

## Head 188 — TREASURY

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

**Estimate 2013–14** ..... **\$363.5m**

**Establishment ceiling 2013–14** (notional annual mid-point salary value) representing an estimated 477 non-directorate posts as at 31 March 2013 reducing by one post to 476 posts as at 31 March 2014 ..... **\$171.1m**

In addition, there will be an estimated ten directorate posts as at 31 March 2013 and as at 31 March 2014.

### Controlling Officer's Report

#### Programmes

<p><b>Programme (1) Central Accounting, Collections and Payments</b></p> <p><b>Programme (2) Payment of Salaries, Pensions and Benefits</b></p> <p><b>Programme (3) Accounting and Financial Information Systems</b></p> <p><b>Programme (4) Management of Funds</b></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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	126.7	137.1	127.7 (–6.9%)	<b>132.9</b> (+4.1%)
				(or –3.1% on 2012–13 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 2012–13, the Treasury continued to act as paymaster for Scheme \$6,000 and expects to disburse payments to the remaining estimated total of 1 700 000 eligible registrants.

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

#### *Targets*

	Target	2011 (Actual)	2012 (Actual)	<b>2013 (Plan)</b>
producing financial statements after end of the relevant period within a stated time frame (months)				
monthly financial results .....	1.0	0.9	0.9	<b>1.0</b>
statutory annual statements of accounts .....	2.8	2.6	2.5	<b>2.8</b>
accrual-based annual statements of accounts .....	5.5	5.5	5.5	<b>5.5</b>

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	Target	2011 (Actual)	2012 (Actual)	<b>2013 (Plan)</b>
effecting payments to creditors				
within 30 calendar days after receipt of goods/services or invoices by bureaux/departments (%) .....	98	99	99	<b>98</b>
within three working days after authorisation of payments by bureaux/departments (%) .....	100	100	100	<b>100</b>
completing processing of postal remittances within				
four working days during peak periods (%) .....	100	100	100	<b>100</b>
three working days during non-peak periods (%) .....	100	100	100	<b>100</b>

### *Indicators*

	2011 (Actual)	2012 (Actual)	<b>2013 (Estimate)</b>
sets of financial statements to compile and maintain .....	12	12	<b>12</b>
payments to creditors .....	796 954	772 750	<b>780 000</b>
cost per \$1,000 payment made for respective financial years (\$).....	0.07	0.06	<b>0.07</b>
revenue collections through the Treasury's agents			
counter collections $\phi$ .....	8 768 995	9 043 340	<b>9 490 000</b>
postal remittances $\phi$ .....	527 544	470 987	<b>520 000</b>
collections by autopay $\phi$ .....	1 846 314	1 846 283	<b>2 090 000</b>
collections by other electronic means $\phi$ .....	6 926 582	6 821 832	<b>7 720 000</b>
cost per \$1,000 revenue collected for respective financial years (\$).....	0.26	0.23	<b>0.27</b>

$\phi$  The actual figures for 2011 and 2012 as well as the estimates for 2013 have taken into account the reduced number of collections as a result of the rates concession in the whole year of 2011 and 2012, and the first quarter of 2013.

### *Matters Requiring Special Attention in 2013–14*

6 During 2013–14, 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**

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	99.0	105.4	108.8 (+3.2%)	<b>115.3</b> (+6.0%)

(or +9.4% on  
2012–13 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 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	2011 (Actual)	2012 (Actual)	2013 (Plan)
paying punctually (%)				
salaries and allowances on the due date .....	99.9	99.9	99.9	<b>99.9</b>
pension and contract gratuities on the due date .....	99	99	99	<b>99</b>
recurrent pensions on the due date or two weeks after receipt of claim forms .....	99.9	99.9	99.9	<b>99.9</b>
passage allowances within 30 calendar days .....	99.9	99.9	99.9	<b>99.9</b>
ensuring correct payments/ deductions (%) .....	99.9	99.9	99.9	<b>99.9</b>
responding to enquiries from pensioners within nine working days (%) .....	99.5	99.5	99.5	<b>99.5</b>
processing applications for various civil service housing benefits within the target time (%) .....	99.9	99.9	99.9	<b>99.9</b>

### *Indicators*

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
participants in various housing benefit schemes .....	20 145	20 152	<b>21 480</b>
pensioners paid .....	112 467	116 139	<b>121 830</b>
passage applications processed .....	21 945	21 255	<b>22 400</b>
participants in CSPF Scheme .....	17 124	22 178	<b>26 910</b>

### *Matters Requiring Special Attention in 2013–14*

10 During 2013–14, 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**

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	95.7	100.6	100.5 (–0.1%)	<b>108.6</b> (+8.1%)
				(or +8.0% on 2012–13 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 their services will continue to be of high professional quality.

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

### *Targets*

	Target	2011 (Actual)	2012 (Actual)	<b>2013 (Plan)</b>
providing preliminary response to requests for accounting and financial support and advisory services within three working days (%).....	95	98	98	<b>95</b>
ensuring that computer services are provided efficiently and with minimal interruptions				
average system availability (%).....	99.5	99.9	99.9	<b>99.5</b>
average system response time (percentage of cases within five seconds) (%) .....	92.0	95.4	95.1	<b>92.0</b>

### *Indicators*

	2011 (Actual)	2012 (Actual)	<b>2013 (Estimate)</b>
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	805	806	<b>800</b>
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed .....	263	254	<b>260</b>

### *Matters Requiring Special Attention in 2013–14*

15 During 2013–14, 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**

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	6.0	6.6	6.3 (–4.5%)	<b>6.7</b> (+6.3%)
				(or +1.5% on 2012–13 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	2011 (Actual)	2012 (Actual)	2013 (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)+2.9%	CPI(B)-2.9%	<b>CPI(B)+4%</b>

### *Indicators*

	2011 (Actual)	2012 (Actual)	2013 <sup>Δ</sup> (Estimate)
<b>funds managed (\$m)</b>			
Schools Provident Funds .....	59,466.6	64,709.7	<b>65,177.8</b>
Quality Education Fund .....	6,559.9	7,224.5	<b>7,257.8</b>
Sir David Trench Fund for Recreation.....	3,299.0	3,392.4	<b>3,211.6</b>
Beat Drugs Fund .....	3,504.6	3,833.6	<b>3,769.9</b>
AIDS Trust Fund .....	136.4	83.9	<b>51.3</b>
HKSAR Government Scholarship Fund .....	1,260.0	2,319.0 <sup>Ω</sup>	<b>2,275.0</b>
Self-financing Post-secondary Education Fund .....	2,500.4	3,507.4 <sup>Ω</sup>	<b>3,491.1</b>
<b>portfolio managers</b>			
Schools Provident Funds .....	8	6	<b>9</b>
Quality Education Fund .....	5	5	<b>5</b>
Sir David Trench Fund for Recreation.....	1	1	<b>1</b>
Beat Drugs Fund .....	5	5	<b>5</b>
HKSAR Government Scholarship Fund .....	2	2	<b>4</b>
Self-financing Post-secondary Education Fund# .....	N.A.	0	<b>4</b>
dividend declared for Schools Provident Funds (%).....	5	5	<b>5</b>

Δ Given market volatility, no gain or loss on disposal or revaluation of investments in securities has been included in the estimated fund balances.

Ω In 2012, the Government injected \$1 billion each to the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund.

# New Indicator as from 2012.

### *Matters Requiring Special Attention in 2013–14*

19 During 2013–14, 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

<b>Programme</b>	2011-12 (Actual) (\$m)	2012-13 (Original) (\$m)	2012-13 (Revised) (\$m)	<b>2013-14 (Estimate) (\$m)</b>
(1) Central Accounting, Collections and Payments.....	126.7	137.1	127.7	<b>132.9</b>
(2) Payment of Salaries, Pensions and Benefits .....	99.0	105.4	108.8	<b>115.3</b>
(3) Accounting and Financial Information Systems.....	95.7	100.6	100.5	<b>108.6</b>
(4) Management of Funds.....	6.0	6.6	6.3	<b>6.7</b>
	327.4	349.7	343.3 (-1.8%)	<b>363.5 (+5.9%)</b>
				<b>(or +3.9% on 2012-13 Original)</b>

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2013-14 is \$5.2 million (4.1%) higher than the revised estimate for 2012-13. This is mainly due to lower-than-expected expenditure for payment to collection agents in 2012-13.

##### Programme (2)

Provision for 2013-14 is \$6.5 million (6.0%) higher than the revised estimate for 2012-13. This is mainly due to filling of vacancies.

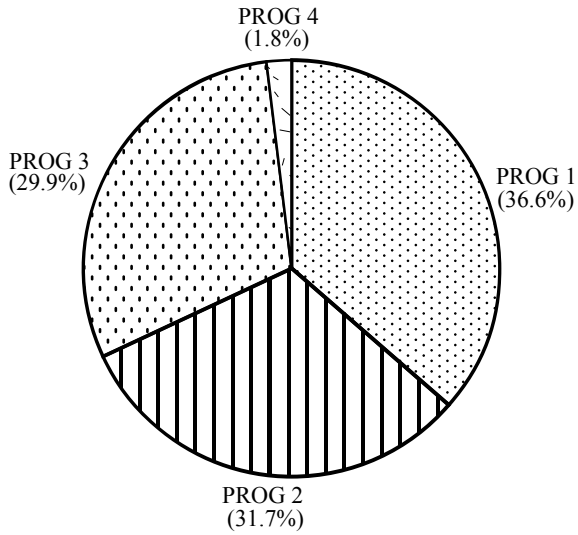
##### Programme (3)

Provision for 2013-14 is \$8.1 million (8.1%) higher than the revised estimate for 2012-13. This is mainly due to filling of vacancies and increase in systems operation and maintenance cost.

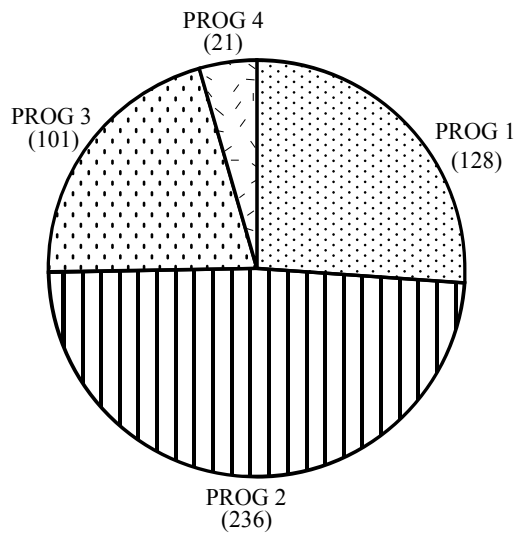
##### Programme (4)

Provision for 2013-14 is \$0.4 million (6.3%) higher than the revised estimate for 2012-13. This is mainly due to filling of vacancies.

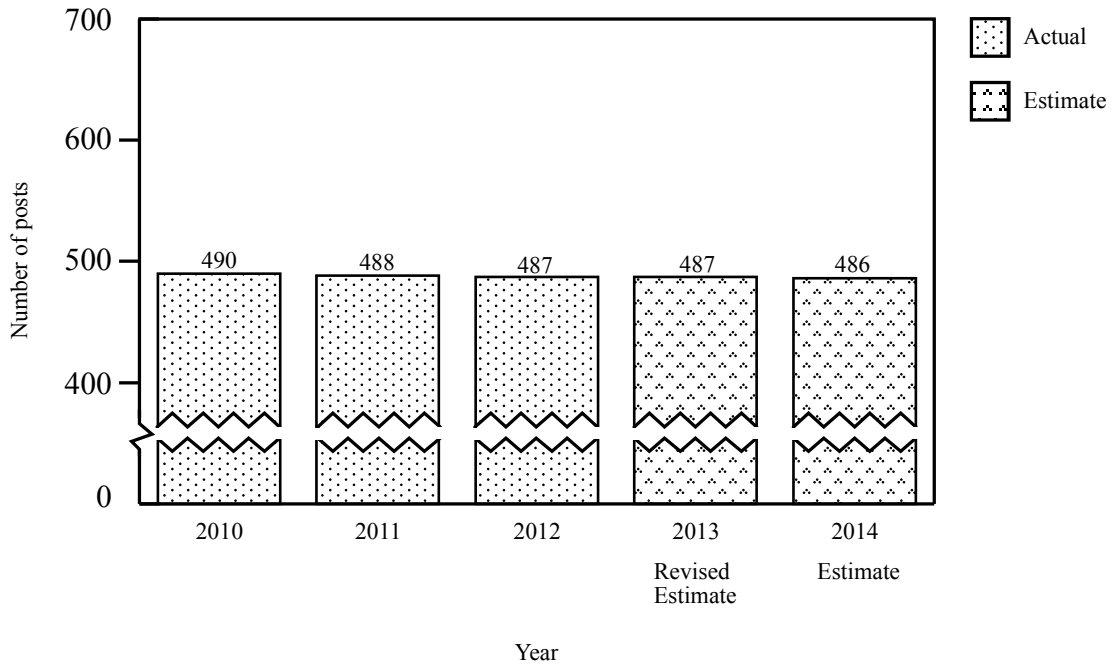
*Allocation of provision to programmes (2013-14)*



*Staff by programme (as at 31 March 2014)*



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



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Sub-head (Code)		Actual expenditure 2011-12	Approved estimate 2012-13	Revised estimate 2012-13	<b>Estimate 2013-14</b>
	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	324,049	345,943	339,657	<b>359,825</b>
003	Recoverable salaries and allowances (General)..... 5,020				
	<i>Deduct</i> reimbursements..... <i>Cr. 5,020</i>	—	—	—	—
187	Agents' commission and expenses .....	3,362	3,751	3,600	<b>3,635</b>
	Total, Recurrent .....	327,411	349,694	343,257	<b>363,460</b>
	Total, Operating Account.....	327,411	349,694	343,257	<b>363,460</b>
Total Expenditure .....					
		327,411	349,694	343,257	<b>363,460</b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Treasury is \$363,460,000. This represents an increase of \$20,203,000 over the revised estimate for 2012–13 and of \$36,049,000 over actual expenditure in 2011–12.

#### Operating Account

##### Recurrent

**2** Provision of \$359,825,000 *under Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

**3** The establishment as at 31 March 2013 will be 487 permanent posts. It is expected that there will be a net decrease of one permanent post in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$171,063,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	<b>2013–14 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	180,268	191,862	195,000	<b>198,700</b>
- Allowances .....	2,575	2,090	2,051	<b>1,834</b>
- Job-related allowances.....	11	12	25	<b>16</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	373	345	482	<b>521</b>
- Civil Service Provident Fund contribution .....	1,074	1,615	1,841	<b>2,395</b>
Departmental Expenses				
- General departmental expenses .....	139,748	150,019	140,258	<b>156,359</b>
	<b>324,049</b>	<b>345,943</b>	<b>339,657</b>	<b>359,825</b>

**5** Provision of \$5,020,000 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 \$3,635,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.