

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 2004–05 **\$190.8m**

Establishment ceiling 2004–05 (notional annual mid-point salary value) representing an estimated 164 non-directorate posts as at 31 March 2004 reducing by two posts to 162 posts as at 31 March 2005..... **\$68.3m**

In addition there will be an estimated 19 directorate posts as at 31 March 2004 reducing by one post to 18 posts as at 31 March 2005.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	—	6.0	6.2 (+3.3%)	6.7 (+8.1%)
				(or +11.7% on 2003–04 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 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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision# (\$m)	112.9	131.2	108.9 (–17.0%)	138.5 (+27.2%)
				(or +5.6% on 2003–04 Original)

All figures include provisions for appointment of financial consultants and for payment of air passenger departure tax administration fees, the estimates for which are transferred from Head 106—Miscellaneous Services to Head 147 with effect from 2004–05.

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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:

- 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 2003, 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 2008–09.

Matters Requiring Special Attention in 2004–05

7 During 2004–05, the branch will:

- continue to control government expenditure and establish medium term targets for balancing the operating and consolidated accounts by 2008–09;
- progressively lower the proportion of public expenditure to GDP;
- conduct a detailed implementation study to prepare for the introduction of a Goods and Services Tax and submit a report to the Financial Secretary;
- identify further revenue options with a view to broadening the tax base and increasing revenue;
- continue to consider major investment and loan proposals in support of economic and social development;
- raise alternative sources of capital revenue for capital works projects or other capital investments through the implementation of the Asset Sale and Securitisation Programme and possible issuance of government bonds;
- appoint financial consultants to carry out various financial appraisals;
- 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; and
- continue to maintain the 'user pays' principle for appropriate government services by regular revisions of fees and charges.

Programme (3): Service Departments

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	45.8	46.5	45.6 (-1.9%)	45.6 (—)

(or -1.9% on
2003–04 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 management, procurement, supplies management, 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 2004–05

- 10** During 2004–05, 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
 - 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	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	2004-05 (Estimate) (\$m)
(1) Director of Bureau's Office	—	6.0	6.2	6.7
(2) Revenue and Financial Control.....	112.9	131.2	108.9	138.5
(3) Service Departments.....	45.8	46.5	45.6	45.6
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	158.7	183.7	160.7 (-12.5%)	190.8 (+18.7%)
				(or +3.9% on 2003-04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004-05 is \$0.5 million (8.1%) higher than the revised estimate for 2003-04. This is mainly due to the full year effect of redeployment of one post to Director of Bureau's Office in 2004-05 and salary increments for existing staff, partly offset by the effect of the 2004 and 2005 civil service pay cut.

Programme (2)

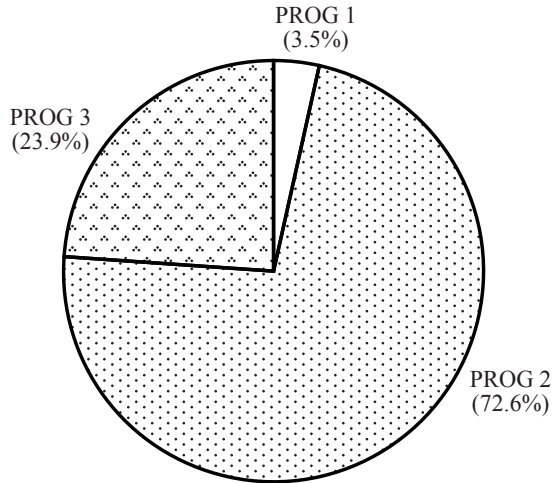
Provision for 2004-05 is \$29.6 million (27.2%) higher than the revised estimate for 2003-04. This is mainly due to adjusted provision for appointment of financial consultants, air passenger departure tax administration fees and salary increments for existing staff, partly offset by the effect of the 2004 and 2005 civil service pay cut and net deletion of three posts in 2004-05.

Programme (3)

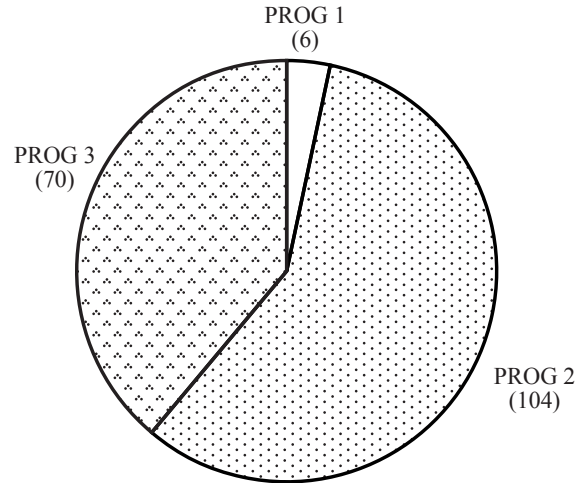
Provision for 2004-05 is the same as the revised estimate for 2003-04.

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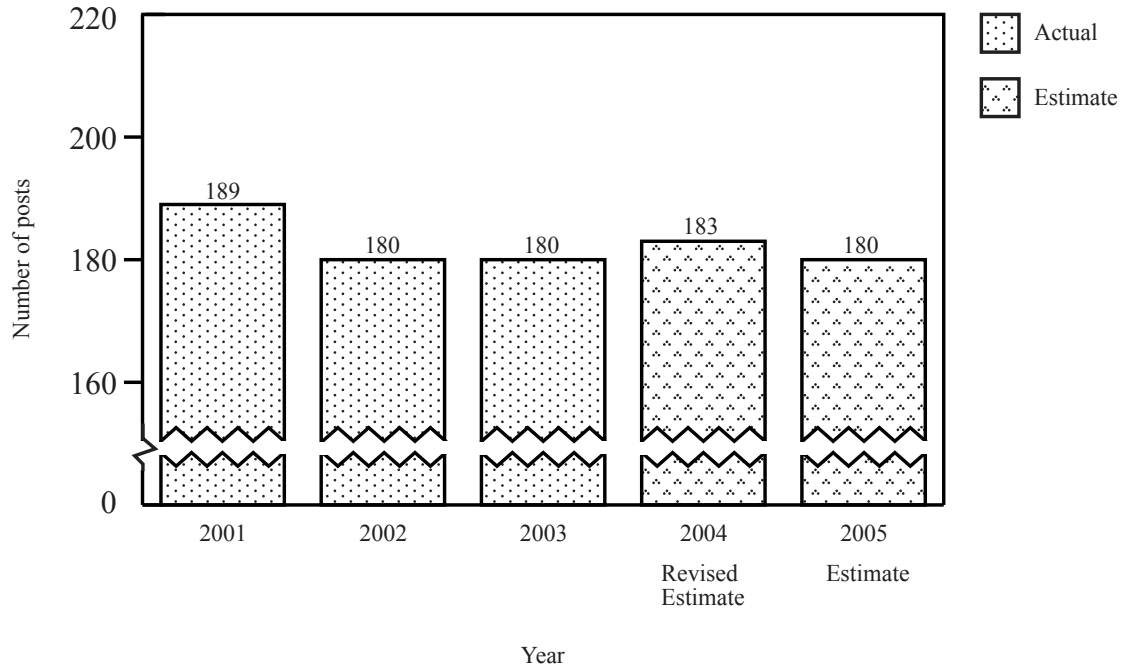
*Allocation of provision
to programmes
(2004-05)*



*Staff by programme
(as at 31 March 2005)*



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



**Head 147 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND
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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	Estimate 2004-05	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	—	122,059	120,330	157,822
281	Air passenger departure tax administration fees	—	—	—	32,954*
	Salaries	98,225	—	—	—
	Allowances	3,195	—	—	—
	Job-related allowances	6	—	—	—
	Honoraria for members of committees	3,200	—	—	—
	General departmental expenses	10,001	—	—	—
	Total, Recurrent	114,627	122,059	120,330	190,776
	Total, Operating Account.....	114,627	122,059	120,330	190,776
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	Total Expenditure.....	114,627	122,059	120,330	190,776

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Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Treasury Branch is \$190,776,000. This represents an increase of \$70,446,000 over the revised estimate for 2003–04 and of \$76,149,000 over actual expenditure in 2002–03.

Operating Account

Recurrent

2 Provision of \$157,822,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury Branch. The increase of \$37,492,000 (31.2%) over the revised estimate for 2003–04 is mainly due to the inclusion of the provision for appointment of financial consultants under this subhead with effect from 2004–05, and salary increments for existing staff, partly offset by the effect of the 2004 and 2005 civil service pay cut.

3 The establishment as at 31 March 2004 will be 183 permanent posts. It is expected that there will be a net deletion of three permanent posts in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$68,334,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	2004–05 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	98,225	100,082	98,977	98,084
- Allowances.....	3,195	3,917	3,749	3,646
- Job-related allowances	6	16	6	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	33	56	58
Departmental Expenses				
- Honoraria for members of committees.....	3,200	4,006	3,450	3,534
- General departmental expenses.....	10,001	14,005	14,092	15,396
Other Charges				
- Appointment of financial consultants.....	—	—	—	37,100
	114,627	122,059	120,330	157,822

5 Provision of \$32,954,000 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. Provision for this item is transferred from Head 106—Miscellaneous Services with effect from 2004–05.