

Tel : (852) 2810 2022
Fax : (852) 2840 0569

17 January 2005

Miss Salumi Chan
Clerk to Panel
Panel on Financial Affairs
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Chan,

Panel on Financial Affairs

**Briefing of the Panel on
Hong Kong Monetary Authority's Annual Budget**

Thank you for your letter of 7 January, in which you convey a suggestion from the Hon Emily Lau that the HKMA should be invited to brief the Panel on its annual budget.

As the Financial Secretary explained at the meeting of the Panel on 2 February 2004, the HKMA's annual budget is subject to careful scrutiny by the Governance Sub-Committee, endorsement by the Exchange Fund Advisory Committee, and approval by himself. The current arrangements have been effective in allowing sufficient flexibility in resource deployment for the HKMA and in providing checks and controls, while at the same time ensuring that the HKMA's operations are free from political influence. These arrangements are consistent with the provisions of the Exchange Fund Ordinance, under which the control of the Exchange Fund is vested in the Financial Secretary, in consultation with the Exchange Fund Advisory Committee.

Nevertheless, as the Panel is aware, the Governance Sub-Committee is currently reviewing the question of disclosure of the HKMA's administrative expenditure in connection with the publication of the 2004 HKMA Annual Report. The Financial Secretary will invite the Sub-Committee to consider this latest suggestion in the context of this review.

Yours sincerely,

(Shirley Yuen)
Administrative Assistant to
Financial Secretary