

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 2020–21 **\$75,159.1m**

Establishment ceiling 2020–21 (notional annual mid-point salary value) representing an estimated 178 non-directorate posts as at 31 March 2020 rising by 22 posts to 200 posts as at 31 March 2021..... **\$143.8m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2020 and as at 31 March 2021.

Commitment balance..... **\$76,174.1m**

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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	14.8	15.0	15.5 (+3.3%)	15.8 (+1.9%)
				(or +5.3% on 2019–20 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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	173.7	180.1	177.2 (–1.6%)	201.2 (+13.5%)
				(or +11.7% on 2019–20 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 2019, 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 2020–21

7 During 2020–21, 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;
- continue to 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 participating in the Belt and Road Initiative;
- 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;
- 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; and
- plan, co-ordinate and oversee the implementation of the cash payout scheme.

Programme (3): Service Departments

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	70.3	76.2	80.6 (+5.8%)	91.6 (+13.6%)
				(or +20.2% on 2019–20 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);
 - formulate and co-ordinate policies and actions to ensure that the service departments under its purview provide quality support services to meet the needs of the user bureaux and departments;
 - monitor the implementation of 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;
 - collaborate with Development Bureau and other relevant departments to adopt a more co-ordinated approach to expedite multi-storey development of public facilities on government land under the "single site, multiple use" initiative and take forward the first batch of projects; and
 - oversee the implementation of the new measures for enhancing the protection of non-skilled workers engaged under government service contracts.

Matters Requiring Special Attention in 2020–21

- 10 During 2020–21, 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;
 - co-ordinate the allocation of resources for minor building works to ensure proper scrutiny and prioritisation of the projects; and
 - work with relevant bureaux and departments to ensure that government policy objectives (e.g. promoting pro-innovation government procurement, a socially caring leasing or procurement arrangement, and the "single site, multiple use" initiative) are met through the central support services.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2018–19 (Actual) (\$m)	2019–20 (Original) (\$m)	2019–20 (Revised) (\$m)	2020–21 (Estimate) (\$m)
(1) Director of Bureau’s Office	14.8	15.0	15.5	15.8
(2) Revenue and Financial Control.....	173.7	180.1	177.2	201.2
(3) Service Departments	70.3	76.2	80.6	91.6
	258.8	271.3	273.3 (+0.7%)	308.6# (+12.9%)
				(or +13.7% on 2019–20 Original)

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

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2020–21 is \$0.3 million (1.9%) higher than the revised estimate for 2019–20. This is mainly due to the increased requirements for personal emoluments.

Programme (2)

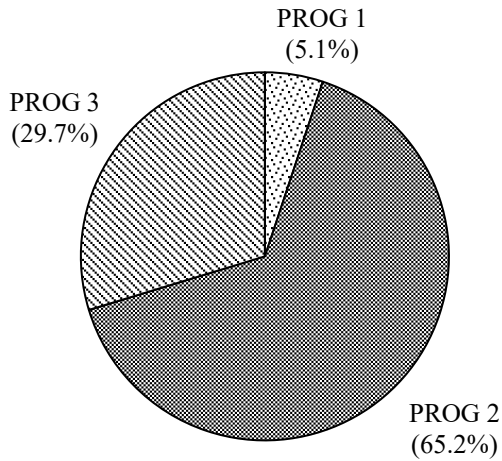
Provision for 2020–21 is \$24.0 million (13.5%) higher than the revised estimate for 2019–20. This is mainly due to the additional requirements for personal emoluments and air passenger departure tax administration fee, to be partially offset by the decreased requirement for general departmental expenses. There will be a net increase of 16 posts in 2020–21.

Programme (3)

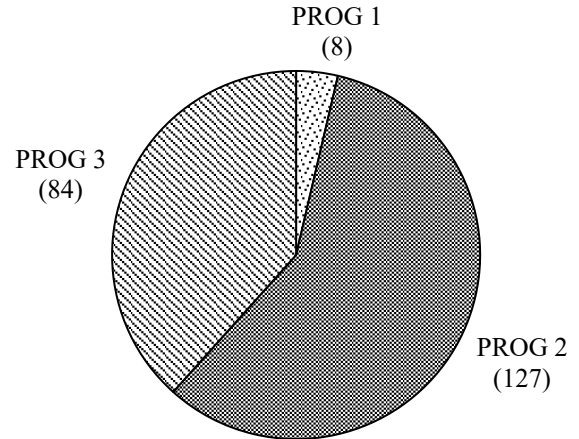
Provision for 2020–21 is \$11.0 million (13.6%) higher than the revised estimate for 2019–20. This is mainly due to the additional requirements for personal emoluments, to be partially offset by the decreased requirement for general departmental expenses. There will be a net increase of six posts in 2020–21.

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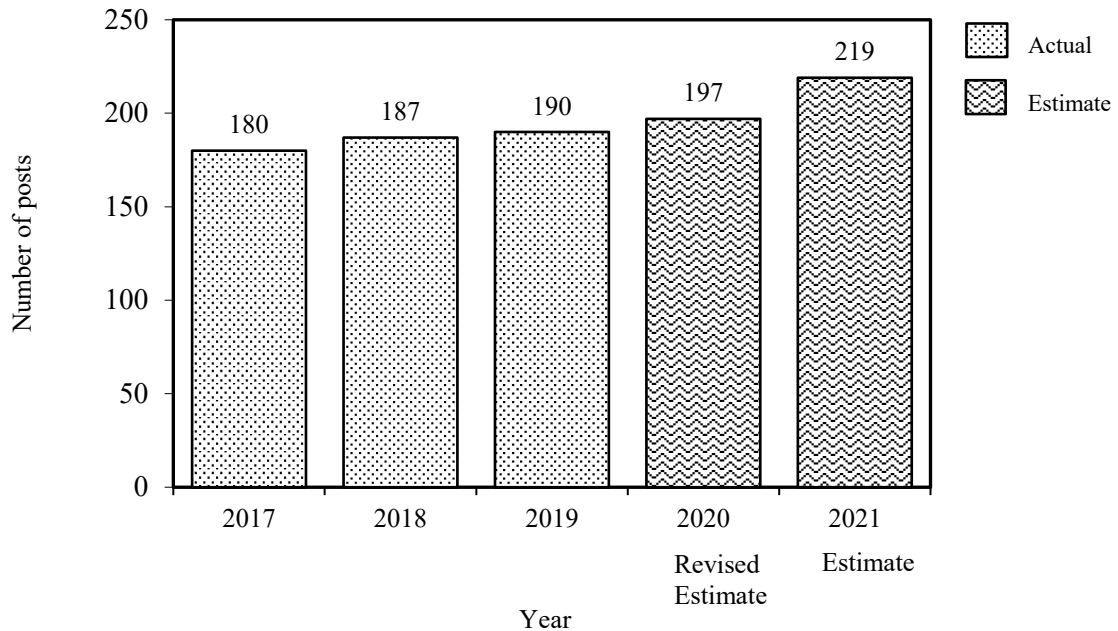
*Allocation of provision
to programmes
(2020-21)*



*Staff by programme
(as at 31 March 2021)*



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



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Sub-head (Code)	Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	Estimate 2020–21	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	189,463	198,070	209,243	238,699
281	Air passenger departure tax administration fees	69,290	73,221	64,011	69,891
	Total, Recurrent.....	<u>258,753</u>	<u>271,291</u>	<u>273,254</u>	<u>308,590</u>
Non-Recurrent					
700	General non-recurrent	45,985	34,020	966,010	74,850,500
	Total, Non-Recurrent.....	<u>45,985</u>	<u>34,020</u>	<u>966,010</u>	<u>74,850,500</u>
	Total, Operating Account	<u>304,738</u>	<u>305,311</u>	<u>1,239,264</u>	<u>75,159,090</u>
	Total Expenditure	<u><u>304,738</u></u>	<u><u>305,311</u></u>	<u><u>1,239,264</u></u>	<u><u>75,159,090</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the Treasury Branch is \$75,159,090,000. This represents an increase of \$73,919,826,000 over the revised estimate for 2019–20 and \$74,854,352,000 over the actual expenditure in 2018–19.

Operating Account

Recurrent

2 Provision of \$238,699,000 under *Subhead 000 Operational expenses* represents an increase of \$29,456,000 (14.1%) over the revised estimate for 2019–20. This is mainly due to the provisions for salaries arising from the net creation of 22 posts in the Treasury Branch and deferred creation of some posts in 2019–20.

3 The establishment as at 31 March 2020 will be 197 permanent posts. It is expected that there will be a net increase of 22 posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$143,770,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	2020–21 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	150,982	157,997	159,055	189,011
- Allowances.....	5,857	5,731	6,494	7,109
- Job-related allowances.....	—	2	3	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	200	145	183	135
- Civil Service Provident Fund contribution.....	9,025	10,851	10,959	15,652
Departmental Expenses				
- Honoraria for members of committees	1,645	2,556	2,211	2,285
- General departmental expenses	21,754	20,788	30,338	24,505
	189,463	198,070	209,243	238,699

5 Provision of \$69,891,000 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 \$'000	Accumulated expenditure to 31.3.2019 \$'000	Revised estimated expenditure for 2019–20 \$'000	Balance \$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
	801	Cash payout scheme [^]	71,008,000 [^]	—	—	71,008,000
	835	Supplementary electricity charges subsidy for eligible public housing tenants affected by redevelopment, major repair or improvement works	9,000	6,718	10	2,272
	881	Electricity charges subsidy for eligible residential accounts.....	27,869,000	21,739,196	966,000	5,163,804
		Total	98,886,000	21,745,914	966,010	76,174,076

[^] This is a new item, funding for which is sought in the context of the Appropriation Bill 2020.