

**Presentation by Secretary for the Treasury
at the Special meeting of the Finance Committee
on Tuesday 21 March 2000**

Mr. Chairman,

Finance Bureau oversees two main policy areas - revenue collection and financial control, and provision of intra-governmental services. Appearing with me to-day are my three deputies and the Controlling Officers of nine revenue and service departments under these two policy areas.

2. I wish to highlight to-day some of the more important issues under my policy areas.

Enhanced Productivity Programme

3. Finance Bureau has always put great emphasis on the importance of enhanced productivity particularly within the bureau and for departments under our policy areas. I am happy to report that with the co-operation of Controlling Officers, we have made significant progress in the Enhanced Productivity Programme. Take for example, the Director of Accounting Services. Our overall target is to achieve 5% savings in our operating expenses by 2003 with at least 1% to be delivered in 2000-01. The Director of Accounting Services will not only over-achieve by offering 5.1% or \$16.9 million but deliver these in full as early as 2000-01. The Government Land Transport Administrator has delivered 4.3% for 2000-01, the Commissioner of Rating and Valuation

2.3%, the Government Property Administrator 2% and the Government Printer 1.9%.

4. I must emphasise that by being able to deliver such savings does not mean that we used to have a lot of 'fat' in our departments particularly for those under my policy areas, or we are going to cut services or offer services of a lower standard. These savings are possible through continuous efforts of the Controlling Officers in resource management which include careful scrutiny of the way things are being carried out at present and vigorous examination of better alternatives.

5. Within Finance Bureau, we are reducing our establishment from the peak of 208 in 1997 to 190 by the end of 2000-01 and ultimately to 179 by 2003 under the EPP, a reduction of 14%. This reduction is made possible through rationalising our work and better use of technology. As Members are aware, FB has taken on quite a number of new initiatives during this same period. These include implementation of EPP across the government and subvented sector, privatisation of the MTRC and the Disney Theme Park. However, we shall have to approach this Council shortly on a modest request for one supernumerary directorate post for one year to assist me on work relating to the Task Force on review of public finances and the independent committee. This job requires a dedicated full time directorate officer. I hope I will have Members' support.

Review of Public Finances

6. This lead me to the work of the Task Force and the Independent Committee to be appointed by the Financial Secretary to look specifically at the suitability of introducing new types of broad-based taxes in Hong Kong, what forms they should take and their practical implications. I wish to stress that these two organisations will consult extensively Members of this Council and members of the public.

Government Fees and Charges

7. In addition, I shall consult the Financial Services Panel shortly on how we should revise some of the government fees and charges that do not directly affect people's livelihood and most of the businesses. We are aware of Members' concerns about the cost of government services. We wish to assure Members that we will continue to push ahead with the Enhanced Productivity Programme and other efficiency improvement measures to cut costs and alleviate the pressure to increase fees as far as possible.

Initial Public Offering of MTRC shares

8. Finally, I would also like to say a few words on the progress of our preparatory work for the initial public offering of MTRC shares. The Mass Transit Railway Bill was passed by this Council on 24 February. This will be the first privatisation of a wholly government-owned public corporation in Hong Kong. Our aim is to launch the Initial Public Offering in autumn. The final decision hinges on the market conditions at the time. We need to carry out a lot of preparatory

work in the coming months. We are now selecting the Global Coordinators and Financial Advisers.

9. Mr. Chairman, this concludes my presentation. My colleagues and I are pleased to answer Members' questions.
