

14 May 2003

The Honourable Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Chairman of the House Committee
Legislative Council
8 Jackson Road
Central
Hong Kong

**Future Timetable for the Delivery of
the Policy Address and Budget**

At the meeting of the House Committee on 9 May 2003, Members considered the report of the Committee on Rules of Procedure (Rules Committee) on the progress of its discussion with the Administration on the future timetable for the delivery of the Policy Address and Budget. You kindly told me at our regular meeting held on 12 May the views and concerns expressed by Members at that meeting.

I have thoroughly discussed Members' concerns with the Chief Executive. At our meeting held on 12 May, I conveyed to you the Administration's response. To facilitate your briefing the House Committee and the Rules Committee on the matter, I set out below the Administration's position -

The Chief Executive considers that the Policy Address (together with the Policy Agenda published at the same time) and the Budget should be coherent and closely inter-related. The priorities and policies announced in the Policy Address and the Policy Agenda should be reflected in the Annual Budget as soon as possible. Based on our experience in 2003, we believe that delivery of the Policy Address and that of the Budget should not be separated by more than about two months. This arrangement enables us to reflect promptly in the Budget

the priorities and policies pledged in the Policy Address and Policy Agenda, thereby enhancing the overall efficiency of policy formulation and implementation.

As we have pointed out in our paper to the Rules Committee, if we were to change the Budget timing, not only would this undermine the precision of our revenue estimates as well as leading to other practical problems, we would have to amend the definitions of “financial year” and “assessment year” in our law. The ramifications would be enormous. Taking the above into account, we do not intend, at the present stage, to change the fiscal year or the current arrangement to deliver the Budget in February/March every year. It follows that delivering the Policy Address in January is the only viable option in the short to medium term, if we were to confine the time gap between the Policy Address and the Budget to about two months. 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 shall be willing to consider advancing the Budget timing in order that the Chief Executive may revert to the previous practice of delivering the Policy Address in October.

We appreciate that some Members are concerned about a possible null period that might arise before January if we were to adopt the 2003 timetable in the coming few years (i.e. to deliver the Policy Address in January and Budget in March). To address this concern, we propose that the Chief Secretary for Administration submits 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 would also aim to introduce government bills into LegCo for Members’ scrutiny as early as possible.

It is the Chief Executive’s constitutional obligation under the Basic Law to present regular Policy Addresses to LegCo. The Chief Executive wishes to retain some flexibility as to the timing for delivering his Policy Addresses. He needs to take into account actual circumstances and practical needs at the time. We believe that, on balance, the 2003 timetable represents the best arrangement and should be adopted for the coming few years.

I have copied this letter to the Chairman of the Rules Committee so as to keep him informed. I stand ready to re-capitulate the Administration's position on this matter at my next regular meeting with the House Committee.

(Donald Tsang)
Chief Secretary for Administration

c.c. The Honourable Jasper Tsang, GBS, JP
Chairman, Committee on Rules of Procedure