

# **2020-21 Budget**

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## **Briefing for Legislative Council**

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**27 February 2020**

# Public Finance

- Supporting enterprises
- Safeguarding jobs
- Stimulating the economy
- Relieving people's burden
- Long-term affordability
- Spending should be commensurate with increase in revenue

# Economic Indicators

	<b>2018 Actual</b>	<b>2019 Actual</b>	<b>2020 Forecast</b>
GDP real growth	2.9%	-1.2%	-1.5% - 0.5%
GDP nominal growth	6.6%	1.2%	0.5% - 2.5%
Underlying CCPI	2.6%	3.0%	2.5%

# Financial Implications of Policy Address Major Initiatives and Budget Measures

	<b>Financial Implications (\$ Million)</b>
<b>Policy Address Major Initiatives</b>	<b>74,427</b>
<b>One-off Relief Measures</b>	<b>111,819</b>
<b>Extension of Helping Measures</b>	<b>10,273</b>
<b>Budget Measures with Long-term Effects</b>	<b>46,908</b>
<b>Proceeds from Issuance of Government Green Bonds</b>	<b>66,300</b>
<b>Total</b>	<b>309,727</b>

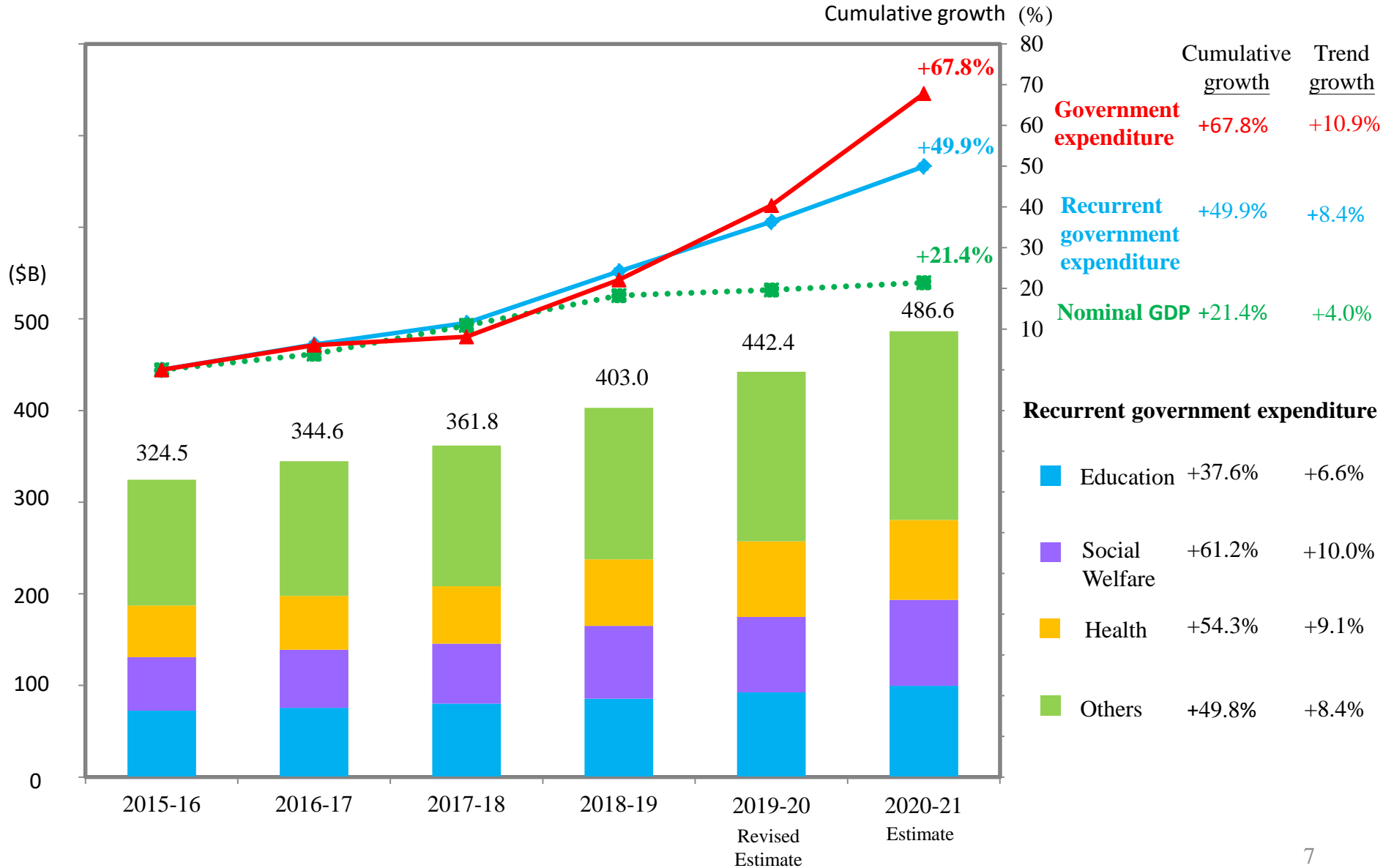
# 2019-20 Revised Estimate

	<b>\$ billion</b>
Government revenue	567.3
Government expenditure	(611.4)
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Consolidated deficit before issuance and repayment of bonds and notes	(44.1)
<i>Operating deficit</i>	<i>(118.0)</i>
<i>Capital surplus</i>	<i>73.9</i>
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Net proceeds from issuance of green bonds	7.8
Repayment of bonds and notes	(1.5)
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Consolidated deficit after issuance and repayment of bonds and notes	(37.8)
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Forecast balance of fiscal reserves as at end-March 2020	1,133.1

# 2020-21 Estimate

	<b>\$ billion</b>
Government revenue	572.5
Government expenditure	(731.1)
Consolidated deficit before issuance of bonds	(158.6)
<i>Operating deficit</i>	(183.0)
<i>Capital surplus</i>	24.4
Net proceeds from issuance of green bonds	19.5
Consolidated deficit after issuance of bonds	(139.1)
Forecast balance of fiscal reserves as at end-March 2021	994.0

# Government Expenditure vs Nominal GDP for the recent five years



# 2020-21 Revenue Estimates

Stamp Duties  
\$75.0 B (13.1%)

Profits Tax  
\$130.9 B (22.9%)

**Investment Income:**

Operating revenue \$45.9 B (8.0%)  
Capital revenue \$11.1 B (1.9%)

Salaries Tax \$59.9 B (10.5%)

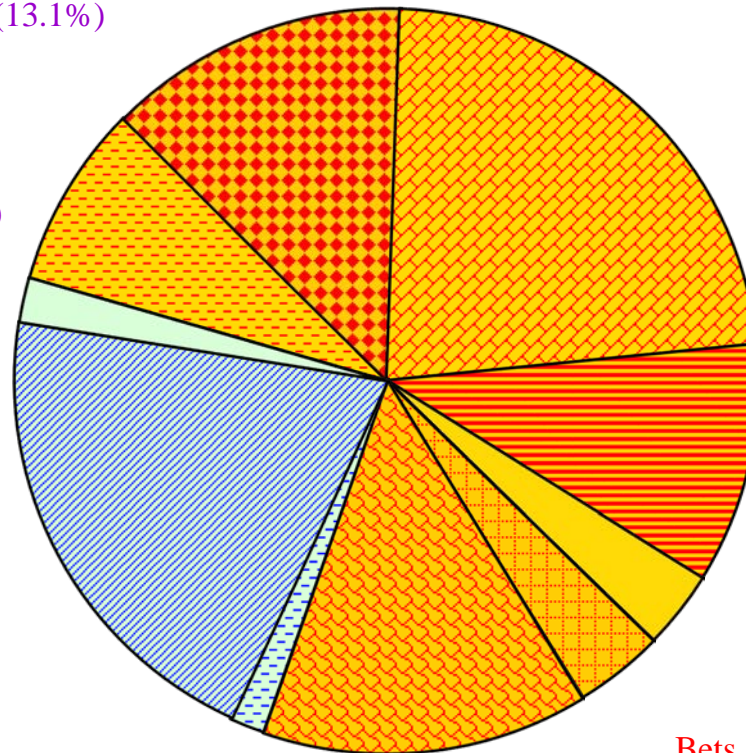
Land Premium  
\$118.0 B (20.6%)


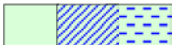
General Rates  
\$19.5 B (3.4%)

Other Capital Revenue  
\$8.7 B (1.5%)

Bets and Sweeps Tax  
\$22.2 B (3.9%)

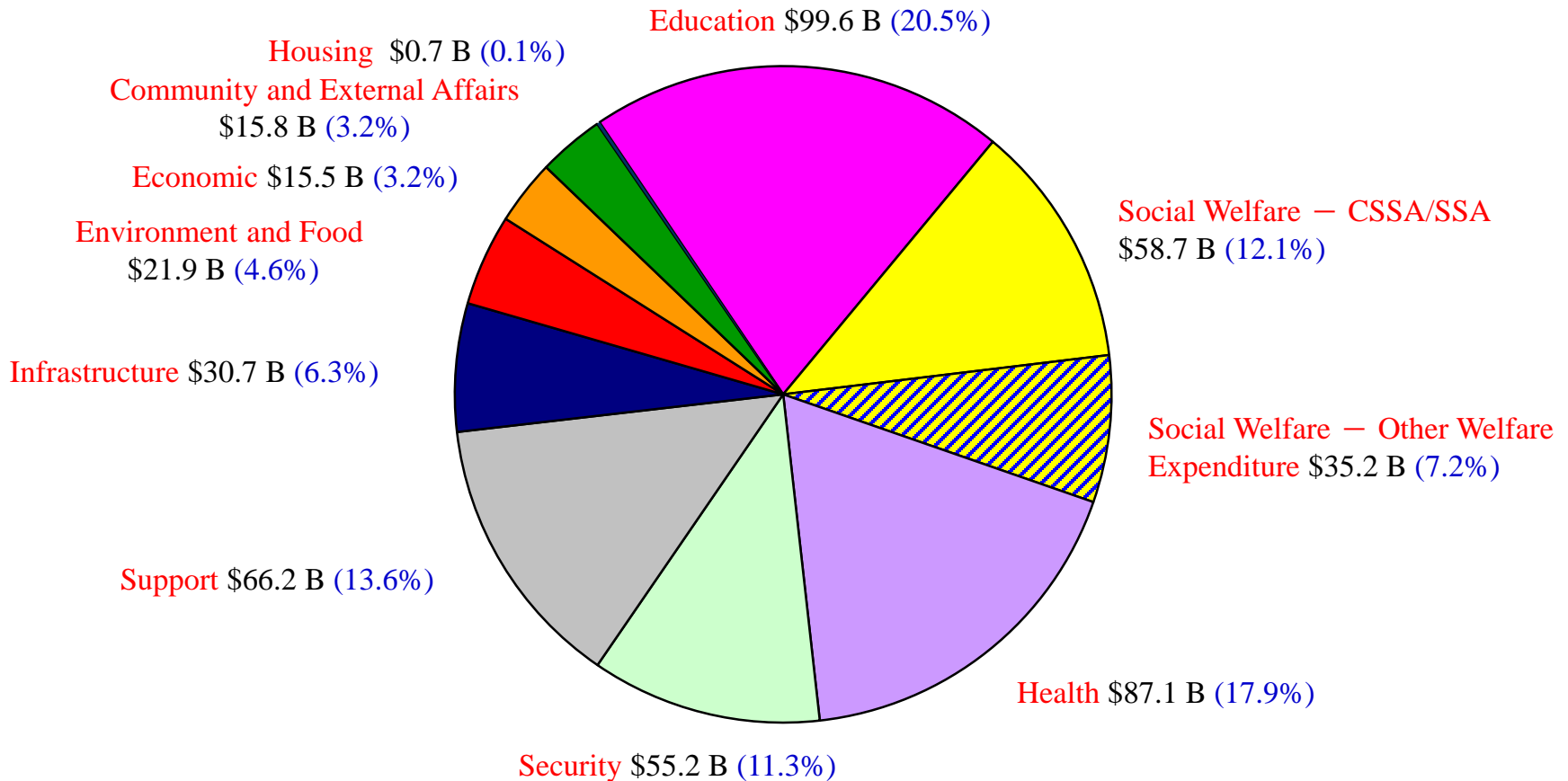
Other Operating Revenue  
\$81.3 B (14.2%)



	2020-21 Estimate	% Share of Government Revenue	% of GDP
 Operating Revenue	\$434.7 B	75.9%	14.9%
 Capital Revenue	\$137.8 B	24.1%	4.8%
<b>Total</b>	<b>\$572.5 B</b>	<b>100%</b>	<b>19.7%</b>



# 2020-21 Recurrent Expenditure Estimates

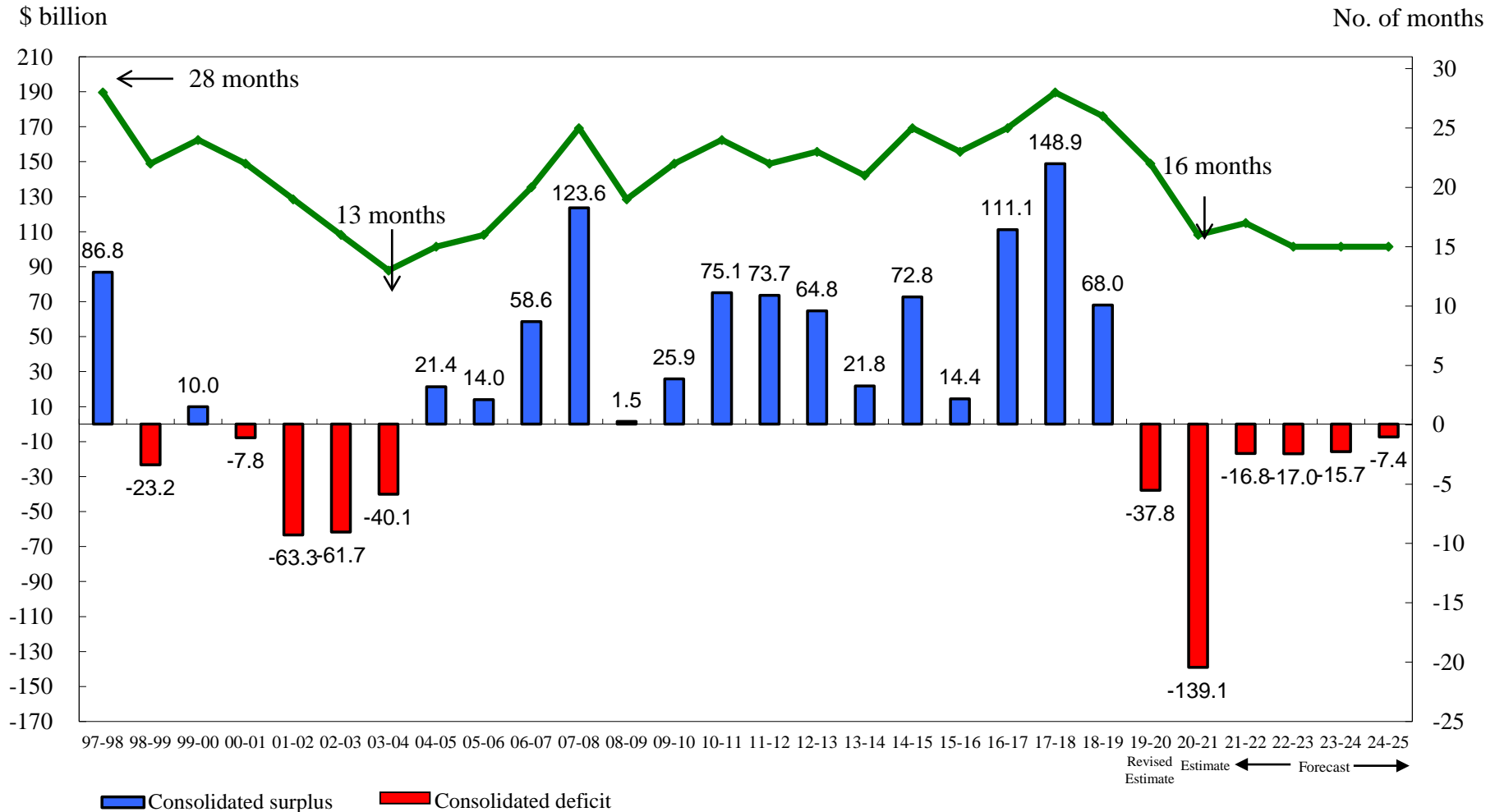


Recurrent government expenditure: \$486.6 billion (66.6% of total government expenditure of \$731.1 billion)

Increase of 10.0% against 2019-20 Revised Estimate

# Fiscal Reserves

(in terms of number of months of government expenditure)



Consolidated surplus Consolidated deficit Fiscal reserves in terms of number of months of government expenditure

Included issuance / (repayment) of government bonds and notes issued in 2004 and issuance / (repayment) of green bonds under the Government Green Bond Programme.

# 2020-21 Medium Range Forecast

(\$ billion)	2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Operating deficit	(183.0)	(48.5)	(49.1)	(55.8)	(55.7)
Capital surplus	24.4	20.0	20.4	28.4	44.4
Net proceeds from issuance of green bonds	19.5	11.7	11.7	11.7	11.7
Repayment of bonds and notes	-	-	-	-	(7.8)
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Consolidated deficit	(139.1)	(16.8)	(17.0)	(15.7)	(7.4)
Fiscal reserves	994.0	977.2	960.2	944.5	937.1
in terms of number of months of government expenditure	16	17	15	15	15
in terms of percentage of GDP	34.1%	32.0%	29.9%	28.0%	26.5%

## Trend Growth

	2015-16 to 2020-21 Estimate	2020-21 Estimate to 2024-25 Forecast
Government Expenditure	+ 10.9%	+ 1.3%
Nominal GDP	+ 4.0%	+ 5.0%

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# Thank You

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