

2023-24 Budget

Briefing for Legislative Council

23 February 2023

Budget Highlights

- (1) Gearing Up for Speedy Recovery on the Path to Normalcy
- (2) Opening Up New Horizons Together
- (3) Actively Align with National Development Strategies
- (4) Building Capacity
- (5) Governing for the People

Economic Indicators

<i>(Rate of change)</i>	2021 Actual	2022 Actual	2023 Forecast
Real GDP	6.4%	-3.5%	3.5% - 5.5%
Nominal GDP	7.2%	-1.4%	6.5% - 8.5%
Underlying CCPI	0.6%	1.7%	2.5%

Financial Implications of Policy Address Major Initiatives and Budget Measures

	Financial Implications (\$ Million)
Policy Address Major Initiatives	<u>56,874</u>
Budget Proposals:	
One-off Relief Measures	59,380
Budget Measures with Long-term Effects	(4,935)
Funding Earmarked	3,000
Additional Financial Commitment	9,100
	<u>66,545</u>

2022-23 Revised Estimate

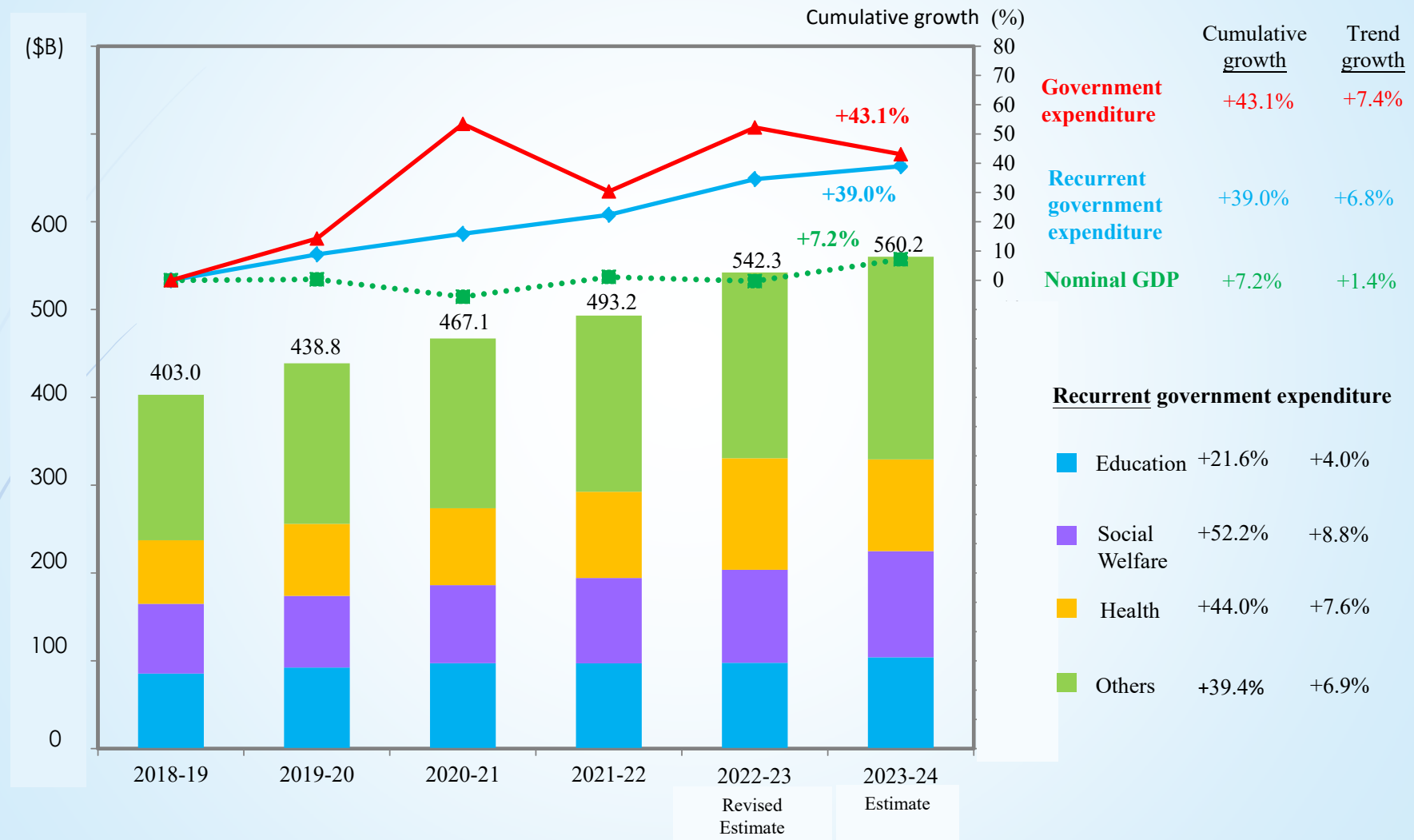
\$ billion

Government revenue	603.8
Government expenditure	(809.6)
Consolidated deficit before issuance of government bonds	(205.8)
<i>Operating deficit</i>	<i>(196.1)</i>
<i>Capital deficit</i>	<i>(9.7)</i>
Proceeds from issuance of government bonds	66
Consolidated deficit after issuance of government bonds	(139.8)
Forecast balance of fiscal reserves as at end-March 2023	817.3

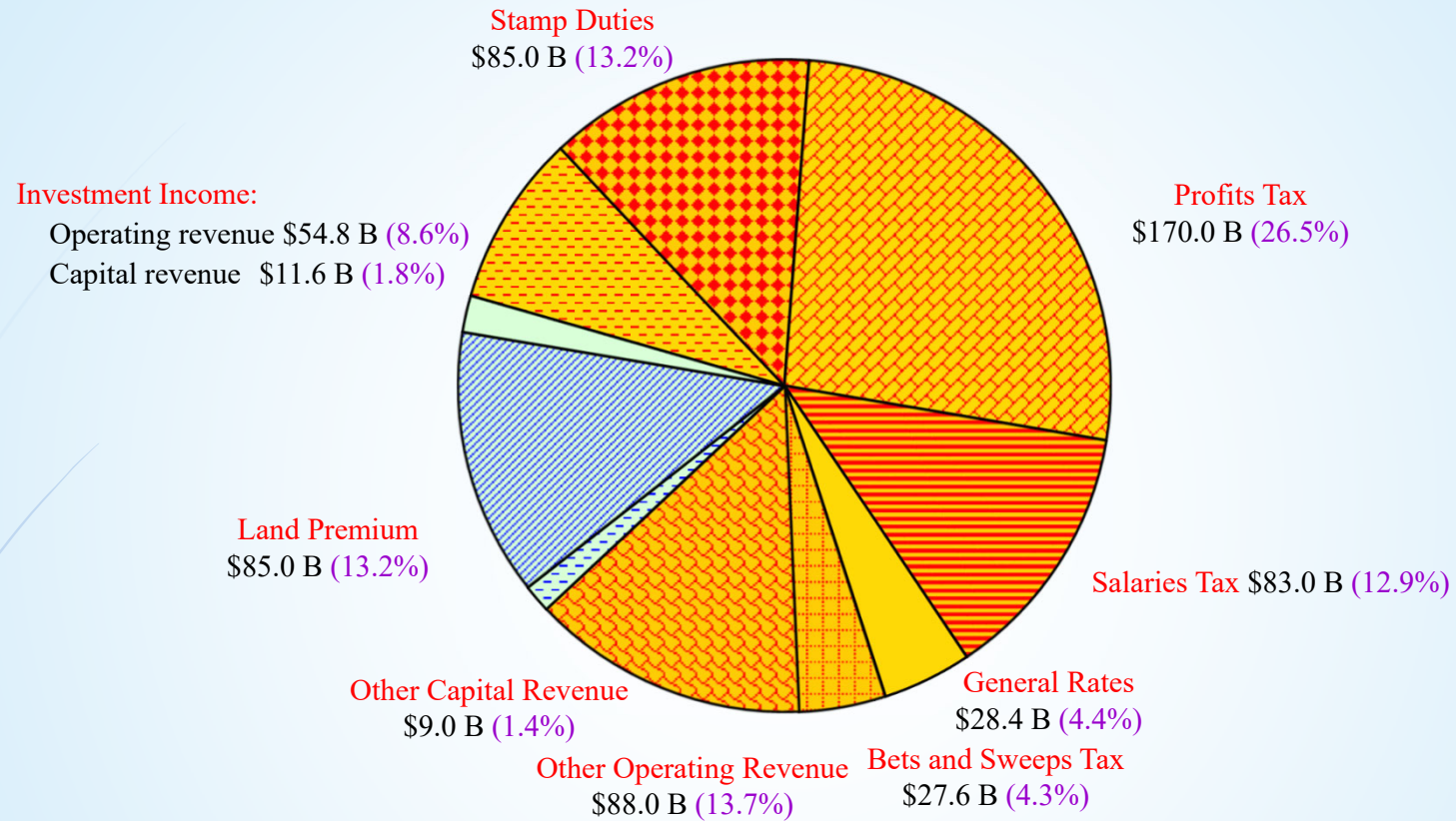
2023-24 Estimate



	\$ billion
Government revenue	642.4
Government expenditure	(761)
Consolidated deficit before issuance and repayment of government bonds	(118.6)
<i>Operating deficit</i>	(92.7)
<i>Capital deficit</i>	(25.9)
Proceeds from issuance of government bonds	65
Repayment of government bonds	(0.8)
Consolidated deficit after issuance and repayment of government bonds	(54.4)
Forecast balance of fiscal reserves as at end-March 2024	762.9

Government Expenditure vs Nominal GDP since 2018-19

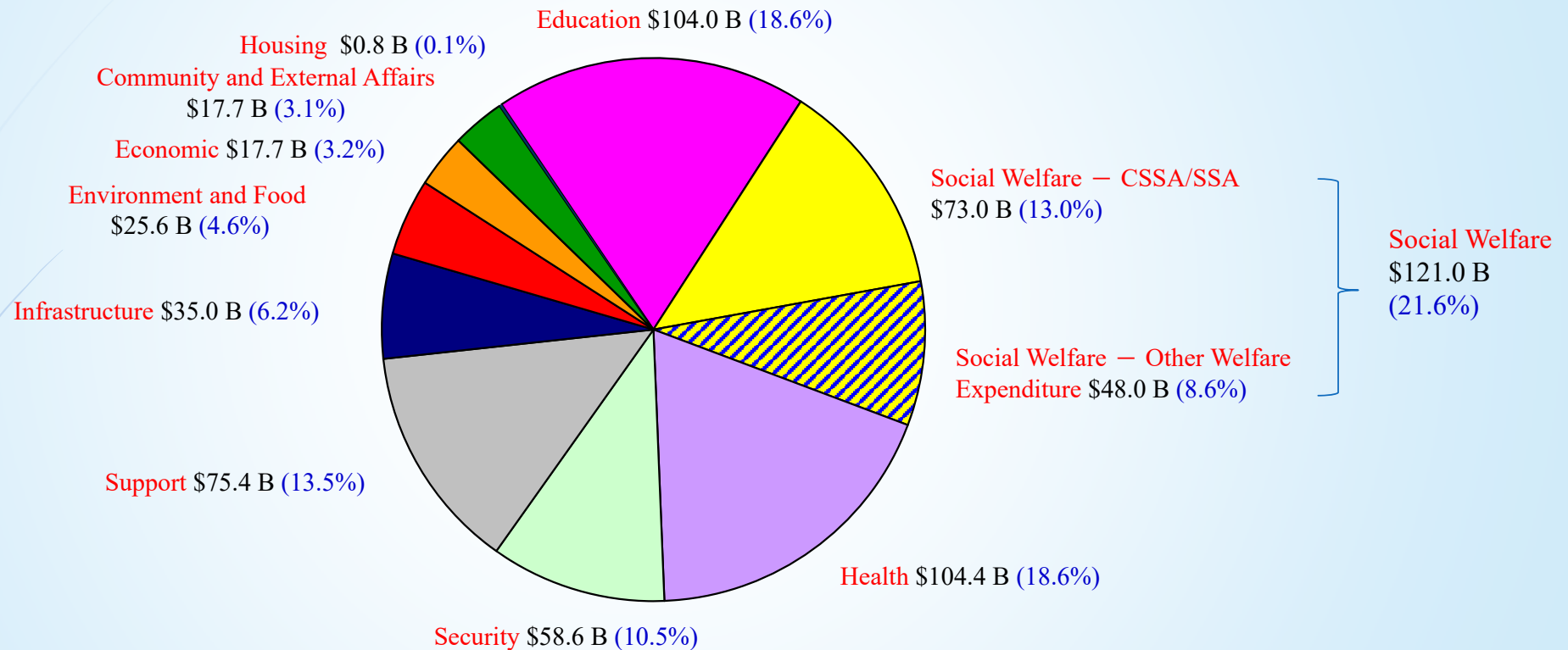


2023-24 Revenue Estimates



	2023-24 Estimate	% Share of Government Revenue	% of GDP
 Operating Revenue	\$536.8 B	83.6%	17.6%
 Capital Revenue	\$105.6 B	16.4%	3.5%
Total	\$642.4 B	100%	21.1%

2023-24 Recurrent Expenditure Estimates

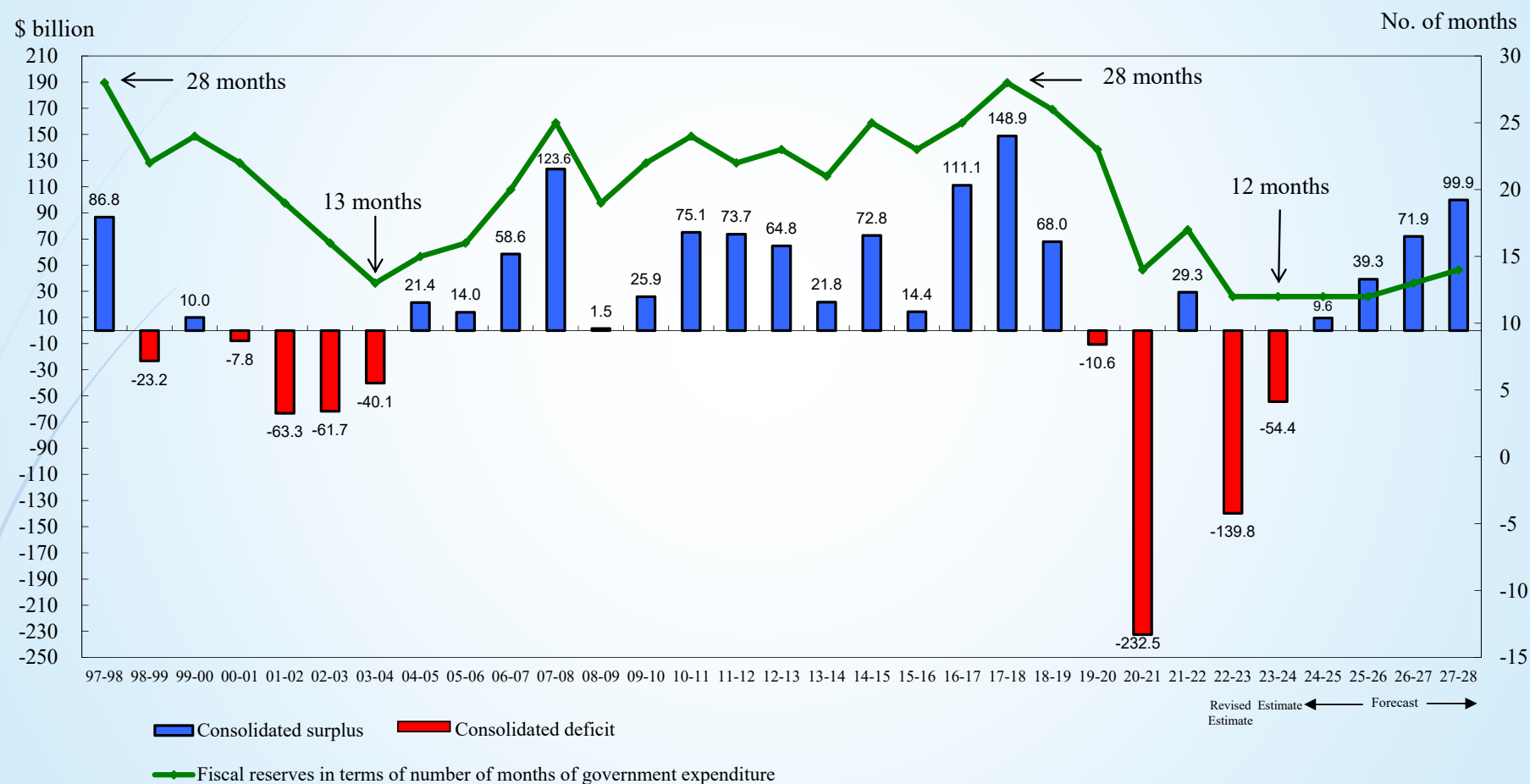


Recurrent government expenditure: \$560.2 billion (73.6% of total government expenditure of \$761.0 billion)

Increase of 3.3% against 2022-23 Revised Estimate

Fiscal Reserves

(in terms of number of months of government expenditure)



Included issuance / (repayment) of government bonds and notes.

2023-24 Medium Range Forecast

(\$ billion)	2023-24 Estimate	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
Operating surplus / (deficit)	(92.7)	(5.1)	26.8	27.0	45.3
Capital surplus / (deficit)	(25.9)	(27.2)	(20.7)	(6.4)	3.3
Proceeds from issuance of government bonds	65.0	65.0	65.0	65.0	65.0
Repayment of government bonds	(0.8)	(23.1)	(31.8)	(13.7)	(13.7)
Consolidated surplus / (deficit)	(54.4)	9.6	39.3	71.9	99.9
Fiscal reserves	762.9	772.6	811.9	883.8	983.7
in terms of number of months of government expenditure	12	12	12	13	14
in terms of percentage of GDP	25.1%	24.0%	23.8%	24.4%	25.6%

Trend Growth

	2018-19 to 2023-24 Estimate	2023-24 Estimate to 2027-28 Forecast
Government Revenue	+ 1.4%	+ 8.7%
Government Expenditure	+ 7.4%	+ 2.8%
Nominal GDP	+1.4%	+ 6.0%*

* From 2024-25 to 2027-28, a real economic growth of 3.7% is adopted for the MRF.



Thank you