

## 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 2024–25** ..... **\$1,298.4m**

**Establishment ceiling 2024–25** (notional annual mid-point salary value) representing an estimated 198 non-directorate posts as at 31 March 2024 reducing by 13 posts to 185 posts as at 31 March 2025 ..... **\$153.3m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2024 and as at 31 March 2025.

**Commitment balance**..... **\$13,758.9m**

### Controlling Officer's Report

#### Programmes

|  |   |
|--|---|
| <b>Programme (1) Director of Bureau's Office</b>   | This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).              |
| <b>Programme (2) Revenue and Financial Control</b> | This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury). |
| <b>Programme (3) Service Departments</b>           | 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

|                           | 2022–23<br>(Actual) | 2023–24<br>(Original) | 2023–24<br>(Revised) | 2024–25<br>(Estimate)             |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 16.5                | 16.8                  | 17.2<br>(+2.4%)      | <b>17.5</b><br>(+1.7%)            |
|                           |                     |                       |                      | (or +4.2% on<br>2023–24 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

|                           | 2022–23<br>(Actual) | 2023–24<br>(Original) | 2023–24<br>(Revised) | 2024–25<br>(Estimate)             |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 139.2               | 192.7                 | 181.5<br>(–5.8%)     | <b>211.2</b><br>(+16.4%)          |
|                           |                     |                       |                      | (or +9.6% on<br>2023–24 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 2023, 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 2024–25*

7 During 2024–25, 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 oversee the legislative amendments for implementing 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 and emerging markets such as the member states of the Association of Southeast Asian Nations, the Middle East, Central Asia and Africa;
- continue to oversee the implementation of the progressive rating system;
- continue to oversee the Government's procurement policy, and 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
- provide support to the Committee on the Financing of Major Development Projects in assessing and evaluating financing options for major development projects.

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### Programme (3): Service Departments

|                           | 2022–23<br>(Actual) | 2023–24<br>(Original) | 2023–24<br>(Revised) | 2024–25<br>(Estimate)              |
|---------------------------|---------------------|-----------------------|----------------------|------------------------------------|
| Financial provision (\$m) | 89.7                | 95.0                  | 96.2<br>(+1.3%)      | <b>109.3</b><br>(+13.6%)           |
|                           |                     |                       |                      | (or +15.1% on<br>2023–24 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 (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 2024–25*

**10** During 2024–25, 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**

| <b>Programme</b>                        | 2022–23<br>(Actual)<br>(\$m) | 2023–24<br>(Original)<br>(\$m) | 2023–24<br>(Revised)<br>(\$m) | 2024–25<br>(Estimate)<br>(\$m)             |
|---|------------------------------|--------------------------------|-------------------------------|--|
| (1) Director of Bureau’s Office .....   | 16.5                         | 16.8                           | 17.2                          | 17.5                                       |
| (2) Revenue and Financial Control ..... | 139.2                        | 192.7                          | 181.5                         | 211.2                                      |
| (3) Service Departments .....           | 89.7                         | 95.0                           | 96.2                          | 109.3                                      |
|   | 245.4                        | 304.5                          | 294.9<br>(–3.2%)              | 338.0#<br>(+14.6%)                         |
|   |                              |                                |                               | <b>(or +11.0% on<br/>2023–24 Original)</b> |

# 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 2024–25 is \$0.3 million (1.7%) higher than the revised estimate for 2023–24. This is mainly due to the increased requirements for operational expenses.

**Programme (2)**

Provision for 2024–25 is \$29.7 million (16.4%) higher than the revised estimate for 2023–24. This is mainly due to the need to reserve sufficient funding for air passenger departure tax administration fee to cater for the resumption of air traffic, and increased requirements for operational expenses, partly offset by a net decrease of 13 posts in 2024–25.

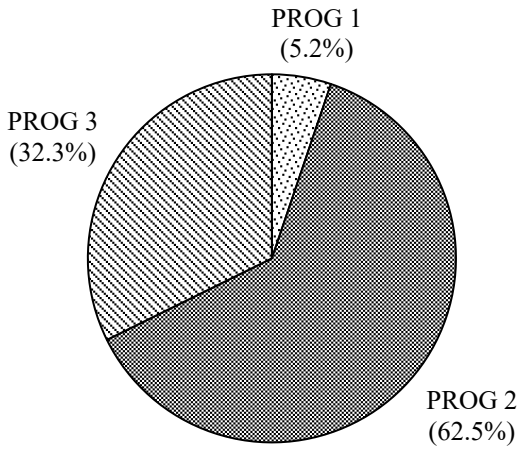
**Programme (3)**

Provision for 2024–25 is \$13.1 million (13.6%) higher than the revised estimate for 2023–24. This is mainly due to the increased requirements for operational expenses.

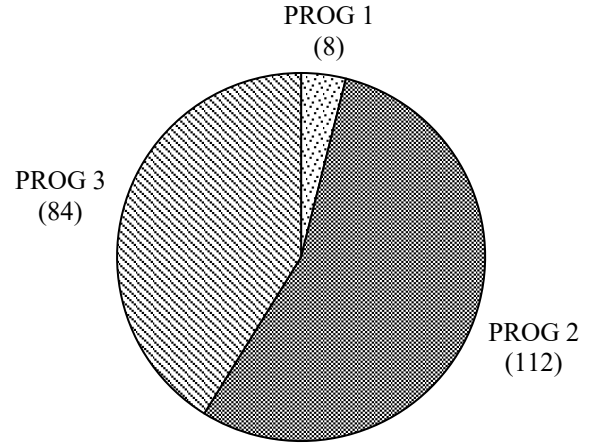
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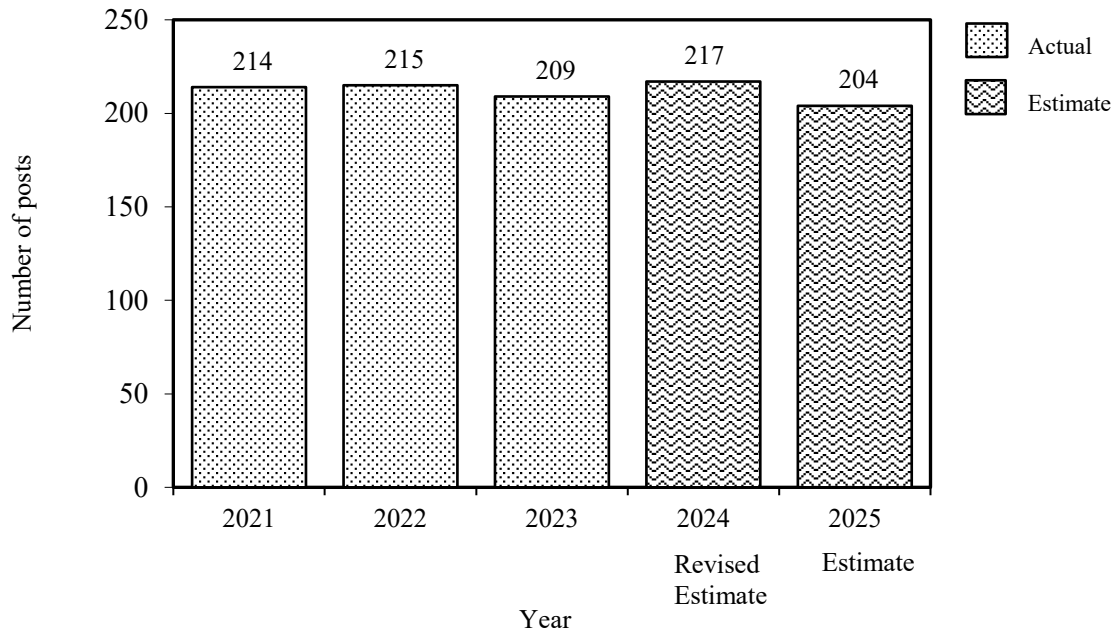
*Allocation of provision to programmes (2024-25)*



*Staff by programme (as at 31 March 2025)*



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



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| Sub-head<br>(Code)       | Actual<br>expenditure<br>2022–23                         | Approved<br>estimate<br>2023–24 | Revised<br>estimate<br>2023–24 | <b>Estimate<br/>2024–25</b> |                                |
|--------------------------|--|---------------------------------|--------------------------------|-----------------------------|--------------------------------|
|                          | \$'000   | \$'000                          | \$'000                         | <b>\$'000</b>               |                                |
| <b>Operating Account</b> |  |                                 |                                |                             |                                |
| Recurrent                |  |                                 |                                |                             |                                |
| 000                      | Operational expenses .....                               | 234,555                         | 245,533                        | 248,723                     | <b>273,488</b>                 |
| 281                      | Air passenger departure tax<br>administration fees ..... | 10,831                          | 59,000                         | 46,210                      | <b>64,540</b>                  |
|                          | Total, Recurrent.....                                    | <u>245,386</u>                  | <u>304,533</u>                 | <u>294,933</u>              | <b><u>338,028</u></b>          |
| Non-Recurrent            |  |                                 |                                |                             |                                |
| 700                      | General non-recurrent .....                              | 66,971,275                      | 35,970,250                     | 35,739,970                  | <b>960,390</b>                 |
|                          | Total, Non-Recurrent.....                                | <u>66,971,275</u>               | <u>35,970,250</u>              | <u>35,739,970</u>           | <b><u>960,390</u></b>          |
|                          | Total, Operating Account .....                           | <u>67,216,661</u>               | <u>36,274,783</u>              | <u>36,034,903</u>           | <b><u>1,298,418</u></b>        |
| <hr/>                    |  |                                 |                                |                             |                                |
|                          | Total Expenditure .....                                  | <u><u>67,216,661</u></u>        | <u><u>36,274,783</u></u>       | <u><u>36,034,903</u></u>    | <b><u><u>1,298,418</u></u></b> |

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### Details of Expenditure by Subhead

The estimate of the amount required in 2024–25 for the salaries and expenses of the Treasury Branch is \$1,298,418,000. This represents a decrease of \$34,736,485,000 against the revised estimate for 2023–24 and \$65,918,243,000 against the actual expenditure in 2022–23.

#### *Operating Account*

#### Recurrent

**2** Provision of \$273,488,000 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 2024 will be 217 posts. It is expected that there will be a net decrease of 13 posts in 2024–25. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2024–25, but the notional annual mid-point salary value of all such posts must not exceed \$153,265,000.

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

|  | 2022–23<br>(Actual)<br>(\$'000) | 2023–24<br>(Original)<br>(\$'000) | 2023–24<br>(Revised)<br>(\$'000) | <b>2024–25<br/>(Estimate)<br/>(\$'000)</b> |
|--|---------------------------------|-----------------------------------|----------------------------------|--|
| Personal Emoluments                                  |                                 |                                   |                                  |  |
| - Salaries .....                                     | 180,369                         | 190,644                           | 187,788                          | <b>194,428</b>                             |
| - Allowances .....                                   | 7,830                           | 6,609                             | 7,514                            | <b>7,194</b>                               |
| - Job-related allowances.....                        | 11                              | 8                                 | 4                                | <b>9</b>                                   |
| Personnel Related Expenses                           |                                 |                                   |                                  |  |
| - Mandatory Provident Fund<br>contribution .....     | 240                             | 258                               | 221                              | <b>258</b>                                 |
| - Civil Service Provident Fund<br>contribution ..... | 14,980                          | 16,451                            | 16,137                           | <b>17,613</b>                              |
| Departmental Expenses                                |                                 |                                   |                                  |  |
| - Honoraria for members of committees.....           | 1,371                           | 1,992                             | 2,580                            | <b>2,622</b>                               |
| - General departmental expenses .....                | 29,754                          | 29,571                            | 34,479                           | <b>51,364</b>                              |
|  | 234,555                         | 245,533                           | 248,723                          | <b>273,488</b>                             |

**5** Provision of \$64,540,000 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. It represents an increase of \$18,330,000 (39.7%) over the revised estimate for 2023–24. This is mainly due to the need to reserve sufficient funding for air passenger departure tax administration fee to cater for the resumption of air traffic.

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**Commitments**

| Sub-head<br>(Code)              | Item<br>(Code)   | Ambit | Approved<br>commitment | Accumulated<br>expenditure<br>to 31.3.2023 | Revised<br>estimated<br>expenditure<br>for 2023–24 | Balance           |
|---------------------------------|--|-------|------------------------|--|--|-------------------|
|                                 |  |       | \$'000                 | \$'000                                     | \$'000   | \$'000            |
| <b><i>Operating Account</i></b> |  |       |                        |  |  |                   |
| 700                             | <i>General non-recurrent</i>   |       |                        |  |  |                   |
| 801                             | Cash Payout Scheme .....   |       | 71,008,000             | 65,911,935                                 | 19,800   | 5,076,265         |
| 802                             | Consumption Voucher Scheme .....   |       | 135,344,000            | 95,865,853                                 | 33,000,000   | 6,478,147         |
| 835                             | Supplementary electricity charges<br>subsidy for eligible public housing<br>tenants affected by redevelopment,<br>major repair or improvement works .... |       | 9,000                  | 7,033                                      | 170  | 1,797             |
| 881                             | Electricity charges subsidy for eligible<br>residential accounts.....  |       | 36,369,000             | 31,446,319                                 | 2,720,000  | 2,202,681         |
|                                 | Total .....  |       | <u>242,730,000</u>     | <u>193,231,140</u>                         | <u>35,739,970</u>                                  | <u>13,758,890</u> |