

Head 148 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES BUREAU

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

Estimate 2002–03 **\$165.4m**

Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 168 non-directorate posts at 31 March 2002 rising by two posts to 170 posts at 31 March 2003 **\$75.2m**

In addition there will be an estimated 16 directorate posts at 31 March 2002 rising by three posts to 19 posts at 31 March 2003.

Capital Account commitment balance **\$17.6m**

Controlling Officer's Report

Programme

Financial Services

This programme contributes to Policy Area 1: Financial Services (Secretary for Financial Services).

Detail

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	119.1	159.9 (+34.3%)	152.1 (–4.9%)	165.4 (+8.7%)

Aim

2 The Financial Services Bureau aims to:

- maintain and enhance Hong Kong's status as a major international financial centre;
- maintain the integrity and stability of the monetary and financial systems of Hong Kong;
- ensure orderly and efficient operation as well as prudent and appropriate supervision and regulation of the financial markets and services;
- provide a business environment which is open, fair and conducive to market developments; and
- provide information for monitoring the economy and facilitating business decisions.

Brief Description

3 The bureau seeks to achieve the above aims through:

- the formulation of policy and introduction of legislation covering the securities, banking and monetary systems; insurance, provident fund and retirement scheme business; companies, insolvency, and accountancy matters;
- co-ordinating and assisting the Financial Secretary in overseeing the relevant regulatory authorities, namely the Hong Kong Monetary Authority, the Securities and Futures Commission and the Mandatory Provident Fund Schemes Authority;
- co-ordinating and facilitating implementation of new initiatives on financial infrastructure and human resources development which enhance Hong Kong's competitiveness;
- fostering creativity in the market and encouraging it to introduce new financial and securities products and attract more trading activities;
- operating the Office of the Commissioner of Insurance;
- overseeing the operation of the Census and Statistics Department, the Companies Registry and the Official Receiver's Office; and
- collating and analysing statistics and information pertaining to Hong Kong's economy.

4 The aims of the programme have been broadly achieved in 2001.

Matters Requiring Special Attention in 2002–03

5 During 2002–03, the bureau will:

- prepare subsidiary legislation for the commencement of the Securities and Futures Ordinance and oversee the implementation of the new regulatory regime;

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- oversee the implementation of a series of enhancement measures to strengthen the financial infrastructure, enable scripless trading and promote a straight-through environment for the financial industry;
- oversee the review of the offers of investment regime;
- monitor the implementation of the banking reform initiatives announced in July 1999 by the Hong Kong Monetary Authority;
- oversee the implementation of initiatives under the Financial Market Development Task Force;
- monitor the operation of the Mandatory Provident Fund system and further enhance the efficiency and effectiveness of the system;
- review the role of Government in insolvency administration, having regard to the outcome of the relevant consultancy study;
- continue conducting, together with the Standing Committee on Company Law Reform, a comprehensive review of the corporate governance regime in Hong Kong and seek to implement the recommendations made by the Standing Committee;
- enhance the matching of manpower supply and demand and the co-ordination of training efforts in the financial services sector through the Advisory Committee on Human Resources Development in the Financial Services Sector of Hong Kong; and
- oversee the enhancement of national accounts statistics, in particular, the establishment of systems to compile external debt statistics and quarterly Gross Domestic Product statistics at constant prices by economic sector.

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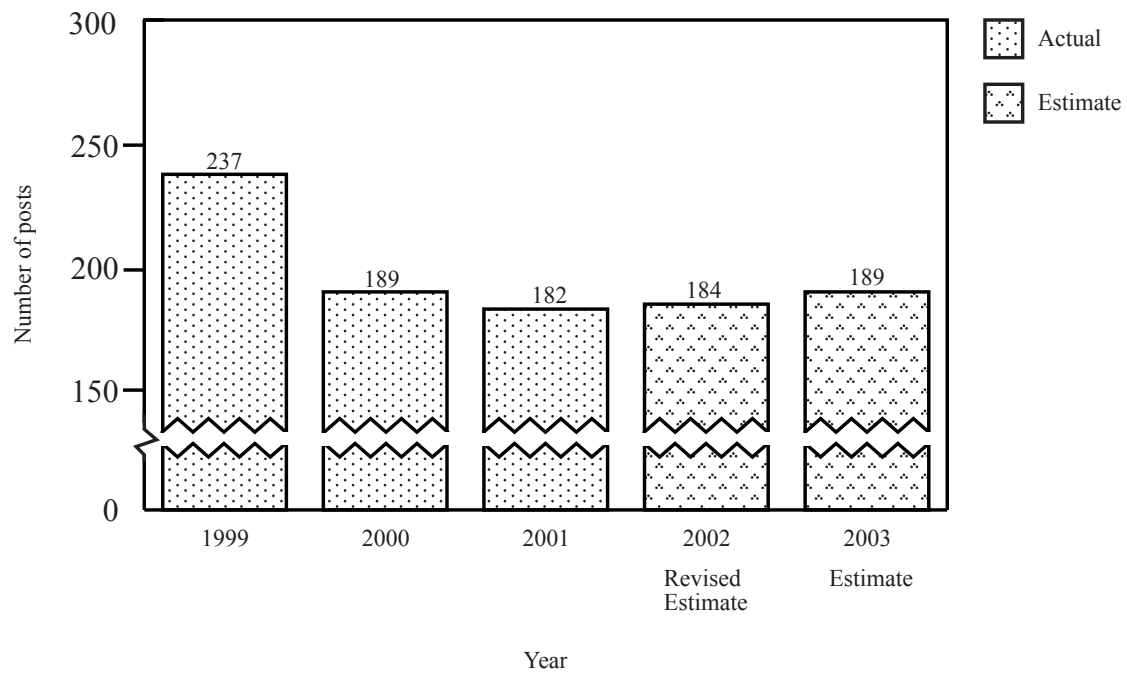
ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
Financial Services.....	119.1	159.9 (+34.3%)	152.1 (-4.9%)	165.4 (+8.7%)

Analysis of Financial and Staffing Provision

Provision for 2002-03 is \$13.3 million (8.7%) higher than the revised estimate for 2001-02. This is mainly due to full-year provision for vacancies filled in 2001-02 and provision for posts to be filled in 2002-03, and anticipated increase in expenditure arising from hearings of tribunal cases in 2002-03 compared with the less than expected number of cases processed in 2001-02, partly offset by decrease in cashflow requirement of capital account items and reduced operating expenses under the Enhanced Productivity Programme.

*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	95,535	95,797	103,935	107,696
002	Allowances	3,676	3,772	2,463	2,518
007	Job-related allowances	6	6	7	7
	Total, Personal Emoluments	99,217	99,575	106,405	110,221
III — Departmental Expenses					
110	Honoraria for members of committees	335	909	442	458
111	Hire of services and professional fees	3,885	27,406	14,161	26,748
149	General departmental expenses	13,112	14,915	14,902	14,320
	Total, Departmental Expenses	17,332	43,230	29,505	41,526
	Total, Recurrent Account	116,549	142,805	135,910	151,747
Capital Account					
I — Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote)	—	550	550	—
	Total, Plant, Equipment and Works	—	550	550	—
II — Other Non-Recurrent					
700	General other non-recurrent	2,550	16,551	15,649	13,647
	Total, Other Non-Recurrent	2,550	16,551	15,649	13,647
	Total, Capital Account	2,550	17,101	16,199	13,647
	Total Expenditure	119,099	159,906	152,109	165,394

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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 Financial Services Bureau is \$165,394,000. This represents an increase of \$13,285,000 over the revised estimate for 2001–02 and of \$46,295,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$110,221,000 for personal emoluments represents an increase of \$3,816,000 over the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 184 permanent posts. It is expected that three permanent posts and two supernumerary posts will be created in 2002–03.

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 \$75,236,000.

5 Provision of \$2,518,000 under *Subhead 002 Allowances* is for standard allowances, and the consolidated overtime allowance for Chauffeur grade.

6 Provision of \$7,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$458,000 under *Subhead 110 Honoraria for members of committees* is mainly for remuneration and fees payable to the Chairman, Deputy Chairman and members of the Occupational Retirement Schemes Appeal Board, the Mandatory Provident Fund Schemes Appeal Board and the Securities and Futures Appeals Panel.

8 Provision of \$26,748,000 under *Subhead 111 Hire of services and professional fees* includes provision for hiring the services of Chairmen and Members, verbatim reporters, professional witnesses, ordinary witnesses and outside counsels arising from the hearings of Insider Dealings Tribunal and for other hired services. This represents an increase of \$12,587,000 (88.9%) over the revised estimate for 2001–02 during which the number of cases processed was less than expected. The increase is mainly due to the anticipated increase in expenditure arising from hearings in 2002–03.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	001	Undertaking economic research projects for the Asia-Pacific Economic Cooperation	2,400	1,000	558	842
	004	Contracting out economic research projects	5,450	3,809	800	841
	013	Consultancy study on corporate governance in Hong Kong.....	7,000	—	4,406	2,594
	014	Initiatives to co-ordinate the human resources development for the financial services sector.....	2,000	—	200	1,800
	015	Consultancy study to review the future role and functions of the Official Receiver's Office.....	9,200	—	6,660	2,540
	018	Conducting researches and studies on the recommendations made in the report of the Standing Committee on Company Law Reform	2,420	—	605	1,815
	019	Consultancy study on the feasibility of establishing policyholders' protection funds	4,500	—	—	4,500
	020	Educational campaign on insurance policy replacement	1,315	—	—	1,315
	664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework.....	2,420	36	1,000	1,384
		Total.....	<u>36,705</u>	<u>4,845</u>	<u>14,229</u>	<u>17,631</u>