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24 December 2014

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Clerk to Panel on Financial Affairs  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn : Ms Connie Szeto)

Dear Ms Szeto,

**Panel on Financial Affairs**  
**Rescheduling of the regular meeting on 1 December 2014**

Thank you for your letter of 18 December 2014 to the Financial Secretary, who has asked me to reply on his behalf.

The Financial Secretary attaches great importance to keeping Members and the general public updated on Hong Kong's economic situation. In view of the cancellation of the Legislative Council's Panel on Financial Affairs ("FA Panel") meeting on 1 December 2014, the Financial Secretary held a press conference on the same day, with a view to disseminating the essential information on Hong Kong's latest economic outlook to the general public in a timely manner. The transcript of the Financial Secretary's remarks at the press conference is attached at **Annex A**. Enclosed also at **Annex B** is a set of powerpoint slides on Hong Kong's recent economic situation and near-term outlook for the easy reference of the Panel Members.

Members would also be briefed on the subject when the 2015 Policy Address and the 2015-16 Budget are announced respectively on 14 January 2015 and 25 February 2015.

On the 2015-16 Budget, the consultation exercise was launched jointly with the consultation on the Policy Address in October 2014. The consultation is still open, and views and proposals received would be carefully considered. I attach at Annex C a set of powerpoint slides on the 2015-16 Budget consultation for the reference of the Panel Members.

Given the information already disseminated and the small window of time available before the Policy Address, a special FA Panel meeting on the economic situation and Budget consultation in the new year does not appear to be particularly fruitful. However, if Members should still consider it necessary to have such a meeting, the Financial Secretary is prepared to brief Members at a mutually convenient time.

Yours sincerely,

A handwritten signature in blue ink, consisting of a stylized 'W' followed by a horizontal line.

( Raymond Wu )  
Administrative Assistant to  
Financial Secretary

c.c.

Hon Chan Kin-por, BBS, JP, LegCo FA Panel Chairman

Mrs Helen Chan, Government Economist

Mr Raymond Sy, Administrative Assistant to Secretary for Financial Services and the Treasury

## 新聞公報

財政司司長就香港整體經濟最新狀況舉行記者會開場發言（只有中文）  
（附圖／短片）

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以下是財政司司長曾俊華今日（十二月一日）就香港整體經濟最新狀況舉行記者會的開場發言：

各位，大家好。今日早上我原訂出席立法會財經事務委員會的會議，可惜會議因為示威活動，被迫取消。不過，我認為今日我本來說的內容，是仍然有需要向公眾簡報的，這是關於香港最新的經濟情況，所以我便特別邀請了大家出席這個記者會。多謝大家的來臨。

以下我會先將原訂在立法會公布的内容，在大概十多分鐘內向大家簡述。之後我與Helen——政府經濟顧問，便會回應大家的問題。

今年以來，環球經濟溫和復蘇的格局大致未變，但各地區今年第三季的增長表現卻是步伐不一。歐洲和日本的情況令人擔憂，美國經濟復蘇勢頭正在鞏固，內地增長平穩，而亞洲不少經濟體近期也有增強的跡象。

環球經濟增長不平衡的形勢，正正反映香港出口的表現，輸往歐日的出口較弱，輸往美國的出口則錄得微升。相比之下，輸往亞洲地區的出口表現不錯，部分市場更錄得雙位數的升幅。十月份最新數字顯示，本港貨物出口貨值繼續有溫和的增長。

服務輸出在第三季恢復了增長。旅遊服務輸出的跌幅顯著收窄，除了高基數效應正在減退之外，訪港旅客人數在第三季亦錄得雙位數的增長。

其他服務出口表現也不錯。受惠於暢旺的跨境金融服務和集資活動，以及區內貿易活動轉趨活躍，金融服務和跟貿易相關的服務輸出亦加快上升。

至於香港內部經濟，私人消費開支經歷兩季回軟後，在第三季有少許增強，反映消費意欲略為好轉。就業和收入都保持穩定，對市場消費信心有支持的作用。

投資開支就依然疲弱，建造活動僅僅錄得微升，機器和設備購置持續下跌，反映投資氣氛欠佳。消費好轉但是投資下跌，此消彼長下，第三季整體本地需求只是錄得輕微的增長。

綜合而言，基於服務輸出和私人消費開支有所改善，本港經濟重拾增長動力，今年第三季按年實質擴張百分之二點七，比第二季的百分之一點八，高出零點九個百分點。經季節性調整後，第三季對第二季的對比，是反彈了百分之一點七。

勞工市場方面，情況大致穩定，總就業人數在近幾個月有溫和增長，八月至十月經季節性調整後的失業率維持於百分之三點三的低水平。工資和收入都是有實質的增長。

至於佔領行動對香港經濟的影響，我們目前仍然未能夠掌握全面的實際數據，但我認為大家值得留意以下我有三個觀察：

一，受示威行動影響的經濟活動相當廣泛，包括零售、飲食、酒店、運輸，以及跟旅遊相關的行業。今日下午，統計處會公布十月份的零售銷售數字，數據大約顯示了零售業整體表現按年增長已放緩，在個別零售環節，十月的銷情相比九月明顯轉差，甚至出現顯著按年跌幅，這情況令人關注。

第二點，中小企的整體營商氣氛一般轉差，對其他經濟環節的影響，我相信會陸續浮現。

第三，近期非內地訪港旅客（人數），尤其是鄰近地區的旅客出現下跌，扭轉了第三季的升勢。

這些發展都是令人擔心的，我會密切留意長期示威與衝擊活動對整體經濟的影響，在適當的時候，我們會採取合適的措施，幫助有需要的人士和中小企。

在過去的兩個月期間，金融體系、市場操作和對外貿易都可以保持正常，但是，如果示威與衝擊活動持續落去，我擔心一些負面因素會進一步削弱消費和投資信心，對收入增長和對就業市場都會構成一定的壓力，加劇對經濟的負面影響，令內部經濟下行風險上升。我對下一季即第四季的經濟前景未感樂觀。

我預測現時今年全年經濟增長會有百分之二點二。無可否認，這個預測在現階段還存在不確定性，可能還有進一步下行的風險。

在物價方面，通脹有繼續緩和的趨勢，基本通脹從上一年的百分之四，收窄至今年首十個月的百分之三點五，十月份最新數字是百分之三點四。

鑑於租金成本壓力溫和，工資增幅平穩，環球商品價格回軟，通脹短期的上行風險正在減退。我將今年全年通脹預測輕微向下修訂零點一個百分點，即全年基本通脹率為百分之三點四，整體通脹率為百分之四點三。

就明年的經濟情況，我對環球經濟仍然感到憂慮，歐洲和日本的經濟前景疲弱，後金融海嘯時期全球低速增長的格局，短期內應該不會有太大的改變。

美國經濟前景目前看來較為進取，但是我們不能忽視一些潛在的暗湧。

至於亞洲方面，內地增長繼續平穩，區內經濟基本面普遍較佳，對香港的出口有一個緩衝的作用。

近年環球經濟形勢的不均衡環境，令主要央行貨幣政策的走向出現明顯的分歧，導致國際金融市場變得更為波動。美國聯儲局於今年十月結束購買資產，加息的確實時間要視乎美國經濟情況，尤其是就業和通脹的表現，但是加息的出現是必然的，只是時間和速度的問題。

至於歐洲和日本的央行，就雙雙加大量寬力度，跟美國聯儲局退市背

道而馳，令到環球資金流向、匯率走勢和利率預期都變得更加不明朗，加劇國際金融市場的波動性，令環球經濟前景增添更多變數。

本地方面，我擔心示威衝擊行動和政治爭拗持續，會進一步影響消費市道，企業營商環境亦會變得更加不穩定，企業對擴展業務規模、以至開創新職位都可能更加審慎，一旦影響到勞工市場，我相信對經濟的連鎖效應應該會很大。

法治是香港的核心競爭力所在，亦是香港成為主要商業中心和國際金融中心的基石。佔領行動在過去兩個月正在衝擊本港的法治基礎，而沒完沒了的政治爭拗，正在妨礙政府的施政，無可避免打擊了投資者的信心，削弱香港作為國際金融中心和地區總部的競爭力。

政治因素以外，訪港旅客消費模式轉變，和資產市場面對美國加息的調整壓力，都可能影響本地消費和投資意欲，影響明年的經濟環境。我會在明年二月底宣讀《財政預算案》時公布二○一五年經濟預測。

至於明年的通脹情況，國際能源和原材料價格近期回軟，但是這些價格很容易會因應世界各地供求變化而波動。事實上，中東地區的地緣政治風險仍然偏高，會直接影響油價。

本地方面，明年的通脹壓力應該不大，但是我們需要留意近期樓市升勢到明年會否持續，以致推高租金和通脹風險。政府會密切留意各項影響通脹走勢的因素，特別是對低收入人士的影響。

至於樓市方面，政府一直透過提供更多土地，增加住宅供應，務求樓市健康平穩發展。未來數年的住宅單位供應現時增加至七萬四千個，是有記錄以來最高。

交投方面，今年一月至十月的每月平均成交為五千三百宗，按年上升百分之二十五，但是數字仍然低於過去二十年每月七千九百宗的長期平均數。樓價亦重拾升勢，相比去年十二月，今年首十個月樓價已累計上升百分之十。

政府一直對樓市泡沫風險保持警惕。十月的整體樓價，較一九九七年的水平高出百分之五十六。反映市民置業購買力的按揭供款佔入息比例，在第三季高企於百分之五十七，遠高於過去二十年百分之四十七的長期平均數。一旦利率上升三個百分點至較正常的水平，這個比率更會飆升至百分之七十四，進一步加重市民的負擔。

美國聯儲局雖然未有確定的加息時間，但超低利率和資金氾濫的環境始終都會逆轉。本地佔領行動對經濟的影響亦會逐步浮現。這些因素會令市場氣氛、令息率預期和國際資金流向出現波動，影響本地樓價和各項資產的價格。政府會繼續密切留意情況，按需要採取適當的應對措施，並且會繼續維持土地和房屋供應，讓樓市能夠健康平穩發展。

各位，目前香港內外都存在一些隱憂，縱使香港的基調良好，金融體系穩健，但在種種風險因素之下，我們必須提高警覺，避免出現金融系統性風險，務求保持宏觀經濟和就業市場穩定。

至於九月底開始的佔領行動，對於不同的行業，特別是中小企，造成一定的影響。政府已經展開了明年《施政報告》和《財政預算案》的諮詢

工作，我們會繼續聽取議會和社會各界人士的意見。

簡報到此為止。以下我會可以回答大家的問題。

完

2014年12月1日（星期一）  
香港時間13時13分



## 新聞公報

財政司司長在香港整體經濟最新狀況記者會答問全文（附圖）

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財政司司長曾俊華和政府經濟顧問陳李藹倫今日（十二月一日）就香港整體經濟最新狀況在政府新聞處新聞會議室舉行記者會。以下是財政司司長在記者會上的答問全文：

記者：司長，你好！你可否回應一下昨晚在金鐘示威衝擊的情況？

財政司司長：今日凌晨有學生組織發起堵塞政府總部和嘗試霸佔連貫港島東西的龍和道。警察是有責任執法的，這是他們的工作。這些組織的行徑是非常不負責，我們必須譴責。我亦再次呼籲，佔領人士應該立即撤離，讓社會可以回復秩序，不要再繼續傷害香港和所有無辜市民。

記者：有兩個問題，第一個問題就是佔領兩個月以來，不同團體和官員都說佔領會如何影響經濟、旅遊業等。但剛剛你都說到，其實旅發局十月的訪港數字其實升了十多個百分點。這樣其實可否說說佔領對於經濟、旅遊是否真的有這麼大的影響呢？還是scaremongering？另一個問題就是剛剛你說到會視乎不同情況，政府推出不同的措施，你可否講解少許其實是一些甚麼措施？是怎樣的呢？

財政司司長：絕對不是嚇人。我們說的訪港旅客人數確實是增加了，但更重要的是，你們看到的，就是那些非內地的訪客減少了相當大的數目。最近這個月是下跌好像是百分之七、八，是百分之七，這個是相當大的數目。因為很多這些非內地旅客來香港，很多是過夜、過幾夜的，這個對我們經濟貢獻是很大的。

我們未能夠很確實地講到影響如何，因為還只是兩個月的時間，我們未有掌握到全面的數據，但影響是一定的。剛才我也說過，在短期方面看到的，受影響的區域的不同商業活動，都是直接受到影響的。今日下午發出的數據，細緻來看，整體來說是放緩的，但個別的零售範疇數據的跌幅是令人關心的。

不過，我特別關心的是中長期方面的影響，因為現時的情況，如果是持續的佔領，一定會令到我們的國際形象受損。長遠來說，有可能亦對我們的投資信心會有大的影響。我們最近亦看到有些個別例子，投資者改變了他們到來香港的投資意願。如果是帶來不穩定的話，當然亦對工資、對新的就業數字亦會有大的影響。但更重要的，剛才我亦說過，如果對我們的法治有影響，會造成對香港難以彌補的傷害。這個是我們很重要的核心價值，如果有傷害，這個是「內傷」來的，因為我們香港到今天的經濟情況是需要很長期地建立起來，如果是一朝這樣推翻是非常可惜的。

記者：第二個問題就是會有些甚麼措施？

財政司司長：現時我是繼續聽取議會和各方面的提議，我們綜合了，我會在預算案中向大家宣布。

記者：想問多一個問題，就是全年經濟增長是百分之二點二，你認為，現

在看完最新局勢，會不會有可能再調低？

財政司司長：那個亦有下行風險，但是如果你看到我們全年頭三季和預計二點二全年的增長，是看到第四季的增长不會是很高的，但是（就）現在的情況來說，我們亦要再看看還有一個月的情況，看看怎樣，但是這個下行風險確實是存在的。

記者：想問一下，剛才都說有下行風險，但是Q3（第三季）會不會有機會去到一個衰退、經濟下跌而不是增長？其次，想再問一下，現在可不可以評估一下對於勞工市場，佔領行動的影響，即是會不會見到，剛才都說可能企業的投資意欲減慢，那麼見到勞工市場會不會都有一些異動？可能請人其實是少了？其次，見到今日的股市很波動，其實上個星期開始都是這樣。其實，財爺，是否見到有甚麼異動可能導致市況會這樣？謝謝。

財政司司長：我想你說的應是第四季，因為第三季是有（百分之）二點七的增長，你說的是第四季。第四季的增长我是擔心的，我不是太樂觀的。我們第一季到第三季的平均增長是（百分之）二點四，現在我在說的是全年（百分之）二點二，可以預測得到，即我們第四季的增长不是太好，這方面我是擔心的。

至於失業率，現在是百分之三點三，我想短期之內應該影響不是很大，但是如果持續的話，即現在這個問題持續的話，我想第一會受到影響的是加薪，整個收入方面會受到影響，然後就業方面接□會受到壓力。我是擔心明年的，明年我是擔心失業率會提升的，因為現在百分之三點三都是一個相當低的位，我覺得再下調的空間是不多的，所以如果有變動的話，多數是會上調的，所以我對明年的失業率，我是擔心的。謝謝！

（請同時參閱答問全文的英文部分。）

完

2014年12月1日（星期一）  
香港時間16時19分



## Press Releases

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Transcript of remarks by FS at press conference on Hong Kong's latest overall economic situation (with photos)

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The Financial Secretary, Mr John C Tsang, and the Government Economist, Mrs Helen Chan, today (December 1) held a press conference on Hong Kong's latest overall economic situation at the Information Services Department Press Conference Room. Following is the transcript of remarks by the Financial Secretary at the press conference:

Reporter: Secretary, could you comment on last night's events in Admiralty at the occupy movement? And my second question is: How has the occupy movement affected economic growth in this third quarter? You mentioned that there has been double-digit growth in visitors, but you said in non-Mainland visitors there has been a drop. And looking towards the future, if the occupy movement continues, what are your concerns? Thank you.

Financial Secretary: I've already explained that earlier. I think you just want to have a - I'll just provide you with a brief English explanation. The occupy movement made some pretty violent type of move on Hong Kong Island in Admiralty, and the Police went on to enforce, which, you know, this is their job. I feel that this sort of organised movement is totally irresponsible and is totally, sort of, ruffian type of attack needs to be reprimanded.

Reporter: ... if it continues, what are your concerns? Do you think people won't invest in Hong Kong? How will it affect investors' confidence in the city?

Financial Secretary: My biggest concern is really for the middle and longer term. If the occupation were to continue, no doubt our international image could be seriously damaged, which could lead to investment confidence running down. We have already seen different examples of that recently, and if the instability were to continue, that would also affect pay level as well as new job creations. But what is more important, if that whole rule of law concept were to be damaged, that would be very difficult to repair. That is our really core value. That kind of internal damage would be very difficult to heal.

Reporter: Sir, recently several economists have come out with comments that the debt level that Hong Kong companies and households have taken on is too high and has made Hong Kong one of the most vulnerable economies in Asia from an external shock, as, for example, particularly an interest rate hike, as you have pointed out before. Would you share the opinion that the debt level in Hong Kong is too high, and what is the Government doing to prepare for possible external shock?

Financial Secretary: I don't believe our debt level is too high. I think the debt level in Hong Kong now is manageable, and our banking regulator is keeping a very close watch at all times, and as a matter of fact we've been keeping a pretty close watch since 2008 on all the overall situation, and the current situation is

still manageable.

(Please also refer to the Chinese portion of the transcript.)

Ends/Monday, December 1, 2014

Issued at HKT 16:27

NNNN



香港特別行政區政府  
Hong Kong SAR Government  
立法會財經事務委員會  
LegCo Panel on Financial Affairs  
二零一四年十二月二十四日  
24 December 2014

## 最新經濟情況撮要

### Highlights of the latest economic situation

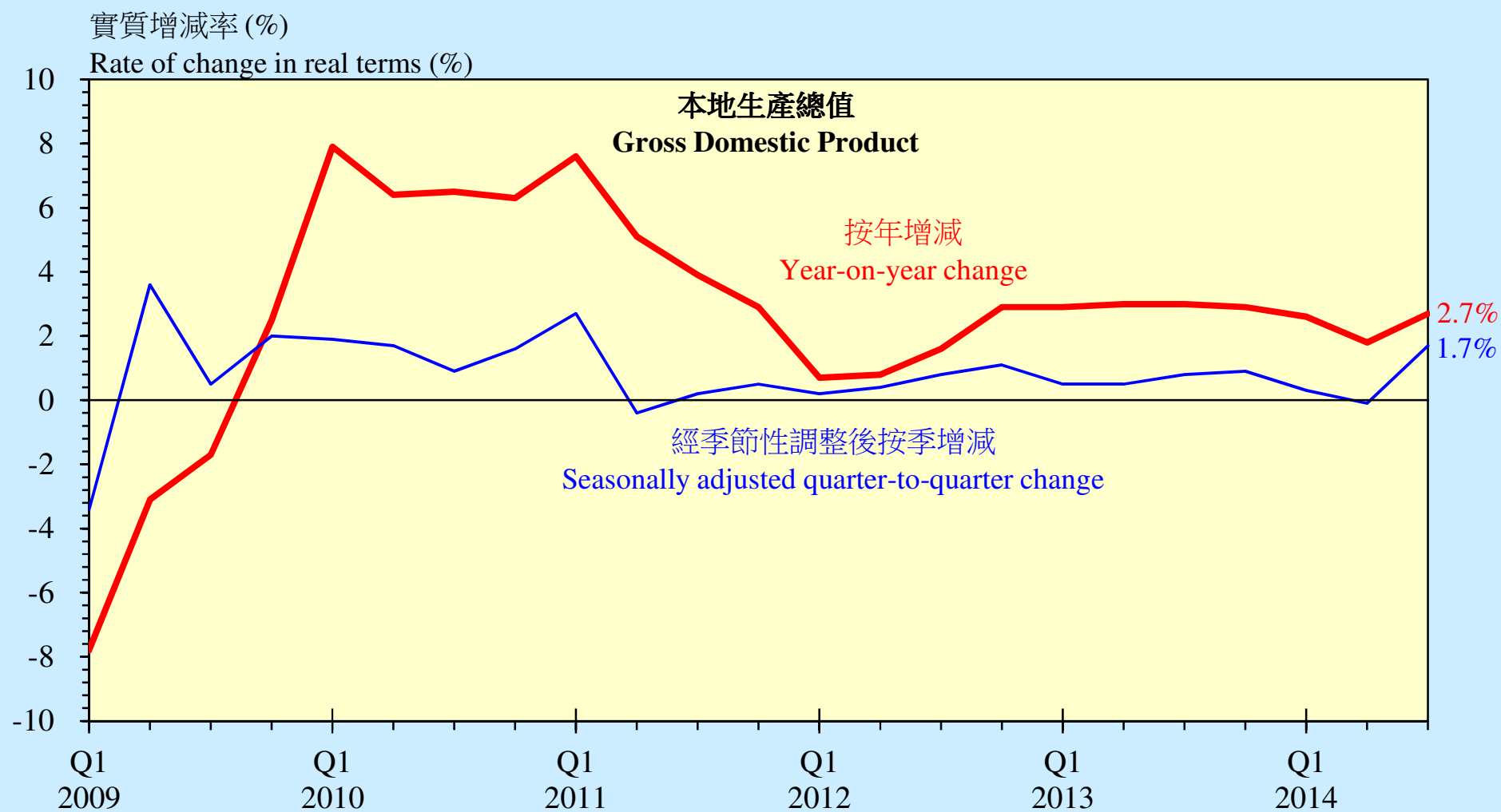
- 香港經濟首三季增長溫和，按年上升2.4%  
HK economy grew moderately by 2.4% year-on-year in Q1-Q3
- 勞工市場仍處於全民就業  
Labour market still in full employment
- 通脹進一步緩和  
Inflation eased further
- 「佔領行動」以來，消費市道個別環節受影響較大，營商氣氛轉差，內部經濟下行風險增加  
Since “Occupy Movement” started, certain consumption segments more hard hit than others; business sentiment worsened; adding to downside risks in the domestic segment
- 外圍環境仍不明朗，第四季情況不容樂觀  
Not optimistic for Q4 situation amid external uncertainties

# **2014年第三季經濟表現**

## **Economic performance in Q3 2014**



# 第三季經濟重拾一些動力 HK economy regained some momentum in Q3

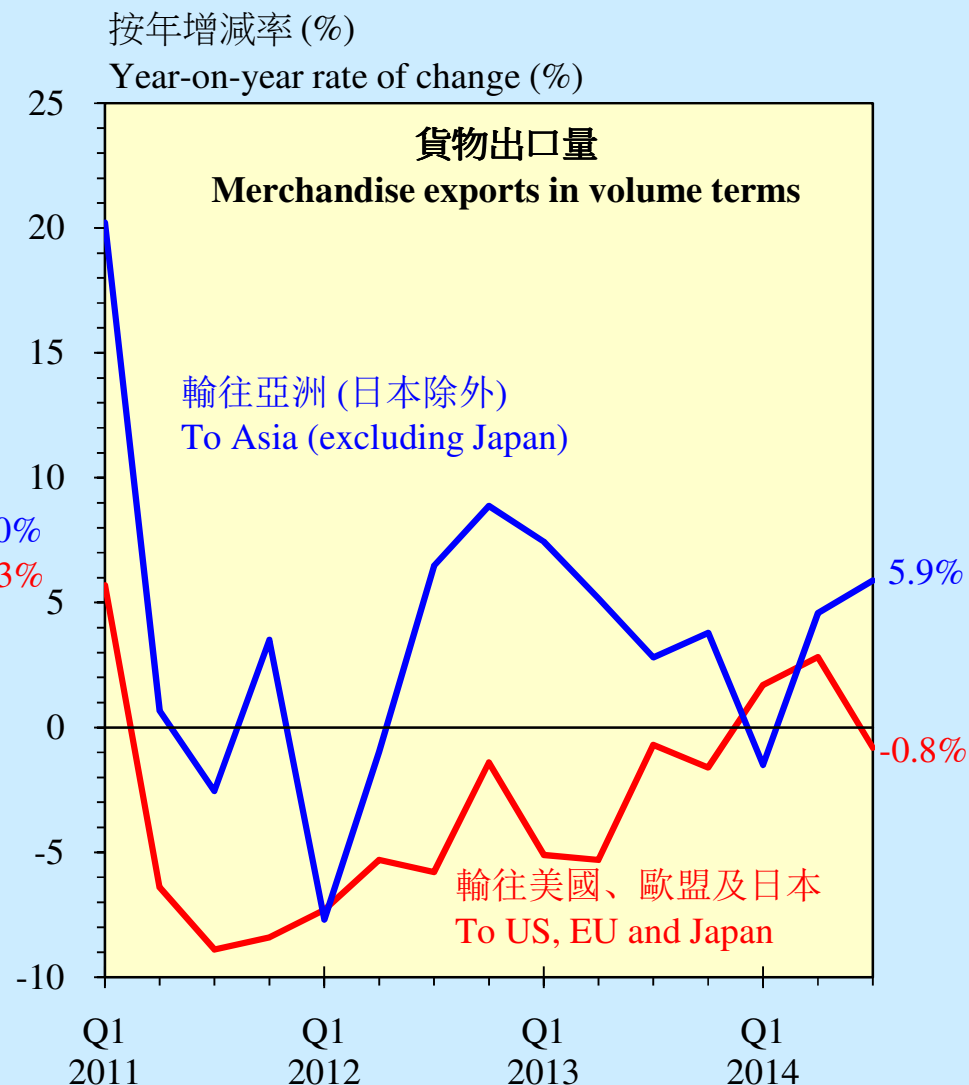




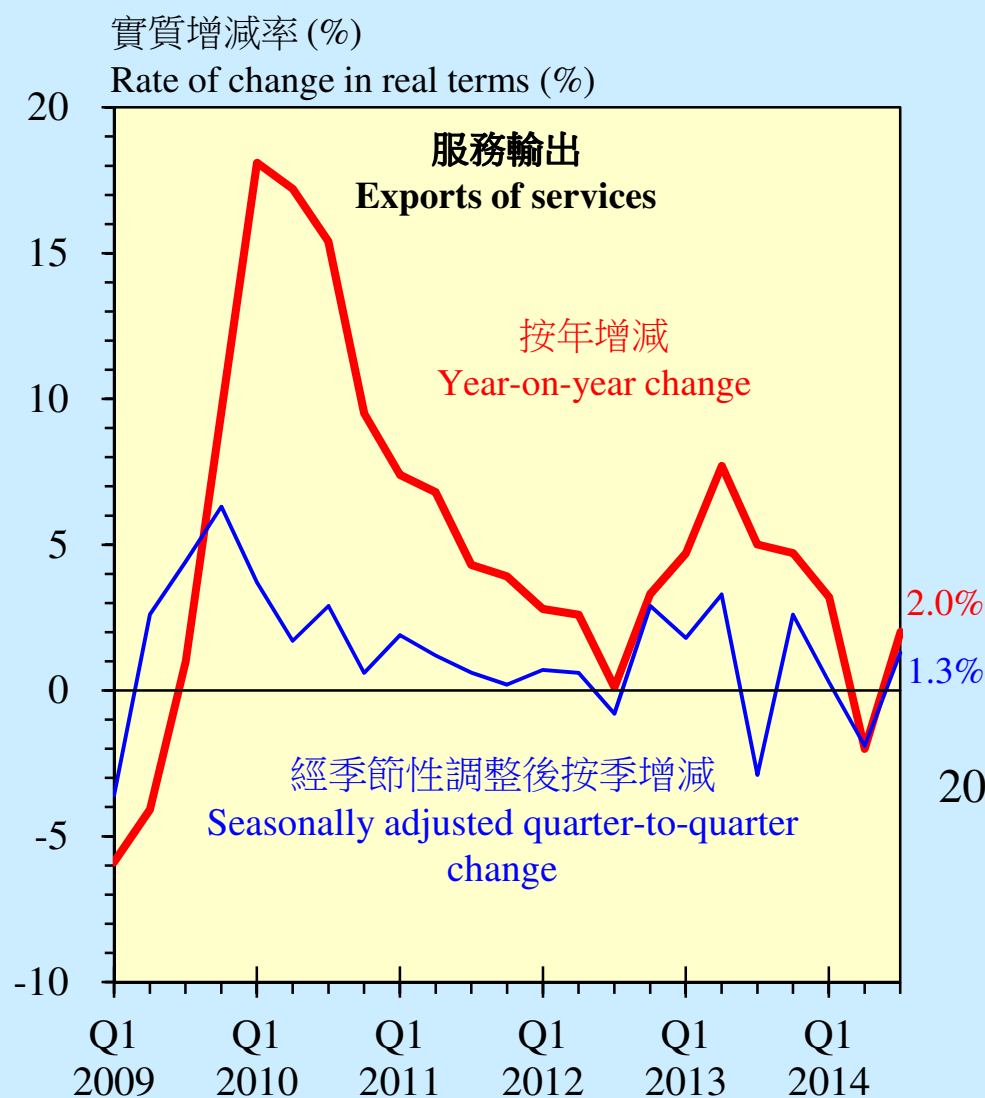
# 對外貿易環節

## **External sector**

# 受亞洲市場帶動，出口繼續溫和增長 Exports of goods made further moderate growth, led by Asian markets



# 服務輸出於第三季恢復增長，扭轉第二季的跌勢 Exports of services resumed growth in Q3, reversing the decline in Q2



## 服務輸出主要組成部分 Exports of services by major component

按年實質增減率 (%)  
Year-on-year rate of change in real terms (%)

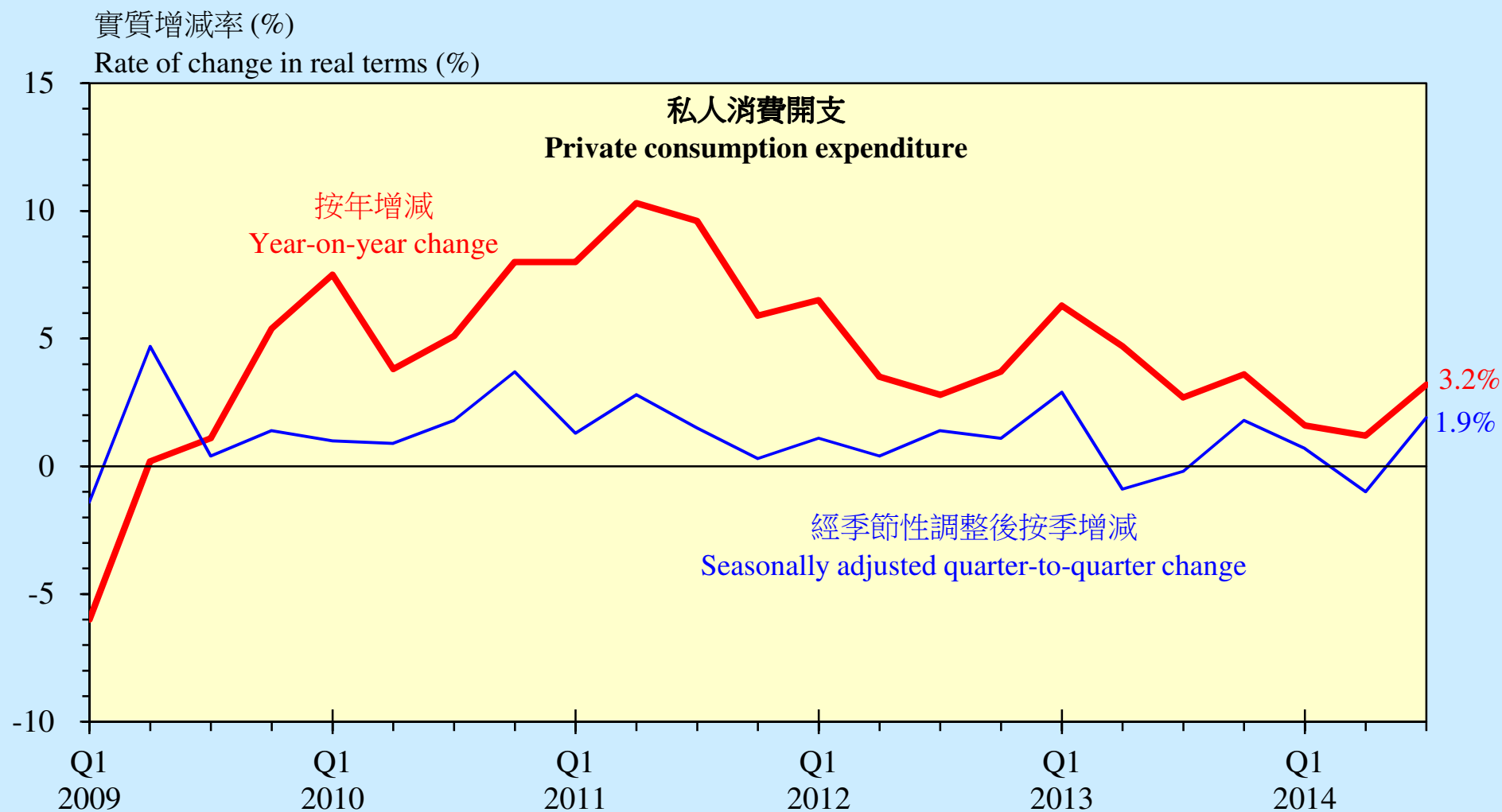
	旅遊服務 Travel services	與貿易有關的服務 Trade-related services	金融及商用服務 Financial and business services	運輸服務 Transportation services
2013	18.2	1.2	3.5	-1.1
2014 Q1	9.9	-0.2	0.7	1.1
Q2	-10.7	1.6	0.8	2.7
Q3	-0.8	2.7	6.4	0.5

# 本地經濟環節

## **Domestic sector**

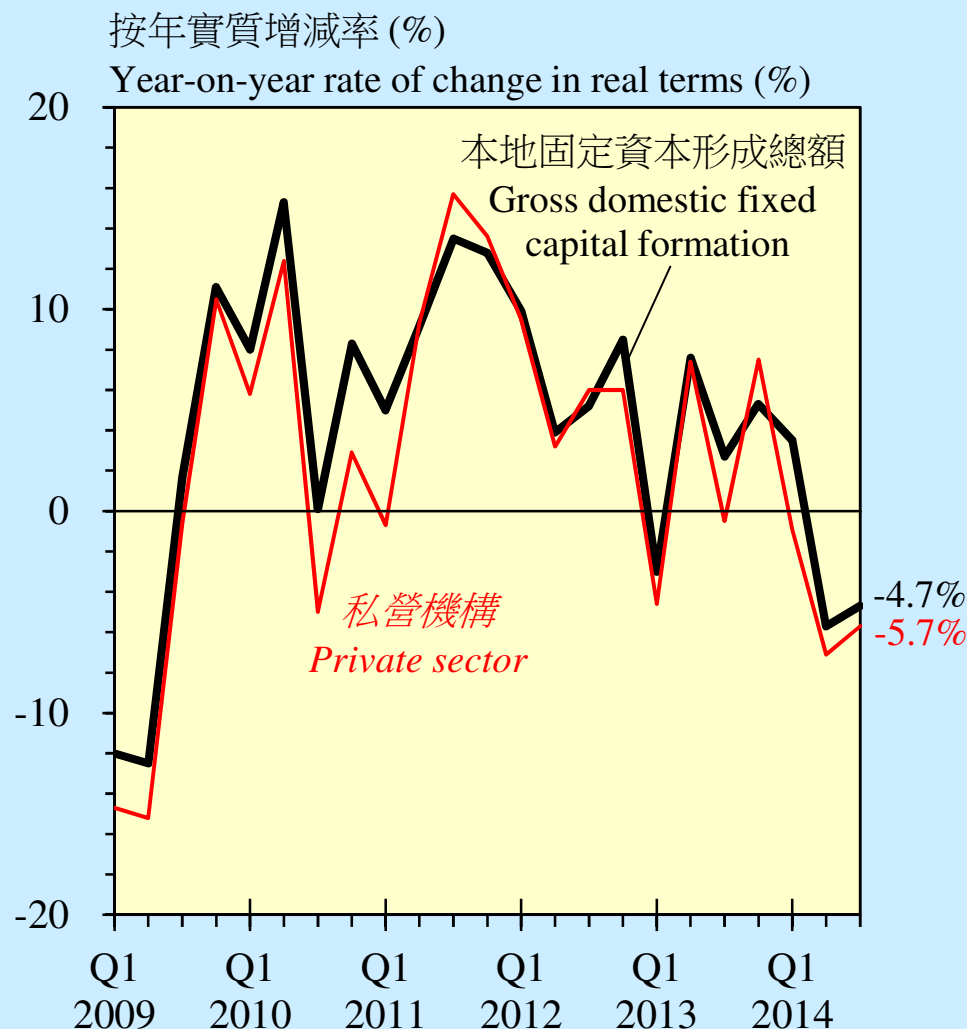
# 私人消費連續兩季放緩後有所增強

## Private consumption strengthened after two consecutive quarters of relapse



# 私營機器購置劇減，整體投資開支持續下跌

## Investment spending remained on a decline, as private sector machinery acquisitions plunged



### 私營機構整體投資開支 Private sector investment spending

按年實質增減率 (%)  
Year-on-year rate of change in real terms (%)

	機器、設備及 知識產權產品 <u>Machinery, equipment and intellectual property products</u>	樓宇及建築 Building and <u>construction</u>
2012	10.5	4.8
2013	10.7	-3.7
2013 Q1	-6.0	-2.9
Q2	20.5	-4.7
Q3	7.0	-5.6
Q4	18.1	-1.5
2014 Q1	1.3	3.6
Q2	-11.0	0.8
Q3	-12.9	2.0

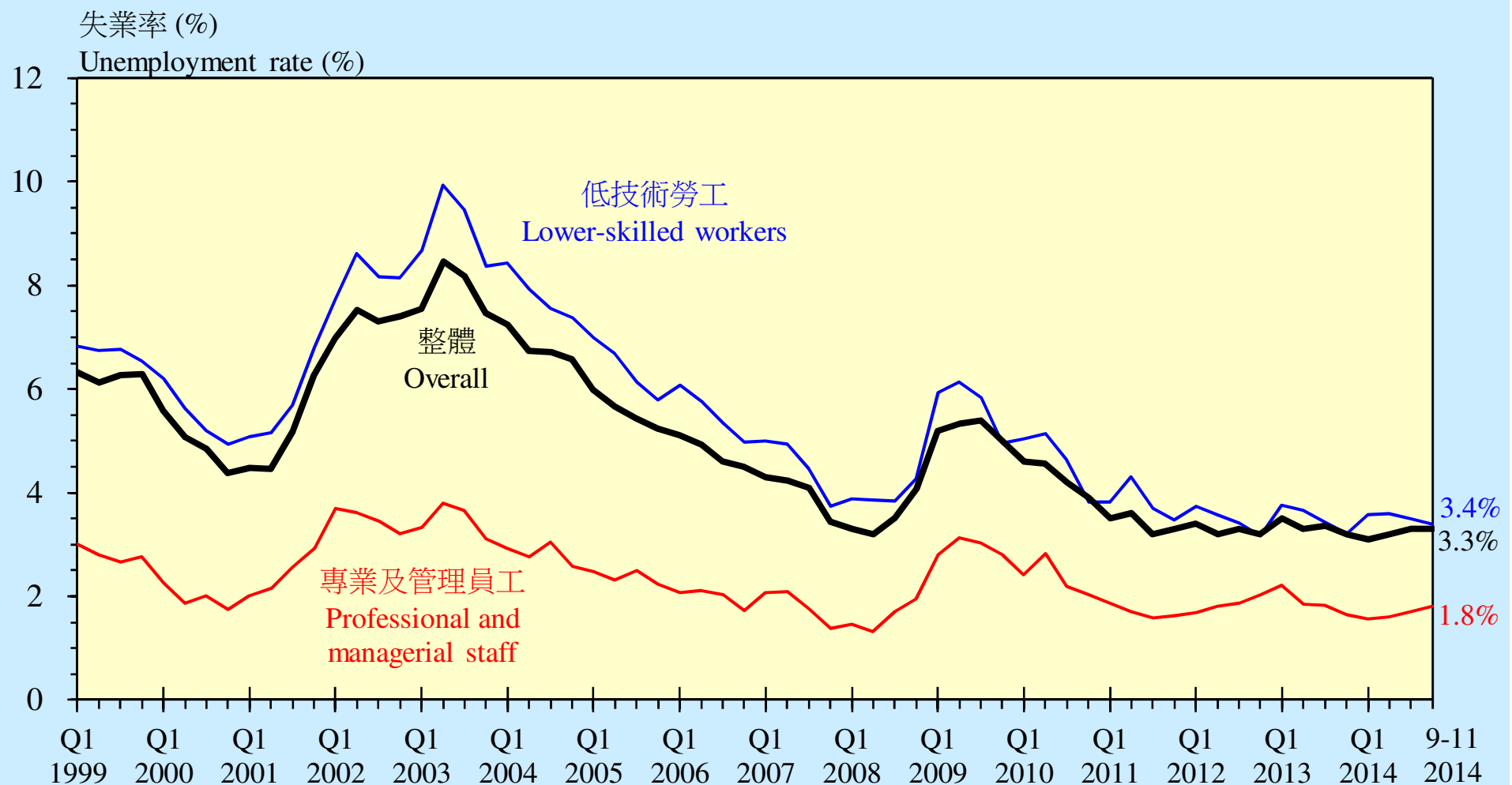


# 勞工市場

# Labour market

# 勞工市場大致穩定，失業率維持低位

## Labour market held largely stable with low jobless rate



註：除整體失業率外，其他均為未經季節性調整數字。  
Note: Not seasonally adjusted except the overall unemployment rate.

# 住戸収入近況

## **Recent situation of household income**

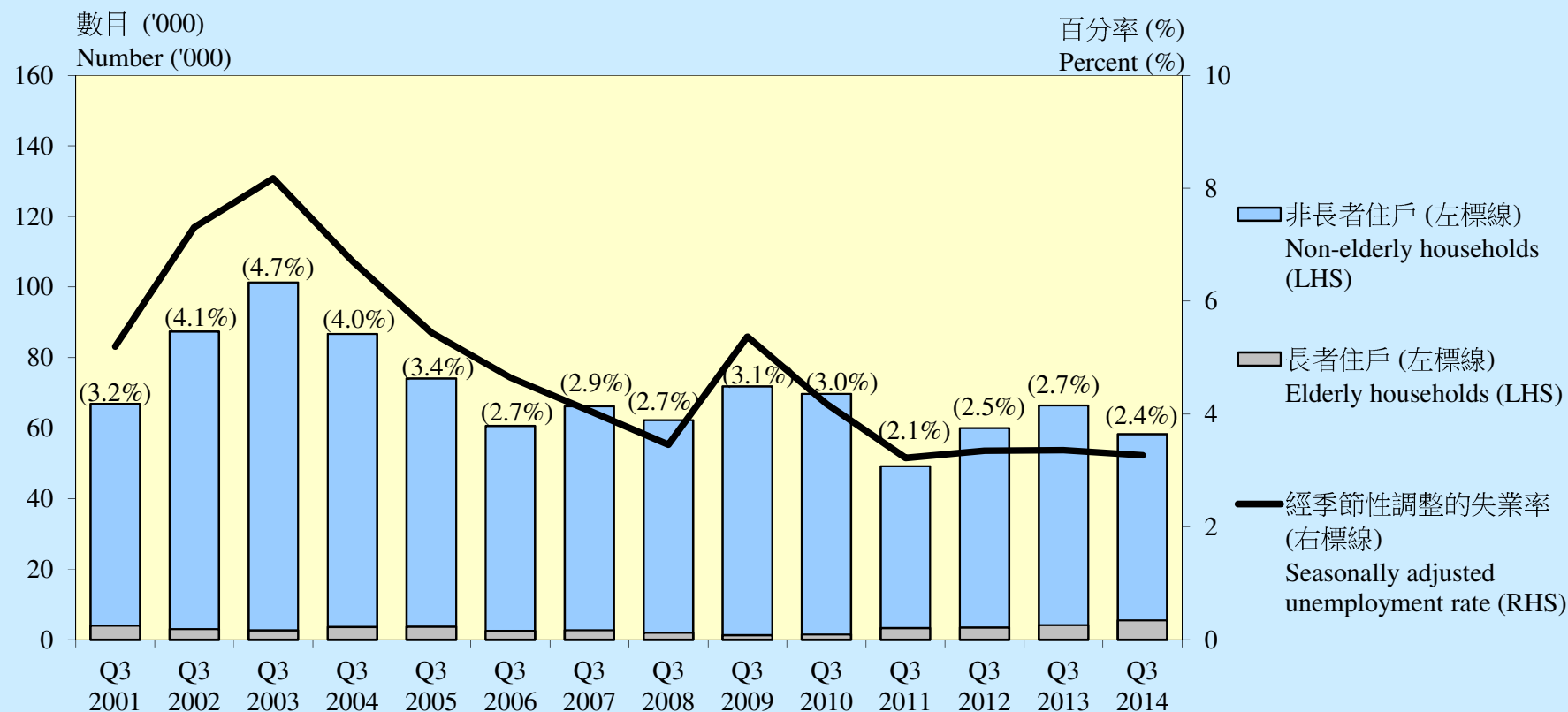
# 市民收入續有實質改善

## Earnings sustaining growth in real terms

	按年增減率 (%)	
	Year-on-year rate of change (%)	
	名義增長 <u>Nominal growth</u>	實質增長 <u>Real growth</u>
就業人士平均薪金指數 (2014年第二季) Index of payroll per person engaged (Q2 2014)	4.8	1.0
工資指數 (2014年六月) Wage index (June 2014)	4.5	0.7
全職非技術僱員平均就業收入 (2014年首三季) Average employment earnings of full-time unskilled employees (Q1-Q3 2014)	6.6	1.5

# 低收入住戶\*數目維持在低位

## Number of low-income households\* hovering at low levels



註：(\*) 低收入住戶是指每月住戶入息低於2013年第2季固定市價7,000元的住戶。當中並不包括所有均為非從事經濟活動人士的住戶。括號內的數字是其佔所有家庭住戶的比例。

Notes : (\*) Low-income households refer to households with monthly household income less than \$7,000 at constant Q2 2013 prices. This does not include households with all members being economically inactive. Figures in brackets are the proportions of low-income households in all domestic households.

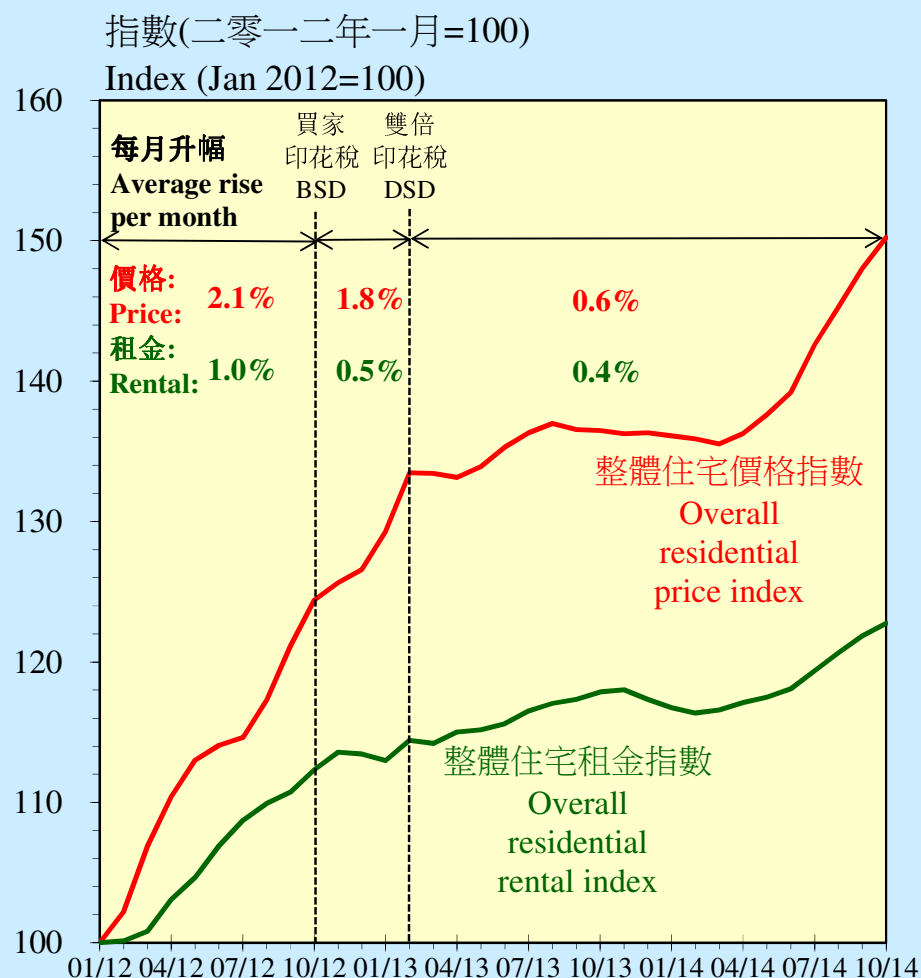
# 本港住宅市場

## **Local property market**

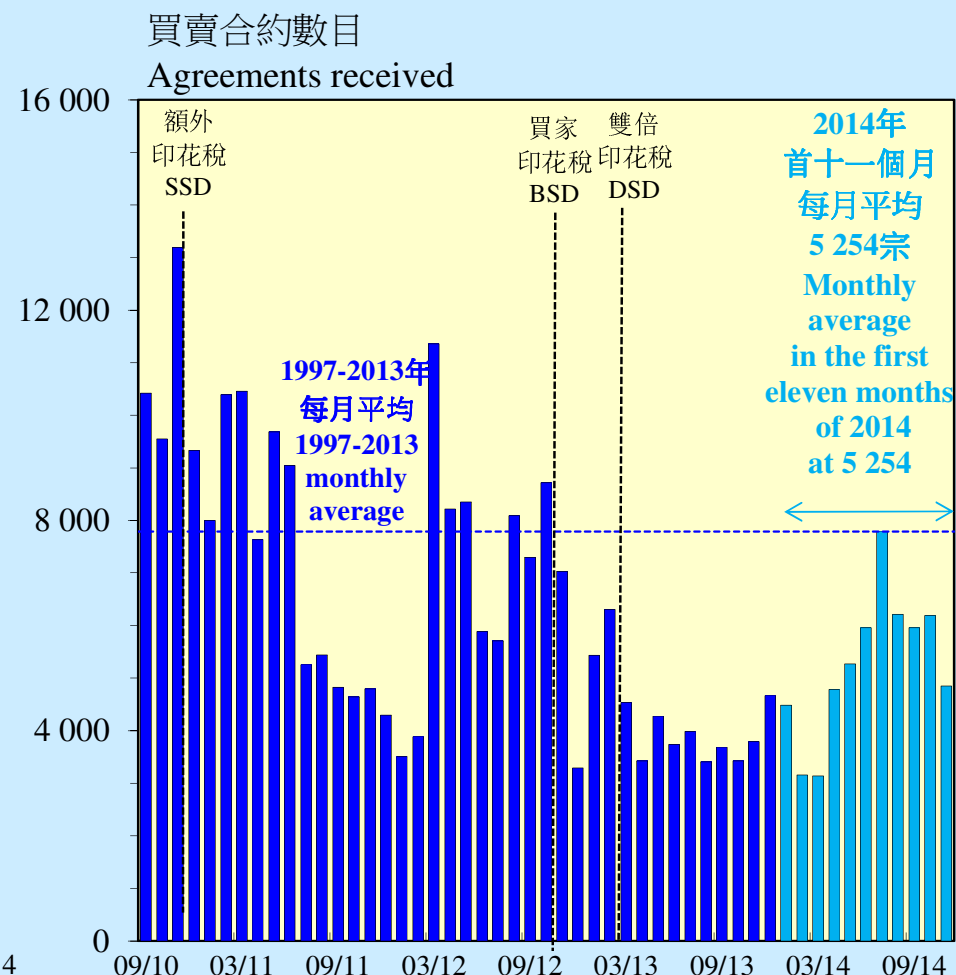


# 住宅市場仍然活躍 Property market still active

## 住宅價格維持升勢 Flat price continued to rise

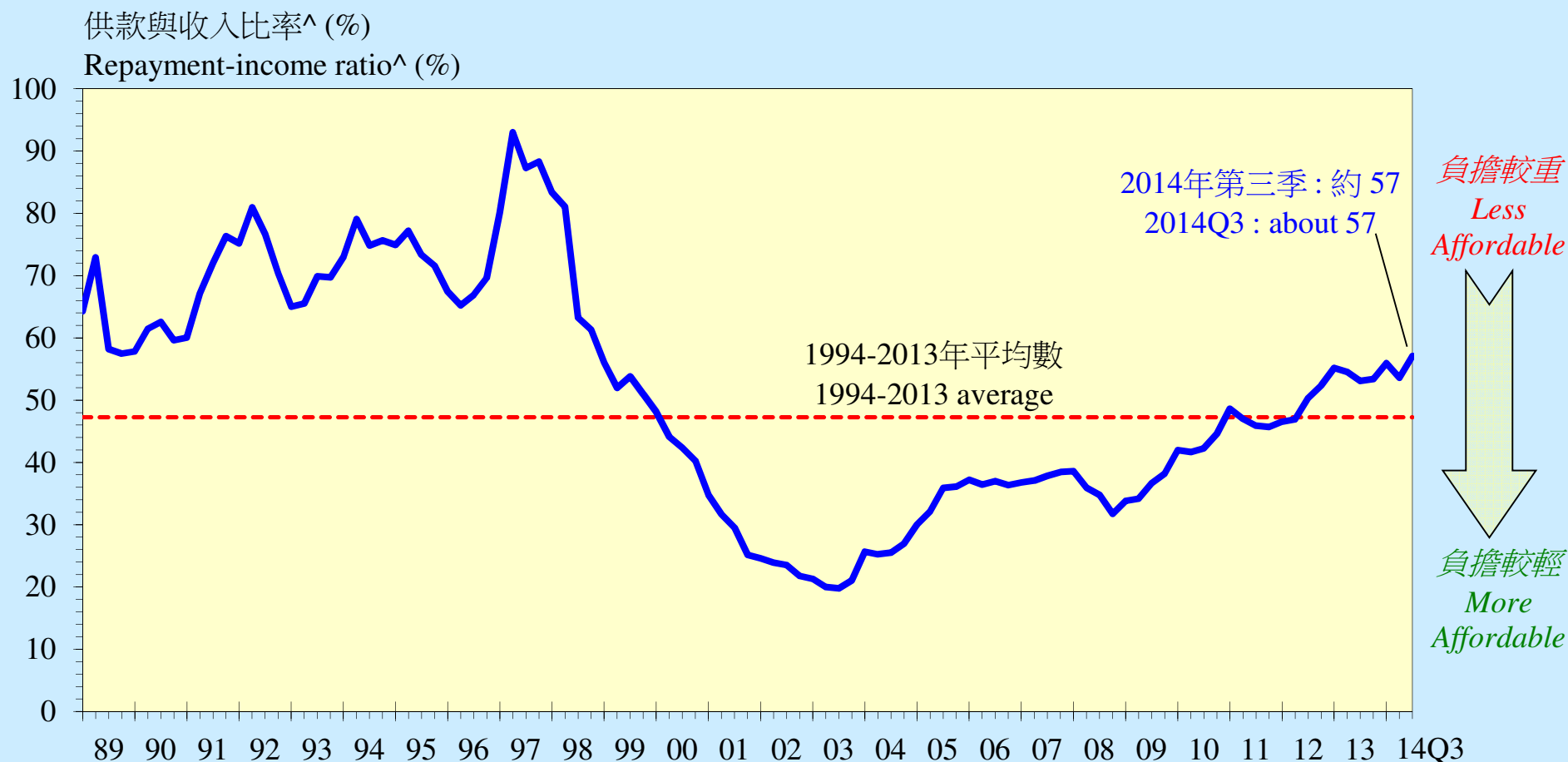


## 交投較第二季亦有所增加 Trading also increased from Q2



# 置業供款負擔比率維持高企

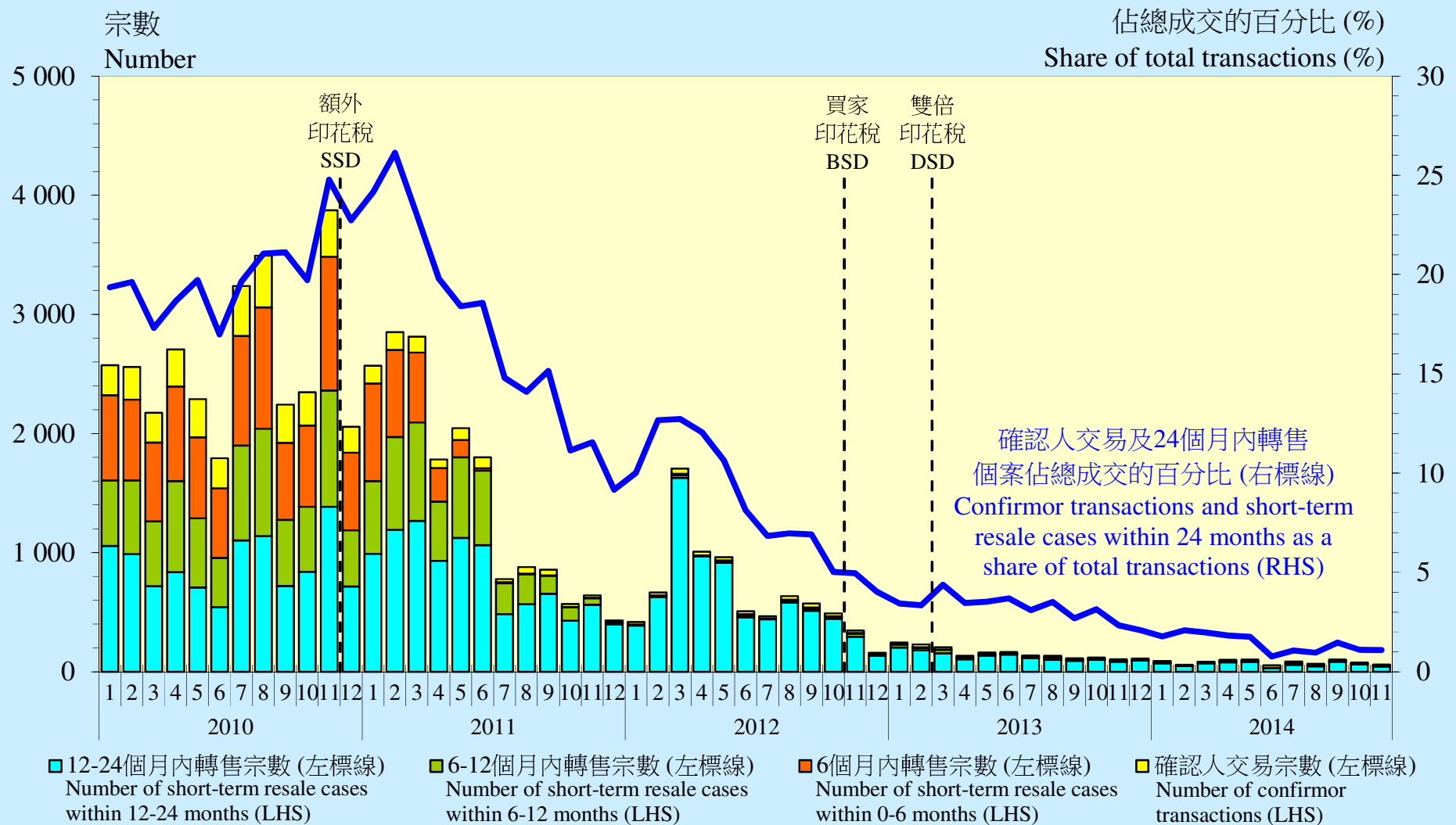
## Mortgage payment to income ratio remained elevated



註：(^) 45平方米單位的按揭供款(假設按揭成數為70%及年期為20年) 相對住戶入息中位數(不包括居於公營房屋的住戶)的比率。這比率與金管局公布的平均供款與入息比率不同，後者是新批按揭貸款申請人的每月償還債務與每月收入的比率。

Note : (^) The ratio of mortgage payment for a flat with saleable area of 45 sq m (assuming 70% loan-to-value ratio and tenor of 20 years) to median income of households (excluding those living in public housing). This ratio is different from the debt servicing ratio published by the HKMA, which is the ratio of actual monthly debt obligations of mortgagees to their monthly income of newly approved mortgages.

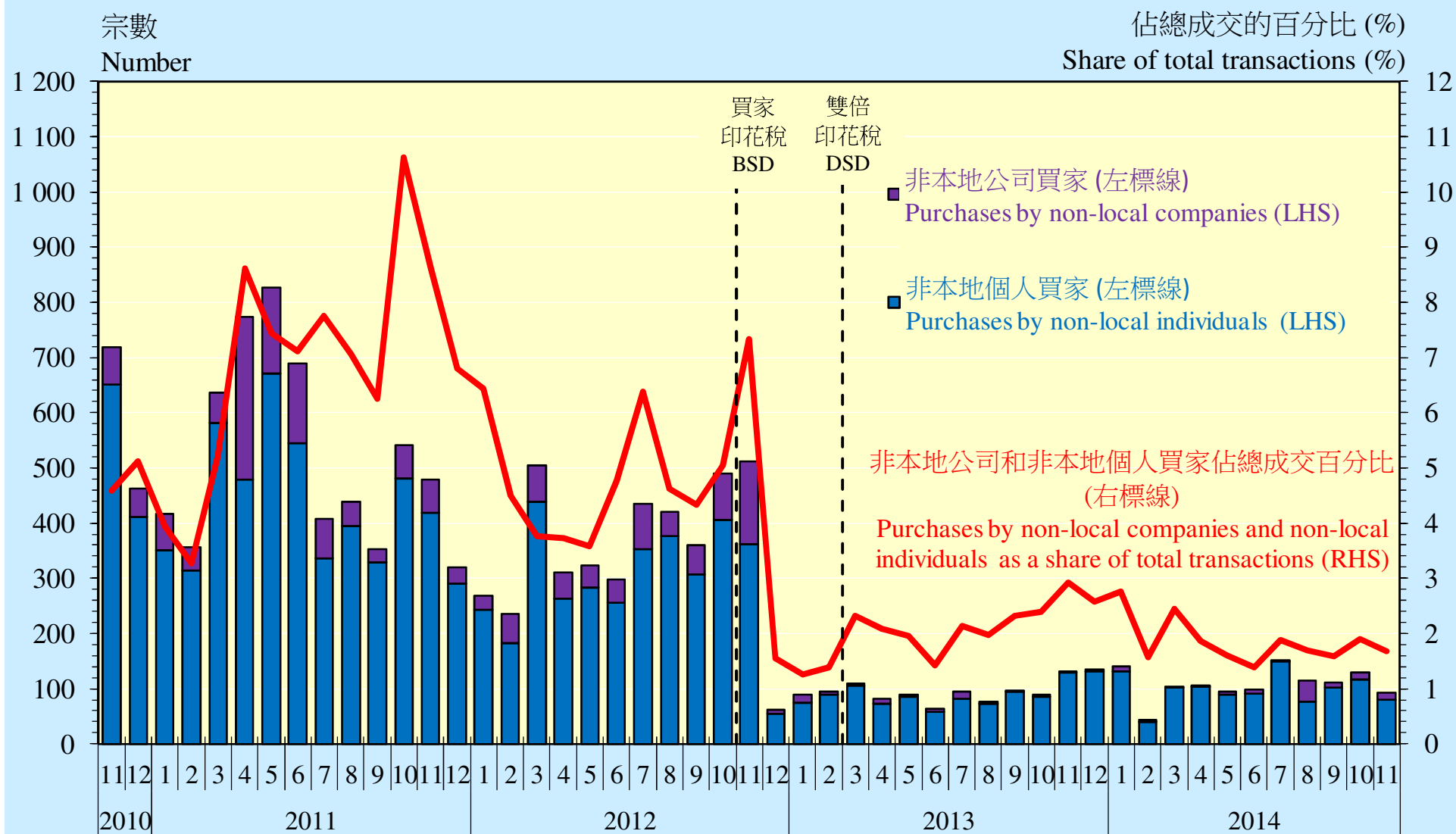
# 炒賣活動大為收斂 Speculative activities largely subsided



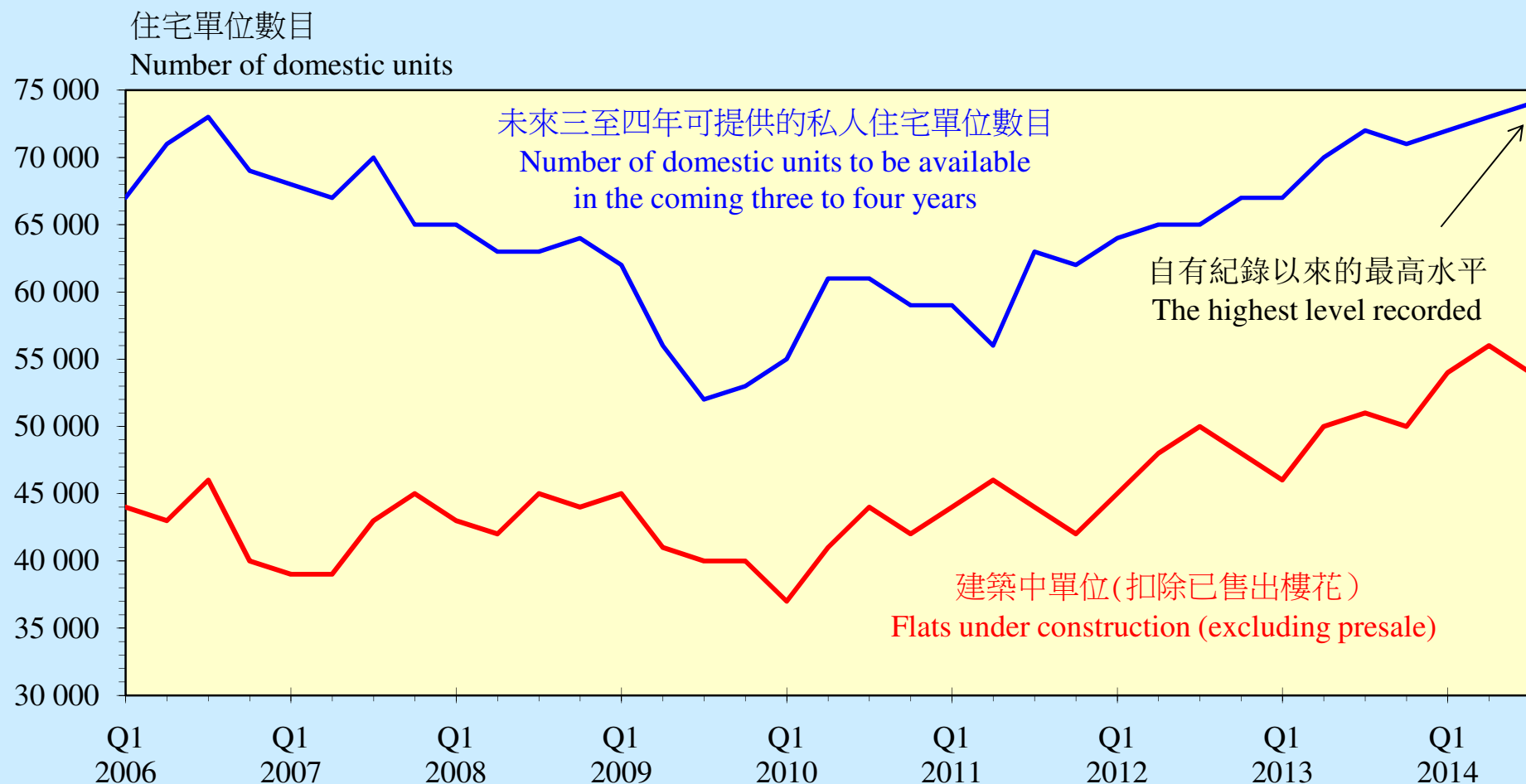
註：確認人交易指於未完成交易之前轉售。  
 Note: Confirmor transactions refer to resale before assignment.

# 非本地買家的交易佔比低

## Purchases by non-local buyers taking up a minor share



# 中期單位供應量升至有記錄以來高位 Medium-term housing supply risen to a record high



註： 以上數字包括已落成樓宇但仍未售出的單位數目、建築中而且尚未預售的單位數目，及已批出土地並可隨時動工的項目。

資料來源：運輸及房屋局。

Note: The above figures included unsold units in completed projects, units under construction but not yet sold by presale, and units from disposed sites where construction may start anytime.

Source: Transport and Housing Bureau.

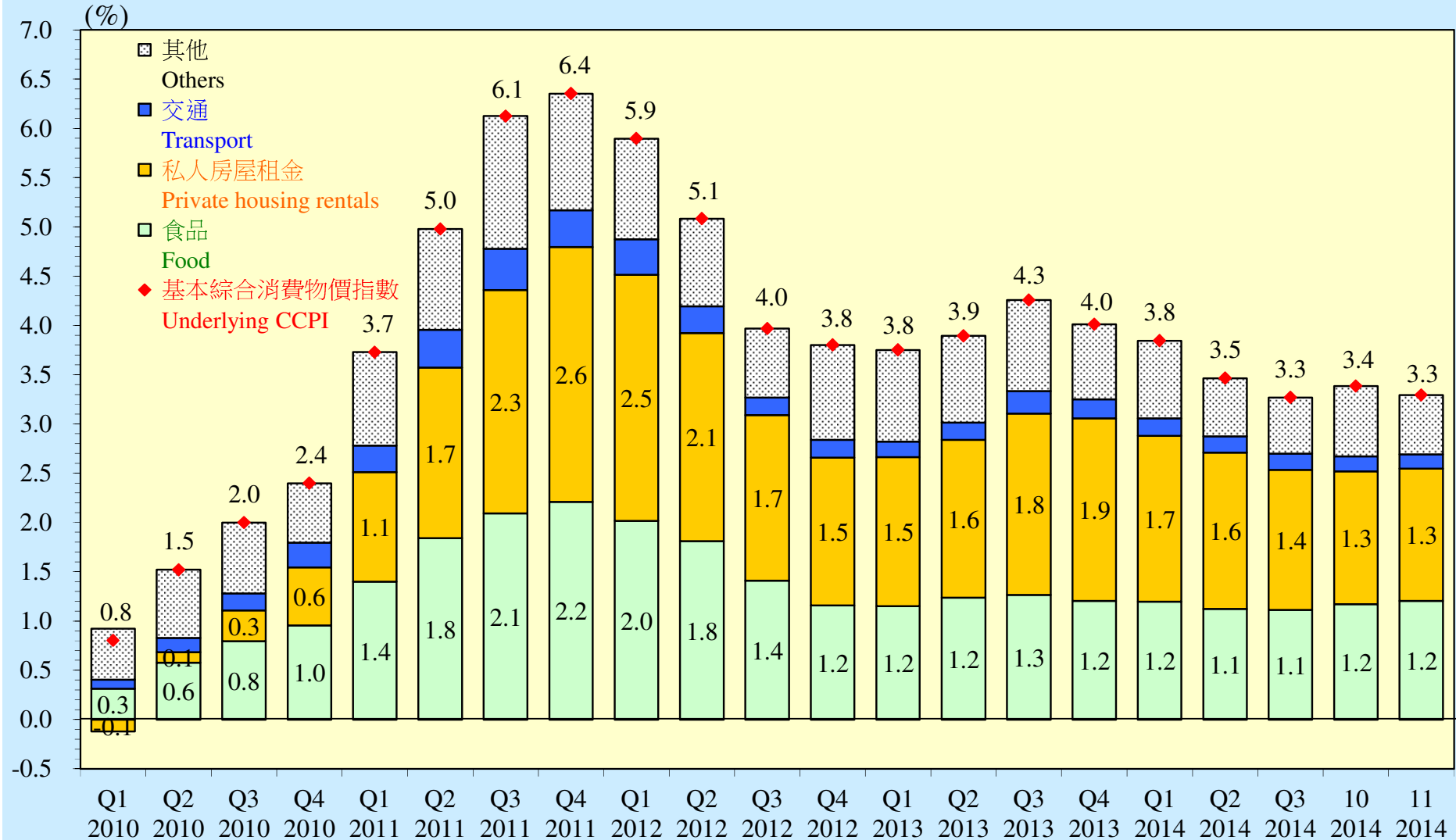
# 通脹 Inflation



# 基本通脹率逐步回落 Underlying inflation successively eased

基本綜合消費物價指數按年變動率的主要組成項目

Contribution to the year-on-year rate of change in the underlying Composite Consumer Price Index by major component

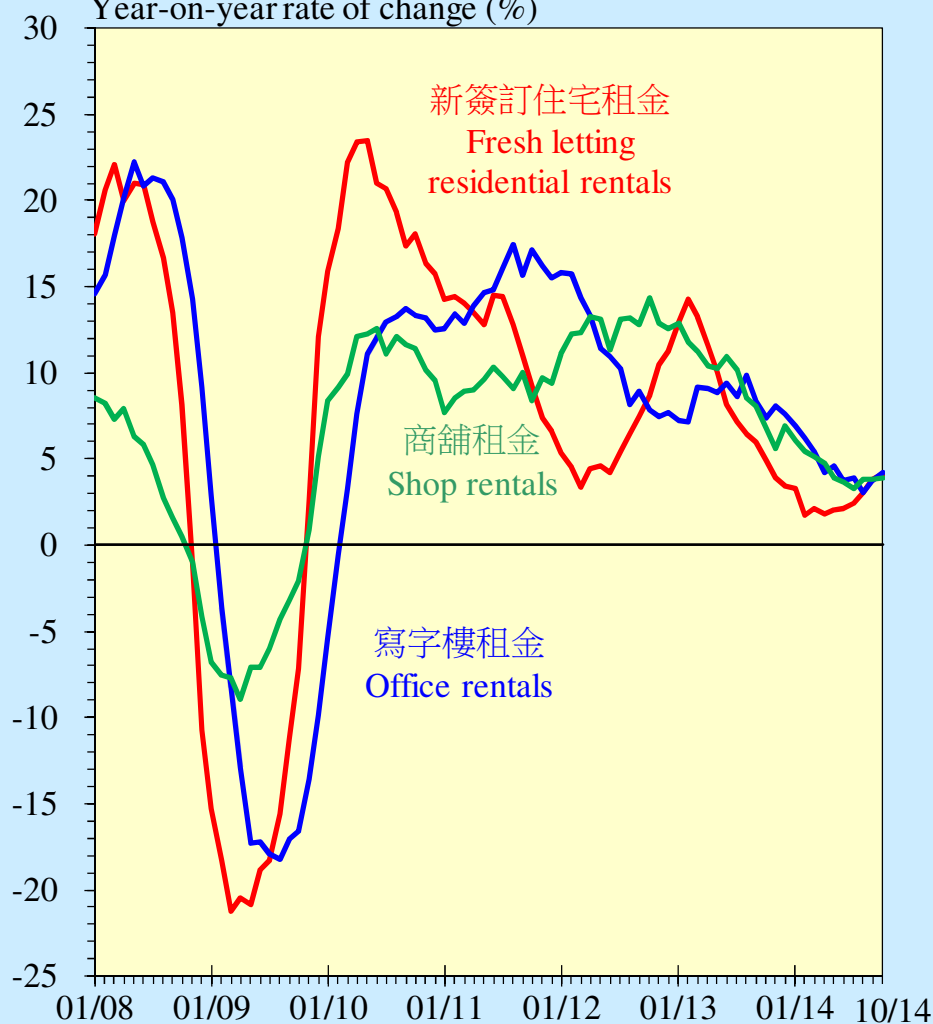


# 本地成本壓力短期內料會進一步緩和

## Local cost pressures set to ease further in the near term

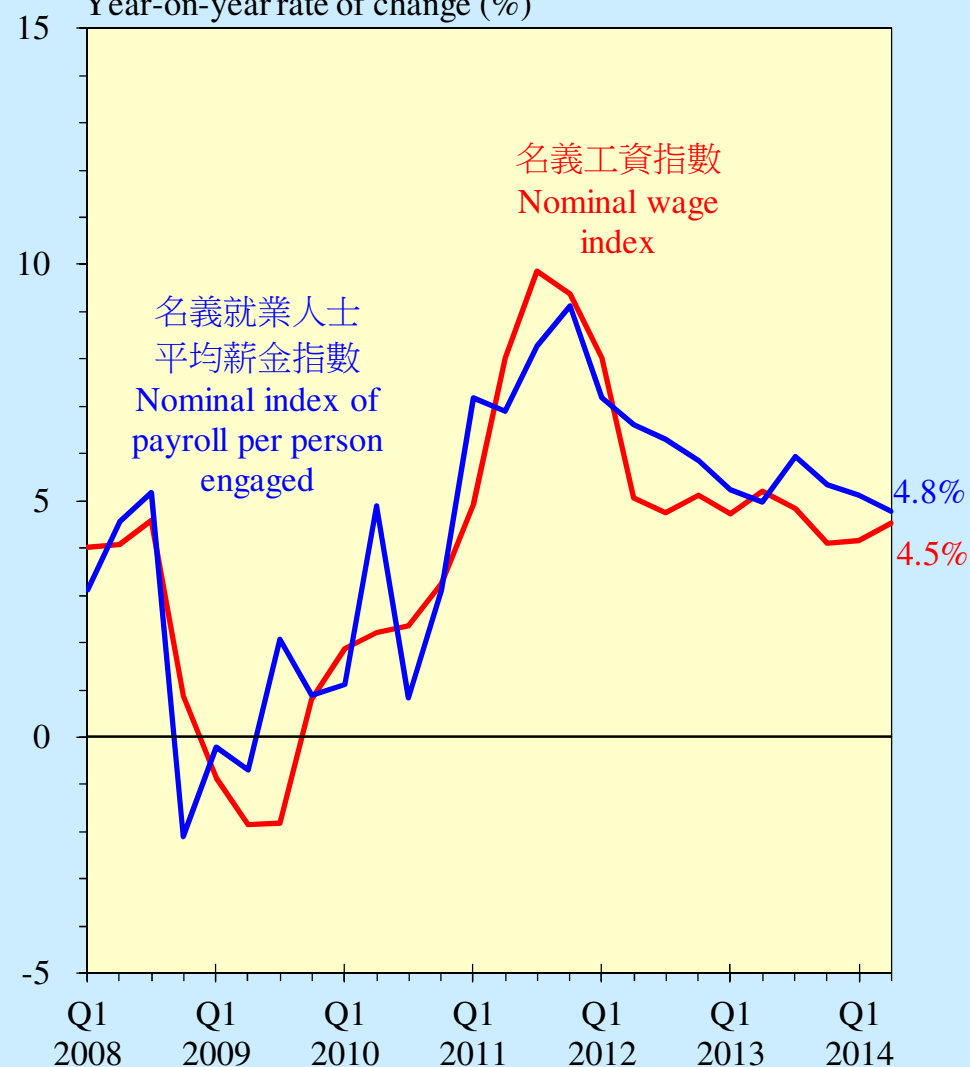
按年增減率 (%)

Year-on-year rate of change (%)

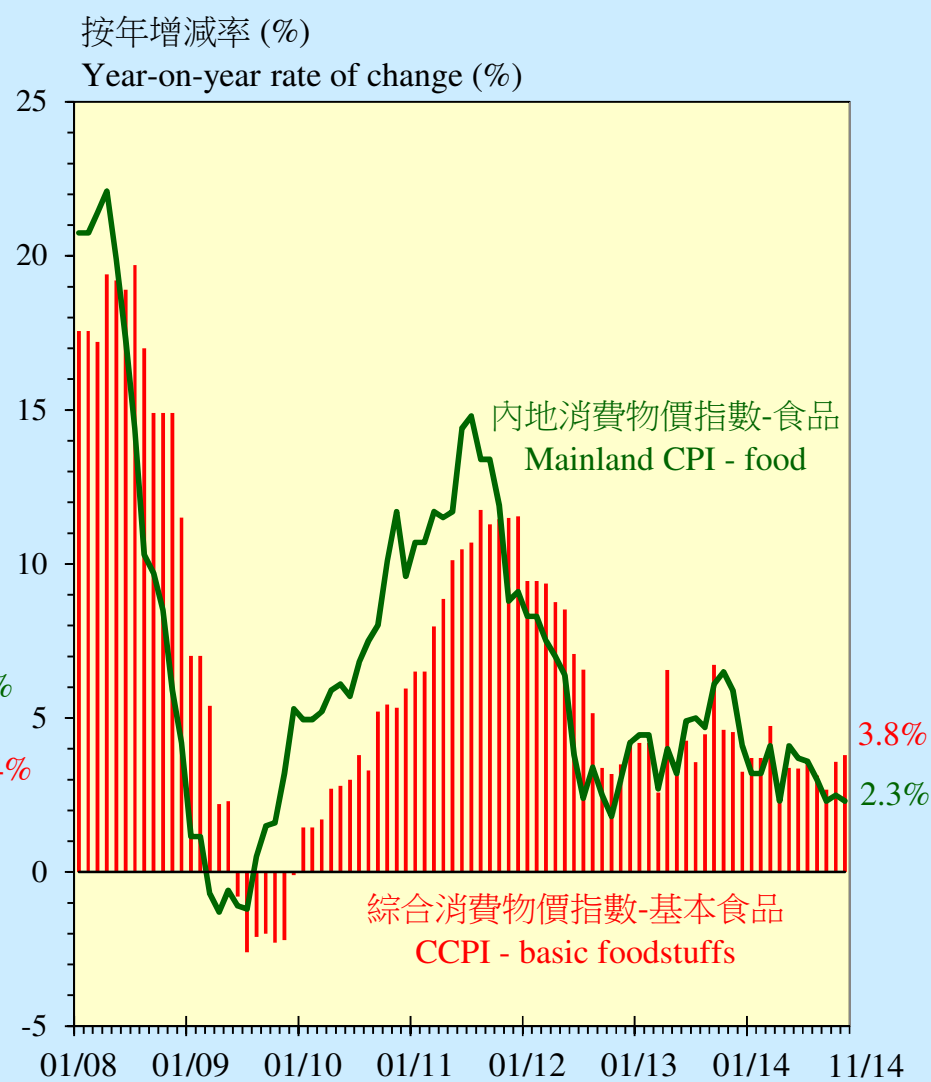


按年增減率 (%)

Year-on-year rate of change (%)



# 進口通脹壓力仍然受控 Imported inflationary pressures still benign



# 2014年全年經濟預測

## Economic forecasts for 2014 as a whole

最新預測  
Latest forecasts

實質經濟增長率  
Real GDP growth

2.2%

基本通脹率  
Underlying inflation

3.4%

整體通脹率  
Headline inflation

4.3%

# 内部情况

## **Domestic situation**

# **「佔領行動」對經濟影響的一些觀察(1)**

## **Some observations on the economic impact of “Occupy Movement” (1)**

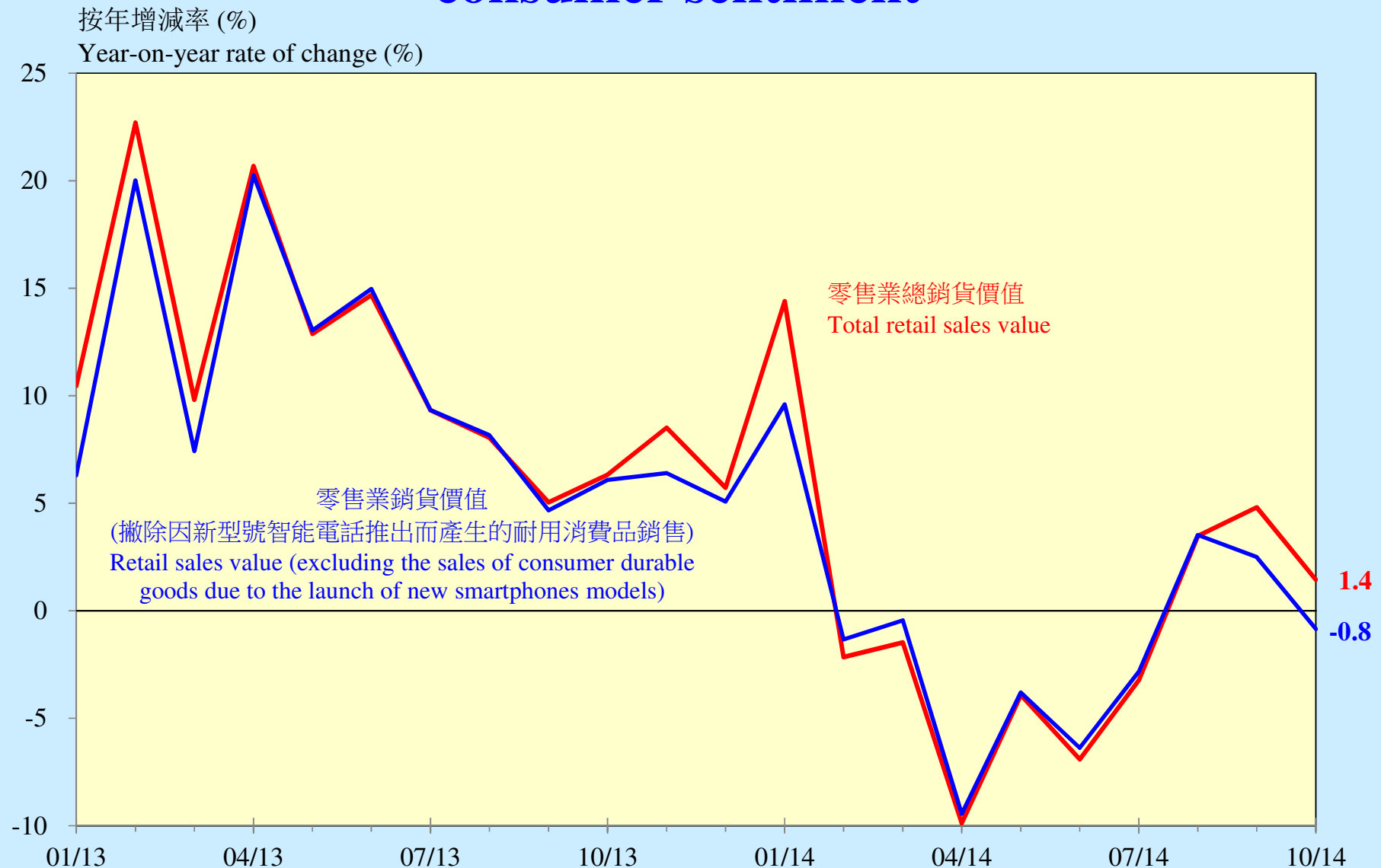
- 1. 即時影響：受影響地區的經濟活動首當其衝，包括零售、餐飲、酒店、運輸，以及旅遊業相關的行業**

**Immediate impact: Economic activities in affected districts, including retail, catering, transportation, hotel and tourism-related industries more hard hit**

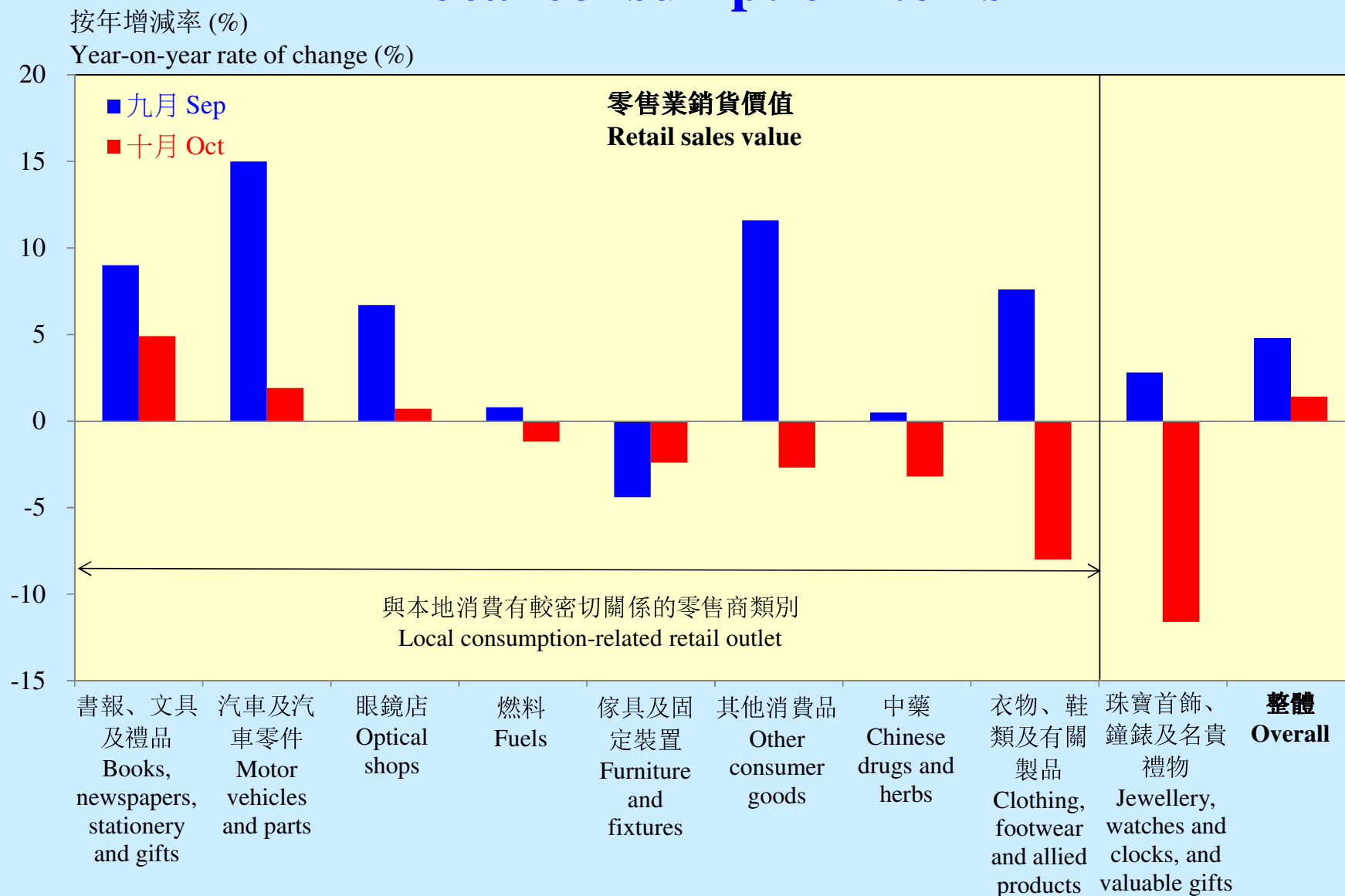
- 十月零售業銷售表現放緩，反映消費意欲減弱  
Retail sales slowed down in October, reflecting weakening consumer sentiment
- 十月的中小企整體營商氣氛明顯轉差  
Visible negative turn in business sentiment among small and medium-sized enterprises in October
- 十、十一月的非內地訪港旅客數目下跌，扭轉第三季的升勢  
Non-Mainland visitors declined in October and November, reverting the growth in Q3

# 十月零售業銷售放緩，反映消費意欲減弱

## Retail sales slowed in October, reflecting weakening consumer sentiment



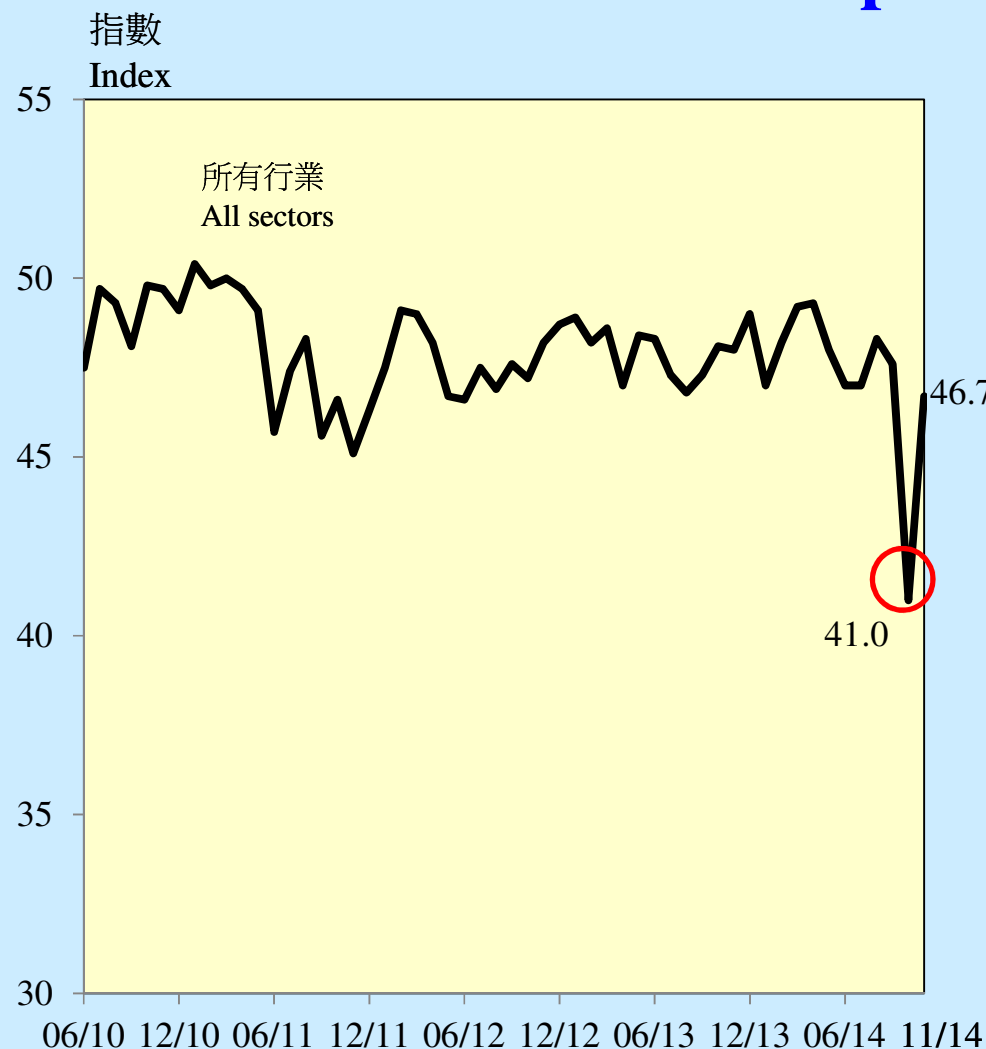
# 與本地消費密切相關的項目表現尤其欠佳 Lacklustre performance particularly for local consumption items





# 中小企業務動向指數於十月大幅下滑後， 新近的營商氣氛仍然較弱

## Latest business sentiment remained weak after SME's diffusion indices plummeted in October



	整體 Overall	飲食 Restaurants	零售 Retail trade	物流 Logistics
2014 6月 Jun	47.0	45.3	46.9	47.2
7月 Jul	47.0	47.1	46.1	47.2
8月 Aug	48.3	48.1	48.4	44.4
9月 Sep	47.6	47.1	48.0	47.2
10月 Oct	41.0	38.2	40.3	36.1
11月 Nov	46.7	46.1	43.9	41.7

10月相比  
9月的變化  
Change in Oct  
relative to Sep

-6.6	-8.9	-7.7	-11.1
------	------	------	-------

11月相比  
9月的變化  
Change in Nov  
relative to Sep

-0.9	-1.0	-4.1	-5.5
------	------	------	------

# 非內地訪港旅客由升轉跌 Non-Mainland visitors reversed to a decline

## 訪港旅客 (按居住國家或地區計) Visitor arrivals by country/territory of residence

按年增減率 (%)

Year-on-year rate of change (%)

	1-9月 Jan-Sep	10月 Oct	11月 Nov
內地旅客 Mainland visitors	15.2	18.3	24.1
非內地旅客 Non-Mainland visitors	2.4	-3.3	-7.1
整體 Overall	12.0	12.6	15.7

Source: 香港旅遊發展局。  
Hong Kong Tourism Board.

## **「佔領行動」對經濟影響的一些觀察(2)**

### **Some observations on the economic impact of “Occupy Movement” (2)**

#### **2. 內部經濟下行風險有所增加，短期經濟表現未許樂觀**

**Downside risks in the domestic segment have risen, weighing on economic performance in the near term**

- 消費市道放緩，營商氣氛轉差，或會影響往後投資情況  
Slowdown in consumption and business sentiment, possibly affecting investment situation going forward
- 企業對擴展業務規模，以至開創新職位可能會更加審慎  
Firms may become more cautious about their business expansion plans and job creation
- 收入及就業的不明朗因素增加，有潛在滯後影響  
Increasing uncertainty in income and employment conditions, may have potential lagging impact

#### **3. 政治爭拗對香港長遠經濟發展、國際競爭力潛在影響不容忽視**

**Potential impact of political disputes on economic development and international competitiveness of HK in the longer term cannot be overlooked**

# **2015年的經濟展望**

## **Economic Outlook for 2015**

# 主要先進市場與內地對香港經濟的重要性

## Importance of advanced markets vis-à-vis Mainland to Hong Kong economy

### 主要先進市場和中國內地在香港選定經濟指標的比重(%)

Share of major advanced markets and Mainland China in Hong Kong's selected economic indicators (%)

	內地 Mainland	美國 US	歐盟 EU	日本 Japan	歐美日合計 Sub-total for US, EU and Japan
(1) 貨物相關出口收益* (2012年) Goods-related exports earnings* (2012)	39.8%	18.8%	15.2%	4.8%	38.7%
(2) 整體服務輸出 (2012年) Exports of services (2012)	36.6%	15.6%	15.5%	5.4%	36.4%
(3) 外來直接投資流入(2013年) Flows of IDI (2013)	8.1%	3.7%	10.2%	1.1%	14.9%

註: (\*) 出口收益包括貨物轉口貿易及離岸貿易收入。  
Note: (\*) Exports earnings include earnings from re-exports of goods and offshore trade.

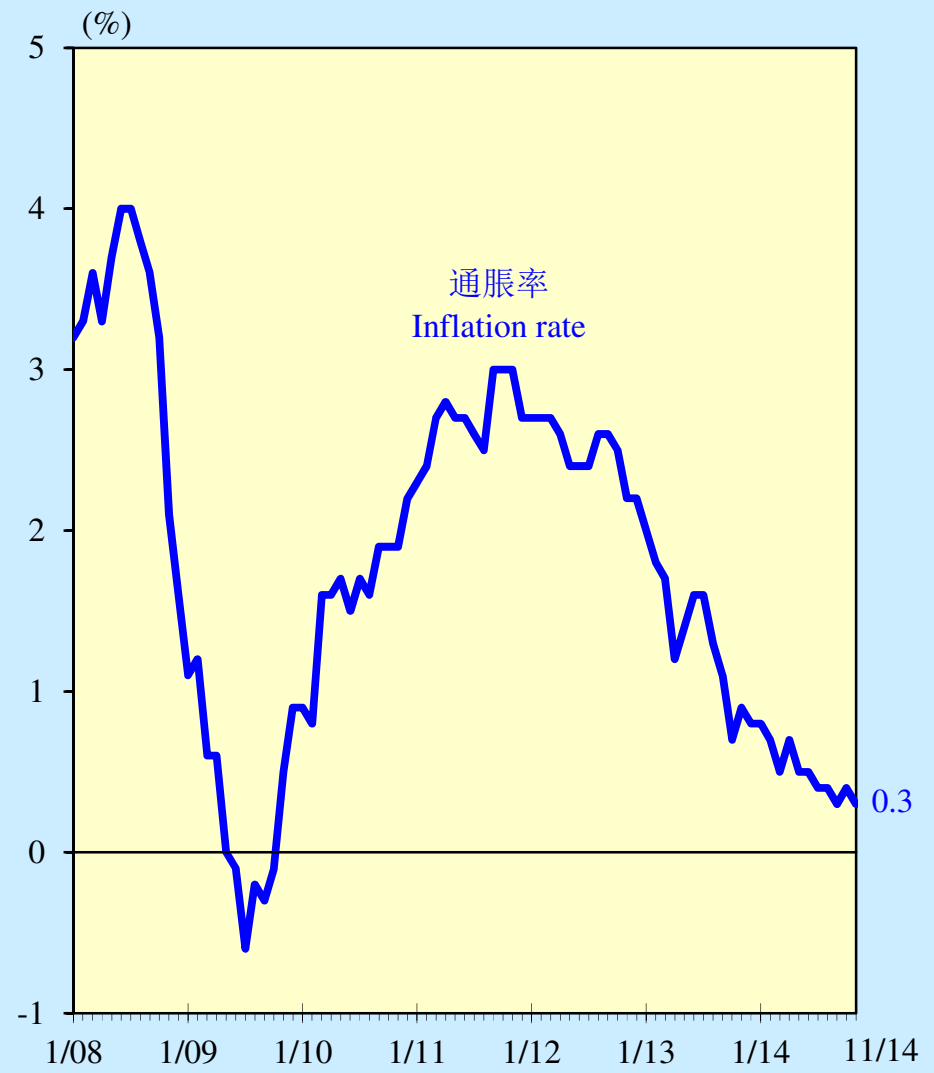
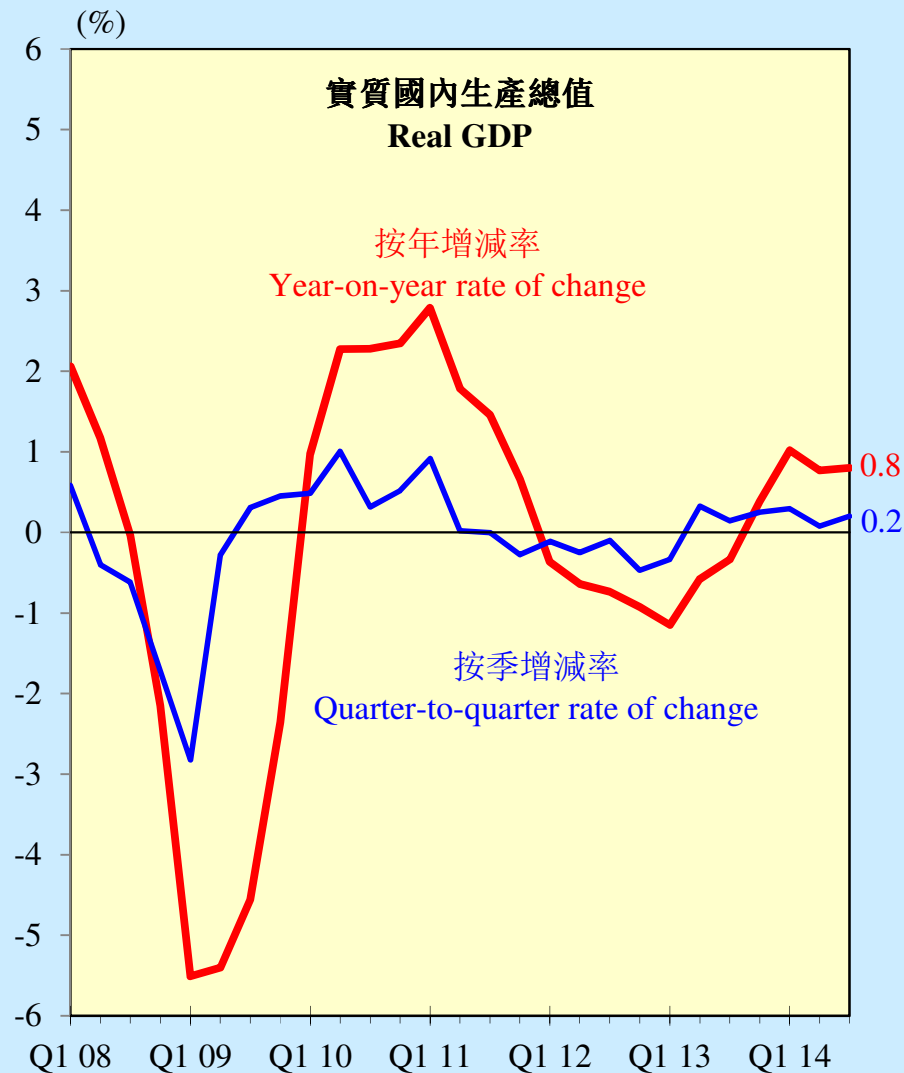
# 歐元區經濟下行壓力大 Downward pressure on eurozone economy mounting

歐元區增長動力欠奉

Eurozone lacked growth momentum

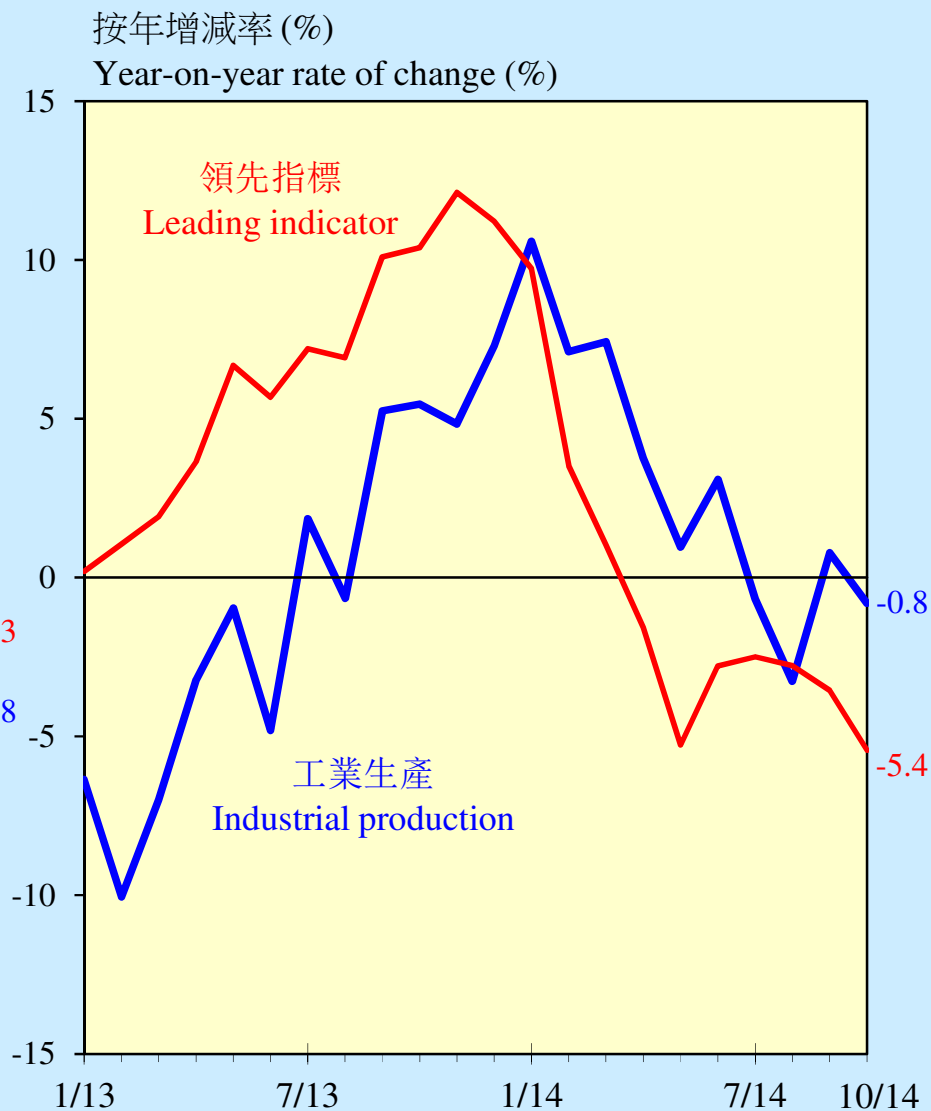
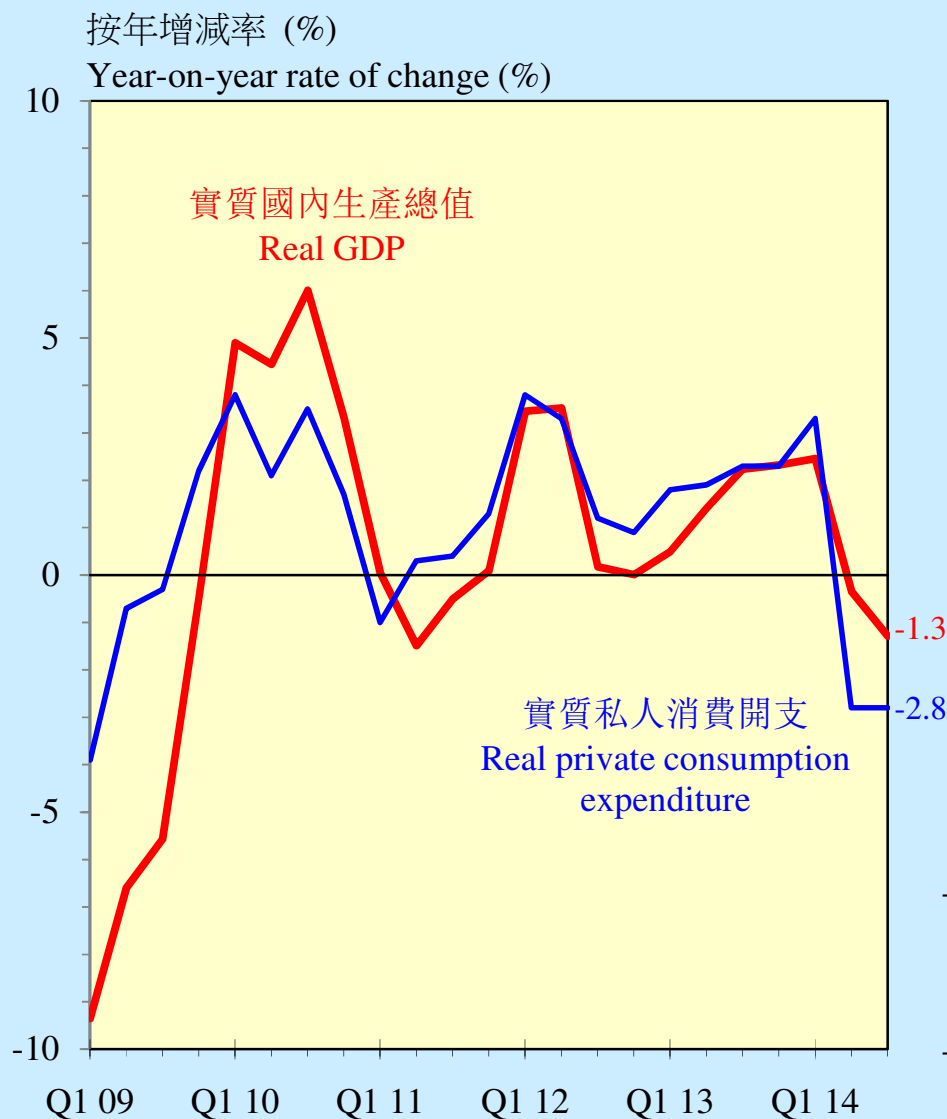
通縮風險增加

Increased risks of deflation



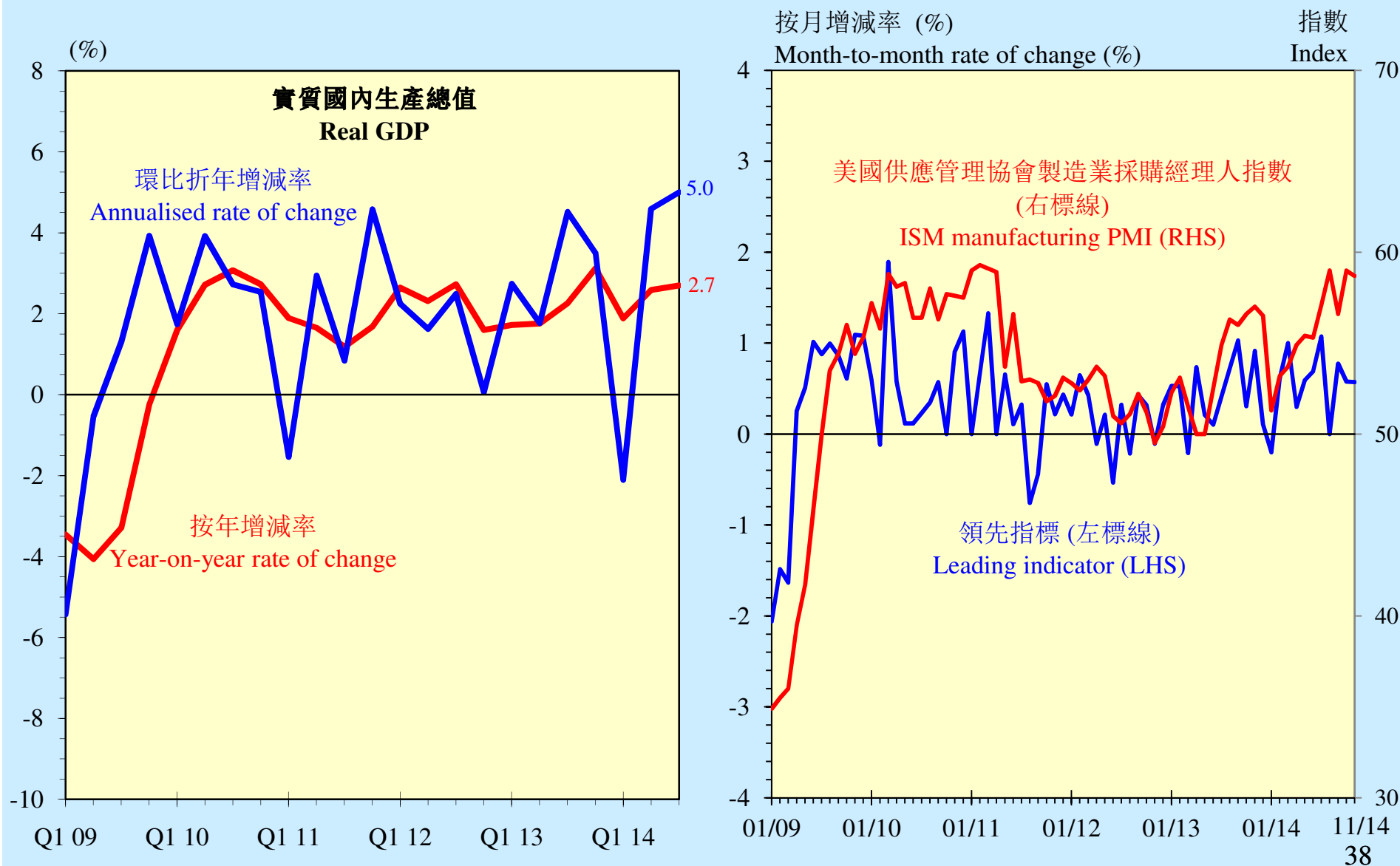
# 日本經濟再度陷入衰退

## Japan's economy dived into recession again



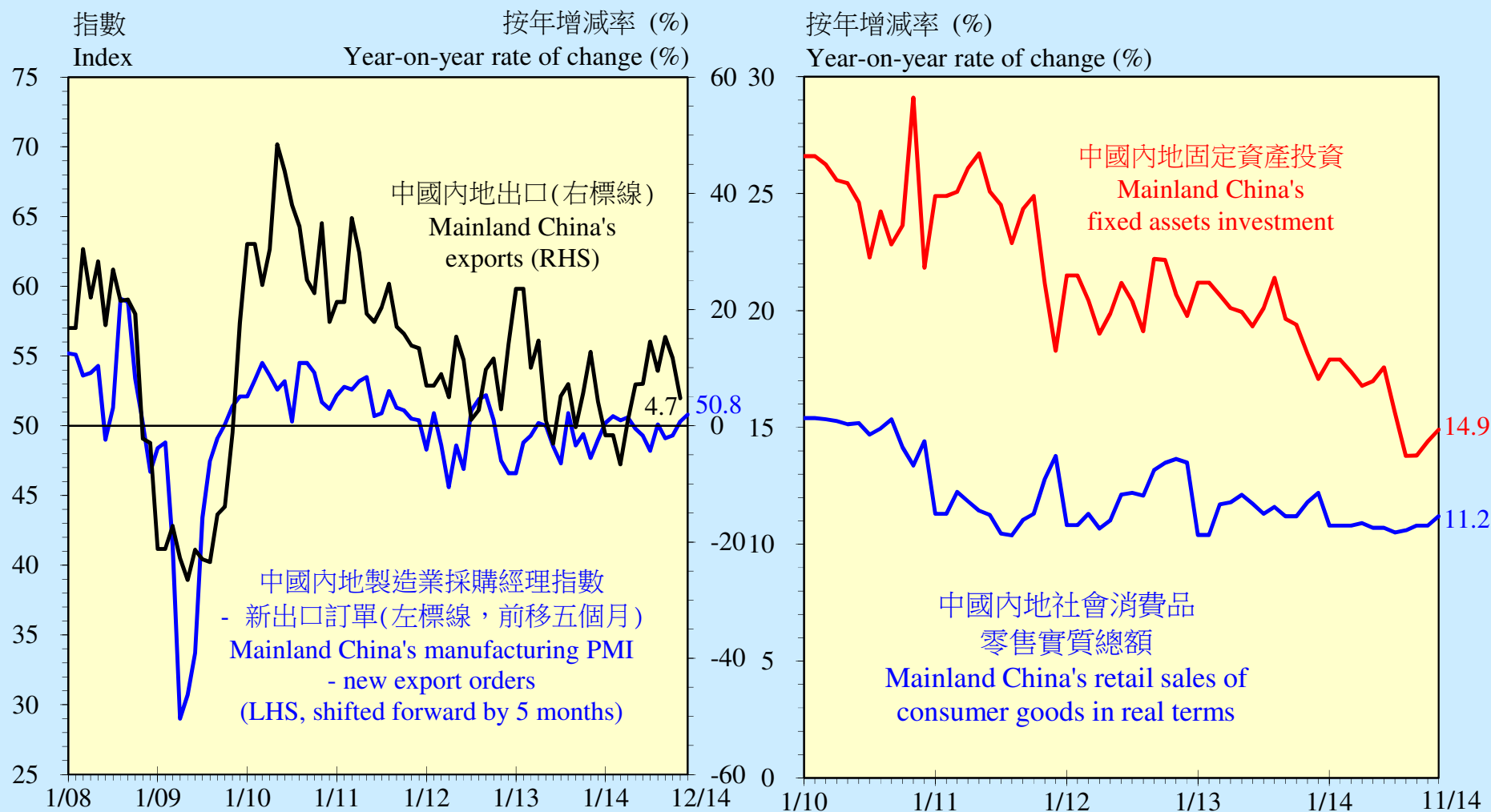
# 美國復蘇步伐漸見鞏固，惟貨幣政策正常化仍有不確定性

## US economy gained more traction, yet the path to monetary policy normalisation still uncertain

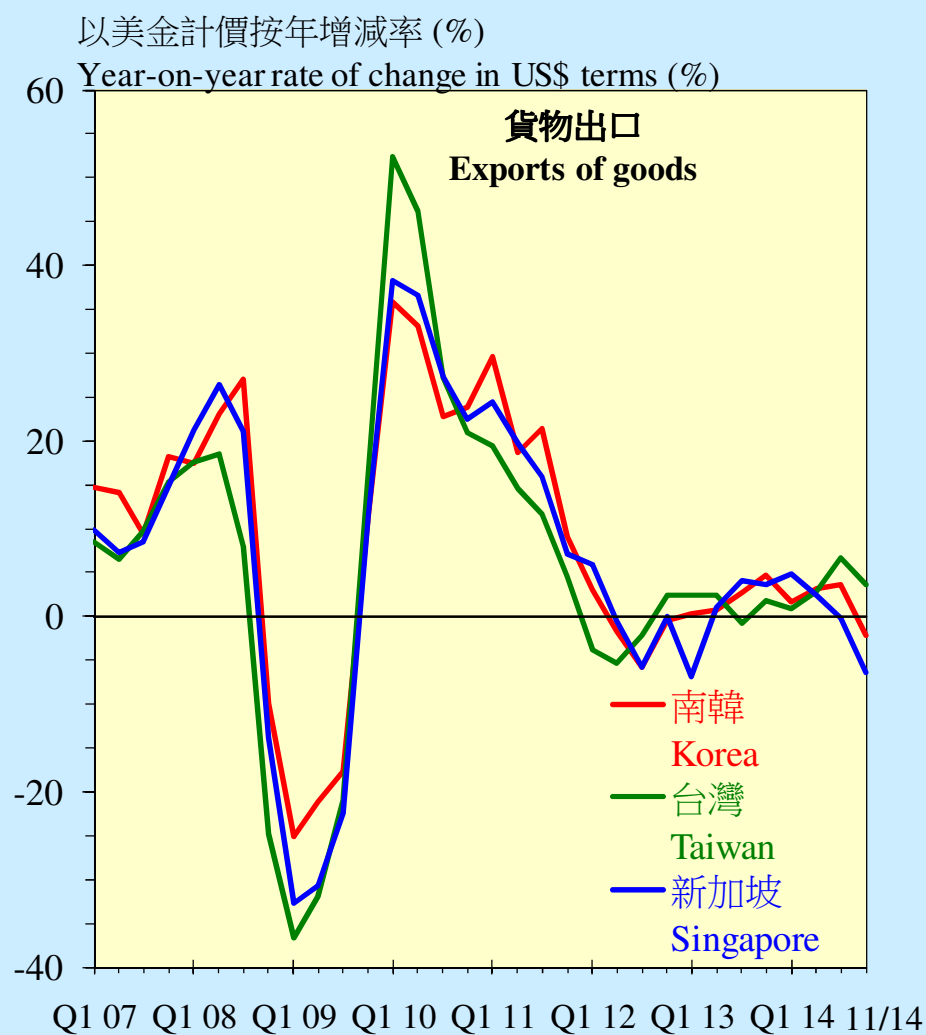
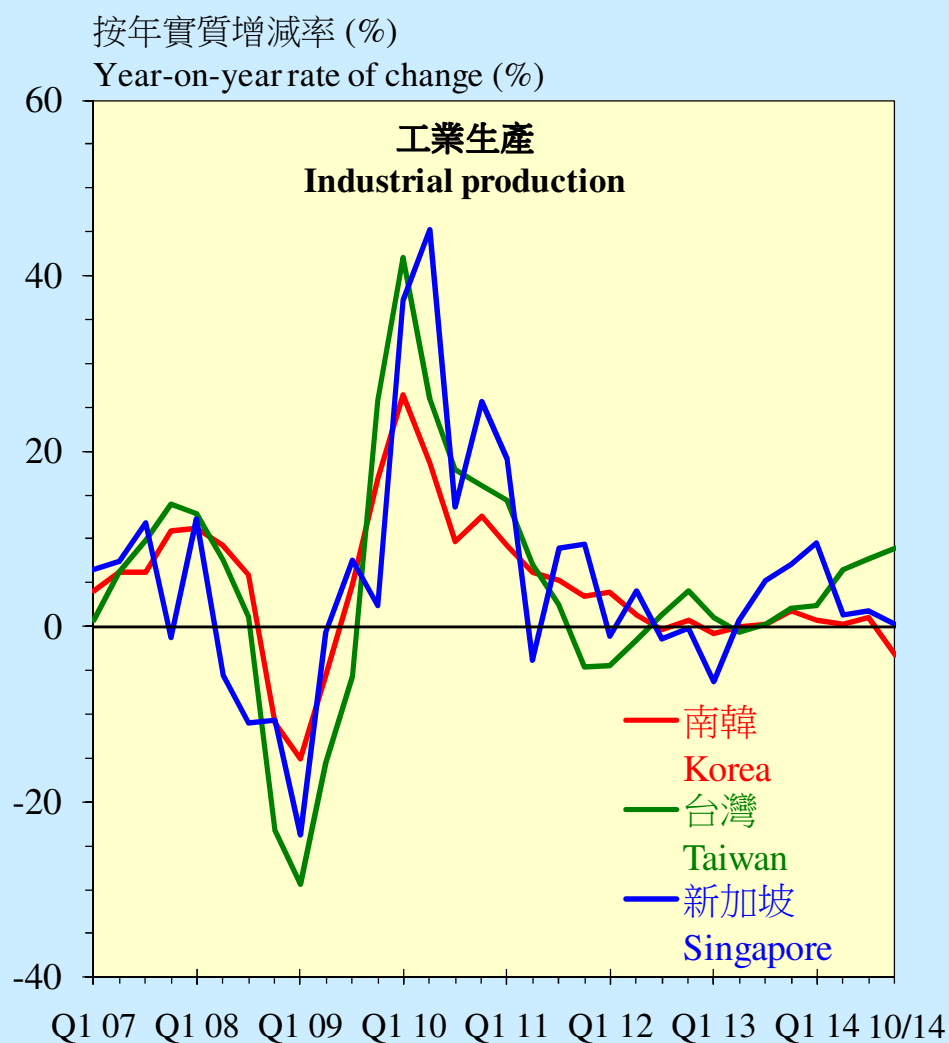




# 內地經濟有所放緩，但硬著陸風險不高 Mainland's economy moderated somewhat, but risk of hard landing not high



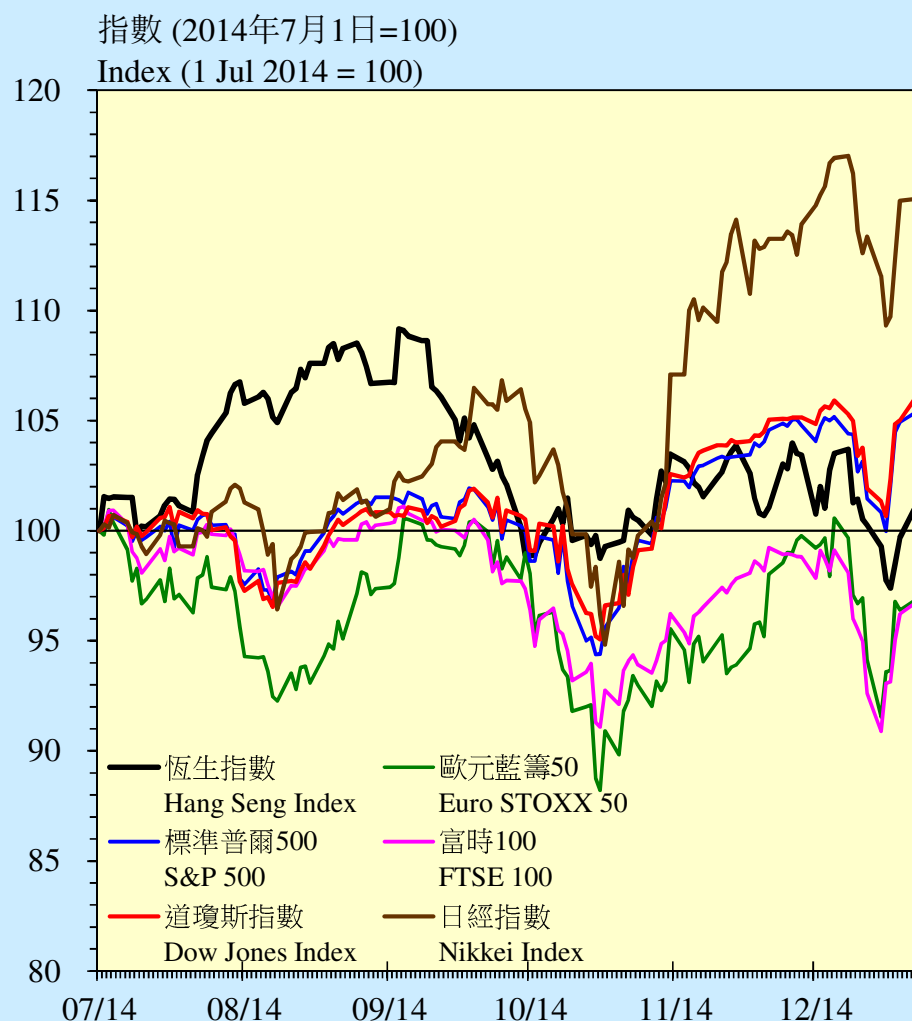
# 亞洲區工業及出口活動亦受制於先進市場需求疲弱 Asia's production and trading activities also hampered by weak demand in the advanced markets



# 央行貨幣政策走向背馳；近期環球股票市場加劇波動 Diverging monetary policy stance among central banks; global stock markets exhibiting increased volatilities of late

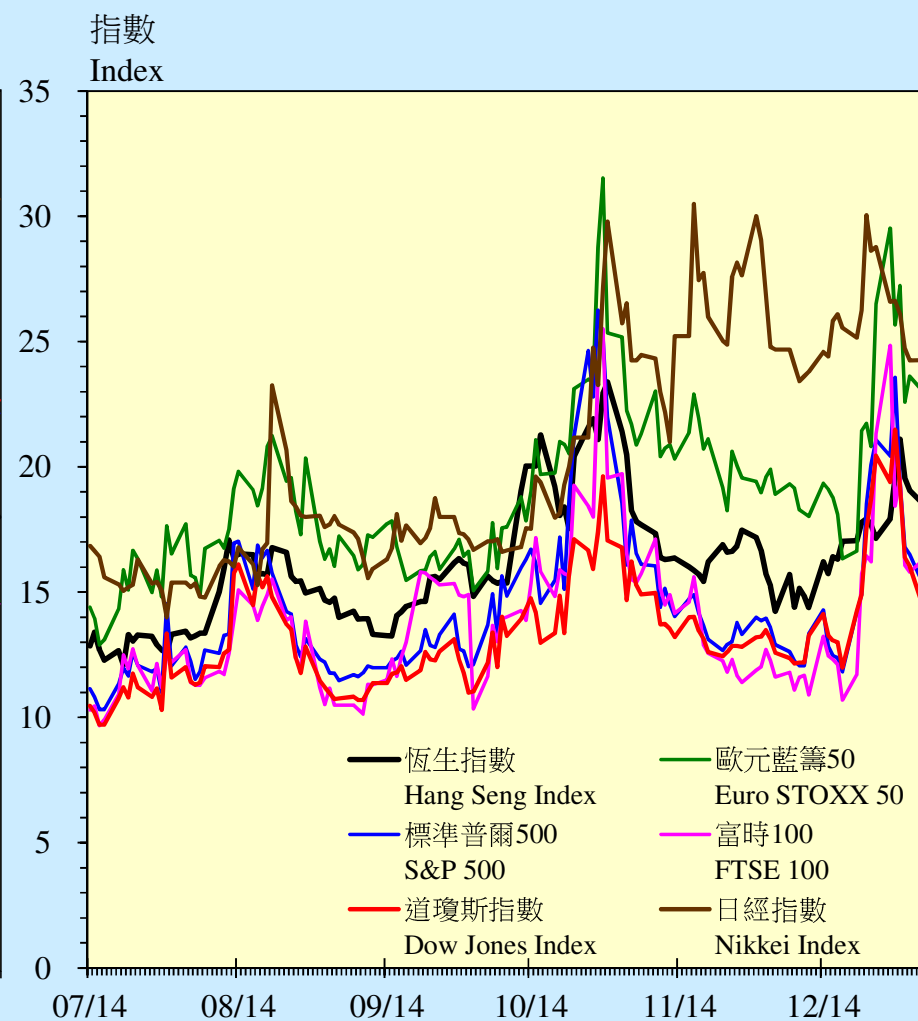
主要股票市場指數

Indices of major stock markets



主要股票市場的波幅指數

Volatility indices of major stock markets



## **2015年外圍環境仍有不少挑戰**

### **External environment still faces considerable challenges in 2015**

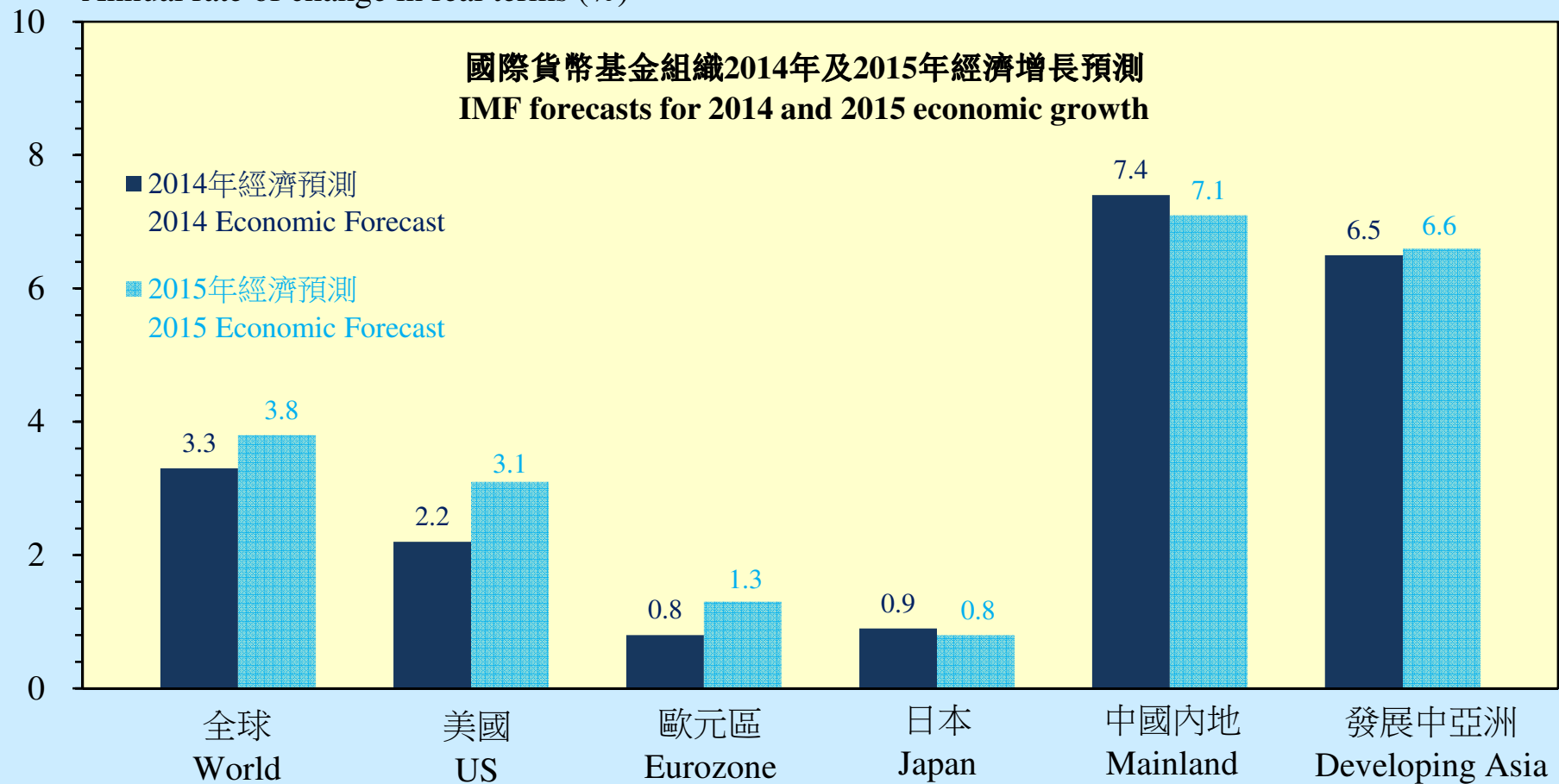
- 歐元區及日本經濟低迷  
Subdued economic growth in eurozone and Japan
- 美國能否維持目前良好勢頭；貨幣政策正常化步伐仍有不確定性  
Whether US can sustain current good growth momentum; pace of monetary policy normalisation still uncertain
- 央行貨幣政策走向分歧或會影響國際金融穩定  
Divergence in monetary policy stance among central banks possibly affecting global financial stability
- 石油價格及匯率近期大幅波動；地緣政治風險高企  
Recent huge swings in oil price and exchange rates;  
Elevated geopolitical risks in various regions

# 2015年環球經濟增長預測

## Global growth forecast for 2015

年度實質增減率 (%)

Annual rate of change in real terms (%)



註：2014年10月預測。

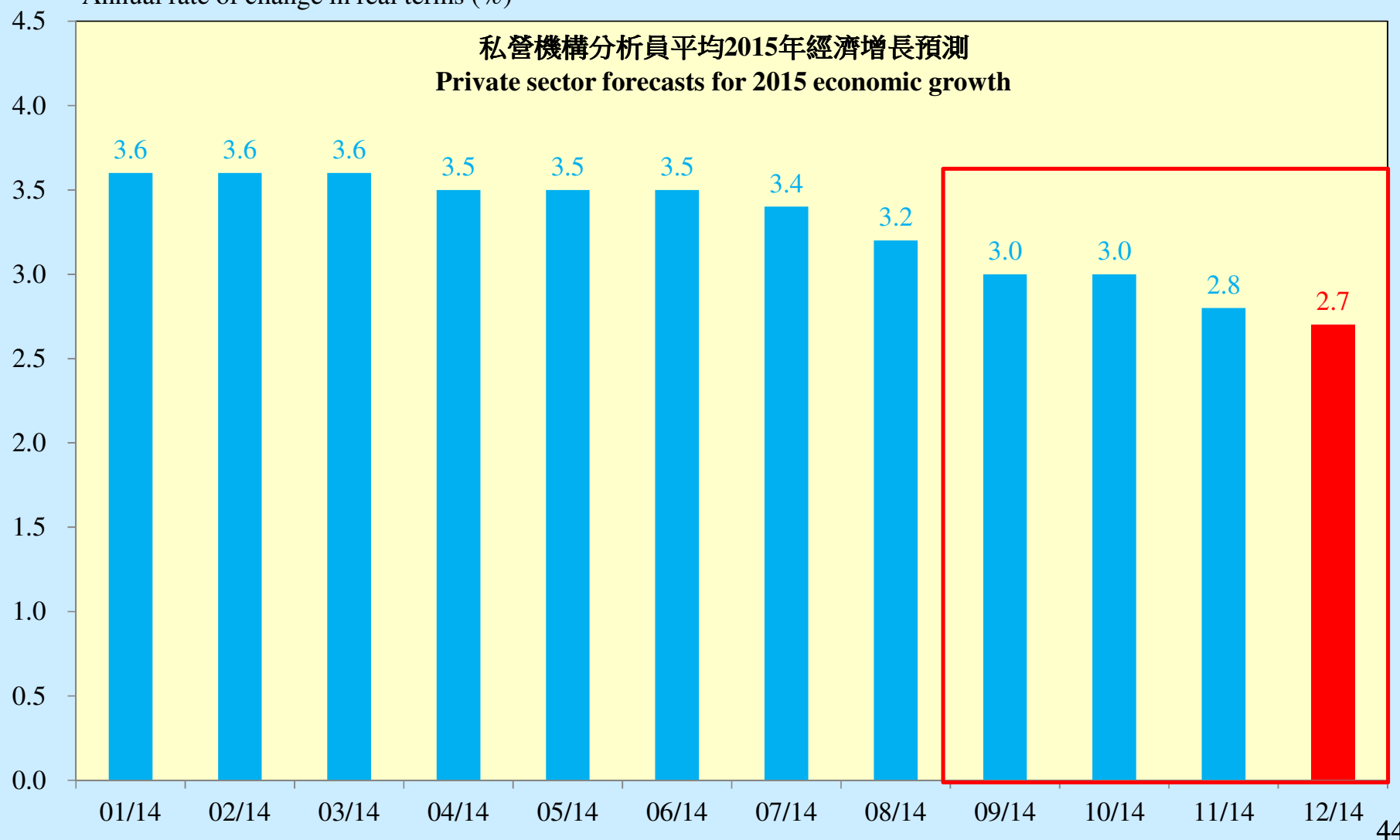
Note: October 2014 forecasts.

# 私營機構分析員近月明顯下調香港經濟增長預測

## Visible markdown in private sector's GDP growth forecast for Hong Kong in recent months

年度實質增減率 (%)

Annual rate of change in real terms (%)



多謝  
**Thank you**

# **Consultation on 2015-16 Budget**

**24 December 2014**



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## 2014 economic indicators

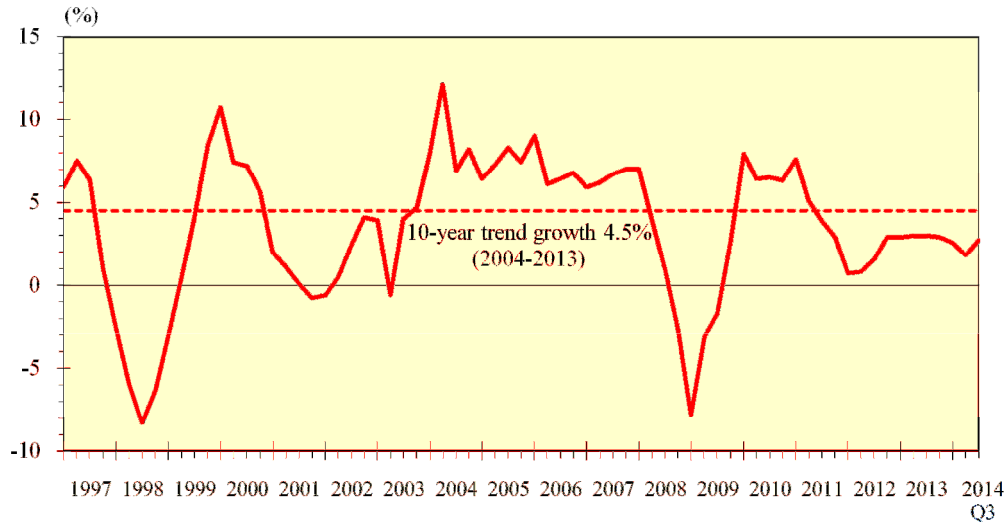
GDP real growth	Q1-Q3	2.4%
	Q3	2.7%
Unemployment rate	Sep – Nov	3.3%
Underlying consumer price inflation	Jan – Nov	3.5%
	Nov	3.3%

Except for unemployment rate, the above percentages represent year-on-year changes.

- The Hong Kong economy grew modestly in the first three quarters of 2014, by 2.4% in real terms over a year earlier. The subpar performance was mainly weighed down by the slackening of tourist spending and the slowdown in domestic demand.
- The labour market held largely stable, with the seasonally-adjusted unemployment rate staying at 3.3% in September - November 2014. Underlying inflation continued to show an easing trend, averaging 3.5% in the first eleven months of 2014.

## Economy grew only modestly in the first three quarters of 2014

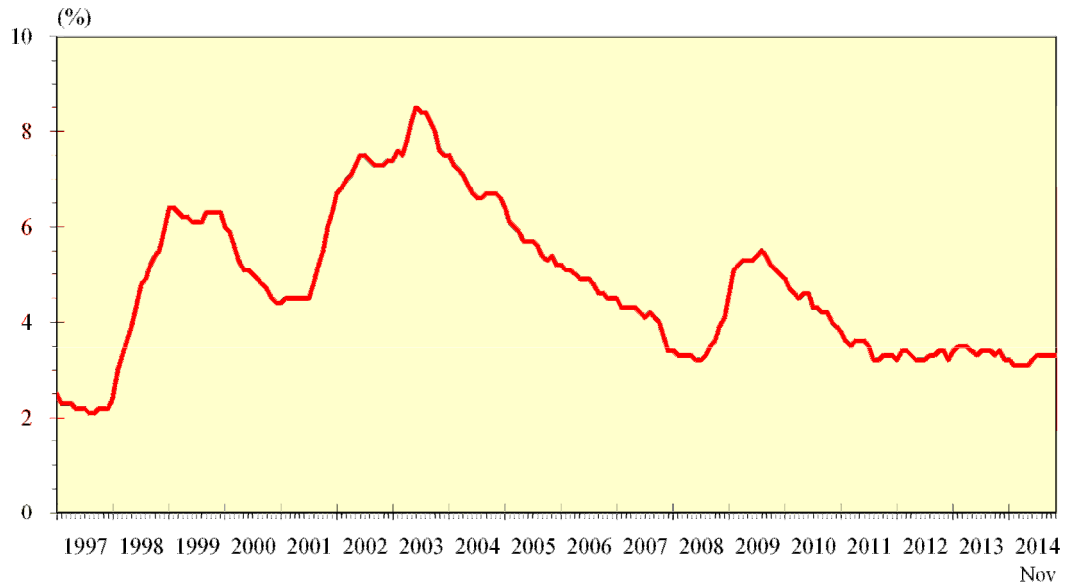
Gross Domestic Product  
(year-on-year rate of change in real terms)



- The Hong Kong economy grew by 2.7% in the third quarter, faster than in the previous quarter, but the expansion pace remained below the 10-year average trend.
- The recovery of merchandise exports was moderate thus far, due to tepid demand in the advanced markets. Concurrently, after brisk growth in the past few years, visitor spending fell off, though the decline narrowed visibly by the third quarter. Domestic demand was also soft in overall terms, mainly held back by the decline in investment expenditure.

## Labour market conditions held generally stable

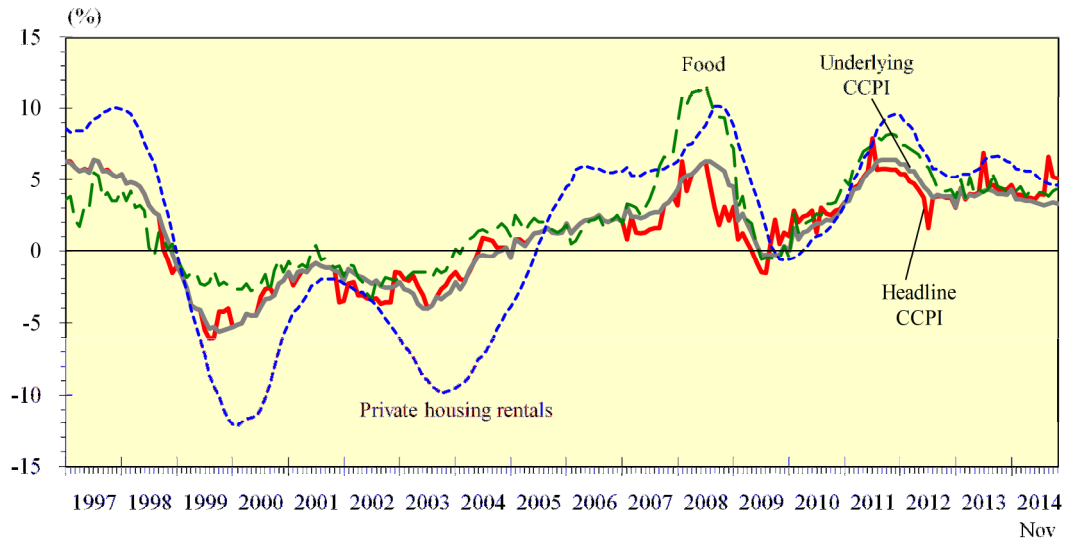
Seasonally adjusted unemployment rate  
(three months ending)



- The labour market held largely stable, with the seasonally-adjusted unemployment rate staying at 3.3% in September – November 2014, and employment keeping moderate year-on-year gains. Wages and earnings maintained steady growth, while average employment earnings for the grassroots workers also sustained improvement in real terms in the first three quarters of 2014.

## Underlying inflation followed an easing trend

Composite Consumer Price Index  
(year-on-year rate of change)



- Underlying consumer price inflation eased to 3.5% in the first eleven months of 2014, down from 4.0% in 2013 as a whole, thanks to the milder increases in rentals and relatively gentle imported inflation.

## Latest forecasts for 2014

GDP real growth	2.2%
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Consumer price inflation	
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Headline	4.3%
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Underlying	3.4%
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- Given uneven recovery in the advanced economies, the pace of global economic expansion is at best moderate in the period ahead. This would continue to restrain the performance of Hong Kong's exports.
- With exports poised for only modest growth in the coming months, coupled with disruptions to the local consumption market caused by the "Occupy Movement", the real GDP growth for 2014 is forecast at 2.2%.
- On inflation outlook, the upside risks to inflation in the near term should recede further as local cost pressures remain moderate while global inflation stays benign. The headline and underlying consumer price inflation rates for 2014 as a whole are forecast at 4.3% and 3.4% respectively.

## Economic uncertainties

- Timing of US interest rate hikes
- Large swings in oil price
- Weak import demand from advanced economies
- Geopolitical tensions in various parts of the world
- Slackening in tourist spending
- Slowdown in domestic demand

- The considerable uncertainties arising from the US monetary policy normalisation could cause marked shifts in market expectations about capital flows and interest rates, with the timing and pace of US interest rate hikes being contingent on the incoming economic data. Also, the divergence in monetary policy among the major central banks and large swings in oil price will further complicate the already unsteady global economic and financial environment.
- The growth of import demand in the advanced economies has been weak. The recoveries of Japan and Europe, being held back by structural issues, still lack momentum. The volatile and less supportive external environment might have become the new norm after the global financial crisis.
- Geopolitical risks are likely to remain elevated, affecting the global economic outlook.
- Locally, retail sales softened in October 2014, conceivably reflecting the adverse impacts of the protests on consumer sentiment. Also, the uncertainties stemming from possible changes in visitor spending pattern and domestic demand slowdown warrant concern.

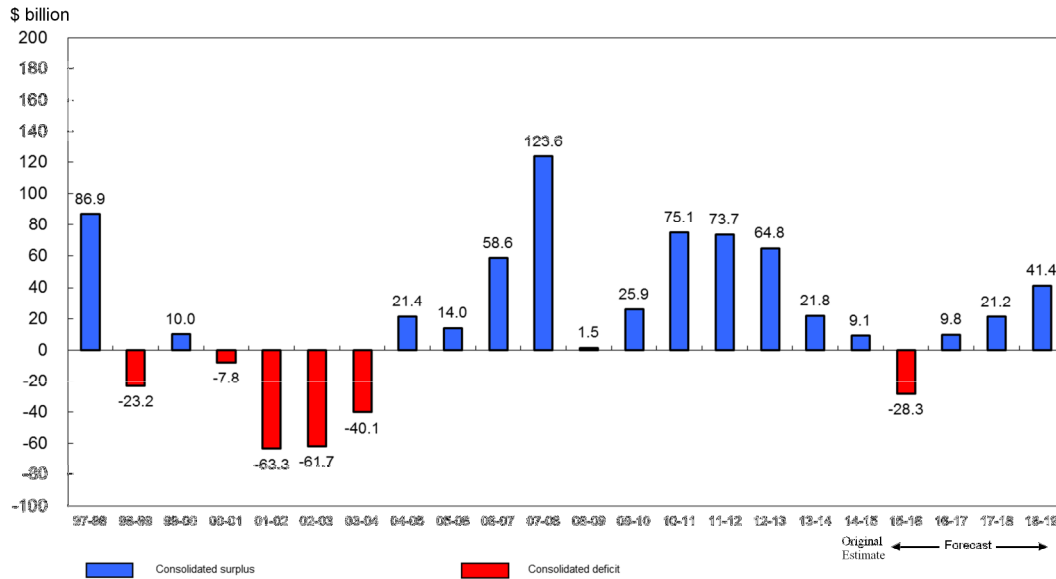
## **The principles of fiscal sustainability are clearly enshrined in the Basic Law**

- **Basic Law Article 107**
  - ... follow the principle of keeping expenditure within the limits of revenues
  - ... strive to achieve a fiscal balance, avoid deficits
  - ... keep the budget commensurate with the growth rate of its gross domestic product

- Fiscal prudence has been the guiding principle of the HKSAR Government. Under the Basic Law (BL), we shall -
  - (a) follow the principle of keeping expenditure within the limits of revenue in drawing up the budget;
  - (b) strive to achieve a fiscal balance, avoid deficits; and
  - (c) keep the budget commensurate with the growth rate of the Gross Domestic Product (GDP).
- All three prongs of BL Article 107 have to be complied with.
- These principles are integral to sustaining the health of the Hong Kong economy and maintaining the confidence of local and international investors.

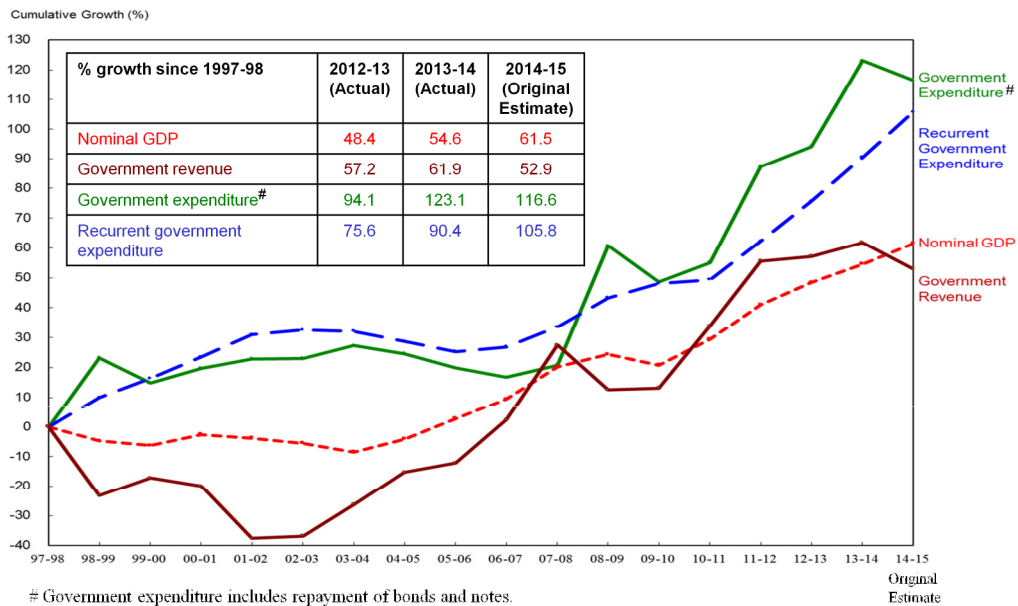


**Since 1997-98, we have encountered  
12 years of budget surplus, five years of deficit**



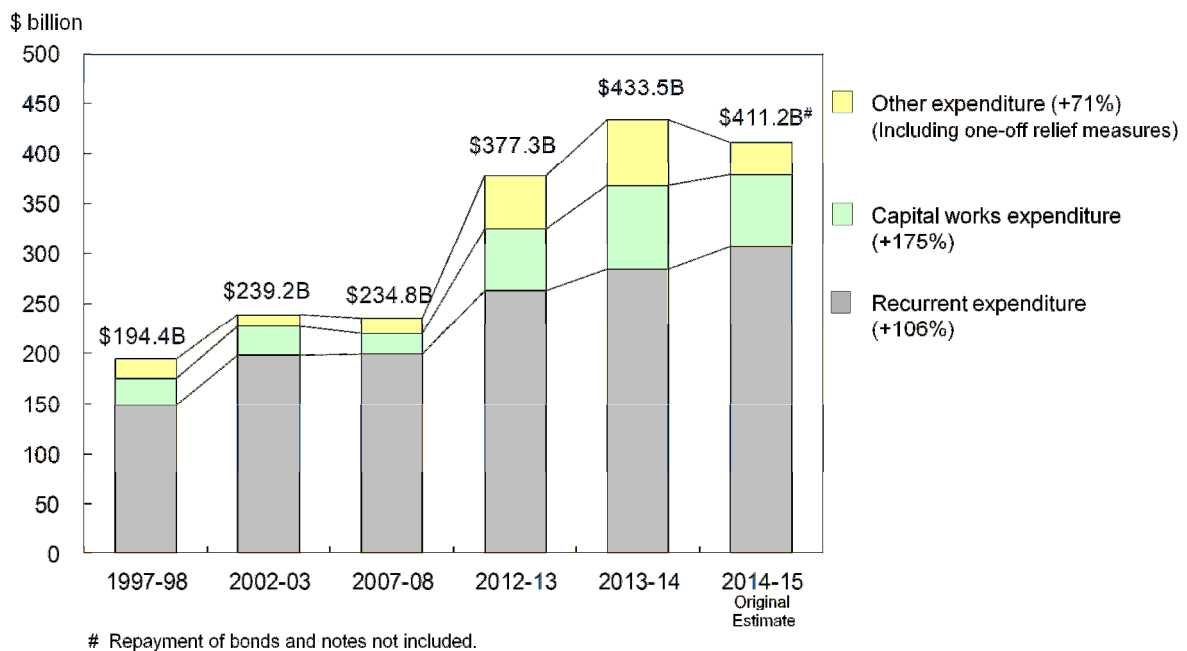
- The Basic Law requires us to strive to achieve a fiscal balance and avoid deficits.
- We have achieved budget surpluses for 12 years since 1997-98. But budget deficits had beset us for five years between 1998-99 and 2003-04 and the drain on the fiscal reserves was substantial.

## Over time, government revenue has grown in line with GDP but government expenditure has surpassed GDP growth



- The Basic Law requires us to keep the budget commensurate with the growth rate of the GDP.
- GDP has grown over 60% since 1997-98.
- Government expenditure has more than doubled from nearly \$200 billion in 1997-98 to over \$400 billion in 2014-15.
- Recurrent expenditure has doubled from about \$150 billion to about \$307 billion.
- On the other hand, government revenue has grown broadly in line with GDP since 1997-98.
- There is a clear need to contain the growth of government expenditure.

## Total expenditure grew over 100% since 1997-98

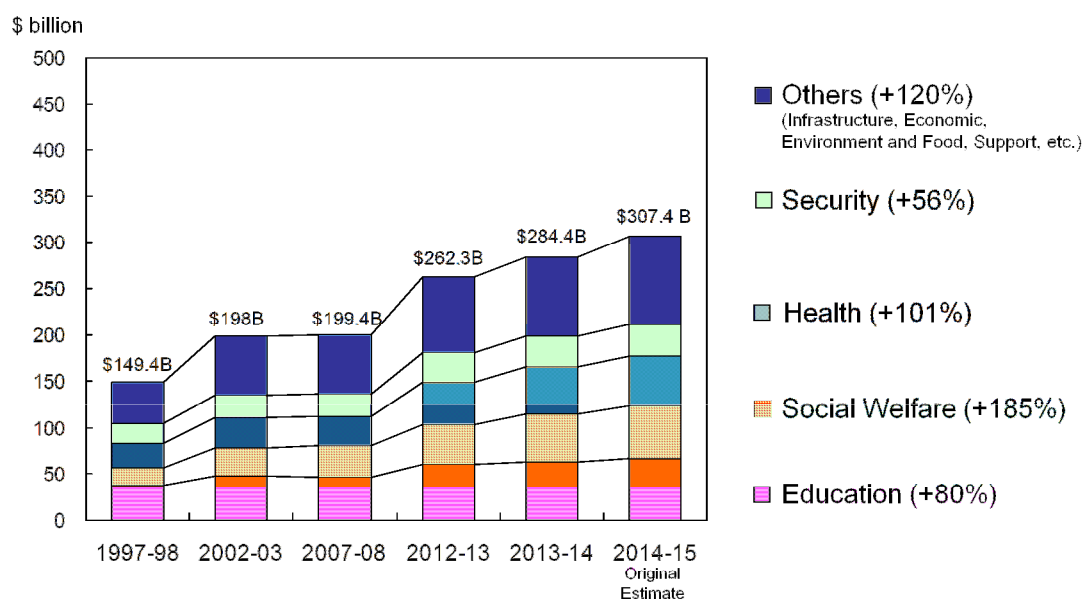


- Total expenditure for 2014-15 is estimated to reach \$411.2 billion, representing a decrease of \$22.3 billion, or 5%, against the actual expenditure for 2013-14, mainly due to the reduction of one-off relief measures and one-off injections into funds for designated uses. Nonetheless, it is more than doubled when compared with 1997-98 –

### Compared with 1997-98

- |                             |       |
|-----------------------------|-------|
| ➤ Recurrent Expenditure     | +106% |
| ➤ Capital Works Expenditure | +175% |

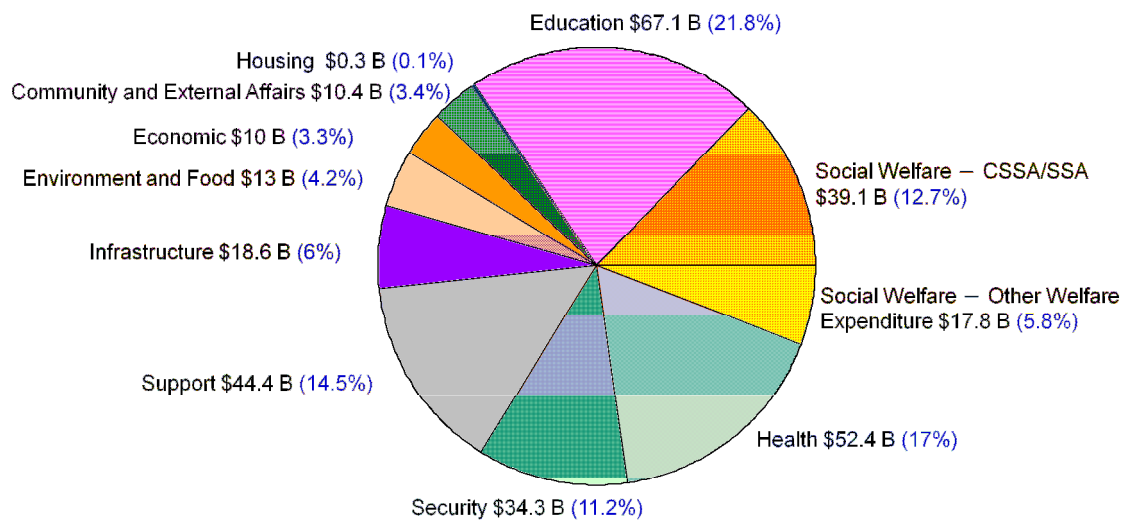
## Recurrent expenditure grew by 106% since 1997-98



- Recurrent expenditure for 2014-15 is estimated to reach \$307.4 billion, representing an increase of \$23 billion (or 8%) over the actual expenditure for 2013-14. It is more than doubled when compared with 1997-98. The increase in recurrent expenditure reflects the Government's long term commitment to improving people's livelihood.
- Our recurrent expenditure on education, social welfare and health has been increasing –

	Compared with 1997-98
➤ Education	+80%
➤ Social Welfare	+185%
Comprehensive Social Security Assistance (CSSA) Scheme	+129%
Social Security Allowance (SSA) Scheme	+295%
Other welfare expenditure	+192%
➤ Health	+101%

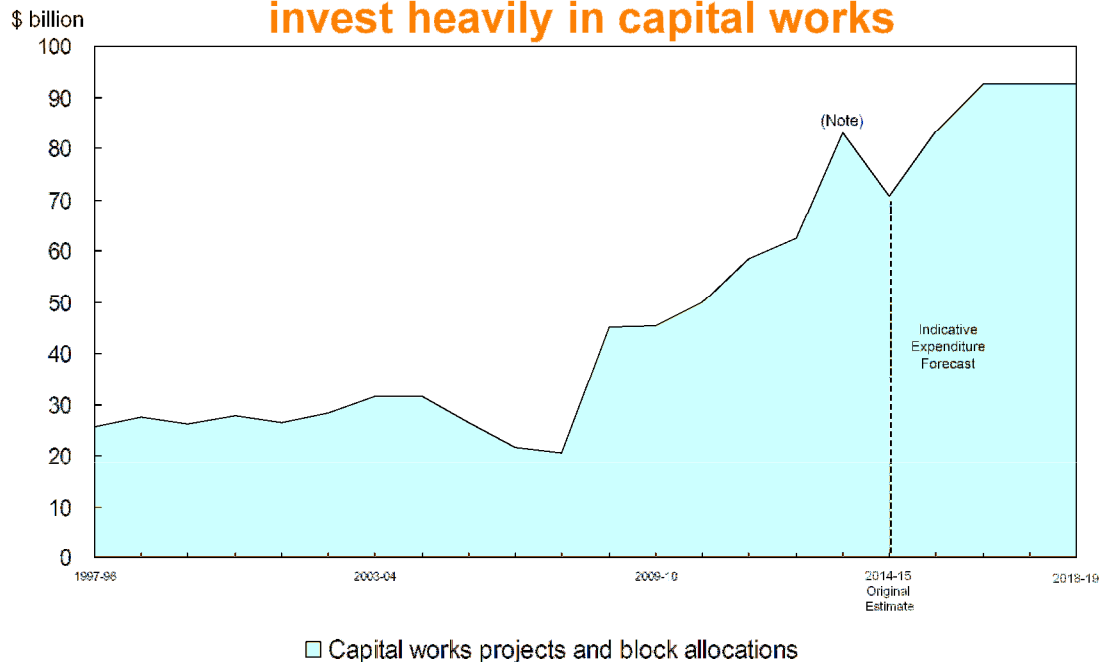
## Recurrent expenditure for 2014-15



Recurrent government expenditure: \$307.4 billion (74.8% of total government expenditure of \$411.2 billion)

- Based on the 2014-15 Estimates of Expenditure, the spending on Education (21.8%), Social Welfare (18.5%) and Health (17%) together accounts for 57.3% of total recurrent government expenditure.

## Government continuing to invest heavily in capital works



Note: Including the one-off grant of \$13 billion provided to the Hospital Authority in 2013-14.

- The 2014-15 estimated expenditure on capital works under the Capital Works Reserve Fund will reach \$70.8 billion (including \$8.5 billion allocation for minor works). Excluding the one-off grant of \$13 billion provided to the Hospital Authority, the actual expenditure in 2013-14 (\$70 billion) is comparable to the estimated expenditure in 2014-15.
- Compared with the actual expenditure for 1997-98, the level of expenditure has increased by about 175%.
- With the various major infrastructure projects entering their construction peak, capital works expenditure is expected to maintain at the current high level over the next few years.

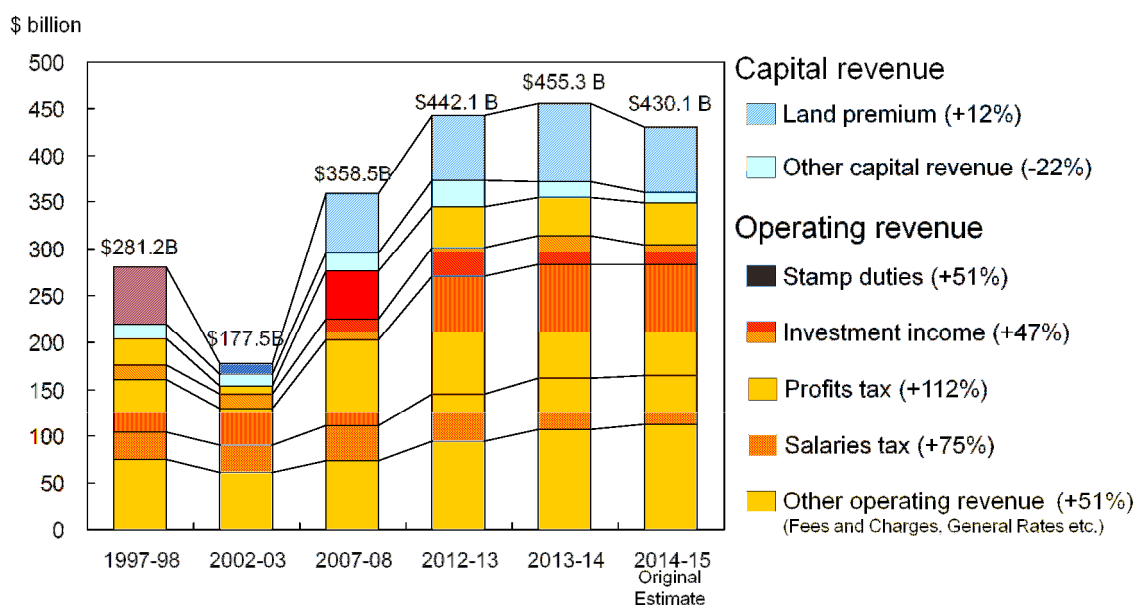
**The unfunded commitment for approved projects amounted to about \$340 billion**

- No provision set aside for future expenditure of projects approved by the Finance Committee

Unfunded commitment =  
Approved project estimate – cumulative expenditure

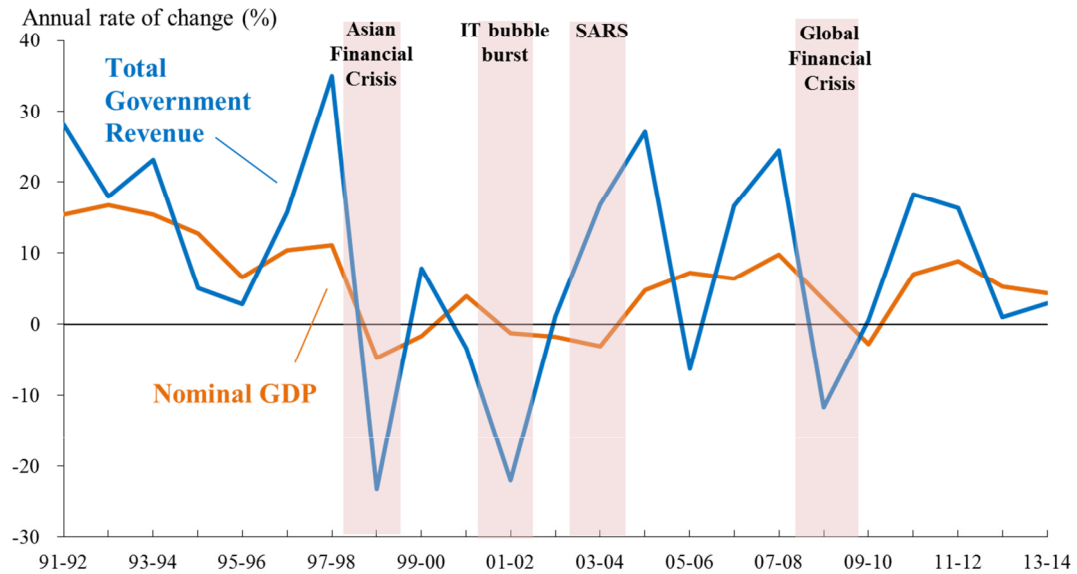
- To foster economic development and enhance the quality of life of the community, our package of capital works projects covers land production, hospitals and health-care facilities, transport infrastructure, welfare facilities for the elderly, cultural and recreational facilities.
- As at end March 2014, outstanding commitment of the ongoing capital works projects was about \$340 billion. This is unfunded.

## Total revenue grew by 53% since 1997-98



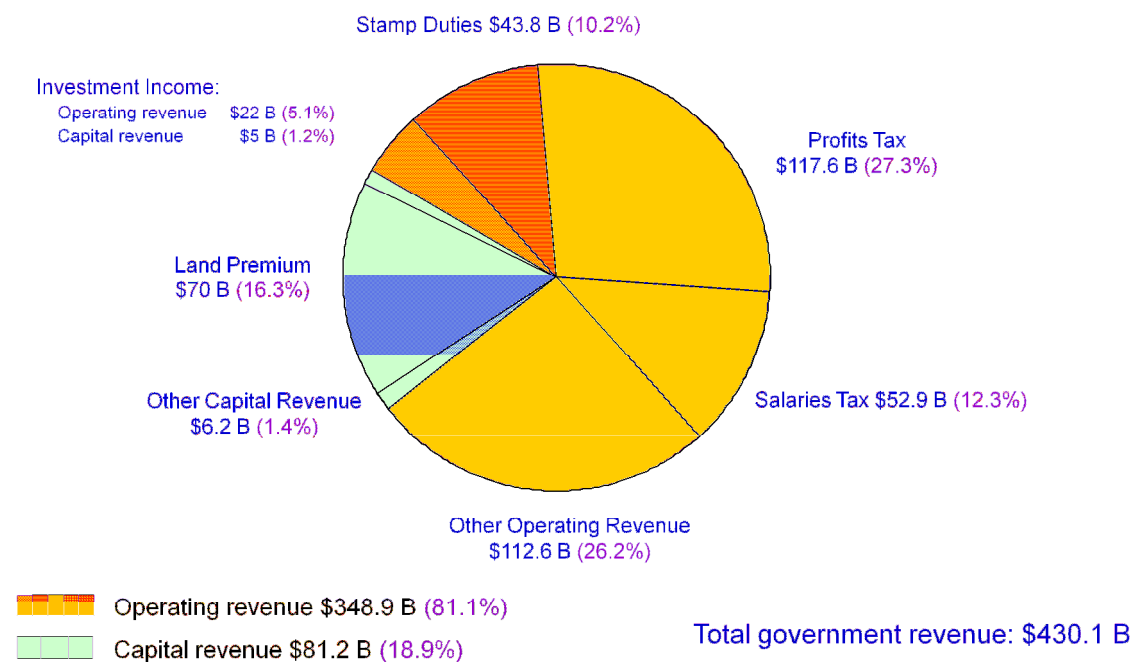
- Profits tax has been our largest operating revenue. It varied from \$37.7 billion (1999-2000) to \$125.6 billion (2012-13).
- Salaries tax has been our second or third largest operating revenue. It varied from \$24.8 billion (1999-2000) to \$55.6 billion (2013-14).
- Stamp duties varied from \$7.5 billion (2002-03) to \$51.5 billion (2007-08).
- Since 1 April 2007, we have adopted an arrangement whereby the rate of investment return is pre-determined based on past returns. This has greatly reduced the volatility of investment income. The average annual revenue from this source exceeded \$35 billion for the years from 2007-08 to 2014-15.
- As for capital revenue, land premium has been most volatile, fluctuating from \$5.4 billion to \$84.6 billion in the period.
- The volatility of our revenue income poses challenges to the management of public finances.



**Volatility of Government Revenue**

- Hong Kong is a small and open economy. Our tax base is narrow and government revenue is sensitive to economic fluctuations depending on the broader economic changes beyond government's control.
- The volatility of our revenue income poses challenges to the management of public finances. Profits tax, salaries tax, stamp duties and land premium account for 66% of the 2013-14 total government revenue.

## Revenue Estimates for 2014-15



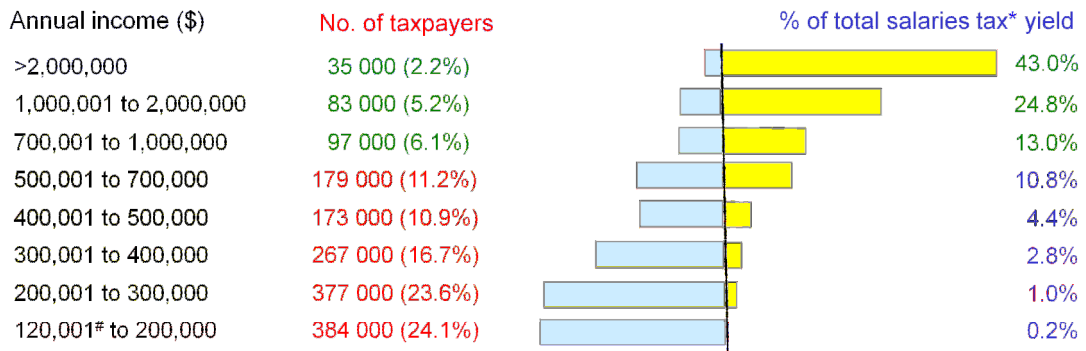
- The five major revenue items are profits tax (27.3%), salaries tax (12.3%), stamp duties (10.2%), investment income (mainly from placement of the fiscal reserves with the Exchange Fund) (6.3%) and land premium (16.3%). Together they account for 72.4% of total government revenue.

**Only 43% of the working population paid salaries tax,  
with 14% taxpayers paying over 80% of the total salaries tax**

## Salaries tax

2012-13 (Year of assessment)

Taxpaying population : 1 595 000<sup>^</sup>



<sup>^</sup> Of the 3 670 000 working population, 2 075 000 do not pay any salaries tax

\* After the one-off tax reduction up to \$10,000

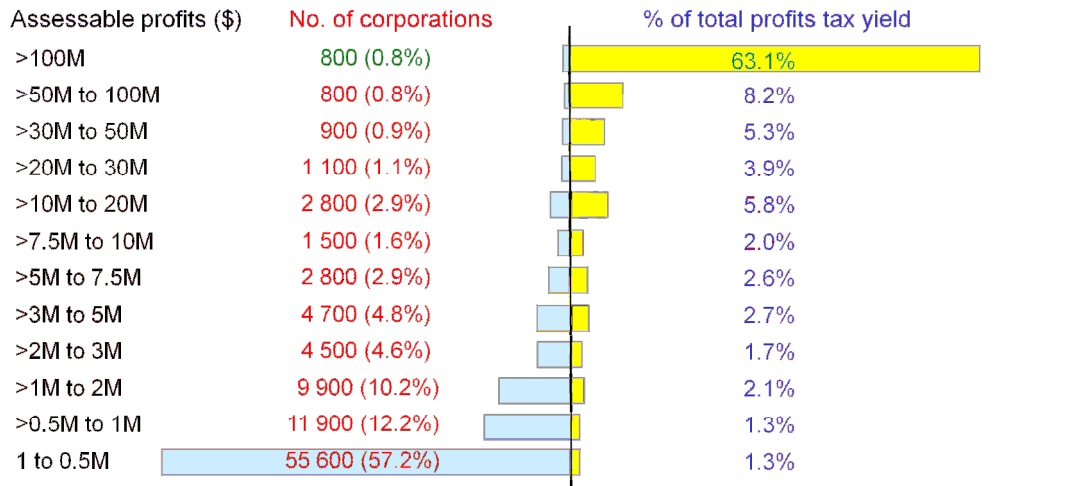
<sup>#</sup> The basic allowance for individuals in the 2012-13 year of assessment is \$120,000

- In the year of assessment 2012-13, of the 3.67 million working population, about 2.07 million or 57% of the working population need not pay any salaries tax.
- Of the 1.6 million who paid salaries tax, about 215 000 (5.9% of the working population or 13.5% of the taxpaying population) contributed 81% of the revenue from salaries tax.

**Only 10% of registered corporations paid profits tax,  
with less than 1% paying over 60% of the total profits tax**

### Profits tax

2012-13 (Year of assessment)



Registered Corporations: 960 000, with 97 300 (10%) taxpaying.

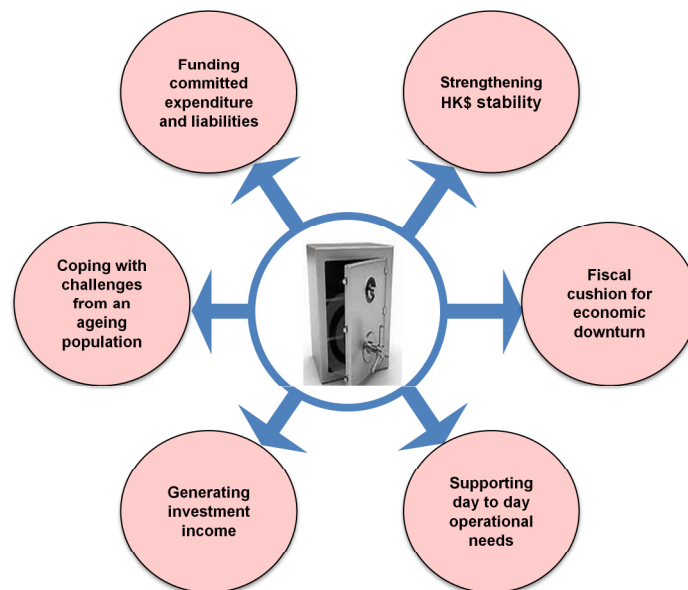
- In the year of assessment 2012-13, about 63% of our profits tax is contributed by the top 800 taxpaying corporations out of 97 300 corporations. Around 863 000 registered companies (about 90% of the total registered corporations) do not pay any profits tax.

**“Fiscal Reserves” is the aggregate of cash balances, much of which is locked up in funds with designated use**

(\$ million)	2013–14 Actual
<b>General Revenue Account</b>	<b>402,786</b>
<b>Funds with designated use</b>	<b>133,201</b>
Capital Works Reserve Fund	79,773
Capital Investment Fund	1,994
Civil Service Pension Reserve Fund	27,029
Disaster Relief Fund	31
Innovation and Technology Fund	1,812
Loan Fund	1,389
Lotteries Fund	21,173
<b>Land Fund</b>	<b>219,730</b>
<b>Total</b>	<b>755,717</b>

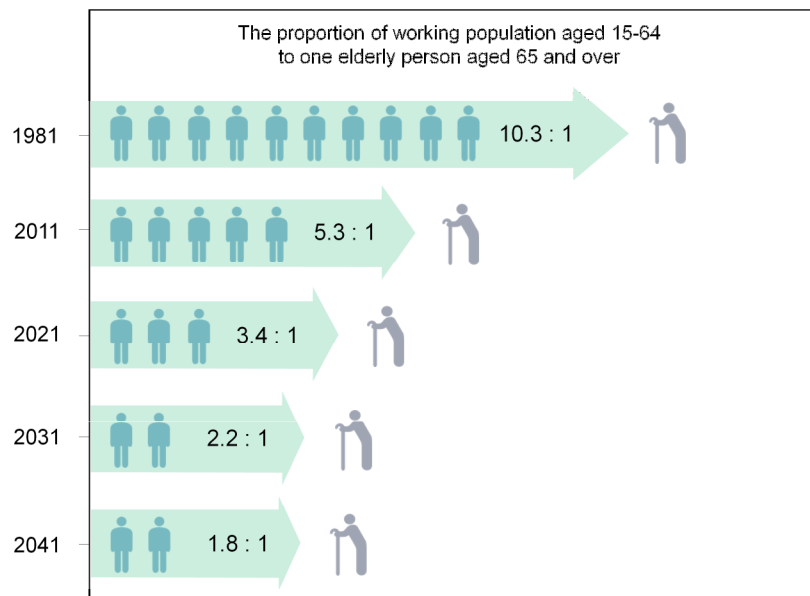
- “Fiscal Reserves” stands for the total of the balances under the General Revenue Account and eight Funds established for specific purposes under s 29 of the Public Finance Ordinance.
- This is all we have to meet our day-to-day operational needs, outstanding commitments (including about \$340 billion for capital works) and liabilities (such as public officers’ pensions, the present value of which as at 31 March 2014 was \$747.2 billion).

## “Fiscal Reserves” offers multiple functions



- The fiscal reserves help to strengthen the stability of the Hong Kong dollar. At the end of March 2014, the fiscal reserves constituted a quarter of the Exchange Fund's total assets.

## Ageing Population



- In 2011, about five working age persons supporting one dependent elderly person, or 5.3 : 1.
- With the population ageing, the ratio will reduce to 1.8 : 1 in 2041, or about two working age persons supporting one dependent elderly person.

## Long-Term Fiscal Sustainability

- Government's fiscal position remains healthy in the short to medium term
- Ageing population will put massive pressure on public finance
- A structural deficit could surface within a decade or two should government expenditure growth keep exceeding revenue growth
- Resolute and effective fiscal measures required

- The Working Group on Long-Term Fiscal Planning published its report in early March, providing a scientific and objective basis on Hong Kong's fiscal sustainability.
- According to the Working Group, if government expenditure keeps growing and outpacing economic and revenue growth amid an ageing population and slower economic growth, a structural deficit would be inevitable.
- As a responsible government, we shall not subject Hong Kong to any fiscal crisis. To avoid structural deficit, the Government must take a multi-pronged approach. Apart from developing our economy, it should also work on its expenditure, revenue and savings.



## Stricter Fiscal Discipline

- Containing expenditure growth
- Preserving, stabilising and broadening the revenue base
- Saving for the future
- Stepping up the management of the Government's assets

- While it is important for the Government to continue promoting the growth of the economy, the key to resolving the anticipated structural deficit or reducing its quantum is to contain the growth of government expenditure, along with safeguarding the revenue base, saving for the future and to manage its assets more proactively.



- To address structural deficit problems, the Government and the community would need to acknowledge the problem ahead and adjust.
- The Government would take serious and early action to realign the growth of government expenditure with that of government revenue and of the economy.

**Thank you**