

Head 188 — TREASURY

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

Estimate 2000–01 **\$324.2m**

Establishment ceiling 2000–01 (notional annual mid-point salary value) representing an estimated 732 non-directorate posts at 31 March 2000 reducing by four posts to 728 posts at 31 March 2001 **\$205.3m**

In addition there will be an estimated 11 directorate posts at 31 March 2000 and at 31 March 2001.

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

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	105.3	108.8 (+3.3%)	104.1 (–4.3%)	99.6 (–4.3%)

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 1999.
- 5 The key performance measures in respect of central accounting, collections and payments are:

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
to produce annual statements of accounts after the end of each financial year time required (months)	2.8	3.0#	2.8#	2.8
to effect payments to creditors within 30 calendar days after receipts of goods/services or invoices (%)	96.0	93.0†	96.0†	96.0
to complete processing postal remittances within ten working days during peak periods (%).....	99.0	100.0	94.1§	99.9
seven working days during non-peak periods (%).....	99.0	100.0	100.0	99.9
to keep waiting time at Treasury Collection Offices within 25 minutes during peak periods (%)...	99.0	99.6	99.1	99.9
eight minutes during lunch non-peak periods (%).....	99.0	99.0	99.0	99.0

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	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
four minutes during non-peak periods (%)	98.0	98.7	98.3	99.0
to reply to written enquiries within nine working days (%)	99.0	99.0	100.0	99.0

Against previous target of 2.5 months

† Against previous target of 93.0%

§ Performance was below target because of the time needed to install and fully implement the Government Cash Receipting System in January 1999

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
no. of payments.....	834 775	885 619	1 160 000
no. of counter collections	3 796 840	4 053 559	4 200 000
no. of postal remittances	3 115 422	2 797 471	2 800 000
no. of collections by autopay	1 852 403	2 048 629	2 100 000
no. of collections by other electronic means	1 801 227	2 832 547	3 300 000

Matters Requiring Special Attention in 2000–01

6 During 2000–01, the Treasury will:

- review the principles and practice of Government Financial Reporting to see how the Government can better present its financial performance and position in its accounts;
- introduce a new facility for the general public to make payments of government bills through the Electronic Services Delivery (ESD) Scheme; 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

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	85.4	95.0 (+11.2%)	91.6 (–3.6%)	92.8 (+1.3%)

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 (about 190 302) 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 generally achieved its targets in 1999 and expects to maintain this level of performance in 2000.

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

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (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	1998 (Actual)	1999 (Actual)	2000 (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	99.1	99.9	99.0

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
no. of civil servants paid.....	188 902	190 302	188 900
no. of participants in various housing benefit schemes	36 472	39 619	41 700
no. of pensioners paid.....	60 034	61 910	64 200
no. of passage applications processed	17 998	19 754	19 700

Matters Requiring Special Attention in 2000–01

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 exercise.

14 For implementation of the Mandatory Provident Fund Schemes in December 2000, extensive development work will be undertaken to meet the necessary changes to the existing operation and computer systems in order to comply with the requirements of the schemes.

Programme (3): Accounting and Financial Information Systems

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	101.4	123.3 (+21.6%)	111.9 (–9.2%)	124.4 (+11.2%)

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 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 1999, an assessment of the continuing suitability of these systems has begun and it is expected that a decision as to how to address the medium and longer term financial information needs of the Government will be made during 2000–01.

18 The Treasury generally achieved or exceeded its targets in 1999.

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

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
to ensure that computer services are provided to users according to an agreed service level system availability (%).....	98.5	99.0	99.5	99.0

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	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
to satisfy the requirement of users on the response time of on-line computer services				
users satisfied with response time (%).....	93.0	95.0	96.0	94.0

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
provision of support to departments on the Ledger Accounting and Financial Information System, accounting, costing and security matters			
no. of departments served	89	88	89
no. of computer applications.....	90	89	85

Matters Requiring Special Attention in 2000–01

20 During 2000–01, the Treasury will recommend the direction for the future development of the Government Financial Management Information Systems.

Programme (4): Management of Funds

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	4.4	6.0 (+36.4%)	6.4 (+6.7%)	7.4 (+15.6%)

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 Subsidised 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, processing promptly and correctly refunds to outgoing contributors and payment of grants to sponsor activities of the Funds.

23 The key performance measures are:

Target

	Target	1998 (Actual)	1999 (Actual)	2000 (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 –16.8%	CPI +31.8%	CPI +4%

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
funds managed (\$m)			
invested in-house			
Schools Provident Funds.....	19,592	20,897	22,856
Quality Education Fund	3,944	4,237	4,158
Sir David Trench Fund for Recreation.....	438	454	452
Beat Drugs Fund	55	48	42
invested by portfolio managers			
Schools Provident Funds.....	6,774	11,084	11,638
Quality Education Fund	1,602	2,038	2,140
Beat Drugs Fund	330	395	415

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	1998 (Actual)	1999 (Actual)	2000 (Estimate)
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 (%)	5.0	9.8	6.0

Matters Requiring Special Attention in 2000-01

24 During 2000-01, the Treasury will examine the feasibility of employing new strategies to increase the investment return of the Funds.

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ANALYSIS OF FINANCIAL PROVISION

Programme	1998–99 (Actual) (\$m)	1999–2000 (Approved) (\$m)	1999–2000 (Revised) (\$m)	2000–01 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	105.3	108.8	104.1	99.6
(2) Payment of Salaries, Pensions and Benefits	85.4	95.0	91.6	92.8
(3) Accounting and Financial Information Systems	101.4	123.3	111.9	124.4
(4) Management of Funds.....	4.4	6.0	6.4	7.4
	296.5	333.1 (+12.3%)	314.0 (–5.7%)	324.2 (+3.2%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2000–01 is \$4.5 million (4.3%) lower than the revised estimate for 1999–2000. This is mainly due to the full-year effect of deletion of 30 posts in 1999–2000 and deletion of two posts in 2000–01 under the Enhanced Productivity Programme, partly offset by provision for vacancies to be filled in 2000–01, salary increments for existing staff and requirement to meet increased number of payment by electronic means.

Programme (2)

Provision for 2000–01 is \$1.2 million (1.3%) higher than the revised estimate for 1999–2000. This is mainly due to provision for vacancies to be filled in 2000–01 and salary increments for existing staff, partly offset by the full-year effect of deletion of 13 posts in 1999–2000 and one post in 2000–01 under the Enhanced Productivity Programme.

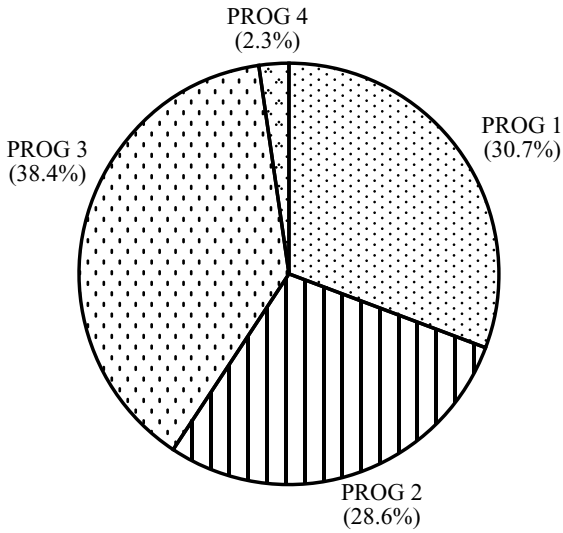
Programme (3)

Provision for 2000–01 is \$12.5 million (11.2%) higher than the revised estimate for 1999–2000. This is mainly due to provision for vacancies to be filled in 2000–01, the creation of one post and additional cash transportation requirement as a result of the reorganisation of the municipal services, and salary increments for existing staff, partly offset by the full-year effect of deletion of three posts in 1999–2000 and deletion of two posts in 2000–01 under the Enhanced Productivity Programme.

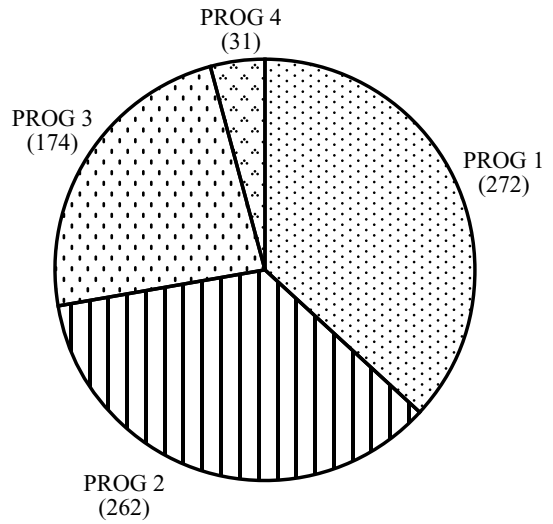
Programme (4)

Provision for 2000–01 is \$1.0 million (15.6%) higher than the revised estimate for 1999–2000. This is mainly due to the full-year effect of creation of two posts in 1999–2000 and provision for vacancies to be filled in 2000–01.

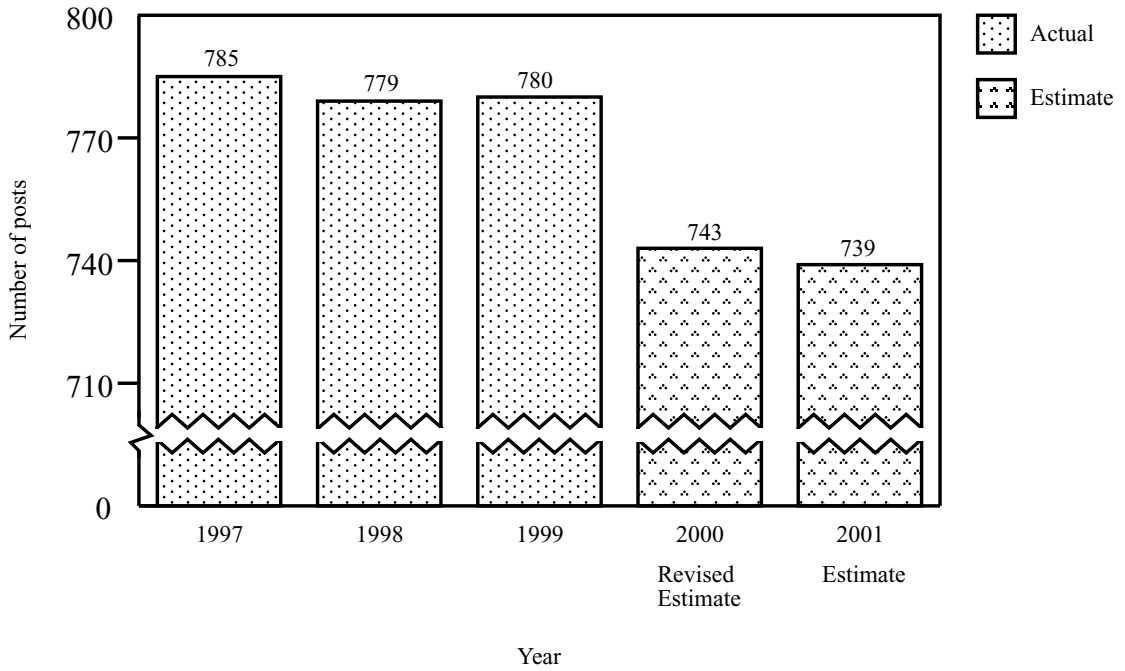
Allocation of provision to programmes (2000-01)



Staff by programme (as at 31 March 2001)



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



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Sub-head (Code)	Actual expenditure 1998-99	Approved estimate 1999-2000	Revised estimate 1999-2000	Estimate 2000-01
	\$'000	\$'000	\$'000	\$'000
Recurrent Account				
000	Operational expenses	—	328,914	309,440
003	Recoverable salaries and allowances 8,683			319,947
	<i>Deduct</i> reimbursements..... <i>Cr. 8,683</i>	—	—	—
187	Agents' commission and expenses.....	3,356	4,176	4,280*
	Salaries	216,537	—	—
	Allowances.....	6,963	—	—
	Job-related allowances	494	—	—
	General departmental expenses.....	69,126	—	—
	Total, Recurrent Account.....	296,476	333,090	324,227
Capital Account				
II — Other Non-Recurrent				
	General other non-recurrent	—	—	359
	Total, Other Non-Recurrent.....	—	—	359
	Total, Capital Account.....	—	—	359
	Total Expenditure	296,476	333,090	324,227

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Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 for the salaries and expenses of the Treasury is \$324,227,000. This represents an increase of \$10,252,000 over the revised estimate for 1999–2000 and of \$27,751,000 on actual expenditure in 1998–99.

Recurrent Account

2 Provision of \$319,947,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Treasury and its other operating expenses. The increase of \$10,507,000 (3.4%) over the revised estimate for 1999–2000 is mainly due to provision for vacant posts to be filled in 2000–01 and for meeting additional cash transportation requirement and creation of one post as a result of the reorganisation of municipal services, and salary increments for existing staff, partly offset by full-year effect of net deletion of 44 posts in 1999–2000 and deletion of five posts in 2000–01 under the Enhanced Productivity Programme. Management and control of the Treasury's operational expenses takes 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 2000 will be 743 permanent posts. It is expected that a net four posts will be deleted in 2000–01. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$205,317,000 which will be reduced to \$204,749,000 upon the net deletion of four posts in the course of the year.

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

	1998–99 (Actual) (\$'000)	1999–2000 (Original Estimate) (\$'000)	1999–2000 (Revised Estimate) (\$'000)	2000–01 (Estimate) (\$'000)
Personal emoluments				
- Salaries	216,537	236,820	225,711	231,133
- Allowances	6,963	10,241	8,394	7,472
- Job-related allowances	494	588	588	588
Departmental expenses				
- General departmental expenses	69,126	81,265	74,747	80,754
	293,120	328,914	309,440	319,947

5 Subject to the cash-limited ceiling of \$319,947,000 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. As part of the pilot on one-line vote, 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 \$8,683,000 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 \$4,280,000 under *Subhead 187 Agents' commission and expenses* is for commission and other expenses in respect of payments made through banks and other agencies.