

November 8, 2021

The Editor  
Financial Times

Dear Editor,

Your article “Big projects threaten Hong Kong’s finances” (November 8) presents a misleading view of Hong Kong’s fiscal position. On the contrary, Hong Kong’s fiscal reserves will remain strong as the Hong Kong Special Administrative Region (HKSAR) Government continues to uphold fiscal discipline to preserve longer term fiscal sustainability and pursue new economic growth engines.

With the success in our anti-epidemic efforts and the stimulation brought about by the counter-cyclical measures, our economy remains on track for recovery from the pandemic, as evident from the year-on-year real GDP growth of 7% for the first three quarters of 2021. The projected consolidated deficit for 2021-22 of about HK\$100 billion mainly as a result of the counter-cyclical measures might turn out to be smaller due to higher government revenue as a result of an improved economy. Moreover, the consolidated deficits in the coming years are forecast to narrow substantially to within HK\$20 billion annually, and a consolidated surplus is forecast in 2025-26.

It is undisputed that our legislature had been paralysed by some lawmakers’ filibustering tactics in the past few years. Following the implementation of the principle of “patriots administering Hong Kong”, the Legislative Council has finally been able to resume its role in the appropriation of funding through exercising proper checks and balances. The average time spent in vetting a funding item has returned to roughly one hour in the 2020-21 legislative session, comparable to the average time spent before the filibustering started in 2012. Of the HK\$328 billion of funding approved in the 2020-21 legislative session, HK\$60 billion relates to anti-epidemic work and providing relief measures to individuals and enterprises, crucial to our recovery from the pandemic.

Large-scale infrastructure projects such as Northern Metropolis and Lantau Tomorrow Vision require very sizable investment. However, one should not just focus on the cost side and overlook the opportunities they present. These projects will not only help address Hong Kong’s housing challenges, but also provide the much needed land supply to sustain our economic growth and in turn bring about considerable government revenue in terms of land premiums to replenish our fiscal reserves.

The HKSAR Government will continue to uphold fiscal discipline as enshrined in the Basic Law for the long-term development of Hong Kong.

Yours sincerely,

Mr Christopher Hui  
Secretary for Financial Services and the Treasury  
Hong Kong Special Administrative Region