

Press release
LCQ5: Appropriation Bill 2014
Wednesday, April 30, 2014

Following is a question by Dr Hon Lam Tai-fai and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (April 30):

Question:

A number of Members of this Council submitted a total of 1 917 Committee stage amendments (CSAs) to the Appropriation Bill 2014 (the Bill) and some of them also stated unequivocally that they would "filibuster" during the scrutiny process with the intention of forcing the Government to accede to their demands, including distribution of \$10,000 to each member of the public and implementation of a universal retirement protection scheme. This Council starts dealing with the CSAs to the Bill at the meeting today. In this connection, will the Government inform this Council:

(1) given that last year, the Financial Secretary had met with Members who initiated a filibuster, whether the Government has lobbied the aforesaid Members this year, urging them to withdraw some or all of their CSAs and explaining to them (i) the consequences and impacts of failure to pass the Bill before the deadline, and (ii) the justifications for the Government not distributing \$10,000 to each member of the public and not implementing a universal retirement protection scheme this year; if it has, of the details of the post titles of the officials who had undertaken the lobbying task, the dates and time, venues and formats of the meetings with those Members, as well as the contents of their discussions; if not, the reasons for that;

(2) whether it has assessed the amount of additional public expenditure that will be caused by the filibuster; if it has, of the details, if not, the reasons for that;

(3) whether it has assessed the specific impacts of the filibuster on the operation of various government departments; if it has, of the departments that will be affected and the relevant impacts (including those relating to service provision and additional expenditure caused, etc.); if not, the reasons for that;

(4) of the relief measures put forward in the 2014-2015 Budget the implementation of which by the Government will be hindered by the filibuster, as well as the amounts involved in those measures;

(5) 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;

(6) whether it has assessed the perception of people from various sectors of the community on the filibuster, including their impressions of the Government and this Council, as well as the responses of various political parties to the filibuster; if it has, of the details; if not, the reasons for that;

(7) whether it has requested the President of the Legislative Council to "put an end to the filibuster"; if it has, of the details; if not, the reasons for that;

(8) as the Secretary for Financial Services and the Treasury has pointed out that the funds on account provided can only meet around two months' operating expenses of the Government, whether it has assessed when the Government will face a "fiscal cliff" and what specific situation that Hong Kong will face when the Bill is not yet passed by the end of May this year; whether there are measures in place to avert a fiscal cliff; if there are, of the details; if not, the consequences of that; and

(9) whether it has formulated corresponding plans to deal with the situation that the Bill could not be passed by this Council by the end of May this year; if it has, of the details, and whether it will consider seeking vote on account again; if it will, when it will submit the application; if not, the reasons for that?

Reply:

President,

My consolidated reply to the question on the Appropriation Bill 2014 is set out in the ensuing paragraphs:

The Financial Secretary introduced the Appropriation Bill 2014 into the Legislative Council (LegCo) on February 26, 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 19 to provide funding

for the Government to carry on its services prior to the passage of the Appropriation Bill 2014. The funds on account in the interim period would only be sufficient to enable Government to meet its operating expenses for about two months. If the passage of the Bill is not secured by mid-May as scheduled, we expect that there would be a funding shortfall for many bureaux/departments at different times in June, and various public services, including medical, education, welfare, environmental protection, law and order and livelihood-related services, would be affected.

The total funding made available through the Vote on Account Resolution in general does not cover payment for new initiatives or new measures not yet deliberated by the LegCo. With the delayed passage of the Appropriation Bill, the implementation of the various Budget initiatives and funding proposals which require specific approval from the Finance Committee of the LegCo would be unduly delayed. Such proposals include:

- (a) \$3.7 billion for one month's public housing rental relief and one extra month's standard rate/allowance under Comprehensive Social Security Assistance, Old Age Living Allowance, Old Age Allowance, and Disability Allowance;
- (b) \$1 billion injection into the Qualifications Framework Fund;
- (c) \$400 million injection into the Partnership Fund for the Disadvantaged;
- (d) \$130 million for manpower training and development programmes for the retail industry;
- (e) \$144 million for a pilot training and support scheme under the Vocational Training Council for industries with keen demand for labour; and
- (f) \$100 million for a scholarship scheme to subsidise undergraduate places for secondary school graduates with multi-faceted excellence.

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 pressure on the overall economy, the consumption sentiment as well as numerous families, with dire consequences.

As a matter of fact, more than 1 900 Committee Stage Amendments (CSAs) in total were proposed by individual Members in early April (the President of the LegCo ruled that 1 192 CSAs were admissible afterwards), and the Government has made use of various means and channels to explain to all LegCo Members and the general public the necessity of passing the Bill by mid-May and the consequences of delay in the passage due to filibuster.

The Secretary for Financial Services and the Treasury wrote to the Secretary General of the LegCo on April 9, setting out the Administration's views on the CSAs, as well as analysing the implications of the CSAs. The Financial Secretary also wrote to the President of the LegCo on April 17, expressing the vital importance of the timely passage of the Appropriation Bill 2014, and explaining the need to ensure passage of the Bill by mid-May.

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 26 and up to April 29, the Government has rendered full support to the LegCo in the scrutiny process by, among other things:

- (a) replying to a total of 6 600 initial written questions and 232 supplementary questions (a new record high) raised by Members in the special meetings of the Finance Committee;
- (b) attending 20 sessions (totalling about 30 hours) of special meetings of the Finance Committee; and
- (c) analysing the implications of CSAs proposed by Members and setting out the Government's position to the LegCo.

To cope with the funding shortfall from June onwards in the event of the failure to pass the Bill in mid-May, we have requested all bureaux and departments to closely review the cashflow positions for May and June in respect of the 83 heads of expenditure under their control for drawing up contingency measures. Based on experience in last year, there may be delay in providing the regular subvention payments to organisations like the Hospital Authority and the eight publicly-funded universities etc. These organisations may need to deploy their reserves to maintain their daily operations.

The LegCo will proceed to the Committee stage of the Appropriation Bill 2014 on April 30. With 1 192 CSAs to the Bill, we are concerned that the scrutiny will take longer time than last year to complete. We will continue to explain to Members of the Council about the importance of the passage of the Bill by mid-May to seek their support for its early passage, so that public services will not be seriously disrupted.

Several Members repeated their last year's tactic to filibuster and delay the passage of the Bill in order to demand the Administration to accede to their requests, such as the giving of "cash handouts" to everyone and the implementation of universal retirement protection. We can hardly accept such tactic. In formulating policies, the Government needs to go through detailed deliberations and assessments, and forge consensus among the community at large. We will not yield to the pressure of filibuster and bargain with these Members over their demands, nor will we introduce policies in such haste.

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