

## Head 148 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES BUREAU

**Controlling officer:** the Secretary for Financial Services will account for expenditure under this Head.

<b>Estimate 2001–02</b> .....	<b>\$159.9m</b>
<b>Establishment ceiling 2001–02</b> (notional annual mid-point salary value) representing an estimated 168 non-directorate posts at 31 March 2001 and at 31 March 2002.....	<b>\$70.7m</b>
In addition there will be an estimated 16 directorate posts at 31 March 2001 and at 31 March 2002.	
<b>Capital Account commitment balance</b> .....	<b>\$21.1m</b>

### Controlling Officer's Report

#### Programme

##### Financial Services

This programme contributes to Policy Area 1: Financial Services (Secretary for Financial Services).

#### Detail

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	<b>2001–02 (Estimate)</b>
Financial provision (\$m)	172.7	162.6 (–5.8%)	131.8 (–18.9%)	<b>159.9 (+21.3%)</b>

#### Aim

2 The Financial Services Bureau aims to:

- maintain and enhance Hong Kong's status as a major international financial centre;
- maintain the integrity and stability of the monetary and financial systems of Hong Kong;
- ensure orderly and efficient operation as well as prudent and appropriate supervision and regulation of the financial markets and services;
- provide a business environment which is open, fair and conducive to market developments; and
- provide information for monitoring the economy and facilitating business decisions.

#### Brief Description

3 We seek to achieve the above aims through:

- the formulation of policy and introduction of legislation covering the securities, banking and monetary systems; insurance, provident fund and retirement scheme business; companies, insolvency, and accountancy matters;
- co-ordinating and assisting the Financial Secretary in overseeing the relevant regulatory authorities, namely the Hong Kong Monetary Authority, the Securities and Futures Commission and the Mandatory Provident Fund Schemes Authority;
- co-ordinating and facilitating implementation of new initiatives on financial infrastructure and human resources development which enhance Hong Kong's competitiveness;
- operating the Office of the Commissioner of Insurance;
- overseeing the operation of the Census and Statistics Department, the Companies Registry and the Official Receiver's Office; and
- collating and analysing statistics and information pertaining to Hong Kong's economy.

4 The aims of the programme have been broadly achieved in 2000.

#### Matters Requiring Special Attention in 2001–02

5 During 2001–02, the bureau will:

- secure early enactment of the Securities and Futures Bill and oversee the implementation of the new regulatory framework;
- draw up the detailed implementation programme for putting in place a series of enhancement measures to strengthen the financial infrastructure and to promote a straight-through environment for the financial industry;

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- oversee the implementation of a series of measures to facilitate and encourage the distribution of listed companies' documents through electronic means and streamlining documentation circulated to shareholders for environmental protection purposes;
- oversee the implementation of measures to strengthen the development of the second board in Hong Kong;
- monitor the implementation of the banking reform initiatives announced in July 1999 by the Hong Kong Monetary Authority;
- oversee the full implementation and smooth operation of the Mandatory Provident Fund system;
- enhance the co-ordination of human resources development needs of the financial services sector through the Advisory Committee on Human Resources Development in the Financial Services Sector of Hong Kong;
- review critically the role of Government in insolvency administration by commissioning a consultancy study;
- conduct, together with the Standing Committee on Company Law Reform, a comprehensive review of the corporate governance regime in Hong Kong; and
- oversee the conduct of the 2001 Population Census.

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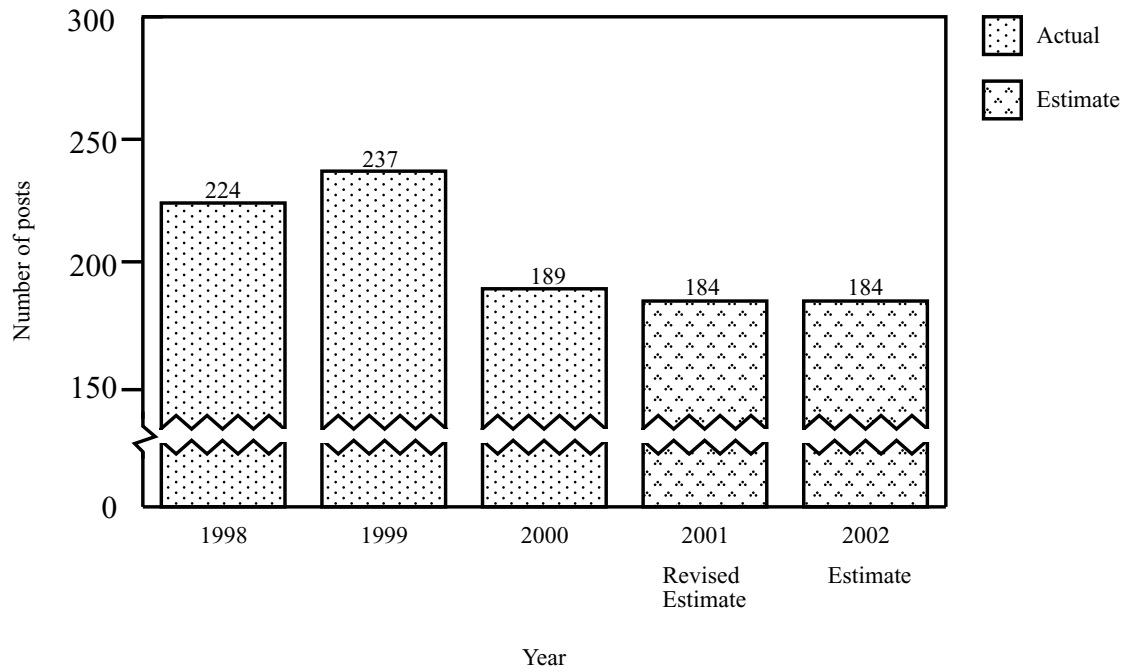
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01 (Revised) (\$m)	<b>2001–02 (Estimate) (\$m)</b>
Financial Services.....	172.7	162.6 (–5.8%)	131.8 (–18.9%)	<b>159.9 (+21.3%)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2001–02 is \$28.1 million (21.3%) higher than the revised estimate for 2000–01. This is mainly due to increase in cashflow requirement of capital account items, full-year provision for vacancies filled in 2000–01 and anticipated increase in expenditure on payments arising from hearings of tribunal cases in 2001–02 compared with the less than expected number of cases processed in 2000–01, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

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



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Sub-head (Code)	Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	Estimate 2001–02	
	\$' 000	\$' 000	\$' 000	\$'000	
<b>Recurrent Account</b>					
I — Personal Emoluments					
001	Salaries .....	99,325	96,112	95,607	<b>95,797</b>
002	Allowances .....	6,825	7,029	4,060	<b>3,772</b>
007	Job-related allowances .....	230	6	6	<b>6</b>
	Total, Personal Emoluments .....	106,380	103,147	99,673	<b>99,575</b>
III — Departmental Expenses					
110	Honoraria for members of committees .....	80	918	508	<b>909</b>
111	Hire of services and professional fees .....	8,734	27,726	9,079	<b>27,406</b>
149	General departmental expenses .....	14,777	17,879	15,500	<b>14,915</b>
	Total, Departmental Expenses .....	23,591	46,523	25,087	<b>43,230</b>
	Total, Recurrent Account .....	129,971	149,670	124,760	<b>142,805</b>
<b>Capital Account</b>					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote) .....	—	—	—	<b>550</b>
	Total, Plant, Equipment and Works .....	—	—	—	<b>550</b>
II — Other Non-Recurrent					
700	General other non-recurrent .....	42,729	12,905	7,045	<b>16,551</b>
	Total, Other Non-Recurrent .....	42,729	12,905	7,045	<b>16,551</b>
	Total, Capital Account .....	42,729	12,905	7,045	<b>17,101</b>
	Total Expenditure .....	172,700	162,575	131,805	<b>159,906</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Financial Services Bureau is \$159,906,000. This represents an increase of \$28,101,000 over the revised estimate for 2000–01 and a decrease of \$12,794,000 against actual expenditure in 1999–2000.

#### Recurrent Account

##### Personal Emoluments

2 Provision of \$99,575,000 for personal emoluments represents a decrease of \$98,000 against the revised estimate for 2000–01.

3 The establishment at 31 March 2001 will be 184 permanent posts. No change in establishment is expected by 31 March 2002.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$70,672,000.

5 Provision of \$3,772,000 under *Subhead 002 Allowances* is for standard allowances and the following non-standard allowance —

	<i>Rank</i>	<i>Master Pay Scale point</i>	<i>Rate per month† \$</i>
consolidated overtime allowance for Chauffeur grade	Chauffeur	5	5,240
		6	5,570
		7	5,940
		8	6,330
		9	6,740
		10	7,145

† These rates are payable for the first 1–100 hours overtime per month. Overtime performed in excess of 100 hours will be compensated at 1% of the monthly rate per hour.

The decrease of \$288,000 (7.1%) against the revised estimate for 2000–01 is mainly due to reduced requirement for acting allowance.

6 Provision of \$6,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

##### Departmental Expenses

7 Provision of \$909,000 under *Subhead 110 Honoraria for members of committees* is mainly for remuneration and fees payable to the Chairman, Deputy Chairman and members of the Occupational Retirement Schemes Appeal Board, the Mandatory Provident Fund Schemes Appeal Board and the Securities and Futures Appeals Panel. This represents an increase of \$401,000 (78.9%) over the revised estimate for 2000–01, during which year the number of cases received was less than that estimated. The increase is mainly due to the estimated increased requirements for cases in 2001–02.

8 Provision of \$27,406,000 under *Subhead 111 Hire of services and professional fees* includes provision for hiring the services of Chairmen and Members, verbatim reporters, professional witnesses, ordinary witnesses and outside counsels arising from the hearings of Insider Dealings Tribunal (IDT) and for other hired services. This represents an increase of \$18,327,000 (201.9%) over the revised estimate for 2000–01, during which year the number of cases processed was less than that expected. The increase is mainly due to the anticipated increase in expenditure on payments arising from hearings in 2001–02.

9 Provision of \$14,915,000 under *Subhead 149 General departmental expenses* represents a decrease of \$585,000 (3.8%) against the revised estimate for 2000–01. This is mainly due to reduced operating expenses under the Enhanced Productivity Programme.

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### Capital Account

#### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
700		<i>General other non-recurrent</i>				
	001	Undertaking economic research projects for the Asia-Pacific Economic Cooperation .....	2,000	1,000	90	910
	004	Contracting out economic research projects .....	4,200	2,514	945	741
	013	Consultancy study on corporate governance in Hong Kong .....	7,000	—	1,000	6,000
	014	Initiatives to co-ordinate the human resources development for the financial services sector .....	2,000	—	1,000	1,000
	015	Consultancy study to review the future role and functions of the Official Receiver's Office .....	8,000	—	1,500	6,500
	016	Asia-Pacific Economic Cooperation (APEC) 2001 Economic Outlook.....	1,500	—	680	820
	017	Investigation into the Oxford Properties and Finance Limited.....	2,200	—	1,830	370
	018	Conducting researches and studies on the recommendations made in the report of the Standing Committee on Company Law Reform (SCCLR).....	2,420	—	—	2,420
	664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework .....	2,420	36	—	2,384
		Total .....	<u>31,740</u>	<u>3,550</u>	<u>7,045</u>	<u>21,145</u>