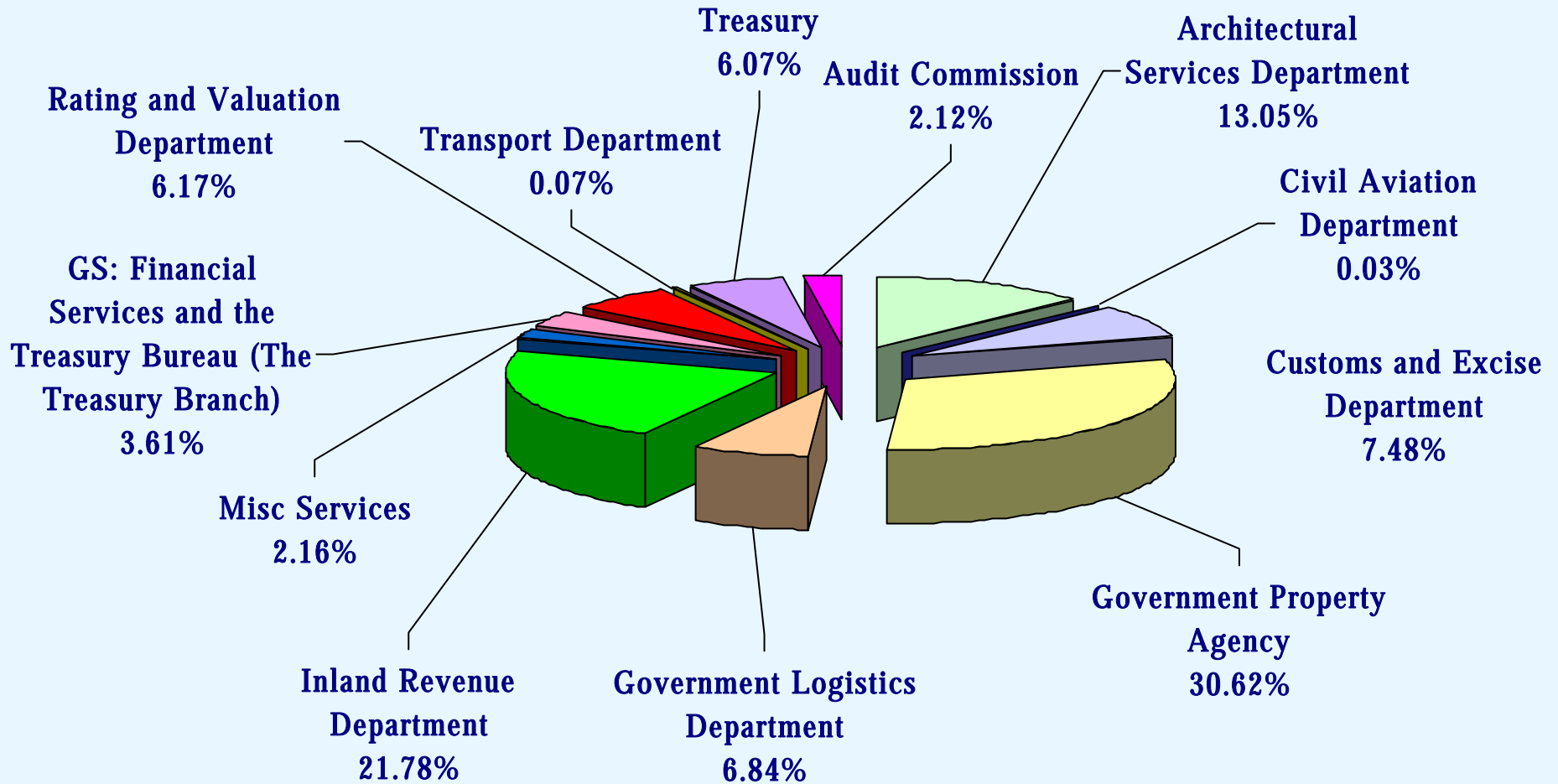
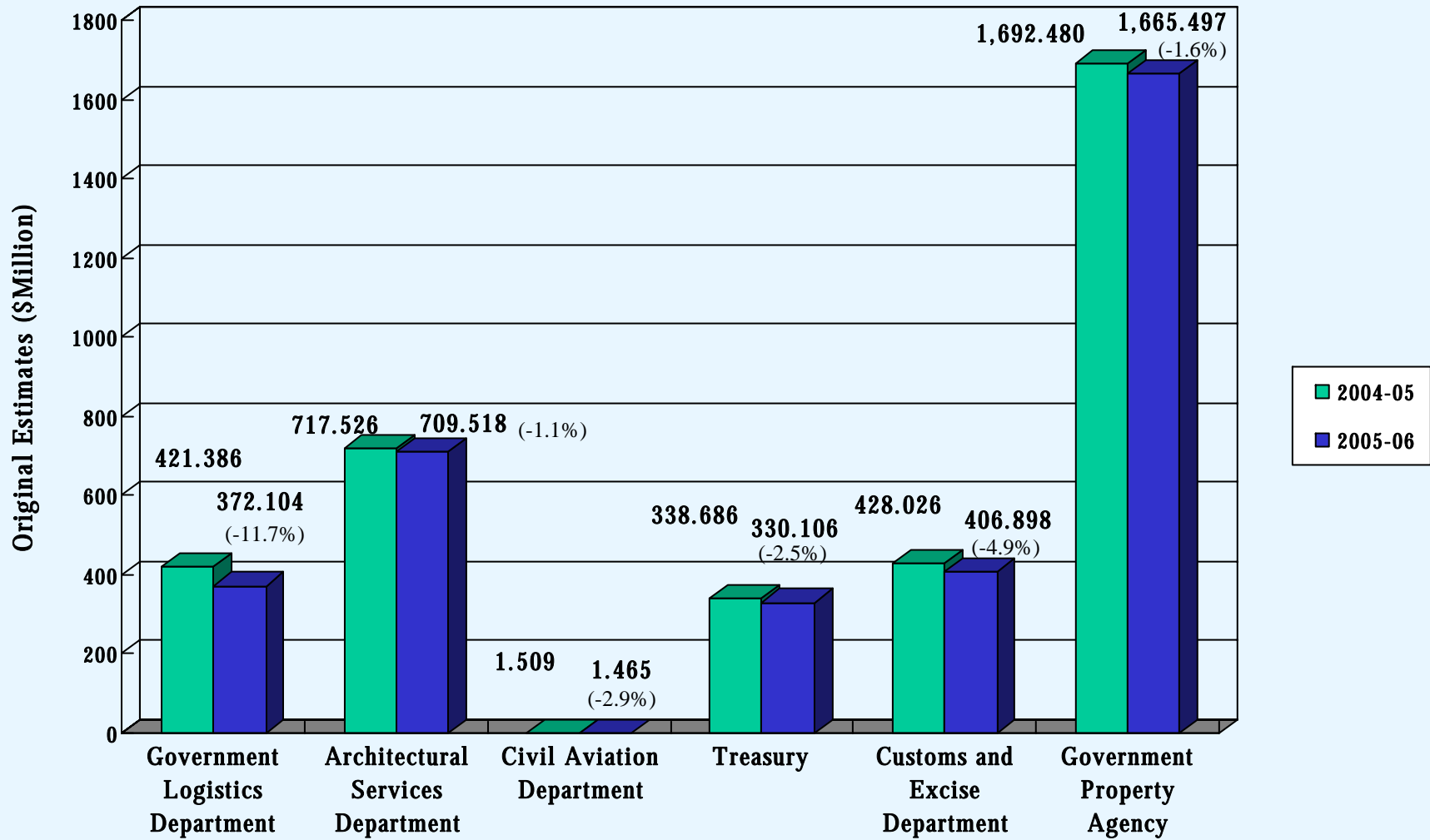


Envelope Allocation for Operating Account in 2005-06 to the Treasury Branch and its Departments

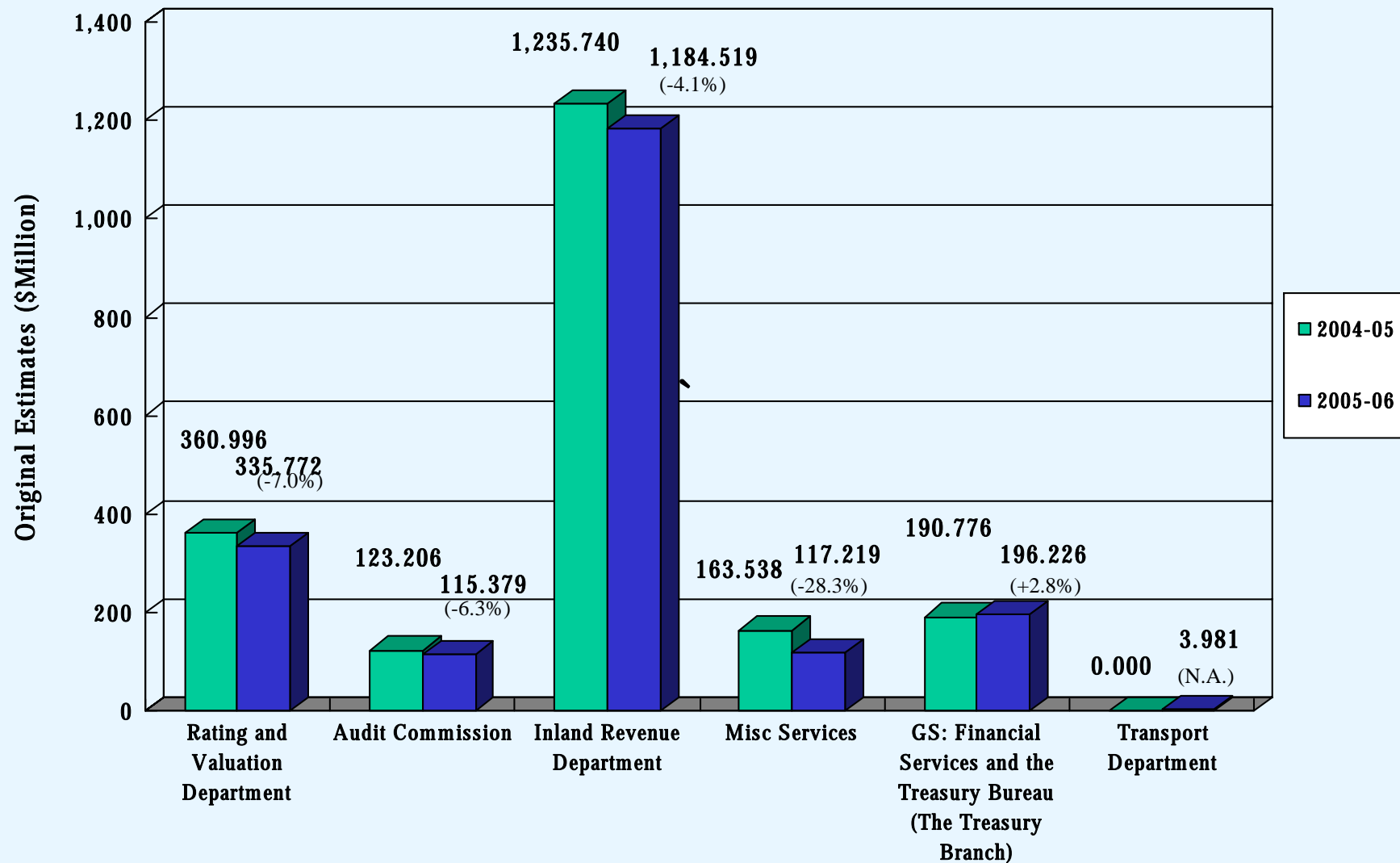


Total Allocation: \$5,439 million

Comparison between Original Estimates for Operating Account in 2004-05 and 2005-06



Comparison between Original Estimates for Operating Account in 2004-05 and 2005-06 (Cond't)



Major factors contributing to the decrease in the Operating Account in 2005-06

The estimate for operating account in 2005-06 is \$235 million less than that in 2004-05.

The saving in salaries provision in 2005-06 is \$164 million, mainly due to:

- deletion of 104 posts in 2005-06; and
- full-year effect of the deletion of 369 posts in 2004-05.

New Initiatives

- Goods and Services Tax
 - Aim to broaden our tax base
 - Public consultation to be conducted in 2005-06

New Initiatives (Cont'd)

- Personalised Vehicle Registration Mark Scheme

(Legislative amendments to be introduced into the Legislative Council)

New Initiatives (Cont'd)

- Strengthening of Hong Kong's competitiveness as an international asset management centre
 - Profit tax exemption for offshore funds
(Legislative amendments to be introduced into the Legislative Council)
 - Abolition of estate duty
(Legislative amendments to be introduced into the Legislative Council)