

**立法會**  
**Legislative Council**

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**Paper for the House Committee**

**Report of the Subcommittee on  
Proposed Resolution under Section 7(1) of the  
Public Finance Ordinance (Cap.2)**

**Purpose**

This paper reports on the deliberations of the Subcommittee on Proposed Resolution under Section 7(1) of the Public Finance Ordinance (Cap.2) (PFO).

**Background**

2. Under section 7(1) of PFO, the Legislative Council (LegCo) may, in advance of an Appropriation Ordinance, by resolution authorize expenditure for the services of the Government in respect of a financial year to be charged on the General Revenue. Such a resolution is commonly known as the Vote on Account which covers expenditure to be charged to the General Revenue Account only. Other expenditure to be charged to the Capital Works Reserve Fund and other Funds will not be covered. Pursuant to this arrangement, the Secretary for Financial Services and the Treasury (SFST) gave notice on 13 February 2008 to move a motion seeking funds on account for the 2008-2009 financial year at the Council meeting on 5 March 2008.

**The proposed resolution**

3. The purpose of the proposed resolution is to seek funds on account to enable the Government to carry on existing services from the start of the financial year on 1 April 2008 to the enactment of the Appropriation Ordinance 2008. As stipulated in paragraph 1 of the proposed resolution, the aggregate total sum sought under all heads is \$90,989,010,000.

4. Similar to the practice in past years, the funds on account sought under each subhead are calculated in percentage terms by reference to the provision shown in the Estimates of Expenditure 2008-09 laid before the Council on 27 February 2008. The

percentages are determined in accordance with paragraph 4 of the proposed resolution. The effect of paragraph 4 is that except where there is a different percentage stipulated in the Schedule to the proposed resolution, the maximum percentage in respect of an Operating Account Recurrent subhead is 20% and in respect of an Operating Account Non-recurrent subhead or Capital Account subhead, 100%.

5. Paragraph 3 of the proposed resolution stipulates that, in respect of any head, the expenditure shall not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head. Under paragraph 4 of the proposed resolution, the Financial Secretary (FS) is empowered to vary the fund on account in respect of any subhead, provided that the varied amount does not exceed the provision shown in respect of that subhead in the Estimates of Expenditure.

6. Under section 7(3) of PFO, upon the Appropriation Ordinance coming into operation, the expenditure charged on the General Revenue pursuant to the Vote on Account resolution shall be set off against the amounts respectively provided in the Appropriation Ordinance 2008. Section 7 of PFO is at **Appendix I**.

### **The Subcommittee**

7. At the House Committee meeting held on 22 February 2008, Members decided to form a subcommittee to study the proposed resolution. In consideration of the time-critical nature of the proposed resolution, Members also agreed that as an exceptional arrangement, the Administration would not be requested to withdraw the notice for moving the proposed resolution at the Council meeting on 5 March 2008. The membership list of the Subcommittee is at **Appendix II**. Under the chairmanship of Hon James TO Kun-sun, the Subcommittee has held two meetings with the Administration.

### **Deliberations of the Subcommittee**

8. In principle, the Subcommittee does not object to providing funds on account to enable the Government to carry on existing services prior to the enactment of the Appropriation Ordinance 2008. Nevertheless, members have raised concerns on a number of policy and legal issues arising from the proposed resolution.

#### Approach in seeking funds on account

#### *Computation of interim funding required*

9. Members note that the monetary amount of funds being sought under the proposed resolution is calculated by reference to the Estimates of Expenditure for the coming financial year which was laid before the Council on 27 February 2008, 14 days after the notice given by SFST to move the proposed resolution. This has posed considerable difficulties in the scrutiny of the proposed resolution in that members are not in a position to ascertain the details of the monetary amount of funds being sought

and the purpose/nature of the expenditure in respect of the subheads before the Estimates of Expenditure 2008-09 were tabled at the Council meeting on 27 February 2008.

10. To better understand how Hong Kong compares with other jurisdictions in its approach in seeking funds on account, members have considered the interim budgetary arrangements of selected overseas jurisdictions (at **Appendix III**). Two main approaches are discerned from the available information:

- (a) In the case of the United Kingdom and Australia, the amount of funding is a percentage of the "approved" Estimates instead of the "draft" Estimates of Expenditure
- (b) If the amount is based on the "draft" Estimates of Expenditure as in the case of Canada and New Zealand, their approach is to introduce the bill on interim budgetary arrangement after tabling the "draft" Estimates of Expenditure to the legislature.

In this connection, members note that the approach adopted in Hong Kong is none of the above and differs from those practised by these jurisdictions. While the funds sought are based on the "draft" Estimates of Expenditure, the notice to move the motion on the Vote on Account resolution is given before such Estimates are tabled at the Council.

### *Scrutiny period*

11. Since there are only seven days between the tabling of the Estimates 2008-09 and the consideration of the proposed resolution in the Council, the Subcommittee has also found its scrutiny work being subject to an extremely tight timeframe as shown in the following timetable :

Date on which SFST gave notice to move the proposed resolution	Decision by House Committee to form a subcommittee to study the proposed resolution	Dates on which the Subcommittee held meetings	<b>Date of Council meeting at which the proposed resolution is moved</b>
13 February 2008	22 February 2008	29 February 2008; 3 March 2008	<b>5 March 2008</b>

12. The Subcommittee has looked into past time-gaps between the gazettal of the Appropriation Bill and the passage of the Vote on Account resolution (**Table 2 in Appendix IV**) since 1975. It has been observed that the time-gap narrowed from 21 days in 1975 to 14 days between the mid-1970s and the 1980s, and further to 12 days in the 1990s up to 2001 and seven days in recent years. This means that there was a longer scrutiny period between 1975 and 2001. At least from 1975 to about 1989,

the "draft" Estimates of Expenditure were actually available to Members when the notice of the Vote on Account resolution was given.

*Suggestions for improvements*

13. To facilitate LegCo's consideration of proposed resolutions seeking funds on account in future, the Subcommittee has asked the Administration to examine ways to improve the current arrangement. Specific suggestions include :

- (a) calculating the amount of funds on account on the basis of the approved Estimates of the current year; or
- (b) giving notice to move the proposed resolution after the Estimates of Expenditure for the coming financial year has been laid before the Council. Members are aware that section 5(1) of PFO (at **Appendix I**) does not prevent the Administration from tabling the Estimates prior to the giving of notice and the timing is therefore a matter at the discretion of the Administration.

14. The Subcommittee notes the Administration's explanation that the Estimates of Expenditure for the coming financial year are unlikely to be finalized before early February each year. The Administration normally moves the motion on the Vote on Account resolution not later than the last but one LegCo meeting before the close of the current financial year in order to ensure that funds are voted before the start of the next financial year. Nevertheless, the Administration will take into account the suggestion to give notice to move the motion after the Estimates of Expenditure for the coming year has been laid before the Council having regard to the need to provide sufficient notification period for moving the motion.

15. On the feasibility of calculating the funds on account with reference to the approved Estimates of the current year, the Administration has referred to section 7(2) of PFO which stipulates, inter alia, that expenditure charged on the General Revenue under the resolution shall be arranged in accordance with the heads and subheads shown in the Estimates of Expenditure laid under section 5, which is for the next following financial year. As such, the Administration is of the view that the funds on account being sought has to be prepared on the basis of the "draft" Estimates for the next financial year. Apart from the statutory requirement, the Administration has highlighted that from time to time, there may be reorganization in the Government resulting in changes in heads and subheads in the Estimates of Expenditure. Therefore, it may not be appropriate to work out the funding on the basis of the Estimates of the current year as it may not truly reflect the funding requirements under the respective heads and subheads in the following financial year. For example, the reorganization of the policy bureaux in July 2007 has resulted in the creation of two new heads of expenditure in 2008-09 while two other heads will be deleted.

Amount of funds on account being sought

16. The Subcommittee notes that the funding sought under the proposed resolution is to cover the expenditure of the Government for the two months of April and May 2008, based on the timetable that the Third Reading of the Appropriation Bill will take place at the Council meeting on 23 April 2008. The aggregate total sum being sought this year, i.e. \$90,989,010,000, represents a significant increase as compared to \$55,269,264,000 for the 2007-2008 financial year. On members' concern about the reasons for the increase, the Administration has explained that this is mainly due to the rise in expenditure in Operating Account Non-recurrent subheads from \$8,598,910,000 last year to \$41,052,622,000 this financial year.

17. In this connection, members note that FS has announced in the 2008-09 Budget a number of new initiatives such as the one-off grant of \$18 billion to establish a Research Endowment Fund, the Electricity Charge Subsidy costing about \$4.3 billion, \$8.5 billion earmarked for one-off injection into employees' Mandatory Provident Fund schemes etc. Given that not all the initiatives are to be implemented during the initial months of the new financial year and to provide a more realistic picture on the funding required, members have asked the Administration to consider seeking funds on account for only those urgent or essential non-recurrent items, instead of applying the 100% funding formula invariably on all non-recurrent subheads.

18. The Subcommittee has also noted that the general rules governing the appropriations sought under the Vote on Account has undergone changes since 1975. **Table 1 in Appendix IV** traces the changes from 1975-1976 to 1981-1982, and lists out the interim budgetary arrangements in these two financial years and 2008-2009 for comparison purposes. While the Administration has all along used 20% as the funding formula for recurrent expenditure items, it is noted that the application of this percentage has been relaxed over the years to cover all Operating Account Recurrent subheads, i.e. inclusive of funding for new posts in both directorate and non-directorate ranks. As regards non-recurrent expenditure subheads, members also note that there has been a change from seeking funds on account in respect of approved commitments to the current practice of seeking funding for 100% of the provision for all non-recurrent expenditure subheads which also include provisions to meet funding for initiatives under planning. Question has therefore been raised on whether it is appropriate to seek 100% of such provision if the intention is to cover the Government's expenditure for some two months.

19. Noting members' concern, the Administration has agreed to take into consideration the suggestion of seeking funding in respect of urgent or essential items only when determining funds on account in future. Regarding the 100% funding formula, the Administration has advised that due to the irregular and lumpy nature of the Non-recurrent and Capital Account subheads, 100% of their provisions as shown in the draft Estimates is sought. This percentage has been adopted since at least 1982 and has in the past appropriately met the interim funding requirements. Nevertheless, the Administration agrees to examine the appropriateness of the 100% funding

formula and whether a lower funding proportion should be adopted for the purpose of working out funds on account for non-recurrent expenditure subheads.

### Use of the funds on account

#### *Legal basis for changes to the Estimates of Expenditure*

20. In the course of examining the need for seeking 100% funding for non-recurrent expenditure subheads, members have noted that for Head 106 Miscellaneous Services alone, a total provision of over \$40.78 billion has been included as "Additional commitments" in Subhead 251 and Subhead 789 for initiatives under planning. Members have raised the question of whether FS can utilize the funding direct from these two subheads after the passing of the Vote on Account resolution. Members have also taken the opportunity to examine the legal basis for seeking approval of the Finance Committee (FC) for utilizing the funds on account when FC's approval is only required for changes to the "approved estimates of expenditure" under PFO.

21. According to the Administration's legal advice, FS is not required to seek approval of FC for expenditure of the funds on account in accordance with PFO after the passing of the resolution and before the enactment of the Appropriation Ordinance **except** where he proposes to make any change to the expenditure approved under the resolution. If it is necessary to make such a change, approval of FC is required for the change under section 8 (1) of PFO (at **Appendix I**). Regarding members' query on whether there exists any "approved estimates of expenditure" as stipulated in section 8(1) of PFO pending the enactment of the Appropriation Ordinance, the Administration's view is that by virtue of section 7(2) of PFO, estimates approved under a resolution are regarded as though they were the approved estimates of expenditure. Hence, section 8 of PFO is applicable. The Subcommittee's legal adviser also shares the view that there is no requirement under PFO for the Administration to seek FC's approval for expending the respective sums of money charged to the General Revenue in accordance with the resolution passed under section 7(1). However, FC's approval will be required if a sum under a certain head of expenditure is to be charged to a different head of expenditure.

#### *Funding for items under Head 106 Miscellaneous Services*

22. Regarding the discretion to utilize the funding under Subheads 251 and 789 of Head 106, the Subcommittee has studied the Controlling Officers' Report on Head 106 at **Appendix V**. Members note that expenditure under this Head is for items which cannot be charged to other heads of expenditure. Subheads 251 and 789 are identified as "Additional commitments" and as they stand, do not define clearly the purpose or scope of the expenditure. However, paragraphs 2 and 4 of the "Details of Expenditure by Subhead" do provide descriptions of some of the initiatives under planning. While it seems clear from such formulation in the Estimates that the sums under Subheads 251 and 789 can only be used as and when approval is given by FC for those initiatives to be charged to the relevant subheads under the specific policy areas, members remain concerned about FS's discretion under PFO to charge the

funding for new initiatives direct to these subheads. Hon James TO Kun-sun has stated his view that this is possible, given that the proposed uses of the provision under Subhead 789 have already been stated in paragraph 4 of the "Details of Expenditure by Subhead". He is concerned that approval by FC may be bypassed as a result.

23. In this regard, the Administration confirms that the Administration has never charged any expenditure to the additional commitments subheads under Head 106, no matter during the period of the Vote on Account, or after the Appropriation Ordinance has been enacted. The Administration reassures members that the actual expenditure for the new initiatives will not be charged to Head 106 direct. It will transfer the required funding from Head 106 to the respective heads and subheads. Hence, FC's approval is required.

***Paragraph 4 of the proposed resolution***

24. The Subcommittee has noted that it is stipulated in paragraph 4 of the proposed resolution that FS is empowered to vary the fund on account in respect of any subhead, provided that the varied amount does not exceed the provision shown in respect of that subhead in the Estimates. As the exercise of such power is not subject to any condition explicitly specified in the proposed resolution, members are concerned whether the proposed power is too wide. The Administration's explanation is that this clause has been included in past resolutions and the variation in funding, if any, is still subject to 100% of the proposed provision of that subhead and not exceeding the total sum set out in paragraph 1 of the proposed resolution. The Subcommittee considers that this power given to FS to vary the fund on account has made the percentage terms set out in the proposed resolution quite meaningless. It therefore questions the need and appropriateness of this clause in the proposed resolution and urges the Administration to provide more detailed background information on this clause, including its intended purpose and legislative effect.

**Recommendations**

25. The Subcommittee has no objection to the proposed resolution to be moved by SFST on 5 March 2008. Due to the limited time available for scrutiny and the fact that the various policy and legal issues arising from the proposed resolution may have longer-term implications on the arrangement of seeking funds on account, the Subcommittee has requested that SFST, when moving the motion on the Vote on Account resolution on 5 March 2008, should give an undertaking to follow up members' concerns:

- (a) To make reference to evolving past practice and critically review the existing arrangement for seeking funds on account, including the suggestion of giving notice to move the motion on the Vote on Account resolution after the Estimates of Expenditure for the coming financial year have been laid before the Council, and including in the proposed

resolution information on the subheads for which funds on account are being sought (paragraphs 9 to 14);

- (b) To review whether the existing funding formula should continue; and in respect of non-recurrent expenditure subheads, to consider seeking funds on account for urgent or essential items only and to examine whether a funding proportion of lower than 100% should be adopted (paragraphs 16 to 19);
- (c) To confirm that the Administration does not have the legal authority to charge any expenditure to the additional commitments subheads under Head 106 and that when reallocating the funds under these subheads (notably Subheads 251 and 789) to other subheads under specific policy areas, approval of FC will have to be sought (paragraphs 22 to 23);
- (d) To provide more detailed information on the background, purpose and effect of the last part of paragraph 4 of the proposed resolution relating to FS's power to vary the funds on account in respect of any subhead and to consider the need or otherwise to include the clause in future (paragraph 24).

26. The Subcommittee has further agreed that the Administration should report the outcome of its follow-up actions and the proposed way forward to the relevant Panel in time for implementing the necessary changes to address the concerns raised by the Subcommittee before the next financial year

### **Advice sought**

27. Members are invited to note the Subcommittee's recommendations.



**Sections 5 to 8 of Public Finance Ordinance (Cap.2)**

Chapter: 2	Title:	PUBLIC FINANCE ORDINANCE	Gazette Number:
Section: 5	Heading:	<b>Annual estimates</b>	Version Date: 30/06/1997

PART II

THE ESTIMATES OF REVENUE AND EXPENDITURE, AND APPROPRIATION

(1) The Financial Secretary shall cause to be prepared in each financial year estimates of the revenue and expenditure of the Government for the next following financial year, and shall cause such estimates to be laid before the Legislative Council before or as soon as practicable after the commencement of the financial year to which they relate.

(2) Subject to subsection (3), the estimates of revenue and expenditure shall be in such form as the Financial Secretary may from time to time direct.

(3) The estimates of expenditure shall-

(a) classify expenditure under heads and subheads with the ambit of each head described;

(b) in respect of each head show the estimated total expenditure, the provision sought in respect of each subhead, the establishment of posts (if any), and the limit (if any) to the commitments which may be entered into in respect of expenditure which is not annually recurrent; and

(c) specify the controlling officer designated in respect of each head and subhead under section 12.

(4) Where there is a requirement under any enactment that expenditure be met from the general revenue, provision for such expenditure shall be included in the estimates of expenditure for the purposes of this Part, but without prejudice to the validity or effect of any such requirement.

Chapter: 2	Title:	PUBLIC FINANCE ORDINANCE	Gazette Number:
Section: 6	Heading:	<b>Approval of estimates of expenditure and appropriation</b>	Version Date: 30/06/1997

(1) The heads contained in the estimates of expenditure for a financial year shall be included in an Appropriation Bill which shall be introduced into the Legislative Council at the same time as the estimates.

(2) Upon the enactment of the Appropriation Ordinance the estimates of expenditure for the financial year to which the Ordinance relates shall be deemed to be approved to the extent that they are provided for in the Ordinance and shall have effect from the first day of such financial year.

(3) Expenditure for the financial year on the services of the Government shall, subject to this Ordinance, be arranged in accordance with the heads and subheads and be limited by the provision in each subhead shown in the estimates of expenditure as approved or as may subsequently be changed from time to time in accordance with section 8.

Chapter: 2	Title:	PUBLIC FINANCE ORDINANCE	Gazette Number:
Section: 7	Heading:	<b>Authorization of expenditure in advance of appropriation</b>	Version Date: 30/06/1997

(1) The Legislative Council may, in advance of an Appropriation Ordinance, by resolution authorize expenditure for the services of the Government in respect of a financial year to be charged on the general revenue, in accordance with this Ordinance and subject to such limitations and conditions as may be specified in the resolution.

(2) Expenditure charged on the general revenue pursuant to a resolution under this section shall be arranged in accordance with the heads and subheads shown in the estimates of expenditure laid under section 5 and the provisions of this Ordinance shall, for the purposes of this subsection and subject to such conditions and limitations as may be specified in the resolution, apply to such estimates as though they were the approved estimates of expenditure.

(3) Expenditure charged on the general revenue pursuant to a resolution under this section shall be set off against the amounts respectively provided in the Appropriation Ordinance upon the same coming into operation.

Chapter: 2	Title:	PUBLIC FINANCE ORDINANCE	Gazette Number:	68 of 1999
Section: 8	Heading:	<b>Changes to the approved estimates of expenditure</b>	Version Date:	01/07/1997

Remarks:

Adaptation amendments retroactively made - see 68 of 1999 s. 3

(1) Subject to this section, no changes shall be made to the approved estimates of expenditure except with the approval of the Finance Committee upon a proposal of the Financial Secretary.

(2) Without limiting the generality of subsection (1) such changes may provide for all or any of the following matters-

- (a) the creation of new heads or subheads;
- (b) supplementary provision in approved or new subheads;
- (c) variations in the establishments of posts;
- (d) increases in the limit to the commitments which may be entered into in respect of expenditure which is not annually recurrent.

(3) The Finance Committee may delegate to the Financial Secretary the power to approve changes subject to such conditions, exceptions and limitations as are specified in the delegation.

(4) The Financial Secretary, where a delegation by the Finance Committee under subsection (3) so provides, and subject to such conditions, exceptions and limitations as are specified in the delegation, may further delegate his power to approve changes to any public officer.

(5) A delegation to any public officer under subsection (4) shall be subject to such further conditions, exceptions and limitations as the Financial Secretary may specify.

(6) Nothing in subsection (1) shall be construed as limiting or affecting-

- (a) the power of the Chief Executive to make any proposal, or allow or direct any proposal to be made, to the Legislative Council, the object or effect of which is to require a change to the approved estimates of expenditure; or (Amended 68 of 1999 s. 3)

(b) a requirement under any enactment that expenditure be met from the general revenue.

(7) The Financial Secretary shall cause such changes to be made to the approved estimates of expenditure as are necessary in respect of any-

- (a) approval given under subsection (1), (3) or (4);
- (b) expenditure pursuant to a proposal referred to in subsection (6)(a); or
- (c) requirement referred to in subsection (6)(b) not otherwise provided for by approval under this section.

(8) The Financial Secretary shall at the end of each quarter of the financial year or as soon as practicable thereafter-

- (a) report to the Finance Committee changes made to the approved estimates of expenditure in that quarter upon approval by him or by any public officer pursuant to a delegation under subsection (3) or (4), as the case may be; and
- (b) table in the Legislative Council a summary of all changes made to the approved estimates of expenditure in that quarter under this section.

(9) Without prejudice to section 9, expenditure in respect of which a change to the approved estimates is made under this section shall be charged on the general revenue notwithstanding that there has been no appropriation in respect thereof by an Appropriation Ordinance.

**Subcommittee on Proposed Resolution under Section 7(1) of the  
Public Finance Ordinance (Cap.2)**

**Membership list**

<b>Chairman</b>	Hon James TO Kun-sun
<b>Members</b>	Hon CHAN Kam-lam, SBS, JP Hon SIN Chung-kai, SBS, JP Hon Emily LAU Wai-hing, JP
	(Total : 4 Members)
<b>Clerk</b>	Miss Polly YEUNG
<b>Legal Adviser</b>	Mr Timothy TSO
<b>Date</b>	29 February 2008

## INFORMATION NOTE

### Interim budgetary arrangements in selected places

#### 1. Background

1.1 In Hong Kong, the Public Finance Ordinance (Cap. 2) provides for the Government to seek approval from the Legislative Council (LegCo) for expenditure on services between the start of the new financial year and the enactment of the Appropriation Ordinance. The purpose of this information note is to provide the Subcommittee on Proposed Resolution under Section 7(1) of the Public Finance Ordinance (Cap. 2) with information on similar arrangements in the United Kingdom, Australia, Canada and New Zealand. The relevant interim budgetary arrangements in the places studied are summarized in the **Table** below.

**Table – Overview of interim budgetary arrangements in Hong Kong, the United Kingdom, Australia, Canada and New Zealand**

	<b>Hong Kong</b>	<b>The United Kingdom</b>	<b>Australia</b>	<b>Canada</b>	<b>New Zealand</b>
Financial year	<ul style="list-style-type: none"> <li>1 April to 31 March.</li> </ul>	<ul style="list-style-type: none"> <li>1 April to 31 March.</li> </ul>	<ul style="list-style-type: none"> <li>1 July to 30 June.</li> </ul>	<ul style="list-style-type: none"> <li>1 April to 31 March.</li> </ul>	<ul style="list-style-type: none"> <li>1 July to 30 June.</li> </ul>
Submission of the annual expenditure plan to the legislature	<ul style="list-style-type: none"> <li>Estimates laid before LegCo before or as soon as practicable after the commencement of the financial year to which they relate.</li> </ul>	<ul style="list-style-type: none"> <li>Main Estimates presented to Parliament around the start of the new financial year (within five weeks of the Chancellor's Budget Statement).</li> </ul>	<ul style="list-style-type: none"> <li>Normally in May.</li> <li>Budget may be presented at another time, traditionally in August, if a general election prevents it from being delivered in May.</li> </ul>	<ul style="list-style-type: none"> <li>Main Estimates tabled on or before 1 March.</li> </ul>	<ul style="list-style-type: none"> <li>Normally in May.</li> </ul>
Timing of the passage of the Appropriation Bill	<ul style="list-style-type: none"> <li>Usually not later than April or May.</li> </ul>	<ul style="list-style-type: none"> <li>Sometime in July when Royal Assent is given to the Appropriation Act.</li> </ul>	<ul style="list-style-type: none"> <li>Before the start of the financial year if followed the "May budget timetable".</li> <li>October or November if followed the "August budget timetable".</li> </ul>	<ul style="list-style-type: none"> <li>Typically around June.</li> </ul>	<ul style="list-style-type: none"> <li>Normally within three months of the presentation of the Budget.</li> </ul>

**Table – Overview of interim budgetary arrangements in Hong Kong, the United Kingdom, Australia, Canada and New Zealand (cont'd)**

	<b>Hong Kong</b>	<b>The United Kingdom</b>	<b>Australia</b>	<b>Canada</b>	<b>New Zealand</b>
Interim budgetary arrangement	<ul style="list-style-type: none"> <li>• Vote on Account.</li> </ul>	<ul style="list-style-type: none"> <li>• Vote on Account.</li> </ul>	<ul style="list-style-type: none"> <li>• Nil for the "May budget timetable".</li> <li>• Interim budgetary arrangement (Supply Bills) is required for the "August budget timetable".</li> </ul>	<ul style="list-style-type: none"> <li>• Interim Supply Bill<sup>(1)</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• First Imprest Supply Bill<sup>(2)</sup>.</li> </ul>
Presentation of the interim budgetary arrangement to the legislature	<ul style="list-style-type: none"> <li>• Presented to LegCo in February and passed before the start of the financial year.</li> </ul>	<ul style="list-style-type: none"> <li>• Presented to Parliament in November before the start of the new financial year on 1 April.</li> <li>• Vote on Account must be agreed by 6 February before the start of the new financial year on 1 April.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduced and passed in April or May.</li> </ul>	<ul style="list-style-type: none"> <li>• Usually introduced in mid-March after tabling the Main Estimates on or before 1 March.</li> <li>• Funds sought under the Interim Supply Bill must be approved not later than 26 March.</li> </ul>	<ul style="list-style-type: none"> <li>• Usually introduced in June after tabling the Budget in May.</li> <li>• Funds sought under the First Imprest Supply Bill are usually approved in June.</li> </ul>

Notes: (1) When the Main Estimates are tabled in the House of Commons, they are referred to various Standing Committees which must report back to the House on their reviews of the Estimates. To provide for ongoing operations while the Main Estimates are under review, the Treasury Board of Canada Secretariat prepares an Interim Supply Bill. See Treasury Board of Canada Secretariat (2008c).

(2) Imprest Supply Bills are normally passed twice a year. The first Imprest Supply Bill covers all spending areas until the Appropriation Bill is passed. The second Imprest Supply Bill covers all additional expenses and capital expenditure after the passage of the Appropriation Bill.



**Table – Overview of interim budgetary arrangements in Hong Kong, the United Kingdom, Australia, Canada and New Zealand (cont'd)**

	<b>Hong Kong</b>	<b>The United Kingdom</b>	<b>Australia</b>	<b>Canada</b>	<b>New Zealand</b>
Computation of the appropriations required	<ul style="list-style-type: none"> <li>For 2008-2009, funds sought under Vote on Account are calculated in percentage terms by reference to the provision shown in the Estimates of Expenditure 2008-2009.</li> <li>A maximum percentage of:               <ol style="list-style-type: none"> <li>20% for Operating Account Recurrent subhead; and</li> <li>100% for Operating Account Non-Recurrent subhead or Capital Account subhead.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Around 45% of the previous financial year's net resources and net cash provision are covered by the Votes on Accounts<sup>(3)</sup>.</li> <li>For 2008-2009, funds sought under Vote on Account are around 45% of 2007-2008's net resources and net cash provision.</li> <li>Net resources represent current expenditure, while net cash provision incorporates the amounts required for capital expenditure, and to settle provisions for long-term liabilities, as well as to finance current expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>The appropriations set out in the Supply Bills usually represent a pro-rata extrapolation of the previous year's annual appropriations to cover the five-month period<sup>(4)</sup>.</li> <li>Supply Bill (No.1) covers salaries and administrative expenses while Supply Bill (No.2) provides for capital expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>The amounts granted for the Interim Supply Bill are expressed in twelfths of the amount to be voted in the Main Estimates<sup>(5)</sup>.</li> <li>The Interim Supply Bill covers both operating and capital expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>The amounts sought under the first Imprest Supply Bill usually provide interim appropriations for one-sixth (two months' worth) of the relevant appropriation sought for the current year<sup>(6)</sup> with adjustment for uneven timing and risks.</li> <li>The first Imprest Supply Bill authorizes the incurring of expense and capital expenditure in anticipation of a formal appropriation by an Appropriation Act.</li> </ul>

Notes: (3) The amounts sought should normally be sufficient to ensure that funding is not exhausted before the Appropriation Act is passed, but not so high as to pre-judge Parliament's consideration of the Main Estimates.

(4) The amounts sought in the Supply Bills should cover all spending areas from the start of the financial year on 1 July until the Budget is passed in October or November.

(5) The amounts sought in the Interim Supply Bill should cover the needs of the public service from the start of the new financial year to the date on which the Appropriation Bill is passed. Funds sought for the 2007-2008 Interim Supply Bill are based on the 2007-2008 Main Estimates.

(6) For example, funds sought under the 2007-2008 first Imprest Supply Bill is based on the annual appropriations included in the 2007-2008 estimates.

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**Table 1 – General rules governing the appropriations sought under the Vote on Account resolution**

	1975-1976	1981-1982	2008-2009
Annually Recurrent Personal Emoluments subheads	<ul style="list-style-type: none"> <li>The funds on account sought should be 20% of the provision entered in the Estimates.</li> <li>Expenditure should be limited to the funds on account, and might be incurred only on those posts already approved.</li> <li>The Resolution should also seek retention of those supernumerary posts retained in the Estimates.</li> </ul>	<ul style="list-style-type: none"> <li>The funds on account sought should be 20% of the provision in the Estimates.</li> <li>Expenditure should be limited to the funds on account, and might be incurred only on those posts already approved, or on new posts in non-directorate ranks created by Controlling Officers.</li> <li>The Resolution would seek the retention of those directorate supernumerary posts retained in the Estimates.</li> </ul>	<ul style="list-style-type: none"> <li>A maximum percentage of 20% for Operating Account Recurrent subhead.</li> </ul>
Annually Recurrent Other Charges subheads	<ul style="list-style-type: none"> <li>The funds on account sought should be 20% of the provision entered in the Estimates, apart from exceptional cases detailed in the Resolution.</li> <li>Expenditure should be limited to the funds on account, and departments might not commit more than 50% of the provision entered in the Estimates.</li> <li>No funds on account should be sought for subheads appearing in the Estimates for the first time, unless they are a continuation of subheads approved by Special Warrant in the previous financial year.</li> </ul>	<ul style="list-style-type: none"> <li>General rules virtually the same as those adopted for 1975-1976, except without the requirement that "no funds on account should be sought for subheads appearing in the Estimates for the first time, unless they are a continuation of subheads approved"<sup>(1)</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>A maximum percentage of 20% for Operating Account Recurrent subhead.</li> </ul>

Note: (1) According to the *Estimates of Expenditure 1981-82*, the general rule for Annually Recurrent Other Charges subheads is: "[a]part from exceptional cases detailed in the Resolution, the funds on account sought will be 20% of the provision entered in the Estimates. Expenditure will be limited to funds on account, and departments may not commit more than 50% of the provision entered in the Estimates."

**Table 1 – General rules governing the appropriations sought under the Vote on Account resolution (cont'd)**

	<b>1975-1976</b>	<b>1981-1982</b>	<b>2008-2009</b>
Special Expenditure subheads (i.e. Capital Expenditure subheads and Non-Recurrent expenditure subheads)	<ul style="list-style-type: none"> <li>Funds on account should be sought only in respect of provision entered in the Estimates in respect of outstanding balances on approved commitments carried over from the previous financial year. Expenditure should be limited to such provision.</li> </ul>	<ul style="list-style-type: none"> <li>Funds on account might be sought in respect of the total provision entered.</li> </ul>	<ul style="list-style-type: none"> <li>A maximum percentage of 100% for Operating Account Non-Recurrent subhead or Capital Account subhead.</li> </ul>
Public Works Non-Recurrent subheads	<ul style="list-style-type: none"> <li>Funds on account should be sought only in respect of provision entered under subheads brought down from the previous financial year.</li> <li>Contracts should not be entered into and expenditure should not be incurred against new subheads not already approved.</li> </ul>	<ul style="list-style-type: none"> <li>Funds on account would be sought in respect of the total provision entered.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

**Table 2 – Timing of gazettal of the Appropriation Bill and the passage of the Vote on Account resolution**

<b>Year</b>	<b>Gazettal of the Appropriation Bill (A)</b>	<b>Passage of Vote on Account Resolution (B)</b>	<b>Number of days elapsed between (A) and (B)</b>
1975	26 February 1975	19 March 1975	21 days
1976	25 February 1976	10 March 1976	14 days
1977	2 March 1977	16 March 1977	14 days
1978	1 March 1978	15 March 1978	14 days
1979	28 February 1979	14 March 1979	14 days
1980	27 February 1980	12 March 1980	14 days
1981	25 February 1981	11 March 1981	14 days
1982	24 February 1982	10 March 1982	14 days
1983	23 February 1983	9 March 1983	14 days
1984	29 February 1984	14 March 1984	14 days
1985	27 February 1985	13 March 1985	14 days
1986	26 February 1986	12 March 1986	14 days
1987	25 February 1987	11 March 1987	14 days
1988	2 March 1988	16 March 1988	14 days
1989	1 March 1989	15 March 1989	14 days
1990	2 March 1990	14 March 1990	12 days
1991	1 March 1991	13 March 1991	12 days
1992	28 February 1992	11 March 1992	12 days
1993	26 February 1993	10 March 1993	12 days
1994	25 February 1994	9 March 1994	12 days
1995	24 February 1995	8 March 1995	12 days
1996	1 March 1996	13 March 1996	12 days
1997	7 March 1997	19 March 1997	12 days
1998	13 February 1998	4 March 1998	19 days
1999	26 February 1999	10 March 1999	12 days
2000	3 March 2000	15 March 2000	12 days
2001	2 March 2001	14 March 2001	12 days
2002	6 March 2002	13 March 2002	7 days
2003	5 March 2003	19 March 2003	14 days
2004	10 March 2004	17 March 2004	7 days
2005	16 March 2005	16 March 2005	0 day
2006	22 February 2006	1 March 2006	7 days
2007	28 February 2007	7 March 2007	7 days



## Head 106 — MISCELLANEOUS SERVICES

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**Controlling officers:** expenditure under this Head will be accounted for as follows—

Permanent Secretary for Financial Services and the Treasury (Treasury) (Subheads 251, 284, 689 and 789)  
 Chief Executive, Hong Kong Monetary Authority (Subhead 821)

<b>Estimate 2008–09</b> .....	<b>\$40,888.0m</b>
<b>Commitment balance</b> .....	<b>\$109.3m</b>

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### Controlling Officers' Report

***Aim***

Expenditure under this Head is for items which cannot properly be charged to other heads of expenditure. It covers compensation for settlement of claims against the Government and certain ex-gratia payments, and contribution to the Asian Development Fund.

2 Provision is also made for additional commitments to meet unavoidable expenditure that may arise during the year in excess of the amounts provided under other heads of expenditure, but which cannot at present be determined and allocated with precision.

3 These subheads contribute to the following Policy Areas—

<i>Subhead</i>	<i>Policy Area</i>	<i>Responsible Officers</i>
251, 284, 689 and 789	25: Revenue Collection and Financial Control	Secretary for Financial Services and the Treasury
821	1: Financial Services	Chief Executive, Hong Kong Monetary Authority

## Head 106 — MISCELLANEOUS SERVICES

Sub-head (Code)	Actual expenditure 2006-07	Approved estimate 2007-08	Revised estimate 2007-08	Estimate 2008-09
	\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>				
Recurrent				
251	Additional commitments.....	—	4,199,873	3,958,181
284	Compensation .....	60,176	70,000	70,000
	Write-offs#.....	114	1,200	—
	Difference in exchange# .....	—	10,000	6,000
	Other miscellaneous items# .....	54	500	120
	Refunds of revenue# .....	15,115	30,500	—
	Total, Recurrent.....	75,459	4,312,073	93,980
Non-Recurrent				
789	Additional commitments.....	—	5,196,905	36,829,923
821	Contribution to the eighth replenishment of the Asian Development Fund.....	11,670	17,815	17,815
	Contribution to the sixth replenishment of the Asian Development Fund.....	5,134	1,561	1,561
	Contribution to the seventh replenishment of the Asian Development Fund.....	23,893	11,116	11,299
	Total, Non-Recurrent.....	40,697	5,227,397	30,675
	Total, Operating Account .....	116,156	9,539,470	124,655
<b>Capital Account</b>				
Plant, Equipment and Works				
689	Additional commitments.....	—	85,972	9,594
	Total, Plant, Equipment and Works.....	—	85,972	9,594
	Total, Capital Account.....	—	85,972	9,594
	Total Expenditure .....	116,156	9,625,442	124,655
		<b>40,887,954</b>		

# For greater financial accountability and to streamline the accounting arrangement, the provisions for these subheads under Head 106—Miscellaneous Services will be re-distributed to individual heads of expenditure with effect from 2008-09. The actual expenditure in 2006-07 and revised estimate for 2007-08 are shown here for completeness.

## Head 106 — MISCELLANEOUS SERVICES

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### Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for miscellaneous expenditure which cannot properly be charged to other heads of expenditure is \$40,887,954,000.

#### *Operating Account*

##### Recurrent

2 Provision of \$3,958,181,000 under *Subhead 251 Additional commitments* is to meet funding for initiatives under planning, which may include extraordinary payments under the Comprehensive Social Security Assistance Scheme and the Social Security Allowance Scheme, and transport supplement for eligible persons with disabilities. The provision is also for meeting any unavoidable recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates, but which cannot at present be determined and allocated with precision. When, from time to time during the year, additional provision chargeable to other heads of expenditure is approved, an equivalent amount will be deducted/drawn from this subhead unless savings can be identified elsewhere. Provision for additional commitments in respect of non-recurrent and capital expenditure is shown under *Subhead 789* and *Subhead 689* respectively.

3 Provision of \$70,000,000 under *Subhead 284 Compensation* is for settlement of claims (other than compensation connected with land, public works and mail, and for civil servants under the Employees' Compensation Ordinance) and for certain ex-gratia payments.

##### Non-Recurrent

4 Provision of \$36,829,923,000 under *Subhead 789 Additional commitments* is to meet funding for initiatives under planning, which may include setting up a research endowment fund for financing research of the University Grants Committee-funded institutions, one-off grant to eligible accounts maintained under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance, extraordinary payments for subsidising household electricity expenditure, waiver of public housing rental, injection to the Samaritan Fund, financial assistance to elderly for carrying out repairs and maintenance to their buildings and improving their home safety, health care vouchers for elderly, child development and contingent health prevention or relief measures. The provision is also for meeting any unavoidable non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates.

#### *Capital Account*

##### Plant, Equipment and Works

5 Provision of \$9,594,000 under *Subhead 689 Additional commitments* is to meet forecast capital expenditure, subvention payments, and any unavoidable capital expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates.

**Head 106 — MISCELLANEOUS SERVICES**

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007-08	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
821	471	Contribution to the eighth replenishment of the Asian Development Fund .....	149,700	22,601	17,815	109,284
		Total .....	<u>149,700</u>	<u>22,601</u>	<u>17,815</u>	<u>109,284</u>