

## 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 2018–19</b> .....	<b>\$304.3m</b>
<b>Establishment ceiling 2018–19</b> (notional annual mid-point salary value) representing an estimated 171 non-directorate posts as at 31 March 2018 rising by three posts to 174 posts as at 31 March 2019.....	<b>\$109.6m</b>
In addition, there will be an estimated 19 directorate posts as at 31 March 2018 and as at 31 March 2019.	
<b>Commitment balance</b> .....	<b>\$610.3m</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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	<b>2018–19 (Estimate)</b>
Financial provision (\$m)	14.1	14.3	14.0 (–2.1%)	<b>14.3</b> (+2.1%)
				(or same as 2017–18 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	<b>2018–19 (Estimate)</b>
Financial provision (\$m)	153.2	166.3	165.5 (–0.5%)	<b>173.0</b> (+4.5%)
				(or +4.0% on 2017–18 Original)

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

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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 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;
- improve Hong Kong's competitiveness and living environment by investing in major infrastructure projects;
- maintain a simple and low tax system which encourages investments and facilitates businesses;
- enhance tax transparency, combat tax evasion and minimise opportunities for tax avoidance;
- promote value for money and adherence to the "cost recovery" and "user pays" principles in the delivery of government services; and
- manage the fiscal reserves to meet the 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 2017, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and assessed the financial implications of proposals from bureaux and departments with due diligence.

### *Matters Requiring Special Attention in 2018–19*

7 During 2018–19, the Branch will:

- continue to align the growth of government expenditure in line with that of the economy and manage the allocation of resources having regard to established principles for the prudent management of public finance;
- oversee the legislative amendments to the Inland Revenue Ordinance (Cap. 112) for implementing the two-tiered profits tax rates regime to reduce the tax burden on enterprises;
- work with the relevant bureaux to formulate tax policies and initiatives to promote the economic development of Hong Kong;
- continue to oversee legislative amendments for implementing measures of the Organisation for Economic Co-operation and Development (OECD) to tackle base erosion and profit shifting of enterprises;
- oversee the implementation of the OECD standard for automatic exchange of financial account information in tax matters and the extension of the application of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters to Hong Kong;
- continue to expand Hong Kong's network of comprehensive avoidance of double taxation agreements with trading partners, in particular countries along the Belt and Road;
- continue to oversee the Government's procurement policy, and to update or streamline the prevailing procurement procedures and guidelines having regard to prudent financial management principles and other policy objectives of the Government;
- continue the drive to streamline financial regulations within the Government, and to streamline and expedite tendering procedures; and
- continue to consider major investment and loan proposals in support of economic and social development; and ensure that government fees and charges collected according to the "cost recovery" and "user pays" principles are reviewed in a timely manner.

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

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**Programme (3): Service Departments**

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	<b>2018–19 (Estimate)</b>
Financial provision (\$m)	64.8	66.2	65.3 (–1.4%)	<b>70.0</b> (+7.2%)
				(or +5.7% on 2017–18 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.

***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 (e.g. 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 2018–19***

- 10** During 2018–19, 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 to ensure proper scrutiny and prioritisation of the projects.

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

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2016–17 (Actual) (\$m)	2017–18 (Original) (\$m)	2017–18 (Revised) (\$m)	<b>2018–19 (Estimate) (\$m)</b>
(1) Director of Bureau’s Office .....	14.1	14.3	14.0	<b>14.3</b>
(2) Revenue and Financial Control.....	153.2	166.3	165.5	<b>173.0</b>
(3) Service Departments .....	64.8	66.2	65.3	<b>70.0</b>
	232.1	246.8	244.8 (–0.8%)	<b>257.3# (+5.1%)</b>
				<b>(or +4.3% on 2017–18 Original)</b>

# The cash flow requirements for the two one-off subsidy schemes relating to electricity charges are reflected in *Subhead 700 General non-recurrent*.

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2018–19 is \$0.3 million (2.1%) higher than the revised estimate for 2017–18. This is mainly due to the increased requirements for general departmental expenses.

**Programme (2)**

Provision for 2018–19 is \$7.5 million (4.5%) higher than the revised estimate for 2017–18. This is mainly due to the additional requirements for personal emoluments and air passenger departure tax administration fee. There will be an increase of one post in 2018–19.

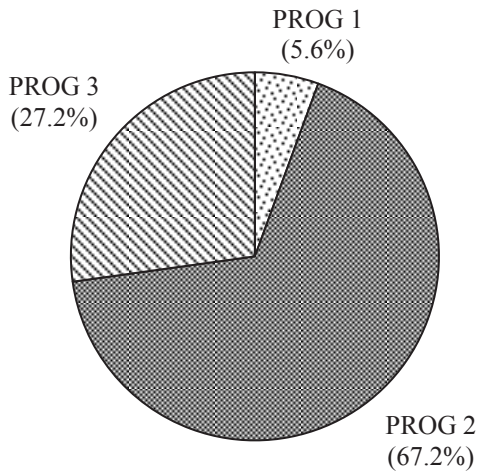
**Programme (3)**

Provision for 2018–19 is \$4.7 million (7.2%) higher than the revised estimate for 2017–18. This is mainly due to the additional requirements for personal emoluments. There will be an increase of two posts in 2018–19.

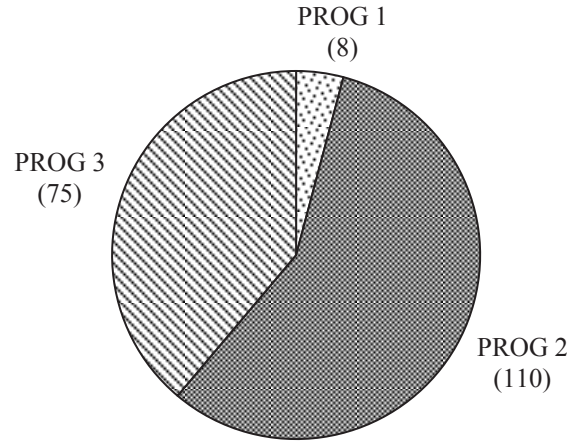
**Head 147 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (THE TREASURY BRANCH)**

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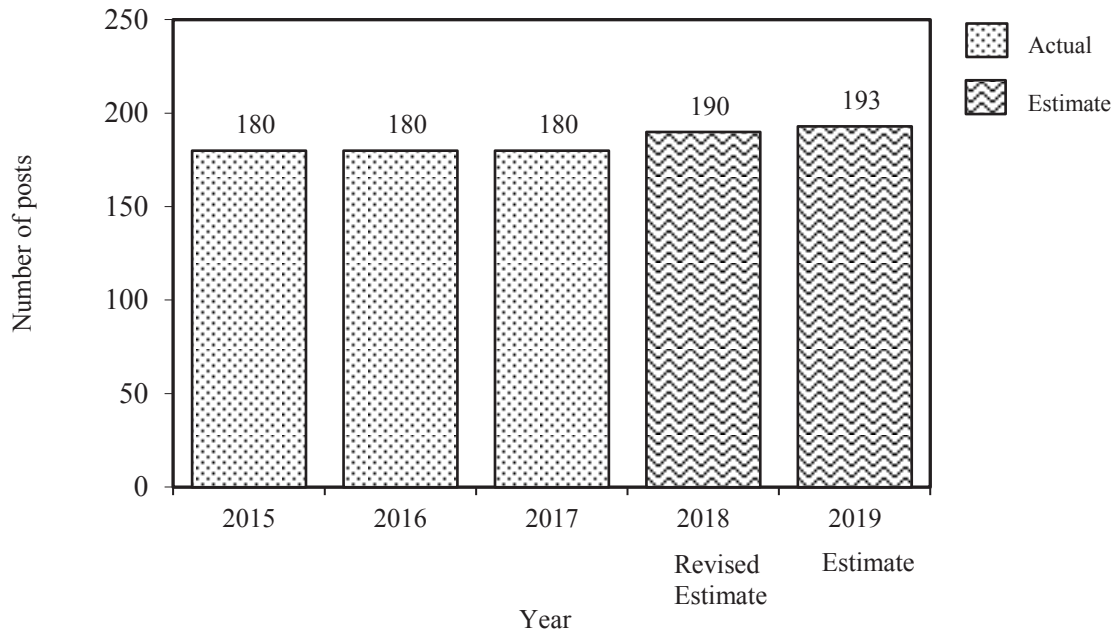
*Allocation of provision to programmes (2018-19)*



*Staff by programme (as at 31 March 2019)*



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



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

Sub-head (Code)	Actual expenditure 2016–17	Approved estimate 2017–18	Revised estimate 2017–18	<b>Estimate 2018–19</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	168,373	180,562	177,927	<b>188,231</b>
281	Air passenger departure tax administration fees .....	63,770	66,210	66,870	<b>69,050</b>
	Total, Recurrent .....	232,143	246,772	244,797	<b>257,281</b>
Non-Recurrent					
700	General non-recurrent .....	109,948	72,070	66,030	<b>47,030</b>
	Total, Non-Recurrent .....	109,948	72,070	66,030	<b>47,030</b>
	Total, Operating Account .....	342,091	318,842	310,827	<b>304,311</b>
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	Total Expenditure .....	342,091	318,842	310,827	<b>304,311</b>

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

### Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Treasury Branch is \$304,311,000. This represents a decrease of \$6,516,000 against the revised estimate for 2017–18 and \$37,780,000 against the actual expenditure in 2016–17.

#### *Operating Account*

#### Recurrent

**2** Provision of \$188,231,000 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 2018 will be 190 permanent posts. It is expected that there will be an increase of three posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$109,586,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	133,101	143,971	139,880	148,572
- Allowances.....	5,984	6,514	6,432	5,668
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	162	120	200	175
- Civil Service Provident Fund contribution.....	5,810	6,800	7,600	8,842
Departmental Expenses				
- Honoraria for members of committees.....	2,099	2,358	2,391	2,567
- General departmental expenses.....	21,217	20,797	21,422	22,405
	168,373	180,562	177,927	188,231

**5** Provision of \$69,050,000 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.

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

**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2017	Revised estimated expenditure for 2017–18	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 worksΔ .....	9,000	6,668	30	2,302
	881	Electricity charges subsidy for eligible residential accountsΔ .....	22,300,000	21,626,018	66,000	607,982
		Total .....	<u>22,309,000</u>	<u>21,632,686</u>	<u>66,030</u>	<u>610,284</u>

Δ The two subsidy schemes were approved by Finance Committee in June 2013 and under delegated authority in November 2013 respectively for operation until 30 June 2016. As announced in the 2016–17 Budget Speech, the operation of the two schemes has been extended for two years to 30 June 2018 while keeping the cost ceiling and other terms intact. The operation of the two schemes will be further extended to 30 June 2020 while keeping the cost ceiling and other terms unchanged.