

**Opening Statement by Secretary for Constitutional Affairs
at Special Meeting of the Finance Committee
on 20 March 2007**

Madam Chairman,

Today, we wish to brief Members on the financial estimates of the Constitutional Affairs Bureau (CAB) and the Registration and Electoral Office (REO) in 2007-08, as well as the work priorities in the coming year. The policy areas of CAB cover constitutional development and co-ordination of Mainland affairs. We also co-ordinate the work of the Economic and Trade Offices (ETOs) in the Mainland, Beijing Office and REO.

Estimates of Expenditure of CAB

2. In 2007-08, CAB is allocated \$123.3 million, which is about 10% higher than the revised estimates for 2006-07.

3. The estimated increase is due to mainly the provision of full-year operating expenses for the new ETOs in Shanghai and Chengdu, which were established in September 2006. We have also reserved additional funds for promoting closer ties with the Mainland, for organizing and sponsoring activities to celebrate for 10th Anniversary of the Establishment of the HKSAR, as well as the promotion of the Basic Law.

Constitutional Development

Promoting discussion on the roadmap for universal suffrage

4. We will continue discussion on the models and roadmap for implementing universal suffrage, through the Commission on Strategic Development, in accordance with the Basic Law. The Commission will meet again in April. Depending on the progress made, we will summarize the discussions of the Commission on the models and roadmap for selecting the Chief Executive and for forming the Legislative Council by universal suffrage, and publish a report for public consultation.

5. The report is expected to be published around mid-2007. The public can express views on the issues relating to universal suffrage.

The 2007 Chief Executive Election

6. On the electoral front, the poll for the Chief Executive Election will be held on the coming Sunday.

The 2007 District Council Election and 2008 Legislative Council Election

7. To prepare for the 2007 District Council Election, we will adopt new measures this year, including the financial assistance scheme of \$10 per vote for candidates, and the printing of photos of candidates and emblems of the organizations which support them on ballot papers.

8. From June to July, we will launch a publicity campaign to encourage the public who are eligible to register as voters, and to remind registered voters to have their records updated by the end of August.

9. We will also commence the preparations for the 2008 Legislative Council election.

Further Development of the Political Appointment System

10. From July to November last year, we consulted the public on the Government's package of proposals on further development of the political appointment system. We have received more than 200 written submissions. A decision on the way forward will be made after the election of the third term Chief Executive.

Mainland Affairs

11. In the course of 2006/07, we have made progress in regard to Mainland affairs in the following aspects:

- (1) the establishment of the Mainland Affairs Liaison Office on 1 April last year;

- (2) the extension of the geographical coverage of Guangdong ETO to cover five provinces / region and the establishment of Immigration Division under the office;
- (3) the establishment of the Shanghai and Chengdu ETOs last September; and
- (4) corresponding adjustment to the coverage of the Beijing Office and enhancement of its functions in commercial relations and investment promotion.

12. We estimate that the expenditure for the ETOs in Guangdong, Chengdu and Shanghai will increase by \$6.9 million for the following main reasons:

- (1) to provide for full year operating expenses for the Shanghai and Chengdu ETOs; and
- (2) to provide for the organization of celebration activities for the 10th Anniversary of the Establishment of the HKSAR.

13. This year, we propose to allocate \$53 million to the Beijing Office. The Beijing Office will enhance promotion of Hong Kong in provinces, cities and autonomous regions within its coverage, and organize activities in Beijing and other areas to celebrate the 10th Anniversary of the Establishment of the HKSAR. The Office will also continue to foster close ties with the Central Government and Mainland authorities, and assist the relevant Bureaux / Departments of the HKSARG to discuss and follow up specific matters with their Mainland counterparts.

Regional Co-operation

14. On Guangdong and Hong Kong Co-operation, last year, we made substantive progress in respect of major cross-boundary infrastructure and boundary control points co-operation, facilitation of cross-boundary flow of people and cargo, environmental protection, etc. The SAR Government will continue to push forward the preparation work for the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

15. On the Pan Pearl-River Delta (PPRD) Regional Co-operation, the Chief Executive had led business delegations to visit four PPRD provinces / region in the past 12 months. Our Mainland ETOs had also assisted in organizing delegations of the financial sector to the PPRD provinces / region. Since the commencement of the PPRD co-operation in June 2004, the number of PPRD enterprises listed in Hong Kong has increased from 71 to 97 by the end of 2006.

16. In 2006 alone, there were 39 Mainland companies listed in Hong Kong, and the total capital raised amounted to a record high of more than HK\$300 billion. In the coming year, we will continue to strengthen our ties with the Mainland, and to facilitate commercial relations and investment promotion.

Basic Law Promotion

17. To further enhance public awareness and understanding of the Basic Law, we have earmarked a sum of \$8 million for organizing a series of Basic Law promotion activities. This represents an increase of \$1 million over last year's estimates.

Taiwan-related Matters

18. On Taiwan-related matters, SAR Government has, in the past few years, received quite a number of Taiwan officials, academics, as well as individuals and organizations from the political circles and different sectors in Taiwan (including those who are from both the Pan-Blue camp and Pan-Green camp). We will continue to brief Taiwan visitors through various means on the development of Hong Kong and the implementation of the "One Country, Two Systems" in the SAR.

Estimated Expenditure of the Registration and Electoral Office

19. In 2007-08, we propose to allocate \$230.1 million to REO, which is about 74% higher than the revised estimate of the previous financial year. The increase is mainly due to the expenses required for the conduct of District Council election this year and for making preparations for the 2008

Legislative Council election. It is estimated that the expenditure for the District Council election will be about \$144 million.

20. Madam Chairman, this concludes my opening remarks. If Members have any questions on the estimates of expenditures of CAB and REO, I will be pleased to answer them.

Constitutional Affairs Bureau
March 2007