

Head 188 — TREASURY

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

Estimate 2019–20 **\$432.9m**

Establishment ceiling 2019–20 (notional annual mid-point salary value) representing an estimated 500 non-directorate posts as at 31 March 2019 rising by 13 posts to 513 posts as at 31 March 2020..... **\$248.8m**

In addition, there will be an estimated ten directorate posts as at 31 March 2019 and as at 31 March 2020.

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> |
|--|---|

Detail

Programme (1): Central Accounting, Collections and Payments

| | 2017–18 (Actual) | 2018–19 (Original) | 2018–19 (Revised) | 2019–20 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 147.2 | 151.1 | 153.8 (+1.8%) | 159.7 (+3.8%) |
| | | | | (or +5.7% on 2018–19 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 as well as other types of revenue.

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

Targets

| | Target | 2017 (Actual) | 2018 (Actual) | 2019 (Plan) |
|---|--------|------------------|------------------|------------------------|
| producing financial statements after end of the relevant period within a stated time frame (months) | | | | |
| monthly financial results..... | 1.0 | 0.9 | 1.0 | 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 |

Head 188 — TREASURY

| | Target | 2017 (Actual) | 2018 (Actual) | 2019 (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

| | 2017 (Actual) | 2018 (Actual) | 2019 (Estimate) |
|---|------------------|------------------|--------------------|
| sets of financial statements to compile and maintain..... | 12 | 12 | 12 |
| payments to creditors | 800 425 | 779 918 | 780 000 |
| 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 | 11 257 443 | 11 258 227 | 12 171 000 |
| postal remittances ϕ | 375 670 | 339 055 | 360 000 |
| collections by autopay ϕ | 2 248 409 | 2 218 607 | 2 440 000 |
| collections by other electronic means ϕ | 8 486 159 | 8 711 081 | 9 604 000 |
| cost per \$1,000 revenue collected for respective financial years (\$)..... | 0.25 | 0.25 | 0.25 |

ϕ The figures have taken into account the reduced number of collections as a result of the rates concessions during January 2017 to March 2019.

Matters Requiring Special Attention in 2019–20

5 During 2019–20, 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

| | 2017–18 (Actual) | 2018–19 (Original) | 2018–19 (Revised) | 2019–20 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 123.4 | 126.5 | 128.8 (+1.8%) | 134.6 (+4.5%) |
| | | | | (or +6.4% on 2018–19 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 also operates and maintains the Government's centralised payroll and pensions systems.

Head 188 — TREASURY

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

Targets

| | Target | 2017 (Actual) | 2018 (Actual) | 2019 (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

| | 2017 (Actual) | 2018 (Actual) | 2019 (Estimate) |
|---|------------------|------------------|--------------------|
| participants in various housing benefit schemes | 21 209 | 21 168 | 23 060 |
| pensioners paid..... | 141 920 | 147 690 | 153 230 |
| passage allowances applications processed | 17 013 | 18 119 | 18 490 |
| participants in CSPF Scheme | 53 926 | 61 250 | 69 430 |

Matters Requiring Special Attention in 2019–20

9 During 2019–20, 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

| | 2017–18 (Actual) | 2018–19 (Original) | 2018–19 (Revised) | 2019–20 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|--|
| Financial provision (\$m) | 117.9 | 121.0 | 124.0 (+2.5%) | 130.0 (+4.8%) (or +7.4% on 2018–19 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.

Head 188 — TREASURY

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

Targets

| | Target | 2017 (Actual) | 2018 (Actual) | 2019 (Plan) |
|--|--------|------------------|------------------|------------------------|
| providing preliminary response to requests for accounting and financial support and advisory services within three working days (%)..... | 95 | 99 | 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 | 96.9 | 96.5 | 92.0 |

Indicators

| | 2017 (Actual) | 2018 (Actual) | 2019 (Estimate) |
|---|------------------|------------------|----------------------------|
| providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters | | | |
| requests handled..... | 1 041 | 1 017 | 1 017 |
| providing application support and maintenance to computer applications | | | |
| maintenance/enhancement tasks completed..... | 264 | 263 | 260 |

Matters Requiring Special Attention in 2019–20

14 During 2019–20, 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

| | 2017–18 (Actual) | 2018–19 (Original) | 2018–19 (Revised) | 2019–20 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 8.0 | 8.2 | 8.4 (+2.4%) | 8.6 (+2.4%) |
| | | | | (or +4.9% on 2018–19 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 | 2017 (Actual) | 2018 (Actual) | 2019 (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)+11.3% | CPI(B)+4.6% | CPI(B)+2% |

Head 188 — TREASURY

Indicators

| | 2017 (Actual) | 2018 (Actual) | 2019 ^Δ (Estimate) |
|--|------------------|------------------|---------------------------------|
| funds managed (\$m) | | | |
| Schools Provident Funds..... | 89,261.5 | 84,229.6 | 84,975.8 |
| Quality Education Fund..... | 9,471.3 | 8,880.9 | 8,299.8 |
| Sir David Trench Fund for Recreation..... | 3,544.1 | 3,286.5 | 4,110.3[@] |
| Beat Drugs Fund..... | 4,693.5 | 4,328.6 | 4,319.3 |
| AIDS Trust Fund..... | 280.1 | 231.0 | 172.0 |
| HKSAR Government Scholarship Fund..... | 2,516.8 | 2,318.3 | 3,103.8[@] |
| Self-financing Post-secondary Education Fund..... | 4,048.4 | 3,774.0 | 3,766.3 |
| 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.

@ The estimated fund balances include the planned government injections of \$800 million into the HKSAR Government Scholarship Fund and \$1 billion into the sports portion of the Arts and Sport Development Fund, the latter being set up under the aegis of the Sir David Trench Fund for Recreation.

Matters Requiring Special Attention in 2019–20

18 During 2019–20, 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.

Head 188 — TREASURY

ANALYSIS OF FINANCIAL PROVISION

| Programme | 2017–18 (Actual) (\$m) | 2018–19 (Original) (\$m) | 2018–19 (Revised) (\$m) | 2019–20 (Estimate) (\$m) |
|--|------------------------------|--------------------------------|-------------------------------|---|
| (1) Central Accounting, Collections and Payments | 147.2 | 151.1 | 153.8 | 159.7 |
| (2) Payment of Salaries, Pensions and Benefits | 123.4 | 126.5 | 128.8 | 134.6 |
| (3) Accounting and Financial Information Systems | 117.9 | 121.0 | 124.0 | 130.0 |
| (4) Management of Funds..... | 8.0 | 8.2 | 8.4 | 8.6 |
| | 396.5 | 406.8 | 415.0 (+2.0%) | 432.9 (+4.3%) |
| | | | | (or +6.4% on 2018–19 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2019–20 is \$5.9 million (3.8%) higher than the revised estimate for 2018–19. This is mainly due to increase in requirement for operating expenses. There will be an increase of four posts in 2019–20.

Programme (2)

Provision for 2019–20 is \$5.8 million (4.5%) higher than the revised estimate for 2018–19. This is mainly due to increase in requirement for operating expenses. There will be an increase of four posts in 2019–20.

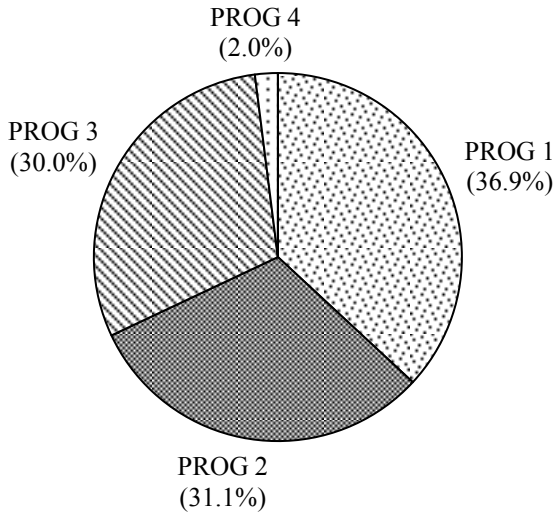
Programme (3)

Provision for 2019–20 is \$6.0 million (4.8%) higher than the revised estimate for 2018–19. This is mainly due to increase in requirement for operating expenses. There will be an increase of five posts in 2019–20.

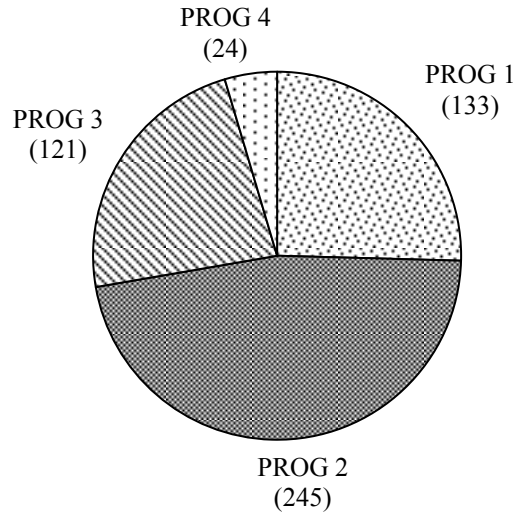
Programme (4)

Provision for 2019–20 is \$0.2 million (2.4%) higher than the revised estimate for 2018–19. This is mainly due to increase in requirement for operating expenses.

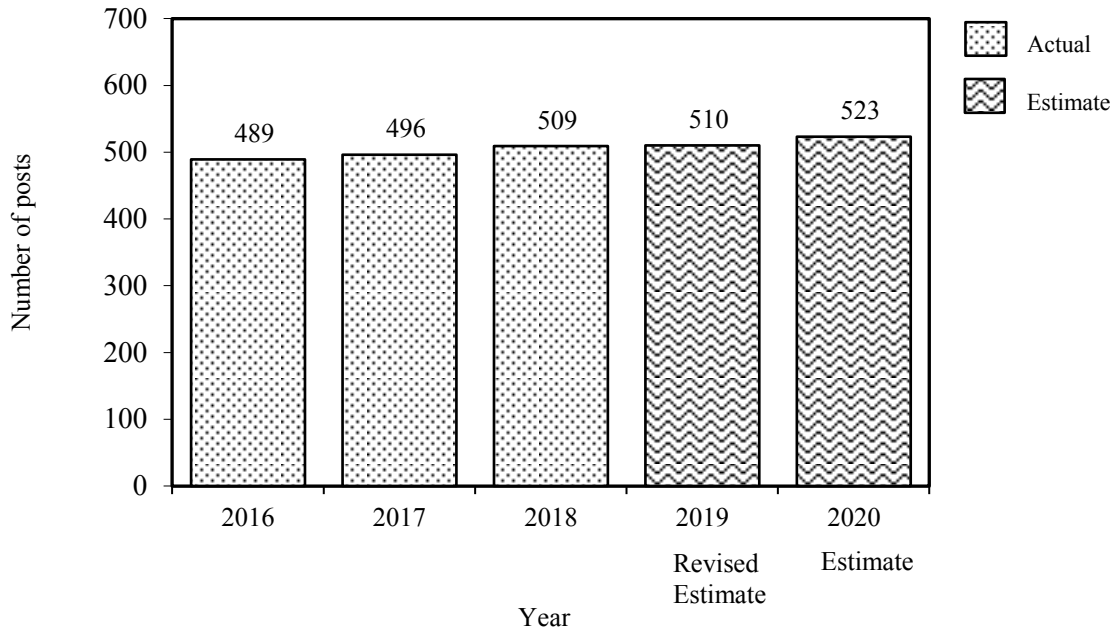
Allocation of provision to programmes (2019-20)



Staff by programme (as at 31 March 2020)



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



Head 188 — TREASURY

| Sub-head (Code) | | Actual expenditure 2017-18 | Approved estimate 2018-19 | Revised estimate 2018-19 | Estimate 2019-20 |
|----------------------------|--|----------------------------------|---------------------------------|--------------------------------|-----------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 392,785 | 400,705 | 409,705 | 429,331 |
| 003 | Recoverable salaries and allowances (General)..... | 7,782 | | | |
| | <i>Deduct</i> reimbursements | <i>Cr. 7,782</i> | | | |
| 187 | Agents' commission and expenses | 3,688 | 3,859 | 3,859 | 3,601 |
| | Total, Recurrent..... | 396,473 | 404,564 | 413,564 | 432,932 |
| | Total, Operating Account | 396,473 | 404,564 | 413,564 | 432,932 |
| Capital Account | | | | | |
| Plant, Equipment and Works | | | | | |
| | Minor plant, vehicles and equipment (block vote)..... | — | 2,231 | 1,466 | — |
| | Total, Plant, Equipment and Works..... | — | 2,231 | 1,466 | — |
| | Total, Capital Account..... | — | 2,231 | 1,466 | — |
| | Total Expenditure | 396,473 | 406,795 | 415,030 | 432,932 |

Head 188 — TREASURY

Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the Treasury is \$432,932,000. This represents an increase of \$17,902,000 over the revised estimate for 2018–19 and \$36,459,000 over the actual expenditure in 2017–18.

Operating Account

Recurrent

2 Provision of \$429,331,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2019 will be 510 posts. It is expected that there will be an increase of 13 posts in 2019–20. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$248,751,000.

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

| | 2017–18 (Actual) (\$'000) | 2018–19 (Original) (\$'000) | 2018–19 (Revised) (\$'000) | 2019–20 (Estimate) (\$'000) |
|---|---------------------------------|-----------------------------------|----------------------------------|--|
| Personal Emoluments | | | | |
| - Salaries..... | 221,328 | 225,313 | 228,972 | 247,821 |
| - Allowances..... | 3,369 | 4,301 | 4,897 | 4,967 |
| - Job-related allowances..... | 40 | 46 | 46 | 46 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution..... | 941 | 810 | 877 | 774 |
| - Civil Service Provident Fund contribution..... | 6,205 | 8,079 | 7,904 | 9,996 |
| Departmental Expenses | | | | |
| - General departmental expenses | 160,902 | 162,156 | 167,009 | 165,727 |
| | 392,785 | 400,705 | 409,705 | 429,331 |

5 Provision of \$7,782,000 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 \$3,601,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.