

## 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 2013–14**..... **\$1,812.9m**

**Establishment ceiling 2013–14** (notional annual mid-point salary value) representing an estimated 160 non-directorate posts as at 31 March 2013 rising by one post to 161 posts as at 31 March 2014.... **\$82.6m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2013 and as at 31 March 2014.

**Commitment balance** ..... **\$4,154.9m**

### 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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	12.3	12.4	11.6 (–6.5%)	<b>12.3</b> (+6.0%)
				(or –0.8% on 2012–13 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 support to the Secretary for Financial Services and the Treasury in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The Office is also 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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	130.3	136.0	134.6 (–1.0%)	<b>134.2</b> (–0.3%)
				(or –1.3% on 2012–13 Original)

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### *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.

### *Brief Description*

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

- ensure that the growth of government expenditure over time is in line with the 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 for unfunded liabilities and commitments as well as to serve as a cushion against future uncertainties.

6 In 2012, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of new proposals from bureaux and departments were examined with due diligence.

### *Matters Requiring Special Attention in 2013–14*

7 During 2013–14, the Branch will:

- continue to control government expenditure and manage the allocation of resources having regard to principles of public finance management;
- 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 financial appraisals as necessary;
- continue to support corporatisation or privatisation initiatives as they arise; and
- continue to maintain the "user pays" principle for appropriate government services by regular revisions of fees and charges.

### **Programme (3): Service Departments**

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	51.2	54.1	53.1 (-1.8%)	<b>58.2</b> (+9.6%)
				(or +7.6% on 2012–13 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 2013–14*

**10** During 2013–14, 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; 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**

<b>Programme</b>	2011–12 (Actual) (\$m)	2012–13 (Original) (\$m)	2012–13 (Revised) (\$m)	2013–14 (Estimate) (\$m)
(1) Director of Bureau’s Office.....	12.3	12.4	11.6	12.3
(2) Revenue and Financial Control .....	130.3	136.0	134.6	134.2
(3) Service Departments .....	51.2	54.1	53.1	58.2
	193.8	202.5	199.3 (-1.6%)	204.7# (+2.7%)
				<b>(or +1.1% on 2012–13 Original)</b>

# The provisions exclude the cash flow requirements for three one-off subsidy schemes: the electricity charges subsidy scheme for eligible residential accounts, the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works and Scheme \$6,000. The three schemes do not fall under any of the above programmes.

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2013–14 is \$0.7 million (6.0%) higher than the revised estimate for 2012–13. This is mainly due to the additional requirements for general departmental expenses and personal emoluments.

**Programme (2)**

Provision for 2013–14 is \$0.4 million (0.3%) lower than the revised estimate for 2012–13. This is mainly due to decrease in requirement for financial consultants, cessation of payment of service charges to the Companies Registry due to the abolition of the capital duty since June 2012, to be partially offset by additional requirement for personal emoluments and air passenger departure tax administration fee.

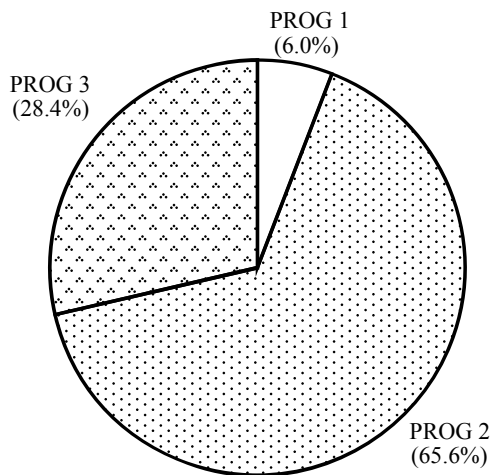
**Programme (3)**

Provision for 2013–14 is \$5.1 million (9.6%) higher than the revised estimate for 2012–13. This is mainly due to the additional requirement for general departmental expenses and personal emoluments and a net increase of one post.

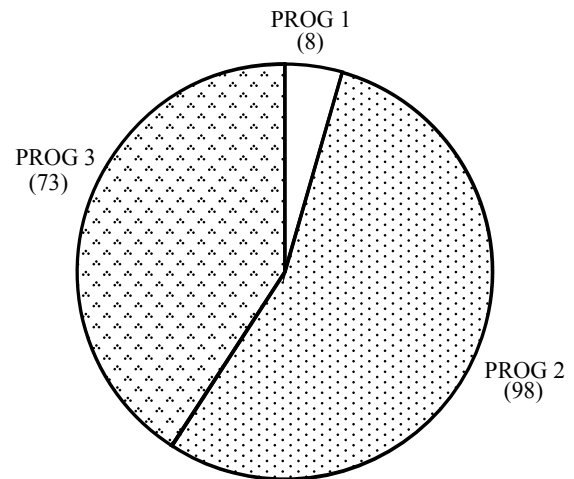
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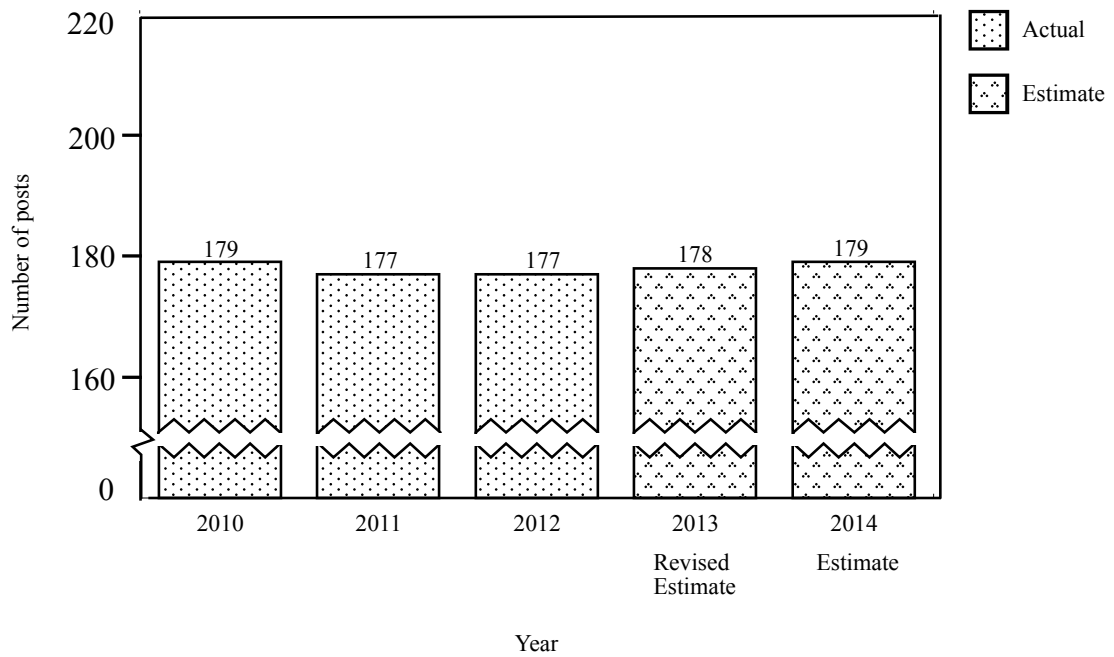
*Allocation of provision to programmes (2013-14)*



*Staff by programme (as at 31 March 2014)*



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



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Sub-head (Code)		Actual expenditure 2011-12	Approved estimate 2012-13	Revised estimate 2012-13	<b>Estimate 2013-14</b>
		\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	147,000	154,550	150,495	<b>154,928</b>
281	Air passenger departure tax administration fees.....	46,779	47,940	48,830	<b>49,820</b>
	Total, Recurrent.....	<u>193,779</u>	<u>202,490</u>	<u>199,325</u>	<b><u>204,748</u></b>
Non-Recurrent					
700	General non-recurrent .....	29,954,042	13,038,400	14,044,700	<b>1,608,102</b>
	Total, Non-Recurrent.....	<u>29,954,042</u>	<u>13,038,400</u>	<u>14,044,700</u>	<b><u>1,608,102</u></b>
	Total, Operating Account.....	<u>30,147,821</u>	<u>13,240,890</u>	<u>14,244,025</u>	<b><u>1,812,850</u></b>
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	Total Expenditure .....	<u><u>30,147,821</u></u>	<u><u>13,240,890</u></u>	<u><u>14,244,025</u></u>	<b><u><u>1,812,850</u></u></b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Treasury Branch is \$1,812,850,000. This represents a decrease of \$12,431,175,000 against the revised estimate for 2012–13 and of \$28,334,971,000 against the actual expenditure in 2011–12. The reduction is mainly due to decrease in cash flow requirements for Scheme \$6,000 and the electricity charges subsidy scheme.

#### *Operating Account*

#### Recurrent

2 Provision of \$154,928,000 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 2013 will be 178 permanent posts. It is expected that there will be a net increase of one post in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$82,599,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	<b>2013–14 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	113,008	117,624	119,145	<b>126,452</b>
- Allowances .....	2,987	3,012	3,037	<b>3,041</b>
- Job-related allowances.....	—	2	1	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	125	120	120	<b>120</b>
- Civil Service Provident Fund contribution .....	2,031	2,850	2,850	<b>3,070</b>
Departmental Expenses				
- Honoraria for members of committees .....	1,695	1,753	1,744	<b>1,772</b>
- General departmental expenses .....	25,725	27,189	19,152	<b>20,471</b>
Other Charges				
- Appointment of financial consultants .....	1,429	2,000	4,446	<b>—@</b>
	147,000	154,550	150,495	<b>154,928</b>

@ For consistency with other Heads, expenses on this item will be reflected under “General departmental expenses” from 2013–14 onwards.

5 Provision of \$49,820,000 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.

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2012	Revised estimated expenditure for 2012–13	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700	<i>General non-recurrent</i>					
835	Supplementary electricity charges subsidy for eligible public housing tenants affected by redevelopment, major repair or improvement works..		7,500	4,953	700	1,847
856	Scheme \$6,000 .....		38,520,000	27,082,302	9,944,000	1,493,698 ^
881	Electricity charges subsidy for eligible residential accounts .....		17,800,000	11,040,659	4,100,000	2,659,341
	Total .....		<u>56,327,500</u>	<u>38,127,914</u>	<u>14,044,700</u>	<u>4,154,886</u>

^ The Scheme closed on 31 December 2012. Residual cash flow requirement for 2013-14 would only be in the order of \$12 million.