

LC: SFST's speech in moving Vote on Account Resolution

Following is the English translation of a speech by the Secretary for Financial Services and the Treasury, Mr James Lau, in moving the Vote on Account Resolution in the Legislative Council today (March 18):

President,

I move that the motion, as printed on the Agenda, be passed.

The purpose of this motion is to seek funds on account to enable the Government to carry on its services between the start of the financial year on April 1, 2020 and the time when the Appropriation Ordinance 2020 comes into operation. This is a long established and essential procedure. The specific arrangements also follow those of recent years.

According to the Budget timetable this year, the Legislative Council will resume the Second Reading Debate of the Appropriation Bill 2020 at its meeting on April 29, 2020. As such, the Appropriation Ordinance 2020 would not come into operation before April 29, 2020. To ensure that Government will not need to halt public services, including services closely related to people's livelihood such as education, social welfare, healthcare and security due to the lack of funds when the new financial year starts on April 1, 2020, we need to propose this motion.

The funds on account sought under each subhead in accordance with the fourth paragraph of the resolution have been determined with reference to the relevant provisions in the 2020-21 Estimates of Expenditure. The initial amount of funds on account under each head which has incorporated requirements at subhead level is provided in the form of a footnote to this speech. In gist, the proposed funds on account should be able to cope with around two months of the Government's operational requirements. The aggregate amount of funds on account is \$215,865,713,000 before the Appropriation Ordinance 2020 comes into operation. This represents around 34% of the total appropriation of \$627,233,901,000 under the Appropriation Bill 2020. Due to the irregular and lumpy nature of the non-recurrent subheads, 100% of their provisions as shown in the draft Estimates is sought. Hence, an increase in funding for the non-recurrent expenditure in the 2020-21 financial year has led to an increase in the percentage of total funds on account sought against the total appropriation.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not exceed the provision for that subhead in the 2020-21 Estimates of Expenditure. To enhance transparency and in line with the established practice, we will report to the Finance Committee of this Council if the Financial Secretary has exercised this

authority to meet necessary requirements.

The Government has to make payments for a large number of expenditure items every day. Taking the first week between April 1 and April 7 of the 2020-21 financial year as an example, numerous government expenditure items to be settled during the week include:

- (a) subvention payments of around \$6.2 billion to the Hospital Authority;
- (b) payments for the Comprehensive Social Security Assistance and Social Security Allowance totalling around \$1.3 billion to about 120 000 families and 140 000 individuals respectively;
- (c) grants of around \$1.7 billion to UGC-funded universities;
- (d) subvention payments of around \$800 million to the Vocational Training Council;
- (e) subsidies of around \$700 million to about 760 kindergartens; and
- (f) pension gratuities of around \$800 million to retired civil servants.

There are also other expenses such as salaries of contract staff as well as accounts payable to suppliers.

It takes at least two to three working days for government departments and banks to process a large number of payments made by autopay. It also takes some days to complete the statutory procedures after passage of the Vote on Account resolution including the gazettal process and procedures for issuance of the Vote on Account warrant, so that the Government can make payments starting from April 1 as usual.

In order to ensure that Government has the necessary resources to continue those services provided to the public, I urge Members to support the motion today. In fact, failure to secure the passage of the Vote on Account resolution in a timely manner would pose a real and serious threat to the continued operation of the Government. It would create anxieties amongst the public sector, the subvented sector, the business sector and ultimately the entire community which counts on the services and funding support from the Government.

The vote on account will be subsumed under the Appropriation Ordinance 2020 upon its enactment and commencement.

President, I beg to move.