

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 2003–04 **\$122.1m**

Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 162 non-directorate posts as at 31 March 2003 rising by two posts to 164 posts as at 31 March 2004..... **\$69.6m**

In addition there will be an estimated 18 directorate posts as at 31 March 2003 rising by one post to 19 posts as at 31 March 2004.

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

| | 2001–02 (Actual) | 2002–03 (Approved) | 2002–03 (Revised) | 2003–04 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | — | — | — | 6.0 |

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 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

| | 2001–02 (Actual) | 2002–03 (Approved) | 2002–03 (Revised) | 2003–04 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 73.7 | 72.0 (-2.3%) | 70.0 (-2.8%) | 69.6 (-0.6%) |

Aim

4 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

5 The Treasury Branch's work under this programme is to formulate, co-ordinate and implement policies and actions to:

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- 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.

6 In 2002, the Treasury Branch 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. The branch also co-ordinated COs' efforts to achieve efficiency savings in operating expenditure required to restore fiscal balance by 2006–07.

Matters Requiring Special Attention in 2003–04

7 During 2003–04, the branch will:

- sustain efforts to achieve the most cost-effective ways to manage and deliver public services for meeting the needs of the community;
- control government spending and progressively lower the proportion of public expenditure to GDP;
- prepare for the introduction of the Boundary Facilities Improvement Tax;
- identify further revenue options, including the recommendations made by the Advisory Committee on New Broad-based Taxes;
- continue to consider major investment and loan proposals in support of economic and social development;
- continue to support corporatisation or privatisation initiatives as they arise;
- implement any recommendations arising from the outcome of the merger feasibility study of the two railway corporations;
- 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 (3): Service Departments

| | 2001–02 (Actual) | 2002–03 (Approved) | 2002–03 (Revised) | 2003–04 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 47.9 | 48.0 (+0.2%) | 46.7 (–2.7%) | 46.5 (–0.4%) |

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.

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

Matters Requiring Special Attention in 2003–04

10 During 2003–04, the branch 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

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- 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 | 2001-02 (Actual) (\$m) | 2002-03 (Approved) (\$m) | 2002-03 (Revised) (\$m) | 2003-04 (Estimate) (\$m) |
|--|------------------------------|--------------------------------|-------------------------------|---|
| (1) Director of Bureau's Office | — | — | — | 6.0 |
| (2) Revenue and Financial Control..... | 73.7 | 72.0 | 70.0 | 69.6 |
| (3) Service Departments | 47.9 | 48.0 | 46.7 | 46.5 |
| | 121.6 | 120.0 (-1.3%) | 116.7 (-2.8%) | 122.1 (+4.6%) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003-04 is \$6.0 million. This is the provision for the salaries and allowances of the Secretary for Financial Services and the Treasury and staff in his Office.

Programme (2)

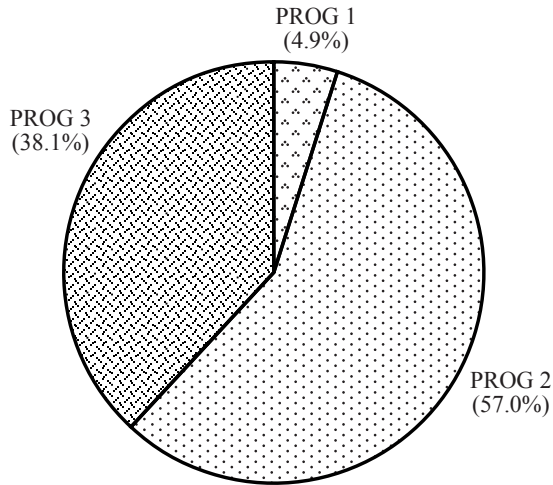
Provision for 2003-04 is \$0.4 million (0.6%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of the civil service pay cut in 2002 and deletion of two posts in 2003-04, partly offset by salary increments for existing staff.

Programme (3)

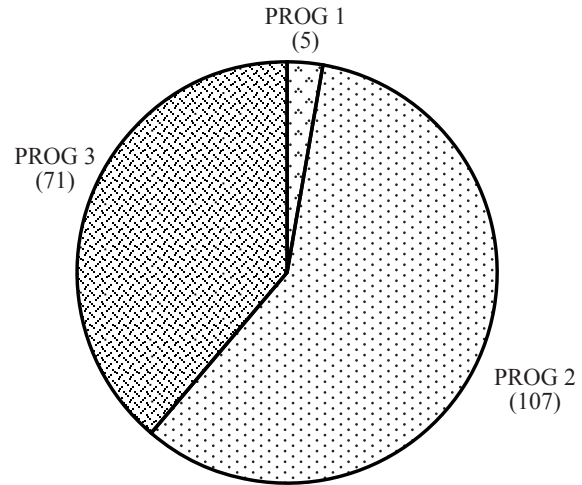
Provision for 2003-04 is \$0.2 million (0.4%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of the civil service pay cut in 2002, partly offset by salary increments for existing staff.

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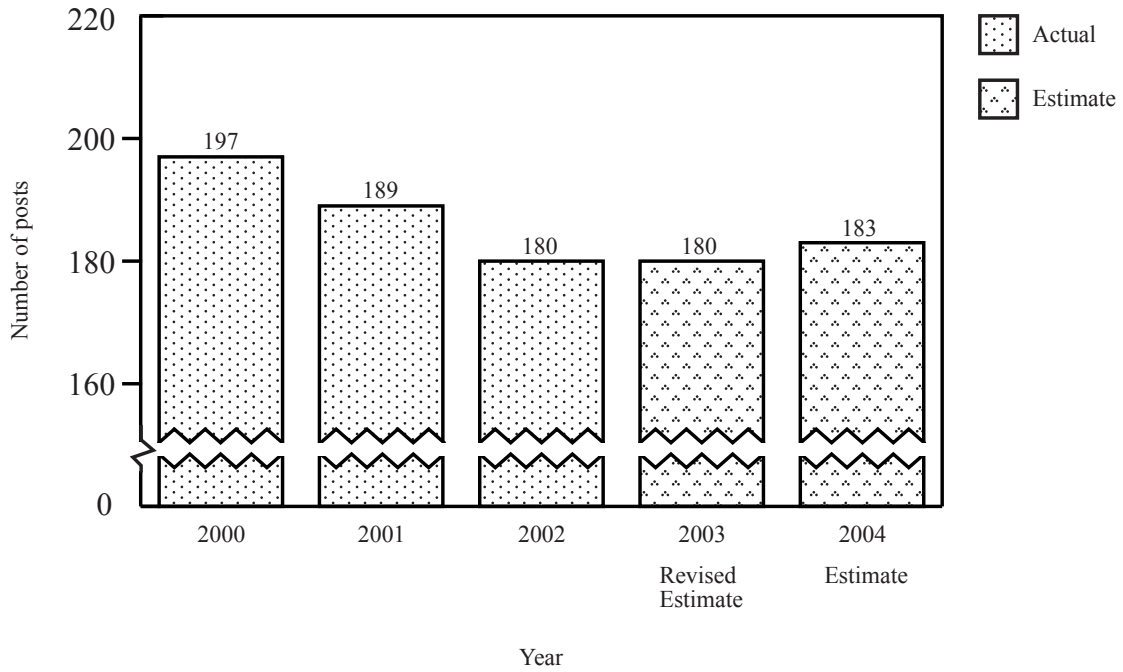
*Allocation of provision
to programmes
(2003-04)*



*Staff by programme
(as at 31 March 2004)*



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



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| Sub-head (Code) | Actual expenditure 2001-02 | Approved estimate 2002-03 | Revised estimate 2002-03 | Estimate 2003-04 |
|--------------------------------|--|---------------------------------|--------------------------------|-----------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Recurrent Account | | | | |
| 000 | Operational expenses..... | — | — | 122,059 |
| | Salaries | 103,090 | 103,660 | 98,272 |
| | Allowances | 3,405 | 3,475 | 3,708 |
| | Job-related allowances | 6 | 6 | 6 |
| | Honoraria for members of committees | 3,842 | 2,901 | 3,631 |
| | General departmental expenses | 9,493 | 9,964 | 11,085 |
| | Total, Recurrent Account | 119,836 | 120,006 | 116,702 |
| Capital Account | | | | |
| I — Plant, Equipment and Works | | | | |
| | Minor plant, vehicles and equipment (block vote)..... | 127 | — | — |
| | Total, Plant, Equipment and Works | 127 | — | — |
| II — Other Non-Recurrent | | | | |
| | General other non-recurrent | 1,644 | — | — |
| | Total, Other Non-Recurrent | 1,644 | — | — |
| | Total, Capital Account | 1,771 | — | — |
| | Total Expenditure..... | 121,607 | 120,006 | 116,702 |
| | | 122,059 | | 122,059 |

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Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Treasury Branch is \$122,059,000. This represents an increase of \$5,357,000 over the revised estimate for 2002–03 and of \$452,000 over actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$122,059,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Treasury Branch and its other operating expenses. The increase of \$5,357,000 (4.6%) over the revised estimate for 2002–03 is mainly due to provision of salaries and allowances for the new programme of Director of Bureau's Office and salary increments for existing staff, partly offset by the full-year effect of the civil service pay cut in 2002.

3 The establishment as at 31 March 2003 will be 180 permanent posts. There will be a net creation of three permanent posts in 2003–04. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$69,566,000.

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

| | 2001–02 (Actual) (\$'000) | 2002–03 (Original Estimate) (\$'000) | 2002–03 (Revised Estimate) (\$'000) | 2003–04 (Estimate) (\$'000) |
|---|---------------------------------|---|--|--|
| Personal Emoluments | | | | |
| - Salaries..... | 103,090 | 103,660 | 98,272 | 100,082 |
| - Allowances..... | 3,405 | 3,475 | 3,708 | 3,917 |
| - Job-related allowances..... | 6 | 6 | 6 | 16 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution..... | — | — | — | 33 |
| Departmental Expenses | | | | |
| - Honoraria for members of committees..... | 3,842 | 2,901 | 3,631 | 4,006 |
| - General departmental expenses..... | 9,493 | 9,964 | 11,085 | 14,005 |
| | 119,836 | 120,006 | 116,702 | 122,059 |