

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 188 – TREASURY Subhead 003 Recoverable salaries and allowances

Members are invited to recommend to Finance Committee the deletion of the following permanent post in the Treasury –

1 Chief Treasury Accountant
(D1) (\$98,250 - \$104,250)

PROBLEM

As a result of changes in work requirements and streamlining of procedures, the Chief Treasury Accountant (CTA) post in the Provident Funds Branch of the Treasury is no longer required.

PROPOSAL

2. The Director of Accounting Services (DAS) proposes to delete one CTA post (D1) in the Provident Funds Branch of the Treasury. The proposal has the support of the Secretary for the Treasury and the Boards of Control of the Grant Schools Provident Fund and Subsidised Schools Provident Fund.

JUSTIFICATION

3. The Grant Schools Provident Fund and Subsidised Schools Provident Fund are two statutory provident fund schemes for teachers who are serving, or have served, in aided schools. The administration and control of each Fund is vested with a Board of Control comprising representatives of school masters, teachers, Education Department and the Treasury. The Assistant

/Director

Director of Accounting Services of the Provident Funds Branch (AD(PF)) of the Treasury is the Treasurer of both Funds.

4. On 9 January 1998, Finance Committee approved the creation of one CTA post in the Provident Funds Branch of the Treasury to underpin AD(PF) in the management of the two Provident Funds. The costs for the post are fully recoverable from the Funds.

5. The main duties and responsibilities of the CTA post are as follows –

- (a) to assist AD(PF) in exploring and evaluating new investment instruments; reviewing asset allocation model and adjusting the investment portfolios;
- (b) to assist AD(PF) in conducting investment research, managing currency risk and keeping a close monitor of the securities markets; and
- (c) to review and improve the reporting format on investment performance.

6. In the light of changes in the investment and financial markets, DAS considers that the post is no longer necessary. The reasons for the proposal are set out below.

7. As regards evaluation of investment instruments, conducting investment research, and portfolio and currency management (paragraphs 5(a) and (b) above), experience has shown that there are constraints for the tasks to be adequately and effectively discharged by one CTA alone. Owing to the rapid changes in the sophisticated financial markets, the work requires considerable staff resources and installation of a vast database of financial data and powerful simulation tools for analysis. Performing the work in-house would be costly. As an alternative, DAS is able to obtain, on a need basis, the necessary services from the private sector in a more cost-effective and efficient manner.

8. As regards modification and improvement of the reporting format on investment performance (paragraph 5(c) above), the task has been completed by the CTA in 1998. The responsibility for conducting further on-going reviews can now be effectively undertaken by the Senior Treasury Accountants in the Provident Funds Branch.

9. The above changes in work requirements led to a significant reduction in the workload of the CTA post. As a result, the post has been left vacant since September 1999, without detriment to the effective and smooth operation of the Provident Funds Branch. Upon a further review of the work of the Branch, DAS is satisfied that deletion of the CTA post will not result in degradation of the quality of service or performance of the two Provident Funds. The Personal Secretary II post, created to support the CTA, will however need to be retained in order to perform secretarial duties for the Senior Treasury Accountants who have taken up some of the duties of the CTA.

Encls.1&2 10. The organisation charts of the Provident Funds Branch before and after the deletion of the CTA post are at Enclosures 1 and 2 respectively.

FINANCIAL IMPLICATIONS

11. The proposal will have no financial implications for the Government. The costs of the CTA post are fully recovered from the Grant School Provident Fund and the Subsidised Schools Provident Fund. The savings from the deletion, which will accrue wholly to the two Funds, are –

<i>Rank</i>	<i>Notional Annual Mid-point Salary \$</i>	<i>Full Annual Average Staff Cost \$</i>	<i>No. of Post</i>
Chief Treasury Accountant (D1)	1,213,200	2,076,000	1

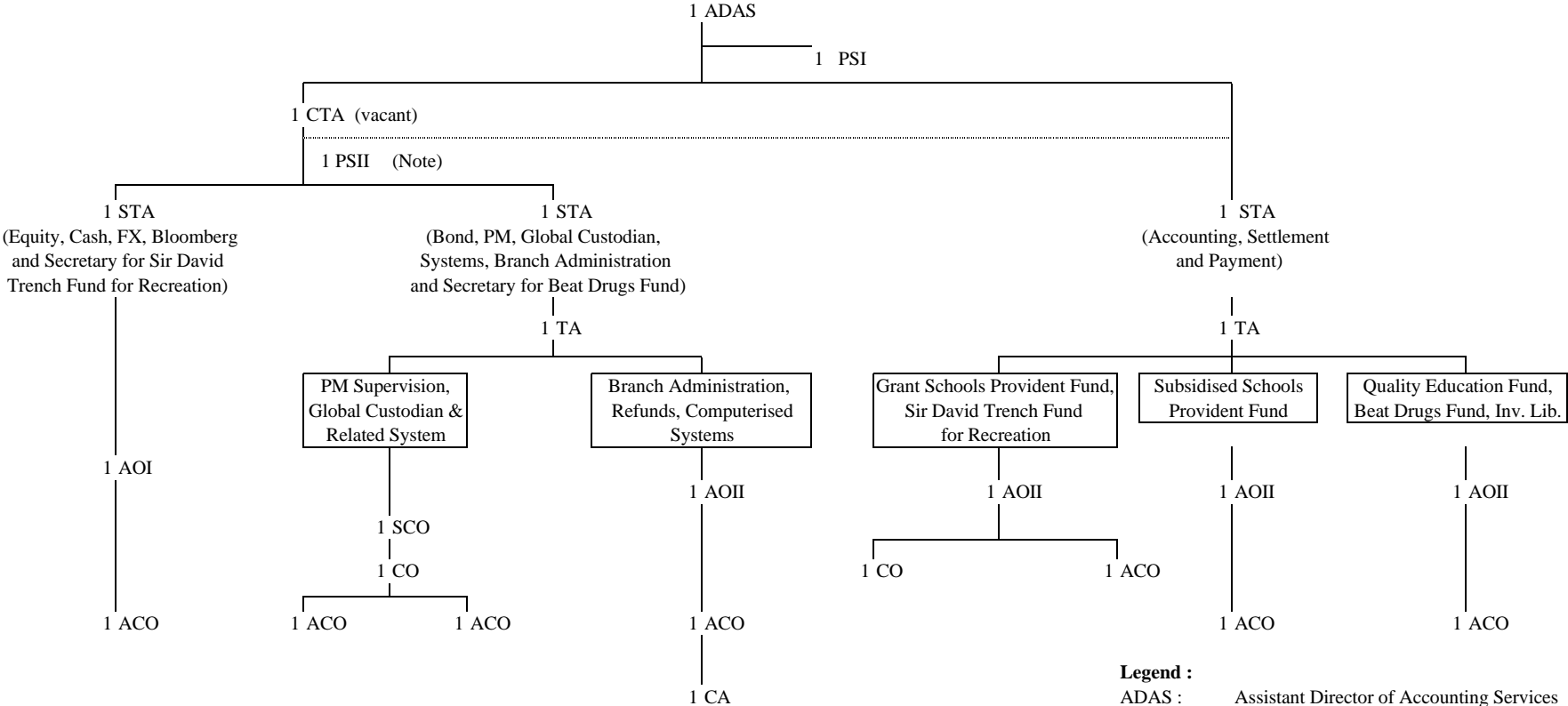
CIVIL SERVICE BUREAU COMMENTS

12. Civil Service Bureau supports the proposed deletion.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

13. The deletion of the post, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

**Existing Organisation Chart of the Provident Funds Branch
(before the deletion of one CTA post)**

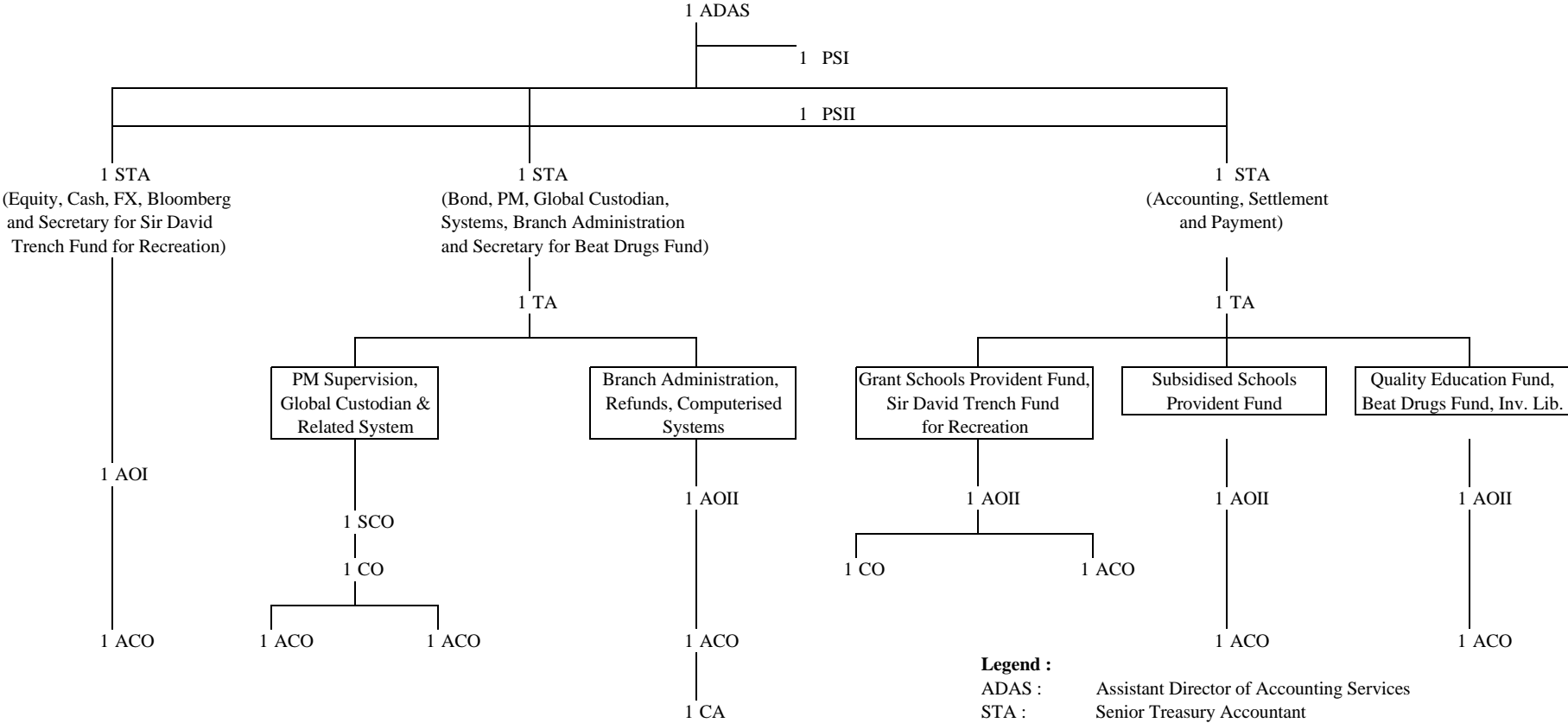


Total No. of Posts : 25

Note: As the CTA post has been vacant since September 1999, the PSII is de-facto serving the 3 STAs in the Provident Funds Branch.

- Legend :**
- ADAS : Assistant Director of Accounting Services
 - CTA : Chief Treasury Accountant
 - STA : Senior Treasury Accountant
 - TA : Treasury Accountant
 - AOI/II : Accounting Officer I/II
 - SCO : Senior Clerical Officer
 - CO : Clerical Officer
 - ACO : Assistant Clerical Officer
 - CA : Clerical Assistant
 - PSI/II : Personal Secretary I/II
 - FX : Foreign Currency
 - PM : Portfolio Manager

**Revised Organisation Chart of the Provident Funds Branch
(after the deletion of one CTA post)**



- Legend :**
- ADAS : Assistant Director of Accounting Services
 - STA : Senior Treasury Accountant
 - TA : Treasury Accountant
 - AOI/II : Accounting Officer I/II
 - SCO : Senior Clerical Officer
 - CO : Clerical Officer
 - ACO : Assistant Clerical Officer
 - CA : Clerical Assistant
 - PSI/II : Personal Secretary I/II
 - FX : Foreign Currency
 - PM : Portfolio Manager

Total No. of Posts : 24