

Head 188 — TREASURY

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

Estimate 2012–13..... **\$349.7m**

Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 477 non-directorate posts as at 31 March 2012 and as at 31 March 2013 **\$161.5m**

In addition, there will be an estimated ten directorate posts as at 31 March 2012 and as at 31 March 2013.

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	108.4	122.2	128.7 (+5.3%)	137.1 (+6.5%)
				(or +12.2% on 2011–12 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 During 2011–12, the Treasury acted as paymaster for Scheme \$6,000. It expects to disburse payments to about 4 500 000 eligible registrants in the year.

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

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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	2.6	2.8
accrual-based annual statements of accounts	5.5	5.5	5.5	5.5

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	Target	2010 (Actual)	2011 (Actual)	2012 (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

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
sets of financial statements to compile and maintain	12	12	12
payments to creditors	873 913	796 954	800 000
cost per \$1,000 payment made for respective financial years (\$)	0.08	0.07	0.08
revenue collections through the Treasury's agents			
counter collectionsφ	8 559 590	8 768 995	9 686 000
postal remittancesφ	537 318	527 544	660 000
collections by autopayφ	1 815 362	1 846 314	2 110 000
collections by other electronic meansφ	6 658 813	6 926 582	7 256 000
cost per \$1,000 revenue collected for respective financial years (\$).....	0.26	0.26	0.27

φ The actual figures for 2010 and 2011 as well as the estimates for 2012 have taken into account the reduced number of collections as a result of the rates concession in the whole year of 2010 and 2011, and the first quarter of 2012.

Matters Requiring Special Attention in 2012–13

6 During 2012–13, 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. It will also disburse payments to the remaining estimated 1 690 000 eligible registrants under Scheme \$6,000.

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	103.1	105.8	103.6 (–2.1%)	105.4 (+1.7%)

(or –0.4% on
2011–12 Original)

Aim

7 The aim is to process and pay salaries, pensions, allowances, housing and other benefits to civil servants.

Brief Description

8 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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9 The key performance measures in respect of payment of salaries, pensions and benefits are:

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
participants in various housing benefit schemes	20 544	20 145	20 960
pensioners paid	108 384	112 467	117 790
passage applications processed	24 771	21 945	22 440
participants in CSPF Scheme	12 725	17 124	22 050

Matters Requiring Special Attention in 2012–13

10 During 2012–13, 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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	100.2	98.0	100.0 (+2.0%)	100.6 (+0.6%)

(or +2.7% on
2011–12 Original)

Aim

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

Brief Description

12 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.

13 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 a high professional quality.

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

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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	95.7	95.4	92.0

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled	802	805	800
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed	466	263	260

Matters Requiring Special Attention in 2012–13

15 During 2012–13, 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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	5.9	6.5	6.5 (—)	6.6 (+1.5%)
				(or +1.5% on 2011–12 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, 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 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	2010 (Actual)	2011 (Actual)	2012 (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)+3.7%	CPI(B)+2.9%	CPI(B)+4%

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
funds managed (\$m)			
Schools Provident Funds	60,860.1	59,466.6	60,960.7
Quality Education Fund	6,809.9	6,559.9	6,609.5
Sir David Trench Fund for Recreation.....	3,489.0	3,299.0	3,209.9
Beat Drugs Fund.....	3,544.6	3,504.6	3,479.9
AIDS Trust Fund	156.8	136.4	83.8
HKSAR Government Scholarship Fund	1,047.5	1,260.0Ω	1,247.2
Self-financing Post-secondary Education Fund	N.A.	2,500.4@	2,486.7
portfolio managers			
Schools Provident Funds	9	8	9
Quality Education Fund	5	5	5
Sir David Trench Fund for Recreation.....	1	1	1
Beat Drugs Fund.....	2	5	5
HKSAR Government Scholarship Fund	2	2	4
Self-financing Post-secondary Education Fund# ...	N.A.	N.A.	4
dividend declared for Schools Provident Funds (%)	5.0	5.0	5.0

Ω In 2011, the Government injected \$250 million to the HKSAR Government Scholarship Fund.

@ In 2011, the Government set up the Self-financing Post-secondary Education Fund with an endowment of \$2.5 billion.

New indicator as from 2012. The Fund plans to appoint portfolio managers in 2012.

Matters Requiring Special Attention in 2012–13

19 During 2012–13, 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	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	108.4	122.2	128.7	137.1
(2) Payment of Salaries, Pensions and Benefits	103.1	105.8	103.6	105.4
(3) Accounting and Financial Information Systems.....	100.2	98.0	100.0	100.6
(4) Management of Funds.....	5.9	6.5	6.5	6.6
	317.6	332.5	338.8 (+1.9%)	349.7 (+3.2%)
				(or +5.2% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2012–13 is \$8.4 million (6.5%) higher than the revised estimate for 2011–12. This is mainly due to lower-than-expected expenditure for payment to collection agents in 2011–12 and filling of vacancies in 2012–13.

Programme (2)

Provision for 2012–13 is \$1.8 million (1.7%) higher than the revised estimate for 2011–12. This is mainly due to filling of vacancies.

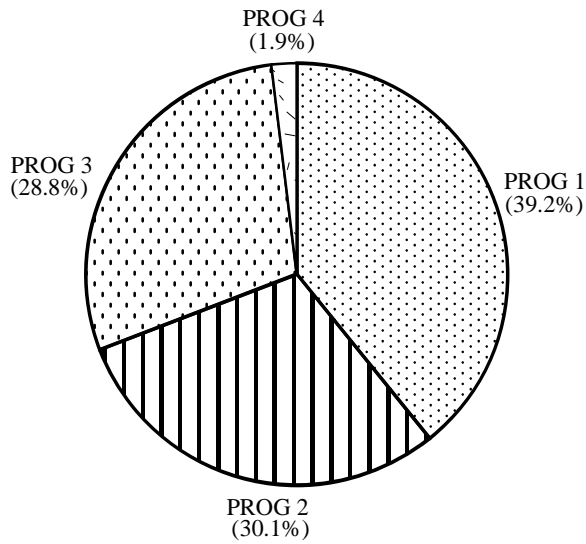
Programme (3)

Provision for 2012–13 is \$0.6 million (0.6%) higher than the revised estimate for 2011–12. This is mainly due to filling of vacancies.

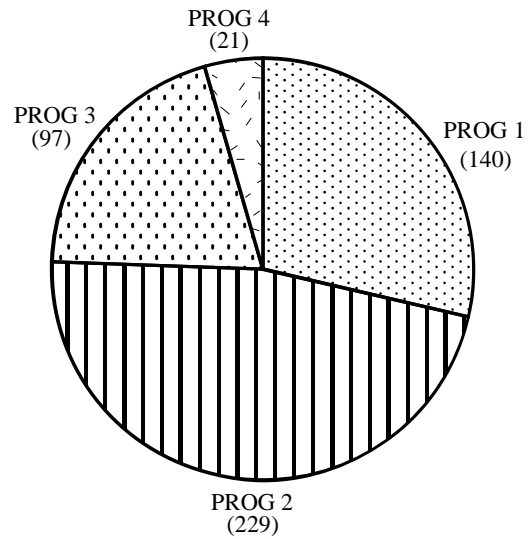
Programme (4)

Provision for 2012–13 is \$0.1 million (1.5%) higher than the revised estimate for 2011–12. This is mainly due to filling of vacancies.

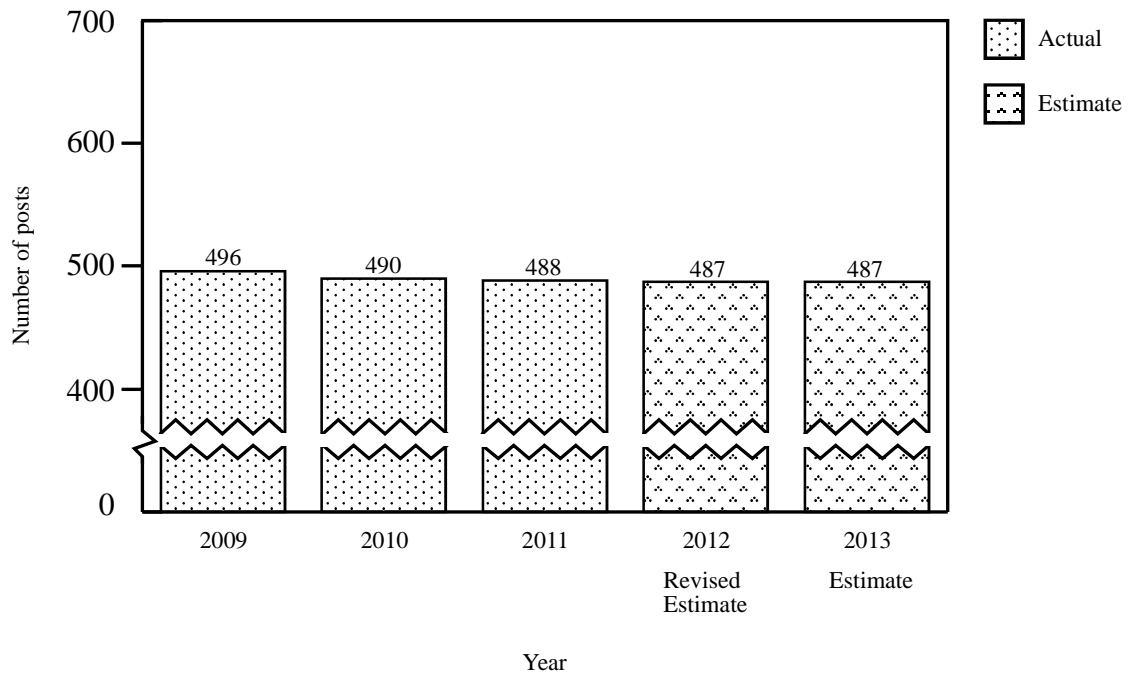
*Allocation of provision
to programmes
(2012-13)*



*Staff by programme
(as at 31 March 2013)*



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



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Sub-head (Code)		Actual expenditure 2010–11	Approved estimate 2011–12	Revised estimate 2011–12	Estimate 2012–13
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	312,217	328,554	335,400	345,943
003	Recoverable salaries and allowances (General)..... 5,140				
	<i>Deduct</i> reimbursements..... <u>Cr.5,140</u>	—	—	—	—
187	Agents' commission and expenses	3,515	3,900	3,414	3,751
	Total, Recurrent	315,732	332,454	338,814	349,694
	Total, Operating Account	315,732	332,454	338,814	349,694
Capital Account					
	Plant, Equipment and Works				
	Minor plant, vehicles and equipment (block vote).....	1,856	—	—	—
	Total, Plant, Equipment and Works	1,856	—	—	—
	Total, Capital Account	1,856	—	—	—
	Total Expenditure	<u>317,588</u>	<u>332,454</u>	<u>338,814</u>	<u>349,694</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Treasury is \$349,694,000. This represents an increase of \$10,880,000 over the revised estimate for 2011–12 and of \$32,106,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$345,943,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2012 will be 487 permanent posts. No net change in establishment is expected in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$161,454,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	165,056	177,450	184,176	191,862
- Allowances	2,339	2,391	2,717	2,090
- Job-related allowances.....	—	12	12	12
Personnel Related Expenses				
- Mandatory Provident Fund contribution	336	230	360	345
- Civil Service Provident Fund contribution	372	1,100	1,035	1,615
Departmental Expenses				
- General departmental expenses	144,114	147,371	147,100	150,019
	<u>312,217</u>	<u>328,554</u>	<u>335,400</u>	<u>345,943</u>

5 Provision of \$5,140,000 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 \$3,751,000 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 \$337,000 (9.9%) over the revised estimate for 2011–12 is mainly due to increase in transaction costs.