

Speech

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

Wednesday, March 22, 2017

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 22):

Acting President,

I move that 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, 2017, and the time when the Appropriation Ordinance 2017 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 2017 at its meeting on April 26, 2017. As such, the Appropriation Ordinance 2017 would not come into operation before late April 2017. To ensure that the 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, 2017, 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 2017-18 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 \$95,216,178,000 before the Appropriation Ordinance 2017 comes into operation. This represents around 24 per cent of the total appropriation of \$398,057,570,000 under the Appropriation Bill 2017. 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 2017-18 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 7 of the 2017-18 financial year as an example, numerous government expenditure items to be settled during the week include:

- (a) subvention payments of around \$4.5 billion to the Hospital Authority;
- (b) payments for the Comprehensive Social Security Assistance and Social Security Allowance totalling around \$500 million to about 50 000 families and 80 000 individuals respectively;
- (c) pension gratuities of around \$700 million to retired civil servants;
- (d) subvention payments of around \$700 million to the Vocational Training Council; and
- (e) grants of around \$1.5 billion to University Grants Committee-funded institutions.

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 Vote on Account resolution including the gazettal process and procedures for issuance of the Vote on Account warrant, so that the Government can make payments starting from April 1 as usual. 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 under the Appropriation Ordinance 2017 upon its enactment and commencement.

Acting President, I beg to move.

Ends