

## **Press release**

LCQ19: Appropriation Bill 2013

Wednesday, May 29, 2013

Following is a question by Dr Hon Lam Tai-fai and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (May 29):

Question:

After the Appropriation Bill 2013 (the Bill) received its Second Reading on April 24, 2013, this Council forthwith went into committee of the whole Council to consider the 710 Committee stage amendments (CSAs) proposed mainly by four Members. These four Members stated unequivocally that the purpose of their proposing a large number of CSAs was to "filibuster" the Bill and force the Government to accede to their demands. After meeting the Financial Secretary (FS) in the afternoon of May 10, the four Members were determined to continue with their filibuster. All the proceedings on the Bill were finally completed on May 21. In this connection, will the Government inform this Council:

- (a) whether it has assessed the additional government expenditure brought about by the filibuster; if it has, of the details; if not, the reasons for that;
- (b) whether it has assessed the specific impacts of the filibuster on the operation of various government departments; if it has, set out in detail the departments affected and the impacts (including those relating to service provision and additional expenses caused, etc.); if not, of the reasons for that;
- (c) during the 16-day period between the commencement of the filibuster and the day on which FS met with the four Members, whether the Government had lobbied these Members and directly explained to them the consequences and impacts if the Bill was not passed by the deadline; if it had, of the details of those official(s) who had undertaken such task, as well as the date(s) and time, venue(s) and format(s) of such meeting(s); if not, the reasons for that;
- (d) whether it has assessed the impacts of the filibuster on the relationship between the Executive Authorities and the Legislature; if it has, of the details; if not, the reasons for that;

(e) whether the Chief Executive (CE) had in person lobbied the Members who filibustered, and urged them to withdraw some or all of their CSAs; if not, of the reasons for that;

(f) whether it has assessed the extent to which people from various sectors of the community supported the filibuster, as well as the responses of various political parties/groups to the filibuster; if it has, of the details; if not, the reasons for that;

(g) given that CE, when attending this Council's Question and Answer Session on May 9 this year, had indicated that the filibuster would bring negative impacts particularly on the needy of society, and also obstruct the Government's implementation of those relief measures put forward in the 2013-2014 Budget, whether the authorities can set out the details of such relief measures and the amounts involved;

(h) given that CE, at the aforesaid Question and Answer Session, had indicated that if the Bill could not be passed in time, it would have inestimable impacts on the finances, people's livelihood and operation of the whole community, whether the Government had, before those Members commenced the filibuster, explained to the public and Members of this Council what "inestimable" impacts the filibuster would have; if it had, of the details; if not, the reasons for that;

(i) given that CE, at the aforesaid Question and Answer Session, had indicated that if the Bill could not be passed by this Council by May 15, there would be serious consequences comparable to facing a "fiscal cliff", and the Bill was passed by this Council several days later than the time specified by the Government, of those serious consequences that CE had referred to and whether the "fiscal cliff" has occurred;

(j) whether it had approached the President of the Legislative Council (LegCo) with regard to the four Members' filibustering and requested him to put an end to the filibuster; if it had, of the details; if not, the reasons for that; and

(k) whether it had known in advance that the President of LegCo was to announce the arrangements for ending the filibuster on the morning of May 13; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to the question on the Appropriation Bill 2013 is set out in the ensuing paragraphs:

The Financial Secretary introduced the Appropriation Bill 2013 into the Legislative Council (LegCo) on February 27, seeking funding for the day-to-day operations of the Government and subvented organisations, the provision of welfare services to the public and the implementation of the various initiatives proposed in the Budget.

The LegCo passed the Vote on Account Resolution on March 20 to provide funding for the Government to carry on its services prior to the passage of the Appropriation Bill 2013. If the passage of the Bill is not secured by mid-May as scheduled, there would be a funding shortfall for some 60 bureaux/departments at different times in June, and various public services, including medical, education, law enforcement, judicial and other livelihood-related services, would be affected.

The total funding made available through the Vote on Account Resolution does not include funding required for new initiatives or individual measures not yet discussed by the LegCo. Arising from the delayed passage of the Appropriation Bill, the implementation of the various budget initiatives which require specific approval from the Finance Committee of the Legislative Council, including the various one-off relief measures and injections for specific funds, would be unduly delayed. Such proposals include granting electricity charges subsidy; paying two months' rent for public housing tenants; providing an extra month's allowance to recipients of Comprehensive Social Security Assistance, Old Age Allowance, Old Age Living Allowance and Disability Allowance; as well as making injections to the Language Fund, Community Care Fund and Environment and Conservation Fund.

The Appropriation Bill seeks to provide resources for all the public services. The appropriations are the main source of income for over one million welfare recipients, hundreds of thousands of staff of subvented organisations and civil servants, and thousands of service providers and their staff. Undue delay in the passage of the Bill will thus impose tremendous pressure on the overall economy, the consumption sentiment as well as individual families, with dire consequences.

As a matter of fact, more than 700 Committee stage amendments were proposed by individual Members in mid-April, and the Government has made use of various means and channels to explain to all LegCo Members (including those who

"filibustered") and the general public the necessity of passing the Bill by mid-May and the consequences of delay in the passage due to the filibuster.

The Financial Secretary wrote to the President of the LegCo on April 18, expressing the vital importance of the timely passage of the Appropriation Bill 2013. On the same day, the Secretary for Financial Services and the Treasury wrote to the Secretary General of the LegCo, setting out the Administration's views on the Committee stage amendments. On April 19, the Secretary for Financial Services and the Treasury and the Treasury Branch wrote to the LegCo Secretariat respectively explaining the need to ensure passage of the Appropriation Bill by mid-May, as well as analysing the implications of the Committee stage amendments.

The Financial Secretary wrote to all LegCo Members on May 9, appealing to them to expedite their scrutiny of the Bill and support its passage by mid-May. He also invited the four "filibustering" Members to meet on May 10 but for the three who came, he explained the reasons for denying the two requests raised by them and earnestly requested them not to delay the passage of the Bill, having regard to the overall interests of the community. Moreover, the Chief Executive and various Principal Officials have indeed expressed on different occasions that delay in the passage of the Appropriation Bill might have serious impact on the economy, society and international reputation of Hong Kong and the livelihood of Hong Kong people. They urged the LegCo to pass the Bill as soon as possible.

The Government respects the LegCo's powers to scrutinise and approve the Appropriation Bill. Since the introduction of the Bill into the LegCo on February 27 and up to May 21, the Government has rendered full support to the LegCo in the scrutiny process by, among other things:

- (a) replying to a total of 5 471 initial written questions and 277 supplementary questions (a new record high) raised by Members in the special meetings of the Finance Committee (FC);
- (b) attending 20 sessions (totalling about 31.5 hours) of special meetings of the FC;
- (c) deliberating and analysing the implications of over 700 amendments and offering views to the LegCo; and
- (d) attending a total of about 133 hours of the debating and scrutinising process spanning over a period of 16 days during April 24 to May 21 (a new record high).

To cope with the funding shortfall from June onwards in the event of the failure to pass the Bill in mid-May, all bureaux and departments have been requested to review the cash flow positions for May and June in respect of the 83 heads of expenditure under their control for drawing up contingency measures.

The Appropriation Bill was eventually passed on May 21. The Government will complete the necessary statutory, administrative and accounting processes and provide funds to government departments and public organisations as soon as possible, with a view to minimising any interruption to the provision of public services. However, there may still be a slight delay in providing the regular subvention payments to organisations like the Hospital Authority and the eight publicly-funded universities which fall due in early June.

Ends