

## Head 188 — TREASURY

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

**Estimate 2021–22** ..... **\$545.9m**

**Establishment ceiling 2021–22** (notional annual mid-point salary value) representing an estimated 562 non-directorate posts as at 31 March 2021 rising by one post to 563 posts as at 31 March 2022 ... **\$309.9m**

In addition, there will be an estimated ten directorate posts as at 31 March 2021 and as at 31 March 2022.

### 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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	163.6	195.3	191.0 (–2.2%)	<b>210.3</b> (+10.1%)
				(or +7.7% on 2020–21 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 premium, water and sewage charges as well as other types of revenue.

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

#### Targets

	Target	2019 (Actual)	2020 (Actual)	2021 (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	<b>1.0</b>
statutory annual statements of accounts .....	2.8	2.6	2.6	<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	2019 (Actual)	2020 (Actual)	2021 (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

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
sets of financial statements to compile and maintain.....	12	12	12
payments to creditors .....	816 095	928 891	896 000
cost per \$1,000 payment made for respective financial years (\$) .....	0.06	0.06	0.06
revenue collections through the Treasury's agents			
counter collections $\phi$ .....	10 565 448	9 876 572	10 552 000
postal remittances $\phi$ .....	314 406	312 193	331 000
collections by autopay $\phi$ .....	2 281 550	2 182 910	2 353 000
collections by other electronic means# .....	9 119 979	11 070 228	12 548 000
cost per \$1,000 revenue collected for respective financial years (\$) .....	0.26	0.26	0.26

$\phi$  The figures have taken into account the reduced number of collections mainly as a result of the rates concessions during the period from January 2019 to March 2021.

# The figures have taken into account the reduced number of collections mainly as a result of the rates concessions during the period from January 2019 to March 2021 and the consolidation of same-day multiple payments.

### Matters Requiring Special Attention in 2021–22

5 During 2021–22, 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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	137.8	142.1	138.6 (–2.5%)	151.5 (+9.3%)
				(or +6.6% on 2020–21 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 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 also 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	2019 (Actual)	2020 (Actual)	2021 (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*

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
participants in various housing benefit schemes .....	21 185	21 647	<b>23 630</b>
pensioners paid.....	152 660	156 220	<b>162 770</b>
passage allowances applications processed .....	18 154	9 167	<b>19 220</b>
participants in CSPF Scheme .....	69 240	78 466	<b>90 990</b>

### *Matters Requiring Special Attention in 2021–22*

9 During 2021–22, 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**

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	134.1	163.1	159.4 (–2.3%)	<b>175.4</b> (+10.0%)  (or +7.5% on 2020–21 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 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 their services will continue to be of high professional quality.

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

### *Targets*

	Target	2019 (Actual)	2020 (Actual)	<b>2021 (Plan)</b>
providing preliminary response to requests for accounting and financial support and advisory services within three working days (%).....	95	99	99	<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	96.8	96.6	<b>92.0</b>

### *Indicators*

	2019 (Actual)	2020 (Actual)	<b>2021 (Estimate)</b>
providing professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled.....	805	647	<b>650</b>
providing application support and maintenance to computer applications			
maintenance/enhancement tasks completed.....	276	275	<b>275</b>

### *Matters Requiring Special Attention in 2021–22*

14 During 2021–22, 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**

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	<b>2021–22 (Estimate)</b>
Financial provision (\$m)	8.6	8.7	8.5 (–2.3%)	<b>8.7</b> (+2.4%)
				(or same as 2020–21 Original)

### *Aim*

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

### *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, the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund with a view to achieving a reasonable return through prudent investment. It also ensures that the Funds are managed efficiently and that all disbursements from the Funds are correctly and promptly made.

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

### *Target*

	Target	2019 (Actual)	2020 (Actual)	<b>2021 (Plan)</b>
achieving the strategic target investment return of two per cent above the Consumer Price Index B (CPI(B)) for the two Schools Provident Funds in each school year.....	CPI(B)+2%	CPI(B)–1%	CPI(B)+10.1%	<b>CPI(B)+2%</b>

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### *Indicators*

	2019 (Actual)	2020 (Actual)	2021 (Estimate) <sup>Δ</sup>
<i>funds managed (\$m)</i>			
Schools Provident Funds.....	96,221.6	107,861.5	<b>107,816.4</b>
Quality Education Fund .....	9,690.0	10,335.5	<b>10,060.2</b>
Sir David Trench Fund for Recreation.....	4,484.3	4,962.7 <sup>#</sup>	<b>4,709.2</b>
Beat Drugs Fund .....	4,652.7	4,905.0	<b>4,551.7</b>
AIDS Trust Fund.....	202.3	160.3	<b>126.0</b>
HKSAR Government Scholarship Fund.....	3,363.3	3,530.4	<b>3,463.6</b>
Self-financing Post-secondary Education Fund.....	4,157.0	4,302.1	<b>4,269.9</b>
<i>portfolio managers</i>			
Schools Provident Funds.....	10	10	<b>10</b>
Quality Education Fund .....	5	5	<b>5</b>
Sir David Trench Fund for Recreation.....	2	2	<b>2</b>
Beat Drugs Fund .....	4	4	<b>4</b>
HKSAR Government Scholarship Fund.....	4	4	<b>4</b>
Self-financing Post-secondary Education Fund.....	3	3	<b>3</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.

# In 2020, the Government injected \$250 million into the Hong Kong Athletes Fund set up under the aegis of the Sir David Trench Fund for Recreation.

### *Matters Requiring Special Attention in 2021–22*

**18** During 2021–22, 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

	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
<b>Programme</b>				
(1) Central Accounting, Collections and Payments.....	163.6	195.3	191.0	<b>210.3</b>
(2) Payment of Salaries, Pensions and Benefits.....	137.8	142.1	138.6	<b>151.5</b>
(3) Accounting and Financial Information Systems.....	134.1	163.1	159.4	<b>175.4</b>
(4) Management of Funds .....	8.6	8.7	8.5	<b>8.7</b>
	444.1	509.2	497.5 (-2.3%)	<b>545.9</b> <b>(+9.7%)</b>
				<b>(or +7.2% on 2020–21 Original)</b>

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2021–22 is \$19.3 million (10.1%) higher than the revised estimate for 2020–21. This is mainly due to increase in requirement for operating expenses.

##### Programme (2)

Provision for 2021–22 is \$12.9 million (9.3%) higher than the revised estimate for 2020–21. This is mainly due to increase in requirement for operating expenses.

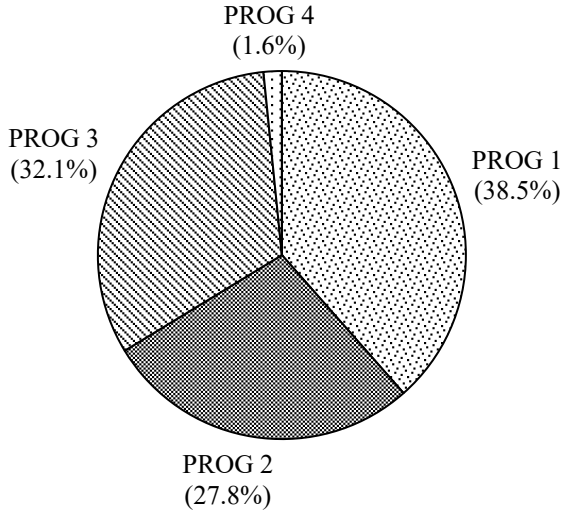
##### Programme (3)

Provision for 2021–22 is \$16.0 million (10.0%) higher than the revised estimate for 2020–21. This is mainly due to increase in requirement for operating expenses. There will be an increase of one post in 2021–22.

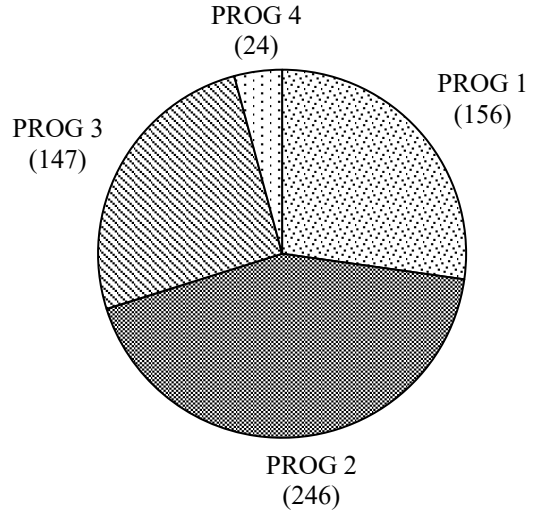
##### Programme (4)

Provision for 2021–22 is \$0.2 million (2.4%) higher than the revised estimate for 2020–21. This is mainly due to increase in requirement for operating expenses.

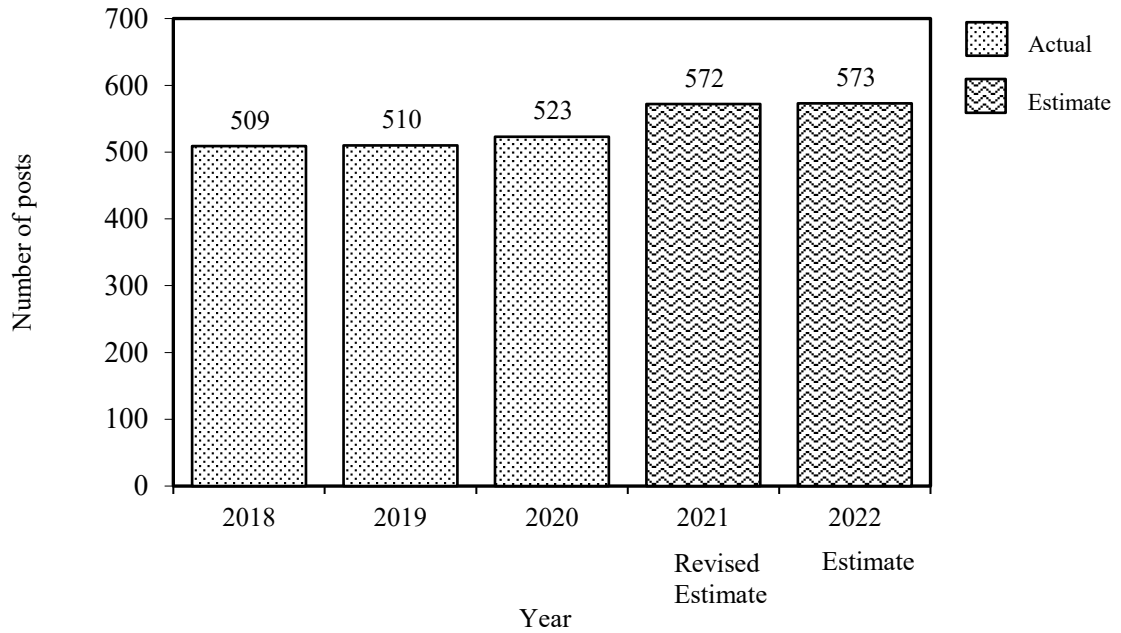
*Allocation of provision to programmes (2021-22)*



*Staff by programme (as at 31 March 2022)*



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



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Sub-head (Code)		Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	439,855	504,774	493,033	<b>541,182</b>
003	Recoverable salaries and allowances (General)..... 8,428				
	<i>Deduct</i> reimbursements ..... <i>Cr. 8,428</i>	—	—	—	—
187	Agents' commission and expenses .....	4,227	4,472	4,472	<b>4,700</b>
	Total, Recurrent.....	444,082	509,246	497,505	<b>545,882</b>
	Total, Operating Account .....	444,082	509,246	497,505	<b>545,882</b>
Total Expenditure .....					
		444,082	509,246	497,505	<b>545,882</b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the Treasury is \$545,882,000. This represents an increase of \$48,377,000 over the revised estimate for 2020–21 and \$101,800,000 over the actual expenditure in 2019–20.

#### *Operating Account*

#### Recurrent

**2** Provision of \$541,182,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

**3** The establishment as at 31 March 2021 will be 572 posts. It is expected that there will be an increase of one post in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$309,885,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	<b>2021–22 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	241,597	279,837	263,732	<b>286,831</b>
- Allowances .....	4,819	5,074	4,867	<b>6,273</b>
- Job-related allowances.....	7	46	46	<b>46</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	1,232	1,076	1,375	<b>1,576</b>
- Civil Service Provident Fund contribution .....	9,880	16,261	14,686	<b>14,369</b>
Departmental Expenses				
- General departmental expenses .....	182,320	202,480	208,327	<b>232,087</b>
	439,855	504,774	493,033	<b>541,182</b>

**5** Provision of \$8,428,000 under *Subhead 003 Recoverable salaries and allowances (General)* is for salaries and allowances of civil servants working for the Schools Provident Funds and the Self-financing Post-secondary Education Fund. 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 \$4,700,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.