

Speech

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

Thursday, March 17, 2016

Following is the English translation of a speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, in moving the Vote on Account Resolution in the Legislative Council today (March 17):

President,

I move 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, 2016 and the time when the Appropriation Ordinance 2016 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 2016 at its meeting on April 20, 2016. As such, the Appropriation Ordinance 2016 would not come into operation before late April 2016. 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, 2016, 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 2016-17 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. The aggregate amount of funds on account is \$90,454,884,000 before the Appropriation Ordinance 2016 comes into operation. This represents around 21 per cent of the total appropriation of \$426,197,511,000 under the Appropriation Bill 2016. The proposed funds on account should be able to cope with only around two months of the Government's operational requirements.

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 2016-17 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 8 of the 2016-17 financial year as an example, numerous government expenditure items to be settled during the week include:

- (a) payments for the Comprehensive Social Security Assistance and Social Security Allowance totalling around \$1.5 billion to about 165 000 families and 200 000 individuals respectively;
- (b) pension gratuities of around \$700 million to retired civil servants;
- (c) subvention payments of around \$4.2 billion to the Hospital Authority;
- (d) subvention payments of around \$700 million to the Vocational Training Council; and
- (e) grants of around \$1.3 billion to UGC-funded institutions and subsidies of around \$300 million to over 700 kindergartens.

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 VoA resolution including the gazettal process and procedures for issuance of the VoA warrant, so that the Government can make payments starting from April 1 as usual. This is the Council's last scheduled meeting in March. 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.

The vote on account will be subsumed upon the enactment and commencement of the Appropriation Ordinance 2016.

President, I beg to move.

Ends