

## Head 188 — TREASURY

**Controlling officer:** the Director of Accounting Services will account for expenditure under this Head.

**Estimate 2015–16** ..... **\$371.1m**

**Establishment ceiling 2015–16** (notional annual mid-point salary value) representing an estimated 476 non-directorate posts as at 31 March 2015 rising by four posts to 480 posts as at 31 March 2016..... **\$188.9m**

In addition, there will be an estimated ten directorate posts as at 31 March 2015 and as at 31 March 2016.

### Controlling Officer's Report

#### Programmes

<p><b>Programme (1) Central Accounting, Collections and Payments</b></p> <p><b>Programme (2) Payment of Salaries, Pensions and Benefits</b></p> <p><b>Programme (3) Accounting and Financial Information Systems</b></p> <p><b>Programme (4) Management of Funds</b></p>	<p>These programmes contribute to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).</p>
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#### Detail

##### Programme (1): Central Accounting, Collections and Payments

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	128.6	134.2	130.5 (–2.8%)	<b>133.2</b> (+2.1%)
				(or –0.7% on 2014–15 Original)

#### Aim

2 The aim is to produce the accounts of the Government and to arrange for the provision of centralised collection and payment services.

#### Brief Description

3 The Treasury compiles and maintains the accounts of the Government. It serves as the Government's central paymaster in respect of goods and services procured and subventions. It also arranges for the provision of a centralised collection service in respect of Rates, Government Rent, land premiums, water and sewage charges and other types of revenue.

4 The key performance measures in respect of central accounting, collections and payments are:

#### Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
producing financial statements after end of the relevant period within a stated time frame (months)				
monthly financial results .....	1.0	0.9	0.9	<b>1.0</b>
statutory annual statements of accounts.....	2.8	2.7	2.7	<b>2.8</b>
accrual-based annual statements of accounts.....	5.5	5.5	5.5	<b>5.5</b>

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	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
effecting payments to creditors				
within 30 calendar days after receipt of goods/services or invoices by bureaux/departments (%) .....	98	99	99	<b>98</b>
within three working days after authorisation of payments by bureaux/departments (%) .....	100	100	100	<b>100</b>
completing processing of postal remittances within				
four working days during peak periods (%) .....	100	100	100	<b>100</b>
three working days during non-peak periods (%) .....	100	100	100	<b>100</b>

### *Indicators*

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
sets of financial statements to compile and maintain .....	12	12	<b>12</b>
payments to creditors .....	753 365	769 221	<b>769 000</b>
cost per \$1,000 payment made for respective financial years (\$) .....	0.06	0.06	<b>0.05</b>
revenue collections through the Treasury's agents			
counter collections $\phi$ .....	9 824 429	10 452 878	<b>10 910 000</b>
postal remittances $\phi$ .....	442 983	441 250	<b>490 000</b>
collections by autopay $\phi$ .....	1 913 782	2 034 037	<b>2 240 000</b>
collections by other electronic means $\phi$ .....	7 088 899	7 404 542	<b>8 030 000</b>
cost per \$1,000 revenue collected for respective financial years (\$) .....	0.24	0.25	<b>0.25</b>

$\phi$  The actual figures for 2013 and 2014 have taken into account the reduced number of collections as a result of the rates concession in the whole year of 2013 and the first three quarters of 2014.

### *Matters Requiring Special Attention in 2015–16*

5 During 2015–16, the Treasury will continue to explore ways to achieve higher efficiency with lower costs for revenue collection and payment activities, including promotion of e-payments.

#### **Programme (2): Payment of Salaries, Pensions and Benefits**

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	114.2	115.6	118.6 (+2.6%)	<b>116.9</b> (–1.4%)
				(or +1.1% on 2014–15 Original)

#### *Aim*

6 The aim is to process and pay salaries, pensions, allowances, housing and other benefits to civil servants.

#### *Brief Description*

7 The Treasury serves as the Government's paymaster for salaries, allowances, contract gratuities, mandatory provident fund and Civil Service Provident Fund (CSPF) contributions, and other benefits for civil servants as well as pensions for retired civil servants and other eligible persons under relevant legislations, regulations and rules. It operates and maintains the Government's centralised payroll and pensions systems.

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8 The key performance measures in respect of payment of salaries, pensions and benefits are:

### *Targets*

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
paying punctually (%)				
salaries and allowances on the due date .....	99.9	99.9	99.9	<b>99.9</b>
pension and contract gratuities on the due date .....	99	99	99	<b>99</b>
recurrent pensions on the due date or two weeks after receipt of claim forms .....	99.9	99.9	99.9	<b>99.9</b>
passage allowances within 30 calendar days .....	99.9	99.9	99.9	<b>99.9</b>
ensuring correct payments/ deductions (%) .....	99.9	99.9	99.9	<b>99.9</b>
responding to enquiries from pensioners within nine working days (%) .....	99.5	99.5	99.5	<b>99.5</b>
processing applications for various civil service housing benefits within the target time (%) .....	99.9	99.9	99.9	<b>99.9</b>

### *Indicators*

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
participants in various housing benefit schemes .....	20 278	20 706	<b>21 870</b>
pensioners paid .....	120 860	125 900	<b>132 200</b>
passage allowances applications processed .....	20 211	19 706	<b>20 320</b>
participants in CSPF Scheme .....	27 258	33 422	<b>39 520</b>

### *Matters Requiring Special Attention in 2015–16*

9 During 2015–16, the Treasury will continue to explore ways for greater use of e-means to enhance communication with civil servants and pensioners on matters relating to payment of salaries, pensions and benefits.

### **Programme (3): Accounting and Financial Information Systems**

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	92.5	112.2	113.1 (+0.8%)	<b>113.5</b> (+0.4%)
				(or +1.2% on 2014–15 Original)

### *Aim*

10 The aim is to provide secure, efficient and effective accounting and financial information systems and procedures throughout the Government.

### *Brief Description*

11 The Treasury runs and maintains the centralised accounting and financial information systems for the budgetary control of expenditure and revenue by bureaux and departments and for the production of the accounts of the Government, as well as other accounting and costing systems to assist bureaux and departments in better managing the resources at their disposal.

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12 The Treasury provides a full range of accounting and financial support and advisory services to bureaux and departments, including setting of accounting instructions and costing policies, and advising on accounting, costing and financial management matters. It also provides regular training for Treasury Grades staff to ensure that their services will continue to be of high professional quality.

13 The key performance measures in respect of accounting and financial information systems are:

### *Targets*

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
providing preliminary response to requests for accounting and financial support and advisory services within three working days (%) .....	95	98	98	95
ensuring that computer services are provided efficiently and with minimal interruptions				
average system availability (%).....	99.5	99.9	99.9	99.5
average system response time (percentage of cases within five seconds) (%) .....	92.0	95.0	95.6	92.0

### *Indicators*

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled .....	809	803	810
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed.....	257	262	260

### *Matters Requiring Special Attention in 2015–16*

14 During 2015–16, the Treasury will continue to explore further improvements to accounting and financial information systems and procedures to ensure that they are secure, efficient and effective.

### **Programme (4): Management of Funds**

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	6.6	7.4	7.4 (—)	7.5 (+1.4%)
				(or +1.4% on 2014–15 Original)

### *Aim*

15 The aim is to manage the investments of designated funds in accordance with approved guidelines and to achieve a reasonable return through prudent investment.

### *Brief Description*

16 The Treasury manages the investment portfolios of the Grant and Subsidized Schools Provident Funds, the Quality Education Fund, the Sir David Trench Fund for Recreation, the Beat Drugs Fund, the AIDS Trust Fund, the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund with a view to achieving a reasonable investment return through prudent investment. It also ensures that the Funds are managed efficiently and that all disbursements from the Funds are correctly and promptly made.

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17 The key performance measures in respect of management of funds are:

### *Target*

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
achieving the strategic target investment return of two per cent above the Consumer Price Index B (CPI(B)) for the two Schools Provident Funds in each school year <sup>β</sup> .....	CPI(B)+2%	CPI(B)+2.8%	CPI(B)+6.3%	<b>CPI(B)+2%</b>

<sup>β</sup> Before 2014, the strategic target investment return was four per cent above the CPI(B) for the two Schools Provident Funds in each school year.

### *Indicators*

	2013 (Actual)	2014 (Actual)	2015 <sup>Δ</sup> (Estimate)
<b>funds managed (\$m)</b>			
Schools Provident Funds.....	69,629.5	72,268.4	<b>73,918.0</b>
Quality Education Fund.....	7,980.2	8,224.4	<b>8,295.0</b>
Sir David Trench Fund for Recreation.....	3,465.3	3,409.5	<b>3,239.0</b>
Beat Drugs Fund.....	4,096.1	4,202.7	<b>4,177.5</b>
AIDS Trust Fund.....	25.5	380.2 <sup>@</sup>	<b>298.0</b>
HKSAR Government Scholarship Fund.....	2,387.1	2,367.4	<b>2,324.5</b>
Self-financing Post-secondary Education Fund.....	3,630.3	3,660.9	<b>3,632.0</b>
<b>portfolio managers</b>			
Schools Provident Funds.....	9	11	<b>11</b>
Quality Education Fund.....	5	5	<b>5</b>
Sir David Trench Fund for Recreation.....	1	2	<b>2</b>
Beat Drugs Fund.....	5	5	<b>5</b>
HKSAR Government Scholarship Fund.....	5	5	<b>5</b>
Self-financing Post-secondary Education Fund.....	3	3	<b>4</b>
dividend declared for Schools Provident Funds (%).....	5	5	<b>5</b>

<sup>Δ</sup> Given market volatility, no gain or loss on disposal or revaluation of investments in securities has been included in the estimated fund balances.

<sup>@</sup> In 2014, the Government injected \$350 million into the AIDS Trust Fund.

### *Matters Requiring Special Attention in 2015–16*

18 During 2015–16, the Treasury will continue to review and refine the strategic asset allocation of the Funds consistent with the risk and return perspectives and market development.

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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) Central Accounting, Collections and Payments .....	128.6	134.2	130.5	<b>133.2</b>
(2) Payment of Salaries, Pensions and Benefits .....	114.2	115.6	118.6	<b>116.9</b>
(3) Accounting and Financial Information Systems .....	92.5	112.2	113.1	<b>113.5</b>
(4) Management of Funds.....	6.6	7.4	7.4	<b>7.5</b>
	341.9	369.4	369.6 (+0.1%)	<b>371.1</b> <b>(+0.4%)</b>
				<b>(or +0.5% on 2014–15 Original)</b>

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2015–16 is \$2.7 million (2.1%) higher than the revised estimate for 2014–15. This is mainly due to lower-than-expected expenditure for payment to collection agents in 2014–15.

##### Programme (2)

Provision for 2015–16 is \$1.7 million (1.4%) lower than the revised estimate for 2014–15. This is mainly due to higher requirement for operating expenses in 2014–15.

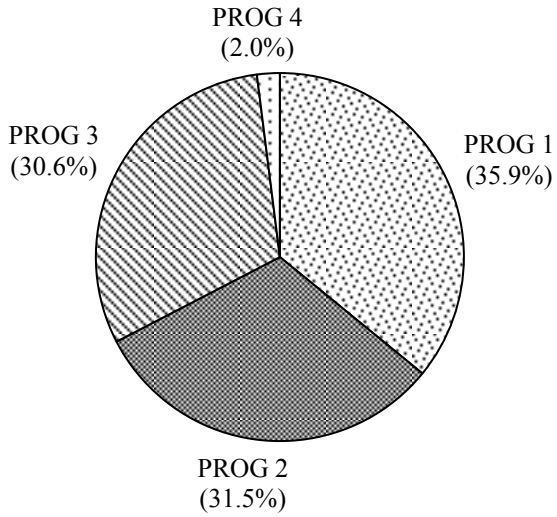
##### Programme (3)

Provision for 2015–16 is \$0.4 million (0.4%) higher than the revised estimate for 2014–15. This is mainly due to increase in requirement for operating expenses.

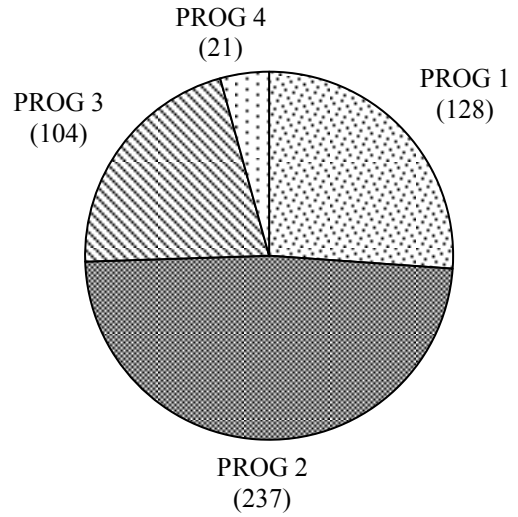
##### Programme (4)

Provision for 2015–16 is \$0.1 million (1.4%) higher than the revised estimate for 2014–15. This is mainly due to increase in requirement for operating expenses.

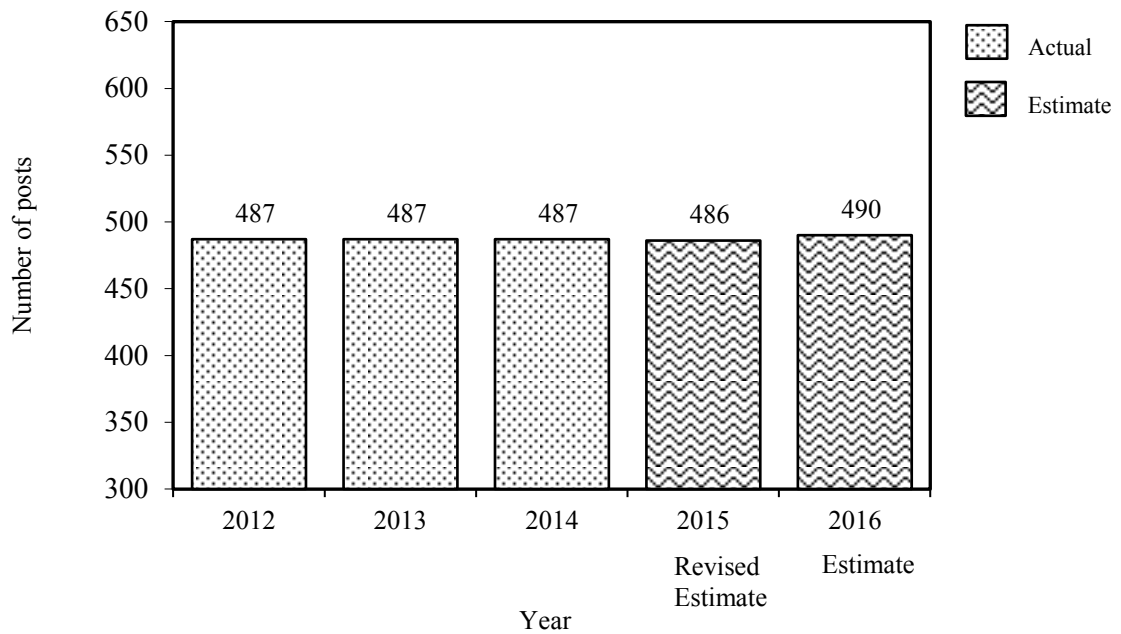
*Allocation of provision  
to programmes  
(2015-16)*



*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	<b>Estimate 2015-16</b>
	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	337,983	365,784	365,997	<b>367,379</b>
003	Recoverable salaries and allowances (General)..... <i>5,577</i>				
	<i>Deduct</i> reimbursements ..... <i>Cr. 5,577</i>	—	—	—	—
187	Agents' commission and expenses .....	3,501	3,626	3,596	<b>3,706</b>
	Total, Recurrent.....	<u>341,484</u>	<u>369,410</u>	<u>369,593</u>	<b><u>371,085</u></b>
	Total, Operating Account .....	341,484	369,410	369,593	<b>371,085</b>
<b>Capital Account</b>					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	427	—	—	—
	Total, Plant, Equipment and Works.....	<u>427</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Capital Account.....	427	—	—	—
	Total Expenditure .....	<u>341,911</u>	<u>369,410</u>	<u>369,593</u>	<b><u>371,085</u></b>



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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 is \$371,085,000. This represents an increase of \$1,492,000 over the revised estimate for 2014–15 and of \$29,174,000 over the actual expenditure in 2013–14.

#### *Operating Account*

#### Recurrent

**2** Provision of \$367,379,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

**3** The establishment as at 31 March 2015 will be 486 permanent posts. It is expected that there will be an increase of four posts 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 \$188,946,000.

**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)	<b>2015–16 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	187,587	199,500	196,426	<b>199,774</b>
- Allowances.....	2,718	2,181	4,032	<b>2,565</b>
- Job-related allowances.....	20	16	16	<b>16</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	489	580	714	<b>790</b>
- Civil Service Provident Fund contribution.....	2,261	2,700	3,056	<b>4,396</b>
Departmental Expenses				
- General departmental expenses .....	144,908	160,807	161,753	<b>159,838</b>
	337,983	365,784	365,997	<b>367,379</b>

**5** Provision of \$5,577,000 under *Subhead 003 Recoverable salaries and allowances (General)* is for salaries and allowances of civil servants working for the Schools Provident Funds. The gross provision must not be exceeded without the prior approval of the Secretary for Financial Services and the Treasury. Expenditure under this subhead is reimbursed by the Funds.

**6** Provision of \$3,706,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.