

Head 188 — TREASURY

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

Estimate 2018–19 **\$406.8m**

Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 499 non-directorate posts as at 31 March 2018 rising by two posts to 501 posts as at 31 March 2019 **\$225.9m**

In addition, there will be an estimated ten directorate posts as at 31 March 2018 and as at 31 March 2019.

Controlling Officer's Report

Programmes

<p>Programme (1) Central Accounting, Collections and Payments</p> <p>Programme (2) Payment of Salaries, Pensions and Benefits</p> <p>Programme (3) Accounting and Financial Information Systems</p> <p>Programme (4) Management of Funds</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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	138.3	142.2	145.7 (+2.5%)	151.1 (+3.7%)
				(or +6.3% on 2017–18 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 premium, 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	2016 (Actual)	2017 (Actual)	2018 (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	1.0
statutory annual statements of accounts	2.8	2.6	2.6	2.8
accrual-based annual statements of accounts	5.5	5.5	5.5	5.5

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	Target	2016 (Actual)	2017 (Actual)	2018 (Plan)
effecting payments to creditors				
within 30 calendar days after receipt of goods/services or invoices by bureaux/departments (%).....	98	99	99	98
within three working days after authorisation of payments by bureaux/departments (%).....	100	100	100	100
completing processing of postal remittances within				
four working days during peak periods (%)	100	100	100	100
three working days during non-peak periods (%)	100	100	100	100

Indicators

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
sets of financial statements to compile and maintain.....	12	12	12
payments to creditors	778 374	800 425	800 000
cost per \$1,000 payment made for respective financial years (\$)	0.06	0.06	0.06
revenue collections through the Treasury's agents			
counter collections ϕ	11 277 030	11 257 443	11 580 000
postal remittances ϕ	404 625	375 670	395 000
collections by autopay ϕ	2 213 375	2 248 409	2 347 000
collections by other electronic means ϕ	8 294 325	8 486 159	8 863 000
cost per \$1,000 revenue collected for respective financial years (\$)	0.24	0.25	0.25

ϕ The figures have taken into account the reduced number of collections as a result of the rates concessions during the periods of April to December 2016, January to December 2017 and January to March 2018.

Matters Requiring Special Attention in 2018–19

5 During 2018–19, 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	121.2	124.5	124.6 (+0.1%)	126.5 (+1.5%)
				(or +1.6% on 2017–18 Original)

Aim

6 The aim is to process and pay salaries, pensions, allowances, housing and certain 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	2016 (Actual)	2017 (Actual)	2018 (Plan)
paying punctually (%)				
salaries and allowances on the due date	99.9	99.9	99.9	99.9
pension and contract gratuities on the due date.....	99	99	99	99
recurrent pensions on the due date or two weeks after receipt of claim forms.....	99.9	99.9	99.9	99.9
passage allowances within 30 calendar days	99.9	99.9	99.9	99.9
ensuring correct payments/ deductions (%).....	99.9	99.9	99.9	99.9
responding to enquiries from pensioners within nine working days (%)	99.5	99.5	99.5	99.5
processing applications for various civil service housing benefits within the target time (%).....	99.9	99.9	99.9	99.9

Indicators

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
participants in various housing benefit schemes	21 280	21 209	22 600
pensioners paid.....	136 400	141 920	148 580
passage allowances applications processed	18 152	17 013	17 600
participants in CSPF Scheme	47 074	53 926	61 720

Matters Requiring Special Attention in 2018–19

9 During 2018–19, 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	116.0	117.4	119.4 (+1.7%)	121.0 (+1.3%)
				(or +3.1% on 2017–18 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.

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.

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

Targets

	Target	2016 (Actual)	2017 (Actual)	2018 (Plan)
providing preliminary response to requests for accounting and financial support and advisory services within three working days (%).....	95	98	99	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	96.4	96.9	92.0

Indicators

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	806	1 041	810
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed.....	259	264	260

Matters Requiring Special Attention in 2018–19

14 During 2018–19, 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	7.4	7.8	8.0 (+2.6%)	8.2 (+2.5%)
				(or +5.1% on 2017–18 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 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.

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

Target

	Target	2016 (Actual)	2017 (Actual)	2018 (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.....	CPI(B)+2%	CPI(B)+4.2%	CPI(B)+11.3%	CPI(B)+2%

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Indicators

	2016 (Actual)	2017 (Actual)	2018 ^Δ (Estimate)
funds managed (\$m)			
Schools Provident Funds.....	74,626.0	89,261.5	90,956.5
Quality Education Fund.....	8,268.2	9,471.3	9,452.3
Sir David Trench Fund for Recreation.....	3,181.8	3,544.1	3,416.7
Beat Drugs Fund.....	4,057.0	4,693.5	4,514.0
AIDS Trust Fund.....	305.5	280.1	219.1
HKSAR Government Scholarship Fund.....	2,224.9	2,516.8	2,483.1
Self-financing Post-secondary Education Fund.....	3,560.0	4,048.4	4,017.8
portfolio managers			
Schools Provident Funds.....	11	11	11
Quality Education Fund.....	5	5	5
Sir David Trench Fund for Recreation.....	2	2	2
Beat Drugs Fund.....	5	5	5
HKSAR Government Scholarship Fund.....	4	4	4
Self-financing Post-secondary Education Fund.....	3	3	3
dividend declared for Schools Provident Funds (%).....	5	5	5

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

Matters Requiring Special Attention in 2018–19

18 During 2018–19, 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

	2016–17 (Actual) (\$m)	2017–18 (Original) (\$m)	2017–18 (Revised) (\$m)	2018–19 (Estimate) (\$m)
Programme				
(1) Central Accounting, Collections and Payments	138.3	142.2	145.7	151.1
(2) Payment of Salaries, Pensions and Benefits	121.2	124.5	124.6	126.5
(3) Accounting and Financial Information Systems	116.0	117.4	119.4	121.0
(4) Management of Funds.....	7.4	7.8	8.0	8.2
	382.9	391.9	397.7 (+1.5%)	406.8 (+2.3%)
				(or +3.8% on 2017–18 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2018–19 is \$5.4 million (3.7%) higher than the revised estimate for 2017–18. This is mainly due to increase in requirement for operating expenses.

Programme (2)

Provision for 2018–19 is \$1.9 million (1.5%) higher than the revised estimate for 2017–18. This is mainly due to increase in requirement for operating expenses.

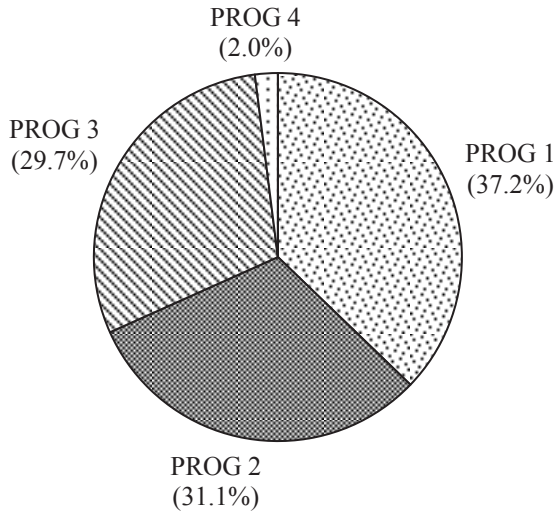
Programme (3)

Provision for 2018–19 is \$1.6 million (1.3%) higher than the revised estimate for 2017–18. This is mainly due to increase in requirement for operating expenses. There will be an increase of two posts in 2018–19.

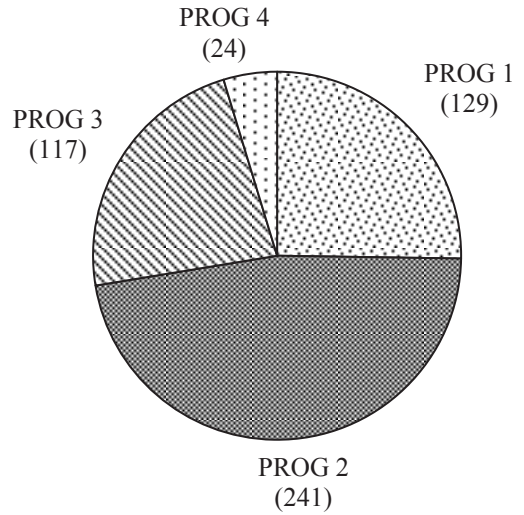
Programme (4)

Provision for 2018–19 is \$0.2 million (2.5%) higher than the revised estimate for 2017–18. This is mainly due to increase in requirement for operating expenses.

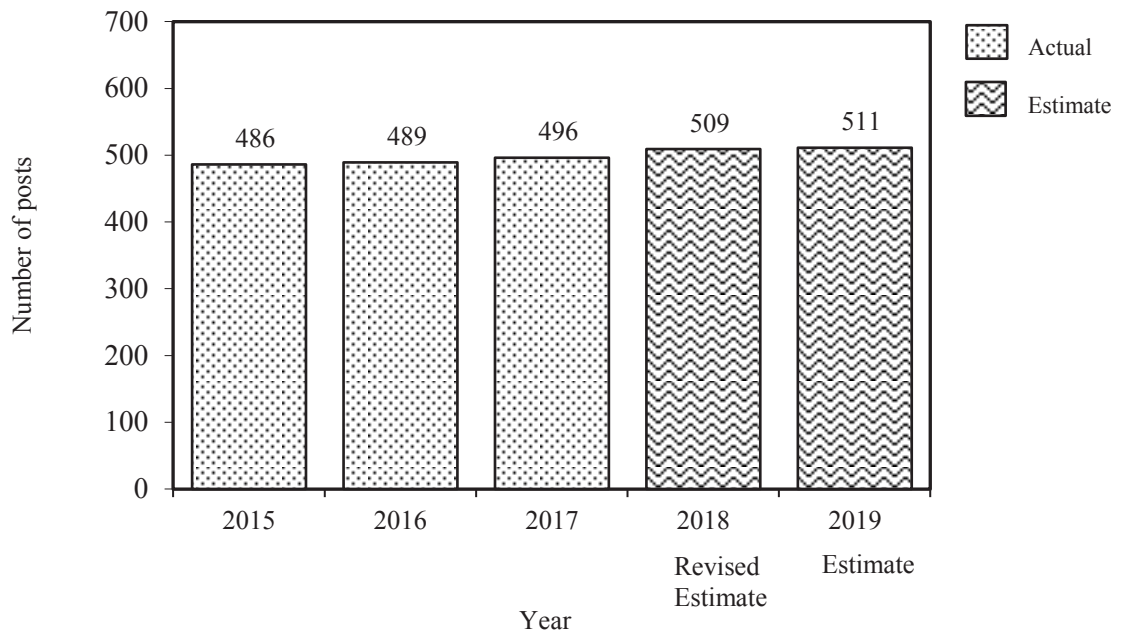
Allocation of provision to programmes (2018-19)



Staff by programme (as at 31 March 2019)



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



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Sub-head (Code)		Actual expenditure 2016-17	Approved estimate 2017-18	Revised estimate 2017-18	Estimate 2018-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	379,279	388,051	393,881	400,705
003	Recoverable salaries and allowances (General).....	7,144			
	<i>Deduct</i> reimbursements	<i>Cr. 7,144</i>	—	—	—
187	Agents' commission and expenses	3,604	3,859	3,773	3,859
	Total, Recurrent.....	382,883	391,910	397,654	404,564
	Total, Operating Account	382,883	391,910	397,654	404,564
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	—	2,231
	Total, Plant, Equipment and Works.....	—	—	—	2,231
	Total, Capital Account.....	—	—	—	2,231
	Total Expenditure	382,883	391,910	397,654	406,795

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Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Treasury is \$406,795,000. This represents an increase of \$9,141,000 over the revised estimate for 2017–18 and \$23,912,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

2 Provision of \$400,705,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2018 will be 509 posts. It is expected that there will be an increase of two posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$225,902,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	211,915	217,399	221,403	225,313
- Allowances.....	3,154	3,397	3,643	4,301
- Job-related allowances.....	27	19	46	46
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	897	785	910	810
- Civil Service Provident Fund contribution.....	4,661	6,400	6,416	8,079
Departmental Expenses				
- General departmental expenses	158,625	160,051	161,463	162,156
	379,279	388,051	393,881	400,705

5 Provision of \$7,144,000 under *Subhead 003 Recoverable salaries and allowances (General)* is for salaries and allowances of civil servants working for the Schools Provident Funds and the Self-financing Post-secondary Education Fund. 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 \$3,859,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.

Capital Account

Plant, Equipment and Works

7 Provision of \$2,231,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for replacement of minor plant and equipment.