

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.

Estimate 2019–20	\$305.3m
Establishment ceiling 2019–20 (notional annual mid-point salary value) representing an estimated 174 non-directorate posts as at 31 March 2019 rising by four posts to 178 posts as at 31 March 2020.....	\$120.2m
In addition, there will be an estimated 19 directorate posts as at 31 March 2019 and as at 31 March 2020.	
Commitment balance	\$563.0m

Controlling Officer's Report

Programmes

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

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)		2019–20 (Estimate)
Financial provision (\$m)	14.3	14.3	14.8 (+3.5%)		15.0 (+1.4%)
					(or +4.9% on 2018–19 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

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)		2019–20 (Estimate)
Financial provision (\$m)	163.7	173.0	176.1 (+1.8%)		180.1 (+2.3%)
					(or +4.1% on 2018–19 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, competitive and pro-innovation government procurement, in line with the value for money 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 2018, 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 2019–20

7 During 2019–20, the Branch will:

- continue to align the growth of government expenditure 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 implementation of the Organisation for Economic Co-operation and Development standard for automatic exchange of financial account information in tax matters and the measures to tackle base erosion and profit shifting of enterprises;
- 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;
- transfer the Tax Policy Unit to Head 142 — Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 July 2019;
- 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
- 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.

Programme (3): Service Departments

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	64.3	70.0	71.3 (+1.9%)	76.2 (+6.9%)
				(or +8.9% on 2018–19 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 (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 2019–20

- 10 During 2019–20, 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;
 - continue to co-ordinate the allocation of resources for minor building works to ensure proper scrutiny and prioritisation of the projects;
 - roll out the pro-innovation government procurement policy;
 - oversee the implementation of the refined leasing arrangements by the Government Property Agency for better achieving the socially caring objective;
 - in collaboration with Development Bureau and other relevant departments, adopt a more proactive and co-ordinated approach to expedite multi-storey development of public facilities on government land under the “single site, multiple use” initiative; and
 - oversee the implementation of the new measures for enhancing the protection for non-skilled workers engaged under government service contracts.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2017–18 (Actual) (\$m)	2018–19 (Original) (\$m)	2018–19 (Revised) (\$m)	2019–20 (Estimate) (\$m)
(1) Director of Bureau’s Office	14.3	14.3	14.8	15.0
(2) Revenue and Financial Control.....	163.7	173.0	176.1	180.1
(3) Service Departments	64.3	70.0	71.3	76.2
	242.3	257.3	262.2 (+1.9%)	271.3# (+3.5%)
				(or +5.4% on 2018–19 Original)

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 2019–20 is \$0.2 million (1.4%) higher than the revised estimate for 2018–19. This is mainly due to the increased requirements for personal emoluments.

Programme (2)

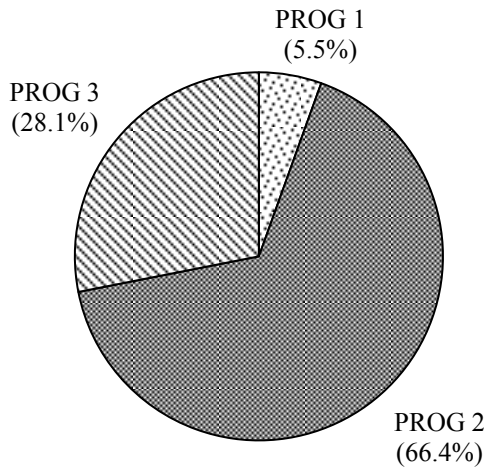
Provision for 2019–20 is \$4.0 million (2.3%) higher than the revised estimate for 2018–19. This is mainly due to the additional requirements for personal emoluments and air passenger departure tax administration fee, to be partially offset by the corresponding adjustment to the provision upon the transfer of the Tax Policy Unit to Head 142 — Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 July 2019. There will be a net increase of one post in 2019–20.

Programme (3)

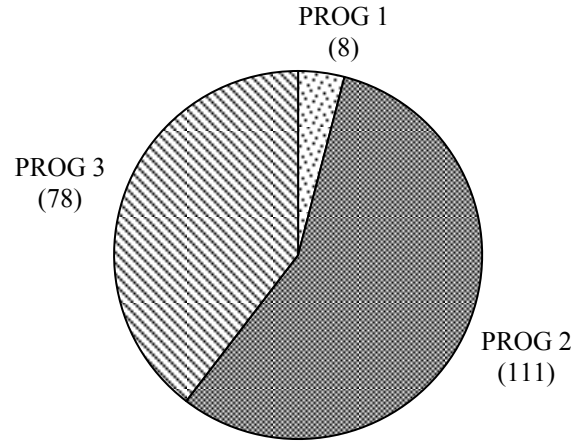
Provision for 2019–20 is \$4.9 million (6.9%) higher than the revised estimate for 2018–19. This is mainly due to the additional requirements for personal emoluments. There will be an increase of three posts in 2019–20.

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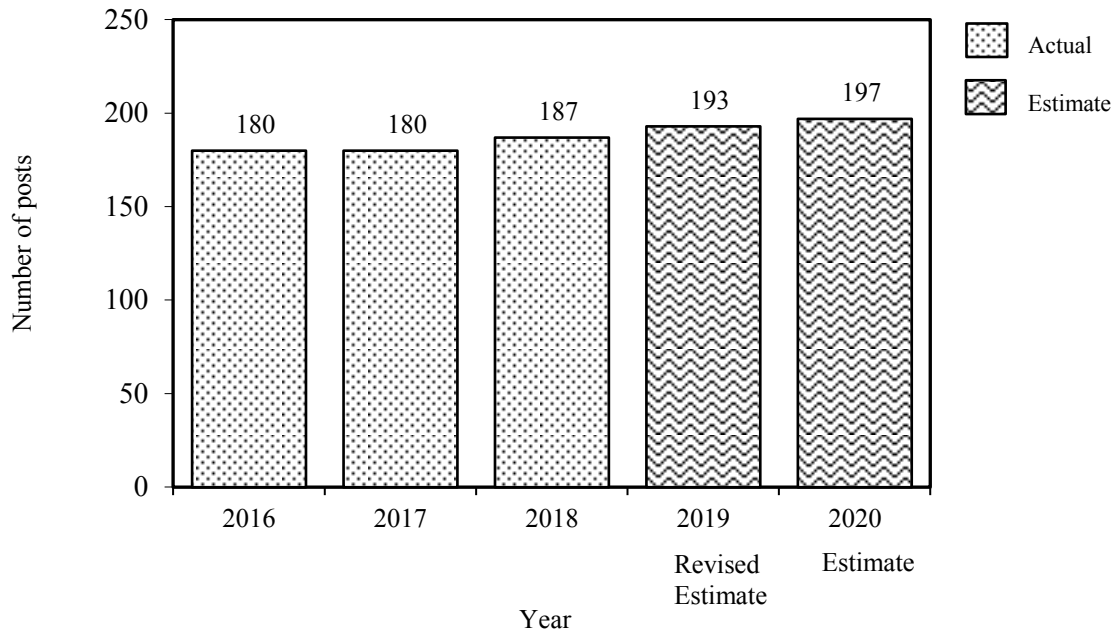
Allocation of provision to programmes (2019-20)



Staff by programme (as at 31 March 2020)



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



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Sub-head (Code)	Actual expenditure 2017–18	Approved estimate 2018–19	Revised estimate 2018–19	Estimate 2019–20	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	175,629	188,231	191,908	198,070
281	Air passenger departure tax administration fees	66,639	69,050	70,253	73,221
	Total, Recurrent	<u>242,268</u>	<u>257,281</u>	<u>262,161</u>	<u>271,291</u>
Non-Recurrent					
700	General non-recurrent	67,261	47,030	46,038	34,020
	Total, Non-Recurrent	<u>67,261</u>	<u>47,030</u>	<u>46,038</u>	<u>34,020</u>
	Total, Operating Account	<u>309,529</u>	<u>304,311</u>	<u>308,199</u>	<u>305,311</u>
<hr/>					
	Total Expenditure	<u><u>309,529</u></u>	<u><u>304,311</u></u>	<u><u>308,199</u></u>	<u><u>305,311</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the Treasury Branch is \$305,311,000. This represents a decrease of \$2,888,000 against the revised estimate for 2018–19 and \$4,218,000 against the actual expenditure in 2017–18.

Operating Account

Recurrent

2 Provision of \$198,070,000 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 2019 will be 193 permanent posts. It is expected that there will be a net increase of four posts in 2019–20. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$120,216,000.

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

	2017–18 (Actual) (\$'000)	2018–19 (Original) (\$'000)	2018–19 (Revised) (\$'000)	2019–20 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	140,186	148,572	151,736	157,997
- Allowances.....	5,967	5,668	6,062	5,731
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	199	175	198	145
- Civil Service Provident Fund contribution.....	7,431	8,842	8,989	10,851
Departmental Expenses				
- Honoraria for members of committees	1,982	2,567	2,482	2,556
- General departmental expenses	19,864	22,405	22,439	20,788
	175,629	188,231	191,908	198,070

5 Provision of \$73,221,000 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 31.3.2018	Revised estimated expenditure for 2018–19	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
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	6,701	20	2,279
	881	Electricity charges subsidy for eligible residential accountsΔ	22,300,000	21,693,247	46,000	560,753
		Total	<u>22,309,000</u>	<u>21,699,948</u>	<u>46,020</u>	<u>563,032</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 was extended for two years to 30 June 2018 while keeping the cost ceiling and other terms intact. The operation of the two schemes has been further extended to 30 June 2020 while keeping the cost ceiling and other terms unchanged.