

Head 188 — TREASURY

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

Estimate 2009–10 **\$336.1m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 486 non-directorate posts as at 31 March 2009 reducing by two posts to 484 posts as at 31 March 2010. **\$152.1m**

In addition, there will be an estimated ten directorate posts as at 31 March 2009 and as at 31 March 2010.

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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	108.0	114.8	107.4 (–6.4%)	119.0 (+10.8%)
				(or +3.7% on 2008–09 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	2007 (Actual)	2008 (Actual)	2009 (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	2.5	2.7	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	99	99	98

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	Target	2007 (Actual)	2008 (Actual)	2009 (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

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
sets of financial statements to compile and maintain.....	11	11	11
payments to creditors§	1 652 543	1 689 122	1 660 000
revenue collections through the Treasury's agents			
counter collectionsφ	8 703 258	8 065 658	9 293 000
postal remittancesφ	636 325	542 307	696 000
collections by autopayφ	1 887 254	1 681 398	2 092 000
collections by other electronic meansφ	6 207 429	6 108 839	6 714 000
cost per \$1,000 revenue collected for respective financial years (\$).....	0.32	0.33	0.30

§ The indicator previously referred to the number of payment vouchers issued. With the full launch of the new Government Financial Management Information System (GFMIS) in 2009–10, the indicator will capture the number of invoices paid. The actual figures for 2007 and 2008 as well as the estimate for 2009 are compiled on this revised basis.

φ The actual figures for 2007 and 2008 as well as the estimates for 2009 have taken into account the reduced number of collections as a result of the rates concession in the second and third quarters of 2007, the whole year of 2008 and the first quarter of 2009.

Matters Requiring Special Attention in 2009–10

5 During 2009–10, the Treasury will continue to explore ways and means to achieve higher efficiency with lower costs for revenue collection activities, including promotion of e-payments.

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

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	99.5	101.0	101.6 (+0.6%)	103.7 (+2.1%)
				(or +2.7% on 2008–09 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 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.

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

Targets

	Target	2007 (Actual)	2008 (Actual)	2009 (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

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	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
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
answering enquiries from pensioners within nine working days of receipt of letter (%).....	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

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
participants in various housing benefit schemes.....	24 210	22 492	21 500
pensioners paid	97 492	100 708	104 600
passage applications processed.....	24 722	23 693	23 400
participants in CSPF Scheme.....	3 821	5 400	7 430

Matters Requiring Special Attention in 2009–10

9 During 2009–10, the Treasury will continue to enhance the payroll-related systems in order to ensure the prompt and accurate payment of salaries, pensions and benefits.

Programme (3): Accounting and Financial Information Systems

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	86.9	110.0	101.8 (–7.5%)	107.5 (+5.6%)
				(or –2.3% on 2008–09 Original)

Aim

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

Brief Description

11 The Treasury runs and maintains the centralised government 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 and other accounting and costing systems to assist bureaux and departments to determine the cost of their operations and services and to better manage 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 services provided by them are continually of high professional quality.

13 The project for the replacement of the GFMIS consists of two phases. Phase 1 for the replacement of the old general ledger system was implemented in December 2007 and Phase 2 covering replacement of other existing accounting application systems, including the system for payments to creditors, is scheduled for completion in the former part of 2009–10.

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

Targets

	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
providing preliminary response to request 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 (%)	98.5	99.6	99.7	98.5
average system response time (percentage of cases within five seconds) (%)	90.0	94.4	96.2	90.0

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled	1 252	803	800
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed	292	251	200

Matters Requiring Special Attention in 2009–10

15 During 2009–10, the Treasury will conduct a post-implementation review of the operation of the new GFMIS to ensure efficient use of the various functionalities of the new system by bureaux and departments.

Programme (4): Management of Funds

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	4.2	5.3	5.0 (–5.7%)	5.9 (+18.0%)
				(or +11.3% on 2008–09 Original)

Aim

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

Brief Description

17 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.

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

Target

	Target	2007 (Actual)	2008 (Actual)	2009 (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)+16.2%	CPI(B)–8.9%	CPI(B)+4%

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
funds managed (\$m)			
Schools Provident Funds	65,381.8	47,087.9	47,892.8
Quality Education Fund.....	6,885.1	5,423.4	5,489.4
Sir David Trench Fund for Recreation	414.3	296.5	217.7
Beat Drugs Fund.....	626.3	472.0	462.8
AIDS Trust Fund	233.0	214.5	182.3
HKSAR Government Scholarship FundΔ	N.A.	1,004.3	1,004.9
portfolio managers			
Schools Provident Funds	10	10	10
Quality Education Fund.....	5	5	5
Sir David Trench Fund for Recreation	1	1	1
Beat Drugs Fund.....	2	2	2
HKSAR Government Scholarship FundΔ	N.A.	0	2Ω
dividend declared for Schools Provident Funds (%)	20.7	5.0	5.0

Δ New indicators as from 2008.

Ω The Treasury plans to appoint portfolio managers for the Fund in 2009.

Matters Requiring Special Attention in 2009–10

19 During 2009–10, the Treasury will implement the investment strategies as endorsed by the Trustee for the HKSAR Government Scholarship Fund set up under the purview of the Education Bureau as part of the measures of developing Hong Kong as a regional education hub.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2007–08 (Actual) (\$m)	2008–09 (Original) (\$m)	2008–09 (Revised) (\$m)	2009–10 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	108.0	114.8	107.4	119.0
(2) Payment of Salaries, Pensions and Benefits	99.5	101.0	101.6	103.7
(3) Accounting and Financial Information Systems	86.9	110.0	101.8	107.5
(4) Management of Funds.....	4.2	5.3	5.0	5.9
	298.6	331.1	315.8 (–4.6%)	336.1 (+6.4%)
				(or +1.5% on 2008–09 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2009–10 is \$11.6 million (10.8%) higher than the revised estimate for 2008–09. This is mainly due to filling of vacancies and lower-than-expected expenditure on payment to collection agents in 2008–09.

Programme (2)

Provision for 2009–10 is \$2.1 million (2.1%) higher than the revised estimate for 2008–09. This is mainly due to filling of vacancies.

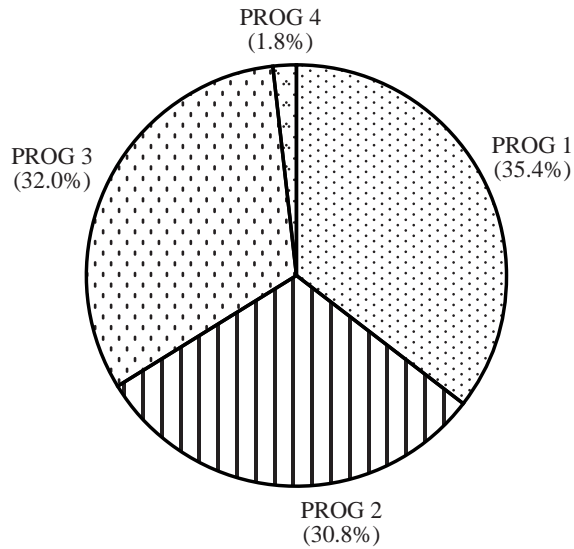
Programme (3)

Provision for 2009–10 is \$5.7 million (5.6%) higher than the revised estimate for 2008–09. This is mainly due to filling of vacancies and additional provision for the GFMIS service payment, partly offset by a net decrease of two posts in 2009–10.

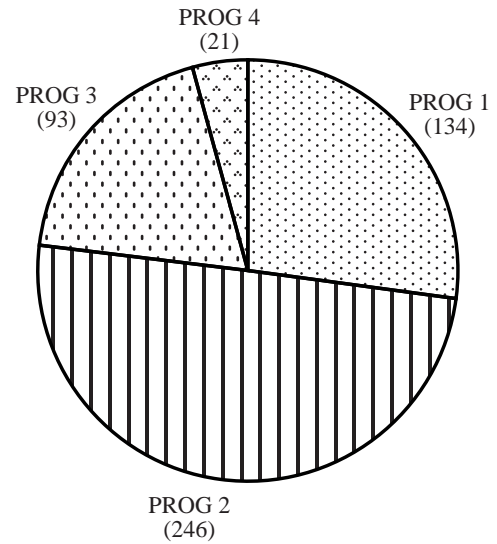
Programme (4)

Provision for 2009–10 is \$0.9 million (18.0%) higher than the revised estimate for 2008–09. This is mainly due to filling of one vacancy.

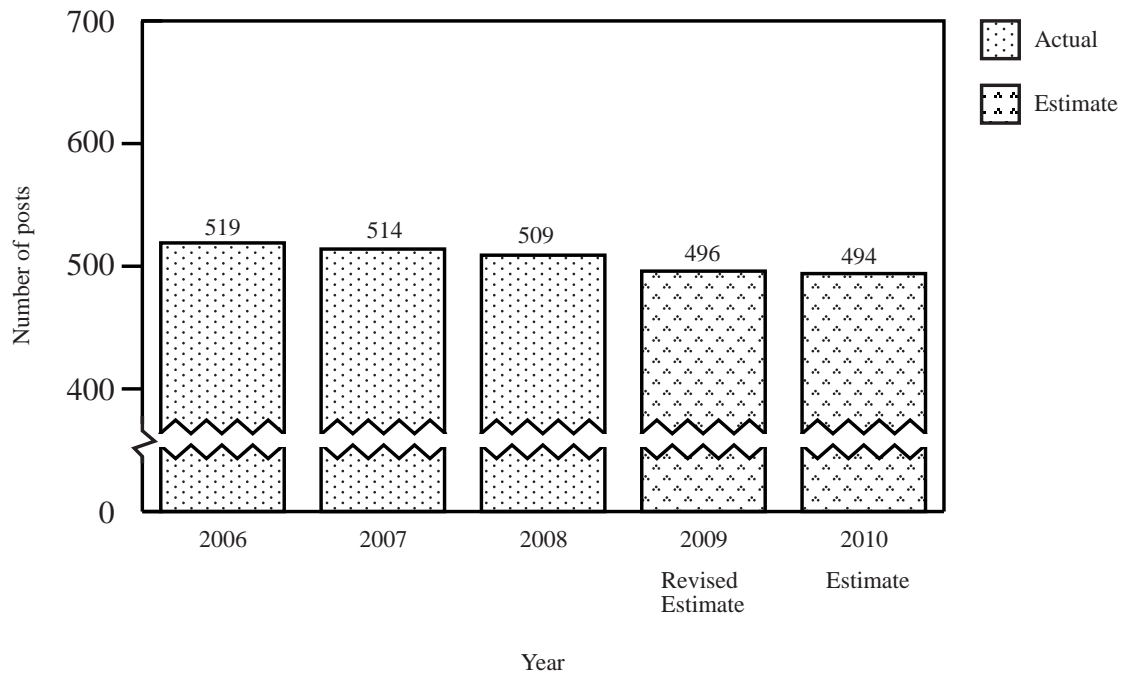
*Allocation of provision
to programmes
(2009-10)*



*Staff by programme
(as at 31 March 2010)*



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



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Sub-head (Code)		Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	294,758	326,966	309,913	332,656
003	Recoverable salaries and allowances (General)				
					4,833
	<i>Deduct</i> reimbursements	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
					<i>Cr. 4,833</i>
187	Agents' commission and expenses	3,367	4,127	3,383	3,475
	Total, Recurrent.....	<u>298,125</u>	<u>331,093</u>	<u>313,296</u>	<u>336,131</u>
Non-Recurrent					
	General non-recurrent.....	473	—	—	—
	Total, Non-Recurrent.....	<u>473</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Operating Account	298,598	331,093	313,296	336,131
Capital Account					
Plant, Equipment and Works					
	Plant, vehicles and equipment.....	—	—	2,500	—
	Total, Plant, Equipment and Works.....	<u>—</u>	<u>—</u>	<u>2,500</u>	<u>—</u>
	Total, Capital Account.....	—	—	2,500	—
	Total Expenditure	<u>298,598</u>	<u>331,093</u>	<u>315,796</u>	<u>336,131</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Treasury is \$336,131,000. This represents an increase of \$20,335,000 over the revised estimate for 2008–09 and of \$37,533,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$332,656,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2009 will be 496 permanent posts. It is expected that there will be a net decrease of two permanent posts in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$152,086,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	158,824	167,500	172,000	177,757
- Allowances	2,091	2,882	2,443	2,608
- Job-related allowances	4	12	46	12
Personnel Related Expenses				
- Mandatory Provident Fund contribution	91	190	202	240
- Civil Service Provident Fund contribution	—	30	44	97
Departmental Expenses				
- General departmental expenses	133,748	156,352	135,178	151,942
	<u>294,758</u>	<u>326,966</u>	<u>309,913</u>	<u>332,656</u>

5 Provision of \$4,833,000 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 \$3,475,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.