

Head 188 — TREASURY

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

Estimate 2011–12..... **\$332.5m**

Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 478 non-directorate posts as at 31 March 2011 rising by one post to 479 posts as at 31 March 2012.... **\$151.2m**

In addition, there will be an estimated ten directorate posts as at 31 March 2011 and as at 31 March 2012.

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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	103.9	120.2	112.3 (–6.6%)	122.2 (+8.8%)
				(or +1.7% on 2010–11 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	2009 (Actual)	2010 (Actual)	2011 (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	2.5	2.8
accrual-based annual statements of accounts	5.5	5.5	5.5	5.5
effecting payments to creditors within 30 calendar days after receipt of goods/services or invoices by bureaux/departments (%)	98	98	99	98
within three working days after authorisation of payments by bureaux/departments (%)@	100	100	100	100

Head 188 — TREASURY

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
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

@ A new target with effect from 2010 to better reflect the performance of the Treasury in payment arrangements. The actual figure for 2009 is provided for reference.

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
sets of financial statements to compile and maintain	12	12	12
payments to creditors	849 221	873 913	880 000
cost per \$1,000 payment made for respective financial years (\$)#.....	0.07	0.08	0.07
revenue collections through the Treasury's agents			
counter collectionsφ	8 388 740	8 559 590	9 458 000
postal remittancesφ	545 433	537 318	657 000
collections by autopayφ.....	1 771 395	1 815 362	2 108 000
collections by other electronic meansφ	6 435 183	6 658 813	7 074 000
cost per \$1,000 revenue collected for respective financial years (\$) ^	0.30	0.26	0.26

New indicator as from 2010. The actual figure for 2009 is provided for reference.

φ The actual figures for 2009 and 2010 as well as the estimates for 2011 have taken into account the reduced number of collections as a result of the rates concession in the whole year of 2009 and 2010, and the first quarter of 2011.

^ The reduction in the unit cost for handling revenue collections is due to receipt of increased revenue in 2010 and 2011 as compared to 2009.

Matters Requiring Special Attention in 2011–12

5 During 2011–12, 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	101.2	104.1	103.7 (-0.4%)	105.8 (+2.0%)
				(or +1.6% on 2010–11 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 central 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.

Head 188 — TREASURY

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

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
paying salaries and allowances on the due date (%)	99.9	99.9	99.9	99.9
paying pension and contract gratuities on the due date (%)	99	99	99	99
paying recurrent pensions on the due date or two weeks after receipt of claim forms (%)	99.9	99.9	99.9	99.9
paying 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

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
participants in various housing benefit schemes	21 065	20 544	20 920
pensioners paid	104 340	108 384	112 850
passage applications processed	22 986	24 771	25 400
participants in CSPF Scheme	7 094	12 725	16 500

Matters Requiring Special Attention in 2011–12

9 During 2011–12, 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	107.6	107.8	102.2 (–5.2%)	98.0 (–4.1%)
				(or –9.1% on 2010–11 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 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 services provided by them are consistently of high professional quality.

Head 188 — TREASURY

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

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (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 (%)Δ	99.5	99.9	99.9	99.5
average system response time (percentage of cases within five seconds) (%)Δ.....	92.0	96.7	95.7	92.0

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	808	802	800
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completedΔ.....	351	466	440

Δ Performance measures of Government Financial Management Information System since the successful implementation of the system in August 2009 have also been taken into account.

Matters Requiring Special Attention in 2011–12

14 During 2011–12, 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	6.2	7.0	5.6 (–20.0%)	6.5 (+16.1%)
				(or –7.1% on 2010–11 Original)

Aim

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

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 and the HKSAR Government Scholarship 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 disbursement and grants from the Funds are correctly and promptly made.

Head 188 — TREASURY

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

Target

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
achieving the strategic target investment return of four per cent above the Consumer Price Index B (CPI(B)) for the two Schools Provident Funds in each school year.....	CPI(B)+4%	CPI(B)-6.3%	CPI(B)+3.7%	CPI(B)+4%

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
funds managed (\$m)			
Schools Provident Funds.....	57,518.3	60,860.1	61,808.5
Quality Education Fund	6,436.8	6,809.9	6,841.9
Sir David Trench Fund for Recreation.....	454.8	3,489.0	3,407.1 ^Ω
Beat Drugs Fund	539.1	3,544.6	3,555.6 ^Ω
AIDS Trust Fund	174.9	156.8	135.7
HKSAR Government Scholarship Fund	996.6	1,047.5	1,037.0
portfolio managers			
Schools Provident Funds.....	10	9	11
Quality Education Fund	5	5	5
Sir David Trench Fund for Recreation.....	1	1	1
Beat Drugs Fund	2	2	5
HKSAR Government Scholarship Fund	1	2	2
dividend declared for Schools Provident Funds (%).....	5.0	5.0	5.0

^Ω As announced in the 2010–11 Budget, the Government injected \$3 billion each in 2010 into the Beat Drugs Fund and the Arts and Sport Development Fund, the latter being set up under the aegis of Sir David Trench Fund for Recreation.

Matters Requiring Special Attention in 2011–12

18 During 2011–12, the Treasury will continue to review and refine the strategic asset structure of the Funds consistent with the risk and return perspectives and market development.

Head 188 — TREASURY

ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments.....	103.9	120.2	112.3	122.2
(2) Payment of Salaries, Pensions and Benefits	101.2	104.1	103.7	105.8
(3) Accounting and Financial Information Systems.....	107.6	107.8	102.2	98.0
(4) Management of Funds	6.2	7.0	5.6	6.5
	318.9	339.1	323.8 (-4.5%)	332.5 (+2.7%)
				(or -1.9% on 2010–11 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2011–12 is \$9.9 million (8.8%) higher than the revised estimate for 2010–11. This is mainly due to lower-than-expected expenditure for payment to collection agents in 2010–11 and filling of vacancies.

Programme (2)

Provision for 2011–12 is \$2.1 million (2.0%) higher than the revised estimate for 2010–11. This is mainly due to filling of vacancies.

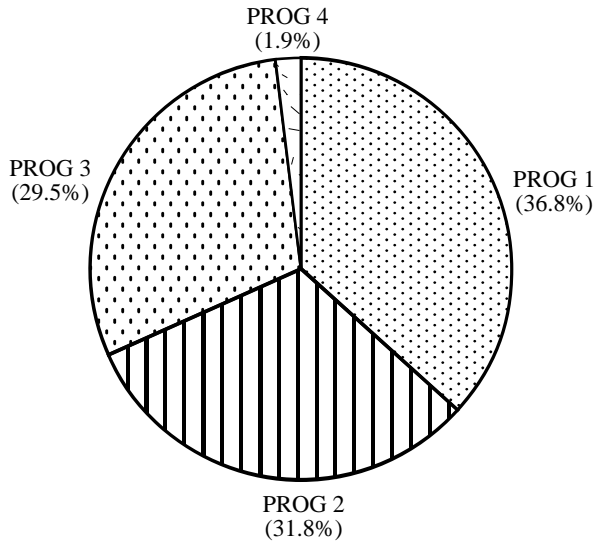
Programme (3)

Provision for 2011–12 is \$4.2 million (4.1%) lower than the revised estimate for 2010–11. This is mainly due to reduced requirement for miscellaneous services and capital expenditure items in 2011–12.

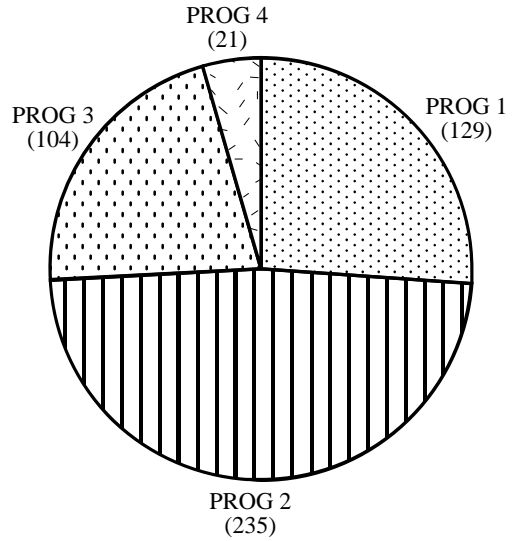
Programme (4)

Provision for 2011–12 is \$0.9 million (16.1%) higher than the revised estimate for 2010–11. This is mainly due to increase in salary requirement for one additional post to be created in 2011–12.

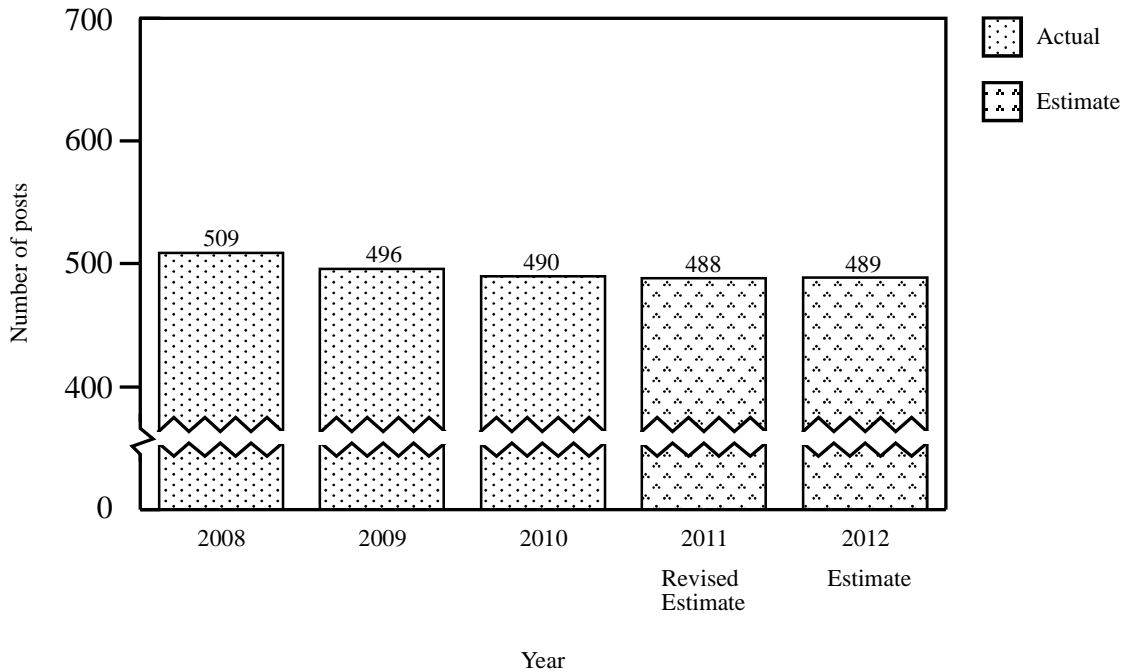
Allocation of provision to programmes (2011-12)



Staff by programme (as at 31 March 2012)



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



Head 188 — TREASURY

Sub-head (Code)		Actual expenditure 2009-10	Approved estimate 2010-11	Revised estimate 2010-11	Estimate 2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses.....	315,275	332,714	318,421	328,554
003	Recoverable salaries and allowances (General).....	4,400			
	<i>Deduct</i> reimbursements.....	<i>Cr. 4,400</i>			
187	Agents' commission and expenses	2,972	4,570	3,550	3,900
	Total, Recurrent	318,247	337,284	321,971	332,454
	Total, Operating Account.....	318,247	337,284	321,971	332,454
Capital Account					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	700	1,856	1,856	—
	Total, Plant, Equipment and Works	700	1,856	1,856	—
	Total, Capital Account	700	1,856	1,856	—
	Total Expenditure	318,947	339,140	323,827	332,454

Head 188 — TREASURY

Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the Treasury is \$332,454,000. This represents an increase of \$8,627,000 over the revised estimate for 2010–11 and of \$13,507,000 over actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$328,554,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2011 will be 488 permanent posts. It is expected that there will be an increase of one post in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$151,154,000.

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

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	169,174	177,351	169,000	177,450
- Allowances	2,060	2,810	2,164	2,391
- Job-related allowances.....	19	12	11	12
Personnel Related Expenses				
- Mandatory Provident Fund contribution	299	326	335	230
- Civil Service Provident Fund contribution	88	137	387	1,100
Departmental Expenses				
- General departmental expenses.....	143,635	152,078	146,524	147,371
	315,275	332,714	318,421	328,554

5 Provision of \$4,400,000 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 \$3,900,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies. The increase of \$350,000 (9.9%) over the revised estimate for 2010–11 is mainly due to increase in transaction costs.