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Immediate Release

The Professional Commons

A Budget that is Feeding on Illusions and Deviates from International Trends

The responses to the 2009-10 Budget by The Professional Commons are as follows:

In view of the current economic crisis, the International Monetary Fund has proposed the Governments of the world to allocate a fiscal stimulus of 2 percent of their respective GDP. Contrary to general expectations, there will be no increase in the fiscal expenditure, it has dropped substantially instead: The government spending dropped from HK\$314.9 billion (revised estimates) for the 2008-09 fiscal year to HK\$297.7 billion. The proportion of public expenditure to Hong Kong's GDP dropped from 19.9% (revised estimates) to 19.4% (para. 131). The 2009-10 Budget is generally against the IMF's proposal for economic stimulus through an increase in Government spending. The HKSAR Government's approach is vastly different from the stimulus packages of other countries. The measures of the Government are simply feeding on illusions when it formulates its plans on the revitalization of the economy.

It is likely that the Government is unable to make good use of resources in revitalizing the local economy. It has allocated HK\$8.3 billion (also the largest amount of allocation in the Budget for any remedial measures) in concessionary measures such as reduction in rates and salaries tax. Although it would be beneficial to those having properties, and those who are working, the concessionary measures are not well-tested. It might not stimulate consumption substantially, as the majority of the high and medium income residents put the money from the concessionary measures directly as part of their savings. Most of them would not use the money in consumption.

Despite the Financial Secretary's repeatedly emphasizes on the importance of creation and the preservation of jobs, the resources allocated to the creation of job is merely amounted to HK\$1.6 billion (para. 28), that is, only 0.6% of the total government expenditure. Such an arrangement contrasts sharply with his emphasis.

In the Budget speech, the technology-based economy, creative economy and green economy are considered to be the "new economic drivers" of Hong Kong. However, the additional resources allocated to these sectors are far from significant, as they merely amounting to HK\$750 million (para. 69 and 80). This deviates with the grand vision of the Financial Secretary.

The Budget allocates merely an additional HK\$170 million (para. 114-5 and 117-120) to the needy, this clearly deviates with the spirit for the creation of a "caring society" the Government has always been advocated. These temporarily measures also demonstrated that there is no effective mechanism that can identify the needy who are out of the safety net (for example: the working poor and the recently unemployed).

Mr. Albert Lai, Chairman of The Professional Commons said: “This year’s Budget is like a “super thin hamburger without beef”. First of all, it cannot satisfy the basic need (the “bread”) of the general public: Not only there is no increase in public expenditure, instead, it decreases unexpectedly. The Government shows no strong will in job creation, and the assistance to the needy is merely “little better than nothing”. On the other hand, merely HK\$750 million is allocated to add momentum for the “new economic drivers”, which is not even one-tenth of the amount that is “spent” on the provision of concessionary measures such as lowering of rates and salaries tax.”

Media Inquiry

Albert Lai Tel: 9125 6505
The Professional Commons Tel: 8200 6332