

## Head 147 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (THE TREASURY BRANCH)

**Controlling officer:** the Permanent Secretary for Financial Services and the Treasury (Treasury) will account for expenditure under this Head.

<b>Estimate 2014–15</b> .....	<b>\$1,883.2m</b>
<b>Establishment ceiling 2014–15</b> (notional annual mid-point salary value) representing an estimated 161 non-directorate posts as at 31 March 2014 rising by one post to 162 posts as at 31 March 2015 ....	<b>\$85.8m</b>
In addition, there will be an estimated 18 directorate posts as at 31 March 2014 and as at 31 March 2015.	
<b>Commitment balance</b> .....	<b>\$2,819.2m</b>

### Controlling Officer's Report

#### Programmes

<b>Programme (1) Director of Bureau's Office</b>	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).
<b>Programme (2) Revenue and Financial Control</b>	This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
<b>Programme (3) Service Departments</b>	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).

#### Detail

##### Programme (1): Director of Bureau's Office

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	11.2	12.3	12.5 (+1.6%)	<b>12.7</b> (+1.6%)
				(or +3.3% on 2013–14 Original)

#### *Aim*

- 2 The aim is to ensure the smooth operation of the Office of the Secretary for Financial Services and the Treasury.

#### *Brief Description*

3 The Office of the Secretary for Financial Services and the Treasury is responsible for providing support to the Secretary for Financial Services and the Treasury in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The Office is also responsible for providing administrative support to the Secretary for Financial Services and the Treasury in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

##### Programme (2): Revenue and Financial Control

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	133.1	134.2	138.8 (+3.4%)	<b>136.0</b> (–2.0%)
				(or +1.3% on 2013–14 Original)

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### *Aim*

4 The aim is to manage the allocation of resources; oversee the Government's tax and other revenue-raising policies; facilitate decisions on government investments; and promote open, fair and competitive tendering, in line with prudent financial management principles and other policy objectives of the Government.

### *Brief Description*

5 The Treasury Branch's work under this programme is to formulate, co-ordinate and support policies and actions to:

- ensure that the growth of government expenditure over time is commensurate with the growth rate of the economy;
- ensure that the resources available are directed towards those areas where they will be of most benefit to the community, with due regard to government affordability and fiscal sustainability;
- promote value for money in the delivery of government services;
- improve Hong Kong's competitiveness and living environment by investing in major infrastructure projects;
- maintain a low, simple and predictable tax system which encourages investment and enterprise;
- combat tax evasion and minimise opportunities for tax avoidance;
- promote adherence to the "cost recovery" and "user pay" principles; and
- maintain adequate fiscal reserves to cover for daily operational needs of the Government, secure investment income, provide for unfunded liabilities and commitments, and serve as a cushion against future uncertainties, etc.

6 In 2013, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of proposals from bureaux and departments were assessed with due diligence.

### *Matters Requiring Special Attention in 2014–15*

7 During 2014–15, the Branch will:

- continue to control government expenditure and manage the allocation of resources having regard to established principles for the prudent management of public finance;
- pursue the recommendations from the Working Group on Long-Term Fiscal Planning, where adopted by the Government;
- continue to oversee legislative amendments to the Inland Revenue Ordinance (Cap.112) and Stamp Duty Ordinance (Cap.117) to keep the tax regime updated;
- continue to negotiate comprehensive avoidance of double taxation agreements and exchange of information agreements with trading partners and monitor closely world trends on these fronts;
- continue to consider major investment and loan proposals in support of economic and social development; and
- continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the cost recovery calculations to ensure better compliance with the "cost recovery" and "user pays" principles for appropriate government services.

### **Programme (3): Service Departments**

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	51.8	58.2	58.2 (—)	<b>58.6</b> (+0.7%)
				(or +0.7% on 2013–14 Original)

### *Aim*

8 The aim is to ensure that government departments receive the central support services necessary to enable them to maintain and upgrade the level and quality of the services they provide to the public in an efficient and cost-effective manner.

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### ***Brief Description***

- 9 The Treasury Branch's work under this programme is to formulate and co-ordinate policies and actions to:
- ensure the efficient and cost-effective delivery of central support services under its purview (i.e. financial information management, procurement, supplies management, land transport, printing and accommodation); and
  - ensure that the service departments under its purview provide quality support services to meet the needs of the user bureaux and departments.

### ***Matters Requiring Special Attention in 2014–15***

- 10 During 2014–15, the Branch will continue to:
- monitor and facilitate the work of the service departments to ensure efficiency of operation and cost-effectiveness in the delivery of central support services, and
  - co-ordinate the allocation of resources for minor building works with a view to ensuring proper scrutiny and prioritisation of the projects.

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2012-13 (Actual) (\$m)	2013-14 (Original) (\$m)	2013-14 (Revised) (\$m)	<b>2014-15 (Estimate) (\$m)</b>
(1) Director of Bureau's Office .....	11.2	12.3	12.5	<b>12.7</b>
(2) Revenue and Financial Control.....	133.1	134.2	138.8	<b>136.0</b>
(3) Service Departments .....	51.8	58.2	58.2	<b>58.6</b>
	196.1	204.7	209.5 (+2.3%)	<b>207.3#</b> (-1.1%)

**(or +1.3% on  
2013-14 Original)**

# The provisions exclude the cash flow requirements for two one-off subsidy schemes: the electricity charges subsidy scheme for eligible residential accounts and the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works. The two schemes do not fall under any of the above programmes.

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2014-15 is \$0.2 million (1.6%) higher than the revised estimate for 2013-14. This is mainly due to the additional requirements for personal emoluments.

**Programme (2)**

Provision for 2014-15 is \$2.8 million (2.0%) lower than the revised estimate for 2013-14. This is mainly due to the decreased salary provision arising from staff changes and projected decrease in general departmental expenses, to be partially offset by an increase of one post and additional requirement for air passenger departure tax administration fee.

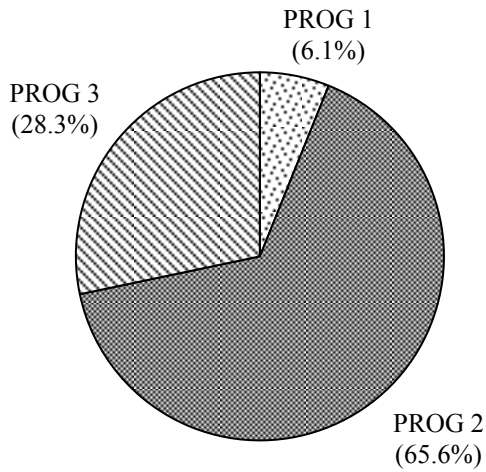
**Programme (3)**

Provision for 2014-15 is \$0.4 million (0.7%) higher than the revised estimate for 2013-14. This is mainly due to the additional requirements for personal emoluments.

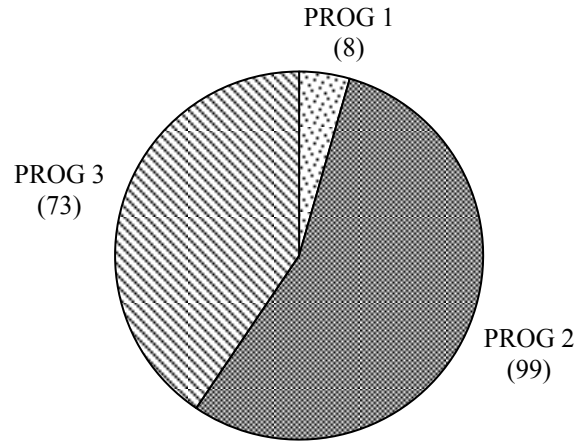
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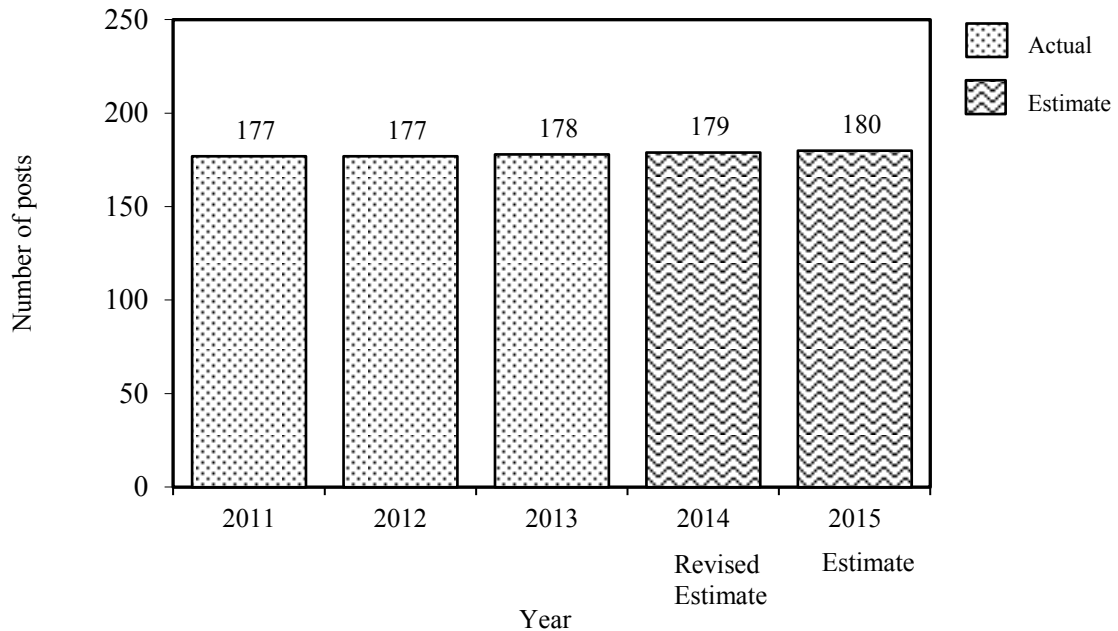
*Allocation of provision to programmes (2014-15)*



*Staff by programme (as at 31 March 2015)*



*Changes in the size of the establishment (as at 31 March)*



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Sub-head (Code)	Actual expenditure 2012–13	Approved estimate 2013–14	Revised estimate 2013–14	<b>Estimate 2014–15</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	146,877	154,928	155,114	<b>152,342</b>
281	Air passenger departure tax administration fees .....	49,239	49,820	54,400	<b>55,000</b>
	Total, Recurrent .....	196,116	204,748	209,514	<b>207,342</b>
Non-Recurrent					
700	General non-recurrent .....	14,290,420	1,608,102	4,255,470	<b>1,675,900</b>
	Total, Non-Recurrent .....	14,290,420	1,608,102	4,255,470	<b>1,675,900</b>
	Total, Operating Account .....	14,486,536	1,812,850	4,464,984	<b>1,883,242</b>
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	Total Expenditure .....	14,486,536	1,812,850	4,464,984	<b>1,883,242</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Treasury Branch is \$1,883,242,000. This represents a decrease of \$2,581,742,000 against the revised estimate for 2013–14 and of \$12,603,294,000 against the actual expenditure in 2012–13. The reduction is mainly due to the reduced cash flow requirements for the electricity charges subsidy scheme and Scheme \$6000.

#### Operating Account

##### Recurrent

2 Provision of \$152,342,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury Branch.

3 The establishment as at 31 March 2014 will be 179 permanent posts. It is expected that there will be an increase of one post in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$85,846,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	2014–15 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	118,469	126,452	125,610	<b>123,095</b>
- Allowances.....	2,761	3,041	3,062	<b>3,065</b>
- Job-related allowances.....	—	2	1	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	99	120	140	<b>100</b>
- Civil Service Provident Fund contribution.....	2,718	3,070	2,820	<b>3,030</b>
Departmental Expenses				
- Honoraria for members of committees .....	1,545	1,772	1,983	<b>2,027</b>
- General departmental expenses .....	16,839	20,471	21,498	<b>21,023</b>
Other Charges				
- Appointment of financial consultants .....	4,446	—	—	— <sup>@</sup>
	146,877	154,928	155,114	<b>152,342</b>

<sup>@</sup> For consistency with other Heads, expenses on this item was reflected under "General departmental expenses" from 2013–14 onwards.

5 Provision of \$55,000,000 under *Subhead 281 Air passenger departure tax administration fees* is for the payment to airlines, helicopter companies and the Civil Aviation Department's agent in respect of the collection of air passenger departure tax and the processing of exemption and refund applications related thereto.

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2013	Revised estimated expenditure for 2013–14	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
835		Supplementary electricity charges subsidy for eligible public housing tenants affected by redevelopment, major repair or improvement works ....	9,000	5,638	700	2,662
881		Electricity charges subsidy for eligible residential accounts.....	22,300,000	15,243,499	4,240,000	2,816,501
		Total .....	<u>22,309,000</u>	<u>15,249,137</u>	<u>4,240,700</u>	<u>2,819,163</u>