

2019-20 Budget

Briefing for Legislative Council

28 February 2019

Key Direction of Budget Speech

- Supporting enterprises
- Safeguarding jobs
- Stabilising the economy
- Strengthening livelihoods

Public Finances

- Optimal use of fiscal reserves
- Tax policy
- Relieving people's burden
- Support for enterprises

Economic Indicators

	2017 Actual	2018 Actual	2019 Forecast
GDP real growth	3.8%	3%	2% - 3%
GDP nominal growth	6.9%	6.9%	4.5% - 5.5%
Underlying CCPI	1.7%	2.6%	2.5%

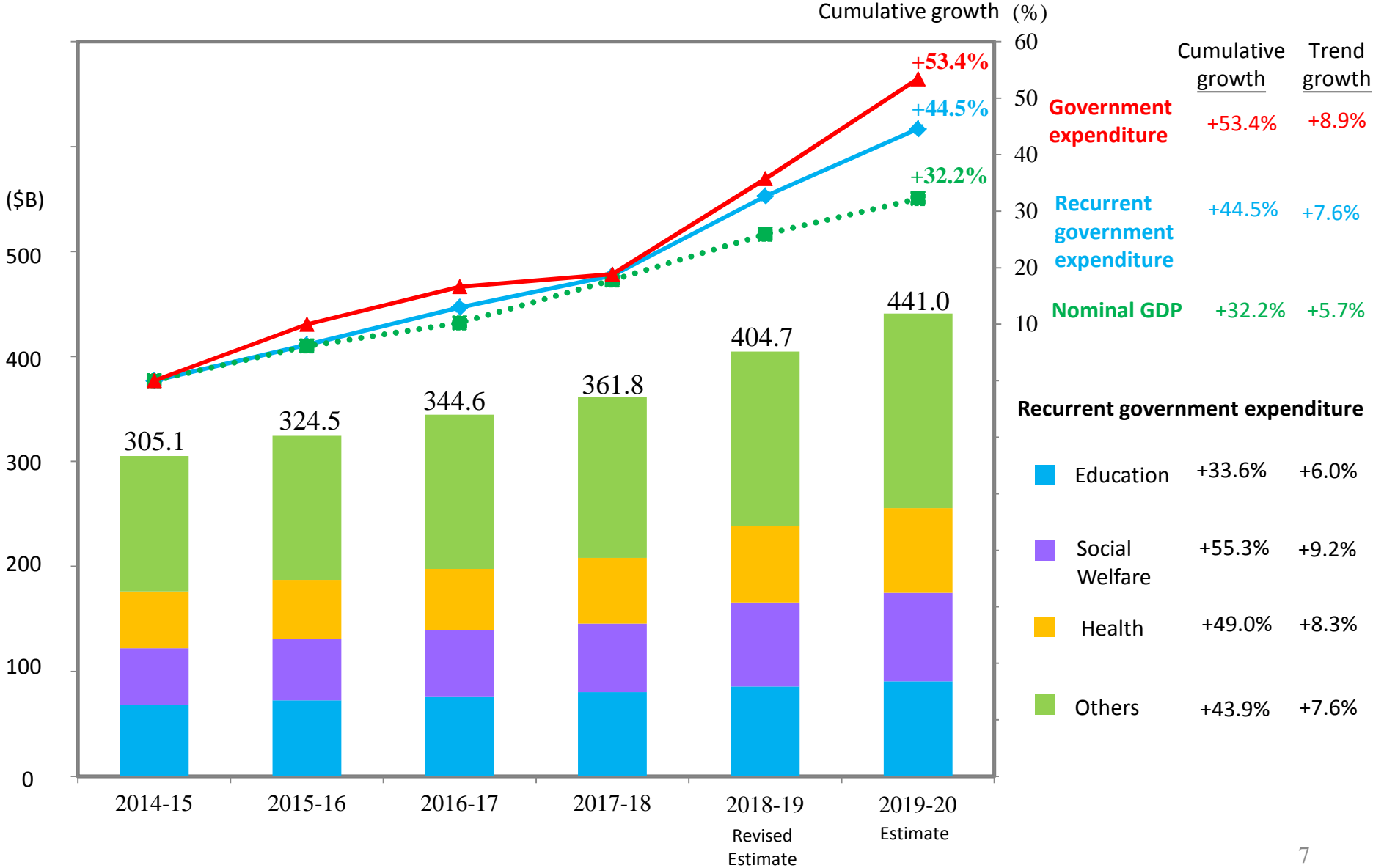
2018-19 Revised Estimates

	\$ billion
Government revenue	596.4
Government expenditure	<u>(537.7)</u>
Consolidated surplus	<u>58.7</u>
<i>Operating surplus</i>	<i>17.5</i>
<i>Capital surplus</i>	<i>41.2</i>
Forecast balance of fiscal reserves as at end-March 2019	1,161.6

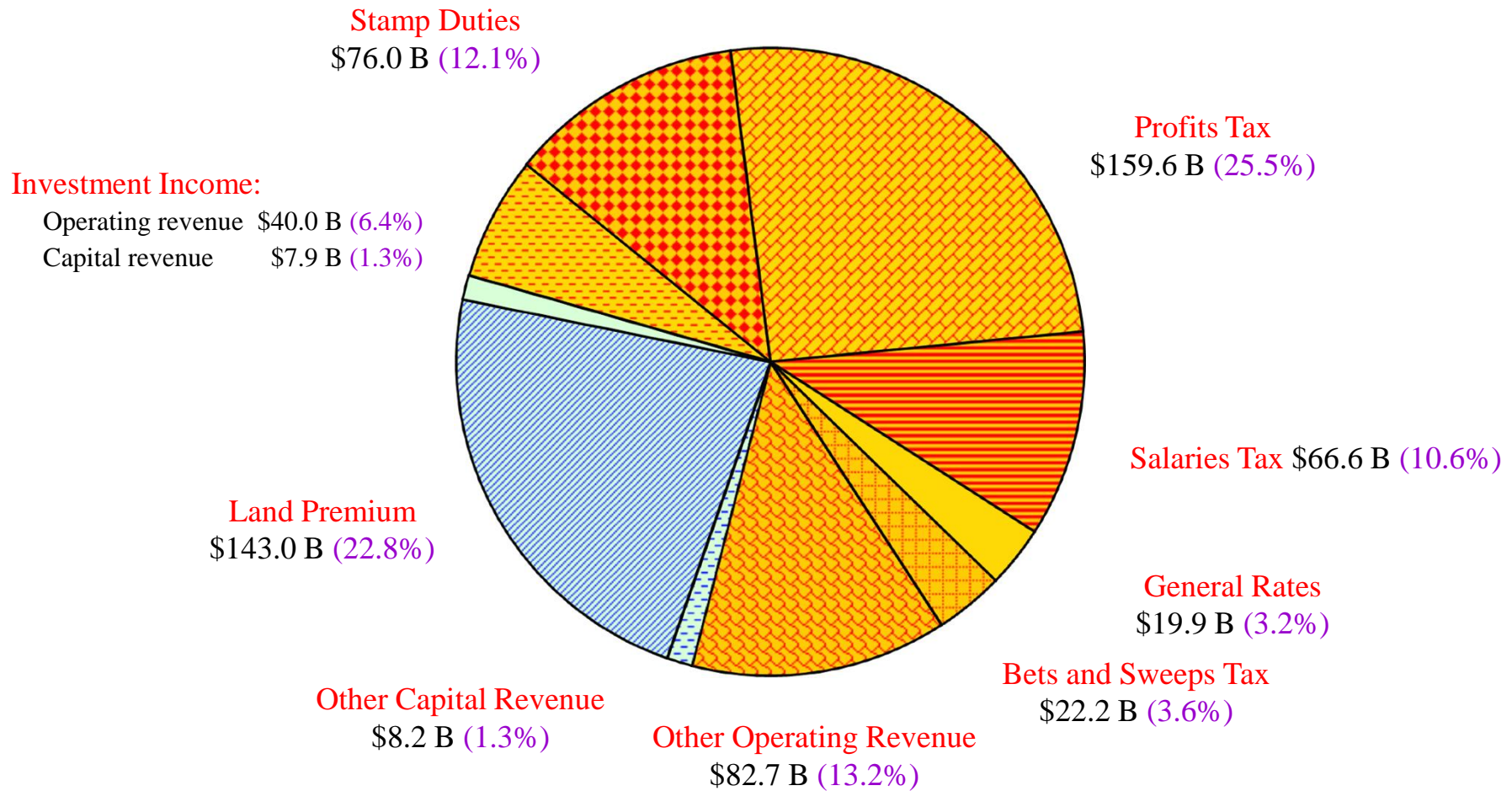
2019-20 Estimates

	\$ billion
Government revenue	626.1
Government expenditure	(607.8)
Consolidated surplus before repayment of bonds and notes	<u>18.3</u>
<i>Operating deficit</i>	<i>(34.5)</i>
<i>Capital surplus</i>	<i>52.8</i>
Repayment of bonds and notes	<u>(1.5)</u>
Consolidated surplus after repayment of bonds and notes	<u><u>16.8</u></u>
Forecast balance of fiscal reserves as at end-March 2020	1,178.4

Government Expenditure vs Nominal GDP for the recent five years

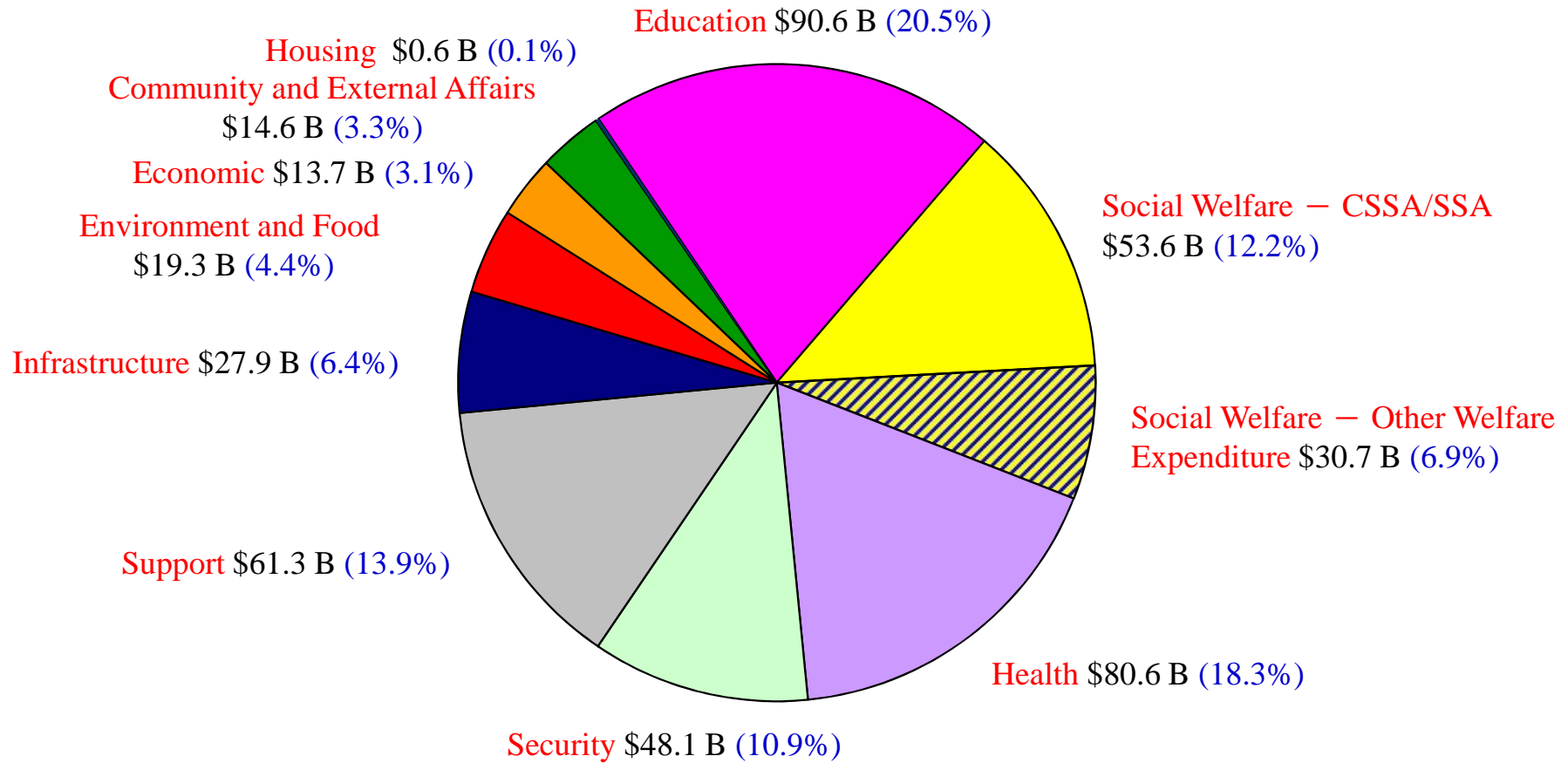


2019-20 Revenue Estimates



	2019-20 Estimate	% Share of Government Revenue	% of GDP
Operating Revenue	\$467.0 B	74.6%	15.7%
Capital Revenue	\$159.1 B	25.4%	5.3%
Total	\$626.1 B	100%	21.0%

2019-20 Recurrent Expenditure Estimates

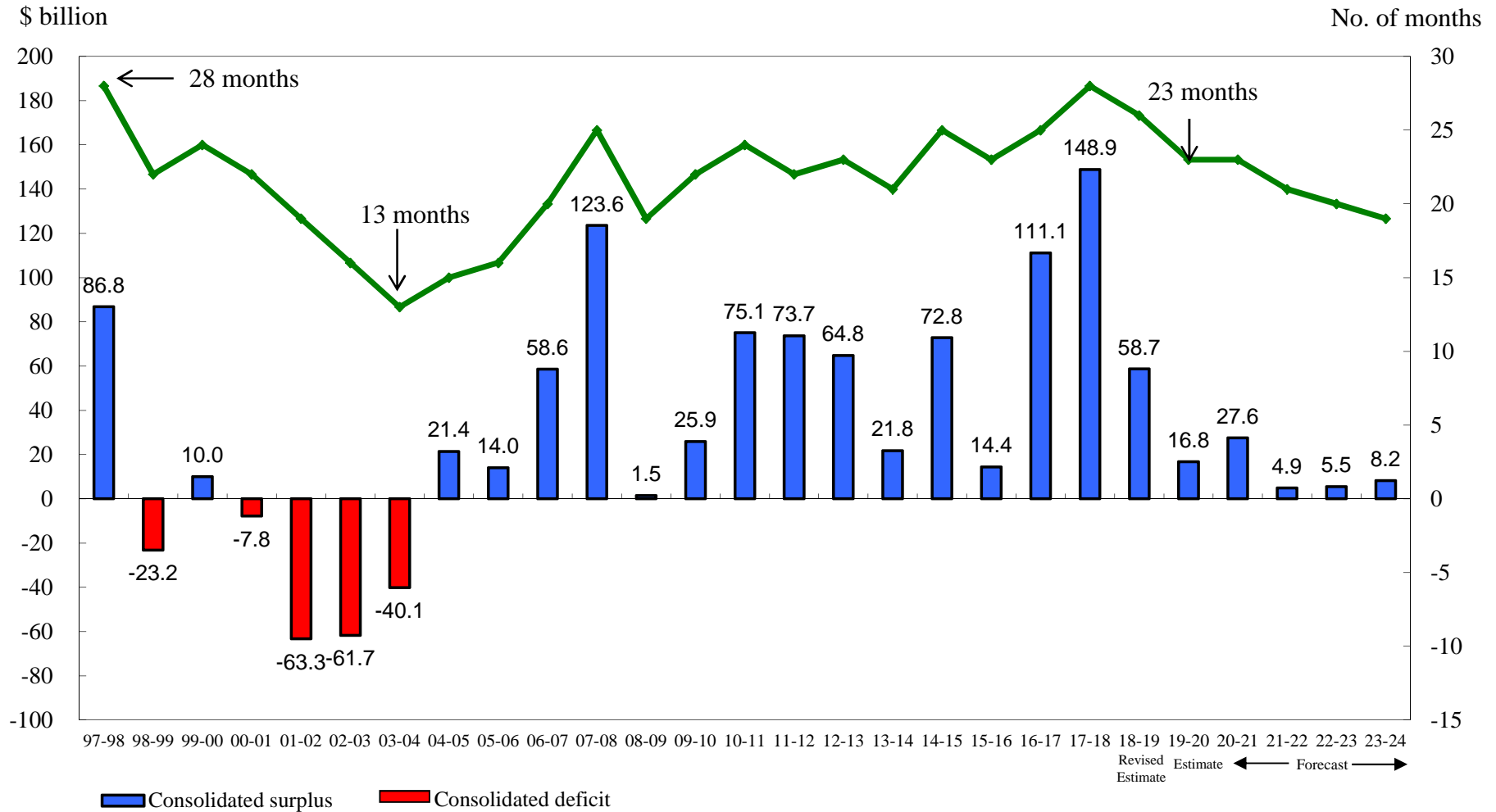


Recurrent government expenditure: \$441.0 billion (72.6% of total government expenditure of \$607.8 billion)

Increase of 9.0% against 2018-19 Revised Estimate

Fiscal Reserves

(in terms of number of months of government expenditure)



Included issuance / (repayment) of government bonds and notes issued in 2004.

2019 Medium Range Forecast

(\$ billion)	2019-20 Estimate	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Operating surplus / (deficit)	(34.5)	17.6	7.6	8.6	3.2
Capital surplus / (deficit)	52.8	10.0	(2.7)	(3.1)	5.0
Repayment of bonds and notes [#]	(1.5)	-	-	-	-
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Consolidated surplus	16.8	27.6	4.9	5.5	8.2
Fiscal reserves	1,178.4	1,206.0	1,210.9	1,216.4	1,224.6
in terms of number of months of government expenditure	23	23	21	20	19
in terms of percentage of GDP	39.4%	38.4%	36.8%	35.2%	33.7%

Trend Growth

	2014-15 to 2019-20 Estimate	2019-20 Estimate to 2023-24 Forecast
Government Expenditure	+ 8.9%	+ 5.6%
Nominal GDP	+ 5.7%	+ 5.0%

Include government bonds and notes issued in 2004

Relieving People's Burden

- Reducing salaries tax and tax under personal assessment for 2018-19 by 75 per cent, subject to a ceiling of \$20,000.
- Reducing profits tax for 2018-19 by 75 per cent, subject to a ceiling of \$20,000.
- Waiving rates for four quarters of 2019-20, subject to a ceiling of \$1,500 per quarter for each rateable property.
- Providing to each student in need a one-off grant of \$2,500 to support learning
- Paying examination fees for school candidates sitting for the 2020 Hong Kong Diploma of Secondary Education Examination

Support for Enterprises

- Waiving the business registration fees for 2019-20
- Regularising the Technology Voucher Programme and rolling out enhancing measures
- Injecting another \$ 1 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), extending geographical scope of the BUD Fund and increasing the funding ceiling per enterprise
- Extending the application period of the SME Financing Guarantee Scheme

Other Budget Measures

- Developing a Diversified Economy
- Expanding Market Coverage
- Building a Liveable City
- Building a Caring Society

Developing a Diversified Economy

- Financial services industry
- Innovation and Technology
- International transportation centre
- Tourism
- Creative industries
- Construction industry

Expanding Market Coverage

- Guangdong-Hong Kong-Macao Greater Bay Area
- Belt and Road Initiative
- Developing Asia

Building a Liveable City

Creating Land Capacity

- Provision of land and housing supply
- Support for constructing transitional housing
- Optimisation of the use of Government land

Building a Liveable City

Healthcare

- Provide additional recurrent funding of over \$700 million to retain talent
- Earmark \$5 billion for upgrading and acquisition of medical equipment
- Earmark \$10 billion to set up a public healthcare stabilisation fund
- Provide additional \$400 million to expand the scope of the Drug Formulary

Building a Liveable City

Smart City

- Common Spatial Data Infrastructure (CSDI) and 3D digital map

Arts and Culture

- Additional funding for hosting large-scale world class performing arts programmes
- Digital conversion of sole copies and celluloid films for appreciating the invaluable film heritage

Sports

- Support athletes in pursuing athletic training and academic studies
- Enhance financial assistance for national sports associations

Building a Liveable City

Environmental Protection

- Provide \$1 billion for departments to install renewable energy facilities
- Extend the public electric vehicle charging networks at government car parks

Building the City

- Earmark \$6 billion for developing new harbourfront promenades
- Urban Forestry Support Fund
- Municipal Facilities Improvement

Building a Caring Society

Welfare facilities

- Allocate \$20 billion for purchase of properties for accommodating welfare facilities
- Allocation some \$200 million to launch pilot project providing Wi-Fi service

Child and Youth Services

- Increase professional and supporting manpower for the Neighbourhood Support Child Care Project to strengthen training for home-based child carers
- “Two school social workers for each school”

Social Enterprises

- Additional funding of \$150 million for ongoing operation of the Enhancing Self-Reliance Through District Partnership Programme

Thank You
