

Press release

LCQ17: Timing of consultation on the 2008-2009 Budget

Wednesday, December 5, 2007

Following is a question by the Hon Emily Lau and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 5):

Question:

In early November this year, the Financial Secretary (FS) started to consult various political parties, Members of this Council and the public about their views and aspirations on the 2008-2009 Budget. Yet, I have learnt that prior to the commencement of the consultation, the Government had completed the vetting and approving of the bids submitted by bureaux and departments under the annual Resource Allocation Exercise (RAE bids). In this connection, will the Executive Authorities inform this Council:

(a) whether FS has considered if the consultation mentioned above should have commenced before completing the vetting and approving of the RAE bids; if so, whether there is a need to revise and rationalise the current arrangement; and

(b) given that the vetting and approving of the RAE bids submitted by bureaux and departments had already been completed, of the use of consulting various political parties, Members of this Council and the public on the Budget, and how the authorities will take account of their views?

Reply:

Madam President,

Since the 2003-04 financial year, the Government has adopted the "operating expenditure envelope" resource allocation approach whereby individual Bureau Secretaries may flexibly redeploy resources among policy areas under their purview, having regard to their policy objectives, in order to tackle the most pressing issues in the community. After considering resource allocation proposals from the Bureau Secretaries, the Financial Secretary issues

the operating expenditure envelopes for the next financial year to the Bureau Secretaries at around October each year. The Financial Secretary will also take into account the views collected during the Budget consultation period as well as the latest Medium Range Forecast conducted in the early part of the following year in order to decide how the Draft Estimates should reflect the accepted views. On the question raised by Hon Emily Lau, our reply is as follows:

(a) Before issuing the operating expenditure envelopes, the Financial Secretary has obtained an understanding of the service demands of the community through the proposals from individual Bureau Secretaries. Furthermore, he will carefully consider all submissions given directly to him in preparing the Budget.

(b) All the views and suggestions relating to Government expenditure received from the Legislative Council and all sectors of the community will be passed to the relevant policy bureaux for consideration of how the resources within their operating expenditure envelopes should be distributed to individual Heads of Expenditure in order to reflect the accepted views and suggestions. The Financial Secretary may also consider the need to adjust individual operating expenditure envelopes. On proposals relating to government revenue, the Financial Secretary will study all such proposals and consider whether those suggestions should be reflected in the Estimates for the following financial year.

Ends