

For discussion on
17 March 2003

Legislative Council Panel on Constitutional Affairs

Budget Strategy Group

This paper provides information requested by the Panel as set out in the Clerk to Panel's letter of 12 March to the Secretary for Financial Services and the Treasury.

Membership and Terms of Reference of the Budget Strategy Group

2. The Budget Strategy Group (BSG) is chaired by the Financial Secretary. For the 2003-04 Budget, members of the BSG were the Secretary for Financial Services and the Treasury and his Administrative Assistant, Permanent Secretary for Financial Services and the Treasury (Treasury), the three Deputy Secretaries and three Principal Assistant Secretaries in the Treasury Branch of the Financial Services and the Treasury Bureau, and the Administrative Assistant and the Press Secretary to the Financial Secretary.
3. The BSG deliberates on Budget proposals, including revenue proposals, and considers drafts of the Budget Speech. It is an internal deliberation forum. There are no formal terms of reference.

When was the proposal to increase the motor vehicles first registration tax in the 2003-04 Budget considered by the BSG, and recommendation of the BSG

4. The information will be set out in the chronology of events which will be provided separately.

Whether the trade was consulted on the proposal and when was the consultation conducted

5. The Government reviews each revenue item before the annual Budget. On the Motor Vehicles First Registration Tax proposal announced in the 2003-04 Budget, the Financial Services and the Treasury Bureau started consulting the trade in July 2001. The trade gave the Bureau views on the part of the proposal on the removal of the exemptions for vehicle accessories and distributors' warranties. On tax rates, there was a suggestion from the trade that they should be reduced to mitigate the impact arising from the abolition of exemptions. Apart from the trade, during the Budget Consultations in the latter part of 2002, we received a suggestion that the tax rates should be raised appropriately.

Guidelines, if any, to assist members of BSG in prevention of conflict of interest

6. Information on such guidelines for civil servants will be provided in another paper to be provided jointly by the Civil Service Bureau and the Financial Services and the Treasury Bureau in response to the request in the Clerk to Panel's letter of 11 March 2003 to the Secretary for the Civil Service.

Financial Services and the Treasury Bureau
March 2003