



2022-23 Budget

Briefing for Legislative Council

24 February 2022

Budget Highlights

- (1) supporting an all-out effort to win the fight against the epidemic
- (2) relieving the hardship of our people and SMEs
- (3) rendering support to the struggling economy and fostering post-epidemic economic revival
- (4) investing for the future by planning ahead for the medium- and long-term development of our economy

Economic Indicators

	2020	2021	2022
	Actual	Actual	Forecast
GDP real growth	-6.5%	6.4%	2% - 3.5%
GDP nominal growth	-6.0%	7.0%	4% - 5.5%
Underlying CCPI	1.3%	0.6%	2.0%

Financial Implications of Policy Address Major Initiatives and Budget Measures

	Financial Implications (\$ Million)
Policy Address Major Initiatives	15,046
Budget Proposals:	
One-off Relief Measures	109,154
Budget Measures with Long-term Effects	31,498
Other Initiative	10,000
Funding Earmarked	30,000
Additional Financial Commitment	62,000

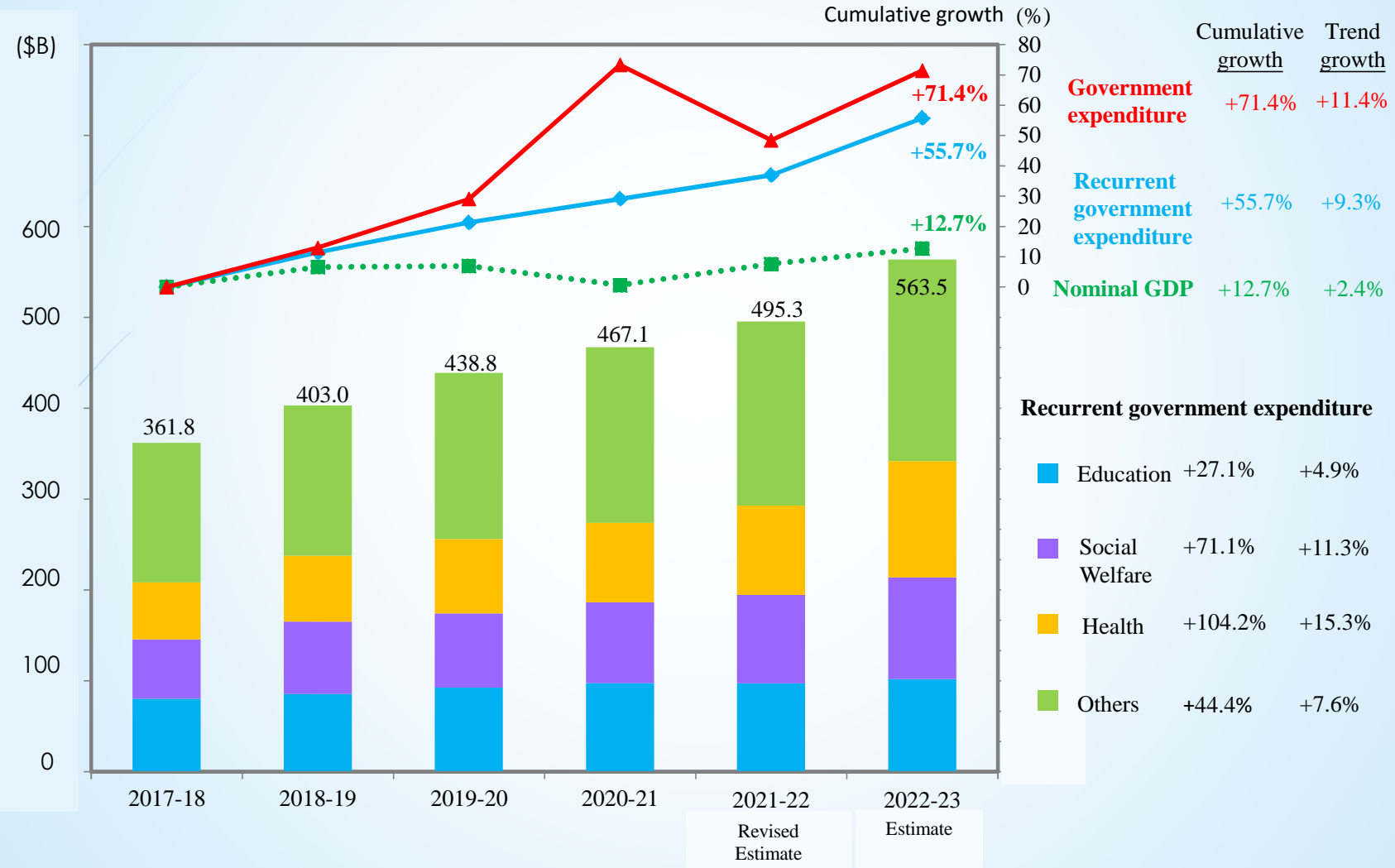
2021-22 Revised Estimate

	\$ billion
Government revenue	682.8
Government expenditure	(699.0)
Consolidated deficit before issuance of bonds	(16.2)
<i>Operating deficit</i>	(73.6)
<i>Capital surplus</i>	57.4
Proceeds from issuance of green bonds	35.1
Consolidated surplus after issuance of bonds	18.9
Forecast balance of fiscal reserves as at end-March 2022	946.7

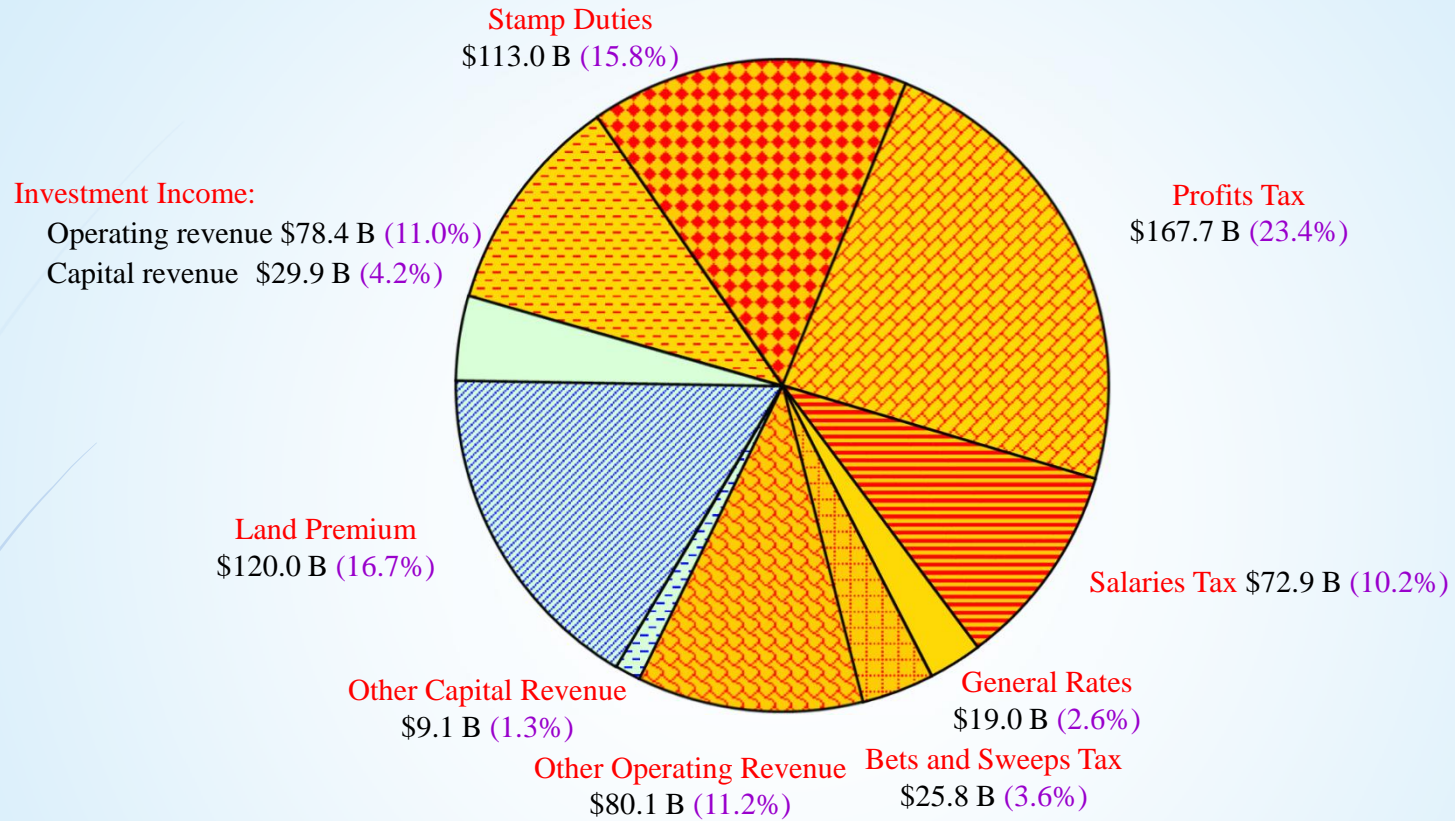
2022-23 Estimate



	\$ billion
Government revenue	715.9
Government expenditure	(807.3)
Consolidated deficit before issuance of bonds	<hr style="width: 100%; border: 0.5px solid black;"/> (91.4)
<i>Operating deficit</i>	(125.6)
<i>Capital surplus</i>	34.2
Proceeds from issuance of green bonds	<hr style="width: 100%; border: 0.5px solid black;"/> 35.1
Consolidated deficit after issuance of bonds	<hr style="width: 100%; border: 0.5px solid black;"/> (56.3) <hr style="width: 100%; border: 0.5px solid black;"/>
Forecast balance of fiscal reserves as at end-March 2023	890.4

Government Expenditure vs Nominal GDP since 2017-18

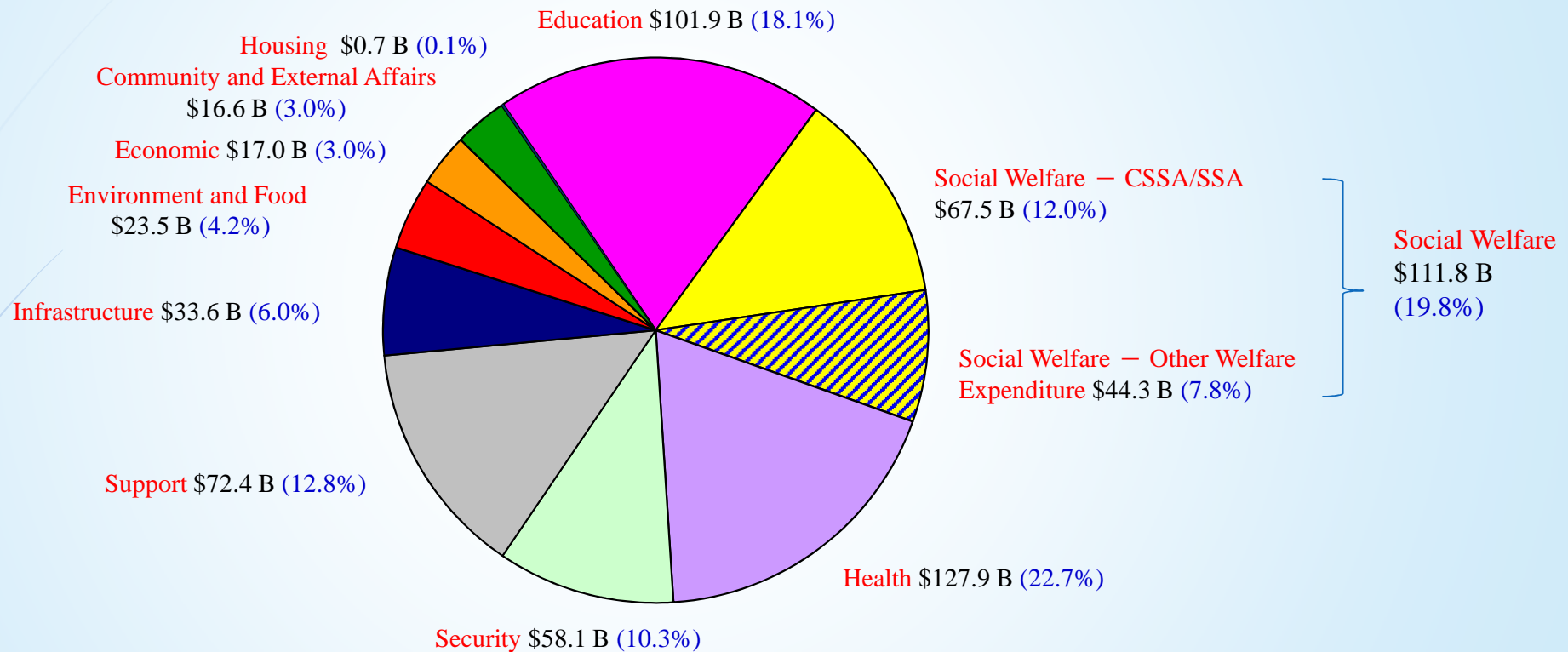


2022-23 Revenue Estimates



	2022-23 Estimate	% Share of Government Revenue	% of GDP
 Operating Revenue	\$556.9 B	77.8%	18.6%
 Capital Revenue	\$159.0 B	22.2%	5.3%
Total	\$715.9 B	100%	23.9%

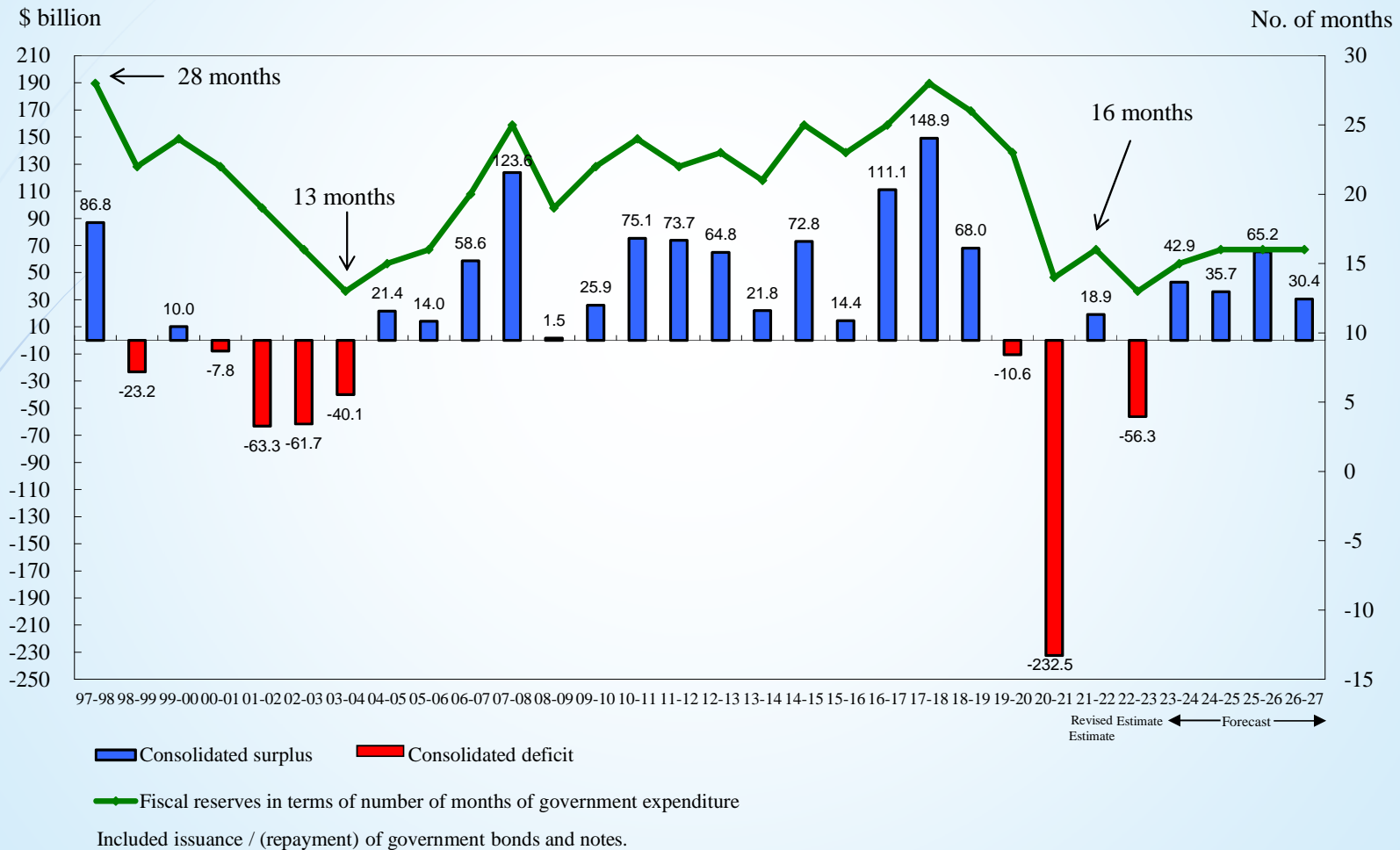
2022-23 Recurrent Expenditure Estimates



Recurrent government expenditure: \$563.5 billion (69.8% of total government expenditure of \$807.3 billion)
 Increase of 13.8% against 2021-22 Revised Estimate

Fiscal Reserves

(in terms of number of months of government expenditure)



2022-23 Medium Range Forecast

(\$ billion)	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Operating surplus / (deficit)	(125.6)	0.5	12.1	31.3	33.8
Capital surplus	34.2	7.3	5.6	21.7	26.4
Proceeds from issuance of green bonds	35.1	35.1	35.1	35.1	-
Repayment of green bonds	-	-	(17.1)	(22.9)	(29.8)
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Consolidated surplus / (deficit)	(56.3)	42.9	35.7	65.2	30.4
Fiscal reserves	890.4	933.3	969.0	1,034.2	1,064.6
in terms of number of months of government expenditure	13	15	16	16	16
in terms of percentage of GDP	29.7%	29.6%	29.2%	29.6%	28.9%

Trend Growth

	2017-18 to 2022-23 Estimate	2022-23 Estimate to 2026-27 Forecast
Government Revenue	+ 2.9%	+ 4.8%
Government Expenditure	+ 11.4%	- 0.1%
Nominal GDP	+ 2.4%	+ 5.3%*

* From 2023-24 to 2026-27, a real economic growth of 3.0% is adopted for the MRF.

Thank you