

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 2021–22 **\$41,312.4m**

Establishment ceiling 2021–22 (notional annual mid-point salary value) representing an estimated 200 non-directorate posts as at 31 March 2021 rising by three posts to 203 posts as at 31 March 2022 **\$148.0m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2021 and as at 31 March 2022.

Commitment balance **\$43,004.5m**

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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	15.7	15.8	15.4 (–2.5%)	15.9 (+3.2%)
				(or +0.6% on 2020–21 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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	170.5	201.2	124.8 (–38.0%)	201.6 (+61.5%)
				(or +0.2% on 2020–21 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, competitive and pro-innovation government procurement, in line with the value for money 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 commensurate with the growth of the economy;
- ensure that the resources available are directed towards those areas where they will be of most benefit to the community, with due regard to government affordability and fiscal sustainability;
- improve Hong Kong's competitiveness and living environment by investing in major infrastructure projects;
- maintain a simple and low tax system which encourages investments and facilitates businesses;
- enhance tax transparency, combat tax evasion and minimise opportunities for tax avoidance;
- promote value for money and adherence to the "cost recovery" and "user pays" principles in the delivery of government services; and
- manage the fiscal reserves to meet the daily operational needs of the Government, secure investment income, provide for unfunded liabilities and commitments, serve as a cushion against future uncertainties, etc.

6 In 2020, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and assessed the financial implications of proposals from bureaux and departments with due diligence.

Matters Requiring Special Attention in 2021–22

7 During 2021–22, the Branch will:

- seek to align the growth of government expenditure with that of the economy and continue to manage the allocation of resources having regard to established principles for the prudent management of public finance;
- continue to oversee the implementation of the Organisation for Economic Co-operation and Development (OECD) standard for automatic exchange of financial account information in tax matters and the measures to tackle base erosion and profit shifting (BEPS) of enterprises;
- continue to formulate strategies and responsive measures to tackle the tax challenges arising from the digitalisation of the economy (BEPS 2.0) in the context of the OECD's BEPS Project;
- continue to expand Hong Kong's network of comprehensive avoidance of double taxation agreements with trading partners, in particular countries participating in the Belt and Road Initiative;
- continue to oversee the Government's procurement policy, and to update or streamline the prevailing procurement procedures and guidelines having regard to prudent financial management principles and other policy objectives of the Government;
- continue the drive to streamline financial regulations within the Government;
- continue to consider major investment and loan proposals in support of economic and social development; and ensure that government fees and charges collected according to the "cost recovery" and "user pays" principles are reviewed in a timely manner; and
- plan, co-ordinate and oversee the implementation of the Consumption Voucher Scheme.

Programme (3): Service Departments

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	79.3	91.6	83.9 (–8.4%)	95.7 (+14.1%)

(or +4.5% on
2020–21 Original)

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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 (e.g. financial information management, procurement, supplies management, land transport, printing and accommodation);
- formulate and co-ordinate policies and actions to ensure that the service departments under its purview provide quality support services to meet the needs of the user bureaux and departments; and
- collaborate with relevant bureaux and departments to ensure that government policy objectives (e.g. promotion of pro-innovation government procurement, protection of non-skilled workers engaged under government service contracts, socially caring leasing arrangements, and the "single site, multiple use" initiative) are met through the central support services.

Matters Requiring Special Attention in 2021–22

10 During 2021–22, 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 to ensure proper scrutiny and prioritisation of the projects.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
(1) Director of Bureau’s Office	15.7	15.8	15.4	15.9
(2) Revenue and Financial Control	170.5	201.2	124.8	201.6
(3) Service Departments	79.3	91.6	83.9	95.7
	265.5	308.6	224.1 (–27.4%)	313.2# (+39.8%)
				(or +1.5% on 2020–21 Original)

The cash flow requirements for the two one-off subsidy schemes relating to electricity charges, Cash Payout Scheme and Consumption Voucher Scheme are reflected in *Subhead 700 General non-recurrent*.

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2021–22 is \$0.5 million (3.2%) higher than the revised estimate for 2020–21. This is mainly due to the increased requirements for salary expenses.

Programme (2)

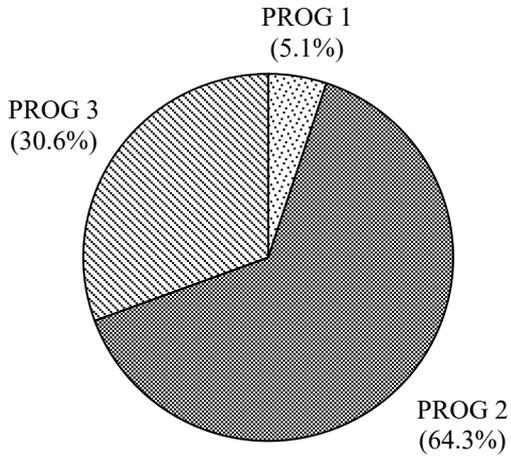
Provision for 2021–22 is \$76.8 million (61.5%) higher than the revised estimate for 2020–21. This is mainly due to the need to reserve sufficient funding for air passenger departure tax administration fee in case of a recovery in air traffic and increased requirements for personal emoluments. There will be a net increase of three posts in 2021–22.

Programme (3)

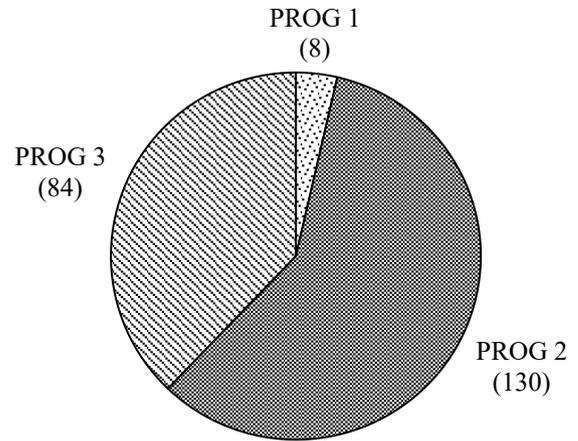
Provision for 2021–22 is \$11.8 million (14.1%) higher than the revised estimate for 2020–21. This is mainly due to the increased requirements for personal emoluments.

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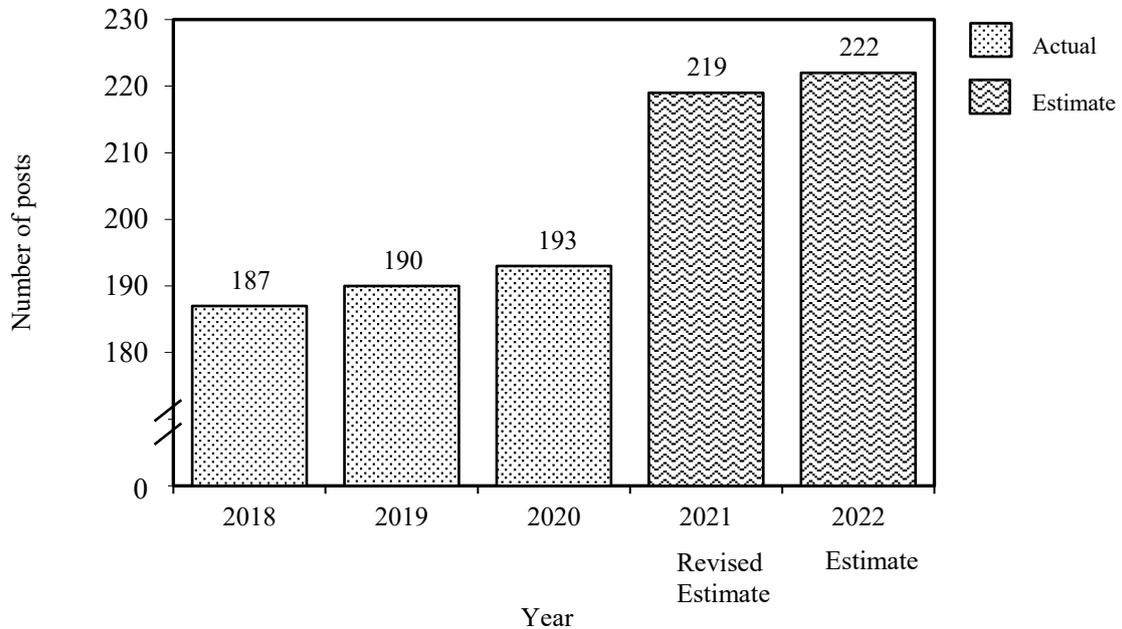
Allocation of provision to programmes (2021-22)



Staff by programme (as at 31 March 2022)



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



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Sub-head (Code)	Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	206,320	238,699	219,755	254,193
281	Air passenger departure tax administration fees	59,141	69,891	4,390	59,000
	Total, Recurrent.....	<u>265,461</u>	<u>308,590</u>	<u>224,145</u>	<u>313,193</u>
Non-Recurrent					
700	General non-recurrent	780,600	74,850,500	72,726,020	40,999,200
	Total, Non-Recurrent.....	<u>780,600</u>	<u>74,850,500</u>	<u>72,726,020</u>	<u>40,999,200</u>
	Total, Operating Account	<u>1,046,061</u>	<u>75,159,090</u>	<u>72,950,165</u>	<u>41,312,393</u>
	<hr/>				
	Total Expenditure	<u><u>1,046,061</u></u>	<u><u>75,159,090</u></u>	<u><u>72,950,165</u></u>	<u><u>41,312,393</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the Treasury Branch is \$41,312,393,000. This represents a decrease of \$31,637,772,000 against the revised estimate for 2020–21 and an increase of \$40,266,332,000 over the actual expenditure in 2019–20.

Operating Account

Recurrent

2 Provision of \$254,193,000 under *Subhead 000 Operational expenses* represents an increase of \$34,438,000 (15.7%) over the revised estimate for 2020–21. This is mainly due to the increased provision for filling vacancies and increased requirements for departmental expenses in the Treasury Branch in 2021–22.

3 The establishment as at 31 March 2021 will be 222 permanent posts. It is expected that there will be a net increase of three posts in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$148,024,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	2021–22 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	158,293	189,011	172,206	192,249
- Allowances	6,627	7,109	8,438	10,113
- Job-related allowances.....	2	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	185	135	192	151
- Civil Service Provident Fund contribution	10,957	15,652	12,898	16,275
Departmental Expenses				
- Honoraria for members of committees.....	1,960	2,285	2,355	2,425
- General departmental expenses	28,296	24,505	23,664	32,978
	206,320	238,699	219,755	254,193

5 Provision of \$59 million 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. It represents an increase of \$54,610,000 (1 244%) over the revised estimate for 2020–21. This is mainly due to the need to reserve sufficient funding for air passenger departure tax administration fee in case of a recovery in air traffic in 2021–22.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2020	Revised estimated expenditure for 2020–21	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	801	Cash Payout Scheme	71,008,000	—	68,606,000	2,402,000
	802	Consumption Voucher Scheme [^]	36,571,000 [^]	—	—	36,571,000
	835	Supplementary electricity charges subsidy for eligible public housing tenants affected by redevelopment, major repair or improvement works	9,000	6,727	20	2,253
	881	Electricity charges subsidy for eligible residential accounts ^Δ	30,669,000 ^Δ	22,519,788	4,120,000	4,029,212
		Total	<u>138,257,000</u>	<u>22,526,515</u>	<u>72,726,020</u>	<u>43,004,465</u>

[^] This is a new item, funding for which is sought in the context of the Appropriation Bill 2021.

^Δ The approved commitment for the item was \$27,869 million. An increase in commitment of \$2,800 million for the provision of a one-off electricity charges subsidy of \$1,000 to each eligible residential electricity account is sought in the context of the Appropriation Bill 2021.