

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 2015–16	\$408.7m
Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 162 non-directorate posts as at 31 March 2015 and as at 31 March 2016.....	\$90.5m
In addition, there will be an estimated 18 directorate posts as at 31 March 2015 and as at 31 March 2016.	
Commitment balance	\$985.6m

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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	12.5	12.7	13.0 (+2.4%)	13.2 (+1.5%)
				(or +3.9% on 2014–15 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	136.9	136.0	140.3 (+3.2%)	143.7 (+2.4%)
				(or +5.7% on 2014–15 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 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;
- 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;
- promote adherence to the "cost recovery" and "user pays" principles; and
- manage the fiscal reserves to meet the daily operational needs of the Government, secure investment income, provide for unfunded liabilities and commitments, and serve as a cushion against future uncertainties, etc.

6 In 2014, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of proposals from bureaux and departments were assessed with due diligence.

Matters Requiring Special Attention in 2015–16

7 During 2015–16, the Branch will:

- continue to contain the growth of government expenditure and manage the allocation of resources having regard to established principles for the prudent management of public finance;
- continue to pursue the recommendations of the Working Group on Long-Term Fiscal Planning, where accepted by the Government;
- devise proposals to enable Hong Kong to establish a system for the automatic exchange of tax information by 2018;
- continue to oversee legislative amendments to the Inland Revenue Ordinance (Cap.112) to keep the tax regime updated;
- continue to negotiate comprehensive avoidance of double taxation agreements and exchange of information agreements with trading partners and monitor closely world trends on these fronts;
- continue to consider major investment and loan proposals in support of economic and social development; and
- continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the fees and charges to ensure better compliance with the "cost recovery" and "user pays" principles for appropriate government services.

Programme (3): Service Departments

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	57.1	58.6	60.4 (+3.1%)	61.3 (+1.5%)
				(or +4.6% on 2014–15 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 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.

Matters Requiring Special Attention in 2015–16

- 10 During 2015–16, 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

Programme	2013–14 (Actual) (\$m)	2014–15 (Original) (\$m)	2014–15 (Revised) (\$m)	2015–16 (Estimate) (\$m)
(1) Director of Bureau’s Office	12.5	12.7	13.0	13.2
(2) Revenue and Financial Control.....	136.9	136.0	140.3	143.7
(3) Service Departments	57.1	58.6	60.4	61.3
	206.5	207.3	213.7 (+3.1%)	218.2# (+2.1%)
				(or +5.3% on 2014–15 Original)

The cash flow requirements for the two one-off subsidy schemes relating to electricity charges are reflected in *Subhead 700 General non-recurrent*.

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015–16 is \$0.2 million (1.5%) higher than the revised estimate for 2014–15. This is mainly due to the additional requirements for personal emoluments.

Programme (2)

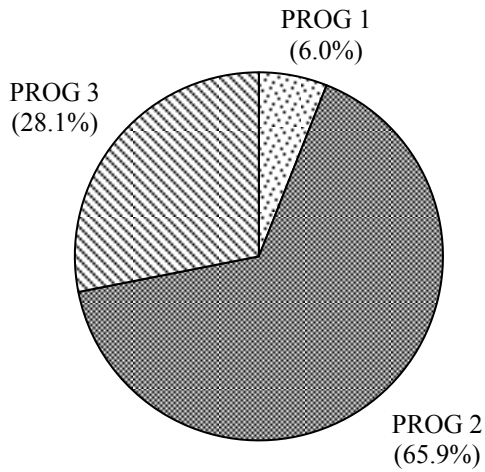
Provision for 2015–16 is \$3.4 million (2.4%) higher than the revised estimate for 2014–15. This is mainly due to the additional requirements for personal emoluments and air passenger departure tax administration fee.

Programme (3)

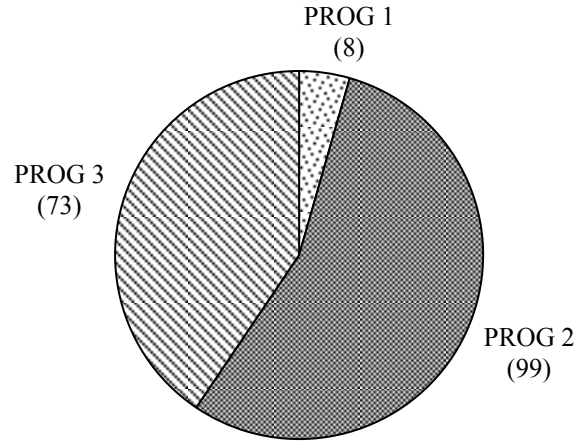
Provision for 2015–16 is \$0.9 million (1.5%) higher than the revised estimate for 2014–15. This is mainly due to the additional requirements for personal emoluments.

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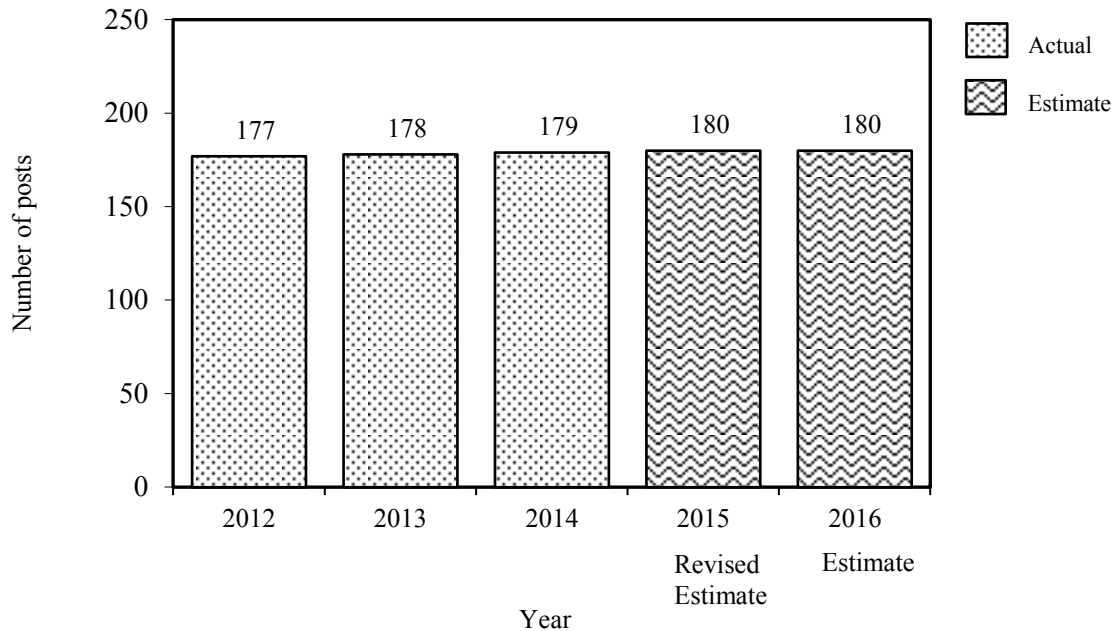
Allocation of provision to programmes (2015-16)



Staff by programme (as at 31 March 2016)



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



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Sub-head (Code)	Actual expenditure 2013–14	Approved estimate 2014–15	Revised estimate 2014–15	Estimate 2015–16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	152,294	152,342	157,039	159,077
281	Air passenger departure tax administration fees	54,171	55,000	56,670	59,120
	Total, Recurrent	<u>206,465</u>	<u>207,342</u>	<u>213,709</u>	<u>218,197</u>
Non-Recurrent					
700	General non-recurrent	4,325,035	1,675,900	1,764,300	190,500
	Total, Non-Recurrent	<u>4,325,035</u>	<u>1,675,900</u>	<u>1,764,300</u>	<u>190,500</u>
	Total, Operating Account	<u>4,531,500</u>	<u>1,883,242</u>	<u>1,978,009</u>	<u>408,697</u>

	Total Expenditure	<u><u>4,531,500</u></u>	<u><u>1,883,242</u></u>	<u><u>1,978,009</u></u>	<u><u>408,697</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Treasury Branch is \$408,697,000. This represents a decrease of \$1,569,312,000 against the revised estimate for 2014–15 and of \$4,122,803,000 against the actual expenditure in 2013–14. The reduction is mainly due to the reduced cash flow requirements for the electricity charges subsidy scheme.

Operating Account

Recurrent

2 Provision of \$159,077,000 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 2015 will be 180 permanent posts. No change in establishment is expected in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$90,452,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	124,168	123,095	126,583	127,472
- Allowances.....	3,415	3,065	3,866	3,917
- Job-related allowances.....	1	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	139	100	200	150
- Civil Service Provident Fund contribution.....	2,873	3,030	3,602	4,000
Departmental Expenses				
- Honoraria for members of committees	1,874	2,027	1,696	2,245
- General departmental expenses	19,824	21,023	21,090	21,291
	152,294	152,342	157,039	159,077

5 Provision of \$59,120,000 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 31.3.2014	Revised estimated expenditure for 2014–15	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
835		Supplementary electricity charges subsidy for eligible public housing tenants affected by redevelopment, major repair or improvement works	9,000	6,206	400	2,394
881		Electricity charges subsidy for eligible residential accounts.....	22,300,000	19,553,821	1,763,000	983,179
		Total	<u>22,309,000</u>	<u>19,560,027</u>	<u>1,763,400</u>	<u>985,573</u>