

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.

Estimate 2012–13..... **\$13,240.9m**

Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 159 non-directorate posts as at 31 March 2012 rising by one post to 160 posts as at 31 March 2013.... **\$76.8m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2012 and as at 31 March 2013.

Commitment balance **\$13,763.8m**

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

| | 2010–11 (Actual) | 2011–12 (Original) | 2011–12 (Revised) | 2012–13 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 11.9 | 12.0 | 12.2 (+1.7%) | 12.4 (+1.6%) |
| | | | | (or +3.3% on 2011–12 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

| | 2010–11 (Actual) | 2011–12 (Original) | 2011–12 (Revised) | 2012–13 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 113.0 | 128.3 | 133.9 (+4.4%) | 136.0 (+1.6%) |
| | | | | (or +6.0% on 2011–12 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 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 for unfunded liabilities and commitments as well as to serve as a cushion against future uncertainties.

6 In 2011, 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 2012–13

7 During 2012–13, 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

| | 2010–11 (Actual) | 2011–12 (Original) | 2011–12 (Revised) | 2012–13 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 44.5 | 50.9 | 52.7 (+3.5%) | 54.1 (+2.7%) |
| | | | | (or +6.3% on 2011–12 Original) |

Aim

8 The aim is to ensure that government departments receive 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 2012–13

10 During 2012–13, 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

| Programme | 2010-11 (Actual) (\$m) | 2011-12 (Original) (\$m) | 2011-12 (Revised) (\$m) | 2012-13 (Estimate) (\$m) |
|--|------------------------------|--------------------------------|-------------------------------|---|
| (1) Director of Bureau's Office..... | 11.9 | 12.0 | 12.2 | 12.4 |
| (2) Revenue and Financial Control..... | 113.0 | 128.3 | 133.9 | 136.0 |
| (3) Service Departments | 44.5 | 50.9 | 52.7 | 54.1 |
| | 169.4 | 191.2 | 198.8 (+4.0%) | 202.5# (+1.9%) |
| | | | | (or +5.9% on 2011-12 Original) |

The provisions exclude the cash flow requirements for three one-off subsidy schemes: the electricity charges subsidy scheme for eligible residential accounts, the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works and Scheme \$6,000. The three schemes do not fall under any of the above programmes.

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2012-13 is \$0.2 million (1.6%) higher than the revised estimate for 2011-12. This is mainly due to the additional requirements for general departmental expenses and personal emoluments.

Programme (2)

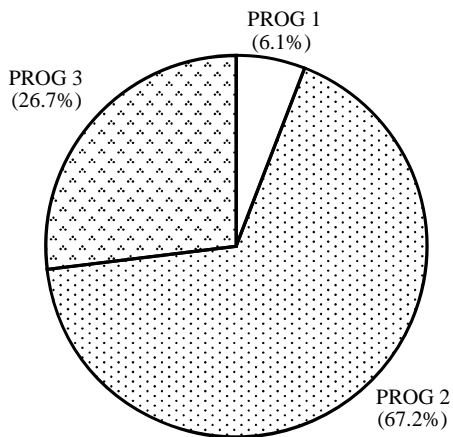
Provision for 2012-13 is \$2.1 million (1.6%) higher than the revised estimate for 2011-12. This is mainly due to the additional requirements for personal emoluments and air passenger departure tax administration fees.

Programme (3)

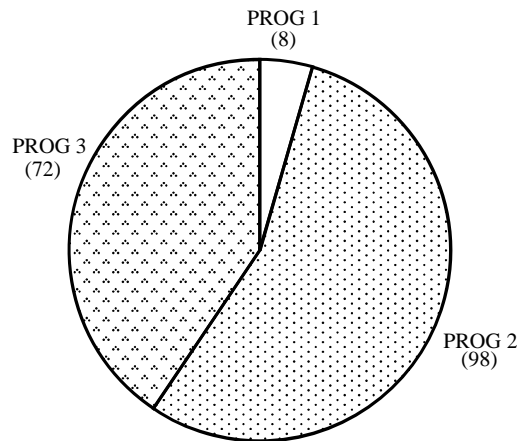
Provision for 2012-13 is \$1.4 million (2.7%) higher than the revised estimate for 2011-12. This is mainly due to the additional requirements for general departmental expenses and personal emoluments.

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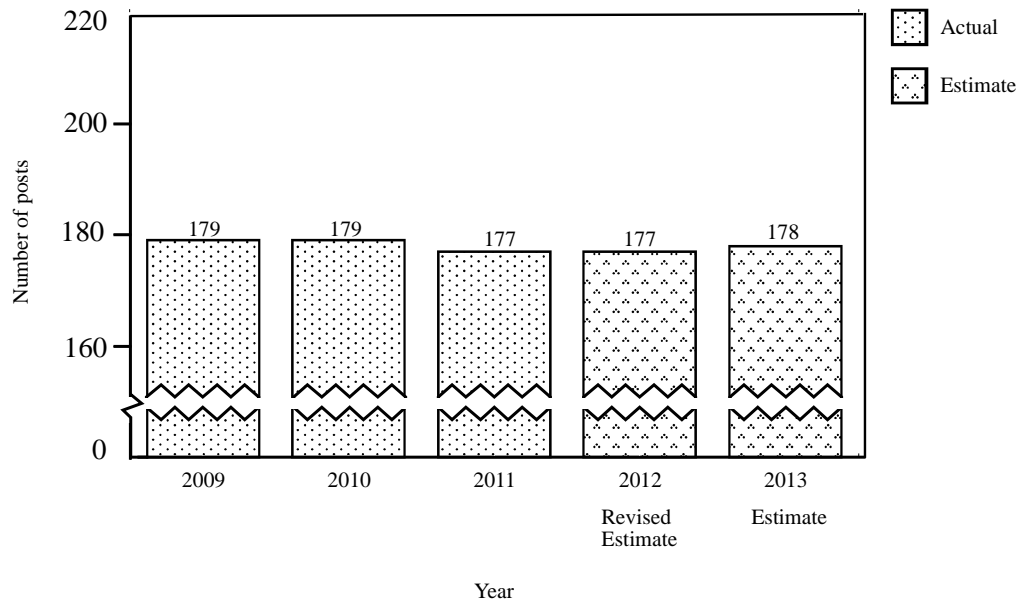
Allocation of provision to programmes (2012-13)



Staff by programme (as at 31 March 2013)



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



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| Sub-head (Code) | Actual expenditure 2010-11 | Approved estimate 2011-12 | Revised estimate 2011-12 | Estimate 2012-13 | |
|--------------------------|---|---------------------------------|--------------------------------|--------------------------|---------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 125,622 | 145,879 | 152,519 | 154,550 |
| 281 | Air passenger departure tax administration fees..... | 43,752 | 45,300 | 46,320 | 47,940 |
| | Total, Recurrent | <u>169,374</u> | <u>191,179</u> | <u>198,839</u> | <u>202,490</u> |
| Non-Recurrent | | | | | |
| 700 | General non-recurrent | 484,029 | 141,800 | 29,889,800 | 13,038,400 |
| | Total, Non-Recurrent | <u>484,029</u> | <u>141,800</u> | <u>29,889,800</u> | <u>13,038,400</u> |
| | Total, Operating Account | 653,403 | 332,979 | 30,088,639 | 13,240,890 |
| <hr/> | | | | | |
| | Total Expenditure | <u><u>653,403</u></u> | <u><u>332,979</u></u> | <u><u>30,088,639</u></u> | <u><u>13,240,890</u></u> |

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Treasury Branch is \$13,240,890,000. This represents a decrease of \$16,847,749,000 against the revised estimate for 2011–12 and an increase of \$12,587,487,000 over actual expenditure in 2010–11. The fluctuation is due to the increased cash flow requirement for the electricity charge subsidy scheme and Scheme \$6,000 in 2011–12, and then a decrease in 2012–13.

Operating Account

Recurrent

2 Provision of \$154,550,000 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 2012 will be 177 permanent posts. It is expected that there will be an increase of one permanent post in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$76,772,000.

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

| | 2010–11 (Actual) (\$'000) | 2011–12 (Original) (\$'000) | 2011–12 (Revised) (\$'000) | 2012–13 (Estimate) (\$'000) |
|--|---------------------------------|-----------------------------------|----------------------------------|--|
| Personal Emoluments | | | | |
| - Salaries | 97,194 | 98,360 | 114,827 | 117,624 |
| - Allowances | 4,249 | 5,312 | 3,140 | 3,012 |
| - Job-related allowances..... | — | 2 | 1 | 2 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution | 179 | 120 | 140 | 120 |
| - Civil Service Provident Fund contribution | 1,112 | 2,000 | 2,160 | 2,850 |
| Departmental Expenses | | | | |
| - Honoraria for members of committees | 1,386 | 1,830 | 1,708 | 1,753 |
| - General departmental expenses | 21,502 | 34,255 | 26,113 | 27,189 |
| Other Charges | | | | |
| - Appointment of financial consultants | — | 4,000 | 4,430 | 2,000 |
| | <hr/> 125,622 | <hr/> 145,879 | <hr/> 152,519 | <hr/> 154,550 <hr/> |

5 Provision of \$47,940,000 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 31.3.2011 | Revised estimated expenditure for 2011-12 | 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 works .. | | 7,500 | 4,217 | 800 | 2,483 |
| 856 | Scheme \$6,000 | | 38,520,000 | — | 27,089,000 | 11,431,000 |
| 881 | Electricity charges subsidy for eligible residential accounts | | 13,300,000 | 8,169,654 | 2,800,000 | 2,330,346 |
| | Total | | <u>51,827,500</u> | <u>8,173,871</u> | <u>29,889,800</u> | <u>13,763,829</u> |