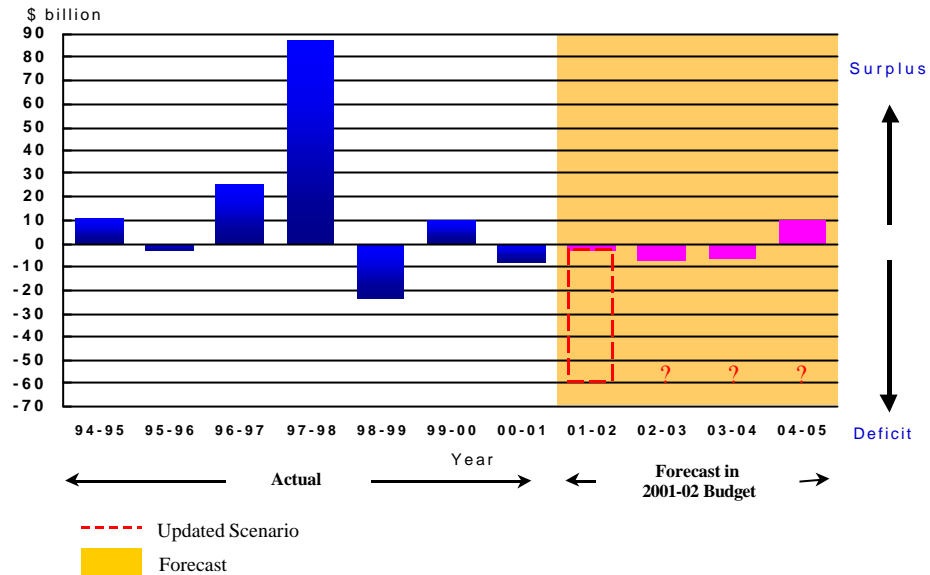
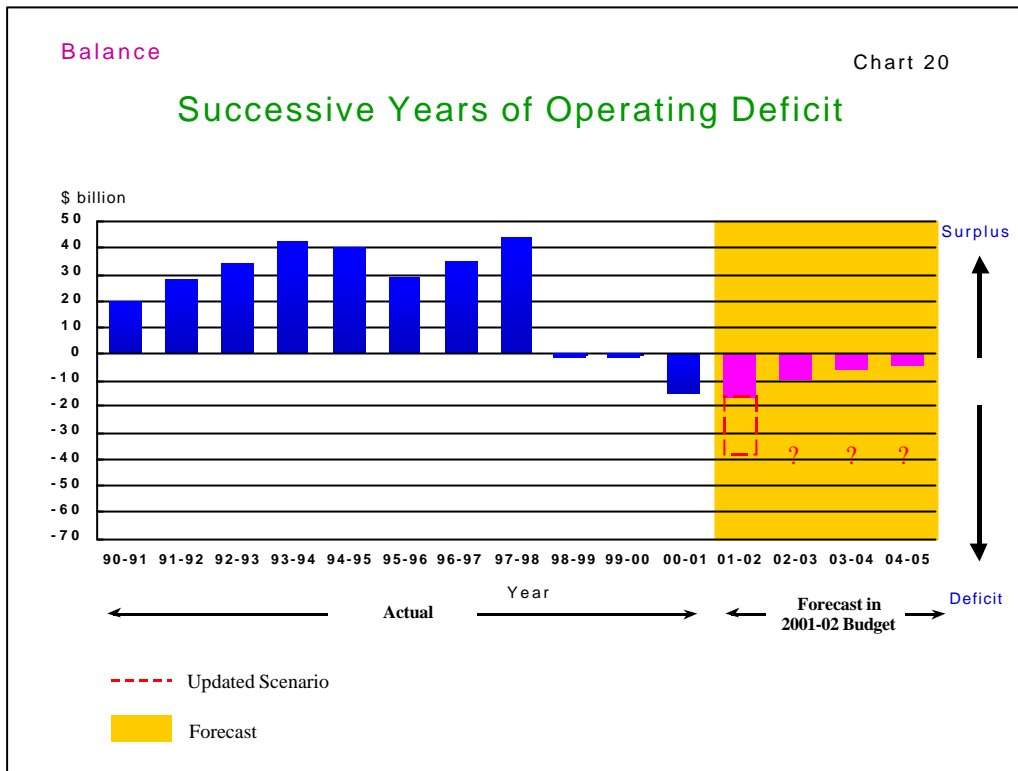


Fiscal Surplus/Deficit



- This chart shows the fiscal surplus/deficit from 1994-95 to 2000-01. Actual deficit recorded in 2000-01 was \$7.8 billion.
- In the 2001-02 Budget, we forecast a deficit of \$3 billion, \$6.8 billion and \$5.9 billion respectively for the three financial years of 2001-02, 2002-03 and 2003-04, and a surplus of \$10.2 billion for 2004-05.
- The Updated Scenario for 2001-02 shows a likely deficit of \$60 billion.



- This chart shows that since 1998-99, our operating expenditure has exceeded our operating revenue.
- In the 2001-02 Budget, we forecast an operating deficit of \$16.6 billion, \$9.3 billion, \$5.6 billion and \$4 billion respectively for the four financial years of 2001-02, 2002-03, 2003-04 and 2004-05.
- The Updated Scenario for 2001-02 shows a likely operating deficit of \$37 billion.
- An internal Task Force has been set up to review our public finances to determine whether the projected successive operating deficits are cyclical or structural in nature. The Task Force is expected to submit its findings to the Financial Secretary shortly.