

2009-10 Budget

Briefing for the Legislative Council

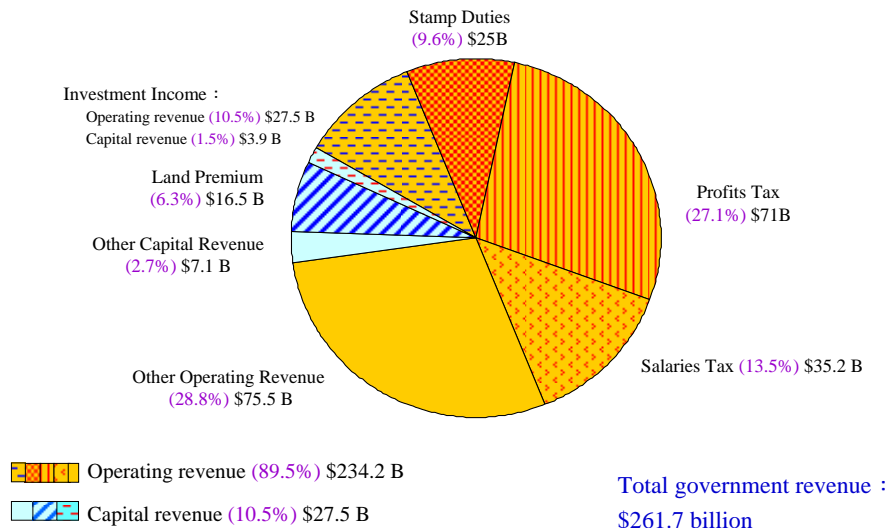
26 February 2009

Chart 2

2009-10 Estimates

	\$billion
Total revenue	261.7
Total spending	(301.6)
Consolidated deficit	(39.9)
Forecast balance of fiscal reserves as at end March 2010	448.1

Revenue for 2009-10 (Estimates)



Budget Revenue Measures

2008-09 Budget

Salaries Tax and Tax under Personal Assessment

- Lower the standard rate to 15%
- Raise the basic allowance and the single parent allowance from \$100,000 to \$108,000
- Increase the married person's allowance from \$200,000 to \$216,000
- Widen tax bands from \$35,000 to \$40,000

Profits Tax

- Lower the tax rate to 16.5%

Exemption of wine duties

Waiving the Hotel Accommodation Tax

Budget Revenue Measures (Cont'd)

2009-10 Budget

One-off Concessions/Waivers

- Salaries Tax
 - Tax under Personal Assessment
- } 50% of the tax assessed for 2008-09, subject to a ceiling of \$6,000
- Rates for the first two quarters of 2009-10, subject to a ceiling of \$1,500
 - 20% rental reduction for government properties and short term tenancies of government land for three months

Extended Revenue Items

- Extend the exemption for electric vehicles from First Registration Tax until 31 March 2014
- Extend the freeze on government fees and charges until 31 March 2010

2009-10 Total Estimated Spending

	\$ billion
Recurrent expenditure	227.6
Non-recurrent expenditure	16.4
Operating expenditure	<u>244.0</u>
Capital works expenditure	39.3
Other capital spending	18.3
Capital spending	<u>57.6</u>
Total spending	<u>301.6</u>
Year-on-year change	
2008-09 revised estimate	-16.2
2007-08 actual	+66.8

Chart 7

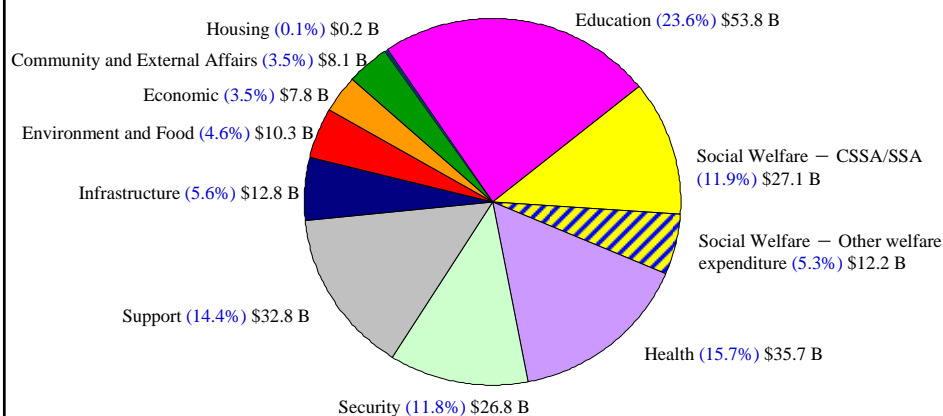
Recurrent and Capital Works Expenditure

	2008-09 Revised Estimate (\$billion)	2009-10 Estimate (\$billion)	Increase %
Recurrent Expenditure	215.9	227.6	+5.4
Capital Works Expenditure	23.0 [#]	39.3	+71

[#] Excluding the \$21.6 billion endowment to the West Kowloon Cultural District Authority

Chart 8

Recurrent Expenditure for 2009-10 (Estimates)



Total recurrent government expenditure : \$227.6 billion (75.5% of total government spending of \$301.6 billion)

Chart 9

Measures to Provide Opportunities for Jobs and Internships

Measures	Provision (\$ million)	Approximate No.	Time when Opportunities Arise
Pre-employment / on-the-job training and internships for young people, middle-aged and disabled	400	44 000	Next 2 years
Internship Programme for University Graduates	140	4 000	Next year
Operation Building Bright	700	10 000	Next 2 years

Chart 10

Measures to Provide Opportunities for Jobs and Internships (Cont'd)

Measures	Provision (\$ million)	Approximate No.	Time when Opportunities Arise
Promoting Hong Kong as an events capital	100	2 800	Next 3 years
Promoting community involvement activities under various themes	78	260	Next year
Education programme on how to use the Internet safely	63	500	Next year
Works to enhance energy efficiency of government buildings and public facilities	130	200	Next year
Total	1,611	61 760 (about 62 000)	

2009 Medium Range Forecast

(\$ billion)	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Operating revenue	234.2	235.3	253.7	273.5	290.0
Operating expenditure	244.0	249.4	258.1	267.1	276.4
Operating surplus/(deficit)	(9.8)	(14.1)	(4.4)	6.4	13.6
Capital revenue	27.5	44.3	52.1	53.7	56.3
Capital spending	57.6	55.2	69.6	68.9	71.2
Capital financing deficit	(30.1)	(10.9)	(17.5)	(15.2)	(14.9)
Consolidated deficit	(39.9)	(25.0)	(21.9)	(8.8)	(1.3)
Fiscal reserves	448.1	423.1	401.2	392.4	391.1
- as number of months of government expenditure	18	17	15	14	14
- as a percentage of GDP	27.2%	24.6%	22.3%	20.9%	19.9%

Thank You
