

Note: Enclosure 1 to this circular and some information in Enclosure 3 have been updated via TsyB's memos ref. TsyB W 00/640-1/1/0 dated 17 July 2012, 18 January 2013 and 20 May 2013 (English only), which is appended at the end for reference.

TsyB W 00/640-1/1/0 Pt. 1

**GOVERNMENT SECRETARIAT
HONG KONG
24 August 2011**

FINANCIAL CIRCULAR NO. 3/2011

Capital Works Reserve Fund Delegated authorities in respect of block allocations

(Note : Distribution of this Circular is **Scale C**. Directors of Bureaux, Permanent 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 updates –

- (a) the levels of sub-delegations of individual block allocations under the Capital Works Reserve Fund (CWRF); and
- (b) the guidelines to assist Permanent Secretaries and Controlling Officers to exercise their delegated authorities.

Financial Circulars No. 8/2001 and No. 2/2007 are hereby cancelled with immediate effect.

/DELEGATED.....

To : Directors of Bureaux
Permanent Secretaries
Controlling Officers

DELEGATED AUTHORITIES FOR ADMINISTERING BLOCK ALLOCATIONS UNDER THE CAPITAL WORKS RESERVE FUND

2. There are 24 CWRP block allocations. On 2 November 2007, the Legislative Council (LegCo) Finance Committee approved an increase in the financial ceiling on the delegation of authority for approving Category D items from \$15 million to \$21 million (*\$30 million with effect from 13 July 2012*). In line with past practice, the Secretary for Financial Services and the Treasury (SFST) approved the upward adjustments to the levels of sub-delegations under individual block allocations¹. A summary setting out the scope for each block allocation, the Permanent Secretary and Controlling Officer in charge and the level of delegated

Encl. 1 authorities is at **Enclosure 1**.

3. For **Subheads 3004GX** and **3101GX** under **Head 703 – Buildings**, updated 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

Encl. 2 **Enclosure 2**.

4. 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 the works agent obtains special dispensation from the Permanent Secretary overseeing the relevant block allocation to extend the validity period for up to six more months. Permanent Secretaries should consult SFST on any further requests for extending the validity period beyond 12 months from the approval date.

GUIDELINES ON THE EXERCISE OF DELEGATED AUTHORITIES

5. The CWRP was established in April 1982 by Resolution of the LegCo 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/SFST who may delegate his power of administration to other public officers.

6. When exercising delegated authorities, Permanent Secretaries and Controlling Officers are reminded of the need to ensure that all expenditure under CWRP block allocations must be a proper charge to both the CWRP and the respective subhead.

/7.

¹ No change has been made to the level of sub-delegation under **Subheads 1004CA, 1100CA** and **5001BX** as the respective Controlling Officers are authorised to approve expenditure for individual items without limit, provided that the annual allocations for the subhead approved by the Finance Committee is not exceeded.

7. If a Permanent Secretary or Controlling Officer allows expenditure to be incorrectly charged to any block allocation under the CWRF, the Treasury Branch of the Financial Services and the Treasury Bureau (TsyB) will consider recommending SFST to withdraw the authorities delegated under this circular. Where actual misuse of public funds occurs, TsyB may also consider instituting suitable sanctions, including imposing surcharges on the public officer under the Public Finance Ordinance (Cap. 2).

Encls. 3 & 4 8. **Enclosures 3 and 4** set out updated guidelines on the approval procedures to be followed and the conditions that apply to the delegations.

OVER-COMMITMENT

9. The level of over-commitment for all block allocation subheads (excluding those under **Head 701 – Land Acquisition**) is 200% of the allocation approved by the Finance Committee for the subhead for that financial year. For block allocation subheads under **Head 701**, there is no limit to the over-commitment level.

ENQUIRIES

10. For enquiries on this Circular, please contact PAS(Tsy)(W) at 2810 2232 or AS(W)1 at 2810 2495.

Signed
Professor K C Chan
Secretary for Financial Services and the Treasury

Enclosure 1

Delegated authorities for administering the Capital Works Reserve Fund block allocations

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
701	1004CA – Compensation for surrenders and resumptions: miscellaneous	-	Director of Lands (D of Lands)			(Note 3)
	1100CA – Compensation and ex-gratia allowances in respect of projects in the Public Works Programme	-	D of Lands			- ditto -
702	2001AX – Consultants' fees for feasibility investigations and design and major in-house investigations for Port and Airport Development Strategy (PADS)-related civil engineering projects	Permanent Secretary for Transport and Housing (Transport) (PS(T))	Director of Civil Engineering and Development (DCED)	✓		
	2002AX – Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related transport projects	PS(T)	Director of Highways (DHy)	✓		
	2003AX – Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related territorial development projects	Permanent Secretary for Development (Planning and Lands) (PS(PL))	DCED	✓		

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
703	3004GX – <i>Refurbishment of government buildings for items in Category D of the Public Works Programme</i>	Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy))	Director of Architectural Services (D Arch S)			(Note 4)
	3100GX – <i>Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme</i>	PS(Tsy)	D Arch S	✓		
	3101GX – <i>Minor building works for items in Category D of the Public Works Programme</i>	PS(Tsy)	D Arch S			(Note 5)
704	4100DX – <i>Drainage works, studies and investigations for items in Category D of the Public Works Programme</i>	Permanent Secretary for the Environment (PS(Env))	Director of Drainage Services (DDS)	✓		
705	5001BX – <i>Landslip preventive measures</i>	-	DCED			(Note 6)
	5101CX – <i>Civil engineering works, studies and investigations for items in Category D of the Public Works Programme</i>	Permanent Secretary for Development (Works) (PS(W))	DCED	✓		
	5101DX – <i>Environmental works, studies and investigations for items in Category D of the Public Works Programme</i>	PS(Env)	Director of Environmental Protection (DEP)			(Note 7)
706	6100TX – <i>Highway works, studies and investigations for items in Category D of the Public Works Programme</i>	PS(T)	DHy			(Note 8)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
707	7014CX – Rural Public Works Programme	Permanent Secretary for Home Affairs (PSHA)	Director of Home Affairs (DHA)	✓		
	7016CX – District Minor Works Programme	PSHA	DHA			(Note 9)
	7100CX – New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme	PS(PL)	DCED	✓		
708	8100BX – Slope-related capital works for subvented organisations other than education and medical subventions	PS(W)	D Arch S	✓		
	8100EX – Alterations, additions, repairs and improvements to the campuses of the University Grants Committee (UGC)-funded institutions	-	Secretary-General, University Grants Committee (SG, UGC)			(Note 10)
	8100MX – Hospital Authority - improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects	-	Permanent Secretary for Food and Health (Health) (PS(Health))		✓	
	8100QX – Alterations, additions, repairs and improvements to education subvented buildings	-	Permanent Secretary for Education (PS(Ed))		✓	
	8001SX – Provisioning of welfare facilities	-	Director of Social Welfare (DSW)			(Note 11)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
709	9100WX – <i>Waterworks, studies and investigations for items in Category D of the Public Works Programme</i>	PS(W)	Director of Water Supplies	✓		
710	A007GX – <i>New administrative computer systems</i>	-	Government Chief Information Officer (GCIO)			(Note 12)
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 Transport and Housing (Housing)			(Note 7)

Note 1 : For the ten 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	
(a) Permanent Secretary	\$21 million
(b) Deputy Secretary	\$16 million
(c) Controlling Officer	\$14 million
(d) Deputy to Controlling Officer (or officer at D3 level)	\$9 million
(e) Directorate officer of the vote controlling department (as designated by the Controlling Officer)	\$4 million

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

Approving limit per item	
(a) Permanent Secretary	\$21 million
(b) Deputy Secretary	\$16 million
(c) Principal Assistant Secretary	\$9 million
(d) Directorate officer of the Policy Bureau (as designated by the Permanent Secretary)	\$4 million

Note 3 : For **Subheads 1004CA** and **1100CA**, the D of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by the Finance Committee is not exceeded. As approved by PS(Tsy) and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by PS(Tsy), the D of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D3 or D2 officers and for items at or below \$20 million each to D1 officers. For details, please refer to Lands Department's Accounting Circular (LDAC) No. 5/2001 or future updated LDACs on the delegation of authorities. When approving items, the D of Lands and officers with delegated authority should comply with relevant statutory and administrative requirements. There are, for example, various formulae and rates which must be adopted in assessing the levels of payment in respect of resumption and clearance of land. These are set out in other Circulars, or arise from decisions made by the Chief Executive in Council, the Legislative Council and the Finance Committee.

Note 4 : For **Subhead 3004GX**, the D Arch S is required to prepare a programme of works on an annual basis for the Accommodation Strategy Group's approval. D Arch S as the Controlling Officer is authorised to approve expenditure for individual items not exceeding \$21 million provided that the annual allocation for the subhead approved by the Finance Committee is not exceeded.

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

	Approving limit per item	
(a) DS(Tsy)3, TsyB, on the advice of the Accommodation Strategy Group	\$21 million	
(b) D Arch S, on the advice of the Minor Building Works Committee	\$14 million	(for non-fitting out works and fitting out works other than those in item (e))
(c) AD(Property Services), Arch SD	\$1.4 million	(for non-fitting out works and fitting out works other than those in item (e))
(d) Senior Maintenance Surveyors, Arch SD	\$0.1 million	(for non-fitting out works and fitting out works other than those in item (e))
(e) Government Property Administrator	\$14 million	(for fitting out works in newly allocated government accommodation)

Note 6 : For **Subhead 5001BX**, the DCED is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by the Finance Committee is not exceeded; and the Head of the Geotechnical Engineering Office, up to \$14 million per item.

Note 7 : For **Subheads 5101DX** and **B100HX**, the approving limits are as follows –

	Approving limit per item
(a) Permanent Secretary	\$21 million
(b) Deputy Director of Environmental Protection (EP)/Housing (H) (or officer at D3 level or above as designated by the Controlling Officer)	\$14 million
(c) Assistant Director of EP/H (or officer at D2 level as designated by the Controlling Officer)	\$9 million
(d) Directorate officer of Environmental Protection Department/Housing Department (as designated by the Controlling Officer)	\$4 million

Note 8: For **Subhead 6100TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$21 million
(b) Deputy Secretary of Transport Branch, Transport and Housing Bureau	\$16 million
(c) DHy	\$14 million
(d) Deputy Director of Highways (Hy) (or officer at D3 level)	\$9 million
(e) Directorate officer of HyD (as designated by the DHy)	\$4 million
(f) Directorate officer of Traffic Engineering Division, Transport Department (as designated by the DHy)	\$1.4 million

Note 9: For **Subhead 7016CX**, the approving limits are as follows –

	Approving limit per item
(a) PSHA	\$21 million
(b) DHA/Director of Leisure and Cultural Services	\$14 million
(c) Deputy Director of Home Affairs / Leisure and Cultural Services	\$9 million
(d) Directorate officer of Home Affairs Department and Leisure and Cultural Services Department (as designated by the Controlling Officer)	\$4 million

Note 10 : For **Subhead 8100EX**, the SG, UGC is authorised to approve any items up to \$7 million each; and up to \$21 million each where the item has been endorsed by the UGC. SG,UGC should consult the Secretary for Education (SED) in drawing up the annual estimate for this subhead and seek SED's endorsement, where necessary, in authorising expenditure on individual projects.

Note 11 : For **Subhead 8001SX**, the DSW is authorised to approve any items up to \$21 million each; and Deputy DSW, up to \$8 million each. DSW should consult the Secretary for Labour and Welfare (SLW) in drawing up the annual estimate for this subhead and seek SLW's endorsement, where necessary, in authorising expenditure on individual projects.

Note 12 : For **Subhead A007GX**, the approving limits are as follows –

	Approving limit per item
(a) GCIO/Deputy GCIO	\$10 million
(b) Assistant GCIO/Chief Systems Manager	\$1 million

Expenditure from this non-works subhead should follow procedures stipulated in Office of the Government Chief Information Officer (OGCIO) Circular No. 3/2007 of the Commerce, Industry and Technology Bureau or future updated OGCIO Circulars on the procedures.

Note 13 : For the ambits of individual block allocations, please refer to the Memorandum Note on the Capital Works Reserve Fund in the annual Estimates.

**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**. D Arch S will prepare a programme of works to be funded under **Subhead 3004GX** each year for approval by the Accommodation Strategy Group (ASG). At the time of the annual Estimates, D Arch S will also call for bids from departments for items to be funded under **Subhead 3101GX**. Based on the programme and departmental returns, D Arch S will propose the estimates for **Subheads 3004GX and 3101GX**.

2. The Minor Building Works (MBW) Committee examines and recommends to D Arch S for approval minor building works (other than fitting out works in newly allocated government accommodation) costing \$14 million (*\$20 million with effect from 17 July 2012*) or less but more than \$1.4 million (*\$2 million with effect from 17 July 2012*) proposed to be funded under **Subhead 3101GX**. The Government Property Administrator (GPA) examines and approves fitting out works projects in newly allocated government accommodation costing \$14 million (*\$20 million with effect from 17 July 2012*) or less proposed under the same Subhead. The ASG examines and recommends to DS(Tsy)³ for approval, among other things, projects referred to it by the MBW Committee or GPA (i.e. minor building works costing \$21 million (*\$30 million with effect from 17 July 2012*) or less but more than \$14 million (*\$20 million with effect from 17 July 2012*)), 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

- (a) To consider proposed minor building works (other than fitting out works in newly allocated government accommodation) exceeding \$1.4 million (*\$2 million with effect from 17 July 2012*) each to be funded under **Head 703 Subhead 3101GX** block vote and to determine priorities for implementing these works;
- (b) to recommend for D Arch S's approval expenditure for works in (a) above \leq \$14 million (*\$20 million with effect from 17 July 2012*) each;
- (c) to recommend for ASG's endorsement and DS(Tsy)3's approval works in (a) above $>$ \$14 million (*\$20 million with effect from 17 July 2012*) but \leq \$21 million (*\$30 million with effect from 17 July 2012*) each; and
- (d) to monitor regularly patterns of expenditure under **Head 703 Subhead 3101GX**.

ASG

- (a) To decide administratively the phased expenditure and distribution of funds under **Head 703 Subhead 3101GX** between various categories of work, namely –
 - (i) minor building works \leq \$1.4 million (*\$2 million with effect from 17 July 2012*) each;
 - (ii) minor building works $>$ \$1.4 million (*\$2 million with effect from 17 July 2012*) but \leq \$14 million (*\$20 million with effect from 17 July 2012*) each;
 - (iii) minor building works $>$ \$14 million (*\$20 million with effect from 17 July 2012*) but \leq \$21 million (*\$30 million with effect from 17 July 2012*) each; and
 - (iv) fitting out works for newly allocated government accommodation;
- (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 $>$ \$14 million (*\$20 million with effect from 17 July 2012*) but \leq \$21 million (*\$30 million with effect from 17 July 2012*) each, taking into account recommendations of the MBW Committee or GPA, as appropriate;

MBW Committee

ASG

- (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 **Head 703 Subhead 3004GX**.

Composition

MBW Committee

ASG

Chairman : D Arch S
Members : AD(Property Services),
Architectural Services
Department(Arch SD)
Chief Engineer (General
Engineering
Services), Electrical
and Mechanical
Services Department
GPA or his representative

Secretary : Chief Property Services
Manager (2), Arch SD

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

Secretary : Chief Executive Officer
(Projects), Arch SD

Guidelines on the exercise of delegated authorities

Permanent Secretary and Controlling Officer

In considering a proposal to create a new project under the Capital Works Reserve Fund (CWRF) block allocations, Permanent Secretaries, Controlling Officers and designated officers should –

- (a) ensure that the proposal is a **proper charge** to the relevant CWRF block allocation (in line with paragraphs 2 to 6 below);
- (b) exercise their delegated authorities in a **transparent and accountable** manner (in line with paragraphs 7 to 22 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 23 below), they should refer the cases to the Treasury Branch of the Financial Services and the Treasury Bureau (TsyB) in a timely manner.

Proper charge to CWRF Block Allocations

2. Permanent 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).

1 For example, 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 CWRF.

- (b) **Investments or Loans** – Equity injections or loans that fund capital works projects indirectly² should not be charged against the CWRP block allocations.
- (c) **Capital Non-works** – Capital non-works³ 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 CWRP, 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 Legislative Council (LegCo) 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, Permanent Secretaries and Controlling Officers should seek the advice of the Secretary for Financial Services and the Treasury (SFST).

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. The LegCo Public Accounts Committee (PAC) has previously expressed concern that charging the cost of works of the same project to the block allocations, rather than the project vote, will leave room for manipulation and under-reporting of the total project cost. While there could be circumstances where certain works fall within the ambit of both a project vote and the relevant block allocation, Permanent Secretaries and Controlling Officers should take into account PAC's concern when considering the appropriate funding source of a project.

2 For example, the equity and loan to the Hongkong International Theme Parks Limited (HKITP) (which is a joint venture company owned by the Government and The Walt Disney Company) to allow HKITP to proceed with the development and operation of Hong Kong Disneyland is charged to **Head 973 – Tourism** under the Capital Investment Fund, rather than CWRP.

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

5. Also, block allocations must not be used to hide cost overruns on other projects or to cover omissions in the original scopes of such projects. We should not seek to cover the additional expenditure beyond the approved project estimate of a project or part of a project that is already funded under the CWRP (or from other non-CWRP sources of funds) through a new item under block allocations. Any such increase in approved project estimate should be approved under delegated authorities or by the Finance Committee, as the case may be. Funding from block allocations can only be used for increasing approved project estimates if the project concerned is originally funded from the same block allocation and we are simply increasing the approved project estimate of that project within the financial ceiling for individual projects under that block allocation.

6. 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.

7. We have committed to fully consulting 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 SFST.

Approval process

Factors to be considered

8. Permanent Secretaries and Controlling Officers should not approve expenditure proposals until they have satisfied themselves that all **preparatory administrative and legal procedures** necessary for the implementation of these proposals have been completed. For example, where prior gazettal for a certain project is required, Permanent Secretaries and Controlling Officers should not approve the funding request until the gazettal procedures have 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.

9. Permanent Secretaries and Controlling Officers should have satisfied themselves that **environmental problems** have been resolved before works are committed. The procedures as set out in Environment, Transport and Works Bureau (ETWB) Technical Circular (Works) No. 13/2003 “Guidelines and Procedures for Environmental Impact Assessment of Government Projects and Proposals”, ETWB Technical Circular (Works) No. 13/2003A “Guidelines and Procedures for EIA of Government Projects and Proposals Planning for Provision of Noise Barriers” and any further streamlined measures issued by the Environment Bureau (ENB) and the Development Bureau (DEVB) should be followed. 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.

10. Permanent Secretaries and Controlling Officers should also have satisfied themselves that **tree preservation requirements** have been adequately addressed before works are committed. The procedures and requirements as set out in ETWB Technical Circular (Works) No. 3/2006 “Tree Preservation”, ETWB Technical Circular (Works) No. 29/2004 “Registration of Old and Valuable Trees, and Guidelines for their Preservation” and any other guidelines promulgated by DEVB from time to time in respect of tree preservation should be followed.

11. For minor building works projects, Permanent Secretaries and Controlling Officers should follow the guidelines under DEVB/ENB joint circular (DEVB Technical Circular No. 5/2009, ENB Circular Memorandum No. 2/2009) on “Green Government Buildings” to control the costs of green and energy saving measures and any further updated guidelines issued by DEVB and ENB. For example, the total additional costs for implementing green measures in a new government building project should be capped at two percent of the total project cost, the maximum payback period of energy saving projects in existing government buildings would normally be capped at 12 years, etc. Non-compliances should be fully justified, and DEVB and ENB should be consulted.

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

13. Projects funded under the CWRF block allocations may give rise to **recurrent consequences** (RC). Under the envelope approach of resource allocation, the Directors of Bureaux and Controlling Officers concerned are required to absorb, from within their envelope allocations, the RC arising from projects funded under block allocations.

14. Permanent Secretaries and Controlling Officers should not authorise expenditure from any of the CWRF block allocations in respect of items which involve the **capitalisation of RC**. This includes, but is not limited to, capitalisation of staff costs and benefits, routine maintenance, and operating and management costs.

15. Permanent Secretaries and Controlling Officers should ensure that expenditure under a Category D item is within the **approved project scope** for the item, as well as the **ambit** of the relevant block allocation. TsyB should be consulted in case of doubt. For example, cost of **acquisition or fitting out** of office accommodation or for the purchase of **office furniture and equipment** should only be expended under **Head 703 Subhead 3101GX**. 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

For items costing less than \$7 million (\$10 million with effect from 17 July 2012)

16. We do not require a formal Category D paper to be drafted **for items costing less than \$7 million (\$10 million with effect from 17 July 2012) each**. The request to the Controlling Officer (or his directorate representatives) can take the form of a memo or minute that follows (albeit in reduced form) the general drafting style of a Public Works Subcommittee (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 (also see paragraphs 4 and 5 above).

17. Controlling Officers are not required to supply a copy of the approval memo or minute to TsyB, and the relevant records may remain on the Controlling Officer's files, unless called for. Controlling Officers are, however, required to submit a **quarterly return** to 'W' Division of TsyB listing the approved items and the costs involved.

18. TsyB 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.

For items costing \$7 million (\$10 million with effect from 17 July 2012) or more

19. Formal Category D paper should be prepared **for items each costing \$7 million (\$10 million with effect from 17 July 2012) or more**, following the style and content of a PWSC paper. Normally, the main works department, in consultation with the client bureau or department, is responsible for preparing an initial skeleton of the paper setting out the funding request. The works department should then clear the Environmental Implications paragraph (if one is needed) with the Environmental Protection Department and ask others, such as the Lands Department, to provide the relevant information needed under other sections of the paper. 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.

20. Permanent 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 TsyB for record purposes.

21. To establish a clear audit trail for the funding approval process, we will require the **personal signatures** of appropriate officers to be appended to the formal Category D papers for items costing \$7 million (\$10 million with effect from 17 July 2012) or more, preferably following the format in **Enclosure 4**. These will include –

Encl. 4

- (a) the project officer of the works department clearing the paper, who should confirm that all the 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 (e.g. a subvented organisation) at directorate level certifying that the proposals in the paper accord with its requirements; and
- (d) the approving officer.

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

Cases beyond delegated authority

23. Permanent Secretaries should consult SFST, where –

- (a) works under a block allocation item has failed to start within 12 months of the date of funding approval⁴;
- (b) the approved over-commitment level for the block allocation is likely to be exceeded; or
- (c) the latest forecast of expenditure indicates that total expenditure will exceed \$21 million (\$30 million with effect from 13 July 2012) for individual items or exceed the allocations approved by the Finance Committee. This will require a PWSC paper.

24. For **Subheads 1004CA** and **1100CA**, only paragraphs 1 to 3, 8 to 10 and 21 are applicable.

4 Paragraph 4 of this Financial Circular refers.

Approval Record of Category D items

(Project head, e.g. HEAD 709 – WATERWORKS)

(Project code and title of the Category D item,

e.g. New item – Replacement of the distributed control system at Tuen Mun water treatment works)

Part I – To be completed by project officer of the works department

I attach a paper to seek approval for inclusion of an item in block allocation
Subhead _____. I confirm that all the necessary legislative and administrative procedures for the proposals set out in the paper have been completed.

Signature

Name		Name of	
Rank/Post		department	
Date		File ref.	

Part II – To be completed by vote controlling department/bureau at senior professional level or above

I certify that the proposals set out in the paper are a proper charge to
Subhead _____ and that sufficient funds are available to meet the proposed expenditure. I attach a financial statement in respect of the Subhead.

Signature

Name		Name of	
Rank/Post		bureau /	
Date		department	
		File ref.	

Part III – To be completed by the representative of the client bureau / department or at directorate level

I certify that the proposals set out in the paper accord with the requirements of my bureau/department.

Signature

Name		Name of	
Rank/Post		bureau /	
Date		department	
		File ref.	

Part IV – To be completed by the approving officer

Under the authority delegated to me by the Secretary for Financial Services and the Treasury, I approve the expenditure proposals set out in the paper attached. In so doing, I certify that the expenditure is a proper charge to the Capital Works Reserve Fund, **Head** _____, **Subhead** _____. My maximum ceiling of delegated authority per item is \$ _____ million. My approval is conditional upon the works set out in this paper starting within six months after the date given below, failing which my approval will lapse.

Signature

Name	_____	Name of	_____
Rank/Post	_____	bureau /	_____
		department	_____
Date	_____	File ref.	_____

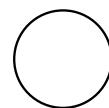
Part V – To be completed by the Permanent Secretary (or his directorate representative) overseeing the programme area of the project
(if applicable: see note below)

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	_____	Name of	_____
Rank/Post	_____	bureau	_____
Date	_____	File ref.	_____

*Note: We indicate in **Enclosure 1** whom we believe to be the main Permanent Secretary for each block allocation subhead. There may, however, be projects under these subheads that fall under the programme area of another Permanent Secretary. In the circumstances, the main Permanent Secretaries for the relevant block allocations should positively consider applications from other Permanent Secretaries in respect of projects under the latter's programme area. To this end, the Permanent Secretary or his directorate representative overseeing the programme areas of the project should give the Bureau's endorsement by completing Part V of the approval record. In case of disagreement, Permanent Secretaries concerned may refer the cases to SFST for decision.*



MEMO

From Secretary for Financial Services and the Treasury	To See Distribution
Ref. () in TsyB W 00/640-1/1/0	(Attn. : _____)
Tel. No. 2810 2495	
Fax No. 2147 5240 Total Pages: 2+8	Your Ref _____ in _____
Date 17 July 2012	Dated _____ Fax No. _____

**Administration of Capital Expenditure Items
under the Capital Works Reserve Fund**

On 13 July 2012, the Legislative Council (LegCo) Finance Committee approved an increase in the financial ceiling on the delegation of authority for approving Category D items from \$21 million to \$30 million each. In line with past practice, the Secretary for Financial Services and the Treasury approved an upward adjustment to the levels of sub-delegations under individual block allocations. A summary setting out the scope for each block allocation, the Permanent Secretary and Controlling Officer in charge and the level of delegated authorities is at **Annex**. The Annex replaces Enclosure 1 to Financial Circular (FC) No. 3/2011 with immediate effect.

2. Pursuant to the increase in financial ceiling, with immediate effect, formal Category D paper should be prepared for items each costing \$10 million or more, instead of \$7 million or more as stipulated in Enclosure 3 to FC No. 3/2011.

3. Should you have any questions, please call the undersigned or Yvonne Yau (TsyO(W)) at 2810 2925.

Signed
(Ivy Chan)
for Secretary for Financial Services and the Treasury

Distribution

CWRF Block Allocations

Controlling Officers and Permanent Secretaries

PS(CT)
PS(Ed)
PS(Env)
PS(H)
PS(Health)
PS(PL)
PS(T)
PS(W)
PSHA
PSLW
D Arch S
D of Lands
DCED
DDS
DEP
DHA
DHy
DSW
DWS
GCIO
SG, UGC

cc - *for information*

PSCS
PS(CIT)
PSCMA
PS(F)
PS(FS)
PS for S
Director of Administration
Judiciary Administrator
Commissioner, ICAC
The Ombudsman

Internal

P(A)
P(B)
P(C)
P(E)
P(H)
PEO(G)

Annex to memo ref. TsyB W 00/640-1/1/0 dated 17 July 2012

**Delegated authorities for administering
the Capital Works Reserve Fund block allocations
(with effect from 16 July 2012)**

Head	Block Allocation	Permanent 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>	-	Director of Lands (D of Lands)			(Note 3)
	1100CA – <i>Compensation and ex-gratia allowances in respect of projects in the Public Works Programme</i>	-	D of Lands			- ditto -
702	2001AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for Port and Airport Development Strategy (PADS)-related civil engineering projects</i>	Permanent Secretary for Transport and Housing (Transport) (PS(T))	Director of Civil Engineering and Development (DCED)	✓		
	2002AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related transport projects</i>	PS(T)	Director of Highways (DHy)	✓		
	2003AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related territorial development projects</i>	Permanent Secretary for Development (Planning and Lands) (PS(PL))	DCED	✓		

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
703	3004GX – Refurbishment of government buildings for items in Category D of the Public Works Programme	Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy))	Director of Architectural Services (D Arch S)			(Note 4)
	3100GX – Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S	✓		
	3101GX – Minor building works for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S			(Note 5)
704	4100DX – Drainage works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment (PS(Env))	Director of Drainage Services (DDS)	✓		
705	5001BX – Landslip preventive measures	-	DCED			(Note 6)
	5101CX – Civil engineering works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for Development (Works) (PS(W))	DCED	✓		
	5101DX – Environmental works, studies and investigations for items in Category D of the Public Works Programme	PS(Env)	Director of Environmental Protection (DEP)			(Note 7)
706	6100TX – Highway works, studies and investigations for items in Category D of the Public Works Programme	PS(T)	DHy			(Note 8)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
707	7014CX – Rural Public Works Programme	Permanent Secretary for Home Affairs (PSHA)	Director of Home Affairs (DHA)	✓		
	7016CX – District Minor Works Programme	PSHA	DHA			(Note 9)
	7100CX – New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme	PS(PL)/PS(W)	DCED			(Note 10)
708	8100BX – Slope-related capital works for subvented organisations other than education and medical subventions	PS(W)	D Arch S	✓		
	8100EX – Alterations, additions, repairs and improvements to the campuses of the University Grants Committee (UGC)-funded institutions	-	Secretary-General, University Grants Committee (SG, UGC)			(Note 11)
	8100MX – Hospital Authority - improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects	-	Permanent Secretary for Food and Health (Health) (PS(Health))		✓	
	8100QX – Alterations, additions, repairs and improvements to education subvented buildings	-	Permanent Secretary for Education (PS(Ed))		✓	
	8001SX – Provisioning of welfare facilities	-	Director of Social Welfare (DSW)			(Note 12)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
709	9100WX – <i>Waterworks, studies and investigations for items in Category D of the Public Works Programme</i>	PS(W)	Director of Water Supplies	✓		
710	A007GX – <i>New administrative computer systems</i>	-	Government Chief Information Officer (GCIO)			(Note 13)
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 Transport and Housing (Housing)			(Note 7)

Note 1 : For the nine 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

- | | |
|--|--------------|
| (a) Permanent Secretary | \$30 million |
| (b) Deputy Secretary | \$22 million |
| (c) Controlling Officer | \$20 million |
| (d) Deputy to Controlling Officer (or officer at D3 level) | \$12 million |
| (e) Directorate officer of the vote controlling department
(as designated by the Controlling Officer) | \$5 million |

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

	Approving limit per item
(a) Permanent Secretary	\$30 million
(b) Deputy Secretary	\$22 million
(c) Principal Assistant Secretary	\$12 million
(d) Directorate officer of the Policy Bureau (as designated by the Permanent Secretary)	\$5 million

Note 3 : For **Subheads 1004CA** and **1100CA**, the D of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by the Finance Committee is not exceeded. As approved by PS(Tsy) and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by PS(Tsy), the D of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D3 or D2 officers and for items at or below \$20 million each to D1 officers. For details, please refer to Lands Department's Accounting Circular (LDAC) No. 5/2001 or future updated LDACs on the delegation of authorities. When approving items, the D of Lands and officers with delegated authority should comply with relevant statutory and administrative requirements. There are, for example, various formulae and rates which must be adopted in assessing the levels of payment in respect of resumption and clearance of land. These are set out in other Circulars, or arise from decisions made by the Chief Executive in Council, the Legislative Council and the Finance Committee.

Note 4 : For **Subhead 3004GX**, the D Arch S is required to prepare a programme of works on an annual basis for the Accommodation Strategy Group's approval. D Arch S as the Controlling Officer is authorised to approve expenditure for individual items not exceeding \$30 million provided that the annual allocation for the subhead approved by the Finance Committee is not exceeded.

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

		Approving limit per item
(a)	DS(Tsy)3, TsyB, on the advice of the Accommodation Strategy Group	\$30 million
(b)	D Arch S, on the advice of the Minor Building Works Committee	\$20 million (for non-fitting out works and fitting out works other than those in item (e))
(c)	AD(Property Services), Architectural Services Department (Arch SD)	\$2 million (for non-fitting out works and fitting out works other than those in item (e))
(d)	Senior Maintenance Surveyors, Arch SD	\$0.1 million (for non-fitting out works and fitting out works other than those in item (e))
(e)	Government Property Administrator	\$20 million (for fitting out works in newly allocated government accommodation)

Note 6 : For **Subhead 5001BX**, the DCED is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by the Finance Committee is not exceeded; and the Head of the Geotechnical Engineering Office, up to \$20 million per item.

Note 7 : For **Subheads 5101DX** and **B100HX**, the approving limits are as follows –

	Approving limit per item
(a) Permanent Secretary	\$30 million
(b) Deputy Director of Environmental Protection/Housing (or officer at D3 level or above as designated by the Controlling Officer)	\$20 million
(c) Assistant Director of Environmental Protection/Housing (or officer at D2 level as designated by the Controlling Officer)	\$12 million
(d) Directorate officer of Environmental Protection Department/Housing Department (as designated by the Controlling Officer)	\$5 million

Note 8: For **Subhead 6100TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$30 million
(b) Deputy Secretary of Transport Branch, Transport and Housing Bureau (THB)	\$22 million
(c) DHy	\$20 million
(d) Deputy Director of Highways (or officer at D3 level)	\$12 million
(e) Directorate officer of HyD (as designated by the DHy)	\$5 million
(f) Directorate officer of Traffic Engineering Division, Transport Department (as designated by the DHy)	\$2 million

Note 9: For **Subhead 7016CX**, the approving limits are as follows –

	Approving limit per item
(a) PSHA	\$30 million
(b) DHA/Director of Leisure and Cultural Services	\$20 million
(c) Deputy Director of Home Affairs / Leisure and Cultural Services	\$12 million
(d) Directorate officer of Home Affairs Department and Leisure and Cultural Services Department (as designated by the Controlling Officer)	\$5 million

Note 10: For **Subhead 7100CX**, the approving limits are as follows –

	Approving limit per item
(a) PS(PL) (for non-Energizing Kowloon East (EKE)-related items)/ PS(W) (for EKE-related items)	\$30 million
(b) Deputy Secretary of Planning and Lands Branch, Development Bureau (DEVB) (for non-EKE-related items)/ Head of Energizing Kowloon East Office, Works Branch, DEVB (for EKE-related items)	\$22 million
(c) DCED	\$20 million
(d) Deputy Director (or officer at D3 level) of Civil Engineering and Development	\$12 million
(e) Directorate officer of Civil Engineering and Development Department (as designated by the Controlling Officer)	\$5 million

Note 11 : For **Subhead 8100EX**, the SG, UGC is authorised to approve any items up to \$10 million each; and up to \$30 million each where the item has been endorsed by the UGC. SG,UGC should consult the Secretary for Education (SED) in drawing up the annual estimate for this subhead and seek SED's endorsement, where necessary, in authorising expenditure on individual projects.

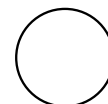
Note 12 : For **Subhead 8001SX**, the DSW is authorised to approve any items up to \$30 million each; and Deputy DSW, up to \$11 million each. DSW should consult the Secretary for Labour and Welfare (SLW) in drawing up the annual estimate for this subhead and seek SLW's endorsement, where necessary, in authorising expenditure on individual projects.

Note 13 : For **Subhead A007GX**, the approving limits are as follows –

Approving limit per item	
(a) GCIO/Deputy GCIO	\$10 million
(b) Assistant GCIO/Chief Systems Manager	\$1 million

Expenditure from this non-works subhead should follow procedures stipulated in Office of the Government Chief Information Officer (OGCIO) Circular No. 3/2007 of the Commerce, Industry and Technology Bureau or future updated OGCIO Circulars on the procedures.

Note 14 : For the ambits of individual block allocations, please refer to the Memorandum Note on the Capital Works Reserve Fund in the annual Estimates.



MEMO

From Secretary for Financial Services
and the Treasury

Ref. () in TsyB W 00/640-1/1/0

Tel. No. 2810 2913

Fax No. 2147 5240 **Total Pages:** 2+8

Date 18 January 2013

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**Administration of Capital Expenditure Items
under the Capital Works Reserve Fund (CWRP)**

On 11 January 2013, the Finance Committee (FC) approved the creation of a new block allocation **Subhead 6101TX** “Universal Accessibility Programme” under **Head 706**, subject to a financial ceiling of \$75 million for each Category D item. Pursuant to FC’s approval, the Secretary for Financial Services and the Treasury has approved the delegation of authority for the relevant public officers to approve block allocation items under **Subhead 6101TX**. A summary setting out the scope for each CWRP block allocation, including **Subhead 6101TX**, the Permanent Secretary and Controlling Officer in charge and the level of delegated authorities is at **Annex**. The Annex replaces Enclosure 1 to Financial Circular No. 3/2011 with immediate effect.

2. Should you have any questions, please call the undersigned or Ms Yvonne Yau (TsyO(W)) at 2810 2925.

Signed

(Jasmine Choi)

for Secretary for Financial Services and the Treasury

Distribution

CWRF Block Allocations

Controlling Officers and Permanent Secretaries

PS(CT)

PS(Ed)

PS(Env)

PS(H)

PS(Health)

PS(PL)

PS(T)

PS(W)

PSHA

PSLW

D Arch S

D of Lands

DCED

DDS

DEP

DHA

DHy

DSW

DWS

GCIO

SG, UGC

cc - *for information*

PSCS

PS(CIT)

PSCMA

PS(F)

PS(FS)

PS for S

Director of Administration

Judiciary Administrator

Commissioner, ICAC

The Ombudsman

Internal

P(A)

P(B)

P(C)

P(E)

P(H)

PEO(G)

Enclosure 1 to Financial Circular No. 3/2011 (Replacement on 18 January 2013)

**Delegated authorities for administering
the Capital Works Reserve Fund block allocations**
(with effect from 17 January 2013)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
701	1004CA – Compensation for surrenders and resumptions: miscellaneous	-	Director of Lands (D of Lands)			(Note 3)
	1100CA – Compensation and ex-gratia allowances in respect of projects in the Public Works Programme	-	D of Lands			- ditto -
702	2001AX – Consultants' fees for feasibility investigations and design and major in-house investigations for Port and Airport Development Strategy (PADS)-related civil engineering projects	Permanent Secretary for Transport and Housing (Transport) (PS(T))	Director of Civil Engineering and Development (DCED)	✓		
	2002AX – Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related transport projects	PS(T)	Director of Highways (DH _y)	✓		
	2003AX – Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related territorial development projects	Permanent Secretary for Development (Planning and Lands) (PS(PL))	DCED	✓		

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
703	3004GX – Refurbishment of government buildings for items in Category D of the Public Works Programme	Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy))	Director of Architectural Services (D Arch S)			(Note 4)
	3100GX – Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S	✓		
	3101GX – Minor building works for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S			(Note 5)
704	4100DX – Drainage works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment (PS(Env))	Director of Drainage Services (DDS)	✓		
705	5001BX – Landslip preventive measures	-	DCED			(Note 6)
	5101CX – Civil engineering works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for Development (Works) (PS(W))	DCED	✓		
	5101DX – Environmental works, studies and investigations for items in Category D of the Public Works Programme	PS(Env)	Director of Environmental Protection (DEP)			(Note 7)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
706	6100TX – Highway works, studies and investigations for items in Category D of the Public Works Programme	PS(T)	DHy			(Note 8)
	6101TX – Universal Accessibility Programme	PS(T)	DHy			(Note 9)
707	7014CX – Rural Public Works Programme	Permanent Secretary for Home Affairs (PSHA)	Director of Home Affairs (DHA)	✓		
	7016CX – District Minor Works Programme	PSHA	DHA			(Note 10)
	7100CX – New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme	PS(PL)/PS(W)	DCED			(Note 11)
708	8100BX – Slope-related capital works for subvented organisations other than education and medical subventions	PS(W)	D Arch S	✓		
	8100EX – Alterations, additions, repairs and improvements to the campuses of the University Grants Committee (UGC)-funded institutions	-	Secretary-General, University Grants Committee (SG, UGC)			(Note 12)
	8100MX – Hospital Authority - improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects	-	Permanent Secretary for Food and Health (Health) (PS(Health))		✓	
	8100QX – Alterations, additions, repairs and improvements to education subvented buildings	-	Permanent Secretary for Education (PS(Ed))		✓	
	8001SX – Provisioning of welfare facilities	-	Director of Social Welfare (DSW)			(Note 13)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
709	9100WX – <i>Waterworks, studies and investigations for items in Category D of the Public Works Programme</i>	PS(W)	Director of Water Supplies	✓		
710	A007GX – <i>New administrative computer systems</i>	-	Government Chief Information Officer (GCIO)			(Note 14)
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 Transport and Housing (Housing)			(Note 7)

Note 1 : For the nine 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	
(a) Permanent Secretary	\$30 million
(b) Deputy Secretary	\$22 million
(c) Controlling Officer	\$20 million
(d) Deputy to Controlling Officer (or officer at D3 level)	\$12 million
(e) Directorate officer of the vote controlling department (as designated by the Controlling Officer)	\$5 million

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

Approving limit per item	
(a) Permanent Secretary	\$30 million
(b) Deputy Secretary	\$22 million
(c) Principal Assistant Secretary	\$12 million
(d) Directorate officer of the Policy Bureau (as designated by the Permanent Secretary)	\$5 million

Note 3 : For **Subheads 1004CA** and **1100CA**, the D of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by the Finance Committee is not exceeded. As approved by PS(Tsy) and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by PS(Tsy), the D of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D3 or D2 officers and for items at or below \$20 million each to D1 officers. For details, please refer to Lands Department's Accounting Circular (LDAC) No. 5/2001 or future updated LDACs on the delegation of authorities. When approving items, the D of Lands and officers with delegated authority should comply with relevant statutory and administrative requirements. There are, for example, various formulae and rates which must be adopted in assessing the levels of payment in respect of resumption and clearance of land. These are set out in other Circulars, or arise from decisions made by the Chief Executive in Council, the Legislative Council and the Finance Committee.

Note 4 : For **Subhead 3004GX**, the D Arch S is required to prepare a programme of works on an annual basis for the Accommodation Strategy Group's approval. D Arch S as the Controlling Officer is authorised to approve expenditure for individual items not exceeding \$30 million provided that the annual allocation for the subhead approved by the Finance Committee is not exceeded.

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

	Approving limit per item	
(a) DS(Tsy)3, TsyB, on the advice of the Accommodation Strategy Group	\$30 million	
(b) D Arch S, on the advice of the Minor Building Works Committee	\$20 million	(for non-fitting out works and fitting out works other than those in item (e))
(c) AD(Property Services), Architectural Services Department (Arch SD)	\$2 million	(for non-fitting out works and fitting out works other than those in item (e))
(d) Senior Maintenance Surveyors, Arch SD	\$0.1 million	(for non-fitting out works and fitting out works other than those in item (e))
(e) Government Property Administrator	\$20 million	(for fitting out works in newly allocated government accommodation)

Note 6 : For **Subhead 5001BX**, the DCED is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by the Finance Committee is not exceeded; and the Head of the Geotechnical Engineering Office, up to \$20 million per item.

Note 7 : For **Subheads 5101DX** and **B100HX**, the approving limits are as follows –

	Approving limit per item
(a) Permanent Secretary	\$30 million
(b) Deputy Director of Environmental Protection/Housing (or officer at D3 level or above as designated by the Controlling Officer)	\$20 million
(c) Assistant Director of Environmental Protection/Housing (or officer at D2 level as designated by the Controlling Officer)	\$12 million
(d) Directorate officer of Environmental Protection Department/Housing Department (as designated by the Controlling Officer)	\$5 million

Note 8: For **Subhead 6100TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$30 million
(b) Deputy Secretary of Transport Branch, Transport and Housing Bureau (THB)	\$22 million
(c) DHy	\$20 million
(d) Deputy Director of Highways (or officer at D3 level)	\$12 million
(e) Directorate officer of HyD (as designated by the DHy)	\$5 million
(f) Directorate officer of Traffic Engineering Division, Transport Department (as designated by the DHy)	\$2 million

Note 9: For **Subhead 6101TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$75 million
(b) Deputy Secretary of Transport Branch, THB	\$55 million
(c) DHy / DCED	\$50 million
(d) Deputy Director (or officer at D3 level) of Highways / Civil Engineering and Development	\$30 million
(e) Directorate officer of Highways Department / Civil Engineering and Development Department (as designated by DHy)	\$12 million

Note 10: For **Subhead 7016CX**, the approving limits are as follows –

	Approving limit per item
(a) PSHA	\$30 million
(b) DHA/Director of Leisure and Cultural Services	\$20 million
(c) Deputy Director of Home Affairs / Leisure and Cultural Services	\$12 million
(d) Directorate officer of Home Affairs Department and Leisure and Cultural Services Department (as designated by the Controlling Officer)	\$5 million

Note 11: For **Subhead 7100CX**, the approving limits are as follows –

	Approving limit per item
(a) PS(PL) (for non-Energizing Kowloon East (EKE)-related items)/ PS(W) (for EKE-related items)	\$30 million
(b) Deputy Secretary of Planning and Lands Branch, Development Bureau (DEVB) (for non-EKE-related items)/ Head of Energizing Kowloon East Office, Works Branch, DEVB (for EKE-related items)	\$22 million
(c) DCED	\$20 million
(d) Deputy Director (or officer at D3 level) of Civil Engineering and Development	\$12 million
(e) Directorate officer of Civil Engineering and Development Department (as designated by the Controlling Officer)	\$5 million

Note 12 : For **Subhead 8100EX**, the SG, UGC is authorised to approve any items up to \$10 million each; and up to \$30 million each where the item has been endorsed by the UGC. SG,UGC should consult the Secretary for Education (SED) in drawing up the annual estimate for this subhead and seek SED's endorsement, where necessary, in authorising expenditure on individual projects.

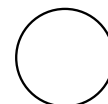
Note 13 : For **Subhead 8001SX**, the DSW is authorised to approve any items up to \$30 million each; and Deputy DSW, up to \$11 million each. DSW should consult the Secretary for Labour and Welfare (SLW) in drawing up the annual estimate for this subhead and seek SLW's endorsement, where necessary, in authorising expenditure on individual projects.

Note 14 : For **Subhead A007GX**, the approving limits are as follows –

	Approving limit per item
(a) GCIO/Deputy GCIO	\$10 million
(b) Assistant GCIO/Chief Systems Manager	\$1 million

Expenditure from this non-works subhead should follow procedures stipulated in Office of the Government Chief Information Officer (OGCIO) Circular No. 3/2007 of the Commerce, Industry and Technology Bureau or future updated OGCIO Circulars on the procedures.

Note 15 : For the ambits of individual block allocations, please refer to the Memorandum Note on the Capital Works Reserve Fund in the annual Estimates.



M E M O

<i>From</i> Secretary for Financial Services and the Treasury	<i>To</i> See Distribution
<i>Ref.</i> () in TsyB W 00/640-1/1/0 Pt. 3	<i>(Attn. :)</i>
<i>Tel. No.</i> 2810 2913	
<i>Fax No.</i> 2147 5240 <i>Total Pages:</i> 2+8	<i>Your Ref.</i> in
<i>Date</i> 20 May 2013	<i>Dated</i> <i>Fax No.</i>

**Administration of Capital Expenditure Items
under the Capital Works Reserve Fund (CWRP)**

On 10 May 2013, the Finance Committee (FC) approved the creation of a new block allocation **Subhead 7017CX** "Signature Project Scheme" under **Head 707**, subject to a financial ceiling of \$30 million for each Category D item. Pursuant to FC's approval, the Secretary for Financial Services and the Treasury has approved the delegation of authority for the relevant public officers to approve block allocation items under **Subhead 7017CX**. A summary setting out the scope for each CWRP block allocation, including **Subhead 7017CX**, the Permanent Secretary and Controlling Officer in charge and the level of delegated authorities is at **Annex**. The Annex replaces Enclosure 1 to Financial Circular No. 3/2011 with immediate effect.

2. Should you have any questions, please call the undersigned or Yvonne Yau (TsyO(W)) at 2810 2925.

Signed
(Jasmine Choi)
for Secretary for Financial Services and the Treasury

Distribution

CWRF Block Allocations

Controlling Officers and Permanent Secretaries

PS(CT)

PS(Ed)

PS(Env)

PS(H)

PS(Health)

PS(PL)

PS(T)

PS(W)

PSHA

PSLW

D Arch S

D of Lands

DCED

DDS

DEP

DHA

DHy

DSW

DWS

GCIO

SG, UGC

cc - *for information*

PSCS

PS(CIT)

PSCMA

PS(F)

PS(FS)

PS for S

Director of Administration

Judiciary Administrator

Commissioner, ICAC

The Ombudsman

Internal

P(A)

P(B)

P(C)

P(E)

P(H)

PEO(G)

Enclosure 1 to Financial Circular No. 3/2011 (Replacement in May 2013)

**Delegated authorities for administering
the Capital Works Reserve Fund block allocations**
(with effect from 15 May 2013)

Head	Block Allocation	Permanent 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>	-	Director of Lands (D of Lands)			(Note 3)
	1100CA – <i>Compensation and ex-gratia allowances in respect of projects in the Public Works Programme</i>	-	D of Lands			- ditto -
702	2001AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for Port and Airport Development Strategy (PADS)-related civil engineering projects</i>	Permanent Secretary for Transport and Housing (Transport) (PS(T))	Director of Civil Engineering and Development (DCED)	✓		
	2002AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related transport projects</i>	PS(T)	Director of Highways (DH _y)	✓		
	2003AX – <i>Consultants' fees for feasibility investigations and design and major in-house investigations for PADS-related territorial development projects</i>	Permanent Secretary for Development (Planning and Lands) (PS(PL))	DCED	✓		

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
703	3004GX – Refurbishment of government buildings for items in Category D of the Public Works Programme	Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy))	Director of Architectural Services (D Arch S)			(Note 4)
	3100GX – Project feasibility studies, minor investigations and consultants’ fees for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S	✓		
	3101GX – Minor building works for items in Category D of the Public Works Programme	PS(Tsy)	D Arch S			(Note 5)
704	4100DX – Drainage works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for the Environment (PS(Env))	Director of Drainage Services (DDS)	✓		
705	5001BX – Landslip preventive measures	-	DCED			(Note 6)
	5101CX – Civil engineering works, studies and investigations for items in Category D of the Public Works Programme	Permanent Secretary for Development (Works) (PS(W))	DCED	✓		
	5101DX – Environmental works, studies and investigations for items in Category D of the Public Works Programme	PS(Env)	Director of Environmental Protection (DEP)			(Note 7)

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
706	6100TX – Highway works, studies and investigations for items in Category D of the Public Works Programme	PS(T)	DHy			(Note 8)
	6101TX – Universal Accessibility Programme	PS(T)	DHy			(Note 9)
707	7014CX – Rural Public Works Programme	Permanent Secretary for Home Affairs (PSHA)	Director of Home Affairs (DHA)	✓		
	7016CX – District Minor Works Programme	PSHA	DHA			(Note 10)
	7017CX – Signature Project Scheme	PSHA	DHA			(Note 11)
	7100CX – New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme	PS(PL)/PS(W)	DCED			(Note 12)
708	8100BX – Slope-related capital works for subvented organisations other than education and medical subventions	PS(W)	D Arch S	✓		
	8100EX – Alterations, additions, repairs and improvements to the campuses of the University Grants Committee (UGC)-funded institutions	-	Secretary-General, University Grants Committee (SG, UGC)			(Note 13)
	8100MX – Hospital Authority - improvement works, feasibility studies, investigations and pre-contract consultancy services for building projects	-	Permanent Secretary for Food and Health (Health) (PS(Health))		✓	
	8100QX – Alterations, additions, repairs and improvements to education subvented buildings	-	Permanent Secretary for Education (PS(Ed))		✓	

Head	Block Allocation	Permanent Secretary	Controlling Officer	Generic Model of Approving Limits		
				A (Note 1)	B (Note 2)	Others
	8001SX – <i>Provisioning of welfare facilities</i>	-	Director of Social Welfare (DSW)			(Note 14)
709	9100WX – <i>Waterworks, studies and investigations for items in Category D of the Public Works Programme</i>	PS(W)	Director of Water Supplies	✓		
710	A007GX – <i>New administrative computer systems</i>	-	Government Chief Information Officer (GCIO)			(Note 15)
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 Transport and Housing (Housing)			(Note 7)

Note 1 : For the nine 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	
(a) Permanent Secretary	\$30 million
(b) Deputy Secretary	\$22 million
(c) Controlling Officer	\$20 million
(d) Deputy to Controlling Officer (or officer at D3 level)	\$12 million
(e) Directorate officer of the vote controlling department (as designated by the Controlling Officer)	\$5 million

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

Approving limit per item	
(a) Permanent Secretary	\$30 million
(b) Deputy Secretary	\$22 million
(c) Principal Assistant Secretary	\$12 million
(d) Directorate officer of the Policy Bureau (as designated by the Permanent Secretary)	\$5 million

Note 3 : For **Subheads 1004CA** and **1100CA**, the D of Lands is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subheads approved by the Finance Committee is not exceeded. As approved by PS(Tsy) and subject to figures approved by various internal committees chaired by D3 or D2 officers or at the ex-gratia rates approved by PS(Tsy), the D of Lands may further delegate his authority to incur expenditure for items exceeding \$20 million each to D3 or D2 officers and for items at or below \$20 million each to D1 officers. For details, please refer to Lands Department's Accounting Circular (LDAC) No. 5/2001 or future updated LDACs on the delegation of authorities. When approving items, the D of Lands and officers with delegated authority should comply with relevant statutory and administrative requirements. There are, for example, various formulae and rates which must be adopted in assessing the levels of payment in respect of resumption and clearance of land. These are set out in other Circulars, or arise from decisions made by the Chief Executive in Council, the Legislative Council and the Finance Committee.

Note 4 : For **Subhead 3004GX**, the D Arch S is required to prepare a programme of works on an annual basis for the Accommodation Strategy Group's approval. D Arch S as the Controlling Officer is authorised to approve expenditure for individual items not exceeding \$30 million provided that the annual allocation for the subhead approved by the Finance Committee is not exceeded.

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

	Approving limit per item	
(a) DS(Tsy)3, TsyB, on the advice of the Accommodation Strategy Group	\$30 million	
(b) D Arch S, on the advice of the Minor Building Works Committee	\$20 million	(for non-fitting out works and fitting out works other than those in item (e))
(c) AD(Property Services), Architectural Services Department (Arch SD)	\$2 million	(for non-fitting out works and fitting out works other than those in item (e))
(d) Senior Maintenance Surveyors, Arch SD	\$0.1 million	(for non-fitting out works and fitting out works other than those in item (e))
(e) Government Property Administrator	\$20 million	(for fitting out works in newly allocated government accommodation)

Note 6 : For **Subhead 5001BX**, the DCED is authorised to approve expenditure for individual items without limit provided that the annual allocations for the subhead approved by the Finance Committee is not exceeded; and the Head of the Geotechnical Engineering Office, up to \$20 million per item.

Note 7 : For **Subheads 5101DX** and **B100HX**, the approving limits are as follows –

	Approving limit per item
(a) Permanent Secretary	\$30 million
(b) Deputy Director of Environmental Protection/Housing (or officer at D3 level or above as designated by the Controlling Officer)	\$20 million
(c) Assistant Director of Environmental Protection/Housing (or officer at D2 level as designated by the Controlling Officer)	\$12 million
(d) Directorate officer of Environmental Protection Department/Housing Department (as designated by the Controlling Officer)	\$5 million

Note 8: For **Subhead 6100TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$30 million
(b) Deputy Secretary of Transport Branch, Transport and Housing Bureau (THB)	\$22 million
(c) DHy	\$20 million
(d) Deputy Director of Highways (or officer at D3 level)	\$12 million
(e) Directorate officer of Highways Department (HyD) (as designated by the DHy)	\$5 million
(f) Directorate officer of Traffic Engineering Division, Transport Department (as designated by the DHy)	\$2 million

Note 9: For **Subhead 6101TX**, the approving limits are as follows –

	Approving limit per item
(a) PS(T)	\$75 million
(b) Deputy Secretary of Transport Branch, THB	\$55 million
(c) DHy / DCED	\$50 million
(d) Deputy Director (or officer at D3 level) of Highways / Civil Engineering and Development	\$30 million
(e) Directorate officer of HyD / Civil Engineering and Development Department (CEDD) (as designated by DHy)	\$12 million

Note 10: For **Subhead 7016CX**, the approving limits are as follows –

	Approving limit per item
(a) PSHA	\$30 million
(b) DHA/Director of Leisure and Cultural Services	\$20 million
(c) Deputy Director of Home Affairs (DDHA) / Deputy Director of Leisure and Cultural Services	\$12 million
(d) Directorate officer of Home Affairs Department and Leisure and Cultural Services Department (as designated by the Controlling Officer)	\$5 million

Note 11: For **Subhead 7017CX**, the approving limits are as follows –

	Approving limit per item
(a) PSHA	\$30 million
(b) DHA	\$20 million
(c) DDHA	\$12 million
(d) Assistant Director of Home Affairs (2)	\$5 million

Note 12: For **Subhead 7100CX**, the approving limits are as follows –

	Approving limit per item
(a) PS(PL) (for non-Energizing Kowloon East (EKE)-related items)/ PS(W) (for EKE-related items)	\$30 million
(b) Deputy Secretary of Planning and Lands Branch, Development Bureau (DEVB) (for non-EKE-related items)/ Head of Energizing Kowloon East Office, Works Branch, DEVB (for EKE-related items)	\$22 million
(c) DCED	\$20 million
(d) Deputy Director (or officer at D3 level) of Civil Engineering and Development	\$12 million
(e) Directorate officer of CEDD (as designated by the Controlling Officer)	\$5 million

Note 13 : For **Subhead 8100EX**, the SG, UGC is authorised to approve any items up to \$10 million each; and up to \$30 million each where the item has been endorsed by the UGC. SG,UGC should consult the Secretary for Education (SED) in drawing up the annual estimate for this subhead and seek SED's endorsement, where necessary, in authorising expenditure on individual projects.

Note 14 : For **Subhead 8001SX**, the DSW is authorised to approve any items up to \$30 million each; and Deputy DSW, up to \$11 million each. DSW should consult the Secretary for Labour and Welfare (SLW) in drawing up the annual estimate for this subhead and seek SLW's endorsement, where necessary, in authorising expenditure on individual projects.

Note 15 : For **Subhead A007GX**, the approving limits are as follows –

	Approving limit per item
(a) GCIO/Deputy GCIO	\$10 million
(b) Assistant GCIO/Chief Systems Manager	\$1 million

Expenditure from this non-works subhead should follow procedures stipulated in Office of the Government Chief Information Officer (OGCIO) Circular No. 3/2007 of the Commerce, Industry and Technology Bureau or future updated OGCIO Circulars on the procedures.

Note 16 : For the ambits of individual block allocations, please refer to the Memorandum Note on the Capital Works Reserve Fund in the annual Estimates.