

財 經 事 務 及 庫 務 局  
( 庫 務 科 )

香港下亞厘畢道  
中區政府合署



FINANCIAL SERVICES AND THE  
TREASURY BUREAU  
(The Treasury Branch)

Central Government Offices,  
Lower Albert Road,  
Hong Kong

傳真號碼 Fax No. : 2596 0729  
電話號碼 Tel. No. : 2810 2283  
本函檔號 Our Ref. : FINCR 2/2191/01 Pt 2  
來函檔號 Your Ref. : CB(3)/PAC/R40

29 May 2003

Ms Miranda Hon  
Clerk to Public Accounts Committee  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

Dear Ms Hon,

**The Director of Audit's Report on the  
Results of Value for Money Audits (Report No. 40)**

**Chapter 5: Subvention for Staff Emoluments  
of the Legislative Council Commission (LCC)**

Thank you for your letter of 15 May 2003. The information requested by the Public Accounts Committee is set out below.

Item (a)

2. The statutory financial and administrative autonomy of the LCC is laid down in the LCC Ordinance (Cap. 443). Relevant provisions include S.10(1)(e), which stipulates that the LCC may "formulate and execute such managerial and financial policies as the Commission considers expedient to the performance of its functions". S.16(2) states that "S.13 of the Public Finance Ordinance (Cap. 2) shall not apply to the Secretary General in relation to regulations, directions or instructions made or given by the Financial Secretary under section 11 of that Ordinance which are concerned solely with the expenditure of the Commission unless the Financial Secretary has consulted the Commission before such regulations, directions or instructions are made or given". S.17(1) and 17(2) provide that the LCC "shall not, in relation to the formulation and execution of managerial and financial policies of it or the Secretariat, be subject to any direction or control of any person", except for those

directions given by the Council by resolution in relation to the performance of the Commission's functions or the exercise of its powers.

3. The legislation of some subvented organisations provides for certain extent of financial autonomy, but we are not aware of any subvented organisations whose legislation provides for the same extent of financial autonomy as that stipulated in the LCC Ordinance.

Items (b) & (c)

4. On the question of reserves, the arrangement varies among subvented organisations. The table at Annex gives some examples of the range of such arrangements for subvented organisations.

Item (d)

5. As agreed between the LCC and the Administration and as reported to the Finance Committee, funding to the LCC is in the form of a one-line vote, and not broken into components of expenditure. In using the one-line vote method, LCC and the Administration are conscious that LCC has the autonomy and flexibility in deploying funds in the one-line vote among types of expenditure, and is not subject to the Administration's control at the level of components of expenditure. The Administration therefore does not prescribe a provision for a component of expenditure (such as cash allowance), and consequently there is no question of the Administration "over-providing" or "under-providing" the LCC on a component of expenditure such as cash allowance. If the LCC spends more or less on cash allowance, the Administration does not provide additional funds to meet "under-provision" or claw back any "over-provision".

6. Since the funding arrangement agreed with LCC anticipates that any increase/decrease in LCC's funding requirement for cash allowance will not affect the level of the one-line vote, such increase/decrease in expenditure on cash allowance is not significant changes in circumstances.

Yours sincerely,



( Stanley Ying )  
for Secretary for Financial Services and the Treasury

Encl.

Organisation receiving government subvention	Agreed arrangement on reserve
Office of the Ombudsman	Agreed that the organisation's reserve should not be subject to a ceiling
Consumer Council	There has been no agreement on whether the organisation's reserve should be subject to a ceiling
Hong Kong Trade Development Council	There has been no agreement on whether the organisation's reserve should be subject to a ceiling
Equal Opportunities Commission	Agreed that the organisation can keep reserve with the approval of the Secretary for Home Affairs after consultation with the Secretary for Financial Services and the Treasury
Office of the Privacy Commissioner for Personal Data	Agreed that the organisation can keep reserve with the approval of the Secretary for Home Affairs after consultation with the Secretary for Financial Services and the Treasury
Employees Retraining Board	Up to 50% of annual subvention
Hong Kong Tourism Board	Up to 4 months' operating expenditure
Welfare NGOs subvented under the Lump Sum Grant (150 NGOs)	Up to 25% of an NGO's operating expenditure in that year
Hong Kong Applied Science and Technology Research Institute	Up to 25% of annual subvention
HK Chinese Orchestra	Up to 25% of annual subvention
HK Dance Company	Up to 25% of annual subvention
HK Repertory Theatre	Up to 25% of annual subvention
HK Philharmonic Society	Up to 20% of annual subvention
HK Arts Festival Society Ltd	Up to 20% of approved budget
University Grants Committee - funded institutions	Up to 20% of subvention in previous triennium
HK Academy for Performing Arts	Up to 15% of annual subvention
Vocational Training Council (excluding skills centre)	Up to 15% of annual subvention
Hong Kong Productivity Council	Up to 15% of annual subvention
Hospital Authority	Up to 5% of its budgeted annual recurrent expenditure
Aided schools - (a) for salary-related expenditure (b) for non-salary-related expenditure (i) Operating Expenses Block Grant (OEBG) (ii) other than OEBG	No reserve  Up to 12 months' OEBG provision  Different arrangements may apply in respect of retention of unspent funds. For example, for Composite Furniture and Equipment Grant (CFEG), schools may retain unspent funds up to an amount equivalent to five times the provision of CFEG in the current year.