled for procurement in 2003-04 when compared with 2002-03 is a normal phenomenon due to the cyclical nature of the vehicle replacement programme. The estimated purchase cost of the 556 vehicles currently scheduled for replacement in 2003-04 is \$95.87m. These vehicles have reached the end of their serviceable life. Non-replacement will cause operational difficulties.

The types and numbers of the 556 replacement vehicles are as follows –

| Item | Type of Vehicles | No. of Vehicles |
|------|-----------------------------------|-----------------|
| 1 | Medium Truck | 21 |
| 2 | Large Van (Police) | 113 |
| 3 | Large Van | 42 |
| 4 | Medium Van | 60 |
| 5 | Cross Country Vehicle (Police) | 3 |
| 6 | Cross Country Vehicle | 14 |
| 7 | Large Saloon Car (Patrol) | 3 |
| 8 | Large Saloon Car (Special Duties) | 11 |
| 19 | Large Estate Car (Patrol) | 2 |
| 10 | Large Motorcycle (Police) | 195 |
| 11 | Small Motorcycle | 92 |
| | Total | 556 |

Signature

Name in block letters

P B Walker

Post Title

Government Land Transport Administrator

Date

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)066

Question Serial No

0693

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

Programme : (1) Transport Consultancy and Procurement

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Under Programme (1), the Government Land Transport Agency will install emission reduction devices on Euro I and Euro II government diesel vehicles. Please specify the cost of this exercise and the number of vehicles involved.

Asked by : Hon. TIEN Pei-chun, James

Reply :

The Government Land Transport Agency will arrange to install the emission reduction devices on the existing 841 Euro I & II emission standard government diesel vehicles at an estimated total cost of \$8.41m.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)067

Question Serial No

0694

Head : 50 - Government Land Transport Agency

Subhead (No. & Title) :

Programme : (1) Transport Consultancy and Procurement

(2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Under Programme (2), the Government will reduce the pool fleet size and vehicle mix with the implementation of the taxi hiring scheme. Please specify the estimated savings in expenditure and elaborate the cost-effectiveness of the scheme.

Asked by : Hon. TIEN Pei-chun, James

Reply :

The taxi hiring scheme aims at providing a cost-effective alternative to supplement the existing transport provision for duty travel in the Government. We estimate that, as a result of implementing the taxi hiring scheme, six Motor Driver posts and six medium saloon cars in the GLTA transport pool can be given up. This will make possible a potential recurrent savings of \$1m in salaries and operating expenses in the GLTA, plus additional savings in capital cost for not replenishing the vehicles. The latter, however, cannot be quantified at this stage because it depends on the replacement cost of similar vehicles, which is subject to tender.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)068

Question Serial No

0997

Head : 50 - Government Land Transport Agency

Subhead (No. & Title) :

Programme : Programme 1 – Transport Consultancy and Procurement
Programme 2 – Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : (a) the establishment and strength (as at 31 March 2003) for implementing the above programme areas by the following categories:

- (i) Ranks with starting pay at MPS 45 & above (including Directorate)
 - (ii) Ranks with starting pay at MPS 34 to 44
 - (iii) Ranks with starting pay at MPS 12 to 33
 - (iv) Ranks with starting pay at MPS 11 & below
- (Please provide breakdown by programme areas)

(b) the number of posts (by ranks) already deleted or redeployed in 2002-03 to enhance productivity and optimize resources; and

(c) the number of posts (by ranks) to be deleted or redeployed in 2003-04 to accomplish the Government's "3R1M" objective.

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

(a) The following table summarises the information requested vide part (a) above –

| Ranks with Starting Salary | Programme 1 | | Programme 2 | |
|----------------------------|---------------|----------|---------------|----------|
| | Establishment | Strength | Establishment | Strength |
| MPS 45 and above * | 2 | 2 | 2 | 2 |
| MPS 34 to 44 | 2 | 2 | 1 | 1 |
| MPS 12 to 33 | 7 | 7 | 14 | 12 |
| MPS 11 and below# | 7 | 6 | 103 | 97 |
| Total | 18 | 17 | 120 | 112 |

* Additionally there is one directorate post at D2 level for the Head of the Department. This post cannot be grouped under either of the two programme areas.

Excluding seven officers remunerated on Model Scale 1 Pay Scale

(b) In 2002-03, 1 post of Motor Driver has been deleted to optimise resources.

(c) The following posts will be deleted in 2003-04 to accomplish the “3R1M” objective –

- 1 post of Government Transport Manager*
- 1 post of Chief Executive Officer*
- 6 posts of Motor Driver

*These posts will be deleted arising from the planned merger of GLTA, GSD and PD later the year. The deletions are not yet reflected in the 2003-04 Estimates. The Government Land Transport Administrator (D2) post will also be downgraded to D1 as part of the merger exercise.

| | |
|-----------------------|---|
| Signature | _____ |
| Name in block letters | _____ P B Walker _____ |
| Post Title | _____ Government Land Transport Administrator _____ |
| Date | _____ 20 March 2003 _____ |

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)069

Question Serial No

1065

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

Programme :

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

In 2002-03, the Government Land Transport Agency employed seven non-civil service contract staff at a total cost of \$0.89M. Of these, two have been released upon completion of project and a further three will leave in mid-2003 upon completion of their current contracts. In consequence, the Agency will spend \$0.11M less on non-civil service contract staff in 2003-04.

Signature

Name in block letters

Post Title

Date

P B Walker

Government Land Transport Administrator

20 March 2003

Examination of draft Estimate of Expenditure 2003-2004

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)070

Question Serial No

1507

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

Programme : (2) Transport Operation Services

Controlling Officer : Government Land Transport Administrator

Policy Secretary : Secretary for Financial Services and the Treasury

Question :

Please provide details of the taxi hiring scheme to be implemented by the Administration. How much public money is this hiring scheme expected to save for the Treasury?

Asked by : Hon. LAU Kin-yee, Miriam

Reply :

We rolled out a taxi hiring scheme on 24 February 2003 to provide a cost-effective alternative to supplement the existing transport provision for duty travel in the Government. So far, 35 taxi associations/radio stations have joined the scheme.

Bureaux/departments having an operational requirement to hire taxis on an hourly basis for duty journeys can place bookings with these taxi associations/radio stations. With a minimum period of hire of two hours, the hiring rates for an urban taxi for the peak hours and non-peak hours are \$150 and \$120 respectively. The respective peak and non-peak hourly rates for an NT taxi are \$110 and \$100 while that for the Lantau taxi is fixed at \$150 per hour. The hire charge is to be settled in cash by the user who will subsequently seek reimbursement from his/her bureau/department.

We estimate that as a result of implementing the taxi hiring scheme, six Motor Driver posts and six medium saloon cars in the GLTA transport pool can be given up. This will make possible a potential recurrent saving of \$1m in salaries and operating expenses in the GLTA, plus additional savings in capital cost for not replenishing the vehicles. User departments will also be able to achieve savings in recurrent expenditures a result of the lower hiring costs. The amount of this, however, cannot be quantified at this stage as it varies with the operational requirements of the departments and thus actual utilization of the scheme.

Signature

Name in block letters

P B Walker

Post Title

Government Land Transport Administrator

Date

20 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)071

Question Serial No.

0869

Head: 162 Subhead(No. & title): 000 Operational Expenses

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please provide the number of assessments processed per post in 2001-02, 2002-03 and 2003-04 respectively.

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The number of assessments processed per post for the three years in question are set out below:

| | <u>Valuation List</u> | <u>Government Rent Roll</u> |
|---------|-----------------------|-----------------------------|
| 2001-02 | 3 658 | 3 699 |
| 2002-03 | 3 818 (estimated) | 3 783 (estimated) |
| 2003-04 | 4 022 (estimated) | 3 950 (estimated) |

Signature _____

Name in block letters KENNETH T W PANG

Post Title Commissioner of Rating and Valuation

Date 20.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)072

Question Serial No.

0870

Head: 162 Subhead(No. & title):

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury
Secretary for Housing, Planning and Lands

Question : How much human & financial resources would be allocated to the enhancement of the computer systems to further improve efficiency? In what areas are improvements needed?

Asked by: Hon. SHEK Lai-him, Abraham

Reply: The following computer projects have been initiated to further improve efficiency and services to the public:-

- The Workflow Management and Progress Tracking System
The system aims to provide comprehensive management information and statistics on unit costs, work progress and performance. This will facilitate management decisions on task assignment, manpower planning and provision of customer service.
- Bulk Billing Service
The Rating and Valuation Department will offer the option of a consolidated single demand note covering multiple rates/Government rent accounts under the same payer. This will reduce the operating costs of both payers and Government for processing multiple bills.
- Integrated Property Data Base (IPDB)
The IPDB comprises the development of a Geographic Information System (GIS), a Document Management System and a Data Interchange. The IPDB will enhance efficiency and services through electronic retrieval of property-related data, transfer/exchange of property data with other Government departments, etc.

The estimated non-recurrent cost of the above projects in 2003-04 is \$19.4 million, which is funded under CWRP Head 710 Computerisation. The recurrent cost (including staff cost) is \$2.2 million of which around \$0.8 million will be absorbed by the department. When fully implemented, it is estimated that the annual realizable savings will be \$6.4 million.

Signature _____

Name in block letters KENNETH T W PANG

Post Title Commissioner of Rating and Valuation

Date 20.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)073

Question Serial No.

1114

Head: 162

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question : The four Programmes contained in the document indicate that expenditures were affected by 'salary increment for staff'. Accordingly, can the Government inform the Committee of the following?

- (a) What are the number and rank of staff involved in 'salary increment'? What is the amount of expenditure involved in 2003-04?
- (b) How can the Department provide equivalent or better services with fewer resources while absorbing the increase in expenditure due to salary increment?
- (c) What are the actual savings arising from the civil service pay reduction of 2002-03? Did it offset part of the expenditure mentioned in (a)?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply:

- (a) We estimate that 432 out of a total of 937 staff, including one directorate officer and 431 non-directorate officers, will be given salary increments under their conditions of service, incurring an additional salary provision of \$3.7 million (around 1% of Personal Emoluments) for 2003-04. However, the actual effect on salary provision will be subject to staff movements within the year.
- (b) Whilst additional expenses are incurred for salary increment, the Rating and Valuation Department has introduced efficiency improvement measures to enhance productivity and reduce the unit cost in various business areas. For example, through rationalization and streamlining of procedures, the productivity for the General Revaluation in 2002-03 has been enhanced by 8% compared with the previous year.
- (c) The estimated savings in 2003-04 arising from the 2002 pay reduction are \$9.0 million, which can fully offset the additional expenses for salary increments in 2003-04.

Signature _____

Name in block letters KENNETH T W PANG

Post Title Commissioner of Rating and Valuation

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)074

Question Serial No.

1313

Head: 162

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by: Hon. LEE Cheuk-yan

Reply: The number of non-civil service contract staff to be hired in 2002-03 and 2003-04 is expected to be similar, ranging from 30 to 110 during different times of the years. The total number of man-months of non-civil service contract staff to be engaged in 2003-04 is, however, expected to be around 90 man-months, or 10% lower than the number in 2002-03. The level of expenditure is estimated to be \$15.5 million in 2002-03 and \$14 million in 2003-04. The expected reduction in man-months and expenditure is mainly due to reduced requirement for such contract staff upon completion of certain one-off projects within 2003-04 such as the Integrated Call Centre and Integrated Property Database.

Signature _____

Name in block letters KENNETH T W PANG

Post Title Commissioner of Rating and Valuation

Date 20.3.2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)075

Question Serial No.

1299

Head: 76 Inland Revenue Department

Subhead(No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by: Hon. LEE Cheuk-yan

Reply: The number of non-civil service contract staff employed in 2002-03 is 263 (involving a total of 879 man months) and the level of expenditure involved is \$6.7 million. The majority of these staff are engaged to cope with seasonal rush or help out in ad hoc projects lasting one to three months. The number of non-civil service contract staff engaged by the department in 2003-04 would depend on the service needs, which is forecast to drop in 2003-04 as a result of re-engineering and re-organisation of work. The number of non-civil service contract staff estimated to be employed in 2003-04 is about 140 (involving about 590 man months) and the level of expenditure to be involved is estimated to be \$4.6 million.

Signature _____

Name in block letters Mrs LAU MAK YEE MING, ALICE

Post Title Commissioner of Inland Revenue

Date 21 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)076

Question Serial No.

1518

Head: 76 Inland Revenue Department

Subhead(No. & title):

Programme: (1) Assessing Functions
(3) Investigation and field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question : Last year, the Audit Commission found that at least 18 accepted profit tax returns were seriously understated in the previous financial year as the front line assessing officers were not on their full alert, amounting to a total of \$1.23 billions. The cases were uncovered through the sample checks conducted by the Investigation and Field Audit Unit, which recovered \$90 millions in one of the cases. In 2003-04, will the Inland Revenue Department allocate any provision for preventive measures to avoid similar incidents?

Asked by: Hon. SIN Chung-kai

Reply: The Profits Tax Unit and the Field Audit and Investigation (FAI) Unit have different roles in the processing and auditing of profits tax cases. The two Units complement each other in their functions. The system enables the IRD to finalise assessments in an efficient and timely manner and release more resources to high-risk tax evasion and avoidance cases.

IRD has accepted the recommendations of the Director of Audit to improve the auditing function. A Cross-unit technical committee has been formed to enhance experience sharing and identification of potential cases.

The 18 cases referred to in the Audit Report were all assessed prior to April 2001. The IRD has since, 1 April 2001, introduced an "Assess First Audit Later" (AFAL) System as part of its Information Systems Strategy Projects. The system automates the examination of tax returns and issue of assessments so that assessing officers could focus on auditing complex cases and reviewing assessed cases. In 2002-03, a new computer programme was adopted in the selection of cases for audit, thus completing the implementation of the audit trilogy. Selected cases, depending on the nature would, either be assigned to assessing officers for "desk audit", to FAI officers for "field audit" or to investigation officers for "investigation". If justified, assessing officers could transfer cases to FAI officers to follow up. The IRD plans to make further use of information technology in 2003-04 and input additional tax data for analysis. This is expected to enhance the AFAL system.

Signature _____

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

Post Title _____ Commissioner of Inland Revenue

Date _____ 21 March 2003

Examination of Estimates of Expenditure 2003-04

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)077

Question Serial No.

0498

Head: 76 Inland Revenue Department

Subhead(No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

- (a) While there is a net deletion of 42 permanent posts, the personal emoluments rise but not drop. What is the reason?
- (b) Please state the reason of a 7.7% rise in General Departmental Expenses against last year's revised estimate figures.

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) In 2003-04, while there is a net deletion of 42 permanent posts in IRD, there would only be a slight reduction in the expenditure on Salaries due to the salary increments for those staff who have not yet reached the maximum point of their salary scale in that year. On the other hand, in view of the need to review whether it is necessary to retain and fill the other vacancies on a permanent basis, we plan not to fill them by substantive promotion in the meantime. Instead we would arrange acting appointments as a temporary measure. Hence we estimate that there would be an increase in expenditure in Acting Allowances under the item of Allowances in 2003-04.
- (b) The 7.7% rise in IRD's General Departmental Expenses in 2003-04 against last year's Revised Estimate figure is mainly due to the need for making preparatory arrangements in 2003-04 for setting up three centralized centres which will come into operation in April 2004 under the department's business process re-engineering projects. These arrangements include the procurement of equipments, builders' works and relocation service for setting up the centres. It is anticipated that the implementation of the business process re-engineering projects would lead to savings in future years. The remaining part of the increased expenditure reflects the increase in recurrent consequences as a result of the implementation of a number of computer projects in 2003-04.

Signature _____

Name in block letters Mrs LAU MAK YEE MING, ALICE

Post Title Commissioner of Inland Revenue

Date 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)078

Question Serial No.

0499

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (1) Assessing Function

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question : This year, the average provision per stamped document rises slightly by \$0.6 against last year's average. What is the reason? Does the Department take into consideration the future additional cost to be incurred in the electronic stamping of documents related to property transactions?

Asked by: Hon. CHAN Kam-lam

Reply: The \$0.60 increase in provision per stamped document is mainly due to the increase in expenditure on personal emoluments arising from salary increments for staff. Further, additional resources are required at the initial stage to supervise and monitor the development work for the system implementing the new electronic method of stamping property transaction documents. It is expected that at least 5 posts will be deleted when the system is formally launched in 2004-05.

Signature _____

Name in block letters Mrs LAU MAK YEE MING, ALICE

Post Title Commissioner of Inland Revenue

Date 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)080

Question Serial No.

0691

Head: 76 Inland Revenue Department

Subhead(No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Under Programme (2), Collection of the Inland Revenue Department, the special legal expenses in 2003-04 are expected to rise. Please explain the use of the expenditure and the amount of expenditure involved.

Asked by: Hon. TIEN Pei-chun, James

Reply: Special legal expenses are court fees for civil litigation actions taken by the Inland Revenue Department against tax defaulters for the purpose of tax recovery.
We anticipate that some 12,500 tax default cases would require civil litigation actions in 2003-04, involving total special legal expenses of \$8.126M.

Signature _____

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

Post Title _____ Commissioner of Inland Revenue

Date _____ 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)081

Head : 186 – Transport Department Subhead (No. & title) :

Question Serial No.

0212

Programme : (1) Planning and Development

Controlling Officer : Commissioner for Transport

Director of Bureau : Secretary for Financial Services and the Treasury

Question : The Government is planning to implement Boundary Facilities Improvement Tax (BFIT). Could the Administration advise the Committee what are the manpower and financial implications on the Government after the implementation of BFIT? What are the costs of the collection system for BFIT and the annual recurrent costs involved?

Asked by : Hon. LAU Kong-wah

Reply : We are studying and discussing with the operators concerned the detailed arrangements for the implementation of the Boundary Facilities Improvement Tax including its collection. We expect that we will need a small monitoring and administration team to monitor collection, verify returns, arrange billing and take enforcement action. The exact resource requirements can only be determined in the light of our studies and discussions with operators.

Signature _____

Name in block letters ROBERT FOOTMAN

Post Title Commissioner for Transport

Date 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)082

Head : 186 – Transport Department Subhead (No. & title) :

Question Serial No.

0245

Programme : (1) Planning and Development

Controlling Officer : Commissioner for Transport

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Under Programme (1), what is the amount of expenditure on the work for developing the collection system on the Boundary Facilities Improvement Tax in the Estimate 2003-04?

Asked by : Hon. CHENG Kar-foo, Andrew

Reply : In the Estimate 2003-04, the amount of expenditure on developing the collection system for the Boundary Facilities Improvement Tax is estimated to be \$3.3 million, comprising staff costs.

Signature _____

Name in block letters ROBERT FOOTMAN

Post Title Commissioner for Transport

Date 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)083

Head : 186 – Transport Department Subhead (No. & title) :

Question Serial No.

0434

Programme : (1) Planning and Development

Controlling Officer : Commissioner for Transport

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Under Matters Requiring Special Attention in 2003-04, the department will develop the collection system for the Boundary Facilities Improvement Tax for land departure. How much expenditure is involved in establishing such system? When will it be completed?

Asked by : Hon. YOUNG, Howard

Reply : The amount of expenditure involved in developing the collection system for the Boundary Facilities Improvement Tax in the Estimate 2003-04 is estimated to be \$3.3 million, comprising staff costs. The development work is planned to be completed in early 2004.

Signature _____

Name in block letters ROBERT FOOTMAN

Post Title Commissioner for Transport

Date 20 March 2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)084

Head : 186 – Transport Department Subhead (No. & title) :

Question Serial No.

1480

Programme : (1) Planning and Development

Controlling Officer : Commissioner for Transport

Director of Bureau : Secretary for Financial Services and the Treasury

Question : Under the above Programme, what is the total estimated expenditure in 2003-04 for the development of Boundary Facilities Improvement Tax collection system? What are the staffing establishment, staff costs and other estimated expenditure involved?

Asked by : Hon. LEUNG Fu-wah

Reply : An amount of \$3.3 million has been included in the 2003-04 Estimates for developing the collection system for the Boundary Facilities Improvement Tax. The amount comprises staff costs for 3 treasury grade officers and 3 transport grade officers.

In addition, costs will be incurred for the implementation of the tax, including possible administration fees to be paid to transport operators and collection agents for collecting the tax on Government's behalf, expenditure to be incurred in developing systems for billing private cars owners and processing returns from transport operators. We also expect that we will need a small monitoring and administration team to do the accounting work, monitor the operators and take enforcement action. We are studying and discussing the detailed arrangements with the operators and the exact resource requirements can only be determined thereafter.

Signature _____

Name in block letters _____ ROBERT FOOTMAN _____

Post Title _____ Commissioner for Transport _____

Date _____ 20 March 2003 _____

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)085

Question Serial No.

0370

Head : 28 Civil Aviation Dept. Subhead (No. & title) : 000 Operational Expenses

Programme : (6) Air Passenger Departure Tax Administration

Controlling Officer : Director-General of Civil Aviation

Bureau Secretary : Secretary for Financial Services and the Treasury

Question : It is estimated that the number of Airport Passenger Departure taxpayers for the next financial year will be 11,371,000. How much of this is expected to generate from local residents and visitors respectively?

Asked by: Hon. YOUNG, Howard

Reply: We do not have any estimate of the breakdown of Air Passenger Departure taxpayers between local residents and visitors. However, according to statistics for 2002, the percentage of local residents and visitors were 42% and 58% respectively.

Signature _____

Name in block letters ALBERT K.Y. LAM

Post Title Director-General of Civil Aviation

Date 20.3.2003

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(T)086

Question Serial No.

0371

Head : 28 Civil Aviation Dept. Subhead (No. & title) : 000 Operational Expenses

Programme : (6) Air Passenger Departure Tax Administration

Controlling Officer : Director-General of Civil Aviation

Bureau Secretary : Secretary for Financial Services and the Treasury

Question : The number of Airport Passenger Departure Tax exemptions in 2002 is only increased by 0.8% to 12,196 when compared with the year of 2001. However, it is estimated that the coming fiscal year is 12,700 which is 4.1% higher than the year of 2002. What accounts for this increased estimate?

Asked by: Hon. YOUNG, Howard

Reply: The number of Air Passenger Departure Tax exemptions is about 0.11% of the number of taxpayers over the past three years. The same basis is adopted for the estimation of the number of exemptions for 2003.

Signature _____

Name in block letters ALBERT K.Y. LAM

Post Title Director-General of Civil Aviation

Date 20.3.2003