



財政司司長 陳茂波
Paul CHAN Mo-po, GBS, MH, JP
Financial Secretary

26 April 2017

The Hon Andrew LEUNG Kwan-yuen, GBS, JP
President
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear President,

Appropriation Bill 2017

I welcome your ruling on 25 April 2017 that 557 out of the 742 Committee stage amendments (CSAs) proposed by 20 Members of the Legislative Council (LegCo) to the Appropriation Bill 2017 were inadmissible. Notwithstanding Government's principled objection under Article 74 of the Basic Law to CSAs on the Appropriation Bill, I appreciate that the ruling has significantly reduced the impact of frivolous and meaningless CSAs on the proceedings of the Bill.

However, with 185 CSAs remaining admissible and requiring further processing, I still feel obliged to underline the importance of the timely passage of the Appropriation Bill 2017.

中華人民共和國香港特別行政區政府財政司司長辦公室
Office of the Financial Secretary of the Hong Kong Special Administrative Region Government
People's Republic of China

Impact on public services

The early passage of the 2017 Appropriation Bill is conducive to the timely implementation of new initiatives announced in the 2017 Policy Address and the 2017-18 Budget. These include the following **recurrent** measures –

- (a) enhancing the Old Age Living Allowance (OALA),
- (b) lowering the eligibility age for the Elderly Health Care Vouchers from 70 to 65,
- (c) increasing the annual subvention for the Hospital Authority (HA) to strengthen healthcare services, and
- (d) establishing a tax policy unit to help ensure our tax system is internationally competitive, conducive for industry development and able to provide Hong Kong with sufficient revenue to meet its needs.

The new initiatives also include the following **non-recurrent** funding proposals to be implemented upon the passage of Appropriation Bill 2017 -

- (a) \$3.5 billion for one extra month's standard rate/allowance under Comprehensive Social Security Assistance (CSSA), OALA, Old Age Allowance (OAA) and Disability Allowance (DA);
- (b) \$500 million for the Seventh Matching Grant Scheme for the self-financing post-secondary education sector;
- (c) \$300 million for the subsidy for property owners to participate in Smart Tender scheme.

In addition to the new measures, the Appropriation Bill is essential to ensure the **continued provision of a full range of public services**, including -

- (a) welfare payments, including CSSA, OALA, OAA, DA and Low-income Working Family Allowance;
- (b) education services;
- (c) public healthcare services, including those operated through HA;
- (d) administration of justice and legal aid services;
- (e) maintenance and enforcement of law and order;
- (f) upkeeping of environmental hygiene and food safety;
- (g) provision of employment services, as well as cultural, sports and leisure facilities and programmes;
- (h) contractual obligations, including payment for purchase of water, refuse collection, street cleansing and road maintenance; and
- (i) funding commitments for subvented organisations, including non-governmental welfare organisations, aided schools, etc.

Early passage of the Bill

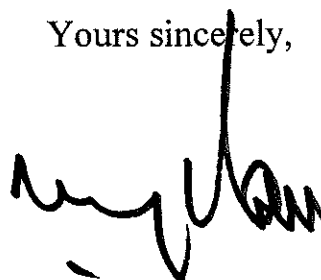
The interim funding sought under the Vote on Account Resolution would only be sufficient to sustain Government's operating expenditure for the months of April and May. Scheduled payments due in June would be affected if the Appropriation Bill 2017 could not be passed by mid-May 2017.

I sincerely hope that with the much-reduced number of admissible CSAs this year, the Council could duly complete its deliberations and voting on the Appropriation Bill by **mid-May**. This would avoid unnecessary service disruptions caused by Government's contingency measures for coping with the funding shortfall, such as deferring scheduled payments to major subvented organizations, changing the payment cycles for Trading Funds, and delaying settlement of bills and virement of funds amongst Heads of expenditure, etc.

Way forward

The Financial Services and the Treasury Bureau stands ready to work closely with you and the Secretariat in facilitating the timely processing of the Appropriation Bill 2017.

Yours sincerely,



(Paul MP Chan)
Financial Secretary