

Head 188 — TREASURY

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

Estimate 2007–08	\$322.8m
Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 504 non-directorate posts as at 31 March 2007 reducing by five posts to 499 posts as at 31 March 2008.....	\$134.4m
In addition, there will be an estimated ten directorate posts as at 31 March 2007 and as at 31 March 2008.	
Commitment balance	\$0.5m

Controlling Officer's Report

Programmes

Programme (1) Central Accounting, Collections and Payments	These programmes contribute to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
Programme (2) Payment of Salaries, Pensions and Benefits	
Programme (3) Accounting and Financial Information Systems	
Programme (4) Management of Funds	

Detail

Programme (1): Central Accounting, Collections and Payments

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	108.6	116.9	106.1 (–9.2%)	112.4 (+5.9%)
				(or –3.8% on 2006–07 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, water and sewage charges, government rent, land premiums and other types of revenue.

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

Targets

	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
producing financial statements after end of the relevant period within a stated time frame (months)				
monthly financial results	1.0	1.0	0.9	1.0
statutory annual statements of accounts.....	2.8	2.7	2.8	2.8
accrual-based annual statements of accounts.....	5.5	5.5	5.5	5.5
effecting payments to creditors within 30 calendar days after receipt of goods/services or invoices (%).....	98	99	99	98

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	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
completing processing 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

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
sets of financial statements to compile and maintain.....	11	11	11
payments to creditors.....	991 623	954 454	960 000
revenue collections through the Treasury's agents			
counter collections.....	9 135 797	8 991 567	9 212 000
postal remittances.....	778 662	710 025	731 000
collections by autopay.....	2 114 101	2 075 235	2 183 000
collections by other electronic means.....	5 800 737	6 043 605	6 276 000
cost per \$1,000 revenue collected for respective financial years (\$)φ.....	0.36	0.36	0.35

φ New indicator as from 2007.

Matters Requiring Special Attention in 2007–08

5 During 2007–08, the Treasury will continue to explore ways and means to achieve higher efficiency with lower costs for revenue collection activities, including promotion of e-payments.

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	99.9	97.3	99.2 (+2.0%)	101.5 (+2.3%)
				(or +4.3% on 2006–07 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 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 legislation, regulations and rules. It operates and maintains the Government's centralised payroll and pensions systems.

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

Targets

	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
paying salaries and allowances on the due date (%).....	99.9	99.9	99.9	99.9
paying pension and contract gratuities on the due date (%).....	99.0	99.5	99.0	99.0
paying recurrent pensions on the due date or two weeks after receipt of claim forms (%).....	99.9	99.9	99.9	99.9
paying passage allowances within 30 calendar days (%).....	99.9	99.9	99.9	99.9
ensuring that payments/deductions are correct (%).....	99.9	99.9	99.9	99.9

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	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
answering enquiries from pensioners within nine working days of receipt of letter (%)	99.5	99.5	99.5	99.5
processing applications for various civil service housing benefits within the target time (%).....	99.9Ω	99.9	99.9	99.9

Ω As against the 2006 target of 99.5%.

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
participants in various housing benefit schemes.....	29 941	26 501	24 800
pensioners paid.....	90 651	94 198	97 620
passage applications processed	25 524	24 109	24 210
participants in CSPF Scheme	2 200	2 920	3 310

Matters Requiring Special Attention in 2007–08

9 During 2007–08, the Treasury will continue to enhance the payroll-related systems in order to ensure the prompt and accurate payment of salaries, pensions and benefits.

Programme (3): Accounting and Financial Information Systems

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	90.1	114.2	98.3 (–13.9%)	104.1 (+5.9%)

(or –8.8% on
2006–07 Original)

Aim

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

Brief Description

11 The Treasury runs and maintains the centralised government 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, and other accounting and costing systems to assist bureaux and departments to determine the cost of their operations and services and to better manage 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 services provided by them are continually of high professional quality.

13 The project for the replacement of the existing Government Financial Management Information System (GFMS) is scheduled for completion by 2008.

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

Targets

	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
providing preliminary response to request for accounting and financial support and advisory services within three working days (%)	95	95	98	95

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	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
ensuring that computer services are provided efficiently and with minimal interruptions				
average system availability (%)	98.5	99.5	99.5	98.5
average system response time (% of cases within five seconds) ...	90.0	91.4	92.3	90.0

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
provision of professional support and advisory services to bureaux/departments on accounting, costing and financial management matters			
requests handled	767	761	760
provision of application support and maintenance to computer applications			
maintenance/enhancement tasks completed.....	414	361	340

Matters Requiring Special Attention in 2007–08

15 During 2007–08, the Treasury will continue to work on the GFMS replacement project with a view to implementing smoothly the new system by 2008.

Programme (4): Management of Funds

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	4.7	4.6	4.2 (–8.7%)	4.8 (+14.3%)
				(or +4.3% on 2006–07 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 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 ensures that the Funds are managed efficiently and that all disbursement and grants from the Funds are correctly and promptly made.

18 Under an improved global economy, the actual investment returns for the two Schools Provident Funds in 2006 were higher than the target.

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

Target

	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
achieving the strategic target investment return of 4% above the Consumer Price Index B (CPI(B)) (subject to a minimum overall return of 5%) for the two Schools Provident Funds in each school year	CPI(B)+4%	CPI(B)+12.5%	CPI(B)+8.4%	CPI(B)+4%

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Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
funds managed (\$m)			
Schools Provident Funds	49,097.4	56,488.8	55,541.8
Quality Education Fund	5,249.9	6,003.6	5,943.5
Sir David Trench Fund for Recreation	346.2	305.6	282.9
Beat Drugs Fund	461.0	533.7	535.6
portfolio managers			
Schools Provident Funds	11	10	10
Quality Education Fund	5	5	5
Sir David Trench Fund for Recreation	1	1	1
Beat Drugs Fund	2	2	2
dividend declared for Schools Provident Funds (%)	5.0	6.9	5.0

Matters Requiring Special Attention in 2007–08

20 During 2007–08, the Treasury will replace the accounting systems of the Beat Drugs Fund and the Sir David Trench Fund for Recreation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2005-06 (Actual) (\$m)	2006-07 (Original) (\$m)	2006-07 (Revised) (\$m)	2007-08 (Estimate) (\$m)
(1) Central Accounting, Collections and Payments	108.6	116.9	106.1	112.4
(2) Payment of Salaries, Pensions and Benefits	99.9	97.3	99.2	101.5
(3) Accounting and Financial Information Systems	90.1	114.2	98.3	104.1
(4) Management of Funds.....	4.7	4.6	4.2	4.8
	303.3	333.0	307.8 (-7.6%)	322.8 (+4.9%)
				(or -3.1% on 2006-07 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2007-08 is \$6.3 million (5.9%) higher than the revised estimate for 2006-07. This is mainly due to filling of vacancies and an anticipated increase in payment to collection agents as a result of a growing number of government bills, partly offset by the deletion of one post in 2007-08.

Programme (2)

Provision for 2007-08 is \$2.3 million (2.3%) higher than the revised estimate for 2006-07. This is mainly due to the increased provision for the employment of contract staff for time-limited projects and filling of vacancies, partly offset by the deletion of one post in 2007-08.

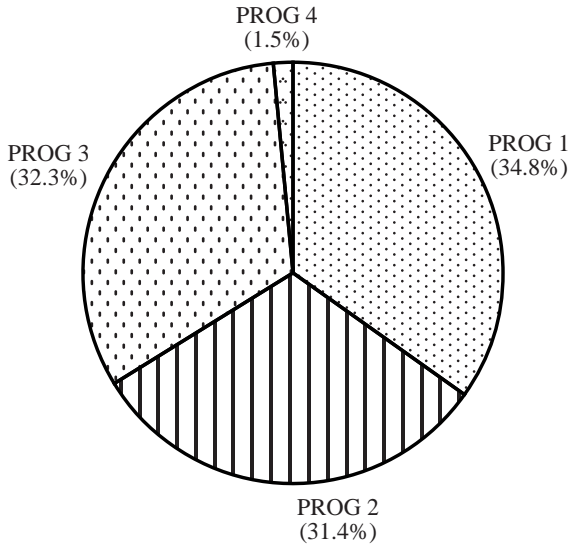
Programme (3)

Provision for 2007-08 is \$5.8 million (5.9%) higher than the revised estimate for 2006-07. This is mainly due to the additional provision for the GFMS replacement project and filling of vacancies, partly offset by the deletion of three posts in 2007-08.

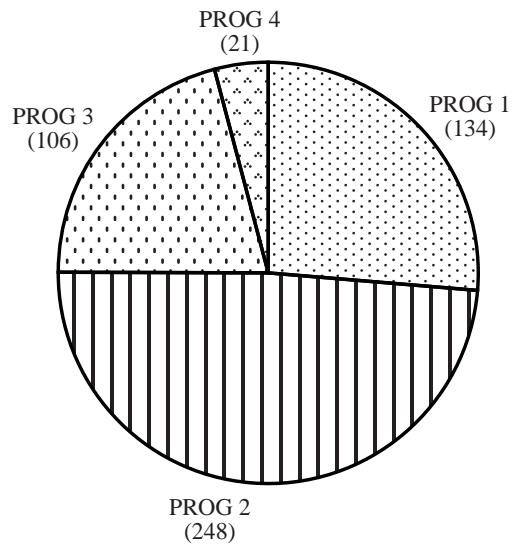
Programme (4)

Provision for 2007-08 is \$0.6 million (14.3%) higher than the revised estimate for 2006-07. This is mainly due to filling of vacancies.

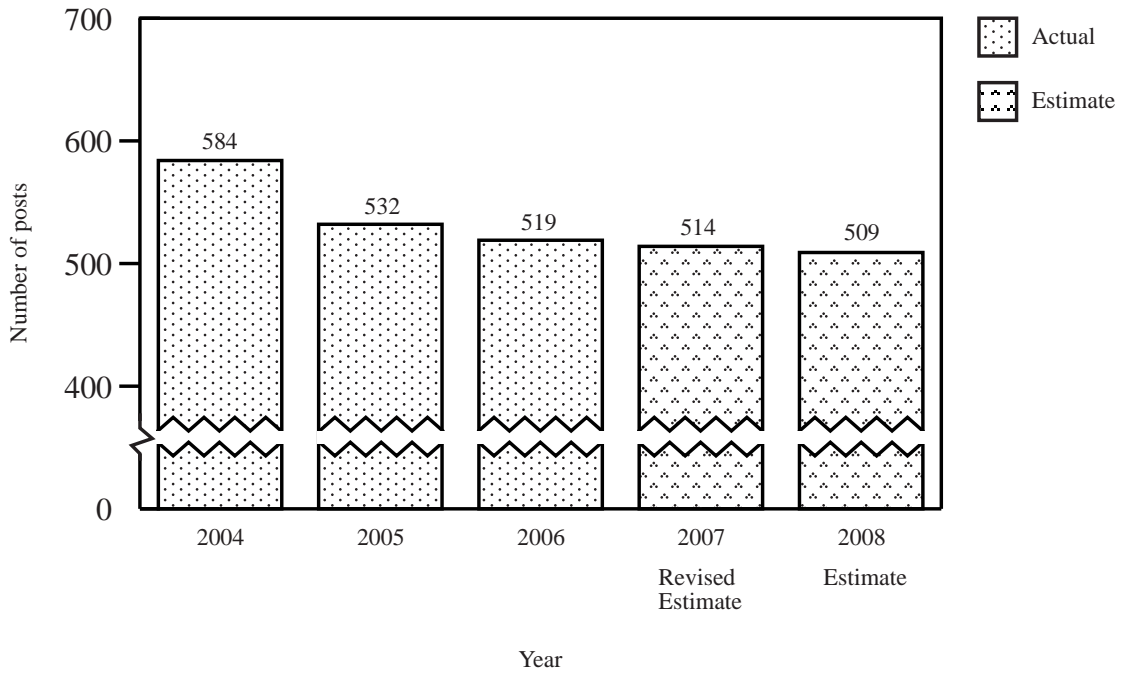
*Allocation of provision
to programmes
(2007-08)*



*Staff by programme
(as at 31 March 2008)*



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



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Sub-head (Code)		Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses.....	300,095	328,657	303,771	318,224
003	Recoverable salaries and allowances (General).....	5,425			
	<i>Deduct</i> reimbursements.....	<i>Cr. 5,425</i>			
187	Agents' commission and expenses	3,252	4,384	3,450	4,127
	Total, Recurrent	<u>303,347</u>	<u>333,041</u>	<u>307,221</u>	<u>322,351</u>
Non-Recurrent					
700	General non-recurrent.....	—	—	556	457
	Total, Non-Recurrent	<u>—</u>	<u>—</u>	<u>556</u>	<u>457</u>
	Total, Operating Account.....	<u>303,347</u>	<u>333,041</u>	<u>307,777</u>	<u>322,808</u>
<hr/>					
	Total Expenditure.....	<u><u>303,347</u></u>	<u><u>333,041</u></u>	<u><u>307,777</u></u>	<u><u>322,808</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Treasury is \$322,808,000. This represents an increase of \$15,031,000 over the revised estimate for 2006–07 and of \$19,461,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$318,224,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Treasury.

3 The establishment as at 31 March 2007 will be 514 permanent posts. It is expected that five permanent posts will be deleted in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$134,408,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	160,380	165,152	157,000	163,700
- Allowances.....	1,354	2,424	2,636	2,813
- Job-related allowances	—	12	12	12
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	92	90	90	120
Departmental Expenses				
- General departmental expenses.....	138,269	160,979	144,033	151,579
	300,095	328,657	303,771	318,224

5 Provision of \$5,425,000 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 \$4,127,000 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 \$677,000 (19.6%) over the revised estimate for 2006–07 is mainly due to lower than expected requirement in 2006–07.

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Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	965	Compensatory payments under Targeted Voluntary Retirement Scheme of Computer Operator Grade	1,013	—	556	457
		Total	1,013	—	556	457