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22 July 2002

The Hon Antony LEUNG Kam-chung, GBS, JP
The Financial Secretary
Financial Secretary's Private Office
12/F West Wing
Central Government Offices
Hong Kong

Dear Mr Leung,

Planning process in relation to the 2003-04 Budget

Following the try-out of the new arrangement for presentation of the Expenditure Estimates for 2002-03 earlier this year, the Administration recently announced that the delivery of Chief Executive's next Policy Address would be deferred to January 2003 to narrow the time gap between the Policy Address and the Budget. Members are becoming very concerned about how these changes would affect the usual planning process in drawing up the annual budgets especially with the implementation of the Accountability System for Principal Officials. Questions about the arrangements for the 2003-04 Budget have been raised on quite a number of occasions, in particular at the Financial Affairs Panel meeting on 19 July 2002.

As instructed by Members, I am writing to convey to you the concerns expressed by Members regarding the preparation of the 2003-04 Budget, as follows: -

- (a) whether the standing process in preparing the Expenditure Estimates would be changed; and how the financial provisions for different policy areas would be worked out;
- (b) how far Directors of Bureau would be involved in the planning process, and in what manner they would work with the Controlling Officers in seeking the necessary funding to meet increased demand for existing services;

- (c) how far Directors of Bureau would be involved in proposing new initiatives in respect of their respective policy areas for inclusion in the Policy Address; and how funding will be determined to support these new initiatives;
- (d) whether the annual resource allocation exercise would continue to take place for the purpose of the 2003-04 Budget; and how far this exercise is related to the Policy Address to be delivered in January 2003; and
- (e) whether, how and when Legislative Council Members would be consulted on the expenditure and revenue aspects of the 2003-04 Budget.

To facilitate Members to decide how they would follow up the matter in September, I should be most grateful if you would provide information in relation to above concerns by **end August 2002**.

With best regards,

Yours sincerely,

(Ms Pauline NG)
for Secretary General

c.c. Hon Ambrose LAU, Chairman of Financial Affairs Panel