

Head 188 — TREASURY

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

Estimate 2001–02	\$324.3m
Establishment ceiling 2001–02 (notional annual mid-point salary value) representing an estimated 717 non-directorate posts at 31 March 2001 and at 31 March 2002.....	\$195.4m
In addition there will be an estimated ten directorate posts at 31 March 2001 and at 31 March 2002.	
Capital Account commitment balance	\$4.5m

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 the Treasury).</p>
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Detail

Programme (1): Central Accounting, Collections and Payments

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	99.8	99.6 (–0.2%)	101.7 (+2.1%)	107.4 (+5.6%)

Aim

- 2 The aim is to produce the accounts of the Government and to provide centralised collection and payment services.

Brief Description

3 The Treasury compiles and supervises the accounts of the Government including the main accounts and a number of special funds. It serves as the Government's central paymaster in respect of goods and services supplied and subventions. It also provides a centralised collection service in respect of rates, water and sewage charges, Government rents, land premia and other demand notes. It examines receipting records and payment authorisations of departments to ensure that all public moneys received and paid are promptly and properly brought to account.

- 4 The Treasury generally achieved its targets in 2000.

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

Targets

	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to produce annual statements of accounts after the end of each financial year				
time required (months).....	2.8	2.8#	2.6	2.8
to effect payments to creditors within 30 calendar days after receipts of goods/services or invoices (%).....	96.0	96.0†	96.0	96.0
to complete processing postal remittances within				
nine working days during peak periods (%)§	99.0	94.1	99.2	99.0
six working days during non-peak periods (%)φ.....	99.0	100.0	99.2	99.0
to keep waiting time at Treasury Collection Offices within				
25 minutes during peak periods (%)...	99.0	99.1	98.8	99.0

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	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
eight minutes during lunch non-peak periods (%)	99.0	99.0	99.6	99.0
four minutes during non-peak periods (%)	99.0@	98.3	98.8	99.0
to reply to written enquiries within nine working days (%).....	99.0	100.0	100.0	99.0

Against the previous target of 2.5 months

† Against the previous target of 93%

§ The present target is an improvement over the year 2000 target of completing within ten working days

φ The present target is an improvement over the year 2000 target of completing within seven working days

@ The target was 98% for 2000

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
no. of payments	885 619	1 030 857	1 047 000
no. of counter collections	4 053 559	4 101 565	4 000 000
no. of postal remittances	2 797 471	2 488 385	2 200 000
no. of collections by autopay	2 048 629	2 110 876	2 100 000
no. of collections by other electronic means.....	2 832 547	3 727 984	4 200 000

Matters Requiring Special Attention in 2001–02

6 During 2001–02, the Treasury will:

- improve the reporting of government accounts;
- continue to explore ways and means to achieve higher efficiency with lower costs for revenue collection activities; and
- continue to promote among suppliers acceptance of government payments by direct credit to their bank accounts.

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

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	88.4	92.8 (+5.0%)	91.3 (–1.6%)	97.5 (+6.8%)

Aim

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

Brief Description

8 The Treasury is responsible for ensuring that all civil servants are paid, on the prescribed day of each month, the salaries and allowances to which they are entitled. The Treasury must also ensure that all pensions, contract gratuities and retirement gratuities are paid on the due date.

9 The Treasury is also responsible for the day-to-day administration of the civil service housing benefit schemes.

10 The other main activities under this programme include the administration of the Widows and Orphans Pension Scheme, the Surviving Spouses' and Children's Pensions Scheme, the Overseas Education Allowance and Local Education Allowance Schemes and passages.

11 The Treasury achieved all its targets in 2000 and expects to maintain this level of performance in 2001.

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

Targets

	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to pay salaries and allowances on the due date (%)	99.9	99.9	99.9	99.9
to pay pension and contract gratuities on the due date (%)	99.0	99.0	99.0	99.0

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	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to pay recurrent pensions on the due date or two weeks after receipt of claim forms (%).....	99.9	99.9	99.9	99.9
to pay passage allowances within 30 calendar days (%).....	99.9	99.9	99.9	99.9
to ensure that payments/deductions are correct (%).....	99.9	99.9	99.9	99.9
to answer enquiries from pensioners within nine working days of receipt of letter (%).....	99.0	99.0	99.0	99.0
to process applications for various civil service housing benefits within the target time (%).....	99.0	99.9	99.9	99.0

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
no. of civil servants paid	190 302	186 539	179 000
no. of participants in various housing benefit schemes	39 619	41 329	42 220
no. of pensioners paid	61 910	64 935	72 760
no. of passage applications processed	19 754	23 040	23 700

Matters Requiring Special Attention in 2001–02

13 There will be a major enhancement of the Treasury Payroll System to accommodate the various initiatives to be implemented under the Civil Service Reform.

14 After the implementation of the Mandatory Provident Fund schemes in December 2000, monitoring work will continue to ensure the smooth running of the computer systems and the compliance with the requirements of the schemes.

Programme (3): Accounting and Financial Information Systems

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	106.6	124.4 (+16.7%)	105.5 (–15.2%)	113.9 (+8.0%)

Aim

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

Brief Description

16 The Treasury maintains the Government Financial Management and Information Systems (GFMIS) which include the central general ledger providing financial information for the budgetary control of expenditure and revenue and for the production of Government's accounts, and other systems to assist departments to determine the cost of their operations and to better manage the resources at their disposal. The Treasury also operates other government-wide systems such as the Payroll System and the Payment of Creditors System and supports departmental financial systems.

17 In 2000–01, an independent consultant was engaged to study system options available to meet the medium and longer term financial information and management needs of the Government. A working group was formed to consider the consultant's recommendation and the experience of other governments and to explore a course of action to ensure that appropriate systems are in place to meet the Government's needs.

18 The Treasury achieved all its targets in 2000.

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

Targets

	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to ensure that computer services are provided to users according to an agreed service level system availability (%).....	98.5	99.5	99.6	99.0

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	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to satisfy the requirement of users on the response time of on-line computer services				
users satisfied with response time (%).....	93.0	96.0	94.7	94.0

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
provision of support to departments on Ledger Accounting and Financial Information System, accounting, costing and security matters			
no. of departments served.....	88	90	90
no. of computer applications	89	84	80

Matters Requiring Special Attention in 2001-02

20 The Treasury will begin to implement the recommended changes to the GFMS and contribute to the changes in the contents of government financial reporting.

Programme (4): Management of Funds

	1999-2000 (Actual)	2000-01 (Approved)	2000-01 (Revised)	2001-02 (Estimate)
Financial provision (\$m)	6.4	7.4 (+15.6%)	5.3 (-28.4%)	5.5 (+3.8%)

Aim

21 The aim is to invest funds in accordance with approved guidelines and to achieve a reasonable return.

Brief Description

22 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 and the Beat Drugs Fund with a view to achieving a reasonable investment return through prudent investment. It also aims to administer the Funds in a cost-efficient manner by promptly and correctly refunding outgoing contributions as well as paying grants to sponsor activities of the Funds.

23 The Treasury achieved all its targets in 2000.

24 The key performance measures are:

Target

	Target	1999 (Actual)	2000 (Actual)	2001 (Plan)
to achieve the strategic target investment return of 4% above the Consumer Price Index B (CPI) (subject to a minimum overall return of 5%) for the two Schools Provident Funds in each school year.....	CPI +4%	CPI +31.8%	CPI +16%	CPI +4%

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
Funds managed (\$m)			
invested in-house			
Schools Provident Funds	20,897	22,656	23,592
Quality Education Fund	4,237	3,724	3,379
Sir David Trench Fund for Recreation	454	459	459
Beat Drugs Fund	48	36	26
invested by portfolio managers			
Schools Provident Funds	11,084	10,579	12,097

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	1999 (Actual)	2000 (Actual)	2001 (Estimate)
Quality Education Fund	2,038	1,977	1,897
Beat Drugs Fund	395	393	413
number of portfolio managers			
Schools Provident Funds	4	4	4
Quality Education Fund	2	2	2
Beat Drugs Fund	2	2	2
dividend declared for Schools Provident Funds (%).....	9.8	6.3	5.0

Matters Requiring Special Attention in 2001-02

25 During 2001-02, the Treasury will examine new arrangements to increase the revenue of the Funds. Additional portfolio managers to carry out investment activities for the Funds will be explored.

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ANALYSIS OF FINANCIAL PROVISION

Programme	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01 (Revised) (\$m)	2001–02 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	99.8	99.6	101.7	107.4
(2) Payment of Salaries, Pensions and Benefits	88.4	92.8	91.3	97.5
(3) Accounting and Financial Information Systems	106.6	124.4	105.5	113.9
(4) Management of Funds	6.4	7.4	5.3	5.5
	301.2	324.2 (+7.6%)	303.8 (–6.3%)	324.3 (+6.7%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2001–02 is \$5.7 million (5.6%) higher than the revised estimate for 2000–01. This is mainly due to the increased provision for operating expenses to meet the increased number of payment by electronic means, expenditure on the installation of the Uninterruptible Power Supply systems for the Treasury Computer Hall, and salary increments for existing staff.

Programme (2)

Provision for 2001–02 is \$6.2 million (6.8%) higher than the revised estimate for 2000–01. This is mainly due to full-year provision for posts created in 2000–01 to deal with the voluntary retirement scheme, expenditure on the installation of the Uninterruptible Power Supply systems for the Treasury Computer Hall, and salary increments for existing staff.

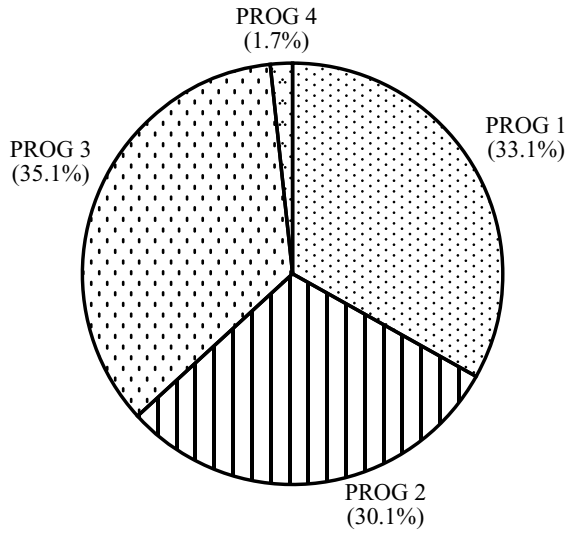
Programme (3)

Provision for 2001–02 is \$8.4 million (8.0%) higher than the revised estimate for 2000–01. This is mainly due to the provision for vacancies to be filled in 2001–02 and for employment of additional contract staff, expenditure on the installation of the Uninterruptible Power Supply systems for the Treasury Computer Hall, and salary increments for existing staff, partly offset by the transfer of provision for cash transportation expenditure for the trading funds to an advance account.

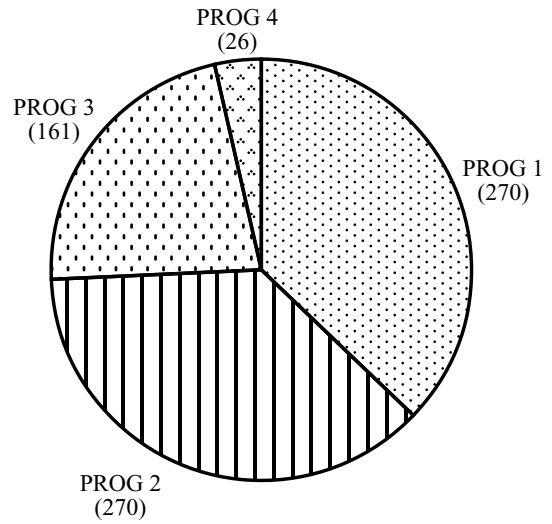
Programme (4)

Provision for 2001–02 is \$0.2 million (3.8%) higher than the revised estimate for 2000–01. This is mainly due to salary increments for existing staff and expenditure on the installation of the Uninterruptible Power Supply systems for the Treasury Computer Hall.

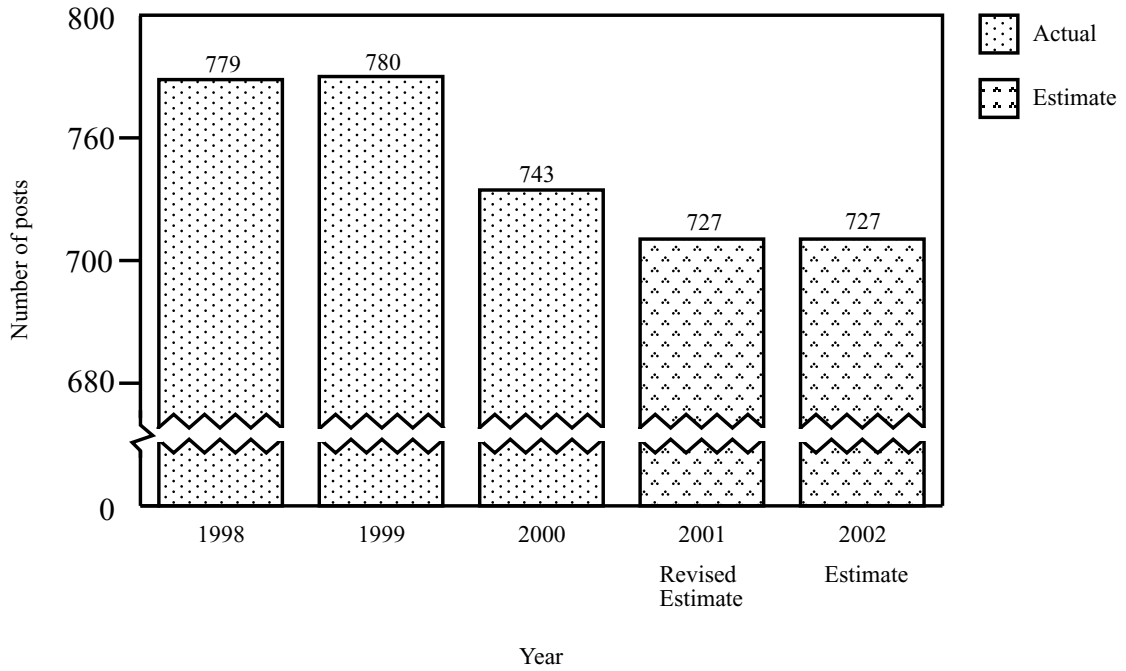
Allocation of provision to programmes (2001-02)



Staff by programme (as at 31 March 2002)



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



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Sub-head (Code)		Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	Estimate 2001–02
	\$ 000	\$ 000	\$ 000	\$ 000	\$'000
Recurrent Account					
000	Operational expenses	297,201	319,947	299,946	315,362
003	Recoverable salaries and allowances8,109				
	<i>Deduct</i> reimbursements <i>Cr. 8,109</i>	—	—	—	—
187	Agents' commission and expenses	3,681	4,280	3,873	4,409*
	Total, Recurrent Account	300,882	324,227	303,819	319,771
Capital Account					
I — Plant, Equipment and Works					
603	Plant, vehicles and equipment	—	—	—	4,500
	Total, Plant, Equipment and Works	—	—	—	4,500
II — Other Non-Recurrent					
	General other non-recurrent	359	—	—	—
	Total, Other Non-Recurrent.....	359	—	—	—
	Total, Capital Account	359	—	—	4,500
	Total Expenditure	301,241	324,227	303,819	324,271

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Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Treasury is \$324,271,000. This represents an increase of \$20,452,000 over the revised estimate for 2000–01 and of \$23,030,000 over actual expenditure in 1999–2000.

Recurrent Account

2 Provision of \$315,362,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Treasury and its other operating expenses. The increase of \$15,416,000 (5.1%) over the revised estimate for 2000–01 is mainly due to full-year provision for posts created in 2000–01, provision for filling vacant posts and employing additional contract staff in 2001–02, and salary increments for existing staff, partly offset by the transfer of provision for cash transportation expenditure for the trading funds to an advance account. Management and control of the Treasury's operational expenses take the form of a one-line vote. The controlling officer is given flexibility in the virement of funds within the subhead to facilitate the achievement of greater efficiency and enhanced productivity.

3 As a vote-funded department, the Treasury is subject to establishment control. The establishment at 31 March 2001 will be 727 permanent posts. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$195,376,000.

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

	1999–2000 (Actual) (\$' 000)	2000–01 (Original Estimate) (\$' 000)	2000–01 (Revised Estimate) (\$' 000)	2001–02 (Estimate) (\$'000)
Personal emoluments				
- Salaries	223,614	231,133	219,594	231,610
- Allowances	4,807	7,472	4,545	4,774
- Job-related allowances	532	588	553	553
Departmental expenses				
- General departmental expenses	68,248	80,754	75,254	78,425
	297,201	319,947	299,946	315,362

5 Subject to the cash-limited ceiling of \$315,362,000 which will not be increased in the course of the year except for increases to the personal emoluments portion in line with the civil service pay adjustment, the controlling officer may deploy funds freely to meet requirements under each of the various expenditure components. The Administration will provide to Finance Committee quarterly financial reports showing actual spending and any redeployment of funds within *Subhead 000 Operational expenses* based on the above analysis.

6 Provision of \$8,109,000 under *Subhead 003 Recoverable salaries and allowances* 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 the Treasury. Expenditure under this subhead is reimbursed by the Funds.

7 Provision of \$4,409,000 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 \$536,000 (13.8%) over the revised estimate for 2000–01 is mainly due to increase in the number of payments made by autopay and other electronic means, and increase in the number of payments of pensions through overseas agents.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
603		<i>Plant, vehicles and equipment</i>				
	231	Uninterruptible power supply (UPS) systems for the Treasury Computer Hall.....	4,500	—	—	4,500
		Total	4,500	—	—	4,500