

An aerial, grayscale photograph of a dense urban skyline, likely New York City, featuring numerous skyscrapers and buildings. The image is used as a background for the title text.

Lecture three--Decision-making activities and decision- implementation process

Instructor: Prof. SUN Tao





C O N T E N T S

1

Multileveled government decision-making activities

2

Government decision-implementation process

1. Multileveled government decision-making activities

- State legislative procedure
- Government Work Report formulation
- State decision-making on important matters
- Budget formulation and deliberation process
- State organ leader appointment and removal



1.1 Legislation process

The basic procedure of legislation process



Particular state organs and individuals have the right to propose motions on laws to the NPC and its standing committee.

Carried out within a define scope and in various manners before or in the middle of deliberation.

Due to the complexity of the issues involved and the restriction of various factors, the time of deliberation is uncertain.

1.1 Legislation process

1.1.1 Actors: Main Parties to Motions on Laws

A. State organs

Organizational actors	The motions on laws could be proposed
The NPC standing Committee The NPC Presidium The Chairperson Council NPC delegations 30 or more NPC deputies who have jointly signed 10 or more NPC Standing Committee component personnel who have jointly signed	With respect to any issue
NPC special committees	Related to themselves
The State Council	With respect to administrative law, economic law, social law and non-procedural law.
The Central Military Commission	With respect to national defense and internal issues of the military & involving matters outside the military jointly with the State Council
The Supreme People's Court and the Supreme People's Procuratorate	Related to their own power and function & individual motions with respect to procedure of litigation

1.1 Legislation process

1.1.1 Actors: Main Parties to Motions on Laws

B. Individuals

■ Basic performance:

- The entities that propose motions on laws **are mostly state organs.**
- Individuals seldom propose motions on laws.

■ Procedure:

- a. Propose motions on laws.
- b. Submitted the Presidium or the Chairperson Council / relevant special committees for deliberation.
- c. Decide whether such motions should be listed on the agenda.

■ Status / Functions: legislative suggestion

- Restricted by various conditions, such proposals mostly fall into the category of legislative suggestion.
- Their proposals cannot enter legislative processes directly.

1.1 Legislation process

1.1.2 The draft amendment of laws

01 The draft amendment to the Constitution

■ Situation 1:

Generally drawn up by the specially formed Constitution Amendment Committee and proposed to the NPC.

■ Situation 2:

Constitutional amendments that only involve specific constitutional clauses shall be drafted under the organization of the NPC Standing Committee and proposed to the NPC.

02 The draft amendment of other laws

■ Situation 1

Generally presided over by personnel or organs who have proposed relevant motions on laws.

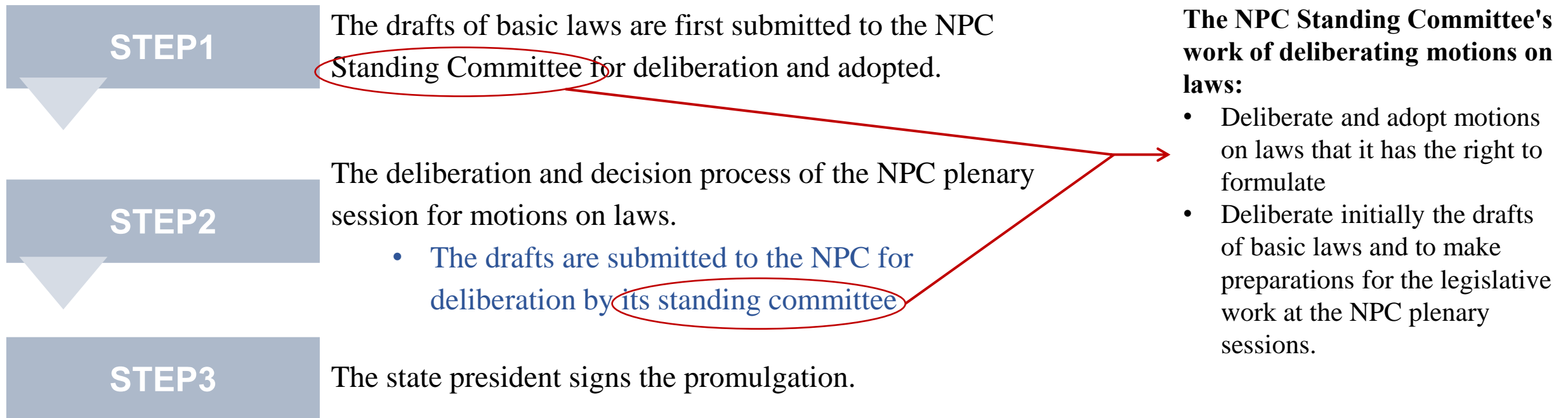
- Other personnel and organs, can be enlisted to participate in this work. [Eg. law experts.](#)

■ Situation 2

The NPC or the NPC Standing Committee to establish a special and temporary drafting body.

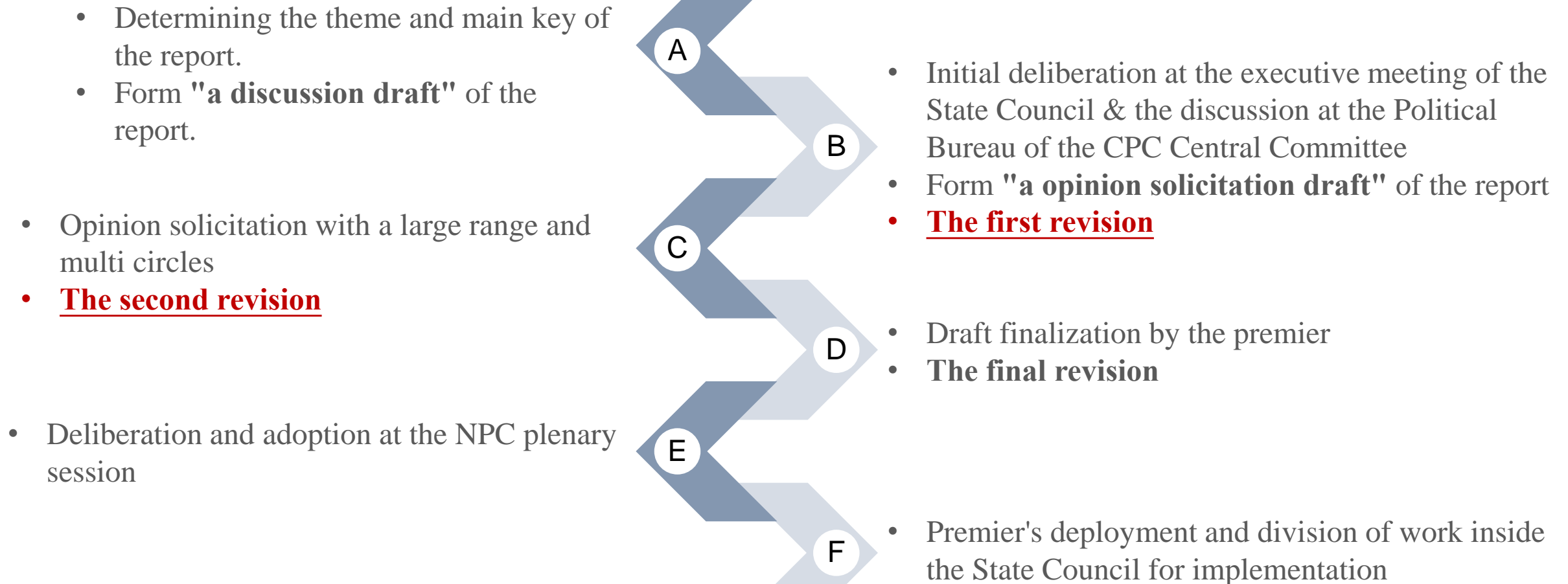
1.1 Legislation process

1.1.3 The NPC' s draft law deliberation and adoption process



1.2 Administrative program - the process of formulating the government work report

The basic process of formulating the government work report



1.2 Administrative program - the process of formulating the government work report

1.2.1 Completing the first draft of the report

■ Main content of the government work report:

- a) Summarize the work conditions in the previous five years
- b) Propose the work tasks for the next five years

■ The first task of the drafting work: determine the theme and main key of the report.

- The functions of the government work report:

A document that is legally binding on all the important work items of the government within five years and within the present year.

- This function determine that the work tasks proposed by the government work report take larger part than the analysis of previous work.

■ Time / Period:

- The drafting of the report takes about 150 days.
- The work of drafting the government work report generally starts in December each year.

■ Main parties: the premier & the report drafting group

1.2 Administrative program - the process of formulating the government work report

1.2.1 Completing the first draft of the report

■ Procedure of formulating the first draft of the report

A. The premier:

- a) summarizes and reflects the work of the present session or of the year
- b) thinks over and sorts out the ideas for government work in the future

B. The premier communicates the report theme to the working personnel in specific and clear language.

C. The work of the report drafting group officially starts.

- a) The first draft:
 - The time for writing the first draft - generally one month.
 - Several versions of the report before a relatively formal draft report can be formed.
 - The premier and the members of the drafting team go through the text
- b) **A discussion draft:**
 - Revise the report again according to the opinions proposed by the premier
 - Form "a discussion draft" of the report.

1.2 Administrative program - the process of formulating the government work report

1.2.2 Initial deliberation and the discussion

The first one to deliberate on the discussion draft of the government work report: the executive meeting of the State Council

- The deliberation of the government work report by the executive meeting of the State Council still belongs to the system of internal modification and improvement.
 - The premier is the speaker to deliver the government work report and he personally organizes the drafting work of the report
 - The range of the people who participate in proposing suggestions and opinions is expanded a bit
- The significance of this deliberation:
 - A necessary legal procedure before the discussion draft of the report is submitted to the leading organs of the CPC Central Committee for deliberation.

The second one to deliberate on the discussion draft: the Political Bureau of the CPC Central Committee

- After the discussion draft wins the "principal approval" at the executive meeting of the State Council.
- Reflects the CPC' s political leadership over the government work.
- Combines the deliberation of the State Council's work with democratic decision making.
 - Deliberation is carried out in a manner of collective leadership.
 - The deliberation is a fixed procedure.
 - a) The CPC Central Committee will not go beyond the State Council's authority to directly organize the drafting.
 - b) The CPC Central Committee will not take the formal deliberation of the NPC meetings in the future as part of its work.
 - c) Focuses on the improvement and accuracy of the report itself.

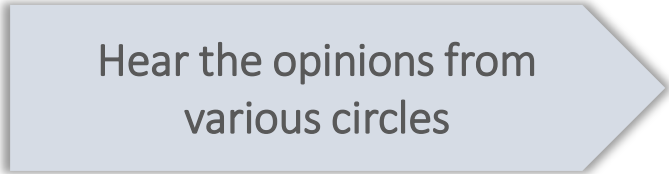
The "opinion solicitation draft" of the report is formed.

1.2 Administrative program - the process of formulating the government work report

1.2.3 Opinion solicitation with a large range and multi circles

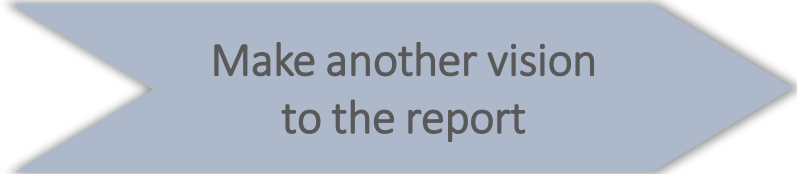
■ **Time:** Within one month before the NPC plenary session is held.

■ **Procedure:**



Hear the opinions from
various circles

- The persons in charge of various ministries and commissions of the State Council
- The persons in charge of the people's governments at the provincial level.
- The leaders of the central organs of the non-Communist parties, those of relevant people's organizations, some personages of ethnic minority groups and of religion, and some personages without party affiliation.
- Submitted to the Standing Committee of the CPPCC National Committee for opinion solicitation.
- Informal discussions with personages from various circles.



Make another vision
to the report

- The revision opinions of the report are gathered at the State Council.
- Good opinions are accepted as far as possible.

1.2 Administrative program - the process of formulating the government work report

1.2.4 Draft finalization by the premier

- According to the opinions and suggestions from various circles, a final and careful revision and correction to the report are made.
- The importance of draft finalization:
 - Signifies that the government work report has been transformed from an "opinion solicitation draft" to an "official text" to be submitted to the NPC meeting.

1.2.5 Deliberation and adoption at the NPC plenary session

- The premier of the State Council delivers the government work report to all the deputies for deliberation & asks the CPPCC national committee members to give their opinions.
- While the NPC discusses the government work report, the State Council organizes personnel to make a careful revision of the report under the leadership of the premier.
- Signifies the conception of the State Council becoming a fundamental decision approved by the supreme state power organ.

1.2.6 Premier's deployment and division of work inside the State Council for implementation

- Break down the main tasks of the government's work and assign specifically to each department.
- The departments and units are all required to formulate implementation plans for carrying out their work priorities.
 - Each task needs to have specific time schedule and work quality requirements.

1.3 Decision-making process for major matters

1.3.1 Meaning:

Major matters in state activities generally include:

- National economic and social development programs and plans
- Major state engineering construction projects
- Matters related to provincial administrative zones
- War and peace
- Important authorizations

1.3.2 Characterist:

Viewed from the government process, the decision-making process of major matters is **complicated**.

- The deliberation and decision process of the supreme state power organ is the legal procedure that must be undergone.
- Before the supreme state power organ exercises "the power of decision making," there are large amounts of preparation work need to be carried out.
- After the supreme state power organ makes a formal decision, the state organ still has organization and command work to do.
 - Including a series of local and specific decision-making tasks.

1.3 Decision-making process for major matters

China's decision-making process for important issues is actually composed of two parts linked together.

A

Decision-making preparation process conducted by State Central Political Pivot

- The characteristics of the decision-making preparation work of major state matters
 - This process is led by the CPC Central Committee.
 - Mostly organized and implemented specifically by the State Council & enlist experts in various areas to participate
 - The CPPCC National Committee and relevant social organizations also provide necessary decision-making consultation, advice and coordination services
- The preparation process is generally very long, and there are also many links.
 - In the decision-making process on different issues, various component parts of the state central political pivot play different roles.

1.3 Decision-making process for major matters

China's decision-making process for important issues is actually composed of two parts linked together.

B

Decision-making process of the NPC

- First, motions proposed by state organs such as the State Council enter the meeting procedure directly & motions proposed by a delegation of over 30 deputies firstly decided by the NPC Presidium
- Second, when a motion has been listed on the NPC agenda but requires further study, it can be handled with two methods:
 - Submission to the next plenary session for deliberation
 - Authorization of the NPC Standing Committee to deliberate and decide, with the result reported to the next plenary session for the record.
- Third, the binding effect of decision made by different parties
 - The decision made by the NPC on important matters is binding on all state organs and their working personnel.
 - The administrative decision made by the State Council itself, does not have such a universal binding effect
 - Some important matters that should be decided by the NPC can also be decided by the State Council for trial implementation through the authorization and approval of the NPC.

1.3 Decision-making process for major matters

Example: The decision-making process of the Three Gorges Project

Phrase I Decision-making preparation process

- A. The CPC Central Committee and the State Council submitted motions on the decision(1950-1986)
- B. Government departments organized feasibility studies by experts (1986-1989)
- C. The State Council examined and approved the feasibility research report (1990-1992)

Phrase II Decision-making process

- D. Entrusted by the State Council, then Vice Premier delivered a speech titled An Explanation of the Submission for Deliberation of the Motion on Building the Yangtze River Three Gorges Project at the fifth session of the 7th NPC (March 21, 1992)
- E. The NPC Presidium decided that the motion be given to various delegations and the Financial and Economic Committee for deliberation.
- F. The NPC Presidium, presided over by NPC Chairperson, deliberated the motion and decided that it be submitted to the plenary session for voting and adopted a draft resolution.
- G. The NPC took a vote to adopt the resolution by 1,767 for, 172 against and 664 abstaining. (April 3, 1992)

1.4 Budget formulation and deliberation process

1.4.1 Basic state budget system and principle

■ Basic state budget system

- The **Hierarchy** of China's budget system:

A system of one level of budget for one level of government & altogether five levels

- The **classify** of the budget: the budget of the central government & Local budget & Unit budget
- The **implementation** of a budget: organized by the government at the same level.
- The **accountability** of a budget: the financial department at the same level.

■ The basic principles in the budget of the Chinese government

- The budget shall achieve a balance between income and expenditure
- The system of tax distribution between central and local governments shall be practiced
- The budget needs to be approved by the NPC at the same level
- The budget shall not be changed without the proper legal procedure

1.4 Budget formulation and deliberation process

1.4.2 Formulation method and range of income and expenditure of the state budget

■ The Development and Changes of China's Budget System

■ The function of dual budget system

- Enhancing budget fund management, raising fund use efficiency
- Truly reflecting the balance of the budget
- Increases the transparency of financial work.

1949

From 1949 to 1994, a single budget system

1994

Since the first Budget Law was promulgated in March 1994, dual budget system.

1.4 Budget formulation and deliberation process

1.4.2 Formulation method and range of income and expenditure of the state budget

■ The range of income and expenditure of the state budget

Recurrent Budget

A. Recurrent income

- Achieved by the government as the social manager
- Source: various taxes [mainly] & the state budget adjustment fund, other incomes, and non-production enterprise loss subsidies

B. Recurrent expenditure

- Refers to expenditure used in the area of maintaining the activities of state organs and guaranteeing national security.
Eg. expenditure on non-production infrastructure, operating expenses for agriculture, forestry and water resources, operating expenses for culture education, science and health.....
- The balance between the income and expenditure of the recurrent budget should be transferred to the capital budget.

1.4 Budget formulation and deliberation process

1.4.2 Formulation method and range of income and expenditure of the state budget

■ The range of income and expenditure of the state budget

Capital Budget

A. Capital income

- Refers to the profits from state assets collected by the government as the state assets owner (or agent) and also the surplus in the recurrent budget.
- Includes: (1) carried-forward surplus in the recurrent budget, (2) special construction income (income from key energy and communication construction funds and city maintenance and construction taxes), (3) enterprise income, (4) transferred-in funds, (5) production enterprise loss subsidies.

B. Capital expenditure

- Refers to the expenditure used for economic construction.
- Includes: production infrastructure expenditure, additional working capital allocated to enterprises, expenditure for city maintenance and construction, fund used to support the development of underdeveloped regions, payment of principal and interest on domestic and foreign debts, etc.

1.4 Budget formulation and deliberation process

1.4.4 Deliberation and approval of draft state budget by the NPC

B. State Council Submits Reports and an Explanation to the NPC Plenary Session

- Reports on the state budget and budget implementation
- Balance sheet of the state budget (draft)
- Balance sheet of the state budget implementation (draft)

D. State Budget Adjustment Procedure

- Submit the adjustment plan to the NPC Standing Committee
- Be adapted to the adjustment of the national economic and social development plan.

A. Preparation before Deliberation

- **Time:** about one month before the NPC annual meeting is convened.
- **Main works:**
 - a) The NPC Financial and Economic Committee hears reports from three aspects.
 - b) Committee members conduct discussions & give opinions and suggestions.

C. Deliberation and Approval by NPC

- Financial and Economic Committee: carries out detailed deliberation & gives relevant inspection report to the NPC Presidium
- The NPC plenary session: takes a vote for the draft state budget

E. NPC Supervision of State Budget Implementation

- Invite the relevant departments to give an introduction to state budget implementation



1.5 Personnel decision-making process

1.5.1 Basic management mechanism of personnel arrangement

A. The core content of China's official system: "The CPC manages cadres"

- All government officials, judicial organ leaders and military officers have the dual status of "CPC cadres" and "state cadres."
- The CPC Central Committee and its organization system take the leading position in selecting and managing officials.

B. A legal framework for China's official system is taking shape.

1.5 Personnel decision-making process

1.5.2 Preparation and decision-making process of the personnel arrangement of the leaders of state organs

A. "Echelon Building" and Long-Term Preparation of Personnel Arrangement in the CPC Central Committee

- a) "Echelon building" : the first echelon - senior cadres / the second echelon - cadres who hold office / the third echelon - middle-aged and youth reserve cadres
- b) The organizational arrangement for cadres inside the CPC at the CPC National Congress is the organizational basis for the personnel arrangement at central state organs and the CPPCC.

B. Democratic Consultation Between the CPC Central Committee and Leading Personages of Various Circles

C. Decision Making Inside the CPC

The plenary session of the CPC Central Committee deliberates and adopts two lists of candidates:

- a) The list of candidates for the leading personnel of state organs to be recommended to the NPC.
- b) The list of candidates of the leading personnel of the CPPCC National Committee to be recommended the CPPCC National Committee.

1.5 Personnel decision-making process

1.5.3 The NPC' s process for the election of leaders of state organs

A. Nomination



B. Consultation and Preparation Inside the NPC

- The above-mentioned nominations are submitted by the NPC Presidium to the delegations.
- The Presidium will determine an official candidate list according to the opinions of the majority of the NPC deputies.



C. Election and Voting

- Election: all candidates nominated by the Presidium are submitted to the plenary for election.
- Voting: each candidate nominated by the nominee shall be voted upon at the plenary session.
- The difference between voting and election



D. Announcement and Appointment



2. Government decision-implementation process

The main actors in decision-implementation



The system of the State Council



The state judicial system



**Local people's governments
at various levels**

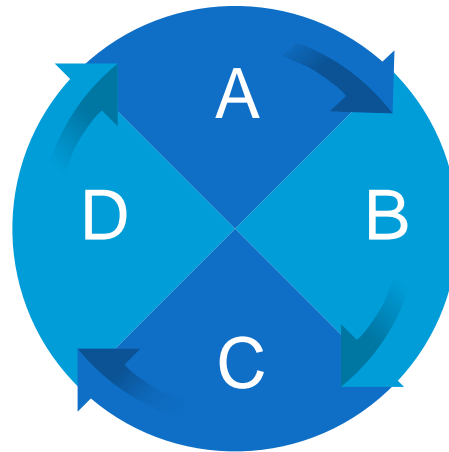
2. Government decision-implementation process

2.1 Implementation system inside the CPC

- The role of the implementation system inside the CPC: "political framework" & "actuator"
- The basic component form of the implementation system inside the CPC: "one center with four major aspects"
 - "One center": the several leadership teams of the CPC Central Committee

The CPC's local organization system

Main people's organization system



Functional departments and working bodies of the CPC Central Committee

**The CPC committees and leading groups of state organs
and the units directly affiliated with them**

2. Government decision-implementation process

2.1 Implementation system inside the CPC

- In this system, the CPC Central Committee, and the Political Bureau of the CPC Central Committee and its standing committee all have dual properties of "decision making" and "implementation."
- Under the leadership of the leading bodies of the CPC Central Committee, various lines, guiding principles and policies of the CPC are implemented through the implementation organs in the above four aspects.



2.1 Implementation system inside the CPC

2.1.1 Functional departments and working bodies of the CPC Central Committee

At the central level there are three major functional departments of all levels.

01 Organization Department of the CPC Central Committee

- **Responsibility:** in charge of the organization work of the entire party
- **Role:** the assistant and advisor of the CPC Central Committee in organization work
- **Main tasks:**
 - a) investigate and study the conditions of the CPC' s organization work, organization work
 - b) propose specific, policies and measures for implementing the CPC' s guiding principles organization, etc.

02 Publicity Department of the CPC Central Committee

- **Responsibility:** in charge of the publicity work of the entire party
- **Role:** the assistant and advisor of the CPC Central Committee in publicity work
- **Main tasks:**
 - a) organize and inspect the publicity of important thoughts
 - b) correctly and promptly publicize the CPC' s lines, guiding principles and policies
 - c) learn about and study the trends of thought of various social groups, etc.

2.1 Implementation system inside the CPC

2.1.1 Functional departments and working bodies of the CPC Central Committee

At the central level there are three major functional departments of all levels.

03 United Front Work Department of the CPC Central Committee

- **Responsibility:** in charge of the united frontwork of the entire CPC.
- **Role:** the assistant and advisor of the CPC Central Committee in united front work
- **Main tasks:**
 - a) publicize and carry out the guidelines and policies of the CPC Central Committee or united front work
 - b) inspect and guide subordinate united front work departments to implement the guidelines and policies of the CPC Central Committee on united front work, etc.

2.1 Implementation system inside the CPC

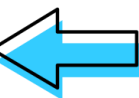
2.1.1 Functional departments and working bodies of the CPC Central Committee

One department unique to the central level: the International Liaison Department

■ **Responsibility:** handles foreign affairs of the CPC Central Committee

■ **Main tasks:**

- a) support the undertakings of peace and progress, strengthen the status and role of the CPC and the state in the international community
- b) endeavor to create a peaceful international environment favorable to the socialist modernization undertakings of the CPC and the state
- c) promote economic and technological cooperation through the CPC and the channels of people's organizations, etc.



2.1 Implementation system inside the CPC

2.1.2 Main people's organization system

Special Status of the People's Organization System

Status:

- The leading people's organizations in China
- The fundamental social pillars of China's political setup.

Function:

- The bridges and links for the CPC to connect with the people

Roles:

- The trade unions, youth league and women's federation are, in fact, the workers' movement department, youth department and women's department of the CPC Central Committee.

- A. The All-China Federation of Trade Unions
- B. Communist Youth League of China
- C. All-China Women's Federation

2.1 Implementation system inside the CPC

2.1.2 Main people's organization system

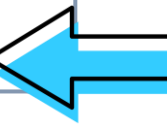
Main Mechanism for the People's Organizations to Participate in Implementation

Forms of participation

- **Directly participate** in the management of government activities and social affairs
- **Jointly implement the important decisions** of the CPC Central Committee and the NPC with the government at the same level.

The main mechanisms and general work modes

- The main people' s organizations are enlisted as formal members to participate in relevant work.
- The main people' s organizations and governments or relevant governmental departments at the same level respectively or jointly publish documents .
- Governments strengthen contacts with the main people' s organizations and help them resolve specific issues.
- Holding discussions or joint meetings with trade unions at the same level, and study and resolve issues related to the workers and the people reported by the trade unions.



2.2 Implementation system inside the State Council

2.2.1 Guidance

Various aspects of social life guided by the State Council

- Formulating government documents such as administrative regulations **particularly prominent**
- Leveraging the orientation of social and economic politics
- Drawing up social development programs and plans
- Making industrial policies

Administrative regulations

■ Meaning:

various kinds of regulative documents on matters concerning administration formulated by the State Council, various departments of the State Council and local governments at different level.

■ Main content:

- the purpose of their formulation
- scope of applicability
- competent department
- specific provisions
- reward and punishment methods
- effective date

2.2 Implementation system inside the State Council

2.2.2 Service

A. Meaning

Service means serving:

- local entities
 - various undertakings of the state
 - economic development
 - the work and life of the people of all ethnic groups
-

B. The main ways for government to provide service

- building various kinds of infrastructure
- supplying funds and materials
- organizing and developing foreign trade
- organizing educational, scientific and cultural activities
- providing socialized services for the business activities of enterprises and institutions, and agricultural production
- providing services in the fields of public transportation, posts and telecommunications, finance, insurance, and water and power supply
-

2.2 Implementation system inside the State Council

2.2.3 Extraction

■ Meaning:

- The government receives and obtains the funds and labor necessary for its normal operations as determined by legislative organs.

■ The features of extraction activities:

- A. Government extraction carried out through organizing citizens to make obligatory contributions to the State
 - *Organizing citizens to pay taxes in accordance with the law;*
 - *Organizing citizens of proper ages to serve in the armed forces, etc.*
- B. Government's conditional extraction from citizens in contract form
 - *Issue national debts or government bonds*
- C. Government's extraction taken from the direct or indirect management of the State's economic activities
 - *Takes the profits of state-owned enterprises*
 - *existing "price scissors" to turn part of the farmers' income into national reserves.*
- D. Government's extraction from abroad carried out through its function of handling foreign affairs
 - *Accepting financial aid, donations or loans from foreign governments, international organizations and foreign non-governmental organizations.*

2.2 Implementation system inside the State Council

2.2.4 Distribution

Distribution refers to the redistribution of national income and the distribution of various resources and opportunities by the government.

A. The redistribution of national income

- In accordance with decisions made by the NPC when it approves the national budget.
- The specific evidence of such redistribution is various major expenditures in national finance.

B. The distribution of various resources and opportunities

- The selection of the locations for major construction projects
- The determination of the recipients of preferential policies in taxation and investment
- The flow of funds

2.2 Implementation system inside the State Council

2.2.5 Coordination

The State Council is responsible for

A. Coordinating the relations between:

- the central government & the local authorities
- departments & local authorities & ethnic minority groups

The relationship that needs coordination the most frequently is that between "stripes" and "blocks "

B. Carries out technical coordination on the proportions of the various sectors of the national economy.

- Eg. The Ministry of Finance and the People's Bank of China have different opinions on the quantity and management of the issuance of state treasury bonds, due to the difference in their functions and duties

C. The deputy secretary-generals of the State Council can join in handling specific important coordination work with the entrustment of the leaders of the State Council.

2.2 Implementation system inside the State Council

2.2.6 Control

- **The Meaning of control:**

- Refers to the conduct of force on the part of the government.
- The government needs to exercise control over the behavior of social groups and individuals.

- **Specific content of control:**

- maintaining the unity of the country, controlling terrorist acts, traffic management, environment protection monopoly prevention, restraining production safety, compulsory education, etc.

- **The purpose of control:**

- Maintain state sovereignty
- Protect the people's living environment, universal development opportunities, and peaceful labor and living conditions as far as possible.

- **The methods of control:**

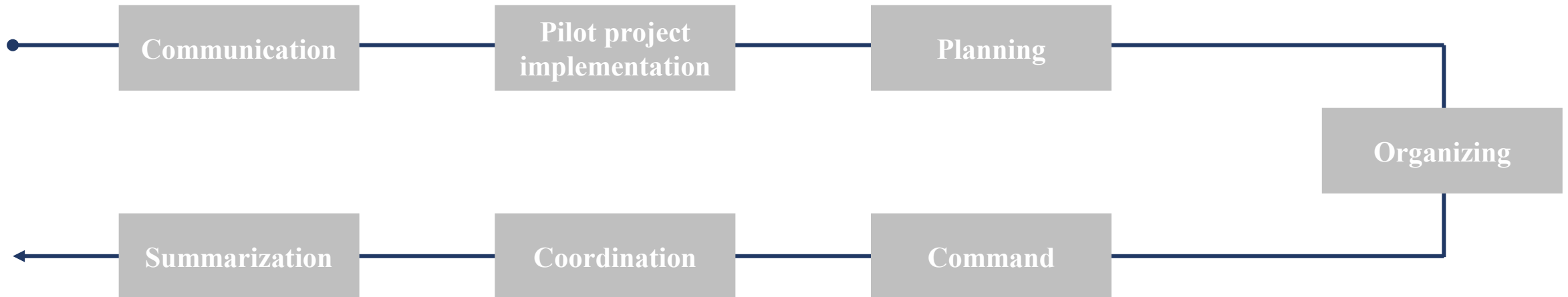
- Administrative supervision, economic and administrative penalties, persuasion and education, and policy curbs.

2.2.7 Symbolization

- In the process of decision implementation, the Chinese government pays particular attention to adopting various symbolic means.
- Through symbolic activities, the thought and behavior of the citizens and various units can be guided to contribute to the realization of the overall decision.

2.3 Approaches and steps of the CPC and Government systems for implementing important decisions

A complete and progressive set of basic steps are generally seven major links.



2.3 Approaches and steps of the CPC and Government systems for implementing important decisions

2.3.7 Summarization

■ Meaning:

- After a certain stage is completed in an important decision task, the main persons in charge and important participants systematically analyze the entire decision-implementation process.

■ Purpose:

- For current decisions: the decision maker can make a comprehensive judgment on the effect of the decision.
- For future decisions: improve future decision-making work.

2.4 Implementation of the State Budget

2.4.1 State Budget Implementation Organs

The implementation level / area of the state budget	The implementation organs of the state budget	The duty of implementation organs
Central level	The Ministry of Finance	<ul style="list-style-type: none">• Organizing the specific implementation work of the state budget• Implementing the budget of the central government• Supervising and guiding the implementation of the budgets of local governments
Local level	local financial departments at all levels	<ul style="list-style-type: none">• Organizing the implementation of the budget at their own level• Ensuring the completion of the income and expenditure in the budget• Supervising and guiding the implementation of the budgets of the entities subordinate to it.
Some important budget income and expenditure items	Special institutions Eg. taxation organs the national treasury	<ul style="list-style-type: none">• The national treasury:<ul style="list-style-type: none">– handles the income and expenditure of the state budget.has extremely close relations with the implementation of the state budget.– be made up of the central treasury and local treasury.– be managed by the People's Bank of China.

2.4 Implementation of the State Budget

2.4.2 Implementation of the State Budget Income

- Financial departments:
 - Strictly implement various kinds of state policies & fully collect all income that should be collected.
- In order to positively organize the collection of the budget income, the government should establish income institutions according to the different natures of various incomes.
 - Taxation departments are responsible for collecting and paying various industrial and commercial taxes, agriculture and husbandry taxes, and salt taxes.
 - Financial departments are responsible for handling and collecting various administrative charges, income from fines and forfeits, public domain revenue, and sundry sources of income.
- The treasury:
 - Establish different levels of the budget income in accordance with relevant provisions and divide, report and pay in level by level.
- One important link in budget income implementation work:
 - The strict control of the progress of routine income.

2.4 Implementation of the State Budget

2.4.3 Implementation of State Budget Expenditure

A. Duty:

- The financial departments are responsible for organizing and supervising the implementation of budget expenditure.
- The various budget-expenditure departments and units are specifically responsible for implementing budget expenditure.

B. Two methods for the allocation of state budget funds:

■ Fund transfer

- The method of fund transfer is generally used for the budget fund to be used by the local organs of the CPC and the government, as well as local institution units.
- The relevant unit may flexibly use these funds within the scope of the state budget.
- The surplus fund of the current year may be carried forward and used in the following year.

■ Cash allocation

- The financial department will grant a fund-use quota to a relevant unit in installments within a fixed scope (and time limit), and according to the budget and the progress of various undertakings.
- The financial department will notify the treasury to allocate to the bank the amount equal to the total expended quota calculated and reported by the bank every month.

2.4 Implementation of the State Budget

2.4.4 Adjustment of State Budget in Implementation

- **The purpose of budget adjustment:**

- Make the state budget conform to the constantly changing objective conditions
- Guarantee the balance of the state budget in implementation

- **The adjustment of the state budget occurs in roughly two situations:** Local adjustment & comprehensive Adjustment

- Local Adjustment
 - a. Addition and reduction of budget
 - b. The use of general budget reserve
 - c. Fund flow and use between budget accounts
 - d. Budget transfer

2.4 Implementation of the State Budget

2.4.4 Adjustment of State Budget in Implementation

A. Addition and reduction of budget

■ Precondition of budget adjustment:

- Income addition must have the basis of economic development
- Expenditure addition must have true fund sources

■ The procedure of an addition and reduction budget:

- a. be proposed by the competent authority
- b. reviewed by financial organs of the same level
- c. submitted to the government at the same level or reported to the government at a superior level to be adopted
- d. implemented accordingly

■ Frequency of budget adjustment:

- During the normal process of budget implementation, expenditure addition is generally small.
- Expenditure addition in relatively large amounts is normally caused by the development of various undertakings.

2.4 Implementation of the State Budget

2.4.4 Adjustment of State Budget in Implementation

B. The use of general budget reserve

■ Review of using budget reserve

- The use of the central budget reserve must be approved by the State Council.
 - The use of a local budget reserve must be approved by the government at the same level.
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C. Fund flow and use between budget accounts

■ The flow and use of funds between accounts must conform to the scope of fund flow and use as provided by the government.

- capital construction fund & working capital [cannot be used together]
 - special funds & general funds [cannot be used together]
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D. Budget transfer

■ Due to changes of administrative zones or of the affiliation relations of enterprise or institution units, relevant annual budgets must also be changed.

- Transferring the budget of such zones or affiliates to new leadership departments or units
- Funds that already been implemented should also be transferred.

2.4 Implementation of the State Budget

2.4.4 Adjustment of State Budget in Implementation

Comprehensive Adjustment

- **Function:** constantly reorganize and achieve a new balance in the budget.
- **The time of adjustment:** after the national economy and state budget have been implemented for a period of time in the current year.
- **Frequency of adjustment:** relatively rare
- **Procedure:** necessary comprehensive adjustment must obtain the the approval of the NPC or its standing committee.