

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 2007–08 **\$184.6m**

Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 160 non-directorate posts as at 31 March 2007 and as at 31 March 2008 **\$64.6m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2007 and as at 31 March 2008.

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	6.5	6.6	6.6 (—)	6.7 (+1.5%)
				(or +1.5% on 2006–07 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	106.4	134.7	125.3 (–7.0%)	133.8 (+6.8%)
				(or –0.7% on 2006–07 Original)

Aim

4 The aim is to manage the allocation of resources, oversee the Government's tax and other revenue-raising policies, facilitate decisions on government investments, and promote open, fair and competitive tendering, in line with prudent financial management principles and other policy objectives of the Government.

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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 2006, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation process, and helped ensure that the financial implications of new proposals from bureaux and departments were examined with due diligence.

Matters Requiring Special Attention in 2007–08

7 During 2007–08, the Branch will:

- continue to control government expenditure in line with the principle of keeping expenditure within the limits of revenue;
- draw up a final report of the public consultation on tax reform;
- continue to consider major investment and loan proposals in support of economic and social development;
- continue with the implementation of the Asset Sale and Securitisation Programme;
- appoint financial consultants to carry out various financial appraisals;
- continue to support corporatisation or privatisation initiatives as they arise;
- implement the Government's decision on the merger proposal of the two railway corporations in terms of financial arrangements; and
- continue to maintain the 'user pays' principle for appropriate government services by regular revisions of fees and charges.

Programme (3): Service Departments

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	42.1	43.7	42.0 (-3.9%)	44.1 (+5.0%)
				(or +0.9% on 2006–07 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.

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 information management, procurement, supplies management, land transport, printing and accommodation); and
- ensure that the service departments under its purview provide quality support services to meet the needs of the user bureaux and departments.

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Matters Requiring Special Attention in 2007–08

10 During 2007–08, the Branch will continue to:

- monitor and facilitate the work of the service departments to ensure efficiency of operation and cost-effectiveness in the delivery of central support services;
- co-ordinate with the Treasury on the implementation of the new Government Financial Management Information System with a view to rolling out the new system smoothly by 2008; and
- co-ordinate the allocation of resources for minor building works with a view to ensuring proper scrutiny and prioritisation of the projects.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2005–06 (Actual) (\$m)	2006–07 (Original) (\$m)	2006–07 (Revised) (\$m)	2007–08 (Estimate) (\$m)
(1) Director of Bureau’s Office	6.5	6.6	6.6	6.7
(2) Revenue and Financial Control.....	106.4	134.7	125.3	133.8
(3) Service Departments	42.1	43.7	42.0	44.1
	155.0	185.0	173.9 (–6.0%)	184.6 (+6.2%)
				(or –0.2% on 2006–07 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2007–08 is \$0.1 million (1.5%) higher than the revised estimate for 2006–07. This is mainly due to salary increments for existing staff.

Programme (2)

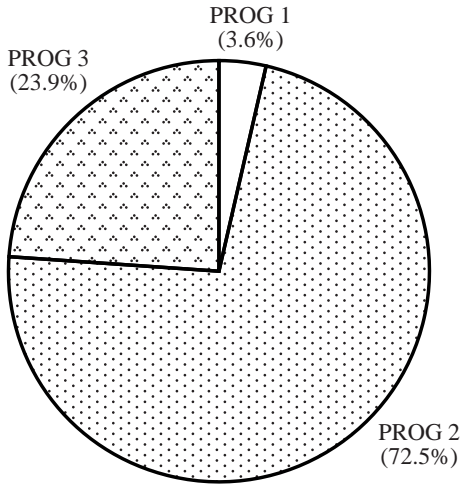
Provision for 2007–08 is \$8.5 million (6.8%) higher than the revised estimate for 2006–07. This is mainly due to the increased salary provision arising from staff changes, deferred provision for appointment of financial consultants and increased requirement for air passenger departure tax administration fees.

Programme (3)

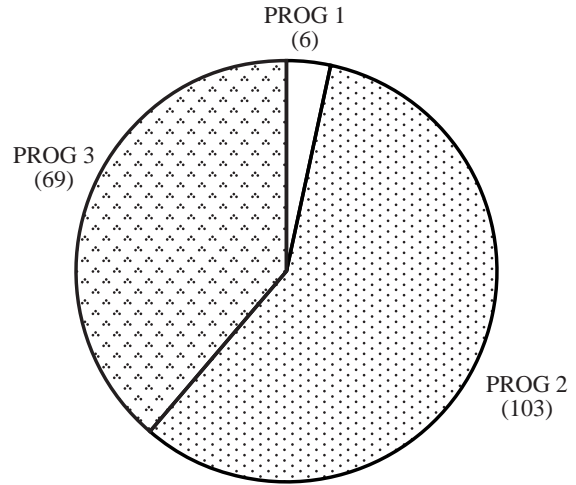
Provision for 2007–08 is \$2.1 million (5.0%) higher than the revised estimate for 2006–07. This is mainly due to the increased salary provision arising from staff changes.

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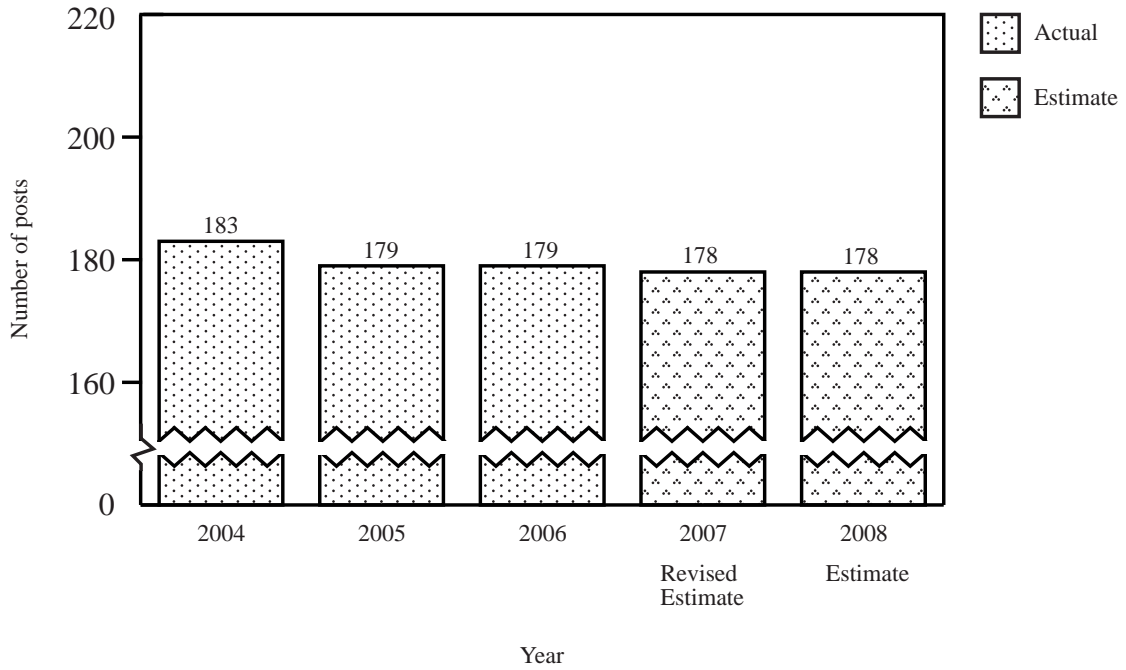
Allocation of provision to programmes (2007-08)



Staff by programme (as at 31 March 2008)



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



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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	120,526	148,030	136,895	145,359
281	Air passenger departure tax administration fees.....	34,506	36,973	36,955	39,201
	Total, Recurrent	<u>155,032</u>	<u>185,003</u>	<u>173,850</u>	<u>184,560</u>
	Total, Operating Account.....	<u>155,032</u>	<u>185,003</u>	<u>173,850</u>	<u>184,560</u>
<hr/>					
	Total Expenditure.....	<u><u>155,032</u></u>	<u><u>185,003</u></u>	<u><u>173,850</u></u>	<u><u>184,560</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Treasury Branch is \$184,560,000. This represents an increase of \$10,710,000 over the revised estimate for 2006–07 and of \$29,528,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$145,359,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury Branch.

3 The establishment as at 31 March 2007 will be 178 permanent posts. No net change in establishment is expected in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$64,577,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	93,965	95,955	92,702	96,380
- Allowances.....	2,421	2,400	3,464	3,464
- Job-related allowances	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	51	48	65	47
- Civil Service Provident Fund contribution.....	—	—	1	120
Departmental Expenses				
- Honoraria for members of committees.....	2,697	3,122	2,362	2,513
- General departmental expenses.....	12,601	19,003	16,000	19,205
Other Charges				
- Appointment of financial consultants.....	8,791	27,500	22,299	23,628
	<u>120,526</u>	<u>148,030</u>	<u>136,895</u>	<u>145,359</u>

5 Provision of \$39,201,000 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.