2024-25 Budget

Briefing for Legislative Council

29 February 2024

Budget Highlights

(1) Bolstering Confidence
(2) Supporting People and Enterprises
(3) Accelerating the Promotion of High-quality Development
(4) Nurturing Local Talent, Land and Housing Supply, Transport Infrastructure
(5) Healthcare, A Caring and Inclusive Community
(6) Public Finance – Fiscal Consolidation Programme

Economic Indicators

(Rate of change)	2022 Actual	2023 Actual	2024 Forecast
Real GDP	-3.7%	3.2%	2.5% - 3.5%
Nominal GDP	-2.1%	6.5%	5.2% - 6.2%
Underlying CCPI	1.7%	1.7%	1.7%

Financial Implications of Policy Address Major Initiatives and Budget Measures

	Financial Implications ($ Billion)
Policy Address Major Initiatives	**52.9**
Budget Proposals:	
One-off Relief Measures	**11.5**
Budget Measures with Long-term Effects	**11.6**
Productivity Enhancement Programme and Expenditure Reduction Programme	**(11.7)**
Additional Financial Commitment	**10.0**
	21.4

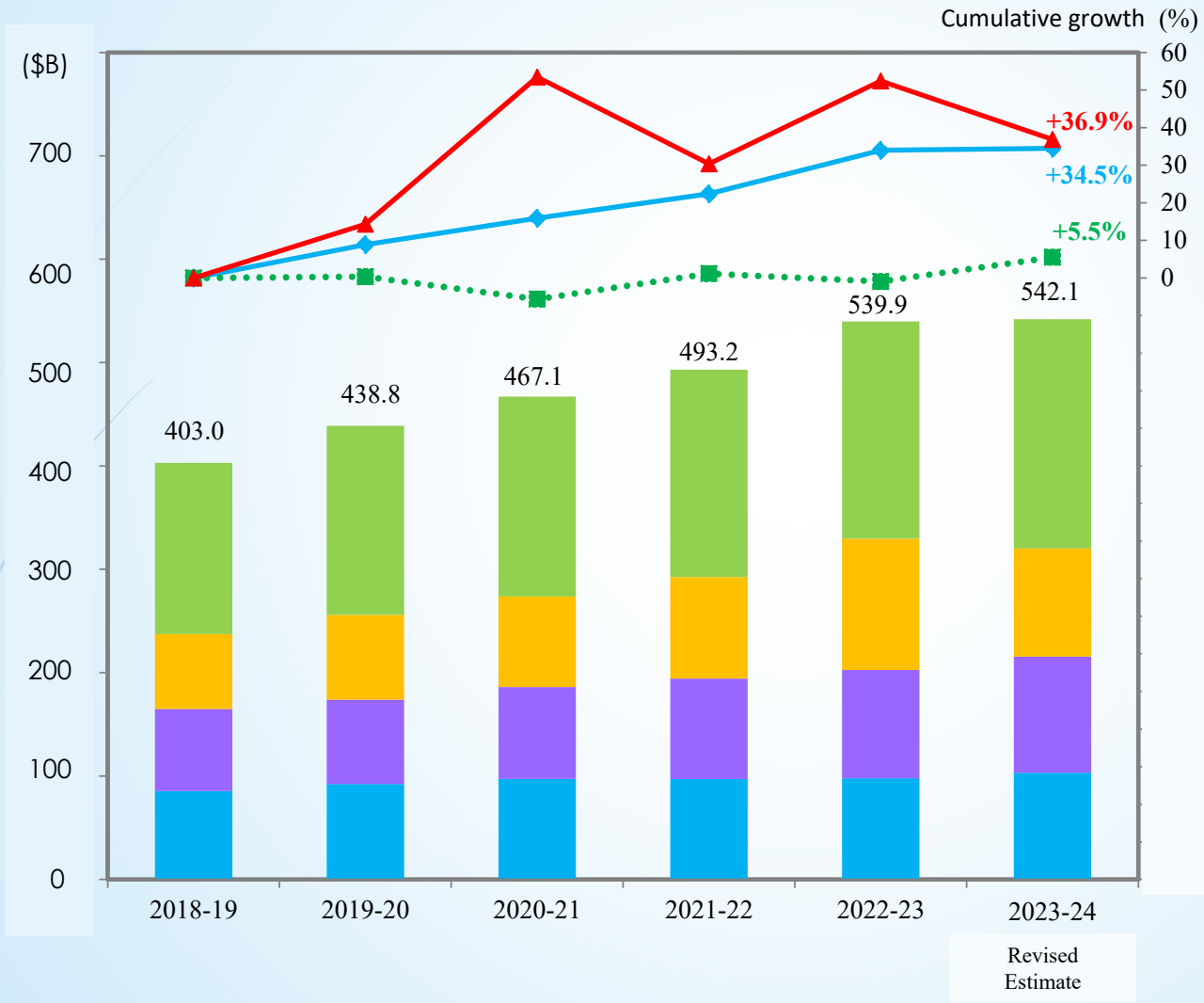
2023-24 Revised Estimate

	$ billion
Government revenue	554.6
Government expenditure	(727.9)
Consolidated deficit before issuance of government bonds	(173.3)
Operating deficit	*(92.4)*
Capital deficit	*(80.9)*
Proceeds from issuance of government bonds	72.5
Repayment of government bonds	(0.8)
Consolidated deficit after issuance and repayment of government bonds	(101.6)
Forecast balance of fiscal reserves as at end-March 2024	733.2

2024-25 Estimate

	$ billion
Government revenue	633.0
Government expenditure	(776.9)
Consolidated deficit before issuance and repayment of government bonds	(143.9)
Operating deficit	*(33.1)*
Capital deficit	*(110.8)*
Proceeds from issuance of government bonds	120.0
Repayment of government bonds	(24.2)
Consolidated deficit after issuance and repayment of government bonds	(48.1)
Forecast balance of fiscal reserves as at end-March 2025	685.1

Government Expenditure vs Nominal GDP since 2018-19

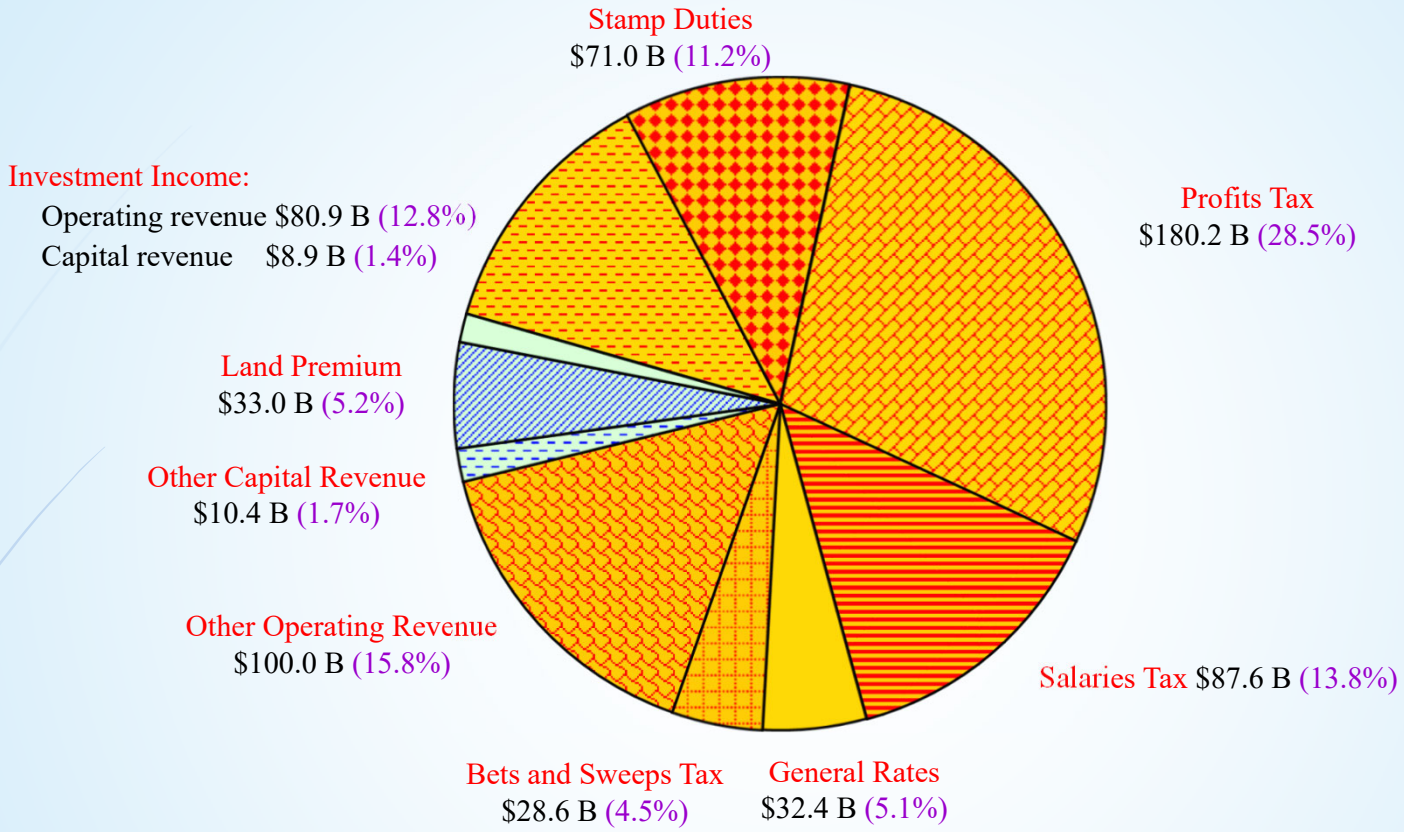


	Cumulative growth	Trend growth
Government expenditure	+36.9%	+6.5%
Recurrent government expenditure	+34.5%	+6.1%
Nominal GDP	+5.5%	+1.1%

Recurrent government expenditure

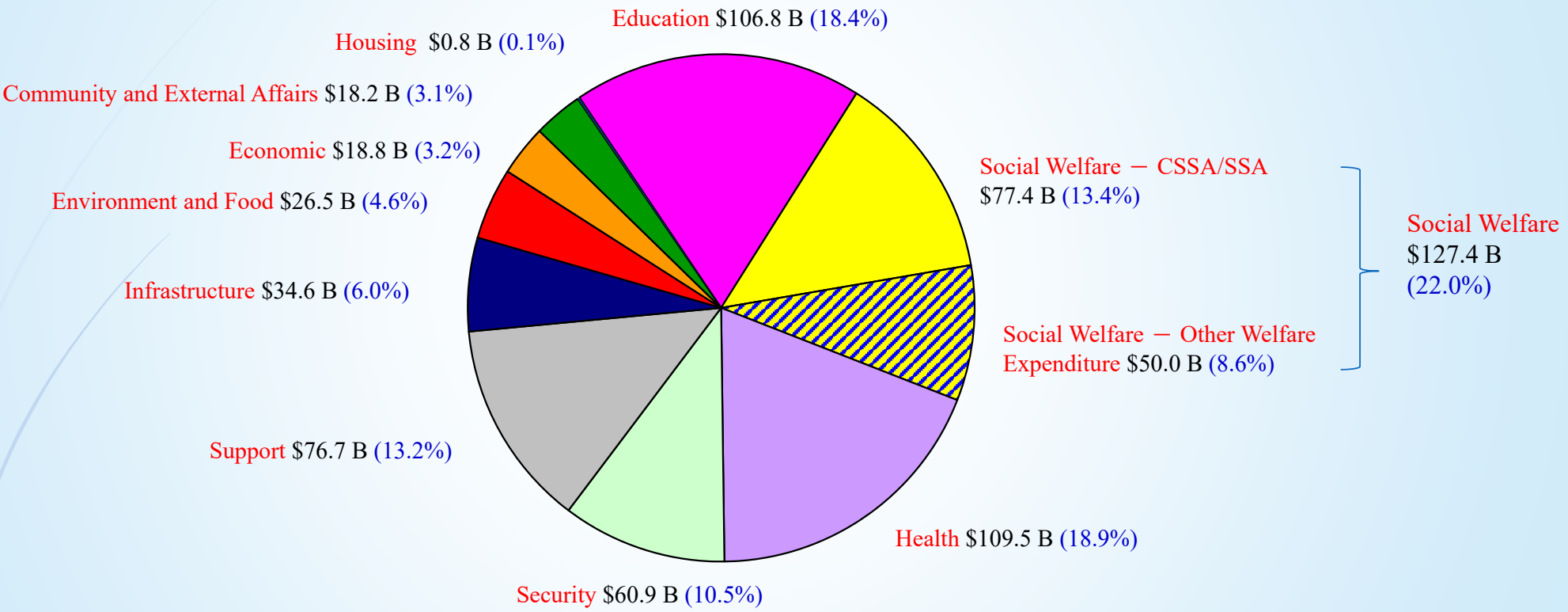
Education	+20.6%	+3.8%
Social Welfare	+41.4%	+7.2%
Health	+44.4%	+7.6%
Others	+34.1%	+6.0%

2024-25 Revenue Estimates



	2024-25 Estimate	% Share of Government Revenue	% of GDP
Operating Revenue	$580.7 B	91.7%	18.4%
Capital Revenue	$52.3 B	8.3%	1.6%
Total	**$633.0 B**	**100%**	**20.0%**

2024-25 Recurrent Expenditure Estimates

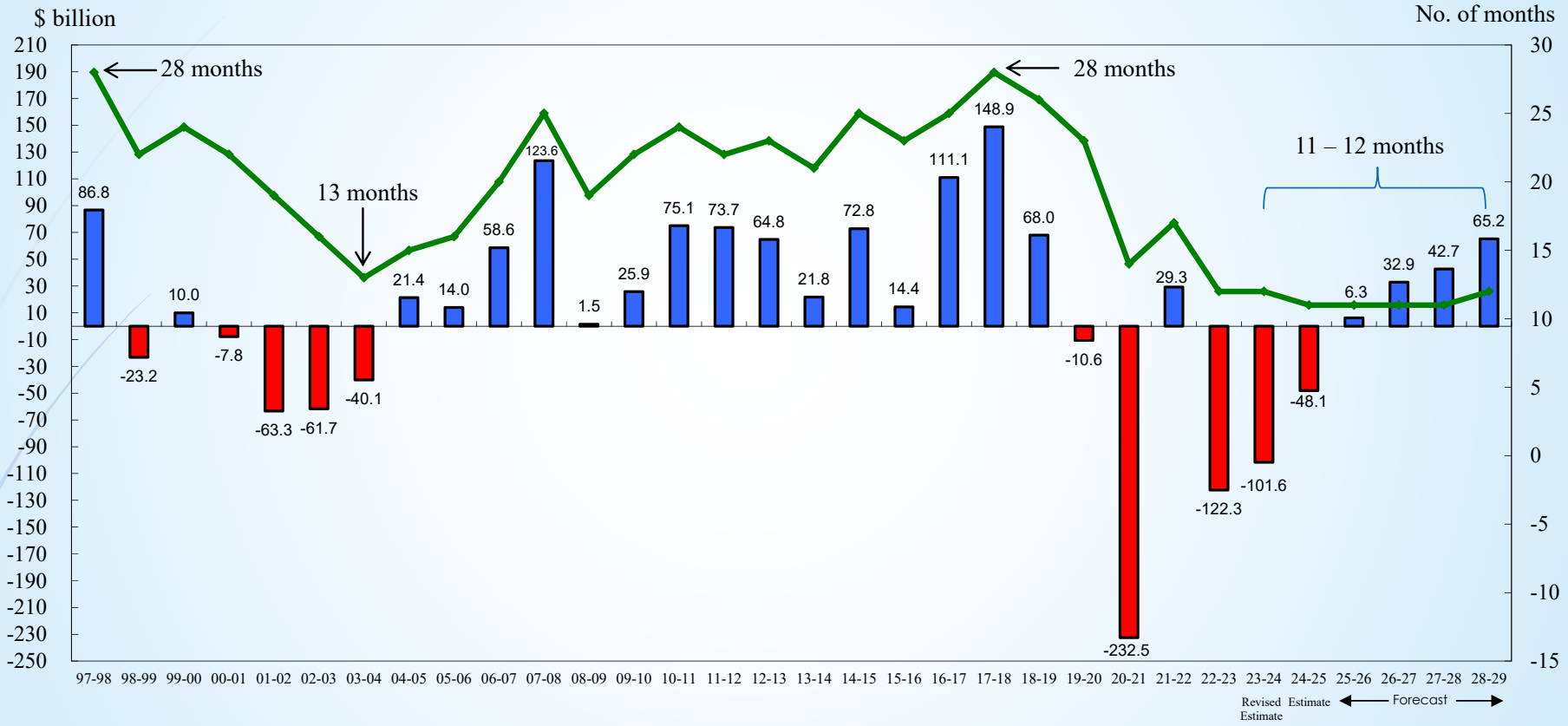


Recurrent government expenditure: $580.2 billion (74.7% of total government expenditure of $776.9 billion)

Increase of 7.0% against 2023-24 Revised Estimate

Fiscal Reserves

(in terms of number of months of government expenditure)



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

2024-25 Medium Range Forecast

($ billion)	2024-25 Estimate	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
Operating surplus / (deficit)	(33.1)	(2.1)	27.4	41.2	55.7
Capital surplus / (deficit)	(110.8)	(81.8)	(74.6)	(27.2)	22.4
Proceeds from issuance of government bonds	120.0	135.0	135.0	135.0	95.0
Repayment of government bonds	(24.2)	(44.8)	(54.9)	(106.3)	(107.9)
Consolidated surplus / (deficit)	(48.1)	6.3	32.9	42.7	65.2
Fiscal reserves	685.1	691.4	724.3	767.0	832.2
in terms of number of months of government expenditure	11	11	11	11	12
in terms of percentage of GDP	21.7%	20.7%	20.6%	20.7%	21.2%

Trend Growth

	2019-20 to 2024-25 Estimate	2024-25 Estimate to 2028-29 Forecast
Government Revenue	+ 1.4%	+ 8.8%
Government Expenditure	+ 5.0%	+ 1.0%
Nominal GDP	+2.1%	+5.5%*

* From 2025-26 to 2028-29, a real economic growth of 3.2% is adopted for the MRF.

Thank you