

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

**Controlling officer:** the Permanent Secretary for the Financial Services and the Treasury (Treasury) will account for expenditure under this Head.

<b>Estimate 2011–12</b> .....	<b>\$333.0m</b>
<b>Establishment ceiling 2011–12</b> (notional annual mid-point salary value) representing an estimated 159 non-directorate posts as at 31 March 2011 and as at 31 March 2012.....	<b>\$71.2m</b>
In addition, there will be an estimated 18 directorate posts as at 31 March 2011 and as at 31 March 2012.	
<b>Commitment balance</b> .....	<b>\$647.7m</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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	<b>2011–12 (Estimate)</b>
Financial provision (\$m)	11.9	11.9	11.9 (—)	<b>12.0</b> (+0.8%)
				(or +0.8% on 2010–11 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	<b>2011–12 (Estimate)</b>
Financial provision (\$m)	122.4	130.1	120.8 (–7.1%)	<b>128.3</b> (+6.2%)
				(or –1.4% on 2010–11 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 support 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 2010, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of new proposals from bureaux and departments were examined with due diligence.

### *Matters Requiring Special Attention in 2011–12*

7 During 2011–12, 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 financial appraisals as necessary;
- 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**

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	<b>2011–12 (Estimate)</b>
Financial provision (\$m)	45.1	50.3	48.9 (–2.8%)	<b>50.9</b> (+4.1%)
				(or +1.2% on 2010–11 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 (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.

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*Matters Requiring Special Attention in 2011–12*

**10** During 2011–12, 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 with a view to ensuring proper scrutiny and prioritisation of the projects.

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
(1) Director of Bureau’s Office.....	11.9	11.9	11.9	<b>12.0</b>
(2) Revenue and Financial Control .....	122.4	130.1	120.8	<b>128.3</b>
(3) Service Departments.....	45.1	50.3	48.9	<b>50.9</b>
	179.4#	192.3#	181.6# (–5.6%)	<b>191.2#</b> <b>(+5.3%)</b>
				<b>(or –0.6% on 2010–11 Original)</b>

# The provisions exclude the cash flow requirements for two one-off subsidy schemes: the electricity charges subsidy scheme for eligible residential accounts and the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works. The two schemes do not fall under any of the above programmes.

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2011–12 is \$0.1 million (0.8%) higher than the revised estimate for 2010–11. This is mainly due to additional requirement for personal emoluments.

**Programme (2)**

Provision for 2011–12 is \$7.5 million (6.2%) higher than the revised estimate for 2010–11. This is mainly due to additional requirements for general departmental expenses and air passenger departure tax administration fee.

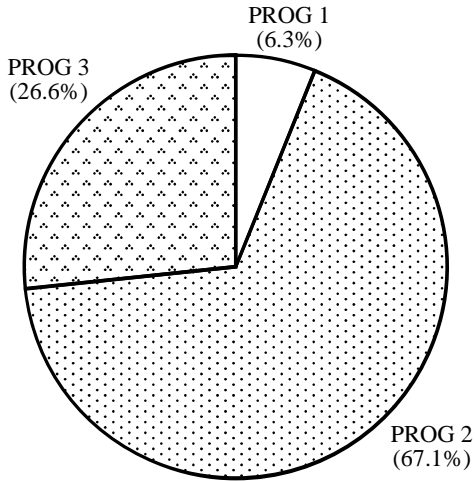
**Programme (3)**

Provision for 2011–12 is \$2 million (4.1%) higher than the revised estimate for 2010–11. This is mainly due to additional requirement for general departmental expenses.

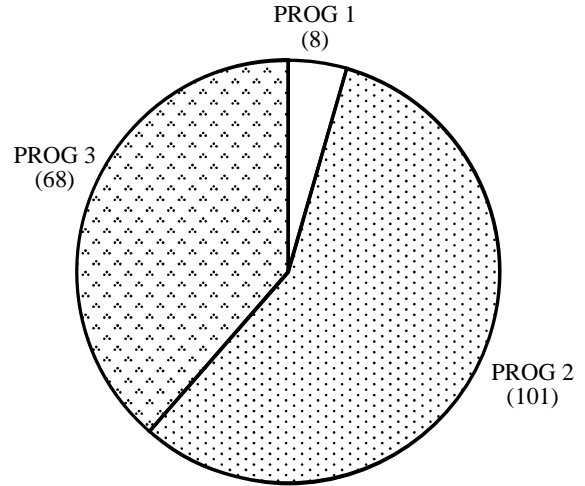
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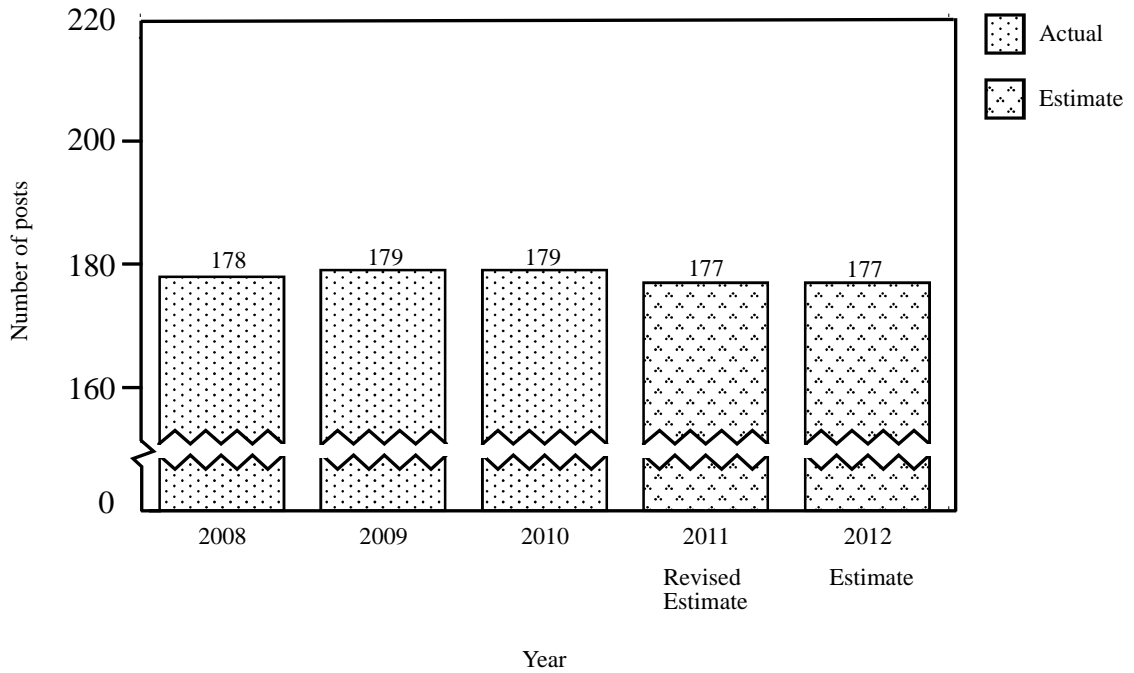
*Allocation of provision  
to programmes  
(2011-12)*



*Staff by programme  
(as at 31 March 2012)*



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



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Sub-head (Code)	Actual expenditure 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	<b>Estimate 2011–12</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	140,357	152,169	138,007	<b>145,879</b>
281	Air passenger departure tax administration fees.....	39,009	40,115	43,620	<b>45,300</b>
	Total, Recurrent .....	<u>179,366</u>	<u>192,284</u>	<u>181,627</u>	<b><u>191,179</u></b>
Non-Recurrent					
700	General non-recurrent .....	4,442,434	493,470	470,000	<b>141,800</b>
	Total, Non-Recurrent .....	<u>4,442,434</u>	<u>493,470</u>	<u>470,000</u>	<b><u>141,800</u></b>
	Total, Operating Account.....	4,621,800	685,754	651,627	<b>332,979</b>
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	Total Expenditure .....	<u><u>4,621,800</u></u>	<u><u>685,754</u></u>	<u><u>651,627</u></u>	<b><u><u>332,979</u></u></b>

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**Details of Expenditure by Subhead**

The estimate of the amount required in 2011–12 for the salaries and expenses of the Treasury Branch is \$332,979,000. This represents a decrease of \$318,648,000 against the revised estimate for 2010–11 and of \$4,288,821,000 against actual expenditure in 2009–10. The decrease is due to the reduced cash flow requirement for the electricity charge subsidy scheme.

*Operating Account*

Recurrent

2 Provision of \$145,879,000 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 2011 will be 177 permanent posts. No change in establishment is expected in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$71,207,000.

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

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	<b>2011–12 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	98,693	98,829	98,827	<b>98,360</b>
- Allowances .....	5,239	6,112	4,770	<b>5,312</b>
- Job-related allowances.....	1	2	1	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	172	190	200	<b>120</b>
- Civil Service Provident Fund contribution .....	586	580	1,200	<b>2,000</b>
Departmental Expenses				
- Honoraria for members of committees ....	1,769	2,114	1,845	<b>1,830</b>
- General departmental expenses.....	21,727	32,766	29,734	<b>34,255</b>
Other Charges				
- Appointment of financial consultants .....	12,170	11,576	1,430	<b>4,000</b>
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	140,357	152,169	138,007	<b>145,879</b>
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5 Provision of \$45,300,000 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 31.3.2010	Revised estimated expenditure for 2010-11	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 works .....		7,500	2,107	2,000	3,393
881	Electricity charges subsidy for eligible residential accounts .....		8,800,000	7,687,735	468,000	644,265
	Total .....		<u>8,807,500</u>	<u>7,689,842</u>	<u>470,000</u>	<u>647,658</u>