

Head 188 — TREASURY

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

Estimate 2016–17 **\$376.4m**

Establishment ceiling 2016–17 (notional annual mid-point salary value) representing an estimated 479 non-directorate posts as at 31 March 2016 rising by seven posts to 486 posts as at 31 March 2017 **\$201.7m**

In addition, there will be an estimated ten directorate posts as at 31 March 2016 and as at 31 March 2017.

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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	128.7	133.2	136.2 (+2.3%)	135.4 (–0.6%)
				(or +1.7% on 2015–16 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	2014 (Actual)	2015 (Actual)	2016 (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	2.7	2.7	2.8
accrual-based annual statements of accounts.....	5.5	5.5	5.5	5.5

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	Target	2014 (Actual)	2015 (Actual)	2016 (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

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
sets of financial statements to compile and maintain	12	12	12
payments to creditors	769 221	799 521	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	10 452 878	10 828 433	11 301 000
postal remittances ϕ	441 250	420 568	439 000
collections by autopay ϕ	2 034 037	2 097 105	2 205 000
collections by other electronic means ϕ	7 404 542	7 750 129	8 053 000
cost per \$1,000 revenue collected for respective financial years (\$)	0.25	0.24	0.24

ϕ The actual figures for 2014 and 2015 have taken into account the reduced number of collections as a result of the rates concession in the first three quarters of 2014 and the second and third quarters of 2015.

Matters Requiring Special Attention in 2016–17

5 During 2016–17, 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	117.0	116.9	119.6 (+2.3%)	118.7 (–0.8%)
				(or +1.5% on 2015–16 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	2014 (Actual)	2015 (Actual)	2016 (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

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
participants in various housing benefit schemes	20 706	21 031	22 250
pensioners paid.....	125 900	130 960	137 320
passage allowances applications processed	19 706	17 557	18 370
participants in CSPF Scheme	33 422	39 383	47 170

Matters Requiring Special Attention in 2016–17

9 During 2016–17, 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	113.1	113.5	115.3 (+1.6%)	115.0 (–0.3%)
				(or +1.3% on 2015–16 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	2014 (Actual)	2015 (Actual)	2016 (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	95.6	95.9	92.0

Indicators

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	803	805	800
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed.....	262	262	260

Matters Requiring Special Attention in 2016–17

14 During 2016–17, 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	7.3	7.5	7.3 (–2.7%)	7.3 (—)
				(or –2.7% on 2015–16 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.

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

Target

	Target	2014 (Actual)	2015 (Actual)	2016 (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)+6.3%	CPI(B)–6.6%	CPI(B)+2%

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Indicators

	2014 (Actual)	2015 (Actual)	2016 ^Δ (Estimate)
funds managed (\$m)			
Schools Provident Funds.....	72,268.4	71,365.5	72,746.7
Quality Education Fund.....	8,224.4	8,155.4	8,151.5
Sir David Trench Fund for Recreation.....	3,409.5	3,194.0	2,996.1
Beat Drugs Fund.....	4,202.7	4,060.8	3,998.3
AIDS Trust Fund.....	380.2	330.8	301.8
HKSAR Government Scholarship Fund.....	2,367.4	2,243.1	2,203.5
Self-financing Post-secondary Education Fund.....	3,660.9	3,528.1	3,501.2
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.....	5	5	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 2016–17

18 During 2016–17, 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	2014–15 (Actual) (\$m)	2015–16 (Original) (\$m)	2015–16 (Revised) (\$m)	2016–17 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	128.7	133.2	136.2	135.4
(2) Payment of Salaries, Pensions and Benefits	117.0	116.9	119.6	118.7
(3) Accounting and Financial Information Systems	113.1	113.5	115.3	115.0
(4) Management of Funds.....	7.3	7.5	7.3	7.3
	366.1	371.1	378.4 (+2.0%)	376.4 (-0.5%)
				(or +1.4% on 2015–16 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2016–17 is \$0.8 million (0.6%) lower than the revised estimate for 2015–16. This is mainly due to higher requirement for operating expenses in 2015–16.

Programme (2)

Provision for 2016–17 is \$0.9 million (0.8%) lower than the revised estimate for 2015–16. This is mainly due to higher requirement for operating expenses in 2015–16.

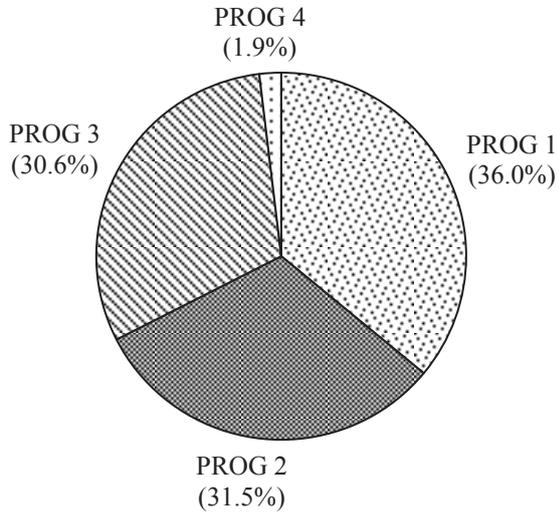
Programme (3)

Provision for 2016–17 is \$0.3 million (0.3%) lower than the revised estimate for 2015–16. This is mainly due to decrease in requirement for operating expenses.

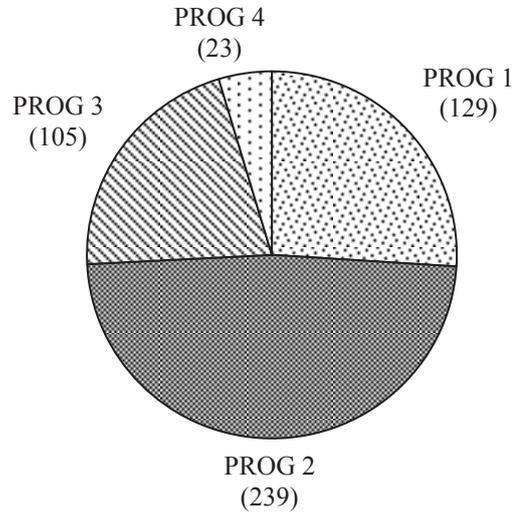
Programme (4)

Provision for 2016–17 is the same as the revised estimate for 2015–16.

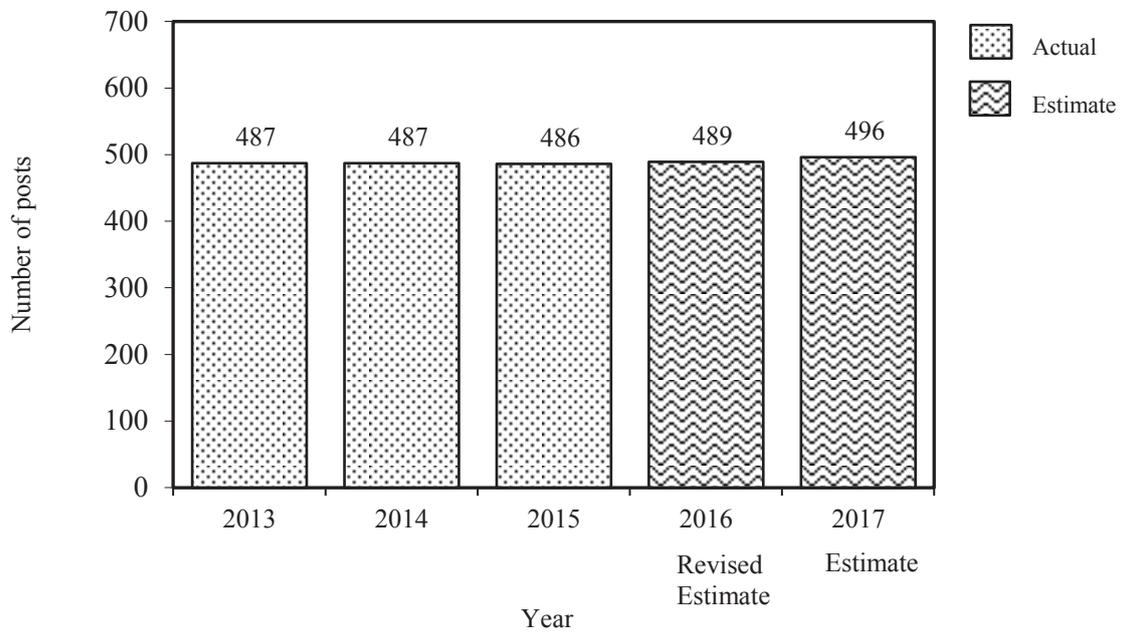
*Allocation of provision
to programmes
(2016-17)*



*Staff by programme
(as at 31 March 2017)*



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



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Sub-head (Code)		Actual expenditure 2014-15	Approved estimate 2015-16	Revised estimate 2015-16	Estimate 2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	362,534	367,379	374,739	372,611
003	Recoverable salaries and allowances (General).....	5,993			
	<i>Deduct</i> reimbursements	<i>Cr. 5,993</i>			
187	Agents' commission and expenses	3,544	3,706	3,676	3,769
	Total, Recurrent.....	<u>366,078</u>	<u>371,085</u>	<u>378,415</u>	<u>376,380</u>
	Total, Operating Account	366,078	371,085	378,415	376,380
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	Total Expenditure	<u>366,078</u>	<u>371,085</u>	<u>378,415</u>	<u>376,380</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2016–17 for the salaries and expenses of the Treasury is \$376,380,000. This represents a decrease of \$2,035,000 against the revised estimate for 2015–16 and an increase of \$10,302,000 over the actual expenditure in 2014–15.

Operating Account

Recurrent

2 Provision of \$372,611,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2016 will be 489 permanent posts. It is expected that there will be an increase of seven permanent posts in 2016–17. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2016–17, but the notional annual mid-point salary value of all such posts must not exceed \$201,681,000.

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

	2014–15 (Actual) (\$'000)	2015–16 (Original) (\$'000)	2015–16 (Revised) (\$'000)	2016–17 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	195,061	199,774	206,756	205,873
- Allowances.....	3,689	2,565	3,303	3,205
- Job-related allowances.....	13	16	16	16
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	657	790	786	788
- Civil Service Provident Fund contribution.....	2,871	4,396	3,399	4,264
Departmental Expenses				
- General departmental expenses	160,243	159,838	160,479	158,465
	362,534	367,379	374,739	372,611

5 Provision of \$5,993,000 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 \$3,769,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.