

## Head 148 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES BUREAU

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

**Estimate 2000–01** ..... **\$162.6m**

**Establishment ceiling 2000–01** (notional annual mid-point salary value) representing an estimated 175 non-directorate posts at 31 March 2000 reducing by one post to 174 posts at 31 March 2001 ..... **\$75.0m**

In addition there will be an estimated 17 directorate posts at 31 March 2000 rising by one post to 18 posts at 31 March 2001.

**Capital Account commitment balance** ..... **\$15.3m**

### Controlling Officer's Report

#### Programme

##### Financial Services

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

#### Detail

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	138.3	152.6 (+10.3%)	185.6 (+21.6%)	162.6 (–12.4%)

#### Aim

2 The aims of the Financial Services Bureau are:

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

#### Brief Description

3 We seek 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;
- operating the Office of the Commissioner of Insurance;
- overseeing the operation of Census and Statistics Department, Companies Registry and the Official Receiver's Office; and
- collating and analysing statistics and information pertaining to Hong Kong's economy.

The aims of the programme have been broadly achieved.

#### Matters Requiring Special Attention in 2000–01

4 During 2000–01, the Bureau will:

- oversee the implementation of the outstanding recommendations in the Report on Financial Market Review and in the 30-point programme announced in early September 1998 in relation to the securities and futures markets;
- oversee the implementation of the merger of the Stock Exchange of Hong Kong, Hong Kong Futures Exchange and their associating clearing houses under the Hong Kong Exchange and Clearing Limited;

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- reform the regulatory framework for the securities and futures markets, to be enshrined in the Securities and Futures Bill;
- oversee the implementation of the Mandatory Provident Fund system;
- monitor the implementation of the banking reform initiatives announced in July 1999 by the Hong Kong Monetary Authority;
- encourage the financial industry and parties concerned to implement a series of enhancement measures to strengthen the financial infrastructure as quickly as possible;
- enhance the co-ordination of human resources development needs of the financial services sector through a new advisory committee;
- review critically the role of Government in insolvency administration by commissioning a consultancy study;
- assist the Standing Committee on Company Law Reform (SCCLR) and other relevant bodies in reviewing standards of corporate governance in Hong Kong; and
- ensure that Hong Kong will be in full compliance with the Special Data Dissemination Standard established by the International Monetary Fund.

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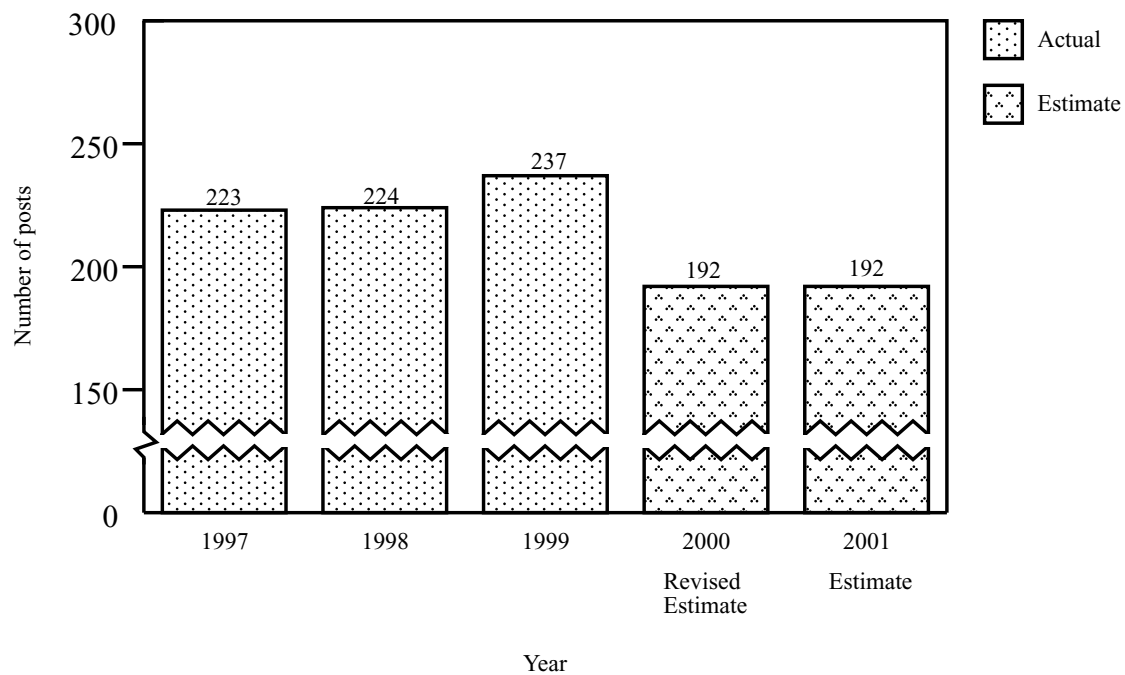
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	1998-99 (Actual) (\$m)	1999-2000 (Approved) (\$m)	1999-2000 (Revised) (\$m)	2000-01 (Estimate) (\$m)
Financial Services.....	138.3	152.6 (+10.3%)	185.6 (+21.6%)	<b>162.6</b> <b>(-12.4%)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2000-01 is \$23.0 million (12.4%) lower than the revised estimate for 1999-2000. This is mainly due to full-year savings of posts deleted in 1999-2000, reduction in cashflow requirement of capital account items, lapse of one supernumerary post as a result of the disbandment of the Financial Infrastructure section upon completion of project, and reduced operating expenses under the Enhanced Productivity Programme. The decrease is partly offset by the full-year provision for vacant posts filled in 1999-2000, salary increments for existing staff, the net creation of one post for the preparation and implementation of the Securities and Futures Bill.

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



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Sub-head (Code)	Actual expenditure 1998–99	Approved estimate 1999–2000	Revised estimate 1999–2000	Estimate 2000–01	
	\$'000	\$'000	\$'000	\$'000	
<b>Recurrent Account</b>					
I — Personal Emoluments					
001	Salaries .....	105,552	107,583	98,771	<b>96,112</b>
002	Allowances .....	6,380	6,501	7,449	<b>7,029</b>
007	Job-related allowances .....	6	6	296	<b>6</b>
	Total, Personal Emoluments .....	<u>111,938</u>	<u>114,090</u>	<u>106,516</u>	<b><u>103,147</u></b>
III — Departmental Expenses					
110	Honoraria for members of committees.....	80	500	500	<b>918</b>
111	Hire of services and professional fees .....	5,667	15,982	11,198	<b>27,726</b>
149	General departmental expenses .....	14,711	19,662	18,662	<b>17,879</b>
	Total, Departmental Expenses .....	<u>20,458</u>	<u>36,144</u>	<u>30,360</u>	<b><u>46,523</u></b>
	Total, Recurrent Account .....	<u>132,396</u>	<u>150,234</u>	<u>136,876</u>	<b><u>149,670</u></b>
<b>Capital Account</b>					
II — Other Non-Recurrent					
700	General other non-recurrent .....	5,881	2,379	48,773	<b>12,905</b>
	Total, Other Non-Recurrent .....	<u>5,881</u>	<u>2,379</u>	<u>48,773</u>	<b><u>12,905</u></b>
	Total, Capital Account .....	<u>5,881</u>	<u>2,379</u>	<u>48,773</u>	<b><u>12,905</u></b>
	Total Expenditure .....	<u><u>138,277</u></u>	<u><u>152,613</u></u>	<u><u>185,649</u></u>	<b><u><u>162,575</u></u></b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 for the salaries and expenses of the Financial Services Bureau is \$162,575,000. This represents a decrease of \$23,074,000 against the revised estimate for 1999–2000 and an increase of \$24,298,000 on actual expenditure in 1998–99.

#### Recurrent Account

##### Personal Emoluments

2 Provision of \$103,147,000 for personal emoluments represents a decrease of \$3,369,000 against the revised estimate for 1999–2000 and takes into account salary increments for existing staff and full-year savings of posts deleted in 1999–2000.

3 The establishment at 31 March 2000 will be 190 permanent posts and two supernumerary posts. It is expected that there will be net creation of one permanent post in 2000–01 and one supernumerary post will lapse during the year.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$74,981,000.

5 Provision of \$7,029,000 under *Subhead 002 Allowances* is for standard allowances and the following non-standard allowance—

	Rank	Master Pay Scale point	Rate per month† \$
consolidated overtime allowance for Chauffeur grade	Chauffeur	6	5,570
		7	5,940
		8	6,330
		9	6,740
		10	7,145

† These rates are payable for the first 1–100 hours overtime per month. Overtime performed in excess of 100 hours will be compensated at 1% of the monthly rate per hour.

The decrease of \$420,000 (5.6%) against the revised estimate for 1999–2000 is mainly due to reduced requirement for acting allowance following the disbandment of the Office of the Registrar of Occupational Retirement Schemes and the cessation of secondment of staff to the Mandatory Provident Fund Schemes Authority (MPFA).

6 Provision of \$6,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances. This represents a decrease of \$290,000 (98.0%) against the revised estimate for 1999–2000 and is due to cessation of the payment of Extraneous Duties Allowance (Responsibility) to staff as a result of the termination of the staff secondment arrangement with the MPFA.

##### Departmental Expenses

7 Provision of \$918,000 under *Subhead 110 Honoraria for members of committees* is for remuneration and fees payable to the Chairman, Deputy Chairman and members of the Occupational Retirement Schemes Appeal Board, the Mandatory Provident Fund Appeal Board and the Securities and Futures Appeals Panel. This represents an increase of \$418,000 (83.6%) over the revised estimate for 1999–2000 and is due to the additional requirement for the Securities and Futures Appeals Panel and the newly established Mandatory Provident Fund Appeal Board.

8 Provision of \$27,726,000 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 (IDT) and for other hired services. This represents an increase of \$16,528,000 (147.6%) over the revised estimate for 1999–2000 and is mainly due to full-year provision of additional resources for IDT and provision for the preparation and implementation of the Securities and Futures Bill, partly offset by decrease in expenses of IDT under the Enhanced Productivity Programme.

9 Provision of \$17,879,000 under *Subhead 149 General departmental expenses* represents a decrease of \$783,000 (4.2%) against the revised estimate for 1999–2000. This is mainly due to disbandment of the Office of the Registrar of Occupational Retirement Schemes and economising the cost of duty visits under the Enhanced Productivity Programme.

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### Capital Account

#### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.99	Revised estimated expenditure for 1999–2000	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	001	Undertaking economic research projects for the Asia Pacific Economic Cooperation .....	2,000	1,000	500	500
	004	Contracting out economic research projects .....	4,200	1,520	1,589	1,091
	013	Consultancy study on corporate governance in Hong Kong.....	2,000	—	—	2,000
	014	Initiatives to co-ordinate the human resources development for the financial services sector.....	2,000	—	—	2,000
	015	Consultancy study to review the future role and functions of the Official Receiver's Office.....	8,000	—	—	8,000
	664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework.....	2,420	—	700	1,720
		Total.....	<u>20,620</u>	<u>2,520</u>	<u>2,789</u>	<u>15,311</u>