

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 2017–18	\$318.8m
Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 162 non-directorate posts as at 31 March 2017 rising by nine posts to 171 posts as at 31 March 2018.....	\$105.4m
In addition, there will be an estimated 18 directorate posts as at 31 March 2017 rising by one post to 19 posts as at 31 March 2018.	
Commitment balance	\$676.2m

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	14.2	14.1	14.2 (+0.7%)	14.3 (+0.7%)
				(or +1.4% on 2016–17 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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	146.8	153.7	154.8 (+0.7%)	166.3 (+7.4%)
				(or +8.2% on 2016–17 Original)

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Aim

4 The aim is to manage the allocation of resources; oversee 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 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 low, simple and predictable tax system which encourages investments and facilitates businesses;
- 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 2016, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of proposals from bureaux and departments were assessed with due diligence.

Matters Requiring Special Attention in 2017–18

7 During 2017–18, the Branch will:

- continue to align the growth of government expenditure in line 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 legislative amendments to the Inland Revenue Ordinance (Cap. 112) to keep the tax regime robust, and in particular those required for implementing the Organisation for Economic Co-operation and Development (OECD)'s measures to tackle base erosion and profit shifting of enterprises;
- oversee the implementation of the OECD standard for automatic exchange of financial account information in tax matters (AEOI) and the drive to expand Hong Kong's AEOI network with other jurisdictions;
- continue to expand the treaty network of comprehensive avoidance of double taxation agreements and exchange of information agreements with trading partners;
- continue to oversee Government's procurement policy and related matters;
- continue the drive to streamline financial regulations within the Government, and to streamline and expedite tendering procedures; and
- continue to consider major investment and loan proposals in support of economic and social development; and ensure that government fees and charges imposed under the "cost recovery" and "user pays" principles are reviewed in a timely manner.

Programme (3): Service Departments

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	61.6	65.7	66.4 (+1.1%)	66.2 (–0.3%)
				(or +0.8% on 2016–17 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 2017–18

- 10 During 2017–18, 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

	2015–16 (Actual) (\$m)	2016–17 (Original) (\$m)	2016–17 (Revised) (\$m)	2017–18 (Estimate) (\$m)
Programme				
(1) Director of Bureau’s Office	14.2	14.1	14.2	14.3
(2) Revenue and Financial Control.....	146.8	153.7	154.8	166.3
(3) Service Departments	61.6	65.7	66.4	66.2
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	222.6	233.5	235.4 (+0.8%)	246.8# (+4.8%)
				(or +5.7% on 2016–17 Original)

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

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2017–18 is \$0.1 million (0.7%) higher than the revised estimate for 2016–17. This is mainly due to the additional requirements for personal emoluments.

Programme (2)

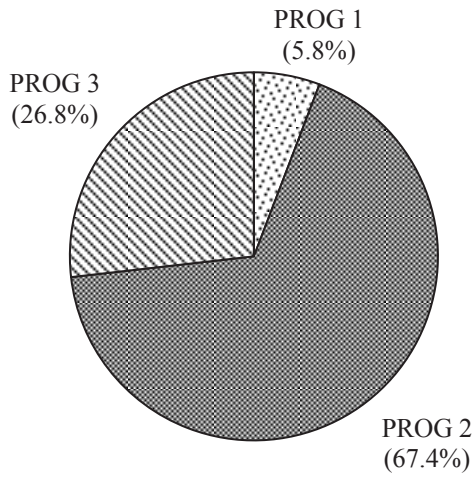
Provision for 2017–18 is \$11.5 million (7.4%) higher than the revised estimate for 2016–17. This is mainly due to the additional requirements for personal emoluments, to be partially offset by the decreased requirements for general departmental expenses. There will be an increase of ten posts in 2017–18.

Programme (3)

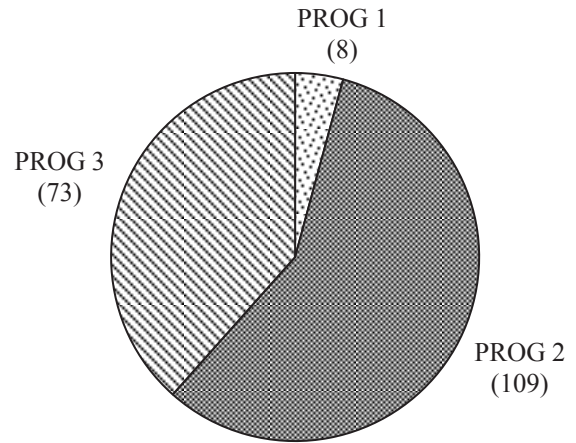
Provision for 2017–18 is \$0.2 million (0.3%) lower than the revised estimate for 2016–17. This is mainly due to the decreased requirements for general departmental expenses, to be partially offset by the increased requirements for personal emoluments.

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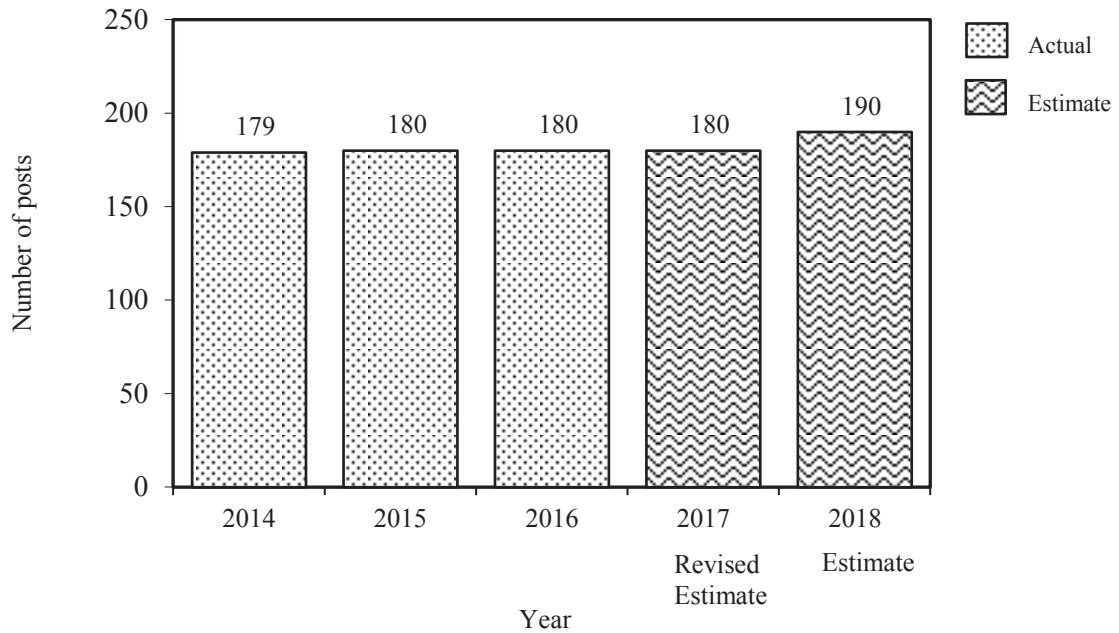
Allocation of provision to programmes (2017-18)



Staff by programme (as at 31 March 2018)



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



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Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	160,956	170,598	172,206	180,562
281	Air passenger departure tax administration fees	61,638	62,950	63,180	66,210
	Total, Recurrent	<u>222,594</u>	<u>233,548</u>	<u>235,386</u>	<u>246,772</u>
Non-Recurrent					
700	General non-recurrent	203,297	140,040	110,101	72,070
	Total, Non-Recurrent	<u>203,297</u>	<u>140,040</u>	<u>110,101</u>	<u>72,070</u>
	Total, Operating Account	<u>425,891</u>	<u>373,588</u>	<u>345,487</u>	<u>318,842</u>

	Total Expenditure	<u><u>425,891</u></u>	<u><u>373,588</u></u>	<u><u>345,487</u></u>	<u><u>318,842</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the Treasury Branch is \$318,842,000. This represents a decrease of \$26,645,000 against the revised estimate for 2016–17 and \$107,049,000 against the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$180,562,000 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 2017 will be 180 permanent posts. It is expected that there will be an increase of ten posts in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$105,399,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	131,166	135,601	134,601	143,971
- Allowances.....	3,968	3,914	6,064	6,514
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	157	120	170	120
- Civil Service Provident Fund contribution.....	4,781	5,400	6,000	6,800
Departmental Expenses				
- Honoraria for members of committees	1,844	2,127	2,264	2,358
- General departmental expenses	19,040	23,434	23,105	20,797
	160,956	170,598	172,206	180,562

5 Provision of \$66,210,000 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 31.3.2016	Revised estimated expenditure for 2016–17	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 worksΔ	9,000	6,610	70	2,320
	881	Electricity charges subsidy for eligible residential accountsΔ	22,300,000	21,516,153	110,000	673,847
		Total	<u>22,309,000</u>	<u>21,522,763</u>	<u>110,070</u>	<u>676,167</u>

Δ As announced in the 2016–17 Budget Speech, Financial Secretary has extended the operation of the two schemes for two years to 30 June 2018 while keeping the cost ceiling and other terms intact.