

## 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 2009–10</b> .....	<b>\$4,893.4m</b>
<b>Establishment ceiling 2009–10</b> (notional annual mid-point salary value) representing an estimated 161 non-directorate posts as at 31 March 2009 and as at 31 March 2010 .....	<b>\$72.6m</b>
In addition, there will be an estimated 18 directorate posts as at 31 March 2009 and as at 31 March 2010.	
<b>Commitment balance</b> .....	<b>\$5,600.0m</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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	<b>2009–10 (Estimate)</b>
Financial provision (\$m)	6.9	12.4	10.4 (–16.1%)	<b>12.2</b> (+17.3%)
				(or –1.6% on 2008–09 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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	<b>2009–10 (Estimate)</b>
Financial provision (\$m)	121.1	131.2	122.7 (–6.5%)	<b>133.7</b> (+9.0%)
				(or +1.9% on 2008–09 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 implement policies and actions to:

- ensure that the growth of government expenditure over time is in line with the trend 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;
- 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;
- raise sufficient revenue to cover our spending commitments; and
- maintain adequate fiscal reserves to provide a cushion against future uncertainties.

6 In 2008, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation process, and helped ensure that the financial implications of new proposals from bureaux and departments were examined with due diligence.

### *Matters Requiring Special Attention in 2009–10*

7 During 2009–10, the Branch will:

- continue to control government expenditure and manage the allocation of resources having regard to principles of public finance management;
- continue to consider major investment and loan proposals in support of economic and social development;
- continue with the implementation of the Asset Sale and Securitisation Programme;
- appoint financial consultants to carry out various financial appraisals;
- continue to support corporatisation or privatisation initiatives as they arise; and
- continue to maintain the 'user pays' principle for appropriate government services by regular revisions of fees and charges.

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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	42.9	45.1	47.2 (+4.7%)	47.5 (+0.6%)
				(or +5.3% on 2008–09 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 2009–10***

- 10 During 2009–10, 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 with the Treasury on the project for the replacement of the Government Financial Management Information System with a view to completing the project in the former part of 2009–10; 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>	2007–08 (Actual) (\$m)	2008–09 (Original) (\$m)	2008–09 (Revised) (\$m)	<b>2009–10 (Estimate) (\$m)</b>
(1) Director of Bureau’s Office .....	6.9	12.4	10.4	<b>12.2</b>
(2) Revenue and Financial Control.....	121.1	131.2	122.7	<b>133.7</b>
(3) Service Departments .....	42.9	45.1	47.2	<b>47.5</b>
	170.9	188.7	180.3# (–4.5%)	<b>193.4# (+7.3%)</b>
				<b>(or +2.5% on 2008–09 Original)</b>

# The provisions exclude the cash flow requirements for the one-off electricity charges subsidy scheme for eligible residential accounts. The scheme does not fall under any of the above programmes.

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2009–10 is \$1.8 million (17.3%) higher than the revised estimate for 2008–09. This is mainly due to the full-year provision for the positions of Under Secretary and Political Assistant filled in 2008–09.

**Programme (2)**

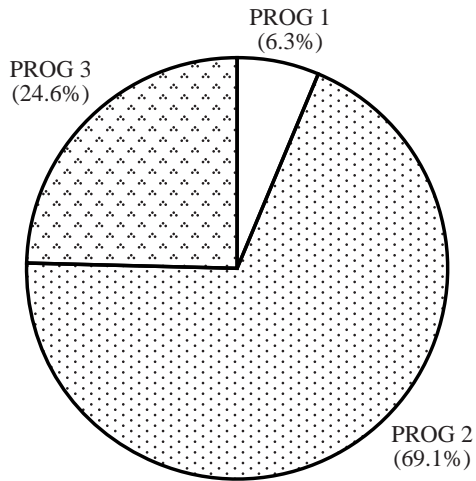
Provision for 2009–10 is \$11.0 million (9.0%) higher than the revised estimate for 2008–09. This is mainly due to the deferred provision for appointment of financial consultants.

**Programme (3)**

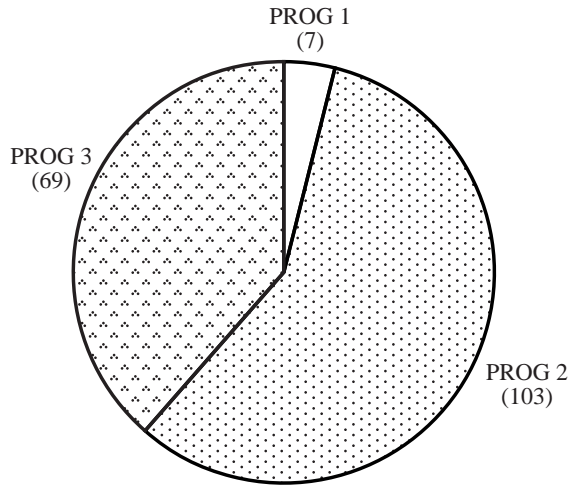
Provision for 2009–10 is \$0.3 million (0.6%) higher than the revised estimate for 2008–09. This is mainly due to the additional requirement for general departmental expenses.

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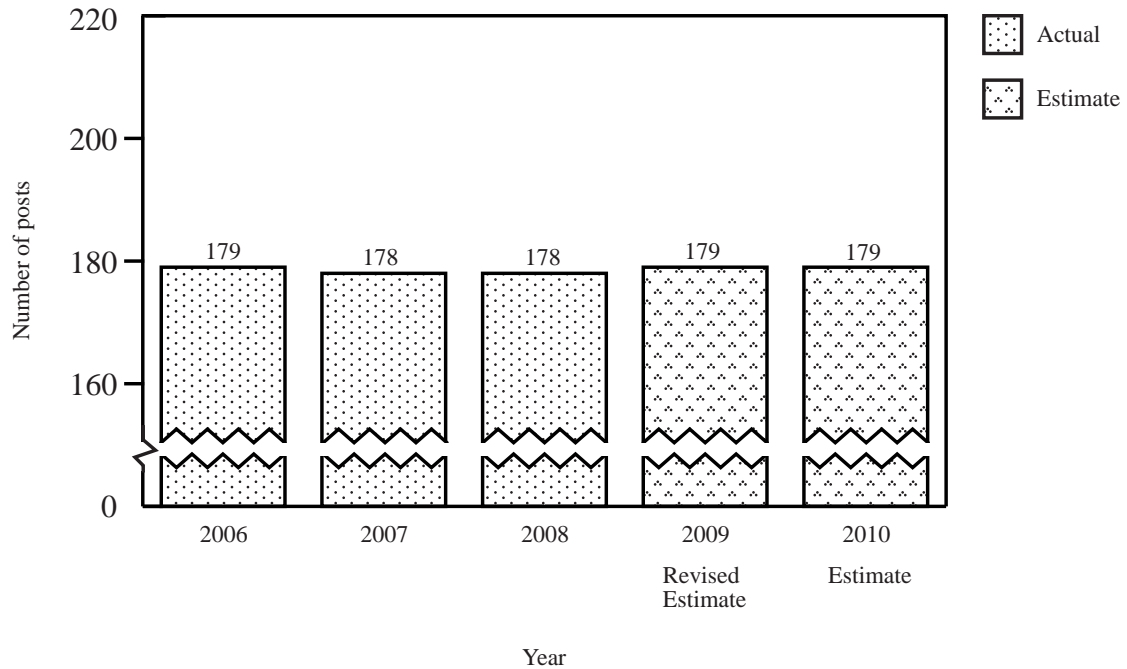
*Allocation of provision to programmes (2009-10)*



*Staff by programme (as at 31 March 2010)*



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



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Sub-head (Code)	Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	<b>Estimate 2009-10</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	130,653	146,607	140,408	<b>154,952</b>
281	Air passenger departure tax administration fees .....	40,216	42,130	39,910	<b>38,477</b>
	Total, Recurrent .....	<u>170,869</u>	<u>188,737</u>	<u>180,318</u>	<b><u>193,429</u></b>
Non-Recurrent					
700	General non-recurrent .....	—	—	3,200,000	<b>4,700,000</b>
	Total, Non-Recurrent .....	<u>—</u>	<u>—</u>	<u>3,200,000</u>	<b><u>4,700,000</u></b>
	Total, Operating Account .....	<u>170,869</u>	<u>188,737</u>	<u>3,380,318</u>	<b><u>4,893,429</u></b>
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	Total Expenditure .....	<u><u>170,869</u></u>	<u><u>188,737</u></u>	<u><u>3,380,318</u></u>	<b><u><u>4,893,429</u></u></b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Treasury Branch is \$4,893,429,000. This represents an increase of \$1,513,111,000 over the revised estimate for 2008–09 and of \$4,722,560,000 over actual expenditure in 2007–08.

#### *Operating Account*

#### Recurrent

**2** Provision of \$154,952,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury Branch. The increase of \$14,544,000 (10.4%) over the revised estimate for 2008–09 is mainly due to the full-year provision for the positions of Under Secretary and Political Assistant filled in 2008–09, and deferred provision for appointment of financial consultants.

**3** The establishment as at 31 March 2009 will be 179 permanent posts. No change in establishment is expected in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$72,645,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	<b>2009–10 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	96,711	100,070	104,366	<b>102,789</b>
- Allowances .....	3,801	4,102	5,392	<b>5,852</b>
- Job-related allowances .....	1	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	58	50	100	<b>170</b>
- Civil Service Provident Fund contribution .....	120	125	362	<b>783</b>
Departmental Expenses				
- Honoraria for members of committees.....	1,632	2,396	2,350	<b>2,224</b>
- General departmental expenses .....	13,413	20,762	18,330	<b>21,382</b>
Other Charges				
- Appointment of financial consultants.....	14,917	19,100	9,506	<b>21,750</b>
	130,653	146,607	140,408	<b>154,952</b>

**5** Provision of \$38,477,000 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 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	881	Electricity charges subsidy for eligible residential accounts .....	8,800,000	—	3,200,000	5,600,000
		Total .....	8,800,000	—	3,200,000	5,600,000
			8,800,000	—	3,200,000	5,600,000