

Head 147 — GOVERNMENT SECRETARIAT: FINANCE BUREAU

Controlling officer: the Secretary for the Treasury will account for expenditure under this Head.

Estimate 2002–03 **\$120.0m**

Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 162 non-directorate posts at 31 March 2002 and at 31 March 2003 **\$71.7m**

In addition there will be an estimated 18 directorate posts at 31 March 2002 and at 31 March 2003.

Controlling Officer's Report

Programmes

Programme (1) Revenue and Financial Control This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for the Treasury).

Programme (2) Service Departments This programme contributes to Policy Area 27: Intra-Government Services (Secretary for the Treasury).

Detail

Programme (1): Revenue and Financial Control

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	71.2	71.0 (–0.3%)	74.6 (+5.1%)	72.0 (–3.5%)

Aim

2 The aim is to ensure the prudent management of public finances and to foster economic growth by leaving resources, as far as possible, in the private sector where they can be productively employed.

Brief Description

3 The bureau'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.

4 In 2001, the bureau processed financial proposals from Controlling Officers (COs) and in doing so assisted COs in ensuring that resources are directed towards areas where they will be of most benefit to the community. We also co-ordinated COs' efforts towards the target under the Enhanced Productivity Programme of delivering gains amounting to 5% of Government's operating expenses by 2002–03. The Advisory Committee on New Broad-based Taxes and the Task Force to review public expenditure have deferred submitting their final reports to the Financial Secretary to February 2002 in order that the latest global developments and their effects on the economy of Hong Kong can be taken into consideration. Our target of revising some of the fees and charges under the 'user pays' principle could not be fully achieved due to the unfavourable economic climate. We also deferred until further notice the planned secondary offering of MTRC shares due to unfavourable market conditions.

Matters Requiring Special Attention in 2002–03

5 During 2002–03, the bureau will:

- sustain the momentum of the Enhanced Productivity Programme for the most cost-effective ways to manage and deliver public services for meeting the needs of the community;

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- continue to consider major investment and loan proposals in support of economic and social development as they arise;
- continue to support corporatisation or privatisation initiatives as they arise;
- follow up on the work of the Advisory Committee on the New Broad-based Taxes and the Task Force on Review of Public Finances as appropriate;
- continue to combat tax evasion and step up efforts to recover outstanding tax payments; and
- continue to maintain the ‘user pays’ principle for appropriate government services by regular revisions of fees and charges.

Programme (2): Service Departments

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	46.9	47.3 (+0.9%)	48.6 (+2.7%)	48.0 (–1.2%)

Aim

6 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

7 The bureau’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 management, procurement, land transport, printing and accommodation); and
- ensure that the service departments provide quality support services to meet the needs of their customers.

8 In 2001, the service departments continued their efforts towards efficiency and cost-effectiveness. For example, Printing Department achieved considerable cost savings such that it reduced charges to other government departments by 10% with effect from May 2001, and Government Property Agency’s expenditure on leased offices and quarters was reduced by \$13.8 million as a result of efforts in de-leasing.

Matters Requiring Special Attention in 2002–03

9 During 2002–03, the bureau will:

- continue to review, in conjunction with the service departments, the mode of delivery of central support services under its purview to improve efficiency, meet customers’ operational needs and improve customer satisfaction; and
- continue to review the existing and planned use of Government, Institution and Community (GIC) sites so as to achieve optimal utilisation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Revenue and Financial Control	71.2	71.0	74.6	72.0
(2) Service Departments.....	46.9	47.3	48.6	48.0
	<hr/> 118.1	<hr/> 118.3 (+0.2%)	<hr/> 123.2 (+4.1%)	<hr/> 120.0 (-2.6%)

Analysis of Financial and Staffing Provision

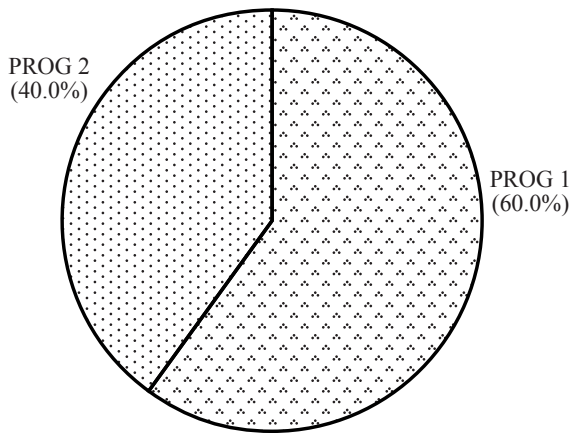
Programme (1)

Provision for 2002-03 is \$2.6 million (3.5%) lower than the revised estimate for 2001-02. This is mainly due to completion of a consultancy project and the full-year effect of posts deleted in 2001-02 under the Enhanced Productivity Programme, partly offset by salary increments for staff.

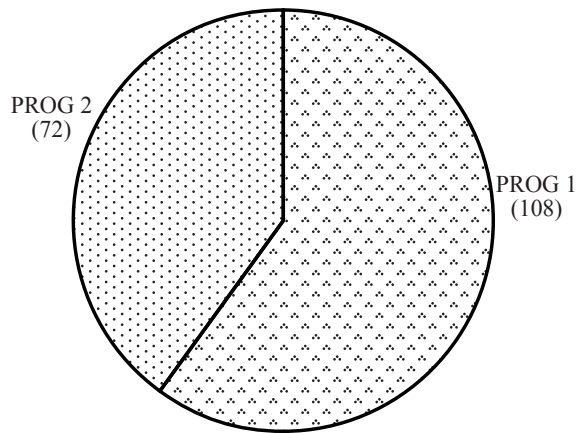
Programme (2)

Provision for 2002-03 is \$0.6 million (1.2%) lower than the revised estimate for 2001-02. This represents the full-year effect of posts deleted in 2001-02 under the Enhanced Productivity Programme, partly offset by salary increments for staff.

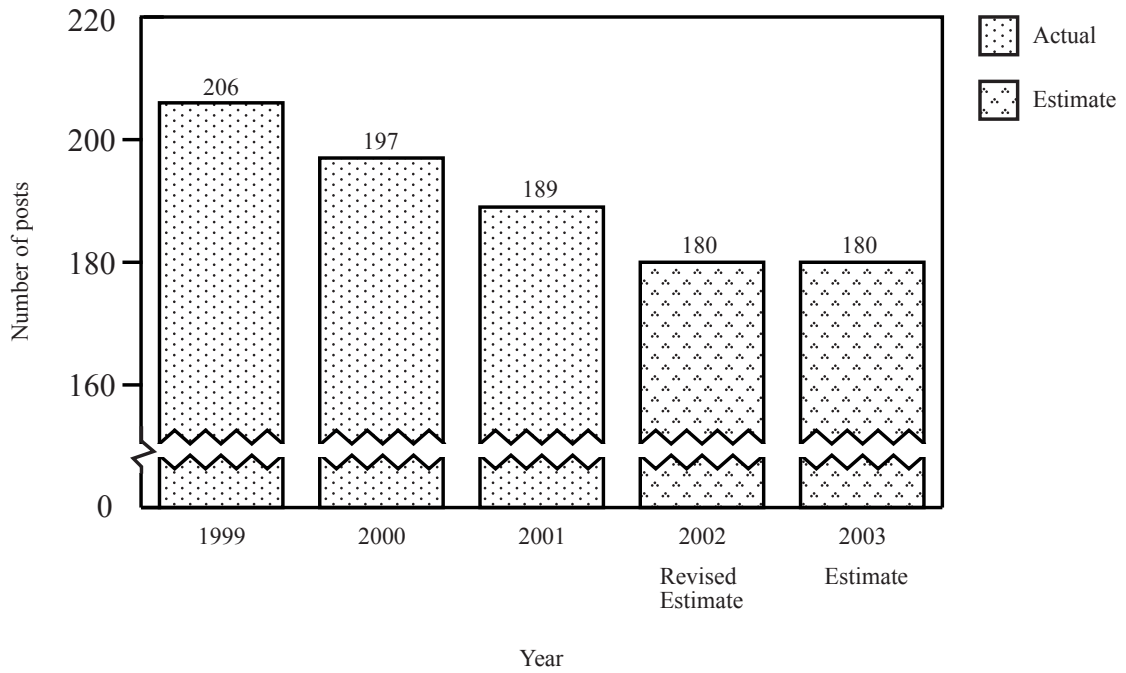
Allocation of provision to programmes (2002-03)



Staff by programme (as at 31 March 2003)



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



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Sub-head (Code)	Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
I — Personal Emoluments					
001	Salaries	97,864	99,158	104,687	103,660
002	Allowances	4,320	4,682	3,475	3,475
007	Job-related allowances	6	6	6	6
	Total, Personal Emoluments	<u>102,190</u>	<u>103,846</u>	<u>108,168</u>	<u>107,141</u>
III — Departmental Expenses					
110	Honoraria for members of committees.....	4,077	5,272	3,574	2,901
149	General departmental expenses	10,904	9,140	9,703	9,964
	Total, Departmental Expenses	<u>14,981</u>	<u>14,412</u>	<u>13,277</u>	<u>12,865</u>
	Total, Recurrent Account.....	<u>117,171</u>	<u>118,258</u>	<u>121,445</u>	<u>120,006</u>
Capital Account					
II — Other Non-Recurrent					
	General other non-recurrent	899	—	1,764	—
	Total, Other Non-Recurrent	<u>899</u>	<u>—</u>	<u>1,764</u>	<u>—</u>
	Total, Capital Account	<u>899</u>	<u>—</u>	<u>1,764</u>	<u>—</u>
	Total Expenditure.....	<u><u>118,070</u></u>	<u><u>118,258</u></u>	<u><u>123,209</u></u>	<u><u>120,006</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Finance Bureau is \$120,006,000. This represents a decrease of \$3,203,000 against the revised estimate for 2001–02 and an increase of \$1,936,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$107,141,000 for personal emoluments represents a decrease of \$1,027,000 against the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 180 permanent posts. No change in establishment is expected by 31 March 2003.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$71,709,000.

5 Provision of \$3,475,000 under *Subhead 002 Allowances* is for standard allowances and the consolidated overtime allowance for Chauffeur grade.

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

Departmental Expenses

7 Provision of \$2,901,000 under *Subhead 110 Honoraria for members of committees* is for the payment of remuneration and fees to the chairman, deputy chairman and members of the Board of Review (Inland Revenue). The decrease of \$673,000 (18.8%) against the revised estimate for 2001–02 is mainly due to completion of the work of the Advisory Committee on New Broad-based Taxes in 2001–02 (the honoraria for chairman and members of the Advisory Committee were paid out of this subhead in 2001–02) and an anticipated decrease in the number of appeal cases to be heard by the Board of Review (Inland Revenue) in 2002–03.