

An aerial photograph of Hong Kong's skyline at sunset. The sky is a mix of blue and orange, with clouds catching the low light. The city's dense collection of skyscrapers and buildings is visible, with the Victoria Harbour in the center. The overall mood is serene and urban.

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

<i>(Rate of change)</i>	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	<u>52.9</u>
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
	<u>21.4</u>

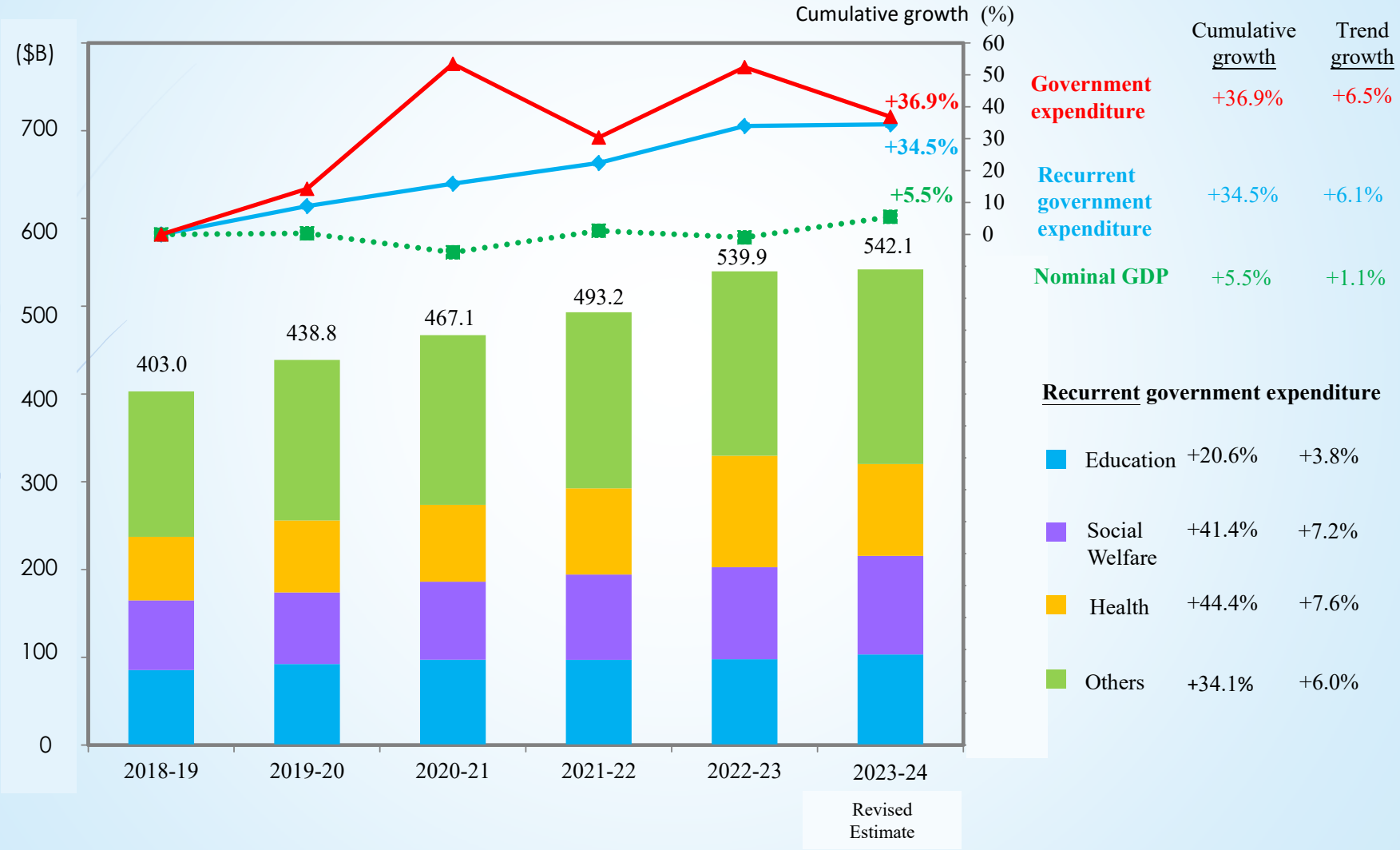
2023-24 Revised Estimate

	\$ billion
Government revenue	554.6
Government expenditure	(727.9)
Consolidated deficit before issuance of government bonds	<hr style="width: 100%; border: 0.5px solid black;"/> (173.3)
<i>Operating deficit</i>	(92.4)
<i>Capital deficit</i>	(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	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> (101.6)
Forecast balance of fiscal reserves as at end-March 2024	733.2

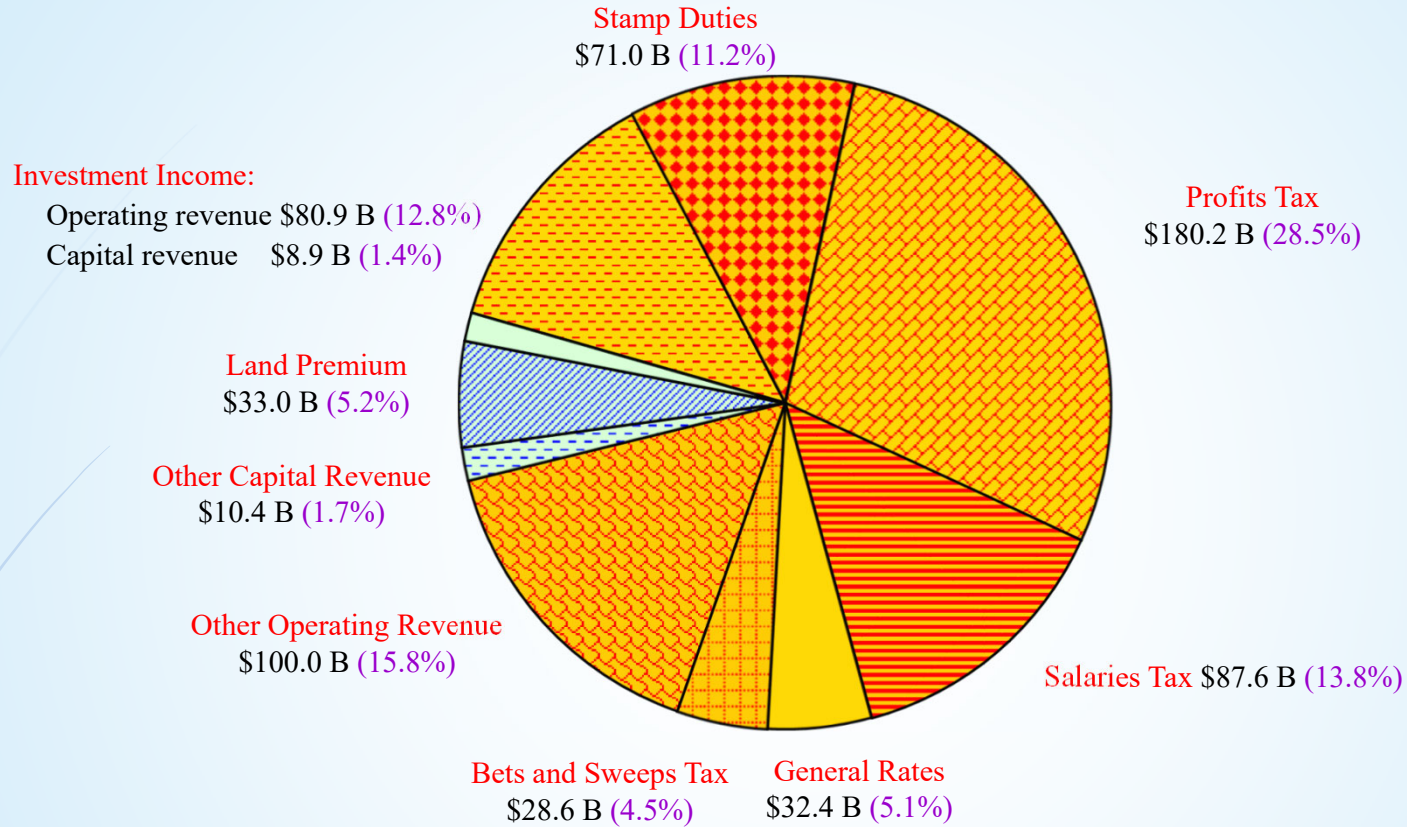
2024-25 Estimate

	\$ billion
Government revenue	633.0
Government expenditure	(776.9)
Consolidated deficit before issuance and repayment of government bonds	(143.9)
<i>Operating deficit</i>	(33.1)
<i>Capital deficit</i>	(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

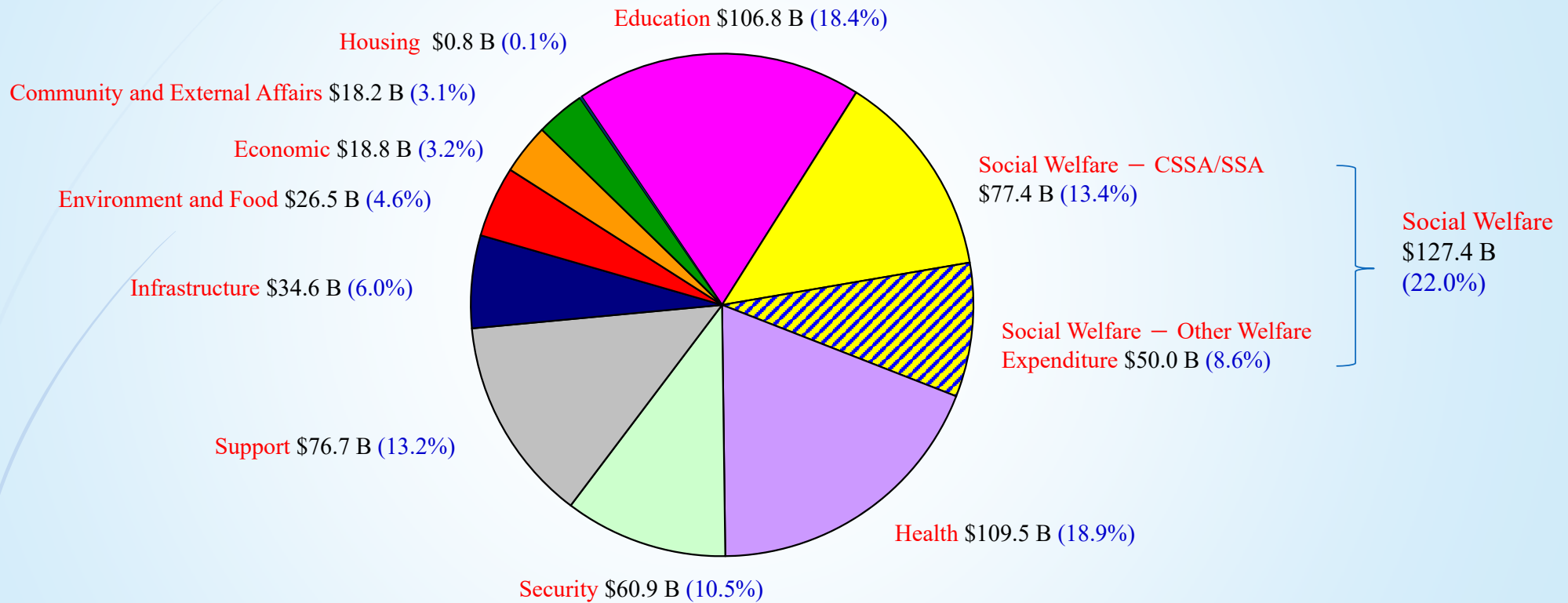


2024-25 Revenue Estimates



	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%

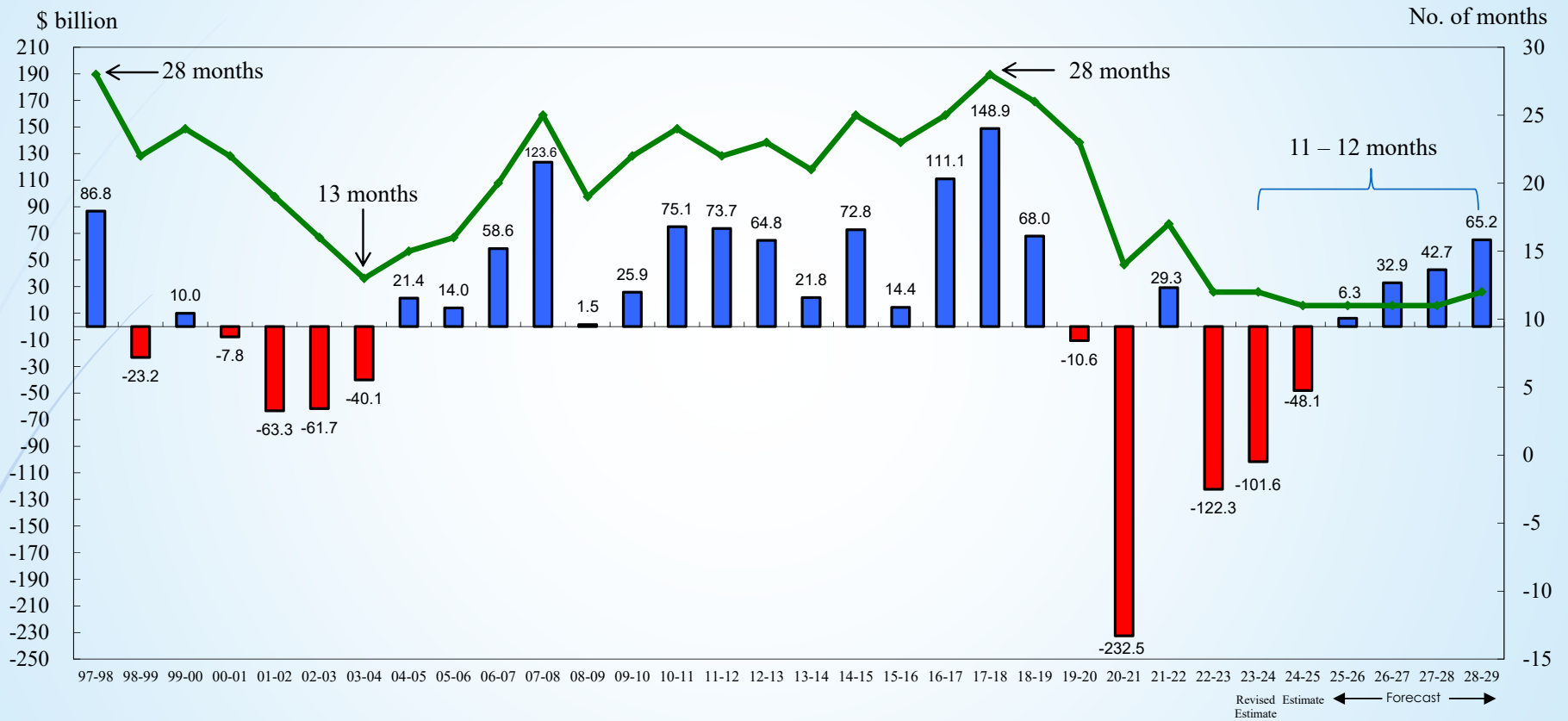
2024-25 Recurrent Expenditure Estimates



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)



■ Consolidated surplus ■ Consolidated deficit
◆ 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