

Construction output for the third quarter of 2019

The total gross value of construction works performed by main contractors in the third quarter of 2019 decreased by 3.0% in nominal terms over a year earlier to \$58.4 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (December 12) by the Census and Statistics Department (C&SD).

After discounting the effect of price changes, the provisional results showed that the total gross value of construction works performed by main contractors decreased by 5.0% in real terms over the same period.

Gross value of construction works in real terms is derived by deflating the corresponding nominal value with an appropriate price index to the price level in the base period of 2000.

Analysed by type of construction works, the gross value of construction works performed at private sector sites totalled \$17.1 billion in the third quarter of 2019, down by 1.2% in nominal terms over a year earlier. In real terms, it decreased by 1.3%.

The gross value of construction works performed at public sector sites decreased by 8.3% in nominal terms over a year earlier to \$15.5 billion in the third quarter of 2019. In real terms, it decreased by 13.2%.

The gross value of construction works performed by main contractors at locations other than construction sites amounted to \$25.8 billion in the third quarter of 2019, down by 0.8% in nominal terms compared with a year earlier. In real terms, it decreased by 1.7%. Construction works at locations other than construction sites included minor new construction activities and decoration, repair and maintenance for buildings; and electrical equipment installation and maintenance works at locations other than construction sites.

Analysed by major end-use group, the gross value of construction works performed at construction sites in respect of residential buildings projects amounted to \$15.0 billion in the third quarter of 2019, down by 1.5% in nominal terms over a year earlier. Over the same period, the gross value of construction works performed at construction sites in respect of transport projects went down 12.9% in nominal terms to \$7.5 billion in the third quarter of 2019.

On a seasonally adjusted quarter-to-quarter basis, the gross value of construction works performed by main contractors increased by 5.0% in nominal terms and increased by 5.2% in real terms in the third quarter of 2019 compared with the second quarter of 2019.

Table 1 shows the provisional figures on the gross value of construction

works performed by main contractors in the third quarter of 2019. Table 2 shows the revised figures for the second quarter of 2019.

Owing to the widespread sub-contracting practices in the construction industry, a construction establishment can be a main contractor for one contract and a sub-contractor for another contract at the same time. The gross value of construction works performed by main contractors covers only those projects in which the construction establishment takes the role of a main contractor, but not projects in which it takes only the role of a sub-contractor. However, sub-contractors' contribution to projects should have been included in the gross value of construction works performed by main contractors for whom they worked.

The classification of construction establishments follows the Hong Kong Standard Industrial Classification Version 2.0, which is used in various economic surveys for classifying economic units into different industry classes.

More detailed statistics are given in "Report on the Quarterly Survey of Construction Output, 3rd Quarter 2019". Users can download this publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp330.jsp?productCode=B1090002).

For enquiries about the survey results, please contact the Construction and Miscellaneous Services Statistics Section of the C&SD (Tel: 3903 6965 or email: building@censtatd.gov.hk).

Accrual-based Consolidated Government Accounts for 2018-19

The Government published today (December 12) its accrual-based consolidated accounts for the financial year 2018-19.

A government spokesman said that the accrual-based accounts differ from the cash-based ones in the purposes they serve. "Compiled on the basis of actual cash revenue and expenditure within a financial year, the cash-based accounts serve mainly to demonstrate that public money has been paid within the limits and ambits approved by the legislature. The accrual-based accounts, on the other hand, aim to present more information on the financial performance and position of the Government," he said.

"The cash-based accounts consolidate the General Revenue Account (GRA) and the Funds established under section 29 of the Public Finance Ordinance (Cap. 2) except for the Bond Fund, the balance of which is not part of the Fiscal Reserves. In addition to the GRA and Funds consolidated in the cash-based accounts, the accrual-based accounts include the Exchange Fund, the

Hong Kong Housing Authority (HKHA), government business enterprises such as the MTR Corporation Limited and the Kowloon-Canton Railway Corporation, and other government funds such as the Bond Fund, the Quality Education Fund and the Beat Drugs Fund. There are also more comprehensive disclosures of the Government's assets and liabilities in the accrual-based accounts, e.g. fixed assets and provision for pensions and government debts," he added.

The key figures shown in the accrual-based accounts as compared with those in the cash-based accounts are highlighted below:

	2018-19	
based	Cash-based	Accrual-
billion)	(HK\$ billion)	(HK\$
	-----	-----
Financial results		
* Fiscal surplus	68.0	
* Net surplus		103.8
Reserves		
* Fiscal Reserves	1,170.9	
* General Reserve		901.7
* Exchange Fund Reserve		715.8
* Capital Expenditure Reserve		516.7
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1,170.9		2,134.2
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Net assets	1,170.9	2,134.2

The accrual-based Consolidated Statement of Financial Performance reports a surplus of HK\$103.8 billion, whereas the cash-based accounts show a surplus of HK\$68.0 billion. This is mainly due to the inclusion of the surpluses of the Exchange Fund, the HKHA and other funds as well as the share of surpluses from government business enterprises, partly offset by the provision for pension liabilities.

According to the accrual-based Consolidated Statement of Financial Position, the Government's net assets were HK\$2,134.2 billion as at March 31, 2019. These net assets were represented by three reserves: General Reserve of HK\$901.7 billion, Exchange Fund Reserve of HK\$715.8 billion and Capital Expenditure Reserve of HK\$516.7 billion. Notwithstanding these, the cash resources available for the Government's spending remain to be the Fiscal Reserves, which stood at HK\$1,170.9 billion as at March 31, 2019.

"The General Reserve represents the net financial assets of the Government. The Exchange Fund Reserve refers to the net assets of the Exchange Fund, the use of which is governed by the Exchange Fund Ordinance (Cap. 66), whereas the Capital Expenditure Reserve represents the total net

book value of fixed assets," the government spokesman added.

"The Government's General Reserve as at March 31, 2019, was HK\$901.7 billion, HK\$269.2 billion less than the Fiscal Reserves of HK\$1,170.9 billion reported in the cash-based accounts. The difference arises because the net financial assets of the Government in the accrual-based accounts take into account the Government's liabilities such as government bonds and notes, pensions and untaken leave of staff, partly offset by financial assets such as investments in the MTR Corporation Limited and the Airport Authority.

"Totalling HK\$119.8 billion, the government bonds and notes refer to the debt instruments issued in 2004 and those under the Government Bond Programme. The provision for pensions of HK\$1,021.7 billion, in terms of present value, represents the statutory liabilities in relation to civil servants' pensions.

"Apart from the liabilities shown in the accrual-based Consolidated Statement of Financial Position, there are also outstanding commitments, largely for capital works, of HK\$640.0 billion and guarantees of HK\$109.9 billion provided under various schemes," the government spokesman said.

The public can access the accrual-based and cash-based accounts at the Treasury's website: www.try.gov.hk.

[Operators of unlicensed guesthouse fined](#)

A man and a woman were each fined \$6,000 at the Shatin Magistrates' Courts today (December 12) for contravening the Hotel and Guesthouse Accommodation Ordinance.

The courts heard that in May this year, officers of the Office of the Licensing Authority (OLA), the Home Affairs Department, inspected a suspected unlicensed guesthouse on Mei Tin Road in Tai Wai. During the inspection, the OLA officers posed as lodgers and successfully rented a room in the guesthouse on a daily basis.

According to the OLA's records, the guesthouse did not possess a licence under the Ordinance on the day of inspection. The man and woman responsible for operating the premises were charged with contravening section 5(1) of the Ordinance.

A department spokesman stressed that operating or managing an unlicensed guesthouse is a criminal offence and can lead to a criminal record. Upon conviction, the offender is liable to a maximum fine of \$200,000 and two years' imprisonment.

The spokesman appealed to anyone with information about suspected unlicensed guesthouses to report it to the OLA through the hotline (Tel: 2881 7498), by email (hadlaeng@had.gov.hk), by fax (2504 5805) using the report form downloaded from the OLA website (www.hadla.gov.hk), or through the mobile application "Hong Kong Licensed Hotels and Guesthouses".

[Hong Kong team excels at the International Junior Science Olympiad \(with photo\)](#)

A team of six secondary school students representing Hong Kong achieved outstanding results in the International Junior Science Olympiad (IJSO) 2019, being awarded two gold and four silver medals.

The IJSO is a science competition for secondary school students aged 15 or below. The competition covers three disciplines, namely physics, chemistry and biology up to the senior secondary level. It comprises written assessments and science experiments on unfamiliar problems that require analytical and problem-solving skills. This year, the IJSO was held from December 4 to 11 in Doha, Qatar with participation of about 320 students from 70 countries or regions.

In the Individual Competition, Cheng Yat-long (Raimondi College) and Tang Ho-man (St. Paul's Co-educational College) each won a gold medal, while Chan Tsz-ching (Diocesan Girls' School), Cheng Sze-lut (Pui Ching Middle School), Cheung Sau-chung (Hong Kong Baptist University Affiliated School Wong Kam Fai Secondary and Primary School) and Anson So (St Paul's Co-educational College) each won a silver medal.

The Secretary for Education, Mr Kevin Yeung, congratulated the Hong Kong team today (December 12) on their excellent performance. "The technology in the 21st century develops rapidly. In order to enhance students' creativity and higher-order thinking skills for facilitating the development of society, the Government allocated considerable resources on the promotion of science, technology, engineering and mathematics (STEM) education. The outstanding results of the Hong Kong team in the competition demonstrated their potential in science and technology. We expect that Hong Kong students may contribute to the development of science and innovation in the territory," Mr Yeung said.

"The Education Bureau set up the Gifted Education Fund in 2016 and has so far made a total injection of \$1,600 million into the Fund. It is hoped that a wide variety of off-school advanced learning programmes are to be

provided for gifted students. The Advisory Committee on Gifted Education is currently vetting applications from various organisations including post-secondary institutions, non-government organisations and technology enterprises. We expect that more high quality learning experiences will be provided for gifted students from early 2020 to unleash their potential in different disciplines," he added.

â€‹The Hong Kong team was fully funded by the Education Bureau to join this competition. The members of the Hong Kong team performed well in the International Junior Science Olympiad – Hong Kong Screening last year. They subsequently completed the science enhancement programmes provided by the Hong Kong Academy for Gifted Education. The best performers of the programmes were then selected as contestants representing Hong Kong to participate in the IJSO this year.



[Construction site contractor in Tsim Sha Tsui convicted of discharging substandard wastewater](#)

The contractor of a construction site in Tsim Sha Tsui, Hong Kong Construction (General Builders) Limited, was fined \$10,000 by Kwun Tong Magistrates' Courts today (December 12) for contravening the Water Pollution Control Ordinance (WPCO) by discharging substandard wastewater into the communal storm drain and violating the requirements of the wastewater discharge licence.

The Environmental Protection Department (EPD) enforcement officers conducted a blitz inspection at the construction site at 15 Middle Road, Tsim Sha Tsui this March and found that the construction site discharged turbid wastewater into the communal storm drain. A wastewater sample was then collected for analysis and the result showed that the concentration of the suspended solids was 300 milligrams/litre, exceeding the relevant licence

upper limit by six times. Upon investigation and evidence gathering, the EPD initiated prosecution against the contractor of the construction site involved in accordance with the WPCO.

An EPD spokesman said that discharging muddy water from construction sites into storm drains not only causes drainage blockages and weakens the capability to prevent flooding in the nearby areas, but also affects the environmental hygiene and coastal water quality. Construction site contractors must install suitable wastewater treatment facilities to collect and treat the wastewater generated in the construction sites. They should also maintain effective operation of the facilities to ensure that all discharges comply with the statutory requirements to protect the environment.

According to the Water Pollution Control (General) Regulations, it is an offence for anyone to violate the requirements stipulated in the WPCO licence. Offenders are liable to a maximum fine of \$200,000 and six months' imprisonment.