

LegCo Secretariat releases Research Brief on “The 2019-2020 Budget”

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council Secretariat (the Secretariat) today (April 16) released a Research Brief on "The 2019-2020 Budget".

The Financial Secretary delivered his second Budget of the current-term Government on February 27 and reported an estimated fiscal surplus of HK\$16.8 billion in 2019-2020, slipping from HK\$58.7 billion in 2018-2019. While the surplus is the lowest since 2015-2016, budget deficit would have taken place if the Housing Reserve, amounted to HK\$21.2 billion, were not taken back to the government accounts.

Government expenditure in 2019-2020 is expected to hit HK\$607.8 billion, increased by 13 per cent from the previous financial year. The ratio of government expenditure to government revenue will increase from 90 per cent in 2018-2019 to 97 per cent in 2019-2020. Based on the Government's medium range forecast, the ratio will even peak at 99 per cent from 2021-2022 and onwards, raising concern about the sustainability of the revenue sources.

Hong Kong's government revenue is all along known to be narrow-based and highly sensitive to economic performance. In recent years, with the increases in land sale supply and prices, land premium has made weighty contribution to government revenue at an average of 21 per cent during 2015-2020. Stamp duty has also seen rising contribution, with a notable portion deriving from a series of so-called "spicy" disincentive measures to curb the overheating property market. Although salaries tax has seen broadening base with more people being brought into the tax net, its average contribution to government revenue has declined and ageing population further poses concerns of whether salaries tax could remain a large revenue source to meet government expenditure.

On the other hand, profits tax is the most stable and the largest revenue item, making an average contribution of 22 per cent to 27 per cent to government revenue during various periods across 2000-2020. However, it has seen shrinking base with increasing reliance on the sector of banking, investment, finance and property.

In view of growing expenditure needs, there remains concern whether government revenue is abundant and stable enough to sustain expenditure given the limitations of the revenue structure. Diversifying the economy is therefore crucial to strengthening government coffers and the Government has committed resources to promote the industries which are considered to be the potential growth engine, such as innovation and technology, as well as cultural and creative industries. However, the latter seemed to have lost the momentum in recent years as its economic contribution as a percentage of Gross Domestic Product has registered persistent decline from the peak of

5.1 per cent in 2013 to 4.4 per cent in 2017. It may warrant a revisit of the constraints being faced by the sector as well as the effectiveness of the support measures.

Outside the cash-based government accounts, there are some 20 designated-purpose funds mainly funded by the Government which is also responsible for their use. These funds roughly amount to over HK\$91 billion. A number of them have used government injection as seed money to generate investment income to fund projects. This suggests that a huge sum of public money is being locked up and the funding activities are to a certain extent constrained by the level of investment return, prompting concerns about the effectiveness of public resources allocation.

The Legislative Council will resume the Second Reading debate on the Appropriation Bill 2019 tomorrow (April 17) and Members will speak on the Bill.

The Research Brief is prepared by the Secretariat's Research Office of the Information Services Division with a view to enhancing information support for Members. It is a concise summary aiming at explaining a subject matter which may be of interest to Members and the general public.

The Research Brief is now available on the Legislative Council Website at www.legco.gov.hk/research-publications/english/1819rb01-the-2019-2020-budget-20190416-e.pdf.

Red flag hoisted at Hap Mun Bay Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (April 16) that due to big waves, the red flag has been hoisted at Hap Mun Bay Beach in Sai Kung District. Beach-goers are advised not to swim at the beach.

Case of suspected unauthorised access

to eHRSS detected

A case of suspected unauthorised access to the Electronic Health Record Sharing System (eHRSS) has been detected by the Electronic Health Record Registration Office (R0).

Upon receiving an application in mid-December 2018 for a new token for access to the eHRSS by a doctor who already had a user account, the R0 carried out follow-up checks and found 11 instances of suspected unauthorised access to the health data of seven patients in the eHRSS between June and November 2018 at the JP Partners Medical (JP) clinic in East Point City, Tseung Kwan O.

These instances of access were believed to have been made by two staff of the clinic by using the account and token of the above-mentioned doctor who had left the clinic. It has yet to be established that the staff concerned were authorised to access the relevant data.

The Electronic Health Record Sharing System Ordinance (Cap 625) imposes responsibilities on healthcare providers for access to and use of patient data only with patients' sharing consent, and ensuring access to health data is restricted to healthcare professionals for providing healthcare. A Code of Practice is also in place, reminding healthcare providers on how to properly handle patient registration with the eHRSS, management of user accounts and their clinical records, and ensuring system security.

In the light of the findings, the R0 has contacted the seven patients concerned. The Food and Health Bureau has referred the case to the Police to consider if further investigation is warranted and informed the Office of the Privacy Commissioner for Personal Data. So far, there is no indication that security and data integrity of the eHRSS have been compromised.

The R0 will invite the healthcare provider involved to review its data and account management system and to satisfy the Commissioner for the Electronic Health Record that arrangements are in place to ensure full adherence to the requirements under the Ordinance and the Code, failing which cancellation of registration as an eHRSS healthcare provider may have to be considered.

For enquiries on the eHRSS, members of the public may contact the R0 at 3467 6300 during office hours. The clinic concerned has doctors that participate in the Hospital Authority (HA) General Outpatient Clinic Public-Private Partnership Programme and the Department of Health (DH) Colorectal Cancer Screening Programme, which use the eHRSS for sharing patient health data. JP patients who are on these programmes may contact the HA and the DH at 2300 7300 and 3565 6288 respectively during office hours if they have any enquiries.

Meeting of LegCo Bills Committee

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) Bills Committee on Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 will hold its first meeting tomorrow (April 17) at 8.45am in Conference Room 2 of the LegCo Complex. During the meeting, members of the Bills Committee will elect a Chairman and meet with the Administration.

Applications invited for flag days in 2020-21

Charitable organisations wishing to hold flag days between April 2020 and March 2021 are invited to apply to the Social Welfare Department (SWD) between April 16 and May 15 this year.

To enable more organisations to solicit donations through flag sales, 29 flag days in 2020-21 will be assigned as regional flag days so that three organisations can sell flags concurrently on those days, one each on Hong Kong Island, in Kowloon and in the New Territories. There will also be 29 territory-wide flag days to be held in the year.

An SWD spokesman said today (April 16) that applicant organisations must be bona-fide non-profit-making organisations exempt from tax under Section 88 of the Inland Revenue Ordinance (Cap.112) and, after their registration for tax exemption, have organised charitable activities in each of the past three years. Applicant organisations should refer to the eligibility criteria as detailed in the "Explanatory Notes for Application for Flag Days in 2020-21".

"Flag day applications will be considered by the Lotteries Fund Advisory Committee according to factors including the organisation's integrity and management capability; the nature, value and standard of its existing services; its financial need; and its ability to organise a flag day," the spokesman said.

The application form for flag days together with the "Explanatory Notes for Application for Flag Days in 2020-21" can be downloaded from the SWD's website at www.swd.gov.hk or obtained from the Lotteries Fund Projects Section of the SWD at Rooms 3601-02, 36/F, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong, from today to 6pm on May 15 this year.

The completed application form together with the required documents should reach the department at the above address by 6pm on May 15 this year. Late applications will not be considered.

"Applicant organisations will be informed of the results around October this year," the spokesman added.

Enquiries can be made by telephone to 2832 4318 or 2832 4301, or by fax to 2838 0441, or by email to eolf2@swd.gov.hk.