

**Presentation by the Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Monday 24 March 2003**

Mr Chairman,

This session is mainly on the subject of Public Finance under my Treasury Branch. The branch oversees two policy areas – revenue collection and financial control and provision of some common services to users within the Government. Appearing with me today are the Permanent Secretary and the three Deputy Secretaries of the branch and the Controlling Officers of nine departments who carry out the programmes. I would like to highlight several points before Members raise questions.

Total Provision

I have allocated about \$5,952M from my operating expenditure envelope to the Treasury Branch and its departments.

3R and 1M

Our departments are working towards reducing expenditure. However, Members may have noticed that among some of the heads under the purview of the branch, the provisions for some of them for 2003-04 exceed slightly their approved estimates for 2002-03. The additional expenditure is for special needs which have been explained in the analysis of financial provision of the respective Heads of expenditure

in the Estimates. For example, Government Land Transport Agency requires \$6M for installing diesel oxidation catalysts for government Euro I and Euro II diesel vehicles.

I also wish to draw your special attention to Head 50 Government Land Transport Agency, Head 58 Government Supplies department and Head 130 Printing Department. As part of our continuing efforts towards the 3R and IM, we have completed a review of the organisation of our logistic support departments. We intend to merge these three into a new Government Logistics Department which we plan to establish on 1 July this year. The merger will result in a net deletion of 60 civil service posts and annual savings of about \$26.47 million in recurrent staff costs. We are unable to reflect this in time for the 2003-04 Estimates. However, the proposed changes in the directorate establishment have been put to Members at the recent Establishment Subcommittee and Finance Committee meetings. I am grateful to Members' support. We are working on the details of implementation arrangements and funding provision for the new department. I sincerely look to Members for the same support when the financial proposal is submitted to the Finance Committee this May.

Mr Chairman, my colleagues and I are pleased to answer Members' questions.

Treasury Branch

March 2003