

立法會
Legislative Council

LC Paper No. FC33/03-04

Ref : CB1/F/1/3
Tel : 2869 9220
Date : 4 February 2004
From : Clerk to the Finance Committee
To : Members of the Finance Committee

Finance Committee

**Public Works Programme
and monitoring of funding for public works projects**

In view of Members' queries on works projects funded by the Government raised at various forums in recent months, the LegCo Secretariat has requested the Administration to provide information on the planning procedures of public works projects and how funding for these projects is monitored after approval by the Finance Committee. In response, the Administration has provided relevant information. In this regard, I forward the following documents for members' information -

	<i>LC Paper No.</i>
Letter from the LegCo Secretariat to the Administration dated 27 December 2003	FC33/03-04(01)
Administration's response dated 16 January 2004	FC33/03-04(02)
Letter from the LegCo Secretariat to the Administration dated 1 January 2004	FC33/03-04(03)
Administration's response dated 28 January 2004	FC33/03-04(04)

2. Please note that the Financial Circulars Nos. 8/2001 and 8/2002 enclosed with the Administration's letter dated 16 January 2004 are available in English only.



(Ms Pauline NG)
Clerk to the Finance Committee

Encl.

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By Fax: 2523 5722

27 December 2003

Secretary for Financial Services and the Treasury
(Attn: Miss Amy TSE, DS(T)3/FSTB)
Financial Services and the Treasury Bureau

Dear Miss TSE,

**Public Works Programme
and monitoring of funding for public works projects**

In view of Members' queries on works projects funded by the Government raised at various forums in recent months, the LegCo Secretariat is currently compiling information on the planning procedures of public works projects and how funding for such projects is monitored after approval by the Finance Committee. The Administration's assistance in providing the relevant information will be much appreciated.

In respect of the planning procedures, I should be grateful if you would provide us with information on the following -

- (a) the procedure and the authority for inclusion of a works project into the Public Works Programme (PWP);
- (b) the planning process and the relevant timeframe for a works project included in the PWP;
- (c) the criteria (e.g. urgency, economic benefits, availability of suitable site, etc.) and their relative importance for determining the priority of projects in the PWP; and
- (d) the procedure and authority for deciding whether a works project should be upgraded to Category A of the PWP and thus a funding proposal should be put to the Public Works Subcommittee and the Finance Committee for the upgrading.

As some projects of a smaller scale in the PWP are funded under block allocations, please also advise on the relevant planning procedures and authority for these projects.

In respect of monitoring of the funding for public works projects, please provide information on the following -

- (a) What are the current arrangements to provide funding for pre-works investigations and detailed design for projects in Category B and C; whether priority is accorded to these projects before funding is provided for such purposes; will such expenses become abortive if the priority is adjusted due to changing needs; and whether information relating to the funds incurred for individual Category B and C projects is in public domain;
- (b) Of the \$143 billion earmarked for expenditure on works projects in the following five years, what are the respective amounts earmarked for works projects already approved for construction, under planning under PWP and new projects not yet included in the PWP;
- (c) How is the actual expenditure on Category A works projects completed in the past three years compared to the relevant approved project estimates (a breakdown of the comparison by projects in different major categories, such as highways, buildings, drainage works, etc. will be most helpful);
- (d) Where the contract price after award of contract is lower than the approved project estimate of the project, what steps are taken to ensure that the actual expenditure of the project adheres to the contract price instead of the approved estimate; and
- (e) Where savings have been generated from the lower expenditure, will the funding thus saved be injected into other projects originally not scheduled for upgrading to Category A so that the \$143 billion earmarked for public works projects is fully utilized.

As regards those works projects funded by the Government but not within the scope of the PWP, such as capital subventions, please advise us the policy, procedures and practices for allocation of funds among projects under PWP, capital subvention projects and any other groups of projects.

As the above information is to be provided to Members for their consideration of the Chief Executive's Policy Address 2004 and the Financial Secretary's proposed Budget 2004-05, I should be grateful if you would let us have the information requested above on or before **Friday, 16 January 2004**.

Should you have difficulty in providing any of the information listed above, please do not hesitate to contact me or Ms Anita SIT at 2525 3331.

With best regards,

Yours sincerely,

(Ms Pauline NG)
for Secretary General

財經事務及庫務局
(庫務科)

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FINANCIAL SERVICES AND THE
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16 January 2004

By fax (2869 6794) & by post

Ms Pauline Ng
Assistant Secretary General
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear ~~Ms Ng~~, *Pauline*,

**Public Works Programme
and monitoring of funding for public works projects**

Thank you for your letter of 27 December 2003.

Before setting out the details on the planning and monitoring of public works projects, we wish to point out that as capital subvention works projects are subject to examination by the Public Works Subcommittee (PWSC)/Finance Committee (FC) in the same way as other projects under the Public Works Programme (PWP), the same policy, procedures and practices for allocation of funds apply to capital subvention projects. The planning and monitoring procedures of capital works projects described in the following paragraphs therefore cover both projects under the PWP and capital subvention projects.

Planning Procedures

As requested, information on the planning procedures for capital works projects are set out as follows –

- (a) We have previously issued an information paper under reference PWSCI(2001-02)37 to set out the administrative and planning procedures for implementation of capital works projects (paper attached for easy reference). We explained in the PWSC information paper that before inclusion into the Capital Works Programme (CWP), the works department would prepare a Technical Feasibility Statement (TFS) to establish a project's feasibility on a prima facie basis, its scope and the rough order of cost. Once the TFS of a project is approved, it would be classified as a Category C project under the CWP.
- (b) The planning process and implementation of building and engineering projects included in the CWP are set out in the flow charts attached to the PWSC information paper mentioned above. The lead time from inception to commencement of construction under the CWP is normally less than four years for a typical medium size engineering project, and about two years for a typical medium size building project. More time will be required for large or complex projects.
- (c) In determining the priority of projects in the CWP, the Administration would consider the justifications, urgency, economic benefits, technical feasibility and government's affordability including the long term recurrent cost. We would also assess the opportunity costs or economic benefits/disbenefits of not proceeding with the project or pursuing other options. In addition, the priority accorded by bureaux to their policy objectives will also be taken into account.
- (d) In deciding on the specific timing for upgrading a project to Category A, Directors of Bureaux and Controlling Officers would need to take into account the progress of detailed design, tendering requirements and the overall works schedule. In general, funding application to PWSC/FC for upgrading of the project to Category A will be made in parallel with the detailed design so that construction on site will commence after completing the tendering procedures. Since 2001, with the aim to accelerating the delivery of public works

projects, the Administration has streamlined procedures to allow Controlling Officers the option to initiate works-related tendering and consultant selection procedures before funding is secured. However, funding approval must be secured before the acceptance of any tender or bid in any event.

Block Allocations

You have also enquired about the planning procedures and authority for projects under block allocations. Items under block allocations comprise minor works, feasibility investigations and design for projects in Category B, together with some stand-alone slope works and landslip preventive measures. Except for slope works, expenditure on each item under block allocations cannot exceed \$15 million. Under Financial Circulars No. 8/2001 and 8/2002, Permanent Secretaries and Controlling Officers have full discretion to create minor items provided they are within the ambit of the relevant block allocation approved by FC. Guidelines and detailed procedures on the exercise of delegated authorities in planning and monitoring projects under the block allocations are set out in the financial circulars which are attached for information.

In general, the bulk of minor works under block allocations are in the nature of minor improvements or upgrading of existing public facilities. They are implemented on a need basis and are much contingent on the prevailing condition of facilities. Many items also take account of the views of local residents on how best to improve their neighbourhood environment.

As regards feasibility investigations and design, they are phased to meet the required programme of the relevant Category B projects in the CWP. On the other hand, the works on landslip preventive measures progress generally in accordance with the risk category of slopes.

Based on the above considerations, individual Permanent Secretary and Controlling Officer would identify a list of items around October each year. He would then bid for a global sum for all the items under the relevant block allocation.

After en-bloc approval of the block allocations by PWSC/FC, Permanent Secretaries and Controlling Officers can commence the items as and when they are ready. Separate submission to PWSC/FC for individual items is not necessary so long as the approved global funding ceiling for the relevant block allocations has not been exceeded. As set out in Financial Circulars

No. 8/2001 and 8/2002, submissions similar to PWSC papers still need to be prepared for approval by Directorate and Bureau staff at different levels of delegated authorities (depending on the estimated cost of each item) before works can proceed. To avoid underspending, work on each approved item should start within six months of the date of approval. Beyond that, special dispensation needs to be sought from the relevant Permanent Secretary and/or Financial Services and the Treasury Bureau to extend the validity period.

Monitoring of Funding

In respect of monitoring the funding of capital works projects, the information requested are set out below –

- (a) As set out in the Memorandum Notes to the Estimates, the ambit of the various block allocation subheads under the Capital Works Reserve Fund allows expenditure on items to cover the cost of preliminary feasibility studies and minor investigations as well as consultants' fees and charges for feasibility investigations and design (including preparation of tender documents) for projects in Category B or (subject to Secretary for Financial Services and the Treasury's approval) Category C of the PWP, provided a maximum of \$15 million per item is not exceeded. The underlying principle is that no expenditure should be incurred on detailed design or tender preparation unless the project has attained a Category B status to avoid any abortive cost.

A comprehensive list of all the on-going and planned items proposed to be funded under block allocations in a financial year will be deposited with the LegCo Secretariat for Members' reference when we submit the funding application for the block allocations to the PWSC/FC each year. Further, in the background information section of each PWSC funding submission on upgrading a capital works project to Category A, we would state when the project was first included in the CWP, and when it was upgraded to Category B. The section would also provide details of all related consultancies in connection with the project as well as the current status of the project. In that context, we would state clearly the amount of expenditure incurred on pre-construction investigation and detailed design and the relevant expenditure subhead charged.

For pre-construction work estimated to cost more than \$15 million, the Administration would partially upgrade a Category B project to Category A and seek funding from PWSC/FC to cover the pre-construction work.

- (b) As shown in the Estimates for 2003-04, the outstanding commitments for Category A capital works projects as at 31 March 2003 were estimated to be about \$103.6 billion, and during 2003-04, works would start on new projects (i.e. those in Category B) with an estimated value of \$58.0 billion. After allowing for an estimated expenditure of \$25.2 billion in 2003-04, the total outstanding commitment for all Category A projects at 31 March 2004 is estimated to be \$136.4 billion. The figures do not include the expenditure on works-related block allocation projects, which would amount to about \$6.9 billion for 2003-04.

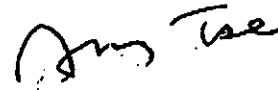
The above are estimated on the basis of forecast cashflow and works progress and would be subject to changes in the light of actual progress. Estimates for the value of new projects to start in 2004-05 and capital works spending in that year will be made in the draft Estimates to be published in March.

- (c) We have been providing Members with annual reports on the outturn expenditure for capital works projects with accounts finalised in the immediate past financial year. As set out in PWSCI(2003-04)32 issued earlier this month, the final outturn expenditure on Category A projects was on average some 87.4% of the original/revised project estimate for projects finalised in 2002-03. The corresponding figures for projects completed in 2000-01 and 2001-02 were 91.5% and 89.2% respectively. A breakdown of the comparison by project groups is also attached to PWSCI(2003-04)32.
- (d) Under existing arrangements, we regularly submit information on the outturn tender prices for contracts each exceeding \$30 million to Members for reference. In case of a lower tender outturn price than the approved estimate, the Treasury Branch would administratively adjust downward the capital resources allocated to a project. The lower spending limit would become an administrative cap on the total project expenditure and works departments should not expend beyond the administrative cap unless with full justifications and approval by the Treasury Branch.

- (e) As part of the annual resource allocation exercise, works departments would update the cashflow requirement for Category A and Category B projects in the light of planning development and actual works progress. In that context, works departments are urged to put forward realistic estimates on the funding required so as not to lock up valuable resources unnecessarily. Any savings from lower outturn expenditure would be reflected in their annual updating of project estimates. Taking into account the updated cashflow requirements, possible programme delay, and the amount of funding available, resources would be allocated to as many new justified projects as possible. In this way, we hope to ensure that available resources are fully deployed.

I hope the above clarify the position. Should you have further queries, please do not hesitate to contact me.

Yours sincerely,



(Miss Amy Tse)
for Secretary for Financial Services
and the Treasury

cc Administrative Assistant to
Secretary for Financial Services and the Treasury

2537 1736

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Information on The Implementation Programme of a Capital Works Project

Introduction

This note sets out an overview of the administrative and planning procedures for implementation of capital works projects, for the information of PWSC members.

Acceleration of Project Delivery

2. With the recent implementation of the following measures, the lead time from inception to commencement of construction of a typical engineering and building project has been shortened from six years to less than four years -

- (a) simplifying the preliminary technical appraisal for admitting projects into the Capital Works Programme and keeping as far as practicable the time allowed for such appraisals to four months;
- (b) allowing bureaux to submit funding bids in-year, between the annual resource allocation cycles;
- (c) streamlining procedures for the creation of minor works items (under \$15 million);
- (d) allowing Controlling Officers the option to initiate works-related tendering and consultant selection procedures before funding is secured. The acceptance of any tender or bid must still be subject to funding approval and conditions attached to such;
- (e) taking parallel actions for the environmental impact assessment and gazetting; and

/ (f)

- (f) streamlining the tender procedures for capital works projects under \$50 million (e.g. dropping the gazettal requirement since tender notices are published on the Internet) and allowing Controlling Officers the option to approve tender awards for straightforward cases under specified circumstances.

The updated flow charts incorporating the above changes for a typical engineering and building project are attached.

Engineering Projects

3. The flow chart in Enclosure 1 illustrates the main activities involved in the delivery of a medium size typical engineering project.

4. A capital works engineering project starts with a Technical Feasibility Statement, which is to be completed within a short time, to confirm the feasibility on a prima facie basis, define the scope of works and establish the rough order of cost.

5. Once included in the Capital Works Programme, the project enters into the Preliminary Design Stage for developing the preliminary technical details of the project and undertaking various impact assessments, including Environmental Impact Assessment (EIA), Traffic Impact Assessment, and Drainage Impact Assessment. For projects not sensitive in environmental impacts terms gazetting under statutory ordinances could be carried out in parallel with EIA and procedures under EIAO.

6. After the preliminary technical details have been affirmed and the procedures of EIAO completed, the project will move onto the Detailed Design Stage for preparing the design details and tender documents for the works contracts, with the procedures under relevant statutory ordinances and land resumption proceeding in tandem.

7. Funding application will also be made in parallel with the detailed design so that construction on site will commence after completing the tendering procedures.

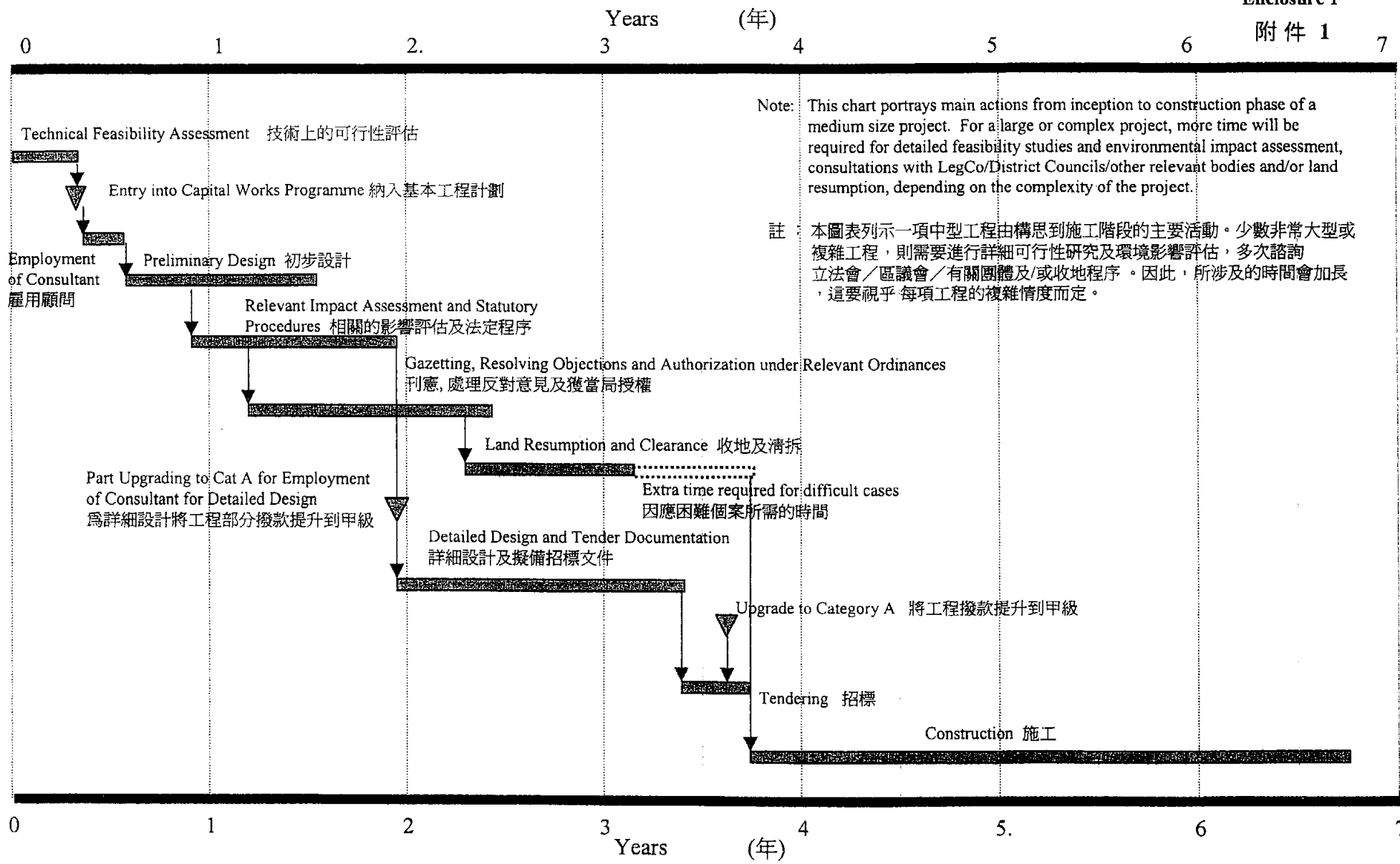
Building Projects

8. The flow chart in Enclosure 2 illustrates the main activities involved in the delivery of a medium size building project.

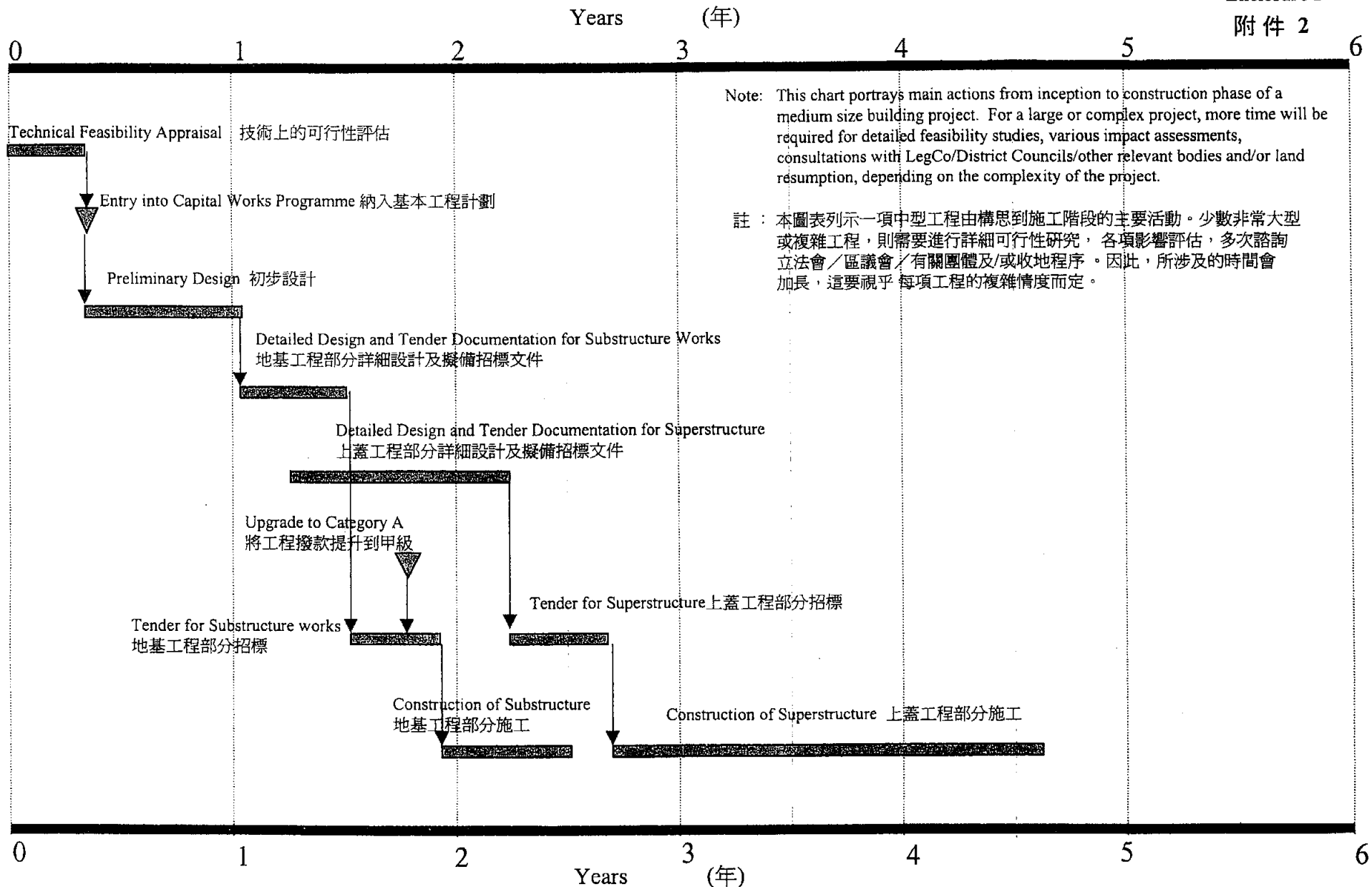
9. The delivery process of a building project is simpler than that of an engineering project as a building project is normally less sensitive in environmental impact terms and often does not require land resumption.

10. In general, the foundation works of a building project will start at about two years after inception and the superstructure works will commence after the completion of the foundation.

Works Bureau
November 2001



Flow Chart A - Programme of a Typical Medium Size Public Engineering Project
流程表A - 一般中型工務工程的實施程序



Flow Chart B - Programme of a Typical Medium Size Public Building Project
流程表 B - 一般中型工務建築工程的實施程序

FINANCIAL CIRCULAR NO. 8/2001

**Capital Works Reserve Fund
Delegated authorities in respect of block allocations**

(Note: Distribution of this Circular is Scale C. Policy Secretaries, Controlling Officers and Resource Management Unit officers of Policy Bureaux, and all officers dealing with expenditure proposals under the block allocations of the Capital Works Reserve Fund should read it.)

INTRODUCTION

This circular –

- (a) introduces new levels of sub-delegations to facilitate the creation of minor items under the Capital Works Reserve Fund (CWRF);
- (b) provides guidelines to assist Policy Secretaries and Controlling Officers to exercise their delegated authorities; and
- (c) approves an increased over-commitment level for all block allocation subheads (excluding Head 701) under the CWRF.

Financial Circulars No. 8/96 and 10/96, promulgated in April and May 1996 respectively, are hereby cancelled.

/ DEVOLUTION

To : Policy Secretaries
Controlling Officers

DEVOLUTION OF RESPONSIBILITY TO APPROVE THE CREATION OF MINOR ITEMS

2. In 1996, the Secretary for the Treasury (S for Tsy) delegated to Policy Secretaries and Controlling Officers the authority to approve the creation of "pre-identified" minor items; for non pre-identified items, the ultimate authority rested with S for Tsy. Since the distinction between pre-identified and non pre-identified items is no longer particularly meaningful, we are extending the delegation to all minor items, whether pre-identified or not. We are also devolving more authorities to directorate officers in Bureaux and Departments, and streamlining arrangements whereby a Policy Secretary is also acting as the Controlling Officer (or vice versa). The net effect of the proposed changes is that Policy Secretaries and Controlling Officers will have full discretion to create minor items under the CWRP provided the items are within the ambit of the relevant block allocation approved by Finance Committee.

Overview

3. There are 25 CWRP block allocations. A summary setting out the scope for each, the Policy Secretary and Controlling Officer in charge and the new levels of delegated authorities is at Enclosure 1.

Encl. 1

Block allocations affected

4. The changes introduced in paragraph 2 above affect 17 of the CWRP block allocations. For 14 subheads for which the Policy Secretary is not the same as the Controlling Officer (namely, 2001AX, 2002AX, 2003AX, 2005AX, 3100GX, 4100DX, 5101CX, 5101DX, 6100TX, 7014CX, 7015CX, 7100CX, 8100BX and 9100WX), the new set of delegated authorities for approving the creation of minor items is as follows -

	Approving limit per item
Policy Secretary	\$15 million
Deputy Secretary	\$12 million
Controlling Officer	\$10 million
Deputy to Controlling Officer (or officer at D3 level)	\$7 million
Directorate Officer of the vote controlling department (as designated by Controlling Officer)	\$3 million

/ 5.

5. For three subheads for which the relevant Policy Secretary is also the Controlling Officer (namely, **8100MX**, **8100QX** and **B100HX**), the new set of delegated authorities for approving the creation of minor items is as follows –

	Approving limit per item
Policy Secretary	\$15 million
Deputy Secretary	\$12 million
Principal Assistant Secretary	\$7 million
Directorate Officer of the Policy Bureau (as designated by Policy Secretary)	\$3 million

Block allocations not affected

6. There is no change to the delegated authorities for the following eight subheads –

(a) Subheads 1004CA and 1100CA under Head 701 - Land Acquisition

The Director of Lands remains authorised to approve expenditure for individual items under these two compensation-related subheads without a cap, subject to the Director's compliance with relevant statutory and administrative requirements¹ and provided the aggregate expenditure for each subhead as a whole does not exceed the allocation Finance Committee approved for that relevant subhead that year.

(b) Subheads 3004GX and 3101GX under Head 703 - Buildings

The Director of Architectural Services remains the Controlling Officer for these two subheads. The detailed arrangements for minor building works and refurbishment items to be approved on the advice of the Minor Building Works Committee, Government Property Agency and/or the Accommodation Strategy Group are set out in **Enclosure 2**.

Encl. 2

/ (c)

¹ There are, for example, various formulae and rates which the Director of Lands must adopt in assessing the levels of payment that he can make in respect of acquiring land. These are set out in other Circulars or arise from decisions made by the Chief Executive in Council, the Legislative Council and Finance Committee.

(c) **Subhead 5001BX under Head 705 - Civil Engineering**

The Director of Civil Engineering remains authorised to approve individual items under this slope works-related item without limit provided the aggregate expenditure for the subhead as a whole does not exceed the allocation approved by Finance Committee.

(d) **Subheads 8100EX and 8001SX under Head 708 - Capital Subventions and Major Systems and Equipment**

For Subhead 8100EX, the Secretary General of the University Grant Committee (SG,UGC) remains authorised to approve expenditure up to \$5 million per item and, where UGC has approved the item, up to \$15 million per item. SG,UGC should consult the Secretary for Education and Manpower (SEM) in drawing up the annual estimate for this subhead and seek SEM's endorsement, where necessary, in authorising expenditure on individual projects.

For Subhead 8001SX, the Director of Social Welfare (DSW) remains authorised to approve expenditure up to \$15 million per item; and DDSW, up to \$6 million per item. DSW should consult the Secretary for Health and Welfare (SHW) in drawing up the annual estimate for this subhead and seek SHW's endorsement, where necessary, in authorising expenditure on individual projects.

(e) **Subhead A007GX under Head 710 - Computerisation**

Expenditure from this non-works subhead follows procedures stipulated in Financial Circular No. 4/98 - Funding for Computerisation under the CWRP Head 710 Computerisation dated 8 April 1998. S for Tsy has delegated to the Secretary for Information Technology and Broadcasting the authority to approve projects not exceeding \$10 million each and to the Director of Information Technology Services the authority to approve all projects not exceeding \$5 million each. Both delegations are subject to the proviso that the approved provision for A007GX will not be exceeded as a result of the exercise of the delegated authorities.

Underspending

7. To avoid underspending, works on each approved item should start within six months of the date of approval. Beyond that, the approval will automatically lapse unless special dispensation is obtained from the Policy Secretary to extend the validity period for six more months. Requests to extend the validity period for a second time must also be addressed to S for Tsy.

/ GUIDELINES

GUIDELINES ON THE EXERCISE OF DELEGATED AUTHORITIES

Responsibilities under the Public Finance Ordinance

8. The CWRF was established in April 1982 by Resolution of the Legislative Council under the Public Finance Ordinance (Cap. 2) for the purpose of financing the capital works programme and the acquisition of land. The Fund is administered by the Financial Secretary/S for Tsy who may delegate his power of administration to other public officers.

9. Along with the enhanced delegations, Policy Secretaries and Controlling Officers are reminded of the need to ensure that all expenditure under CWRF block allocations must be a proper charge to the CWRF and to the respective subhead.

10. If a Policy Secretary or Controlling Officer allows expenditure to be incorrectly charged to any block allocation under the CWRF, Finance Bureau will consider withdrawing the authorities delegated under this circular. Where actual misuse of public funds occurs, we may also consider instituting suitable sanctions including imposing surcharges on the public officer under the Public Finance Ordinance.

Encl. 3

11. Enclosure 3 sets out further guidelines on the approval procedures to be followed and the conditions that apply to the delegations.

OVER-COMMITMENT

12. With immediate effect, the level of over-commitment for all block allocation subheads (excluding those under Head 701) will be raised to 200% of the allocation approved by Finance Committee for the subhead for that financial year. For block allocation subheads under Head 701 - Land Acquisition, there is no limit to the over-commitment level.

ENQUIRIES

13. For enquiries on this Circular, please contact the Principal Assistant Secretary for the Treasury (Works) on 2810 2232.

MISS DENISE YUE
Secretary for the Treasury

Summary of the scope and delegated authorities for administering the CWRP block allocations

Head	Block Allocation	Policy Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
701	1004CA - <i>Compensation for surrenders and resumptions: miscellaneous</i>	S for Tsy	D of Lands			Note 3
	1100CA - <i>Compensation and ex-gratia allowances in respect of projects in the Public Works Programme</i>	S for Tsy	D of Lands			-ditto-
702	2001AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related civil engineering projects</i>	SES	DCE	✓		
	2002AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related transport projects</i>	S for T	D of Hy	✓		
	2003AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related territorial development projects</i>	SPL	DTD	✓		
	2005AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related waterworks projects</i>	S for W	DWS	✓		
703	3004GX - <i>Refurbishment of government buildings for items in Category D of the Public Works Programme</i>	S for Tsy	D Arch S			Note 4

/ 3100GX

Head	Block Allocation	Policy Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
703 (Cont'd)	3100GX - Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme	S for Tsy	D Arch S	✓		
	3101GX - Minor building works for items in Category D of the Public Works Programme	S for Tsy	D Arch S			Note 5
704	4100DX - Drainage works, studies and investigations for items in Category D of the Public Works Programme	SEF	DDS	✓		
705	5001BX - Landslip preventive measures	S for W	DCE			Note 6
	5101CX - Civil engineering works, studies and investigations for items in Category D of the Public Works Programme	S for W	DCE	✓		
	5101DX - Environmental works, studies and investigations for items in Category D of the Public Works Programme	SEF	DEP	✓		
706	6100TX - Highway works, studies and investigations for items in Category D of the Public Works Programme	S for T	D of Hy	✓		
707	7014CX - Rural Public Works Programme	SHA	DHA	✓		
	7015CX - Urban Minor Works Programme	SHA	DHA	✓		
	7100CX - New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme	SPL	DTD	✓		

Head	Block Allocation	Policy Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
708	8100BX - Slope-related capital works for subvented organisations other than education and medical subventions	S for W	D Arch S	✓		
	8100EX - Alterations, additions, repairs and improvements to the campuses of the UGC-funded institutions	SEM	SG, UGC			Note 7
	8100MX - Hospital Authority – improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects	SHW	SHW		✓	
	8100QX - Alterations, additions, repairs and improvements to education subvented buildings	SEM	SEM		✓	
	8001SX - Reprovisioning of welfare facilities	SHW	DSW			Note 8
709	9100WX - Waterworks, studies and investigations for items in Category D of the Public Works Programme	S for W	DWS	✓		
710	A007GX - New administrative computer systems	SITB	DITS			Note 9
711	B100HX - Minor housing development related works, studies and investigations for items in Category D of the Public Works Programme	S for H	S for H		✓	

Note 1 : For the 14 block allocation subheads covered by Note 1, the approving limits of the responsible Policy Secretaries and Controlling Officers are as follows –

	Approving limit per item
- Policy Secretary	\$15 million
- Deputy Secretary	\$12 million
- Controlling Officer	\$10 million
- Deputy to Controlling Officer (or officer at D3 level)	\$7 million
- Directorate Officer of the vote controlling department (as designated by Controlling Officer)	\$3 million

Note 2 : For the three block allocation subheads covered by Note 2, the approving limits of the responsible Policy Secretaries (who also serve as the Controlling Officers) are as follows –

	Approving limit per item
- Policy Secretary	\$15 million
- Deputy Secretary	\$12 million
- Principal Assistant Secretary	\$10 million
- Directorate Officer of the Policy Bureau (as designated by Policy Secretary)	\$3 million

Note 3 : For Subheads 1004CA and 1100CA, the Director of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by Finance Committee not being exceeded. As approved by S for Tsy and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by S for Tsy, the Director of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D2 (or D3) officers and for items below \$20 million each to D1 officers. For details, please refer to Lands Departments Accounting Circular (LDAC) No. 5/2001 or future updated LDAC on the delegation of authorities.

Note 4 : For **Subhead 3004GX**, D Arch S is required to prepare a programme of works on an annual basis for DS(Tsy)3's approval. He as Controlling Officer is authorised to approve expenditure for individual items not exceeding \$15 million provided that the annual allocation for the subhead approved by Finance Committee is not exceeded.

Note 5 : For **Subhead 3101GX**, the approving limits are as follows –

	Approving limit per item
- DS(Tsy)3, on the advice of the Accommodation Strategy Group	\$15 million
- D Arch S, on the advice of the Minor Building Works Committee	\$10 million (for non-fitting out works)
- AD(Property Services), Arch SD	\$1 million (for non-fitting out works)
- Senior Maintenance Surveyors, Arch SD	\$0.1 million (for non-fitting out works)
- Government Property Administrator	\$10 million (for fitting out works)

Note 6 : For **Subhead 5001BX**, the Director of Civil Engineering is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by Finance Committee not being exceeded; and the Deputy Director of Civil Engineering, up to \$10 million per item.

Note 7 : For **Subhead 8100EX**, SG, UGC is authorised to approve any items up to \$5 million each; and up to \$15 million each where the item has been approved by the UGC.

Note 8 : For **Subhead 8001SX**, DSW is authorised to approve any items up to \$15 million each; and DDSW, up to \$6 million each.

Note 9 : For **Subhead A007GX**, SITB is authorised to approve any items up to \$10 million each; and DITS, up to \$5 million each.

Note 10 : For the ambits of individual block allocations, please refer to the Memorandum Note of the CWRP Estimates contained in annual Estimates, Volume II - Funds Accounts.

Delegated authorities for administering Subheads 3004GX and 3101GX under Head 703 - Buildings

The Director of Architectural Services (D Arch S) is the Controlling Officer for **Head 703 Subheads 3004GX and 3101GX**. He will prepare a programme of works to be funded under **Head 703 Subhead 3004GX** each year. At the time of the annual Estimates, he will also call for bids from departments for items to be funded under **Head 703 Subhead 3101GX**. Based on the programme and departmental returns, he will propose the estimates for **Head 703 Subheads 3004GX and 3101GX**.

2. A Minor Building Works (MBW) Committee chaired by D Arch S will examine minor building works (other than fitting out works) proposed to be funded under **Head 703 Subhead 3101GX**, while the Government Property Administrator (GPA) will examine fitting out works projects proposed under the same Subhead. An Accommodation Strategy Group (ASG) chaired by DS(Tsy)3 will examine and endorse, among other things, projects referred to it by the MBW Committee or GPA, as appropriate. Please refer to **Enclosure 1 (Notes 4 and 5)** for details of the delegated authority in respect of these two subheads. The terms of reference and composition of the MBW Committee and ASG are as follows -

Terms of Reference

MBW Committee

ASG

- | | |
|--|--|
| <p>(a) To consider proposed minor building works (other than fitting out works) exceeding \$1 million each to be funded under Head 703 Subhead 3101GX block vote and to determine priorities for implementing these works;</p> <p>(b) to recommend for D Arch S's approval expenditure for works in (a) above ≤ \$10 million each;</p> <p>(c) to recommend for ASG's endorsement and DS(Tsy)3's approval works in (a) above > \$10 million each; and</p> | <p>(a) To decide administratively the phased expenditure and distribution of funds under the Head 703 Subhead 3101GX between various categories of work, namely -</p> <p>(i) minor building works ≤ \$1 million each;</p> <p>(ii) minor building works > \$1 million but ≤ \$10 million each;</p> <p>(iii) minor building works > \$10 million but ≤ \$15 million each; and</p> <p>(iv) fitting out works for new leased or purchased government accommodation;</p> |
|--|--|

/ (d)

MBW Committee

ASG

- (d) to monitor regularly patterns of expenditure in block allocation Subhead 3101GX.
- (b) to agree on criteria for prioritisation of proposals for minor building works to be funded under Head 703 Subhead 3101GX;
- (c) to examine and recommend to DS(Tsy)3 for approval the funding, under Head 703 Subhead 3101GX, of projects > \$10 million but ≤ \$15 million each, taking into account recommendations of the MBW Committee or GPA, as appropriate;
- (d) to review from time to time the administrative demarcation and share of funds of the categories at (a); and
- (e) to examine and approve the programme of refurbishment works as proposed by D Arch S for funding under Subhead 3004GX.

Composition

MBW Committee

ASG

Chairman : D Arch S
 Members : AD(Property Services)
 General Engineering
 Services Manager
 GPA or his representative

Chairman : DS(Tsy)3
 Members : D Arch S
 GPA
 PAS(Tsy)E, FB

Secretary : provided by Arch SD

Secretary : provided by Arch SD

Guidelines on the exercise of delegated authorities

Policy Secretary and Controlling Officer

In considering a proposal to create a new project under the CWRP block allocations, Policy Secretaries, Controlling Officers and designated officers should –

- (a) ensure that the proposal is a proper charge to the relevant CWRP block allocation (in line with paragraphs 2 to 6 below);
- (b) exercise their delegated authority in a transparent and accountable manner (along the lines set out in paragraphs 7 to 20 below). They should not sub-delegate their authorities to other officers; and
- (c) monitor and control expenditure from the relevant block allocations to keep the total expenditure and the level of over-commitment strictly within approved limits. Should there be cases that fall beyond their delegated authorities (as described in paragraph 21 below), they should refer the cases to Finance Bureau in a timely manner.

Proper charge to CWRP Block Allocations

2. Policy Secretaries and Controlling Officers should distinguish capital expenditure from the following cases –

- (a) **Recurrent Expenditure** – There should be no “capitalisation” of cost items¹ which belong to recurrent heads under the General Revenue Account (GRA).
- (b) **Investments or Loans** – Equity injections or loans that fund capital works projects indirectly should not be charged against the CWRP block allocations.

/ (c)

¹ As examples, in-house staff costs to implement the works or the subsequent maintenance or operating costs of the completed works should not be “capitalised” and funded through the CWRP.

- (c) **Capital Non-works** – Capital non-works² not arising directly from capital works projects are non-recurrent charges to GRA heads of expenditure.

3. Even if the proposed expenditure in question is a possible charge to the CWRF, the proposal must be **within the ambit** of the head and subhead. We may incur expenditure from the block allocations only if the relevant legislation or formal decisions made under that legislation (such as those of the Finance Committee) state clearly that we can do so. Silence should be taken to mean we **cannot** incur expenditure unless we first obtain the necessary approvals from the Finance Committee either to create a new subhead or to amend the ambit of the existing subhead to permit the proposed expenditure. If in doubt, Policy Secretaries and Controlling Officers should seek the advice of S for Tsy.

4. We should not implement larger projects using funds from the block allocations by artificially breaking the costs of the project down into either smaller projects or phases or stages. We should also not use block allocations to cover increased expenditure on a project or part of a project that is already funded under the CWRF (or from other non-CWRF sources of funds) unless the project concerned was originally funded from the same block allocation and we are simply increasing the approved estimate of that project within the financial ceiling for individual projects under that block allocation. Block allocations must not be used to hide cost overruns on other projects or to cover omissions in the original scopes of such projects.

5. Precedent cases cannot be relied upon solely to justify the use of a block allocation for a particular purpose since each case should be examined on its merits and in the light of prevailing circumstances.

6. We are open in our decision-making processes and have committed to fully consult the public and other interested parties on any proposals that may affect them. Funding proposals under block allocations should therefore not be classified as "restricted", "confidential", or higher, without obtaining the prior written approval of the S for Tsy.

/ Approval

² Examples of capital non-works items are traffic impact assessment study (TIA) and environmental impact studies (EIA) in connection with a site to be sold for estate development. Meanwhile, TIAs and EIAs arising directly from capital works projects are proper expenditure under the CWRF.

Approval process

Factors to be considered

7. Policy Secretaries and Controlling Officers should not approve expenditure proposals until they are sure that all **preparatory administrative and legal procedures** necessary for the implementation of these proposals have been completed. For example, Policy Secretaries and Controlling Officers should not approve the funding request where gazetting is required until the gazetting procedure has been completed and all objections have been either resolved or overruled by the Executive Council. Similar rules apply in respect of public consultation with District Councils and other similar bodies.

8. Policy Secretaries and Controlling Officers should see to it that **environmental problems** have been resolved before works are committed. For designated projects under the Environmental Impact Assessment (EIA) Ordinance, the project proponent should ensure that the statutory environmental procedures are complied with and environmental permits obtained before the construction and operation of the project. For other projects not covered by the EIA Ordinance, the streamlined procedures as set out in the Joint WBTC 18/98 and PELB TC 10/98 and any further streamlined measures issued by Finance Bureau and Works Bureau should be followed.

9. No expenditure proposals on projects should be committed until all **land acquisition** and delivery issues have been resolved.

10. Many projects give rise to subsequent **recurrent expenditure** requirements. All these should be cleared by the relevant Resource Division(s) in Finance Bureau beforehand. Failing this, we will **require** any additional recurrent costs to be absorbed within the global allocation for recurrent expenditure for the Policy Secretaries and Controlling Officers concerned **without** any increase in the baseline.

11. Controlling Officers or Policy Secretaries cannot authorise expenditure from any of the CWRP block allocations in respect of items which involve the **capitalisation of recurrent expenditure**. This includes but is not limited to capitalisation of staff costs, staff benefits, routine maintenance, and operating and management costs.

/ 12.

12. Other than **Head 703 Subhead 3101GX**, Policy Secretaries and Controlling Officers may not authorise expenditure on the **acquisition or fitting out of office accommodation or for the purchase of office furniture and equipment** (or vehicles) without first seeking clearance from 'W' Division of Finance Bureau. As regards the purchase of other equipment, this is only allowed where such equipment is required as an essential part of a project. We will not permit capital works subheads to be used as a means to circumvent the normal procedures that Bureaux and Departments must follow to acquire non project-specific equipment.

Documentation

13. We do not require a formal paper to be drafted for items costing less than \$5 million each. The request to the Controlling Officer (or his Deputy) can take the form of a memo or minute that follows (albeit in reduced form) the general drafting style of a PWSC paper. The memo or minute should be self explanatory without the need to refer to other correspondence or documents. It should set out clearly and concisely the problem, the proposal, the justification, the financial implications (both capital and recurrent), the start and completion dates and any relevant background information. A Controlling Officer may approve several items *en bloc* provided that they are clearly not phases or stages of a larger parent item which exceeds the Controlling Officer's normal ceiling of delegated authority.

14. We will not require Controlling Officers to supply a copy of the approval memo or minute to Finance Bureau and these may remain on the Controlling Officer's files, unless called for. We will, however, require a **quarterly return** to be made to 'W' Division of Finance Bureau listing those items that have been approved and the costs involved. This is so that we can supply an annual list of projects approved to the Finance Committee. Controlling Officers will also be responsible for providing a Chinese translation of the memo or minute should this be necessary.

15. Finance Bureau will also call for copies of certain memos or minutes on a **random basis** so as to ensure that Controlling Officers are exercising their delegated powers in a transparent and accountable manner.

16. We require a formal Category D paper to be prepared for items each costing \$5 million or more, following the style and content of a PWSC paper. Normally we would expect the main works department responsible, in consultation with the client department or bureau, to prepare the initial skeleton of

/ the

the paper setting out the funding request. The works department should then clear the Environmental Implications paragraph (if one is needed) with EPD and ask others, such as the Lands Department, to provide the relevant information needed under other sections of the paper. Through the Policy Bureau, the works department should also clear any recurrent implications with the relevant Resource Division(s) in Finance Bureau. The works department should pass the final draft to the client department (where there is no client department, to the Policy Bureau or Controlling Officer) for clearance and transmission onto the Policy Bureau or Controlling Officer.

17. Policy Secretaries and Controlling Officers should send a copy of the final paper, with the signatures of the approving officers and relevant financial statement, to 'W' Division of Finance Bureau for record purposes.

Approval procedures

18. We need to establish a clear audit trail for the funding approval process. At each stage of the process, we will require the **personal signatures** of appropriate officers to be appended to the paper. These will include –

- (a) the project officer of the works department clearing the paper, who should confirm that all necessary legislative and administrative procedures have been completed;
- (b) the officer of the vote controlling department/bureau at senior professional level or above certifying that sufficient funds are available to meet the proposed expenditure. The officer should attach to the paper a simple financial statement providing basic details of the approved provision under the subhead, the expenditure to date, forecast expenditure for the remainder of the financial year and the degree of over-commitment to date arising from forecast expenditure in subsequent financial years;
- (c) where one exists, the representative of the Client department or agency (as would be the case with a subvented organisation) at directorate level certifying that the proposals in the paper accord with its requirements; and
- (d) the approving officer.

19. The drafting and approval process should be the same whether the approving authority rests with the Policy Bureau or the vote controlling department.

/ Main

Main Policy Secretaries

20. We indicate in **Enclosure 1**, under the various Heads, who we believe to be the main Policy Secretary for each block allocation subhead. There may, however, be projects under these subheads that fall under the programme area of another Policy Secretary. In the circumstances, the main Policy Bureau should positively consider applications from the (other) Policy Secretary concerned in respect of the project under the latter's programme area. To this end, the latter Policy Secretary or his directorate representative should give the Bureau's endorsement by adding the following section to the front covering sheet of the Category D paper -

Head of Policy Bureau (or his representative)

I certify that the proposals set out in the paper have the policy support of my Bureau and that all the necessary legislative and administrative procedures have been completed.

Signature.....

Name.....

Rank/post.....

Date.....

File ref.....

In case of disagreement, the Policy Secretary (or Secretaries) concerned may refer the cases to S for Tsy for decision.

Cases beyond delegated authority

21. Policy Secretaries should consult S for Tsy, where -

- (a) work under a block allocation item has failed to start within 12 months of the date of financial approval (i.e. seeking extension of validity period of approval for a second time);
- (b) the approved over-commitment level for the block allocation is likely to be exceeded; or

/ (c)

- (c) the latest forecast of expenditure indicates that total expenditure will exceed \$15 million for individual items or exceed the allocations approved by Finance Committee. This will require a PWSC paper.
-

Note : For Subheads 1004CA and 1100CA, only paragraphs 1 to 3, 7, 8 and 18 are applicable.

FINANCIAL CIRCULAR NO. 8/2002

**Administration of capital expenditure items
under the Capital Works Reserve Fund**

(Note : Distribution of this Circular is Scale C. Directors of Bureau, Controlling Officers and Resource Management Unit officers of Policy Bureaux, and all officers dealing with expenditure proposals under the block allocations of the Capital Works Reserve Fund should read it.)

Purpose

This circular clarifies arrangements for the administration of capital expenditure items under the Capital Works Reserve Fund (CWRF) to tie in with the introduction of the accountability system. The new delegation will take immediate effect.

LegCo Resolution

2. In accordance with the Legislative Council Resolution setting up the CWRF, the Financial Secretary (FS) may delegate his power of administration to other public officers. By virtue of Cap 1, the Secretary for Financial Services and the Treasury (SFST) may act in the capacity of the FS in the administration of the Fund.

/ Controlling Officers

To : Directors of Bureau
Controlling Officers

Controlling Officers

3. For expenditure items under **Heads 701 to 707, 709 and 711** of the CWRP, the FS has designated various Heads of Departments as Controlling Officers. These delegations are not affected by the introduction of the accountability system and will remain valid.

4. For expenditure items under **Head 708 (Capital Subventions and Major Systems and Equipment) and Head 710 (Computerisation)**, FS has designated policy secretaries as well as other Heads of Departments as Controlling Officers. The authorities formerly delegated to **policy secretaries** are hereby rescinded and transferred to the **permanent secretaries** of the relevant bureau or branch. The delegations to Heads of Department remain valid.

Approving authority for block allocations

5. For minor items funded from 25 CWRP block allocations, FS has authorised a number of **policy secretaries** to approve expenditure within the scope set by Finance Committee. These delegations will be transferred with immediate effect to the **permanent secretaries** of the relevant bureau or branch. Other delegations on the administration of CWRP block allocations relating to Heads of Departments and directorate officers in policy bureaux remain valid, notwithstanding the change in post titles for some as from 1 July 2002. A new schedule of authorisation which replaces Enclosure 1 to Financial Circular No. 8/2001 with immediate effect is attached.

Enquiries

6. Should there be enquiries on this circular, please contact colleagues in the Works Division of this bureau.

Frederick S Ma
Secretary for Financial Services
and the Treasury

Enclosure 1

Summary of the scope and delegated authorities for administering the CWRP block allocations

Head	Block Allocation	Permanent Secretaries	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
701	1004CA - <i>Compensation for surrenders and resumptions: miscellaneous</i>	Permanent Secretary for Financial Services and the Treasury (Treasury)	D of Lands			Note 3
	1100CA - <i>Compensation and ex-gratia allowances in respect of projects in the Public Works Programme</i>	Permanent Secretary for Financial Services and the Treasury (Treasury)	D of Lands			-ditto-
702	2001AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related civil engineering projects</i>	Permanent Secretary for Economic Development and Labour (Economic Development)	DCE	✓		
	2002AX - <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related transport projects</i>	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	D of Hy	✓		

Head	Block Allocation	Permanent Secretaries	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
702 cont'd	<i>2003AX - Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related territorial development projects</i>	Permanent Secretary for Housing, Planning and Lands (Planning and Lands)	DTD	✓		
	<i>2005AX - Consultants' fees for feasibility investigations and design and major in-house investigations for PADS related waterworks projects</i>	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	DWS	✓		
703	<i>3004GX - Refurbishment of government buildings for items in Category D of the Public Works Programme</i>	Permanent Secretary for Financial Services and the Treasury (Treasury)	D Arch S			Note 4
	<i>3100GX - Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme</i>	Permanent Secretary for Financial Services and the Treasury (Treasury)	D Arch S	✓		
	<i>3101GX - Minor building works for items in Category D of the Public Works Programme</i>	Permanent Secretary for Financial Services and the Treasury (Treasury)	D Arch S			Note 5

Head	Block Allocation	Permanent Secretaries	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
704	4100DX - Drainage works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment, Transport and Works (Environment)	DDS	✓		
705	5001BX - Landslip preventive measures	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	DCE			Note 6
	5101CX - Civil engineering works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	DCE	✓		
	5101DX - Environmental works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment, Transport and Works (Environment)	DEP	✓		
706	6100TX - Highway works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	D of Hy	✓		

Head	Block Allocation	Permanent Secretaries	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
707	<i>7014CX - Rural Public Works Programme</i>	Permanent Secretary for Home Affairs	DHA	✓		
	<i>7015CX - Urban Minor Works Programme</i>	Permanent Secretary for Home Affairs	DHA	✓		
	<i>7100CX - New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme</i>	Permanent Secretary for Housing, Planning and Lands (Planning and Lands)	DTD	✓		
708	<i>8100BX - Slope-related capital works for subvented organisations other than education and medical subventions</i>	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	D Arch S	✓		
	<i>8100EX - Alterations, additions, repairs and improvements to the campuses of the UGC-funded institutions</i>	Permanent Secretary for Education and Manpower	SG, UGC			Note 7
	<i>8100MX - Hospital Authority - improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects</i>	Permanent Secretary for Health, Welfare and Food	Permanent Secretary for Health, Welfare and Food		✓	

Head	Block Allocation	Permanent Secretaries	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
708 cont'd	8100QX - <i>Alterations, additions, repairs and improvements to education subvented buildings</i>	Permanent Secretary for Education and Manpower	Permanent Secretary for Education and Manpower		✓	
	8001SX - <i>Reprovisioning of welfare facilities</i>	Permanent Secretary for Health, Welfare and Food	DSW			Note 8
709	9100WX - <i>Waterworks, studies and investigations for items in Category D of the Public Works Programme</i>	Permanent Secretary for the Environment, Transport and Works (Transport and Works)	DWS	✓		
710	A007GX - <i>New administrative computer systems</i>	Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting)	DITS			Note 9
711	B100HX - <i>Minor housing development related works, studies and investigations for items in Category D of the Public Works Programme</i>	Permanent Secretary for Housing, Planning and Lands (Housing)	Permanent Secretary for Housing, Planning and Lands (Housing)		✓	

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Note 1 : For the 14 block allocation subheads covered by Note 1, the approving limits of the responsible Permanent Secretaries and Controlling Officers are as follows –

	Approving limit per item
- Permanent Secretary	\$15 million
- Deputy Secretary	\$12 million
- Controlling Officer	\$10 million
- Deputy to Controlling Officer (or officer at D3 level)	\$7 million
- Directorate Officer of the vote controlling department (as designated by Controlling Officer)	\$3 million

Note 2 : For the three block allocation subheads covered by Note 2, the approving limits of the responsible Permanent Secretaries (who also serve as the Controlling Officers) are as follows –

	Approving limit per item
- Permanent Secretary	\$15 million
- Deputy Secretary	\$12 million
- Principal Assistant Secretary	\$7 million
- Directorate Officer of the Policy Bureau (as designated by Permanent Secretary)	\$3 million

Note 3 : For Subheads 1004CA and 1100CA, the Director of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by Finance Committee not being exceeded. As approved by Permanent Secretary for Financial Services and the Treasury (Treasury) and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by Permanent Secretary for Financial Services and the Treasury (Treasury), the Director of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D2 (or D3) officers and for items below \$20 million each to D1 officers. For details, please refer to Lands Departments Accounting Circular (LDAC) No. 5/2001 or future updated LDAC on the delegation of authorities.

Note 4 : For Subhead 3004GX, D Arch S is required to prepare a programme of works on an annual basis for DS(Tsy)3's approval. He as Controlling Officer is authorised to approve expenditure for individual items not exceeding \$15 million provided that the annual allocation for the subhead approved by Finance Committee is not exceeded.

Note 5 : For Subhead 3101GX, the approving limits are as follows –

	Approving limit per item
- DS(Tsy)3, on the advice of the Accommodation Strategy Group	\$15 million
- D Arch S, on the advice of the Minor Building Works Committee	\$10 million (for non-fitting out works)
- AD(Property Services), Arch SD	\$1 million (for non-fitting out works)
- Senior Maintenance Surveyors, Arch SD	\$0.1 million (for non-fitting out works)
- Government Property Administrator	\$10 million (for fitting out works)

Note 6 : For Subhead 5001BX, the Director of Civil Engineering is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by Finance Committee not being exceeded; and the Deputy Director of Civil Engineering, up to \$10 million per item.

Note 7 : For Subhead 8100EX, SG, UGC is authorised to approve any items up to \$5 million each; and up to \$15 million each where the item has been approved by the UGC.

Note 8 : For Subhead 8001SX, DSW is authorised to approve any items up to \$15 million each; and DDSW, up to \$6 million each.

Note 9 : For Subhead A007GX, Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) is authorised to approve any items up to \$10 million each; and DITS, up to \$5 million each.

Note 10 : For the ambits of individual block allocations, please refer to the Memorandum Note of the CWRP Estimates contained in annual Estimates, Volume II - Funds Accounts.

2525 3331
2121 0420
email addresses: asit@legco.gov.hk

By Fax: 2523 5722

21 January 2004

Secretary for Financial Services and the Treasury
(Attn: Miss Amy TSE, DS(T)3/FSTB)
Financial Services and the Treasury Bureau

Dear Miss TSE,

**Public Works Programme
and monitoring of funding for public works projects**

Thank you for your letter of 16 January 2004 providing us with comprehensive information on the captioned subject.

Regarding the planning procedures of public works projects, I should be grateful if you would also provide us with information (preferably in both Chinese and English) on Government's annual financial cycle, and in particular the timing for submission and consideration of bids within the Administration with regard to the upgrading of capital works projects to Category A.

I should be grateful if you would let us have the above information by **30 January 2004**. Should you have any difficulty in meeting our request, please do not hesitate to contact me at 2509 4602.

With best regards,

Yours sincerely,

(Ms Anita SIT)
for Secretary General

28-JAN-2004 10:02 FROM TREASURY BRANCH

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財經事務及庫務局
(庫務科)

香港下亞厘畢道
中區政府合署



FINANCIAL SERVICES AND THE
TREASURY BUREAU
(The Treasury Branch)
Central Government Offices
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本函檔號 Our Ref. : FIN P6/9 Pt.12

28 January 2004

Secretary General
Legislative Council Secretariat
3rd floor, Citibank Tower
3 Garden Road
Hong Kong
(Attn: Ms Anita Sit)

By fax (2121 0420) & by post

Dear Ms Sit

**Public Works Programme
and monitoring of funding for public works projects**

Thank you for your letter of 21 January 2004.

With regard to the Government's financial cycle on planning procedures of public works projects, I would first of all like to point out that there is no restriction on the timing for upgrading of projects to Category C (which can be considered as and when works departments have completed an acceptable Technical Feasibility Statement using in-house resources), or for the creation of Category D items to initiate site investigation/design work on Category B projects so long as the ceiling on block allocations approved by Finance Committee (FC) has not been exceeded.

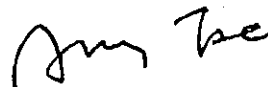
In respect of the upgrading of projects from Category C to Category B, normally submissions would be invited and considered during the Resource Allocation Exercise (RAE) in the summer. On the basis of the results of RAE, works departments would forecast the projects to be upgraded to Category A in the forthcoming LegCo session. The forecast would then be submitted to Public Works Subcommittee (PWSC) for consideration.

To allow flexibilities and to cater for unforeseen urgent projects, in-year RAE bids for upgrading projects to Category B would also be considered. This would enable needed projects to proceed as soon as possible without waiting for the next RAE.

Under the Capital Works Programme, once a project has been upgraded to Category B with internal resources earmarked, works departments can proceed to carrying out site investigations, detailed planning, detailed design and the preparation of tender documents. Works departments can make a submission to PWSC/FC anytime in the year for the upgrading of projects from Category B to Category A taking into account the progress on the design and other preparatory works. There is no further requirement for internal submission and consideration of bids for upgrading to Category A.

I hope the above would clarify your query.

Yours sincerely,



(Miss Amy Tse)
for Secretary for Financial Services
and the Treasury

cc Administrative Assistant to
Secretary for Financial Services and the Treasury

2537 1736