

2021-22 Budget

Briefing for Legislative Council

25 February 2021

Budget Highlights

- Counter-cyclical measures to fight the epidemic, revive the economy and relief hardship
- Position Hong Kong and set clear direction for economic development
- Build a liveable city and foster green and quality living
- Reduce spending and increase revenue for fiscal prudence

Economic Indicators

	2019 Actual	2020 Actual	2021 Forecast
GDP real growth	-1.2%	-6.1%	3.5% - 5.5%
GDP nominal growth	1.1%	-5.4%	4.5% - 6.5%
Underlying CCPI	3.0%	1.3%	1.0%

Financial Implications of Policy Address Major Initiatives and Budget Measures

	Financial Implications (\$ Million)
Policy Address Major Initiatives	20,367
One-off Relief Measures	81,208
Expenditure Measures with Long-term Effects	31,130
Revenue Measures	(12,621)
Expenditure Reduction Programme	(3,900)
Proceeds from Issuance of Green Bonds	(128,700)

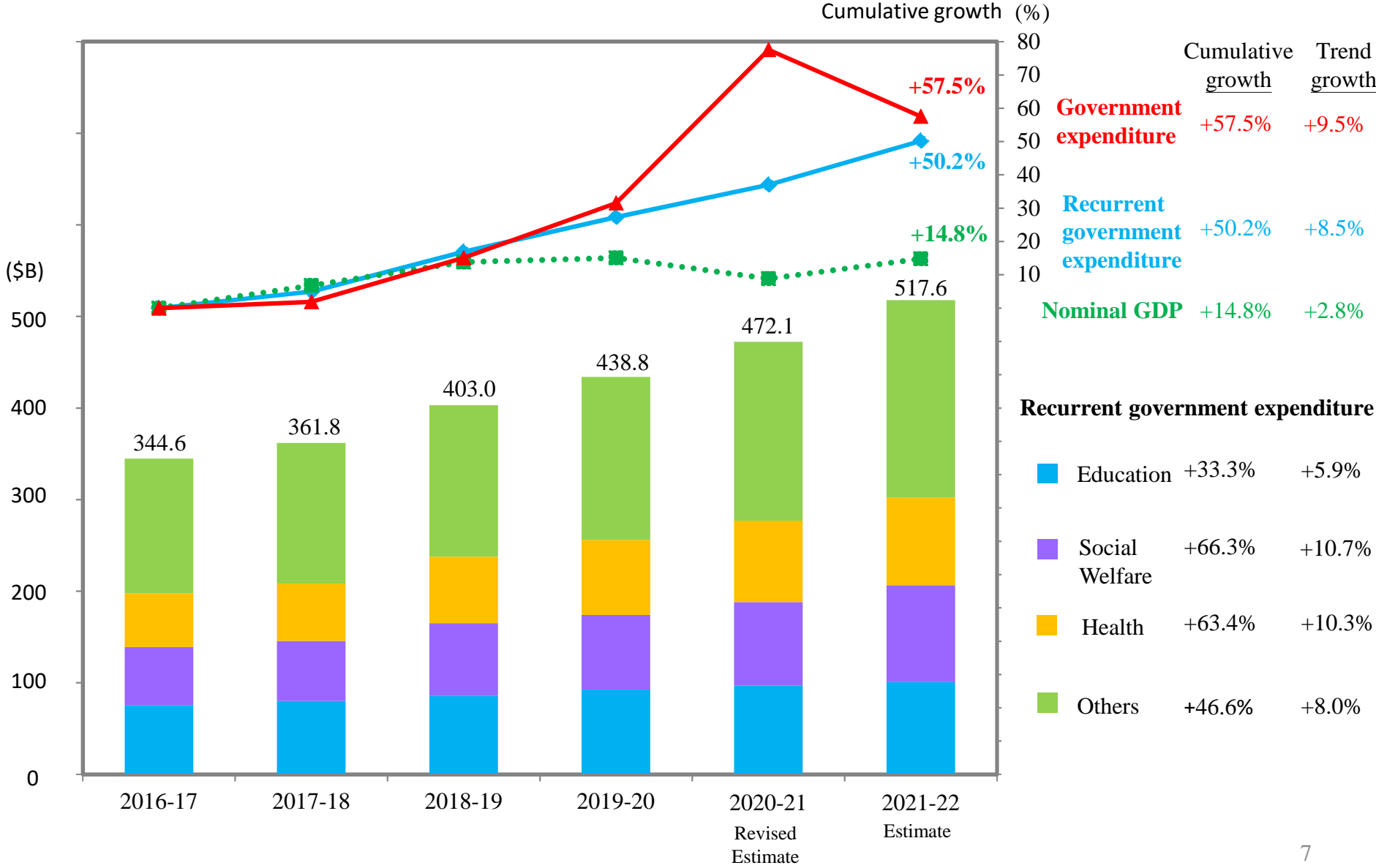
2020-21 Revised Estimate

	\$ billion
Government revenue	543.5
Government expenditure	(820.4)
Consolidated deficit before issuance of bonds	(276.9)
<i>Operating deficit</i>	(280.8)
<i>Capital surplus</i>	3.9
Net proceeds from issuance of green bonds	19.3
Consolidated deficit after issuance of bonds	(257.6)
Forecast balance of fiscal reserves as at end-March 2021	902.7

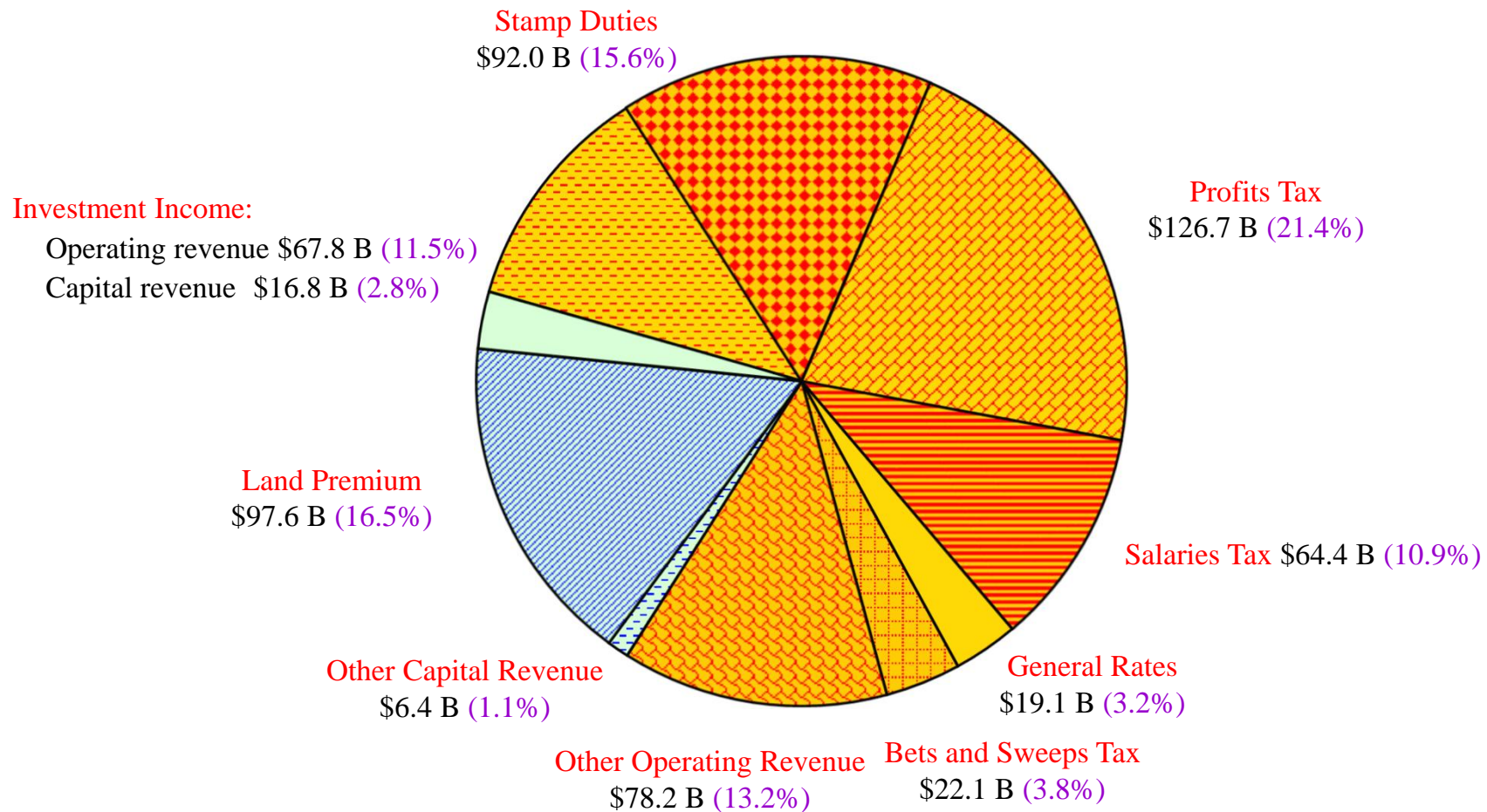
2021-22 Estimate



	\$ billion
Government revenue	591.1
Government expenditure	(727.8)
Consolidated deficit before issuance of bonds	(136.7)
<i>Operating deficit</i>	(141.6)
<i>Capital surplus</i>	4.9
Net proceeds from issuance of green bonds	35.1
Consolidated deficit after issuance of bonds	(101.6)
Forecast balance of fiscal reserves as at end-March 2022	801.1

Government Expenditure vs Nominal GDP for the recent five years

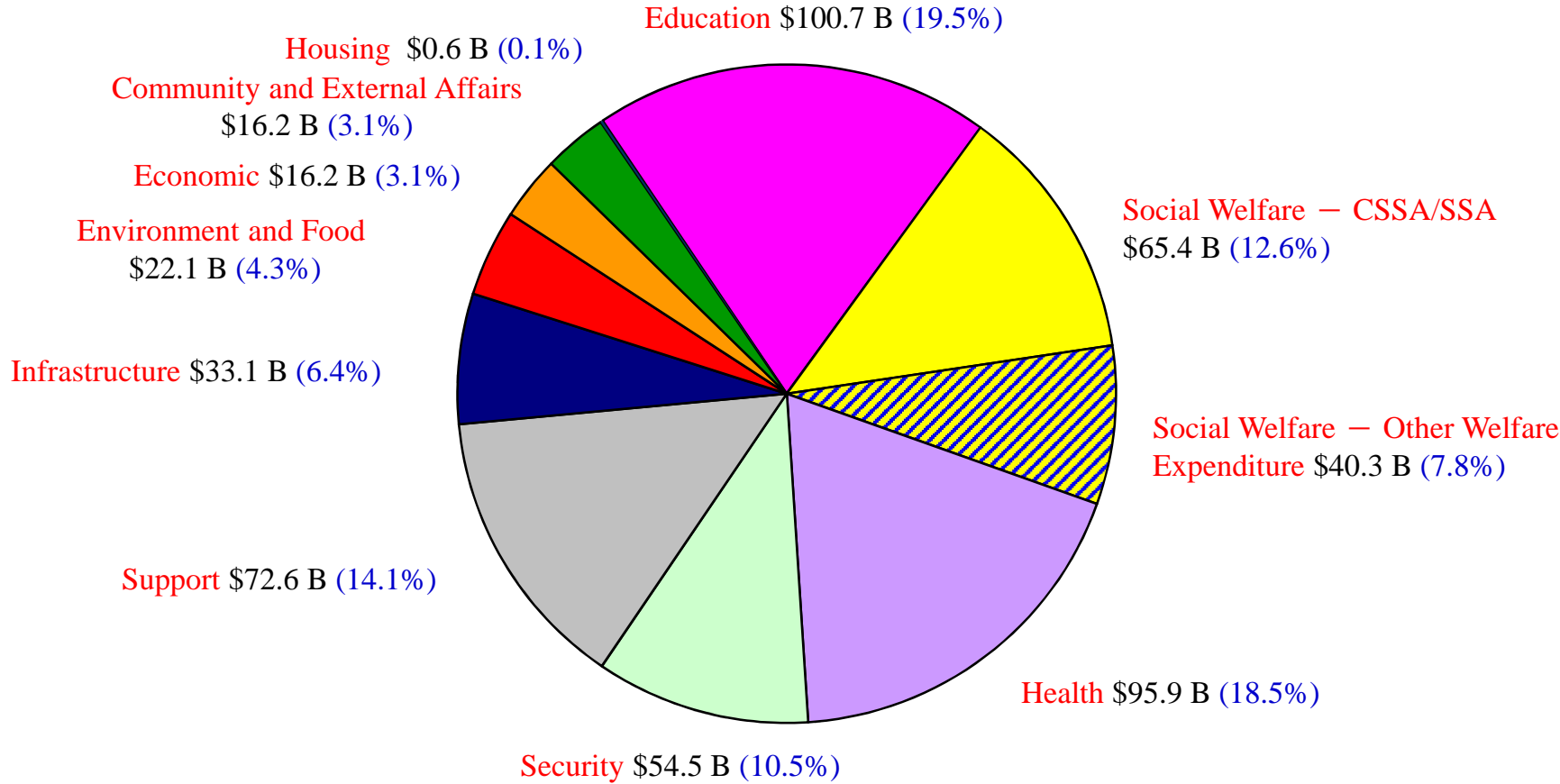


2021-22 Revenue Estimates



	2021-22 Estimate	% Share of Government Revenue	% of GDP
 Operating Revenue	\$470.3 B	79.6%	16.5%
 Capital Revenue	\$120.8 B	20.4%	4.2%
Total	\$591.1 B	100%	20.7%

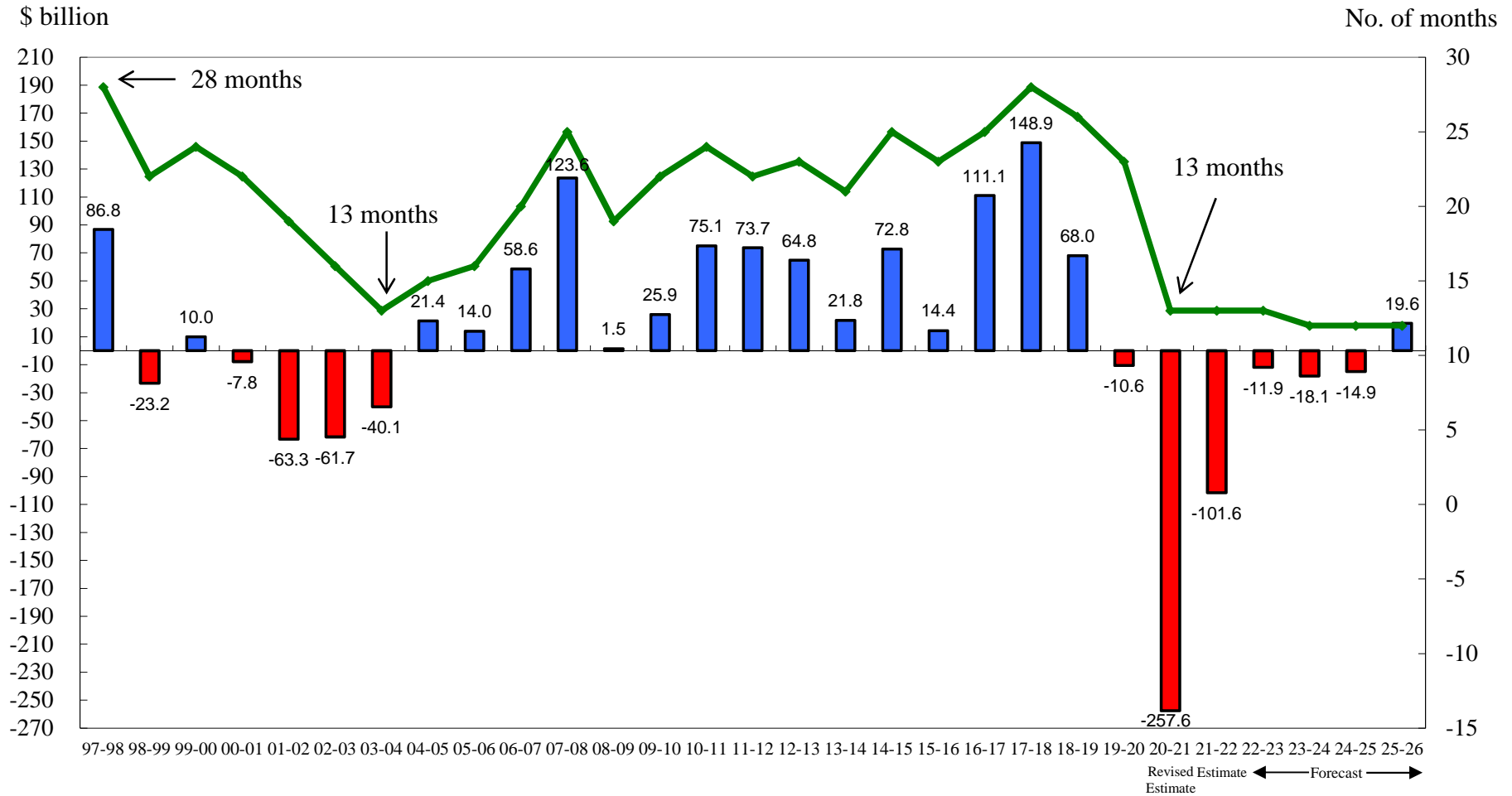
2021-22 Recurrent Expenditure Estimates



Recurrent government expenditure: \$517.6 billion (71.1% of total government expenditure of \$727.8 billion)
 Increase of 9.6% against 2020-21 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.

2021-22 Medium Range Forecast

(\$ billion)	2021-22 Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Operating deficit	(141.6)	(40.2)	(40.6)	(31.4)	(22.4)
Capital surplus / (deficit)	4.9	(6.8)	(12.6)	(10.8)	14.7
Net proceeds from issuance of green bonds	35.1	35.1	35.1	35.1	35.1
Repayment of green bonds	-	-	-	(7.8)	(7.8)
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Consolidated surplus / (deficit)	(101.6)	(11.9)	(18.1)	(14.9)	19.6
Fiscal reserves	801.1	789.2	771.1	756.2	775.8
in terms of number of months of government expenditure	13	13	12	12	12
in terms of percentage of GDP	28.0%	26.2%	24.3%	22.6%	22.1%

Trend Growth

	2016-17 to 2021-22 Estimate	2021-22 Estimate to 2025-26 Forecast
Government Expenditure	+ 9.5%	+ 1.4%
Nominal GDP	+ 2.8%	+ 5.3%

Thank You
