

Head 188 — TREASURY

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

Estimate 2010–11..... **\$339.1m**

Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 480 non-directorate posts as at 31 March 2010 and as at 31 March 2011..... **\$150.2m**

In addition, there will be an estimated ten directorate posts as at 31 March 2010 and as at 31 March 2011.

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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	105.5	119.0	106.0 (–10.9%)	120.2 (+13.4%)
				(or +1.0% on 2009–10 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	2008 (Actual)	2009 (Actual)	2010 (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
effecting payments to creditors within 30 calendar days after receipt of goods/services or invoices by bureaux/departments (%).....	98	99	98	98

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	Target	2008 (Actual)	2009 (Actual)	2010 (Plan)
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

@ A new target with effect from 2010 to better reflect the performance of the Treasury in payment arrangements. The actual figures for 2008 and 2009 are provided for reference.

Indicators

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
sets of financial statements to compile and maintain	11	12	12
payments to creditors§	806 885	849 221	840 000
cost per \$1,000 payment made for respective financial years (\$)#.....	0.10	0.07	0.08
revenue collections through the Treasury's agents			
counter collectionsφ	8 065 658	8 388 740	9 120 000
postal remittancesφ	542 307	545 433	637 000
collections by autopayφ.....	1 681 398	1 771 395	2 009 000
collections by other electronic meansφ	6 108 839	6 435 183	7 424 000
cost per \$1,000 revenue collected for respective financial years (\$).....	0.33	0.30	0.31

§ The indicator has been revised to show the number of payments made to creditors to better reflect the work of the Treasury in effecting payments. It was previously based on the number of invoices paid which reflects the work of bureaux/departments. The actual figures for 2008 and 2009 as well as the estimate for 2010 are compiled on this revised basis.

New indicator as from 2010.

φ The actual figures for 2008 and 2009 as well as the estimates for 2010 have taken into account the reduced number of collections as a result of the rates concession in the whole year of 2008 and 2009, and the first quarter of 2010.

Matters Requiring Special Attention in 2010–11

5 During 2010–11, 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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	100.4	103.7	103.7 (—)	104.1 (+0.4%)
				(or +0.4% on 2009–10 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.

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

Targets

	Target	2008 (Actual)	2009 (Actual)	2010 (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

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
participants in various housing benefit schemes	22 492	21 065	21 100
pensioners paid	100 708	104 340	108 500
passage applications processed	23 693	22 986	23 100
participants in CSPF Scheme	5 400	7 094	9 760

Matters Requiring Special Attention in 2010–11

9 During 2010–11, 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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	101.2	107.5	107.3 (–0.2%)	107.8 (+0.5%)
				(or +0.3% on 2009–10 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 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 services provided by them are continually of high professional quality.

13 The Government Financial Management Information System (GFMS) which replaces the old general ledger system and integrates other accounting application systems, including the system for payments to creditors, was implemented in August 2009.

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

Targets

	Target	2008 (Actual)	2009 (Actual)	2010 (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	99.7	99.9	99.5
average system response time (percentage of cases within five seconds) (%)Δ.....	92.0	96.2	96.7	92.0

Indicators

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	803	808	800
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completedΔ.....	251	351	540

Δ Performance measures of GFMS since the successful implementation of the system in August 2009 have also been taken into account.

Matters Requiring Special Attention in 2010–11

15 During 2010–11, the Treasury aims to complete a post-implementation review of GFMS to ensure efficient use of the various functionalities of the new system by bureaux and departments.

Programme (4): Management of Funds

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	4.8	5.9	6.4 (+8.5%)	7.0 (+9.4%)
				(or +18.6% on 2009–10 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	2008 (Actual)	2009 (Actual)	2010 (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)-8.9%	CPI(B)-6.3%	CPI(B)+4%

Indicators

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
funds managed (\$m)			
Schools Provident Funds.....	47,087.9	57,518.3	58,834.2
Quality Education Fund	5,423.4	6,436.8	6,486.9
Sir David Trench Fund for Recreation.....	296.5	454.8	417.6
Beat Drugs Fund	472.0	539.1	503.2
AIDS Trust Fund	214.5	174.9	150.4
HKSAR Government Scholarship Fund	1,004.3	996.6	989.8
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 Fund	0	1	2Ω
dividend declared for Schools Provident Funds (%).....	5.0	5.0	5.0

Ω The Treasury plans to appoint one more portfolio manager for the Fund in 2010.

Matters Requiring Special Attention in 2010–11

19 During 2010–11, the Treasury will continue to implement measures to enhance the strategic asset structure of the Funds consistent with the risk and return perspectives and market development.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments.....	105.5	119.0	106.0	120.2
(2) Payment of Salaries, Pensions and Benefits	100.4	103.7	103.7	104.1
(3) Accounting and Financial Information Systems.....	101.2	107.5	107.3	107.8
(4) Management of Funds	4.8	5.9	6.4	7.0
	311.9	336.1	323.4 (-3.8%)	339.1 (+4.9%)
				(or +0.9% on 2009–10 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2010–11 is \$14.2 million (13.4%) higher than the revised estimate for 2009–10. This is mainly due to lower-than-expected expenditure on payment to collection agents in 2009–10 and filling of vacancies.

Programme (2)

Provision for 2010–11 is \$0.4 million (0.4%) higher than the revised estimate for 2009–10. This is mainly due to filling of vacancies.

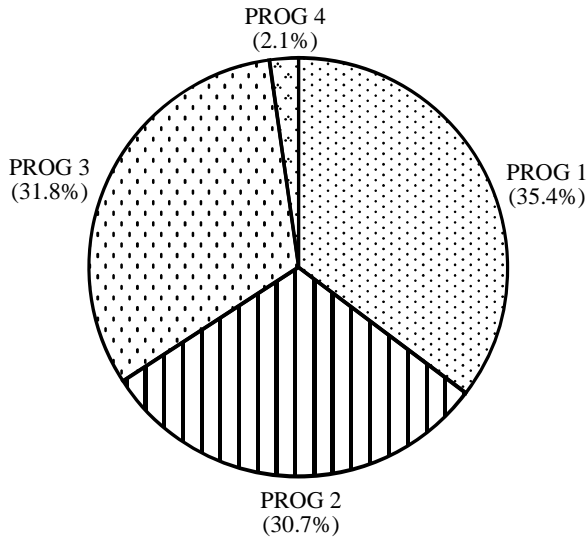
Programme (3)

Provision for 2010–11 is \$0.5 million (0.5%) higher than the revised estimate for 2009–10. This is mainly due to provision for a capital account item.

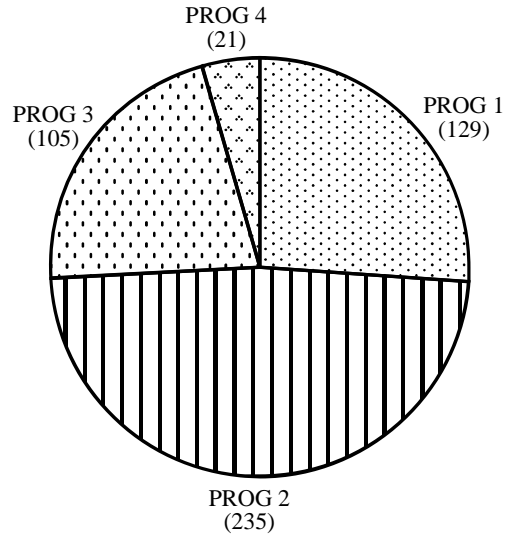
Programme (4)

Provision for 2010–11 is \$0.6 million (9.4%) higher than the revised estimate for 2009–10. This is mainly due to filling of one vacancy.

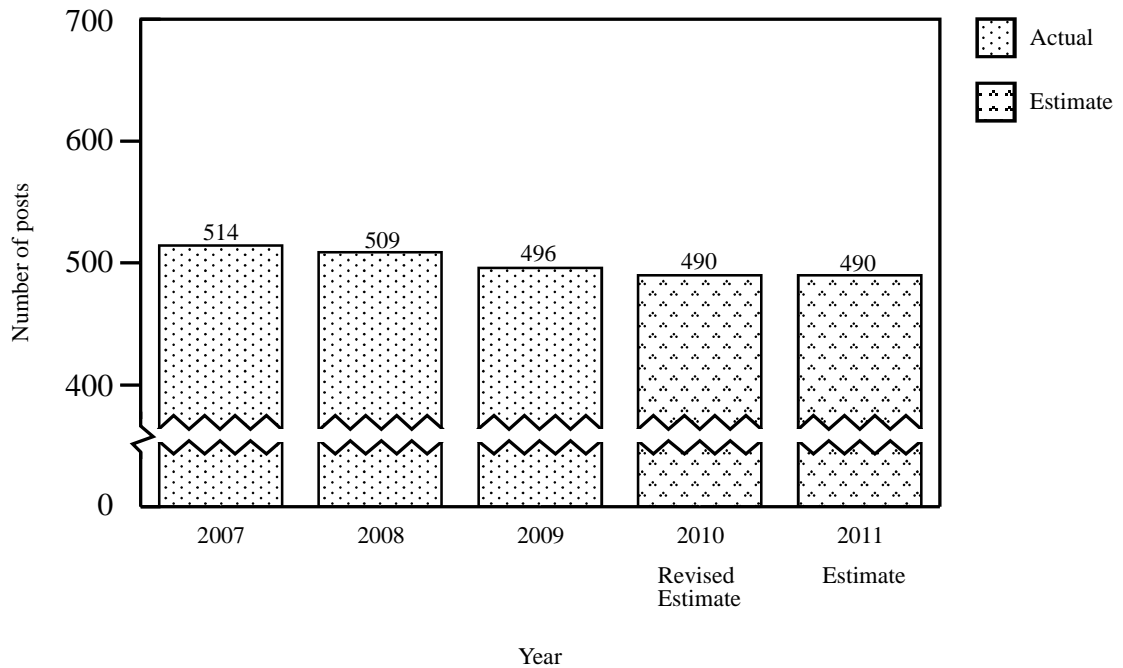
*Allocation of provision
to programmes
(2010-11)*



*Staff by programme
(as at 31 March 2011)*



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



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Sub-head (Code)		Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses.....	306,366	332,656	319,594	332,714
003	Recoverable salaries and allowances (General).....	4,543			
	<i>Deduct</i> reimbursements.....	<i>Cr. 4,543</i>			
187	Agents' commission and expenses	2,994	3,475	3,071	4,570
	Total, Recurrent	<u>309,360</u>	<u>336,131</u>	<u>322,665</u>	<u>337,284</u>
	Total, Operating Account.....	309,360	336,131	322,665	337,284
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	700	1,856
	Plant, vehicles and equipment	2,500	—	—	—
	Total, Plant, Equipment and Works	<u>2,500</u>	<u>—</u>	<u>700</u>	<u>1,856</u>
	Total, Capital Account	2,500	—	700	1,856
	Total Expenditure	<u><u>311,860</u></u>	<u><u>336,131</u></u>	<u><u>323,365</u></u>	<u><u>339,140</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the Treasury is \$339,140,000. This represents an increase of \$15,775,000 over the revised estimate for 2009–10 and of \$27,280,000 over actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$332,714,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2010 will be 490 permanent posts. No net change in establishment is expected in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$150,155,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	169,622	177,757	172,000	177,351
- Allowances	2,000	2,608	2,377	2,810
- Job-related allowances.....	45	12	21	12
Personnel Related Expenses				
- Mandatory Provident Fund contribution	197	240	290	326
- Civil Service Provident Fund contribution	45	97	97	137
Departmental Expenses				
- General departmental expenses.....	134,457	151,942	144,809	152,078
	306,366	332,656	319,594	332,714

5 Provision of \$4,543,000 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 \$4,570,000 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 \$1,499,000 (48.8%) over the revised estimate for 2009–10 is mainly due to increase in transaction costs.

Capital Account

Plant, Equipment and Works

7 Provision of \$1,856,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$1,156,000 (165.1%) over the revised estimate for 2009–10. This is mainly due to the increased requirement for replacement of minor plant and equipment.