

LEGISLATIVE COUNCIL BRIEF

SUPPLEMENTARY APPROPRIATION (2010-2011) BILL

INTRODUCTION

A At the meeting of the Executive Council on 31 May 2011, the Council ADVISED and the Chief Executive ORDERED that the Supplementary Appropriation (2010-2011) Bill, at **Annex A**, seeking approval for supplementary appropriation of \$9,638,365,995.02 from the general revenue for the services of the Government in the 2010-11 financial year, should be introduced into the Legislative Council (LegCo).

JUSTIFICATIONS

2. The Appropriation Ordinance 2010 approved a total sum of \$285,599,001,000 from the general revenue for the services of the Government in the 2010-11 financial year and the provision for each head of expenditure as provided for in the 2010-11 estimates of expenditure.

3. In the course of the 2010-11 financial year, the Government has either sought the LegCo Finance Committee's approval for, or approved under delegated authority, supplementary provisions for various heads of expenditure mainly for meeting additional expenses for the 2010 civil service pay adjustment, injecting funds into the Arts and Sports Development Fund and the Beat Drugs Fund, implementing the Fifth Matching Grant Scheme and paying two months' rent for tenants/licensees living in rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society. As required under section 8(8) of the Public Finance Ordinance (PFO), the Government has provided quarterly updates to LegCo on supplementary provisions approved.

4. The annual accounts for the 2010-11 financial year have been finalised. In accordance with section 9* of PFO, we need to introduce a Supplementary Appropriation Bill into LegCo as soon as practicable. The purpose is to reconcile the differences between the sums originally appropriated for each head of expenditure under the General Revenue Account and the actual outturn if these sums are exceeded.

THE SUPPLEMENTARY APPROPRIATION (2010-2011) BILL (THE BILL)

5. For 16 of the 83 heads of expenditure under the General Revenue Account, the outturn expenditure for the 2010-11 financial year has exceeded the original appropriation by a total of \$9,638,365,995.02, as detailed in **Annex B**. Accordingly, the Bill provides for a supplementary appropriation of this amount over and above the sum appropriated by the Appropriation Ordinance 2010.

B

LEGISLATIVE TIMETABLE

6. The legislative timetable will be as follows –

| | |
|--|----------------|
| Publication in the Gazette | 10 June 2011 |
| First Reading and commencement of Second Reading debate | 15 June 2011 |
| Resumption of Second Reading debate, committee stage and Third Reading | to be notified |

IMPLICATIONS OF THE PROPOSAL

7. The proposal does not have economic, financial, civil service, environmental, productivity or sustainability implications.

8. The proposal is in conformity with the Basic Law, including the provisions concerning human rights.

* **Note** Section 9 – “If at the close of account for any financial year it is found that expenditure charged to any head is in excess of the sum appropriated for that head by an Appropriation Ordinance, the excess shall be included in a Supplementary Appropriation Bill which shall be introduced into the Legislative Council as soon as practicable after the close of the financial year to which the excess expenditure relates.”

PUBLIC CONSULTATION

9. The Bill is largely technical. Public consultation is considered not necessary.

PUBLICITY

10. A spokesman will be available to handle any enquiries.

ENQUIRIES

11. Enquiries on this brief should be directed to Ms Shirley Lau, Principal Assistant Secretary for Financial Services and the Treasury (Treasury)H, at 2810 3726.

Financial Services and the Treasury Bureau
8 June 2011

**A BILL
To**

Approve a supplementary appropriation to the services of the Government in the financial year that ended on 31 March 2011.

Enacted by the Legislative Council.

1. Short title

This Ordinance may be cited as the Supplementary Appropriation (2010–2011) Ordinance.

2. Approval of appropriation

The appropriation in the manner expressed in the Schedule of a sum of \$9,638,365,995.02 from the general revenue for the services of the Government in the financial year that ended on 31 March 2011 is approved.

Schedule

[s. 2]

| Number of Vote | Head of Expenditure | Amount of Vote \$ |
|----------------|--|-------------------------|
| 25 | Architectural Services Department | 17,222,112.98 |
| 39 | Drainage Services Department | 3,029,971.85 |
| 42 | Electrical and Mechanical Services Department | 1,885,151.07 |
| 44 | Environmental Protection Department | 88,094,416.27 |
| 53 | Government Secretariat: Home Affairs Bureau | 3,042,748,272.74 |
| 62 | Housing Department | 1,806,499,382.50 |
| 63 | Home Affairs Department | 104,168,110.57 |
| 79 | Invest Hong Kong | 2,995,375.54 |
| 112 | Legislative Council Commission | 35,034,524.00 |
| 114 | Office of The Ombudsman | 629,000.00 |
| 121 | Independent Police Complaints Council | 1,307,000.00 |
| 140 | Government Secretariat: Food and Health Bureau (Health Branch) | 68,180,477.71 |
| 151 | Government Secretariat: Security Bureau | 2,938,630,257.29 |
| 173 | Student Financial Assistance Agency | 418,822,531.59 |
| 190 | University Grants Committee | 1,101,724,366.89 |
| 194 | Water Supplies Department | 7,395,044.02 |
| | Total | 9,638,365,995.02 |

Explanatory Memorandum

This Bill provides for the appropriation of \$9,638,365,995.02 for the financial year that ended on 31 March 2011 in addition to the sum appropriated by the Appropriation Ordinance 2010 (8 of 2010).

Supplementary Appropriation (2010-2011) Bill

| Expenditure Head | Original Estimate \$ | Actual Expenditure \$ | Supplementary Appropriation \$ | Major Reasons for the Supplementary Appropriation |
|--|--------------------------------|---------------------------------|--|--|
| 25 Architectural Services Department | 1,535,891,000 | 1,553,113,112.98 | 17,222,112.98 | Additional expenses arising from the 2010 civil service pay adjustment and the detailed structural surveys for government buildings aged 50 years or above. |
| 39 Drainage Services Department | 1,808,389,000 | 1,811,418,971.85 | 3,029,971.85 | Additional expenses arising from the 2010 civil service pay adjustment. |
| 42 Electrical and Mechanical Services Department | 400,857,000 | 402,742,151.07 | 1,885,151.07 | Additional expenses arising from the 2010 civil service pay adjustment. |
| 44 Environmental Protection Department | 2,248,453,000 | 2,336,547,416.27 | 88,094,416.27 | Disbursement of one-off grants to vehicle owners to encourage early replacement of Euro II diesel commercial vehicles with new ones complying with the prevailing statutory emission standard. |
| 53 Government Secretariat: Home Affairs Bureau | 1,348,265,000 | 4,391,013,272.74 | 3,042,748,272.74 | Injection of funds into the Arts and Sport Development Fund and the Cantonese Opera Development Fund. |
| 62 Housing Department | 128,712,000 | 1,935,211,382.50 | 1,806,499,382.50 | Two months' rent payments for tenants/licensees living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society. |

| Expenditure Head | Original Estimate \$ | Actual Expenditure \$ | Supplementary Appropriation \$ | Major Reasons for the Supplementary Appropriation |
|--|--------------------------------|---------------------------------|--|---|
| 63 Home Affairs Department | 1,639,685,000 | 1,743,853,110.57 | 104,168,110.57 | Additional expenses for enhancing diversified community activities. |
| 79 Invest Hong Kong | 105,776,000 | 108,771,375.54 | 2,995,375.54 | Additional expenses for organising an integrated campaign “Hong Kong : China’s Global Financial Centre” in London. |
| 112 Legislative Council Commission | 414,367,000 | 449,401,524.00 | 35,034,524.00 | Additional recurrent provision to the Commission arising from higher-than-expected remuneration and reimbursements for Members of the Legislative Council and higher cash flow requirement of the “Integration and application of information technology in the new LegCo Complex” project. |
| 114 Office of The Ombudsman | 88,487,000 | 89,116,000.00 | 629,000.00 | Additional recurrent provision to the Office arising from the 2010 civil service pay adjustment. |
| 121 Independent Police Complaints Council | 27,177,000 | 28,484,000.00 | 1,307,000.00 | Additional expenses arising from the payment for the transfer of inventory items from the Government. |
| 140 Government Secretariat: Food and Health Bureau (Health Branch) | 34,584,171,000 | 34,652,351,477.71 | 68,180,477.71 | Additional subvention to the Hospital Authority arising from the 2010 civil service pay adjustment. |
| 151 Government Secretariat: Security Bureau | 245,479,000 | 3,184,109,257.29 | 2,938,630,257.29 | Injection of funds into the Beat Drugs Fund. |

| Expenditure Head | | Original Estimate \$ | Actual Expenditure \$ | Supplementary Appropriation \$ | Major Reasons for the Supplementary Appropriation |
|-------------------------|-------------------------------------|--------------------------------|---------------------------------|--|---|
| 173 | Student Financial Assistance Agency | 3,559,297,000 | 3,978,119,531.59 | 418,822,531.59 | Disbursement of a one-off grant of \$1,000 each for students eligible to receive means-tested financial assistance in the 2010/11 academic year and the disbursement of Internet Access Charges subsidies to low-income families with children at primary or secondary level. |
| 190 | University Grants Committee | 10,982,174,000 | 12,083,898,366.89 | 1,101,724,366.89 | Implementation of the Fifth Matching Grant Scheme. |
| 194 | Water Supplies Department | 5,944,267,000 | 5,951,662,044.02 | 7,395,044.02 | Additional expenses for contract maintenance of water mains. |
| Total | | 65,061,447,000 | 74,699,812,995.02 | 9,638,365,995.02 | |