

2012-13 Budget

Briefing for Legislative Council

2 February 2012

Theme of the 2012-13 Budget

- Stabilise the economy
- Safeguard people's livelihood
- Invest in the future

2012-13 Estimates

	\$ billion
Government revenue	390.3
Government expenditure	(393.7)
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Consolidated deficit	(3.4)
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Forecast balance of fiscal reserves as at end-March 2013	658.7

2012-13 Revenue Estimates

Stamp Duties:

Stocks	\$21.4 B (5.5%)
Properties	\$15 B (3.8%)
Others	\$0.6 B (0.2%)

Investment Income:

Operating revenue	\$30.3 B (7.8%)
Capital revenue	\$6.3 B (1.6%)

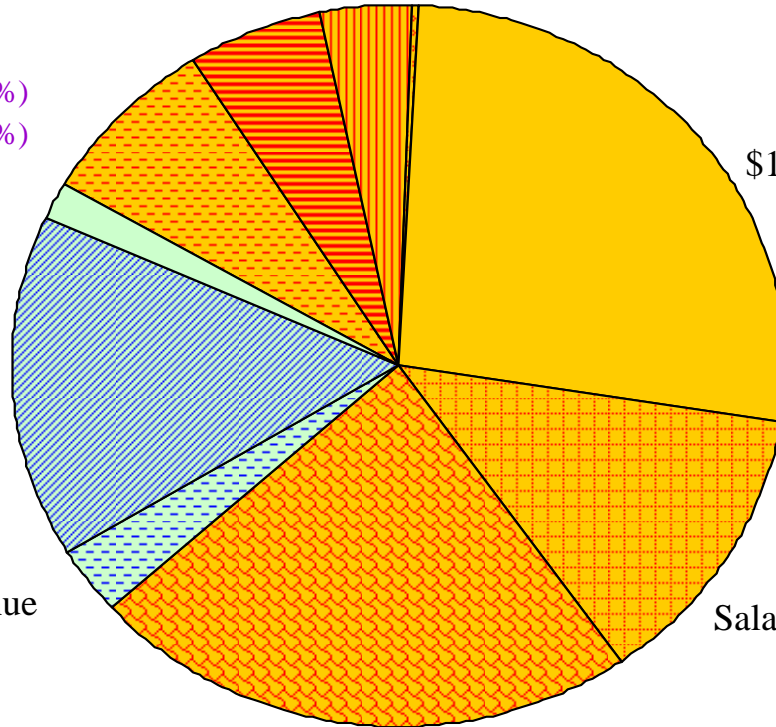
Land Premium
\$60 B (15.4%)

Other Capital Revenue
\$11.5 B (2.9%)

Other Operating Revenue
\$90.3 B (23.1%)

Profits Tax
\$105.6 B (27.1%)

Salaries Tax \$49.3 B (12.6%)



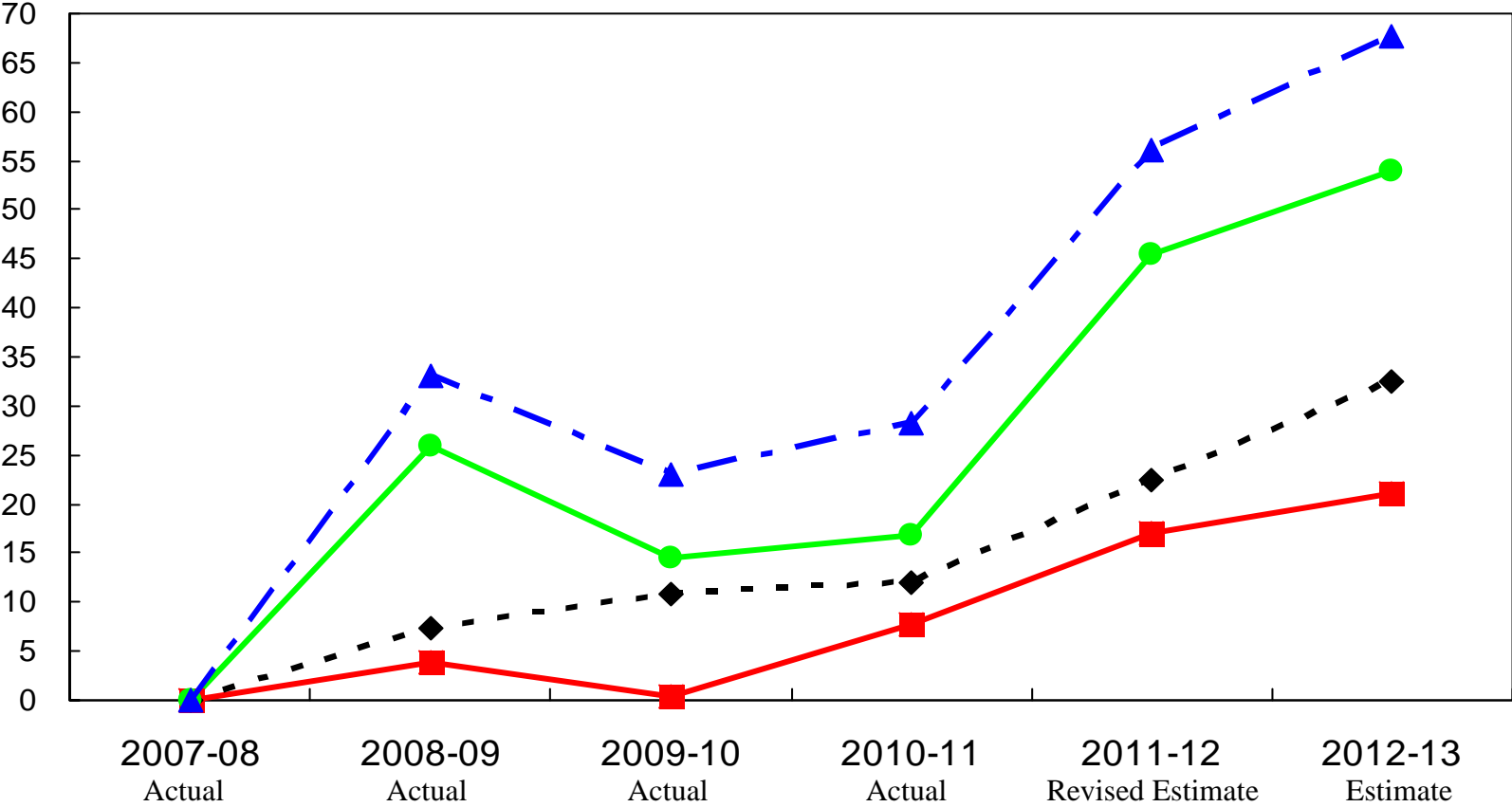
Operating revenue \$312.5 B (80.1%)

Capital revenue \$77.8 B (19.9%)

Total government revenue: \$390.3 B

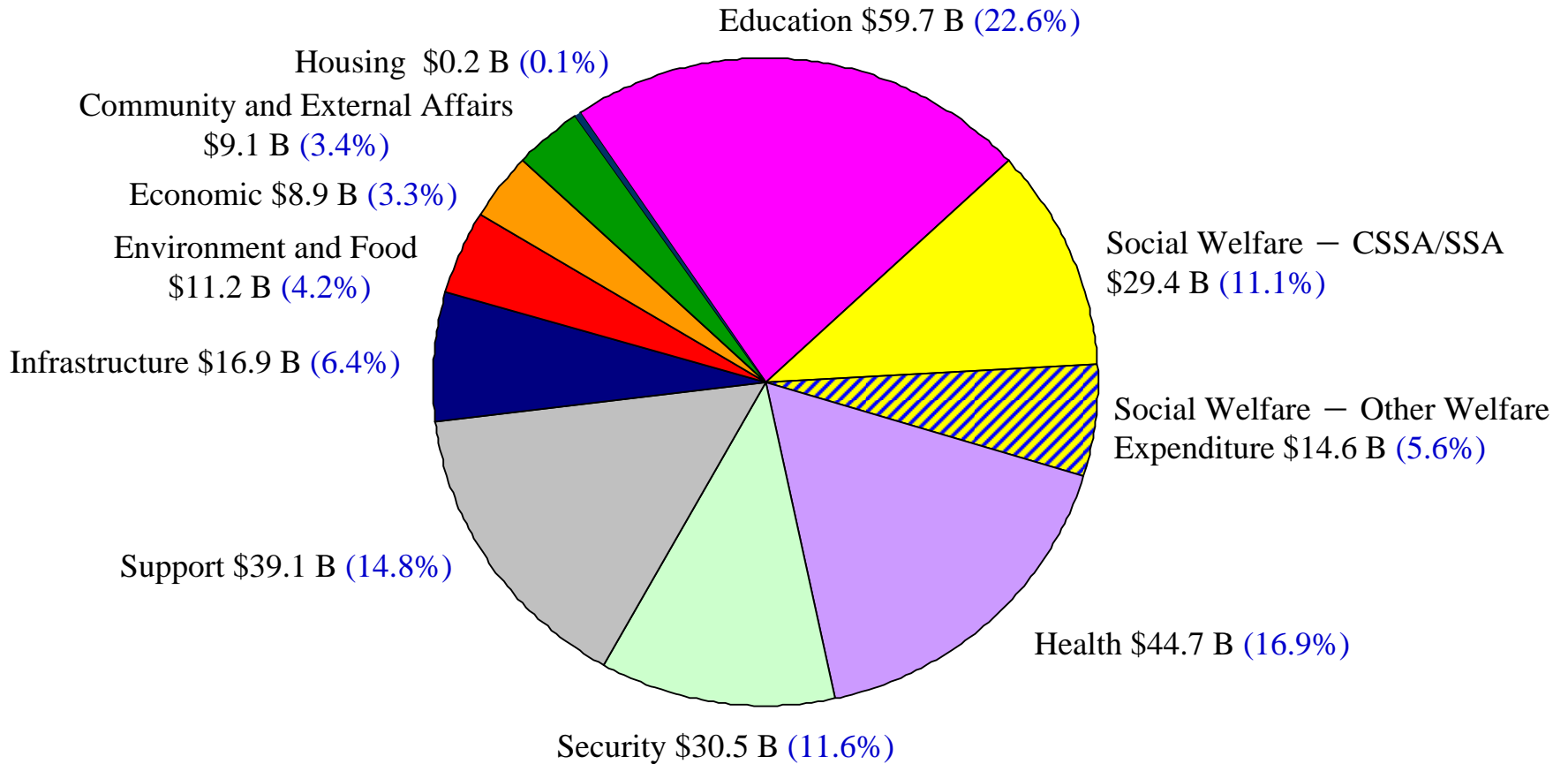
Government Expenditure and Gross Domestic Product (GDP)

Cumulative Increase (%)



■ Nominal GDP
 -◆- Recurrent Expenditure
 ● Operating Expenditure
 -▲- Government Expenditure

2012-13 Recurrent Expenditure Estimates



Recurrent government expenditure: \$264.3 billion (67.1% of total government expenditure of \$393.7 billion)

Recurrent Expenditure

	<u>2012-13</u> (\$ billion)	<u>Against</u> <u>2011-12</u> <u>Revised</u> <u>Estimate</u>
Education	59.7	+7%
Health	44.7	+8%
Social Welfare	44.0	+9%

Major Non-recurrent Expenditure and Capital Expenditure items

- Pay 2 months' rent for public housing tenants
- Provide electricity subsidy
- Inject funds into HKSARG Scholarship Fund and Self-financing Post-secondary Education Fund
- Inject funds into Samaritan Fund
- Improve physical setting and facilities of elderly centres
- Subsidise trials of environmental-friendly buses by franchised bus companies
- Enhance the SME Financing Guarantee Scheme
- Continue to invest in infrastructure

Major Revenue Measures

- Increase tax allowances and deduction ceilings
- Waive 2012-13 rates
- Reduce 2011-12 salaries tax and tax under personal assessment
- Reduce import and export declaration charges by half
- Waive 2012-13 business registration fees
- Provide, for 3 years, 50% port facilities concession for ocean going vessels that use low sulphur content diesel

Fiscal Reserves (as at 31 March 2011)

- Fiscal reserves comprise:

– General Revenue Account	355.9 (\$ billion)
– Capital Works Reserve Fund	68.3
– Capital Investment Fund	1.2
– Civil Service Pension Reserve Fund	24.4
– Disaster Relief Fund	- (\$6 million)
– Innovation and Technology Fund	2.8
– Land Fund	198.1
– Loan Fund	2.1
– Lotteries Fund	9.3
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Total	662.1
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- Unfunded liabilities and contingent liabilities include guarantees provided under the Special Loan Guarantee Scheme, public officers pension etc.

2012 Medium Range Forecast

(\$ billion)	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Operating surplus / (deficit)	(2.5)	47.4	55.6	16.6	62.2
Capital deficit	(0.9)	(43.6)	(43.0)	(42.8)	(30.9)
Consolidated surplus / (deficit) after repayment of bonds and notes	(3.4)	3.8	2.8	(26.2)	31.3
Fiscal reserves	658.7	662.5	665.3	639.1	670.4
- in terms of number of months of government expenditure	20	20	19	16	18
- in terms of percentage of GDP	33.7%	31.9%	30.3%	27.4%	27.1%

Thank You
