

**LEGCO QUESTION NO 12 (Written Reply)**

Date of meeting: 28 May 2003

Asked by : Hon Emily Lau

Replied by : Chief Secretary for  
Administration

**Question**

In the current legislative session, the Chief Executive delivered the Policy Address in January instead of following the previous practice of delivering it in October, while the Financial Secretary still delivered the Budget in March. After reviewing this arrangement, the Executive Authorities have advised this Council that shortening the interval between the delivery of the Policy Address and the Budget to about two months is appropriate; it facilitates a more timely reflection of the Policy Address' priorities and policies in the Budget and a closer interaction between the Policy Address and budgetary processes, as well as enhances the overall efficiency of the government machinery. Therefore, they have decided that the practice for this session should continue to be adopted in the coming years. However, the Executive Authorities admit that such an arrangement may have the drawback of creating a null period of Legislative Council ("LegCo") activities between the start of a legislative session in October and the time when the Policy Address is delivered in January the following year. In this connection, will the Executive Authorities inform this Council:

- (a) of the specific justifications to prove that the delivery of the Policy Address in January instead of in October will enhance the overall efficiency of the government machinery and enable a closer interaction between the Policy Address and the Budget;
- (b) whether they have conducted an assessment to ascertain that the delivery of the Policy Address in January can benefit the public; if they have, of the assessment details;
- (c) which of the executive authorities of overseas countries do not deliver the policy addresses (or equivalent papers) at the start of a session of their legislatures; and

- (d) whether they will reconsider reverting to the previous practice of delivering the Policy Address in October each year, in order to avoid the creation of a null period of LegCo activities in the first few months of a legislative session; if not, of the justifications for that?

Reply

Madam President,

- (a) The Chief Executive delivered the first Policy Address of his second term in January 2003. The Budget remained to be published in March. Under this timetable, the time gap between the delivery of the Policy Address and the Budget is shortened from the previous about five months to two months. This timeframe enables more timely reflection of the Policy Address' priorities and policies in the 2003 Budget. Specific examples include –
- (i) the three-pronged plan to solve the deficit problem, as announced in the Policy Address, has been reflected in the 2003-04 Estimates published in the same year as well as the Medium Range Forecast; and
- (ii) the specific budgetary initiatives in line with the Policy Address announced in the Budget include the \$1 billion for grants to match certain donations to universities, a \$200 million initiatives to attract investments in the Greater Pearl River Delta and to set up offices in Hong Kong.

(b) Having reviewed the timetable for the delivery of the Policy Address and the Budget in 2003, the Administration considers that narrowing the time-gap between the Policy Address and the Budget to about two months is in the public interest because –

- (i) the Policy Address and the Budget processes are, and should be, closely inter-related. Delivering the Policy Address in January and publishing the Budget in March could narrow the time-gap between the two, thereby improving the coordination/interaction between the formulation of programmes/policies and the budgetary process, and enabling the public to benefit from early implementation of the new policies announced in the Policy Address that require new funding; and
- (ii) such close interaction between the Policy Address and the budgetary process is crucial in the coming years of fiscal consolidation. Given that resources will be even scarcer, it is all the more important that programmes/policies are formulated with regard to resources available, and budgets are formulated in a way targeting resources at the society's prevailing priorities.

During the review, the Administration has examined the pros and cons and the implications of the various options of narrowing the time gap between the delivery of the Policy Address and the Budget to about two months. Our findings are other options would involve even more major changes and

are therefore not feasible for implementation in the short to medium term. For example, if we were to change the Budget timing to December to tie in with the delivery of the Policy Address in October, not only would this option undermine the precision of our revenue estimates and lead to other practical problems, we would also have to amend the definitions of “financial year” and “assessment year” in our law. The ramifications would be enormous. It follows that delivering the Policy Address in January is the only viable option in the short to medium term, if we were to realize the benefits arising from the shortened time gap between the Policy Address and the Budget delivery.

- (c) The Administration has looked to overseas experiences in reviewing the arrangement for the delivery of the Policy Address. Given the differences in their political system, the practices for the overseas executive authorities to deliver work reports to their respective legislature vary in terms of the timing of delivery and their contents. For example –
- (i) The French Prime Minister delivers an annual declaration of general policy to the parliament but does not follow a specific timetable.
  - (ii) The German Federal Chancellor delivers his state of the union address shortly after the inauguration of a new parliament. He would address the parliament on government policies from time to time but would not necessarily deliver a policy address at the opening of

each parliamentary year.

- (iii) The Queen's Speech of the United Kingdom, though delivered at the beginning of a parliamentary session, is different in contents from our Policy Address in that the former serves to outline the government bills to be introduced into the Parliament.

Furthermore, in respect of the time gap between the Policy Address and the Budget, some countries have followed similar arrangements to those we adopted in 2003. For example, the Budget of the United States is published in about one month's time after the delivery of the President's State of the Union Address to the Congress.

Given the differences in the political systems of overseas countries, a too simplistic comparison between the arrangements in Hong Kong and the overseas practices would not be appropriate.

- (d) To address Members' concern about a possible null period that might arise before the Policy Address is delivered in January, particularly in the first session of a new term, the Chief Secretary for Administration will submit the Administration's proposed Legislative Programme at the first sitting of future legislative sessions, setting out a tentative list of government bills to be introduced, so that Members may plan their work accordingly. The Administration will also aim to introduce government bills into LegCo for Members' scrutiny as early

as possible.

In the longer term, subject to Members' agreement, and on the condition that this time gap between the delivery of the Policy Address and that of the Budget will be no more than about two months, we are prepared to consider advancing the Budget timing in order that we may revert to the previous practice of delivering the Policy Address in October.