

Press Release

Provisional financial results for the year ended March 31, 2016

Friday, April 29, 2016

The Government announced today (April 29) its provisional financial results for the year ended March 31, 2016.

Expenditure for the year ended March 31, 2016, amounted to HK\$435.6 billion and revenue HK\$450 billion, resulting in a surplus of HK\$14.4 billion.

The consolidated surplus for the year is lower than the original and revised estimates for the year. This is mainly due to the less than estimated income from major revenue sources and substantial additional one-off expenditure incurred by the end of the year.

Expenditure for the year recorded a variance of 1.2% (HK\$5.2 billion) while revenue recorded a 5.8% variance (HK\$27.6 billion) against the original estimate.

The surplus of HK\$14.4 billion was HK\$16.1 billion lower than the revised estimate of \$30.5 billion. Revenue was HK\$7.5 billion (1.6%) lower than expected, mainly attributed to salaries tax (HK\$3.2 billion lower), profits tax (HK\$2.4 billion lower), stamp duties (HK\$1.3 billion lower) and land premium (HK\$1 billion lower). Expenditure was HK\$8.6 billion (2%) higher than forecast, mainly reflecting the payment of HK\$10 billion to the Hospital Authority to establish an endowment fund for Public-Private Partnership Initiatives, which the Finance Committee of Legislative Council only approved on March 19, 2016.

The fiscal reserves stood at HK\$842.9 billion as at March 31, 2016.

The government spokesperson said that these were provisional figures pending the final closing of the annual accounts. According to past experience, any changes to the provisional figures would unlikely be significant.

The spokesperson added that from 2010-11 to 2015-16, government expenditure grew by 44.6% (recurrent 45.4%), outpacing the corresponding growth of the economy (35.3%) and government revenue (19.5%) during the

same period.

More detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (PROVISIONAL) (Note 1)

	Month ended March 31, 2016	Year ended March 31, 2016
	----- HK\$ million	----- HK\$ million
Revenue (Note 2)	31,325.1	450,003.7
Expenditure	(50,160.5)	(435,630.4)
	-----	-----
(Deficit)/Surplus	(18,835.4)	14,373.3
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Financing		
Domestic		
Banking Sector (Note 3)	18,252.3	(15,100.0)
Non-Banking Sector	583.1	726.7
External	-	-
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Total	18,835.4	(14,373.3)
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Government Debts as at March 31, 2016 (Note 4)

HK\$1,500 million

Debts Guaranteed by Government as at March 31, 2016 (Note 5)

HK\$34,837.9 million

TABLE 2. FISCAL RESERVES (PROVISIONAL)

	Month ended March 31, 2016	Year ended March 31, 2016
	----- HK\$ million	----- HK\$ million

Fiscal Reserves

at start of period	861,722.8	828,514.1
Consolidated (Deficit)/Surplus	(18,835.4)	14,373.3
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Fiscal Reserves at end of period (Note 6)	842,887.4	842,887.4
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Notes :

1. This Account consolidates the General Revenue Account and the following eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves. The Bond Fund balance as at March 31, 2016 was HK\$128,412 million.

2. Pursuant to the Financial Secretary's directive in December 2015, the HK\$45,155 million investment income on the fiscal reserves for the calendar year 2015 was set aside and retained within the Exchange Fund as further injection to the Housing Reserve, and not received on December 31, 2015. Given interest accrued, the initial sum of HK\$27,487 million earmarked as Housing Reserve in December 2014 measured HK\$28,999 million as at December 31, 2015 before the further injection.

3. Includes transactions with the Exchange Fund and resident banks.

4. These were the outstanding institutional notes as at March 31, 2016, which were denominated in Hong Kong dollars with maturity in July 2019. They do not include the outstanding bonds with nominal value of HK\$100,500 million and alternative bonds with nominal value of US\$2,000 million (equivalent to HK\$15,509 million as at March 31, 2016) issued under the Government Bond Programme (with proceeds credited to the Bond Fund). Of these bonds under the Government Bond Programme, bonds with nominal value of HK\$27,000 million will mature within the period from April 2016 to March 2017, and the rest within the period from April 2017 to July 2030.

5. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the Special Concessionary Measures under the SME Financing Guarantee Scheme launched in 2012 and a commercial loan of the Hong Kong Science and Technology Parks Corporation.

6. Includes HK\$219,730 million being the balance of the Land Fund held in the name of "Future Fund" as from January 1, 2016, for long-term investments initially up to December 31, 2025.

Ends