

## FACT SHEET

### The Provision of Funds on Account in Hong Kong

#### 1. Background

1.1 The purpose of this fact sheet is to provide the Subcommittee on Proposed Resolution under Section 7(1) of the Public Finance Ordinance (Cap. 2) with information on the provision of funds on account in Hong Kong. This fact sheet focuses on the appropriations sought and the time-gap between the gazettal of the Appropriation Bill and the passage of the Vote on Account resolution.

#### 2. Appropriations sought

2.1 Since 1975, the debate on the annual Appropriation Bill has been extended into the following financial year, in order to allow more time for the Legislative Council (LegCo) to examine the draft Estimates. From 1975 onwards, the Appropriation Ordinance has been normally enacted in April or May. A Vote of Account has also been introduced to enable government departments to carry on existing services between the start of the financial year and the enactment of the Appropriation Ordinance.

2.2 The general rules governing the appropriations sought under the Vote on Account has undergone changes since 1975. The general rules adopted in 1981-1982 have set out the basic framework governing the appropriations sought under the Vote on Account in the ensuing financial years. Table 1 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.

**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)**

	1975-1976	1981-1982	2008-2009
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>

### 3. Time-gap between gazettal of the Appropriation Bill and passage of the Vote on Account resolution

3.1 The number of days between the gazettal of the Appropriation Bill and the passage of the Vote on Account resolution has generally been on the decline since 1975. As shown in Table 2, 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 and 7 days in 2007.

**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

## References

1. *Official Records of Proceedings of the Legislative Council*. (various years).
2. Hong Kong Special Administrative Region Government. (various years). *Estimates*. Government Logistics Department.

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3 March 2008  
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