

## 2014-15 Budget

### (1) The Themes

The overall theme of the Budget is Hong Kong's competitiveness, and the sub-themes are :

- (a) bolstering Hong Kong's position as an international hub;
- (b) promotion of industries;
- (c) the keys and limits to development; and
- (d) fiscal sustainability.

### (2) Overview

#### — Key Figures

	<b>2013-14 Revised Estimate</b>	<b>2014-15 Estimate</b>	<b>Increase/ Decrease</b>
	<b>\$ billion</b>	<b>\$ billion</b>	
Operating Expenditure	338.8	325.0	-4%
- of which, recurrent expenditure	285.2	307.4	8%
Capital Expenditure	97.0	86.2	-11%
- of which, capital works expenditure	83.1 <sup>^</sup>	70.8	-15%
Total expenditure	435.8	411.2	-6%
Total revenue	447.8	430.1	-4%
Surplus before repayment of bonds and notes	12.0	18.9	58%
Repayment of bonds and notes	-	9.8	Not applicable
Surplus after repayment of bonds and notes	12.0	9.1	-24%

<sup>^</sup> Including the one-off grant of \$13 billion to the Hospital Authority for minor works projects.

- Nominal GDP growth in 2014 is estimated at 4% to 5%.
- The comparison of total government expenditure with nominal Gross Domestic Product (GDP) growth from 1997-98 and 2009-10 to 2014-15 is as follow :

	<b>2014-15 versus</b>	
	<b>1997-98</b>	<b>2009-10</b>
	%	%
Total government expenditure		
- cumulative growth	112%	42%
Nominal GDP		
- cumulative growth	62%	34%

- It is estimated that the 2014-15 Budget would have a stimulus effect of zero point seven percentage point on the growth of GDP.

### (3) Recurrent Expenditure

- Recurrent government expenditure in 2014-15 is \$307.4 billion, higher than the 2013-14 revised estimate by \$22.3 billion, i.e. 8%. When compared with 1997-98 and 2009-10, the increases are 106% and 39% respectively. The additional expenditure is to provide for various recurrent services, reflecting the Government's long term commitment.
- Education, Social Welfare and Health account for nearly 60% of recurrent government expenditure. The increase in expenditure for these three policy area groups is as follows :

	<b>2012-13 Actual</b>	<b>2013-14 Revised Estimate</b>	<b>2014-15</b>		
			<b>Estimate</b>	<b>versus 2013-14</b>	<b>versus 2009-10</b>
	\$ billion	\$ billion	\$ billion	%	%
Education	60.4	63.8	67.1	+5	+32
Social Welfare	42.8	51.9	56.9	+10	+44
Health	46.2	49.8	52.4	+5	+48
<b>Total</b>	<b>149.4</b>	<b>165.5</b>	<b>176.4</b>	<b>+7</b>	<b>+41</b>

- For details of the recurrent and other expenditure of the above three policy area groups, please see Appendices 1 to 3.

#### **(4) Capital Works Expenditure**

- It has all along been Government's commitment to invest in infrastructure projects, which will set the foundation for future development and economic growth, thereby creating employment opportunities and enhancing our long-term competitiveness.
- By end March 2014, the estimated total outstanding commitment of the capital works reserve fund will reach \$350 billion, among which capital works projects will account for \$340 billion. The Government therefore needs to prioritise the capital works projects in the pipeline to ensure fiscal sustainability.
- The revised estimate for 2013-14 is \$83.1 billion. Excluding the one-off grant of \$13 billion to the Hospital Authority, the revised estimate on capital works is \$70.1 billion, which is on a par with the estimated expenditure of \$70.8 billion for 2014-15. With many major projects entering their construction peaks, we estimate that the annual capital works expenditure for the next few years will continue to stay at the level of over \$70 billion.
- At present, various major projects are in good progress. Among them, six projects costing almost \$300 billion including the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the South Island Line (East), the Kai Tak Development, the Shatin to Central Link and the Tuen Mun-Chek Lap Kok Link have commenced construction. Following the commencement of the detailed design for the Tseung Kwan O-Lam Tin Tunnel last year, we will seek funding for the same for the Cross Bay Link in Tseung Kwan O this year. We will also seek funding to study the feasibility of cavern developments.

- Meanwhile, we will continue to invest substantially in community projects. For example:
- (a) on **healthcare**, we have commenced construction and refurbishment of several public hospitals and clinics, including the construction of Tin Shui Wai Hospital and Hong Kong Children's Hospital. We have also launched the preparatory works for the redevelopment of Kwong Wah Hospital and the expansion of United Christian Hospital, and will seek funding approval from the LegCo for the redevelopment of Queen Mary Hospital and the refurbishment of Hong Kong Buddhist Hospital. These projects will cost more than \$46 billion;
  - (b) on **environmental protection**, we are taking forward the development of organic waste treatment facilities (Phase 1) for commencement in 2016. We will seek funding of about \$26 billion for the development of the integrated waste management facilities (Phase 1) and the extension of three landfills later; and
  - (c) on **sports and recreation**, we plan to seek funding in the current legislative session the construction of the sports centres in Area 14, Tuen Mun and Area 24D, Shatin.

**(5) Key Expenditure and Revenue proposals in the 2014-15 Budget**

<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
<b>A. Provision of funding to support initiatives in the Policy Address</b>		
<i>Recurrent</i>		
*1. Introduce Low-income Working Family Allowance	3,000	More than 200 000 families with 710 000 members, including more than 180 000 eligible children and young people
*2. Regularise Community Care Fund programmes	781	Different categories of target beneficiaries and needy families
<ul style="list-style-type: none"> <li>• increase the grants for school-related expenses for primary and secondary students of CSSA families as well as those under the School Textbook Assistance Scheme</li> </ul>		
<ul style="list-style-type: none"> <li>• provide rent allowance for CSSA recipients who have been Tenants Purchase Scheme flat owners for more than five years</li> </ul>		
<ul style="list-style-type: none"> <li>• provide a training subsidy for children with disabilities from low-income families, allowing them to pay for self-financing services while they are on the waiting list for subvented pre-school services</li> </ul>		

Proposal	Annual/Total Amount \$m	Beneficiaries
<ul style="list-style-type: none"> <li>• provide a subsidy for persons with severe physical disabilities living in the community to cover their expenses on medical equipment and consumables; and for one-stop integrated support services co-ordinated by case managers in accordance with their needs</li> <li>• provide free lunch at schools for primary students receiving a full grant under the student financial assistance schemes</li> <li>• enhance financial assistance for needy students pursuing eligible programmes below sub-degree level</li> </ul>		
*3. Increase subsidised residential care places for the elderly, extend continuum of care to subsidised nursing home places, increase subsidised community care services places for the elderly and improve services of elderly centres	436	Elderly in need
#4. Earmark \$800 million for a residential care service voucher pilot scheme with a total of 3 000 vouchers in three phases from 2015-16 to 2017-18	800	3 000 elderly persons with care needs
*5. Double the annual voucher amount of the Elderly Health Care Voucher Scheme to \$2,000	582	About 737 000 eligible elders (Note 1)
*6. Enhance support to ethnic minorities <ul style="list-style-type: none"> <li>• provide comprehensive support to non-Chinese speaking (NCS) students in learning the Chinese Language which includes among others:</li> </ul>	250	About 16 000 non-Chinese speaking students in around 600

<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
(a) provide a "Chinese Language Curriculum Second Language Learning Framework" starting from 2014/15 school year for NCS primary and secondary students with supporting learning and teaching materials to facilitate their effective learning of Chinese as a second language with a view to enabling them to bridge over to mainstream Chinese language classes		primary and secondary schools (as at 2013/14 school year)
(b) provide an Applied Learning (Chinese Language) subject at senior secondary levels to be pegged at Levels 1 to 3 of the Qualifications Framework as an alternative qualification for NCS students in order to enhance their employability		
(c) provide enhanced funding support to schools to facilitate implementation of the aforesaid Learning Framework from 2014/15 school year with monitoring and evaluation		
<ul style="list-style-type: none"><li>• establish a new service centre in Kwai Tsing to strengthen community support and expand the outreach service through recruiting more ethnic minority residents</li></ul>		15 100 person times
<ul style="list-style-type: none"><li>• encourage integration into the community through joining the Junior Police Call</li></ul>		From existing 1 900 non-ethnic Chinese JPC membership 2 500 in five years

<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
*7. Implement a series of measures to strengthen education, training, care and support for persons with disabilities including:	399	Persons with disabilities
<ul style="list-style-type: none"><li>• upgrade the Commissioner for Rehabilitation's ranking and strengthen the establishment of the Commission's team to enhance co-ordination among various bureaux and departments</li><li>• provide additional teacher assistants for schools for children with disability, reduce the class size, increase the staff of the boarding section of special schools and provide additional grant for special schools to enhance support for boarders with complex medical conditions</li><li>• regularise the Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities, with the cap of subsidised places in each home raised to 70%</li><li>• raise the incentive payment in Sheltered Workshops and Integrated Vocational Rehabilitation Services Centres; and increase funding support for District Support Centres for Persons with Disabilities, self-help organisations, sign language interpretation services as well as short-term day and residential care services</li></ul>		

<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
<ul style="list-style-type: none"> <li>• increase funding support for day training centres to enhance care and support for ageing service users</li> <li>• increase the level of the Learning Support Grant by 30% in the 2014/15 school year to better support students with special educational needs in ordinary schools</li> <li>• increase places for rehabilitation services, including pre-school, vocational rehabilitation and residential care services</li> </ul>		
<p>*8. Extend the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to eligible children with disabilities under the age of 12 and to extend the scheme to green minibuses in phases</p>	176	<p>Around 1.02 million elderly aged 65 or above and around 140 000 eligible persons with disabilities</p>
<p>*9. Increase annual recurrent funding for NGOs under the Lump Sum Grant Subvention System</p>	470	<p>165 subvented NGOs</p>
<p>#10. Expand “first-hire-then-train” pilot scheme and extend it to cover rehabilitation services and provide an additional 1 000 places in the coming few years for recruiting young people to provide care services for the elderly and rehabilitation facilities</p>	147	<p>1 000 young people. The scheme will also benefit elderly persons and persons with disabilities receiving the services.</p>

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
#11.	Increase the voucher value of the Pre-primary Education Voucher Scheme by \$2,500 per year for two consecutive school years in 2014/15 and 2015/16, and lift the fee remission ceiling to help needy families	894	Around 140 000 – 150 000 students studying in kindergartens under the Scheme
*12.	Progressively increase the intake of senior-year undergraduate places in University Grants Committee-funded institutions by a total of 1 000 places from the 2015/16 academic year and in the triennium that follows	436	1 000 sub-degree graduates per year upon full implementation
#13.	Launch a new scheme to subsidise up to 1 000 students per cohort to pursue self-financing undergraduate programmes in selected disciplines to meet Hong Kong’s manpower needs (for three cohorts, then subject to review)	965	3 000 students
#14.	Launch the Mainland University Study Subsidy Scheme for students in need pursuing studies under the scheme for the Admission of Hong Kong Students to Mainland Higher Education Institutions (for three cohorts, then subject to review)	114	Needy students pursuing studies under the scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions
#15.	Launch a new scholarship scheme to support up to 100 outstanding local students each cohort to pursue studies in renowned universities outside Hong Kong (for three cohorts, then subject to review)	339	300 students

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
*16.	Support about 9 800 students in need to participate in exchange programmes outside Hong Kong; and sponsor Mainland exchange and internship programmes for young people and increase places offered from the current 9 600 to 14 000 next year	130	Around 23 800 students/youth per year
*17.	Provide additional recurrent grant equivalent to the salary of a graduate teacher to introduce more life planning education elements in public sector schools operating classes at senior secondary levels	257	Students in some 500 schools operating senior secondary classes
#18.	Launch a colorectal cancer screening pilot programme	422	Eligible Elders
19.	Others	652	
		<hr/> 11,250 <hr/>	
	<b><i>Non-recurrent</i></b>		
20.	Set up a Travel Industry Authority	300	General public
21.	Capital injection into the Hong Kong Paralympians Fund	200	Athletes with disabilities
22.	Transfer of funds into the Lotteries Fund to ensure the availability of sufficient resources for “The Special Scheme on Privately Owned Sites for Welfare Uses” (Special Scheme)	10,000	Based on the rough estimates of social welfare organisations, the Special Scheme will provide about 17 000 additional service places for the elderly and persons with disabilities

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
23.	Launch the Fourth Strategy on Information Technology in Education, major initiatives include the phased provision of wireless network services and other supporting facilities for all public sector schools from the 2014/15 school year	105	Teachers and students in some 1 000 public sector primary and secondary schools
24.	Set up a scholarship to foster a culture of multi-faceted excellence	100	100 in total (about 20 per year)
25.	Launch a pilot training and support scheme to attract and retain talent for industries with a keen demand	144	2 000 students
26.	Set up a \$1 billion endowment fund, the investment income of which will be used to provide long-term support for the sustainable development of the Qualifications Framework	1,000	Various stakeholders such as students, practitioners, employers, education and training providers as well as quality assurance bodies
27.	Earmark funding for the Partnership Fund for the Disadvantaged (Note 2)	400	People in disadvantaged circumstances
28.	Earmark funding for Child Development Fund	300	Over 10 000 disadvantaged children
29.	Launch a Recycling Fund	1,000	General public / recycling industry

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
30.	Others	115	
		<hr/> 13,664 <hr/>	
	<b>Total funding provision for Policy Address initiatives</b>	<b>24,914</b>	
<b>B.</b>	<b>Provision of funding for other new initiatives</b>		
31.	Increase dependent parent/grandparent allowance to \$40,000 (the additional allowance for residing with dependent parent/grandparent will also be increased to \$40,000). Enhance deduction ceiling for elderly residential care expenses to \$80,000	260	About 550 000 taxpayers
32.	Exempt stamp duty for the trading of exchange traded funds	200	(Note 3)
33.	Implement the recommendations of the Task Force on Manpower Development of the Retail Industry	130	Retail Industry
34.	Launch the IT Partnership Scheme to set up enriched IT classes in secondary schools	75	Secondary students in participating schools
#35.	Enhance the attractiveness of mega events launched by the Hong Kong Tourism Board	50	Various tourism-related sectors
#36.	Enhance hospitality support to organisers and participants of MICE (Meetings, Incentive Travels, Conventions and Exhibitions) events	45	MICE events organisers and participants / various tourism-related sectors

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
37.	Enhance support to private sector research and development (R&D) and commercialisation of R&D results through setting up an Enterprise Support Scheme and extending the scope of funding	(Note 4)	Private sector companies with R&D activities
38.	Implement measures to step up support for technology start-ups in Hong Kong	(Note 5)	Technology start-ups in Hong Kong
39.	Further extension of the application period of the special concessionary measures under the SME Financing Guarantee Scheme for one year	(Note 6)	SMEs in Hong Kong
40.	Issue i-Bond	(Note 3)	
41.	Increase tobacco duty by 20 cents per stick of cigarette. Duties on other tobacco products will be increased by the same rate.	-	For protection of public health
42.	Extend first registration tax exemption for electric vehicles by three years	Minimal	Depending on take-up rate
		<hr/> 760 <hr/>	

**C. Provision of funding for relief measures**

43.	Waive rates for the first two quarters of 2014-15, subject to a maximum of \$1,500 per quarter per tenement (Note 7)	6,135	About 3.1 million tenements are liable to rates. All ratepayers will benefit.
44.	Reduce 2013-14 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$10,000 per case	9,160	About 1.74 million taxpayers

	<b>Proposal</b>	<b>Annual/Total Amount \$m</b>	<b>Beneficiaries</b>
45.	Reduce 2013-14 profits tax by 75%, subject to a ceiling of \$10,000 per case	1,030	About 126 000 taxpayers
46.	Provide an extra payment to recipients of Comprehensive Social Security Assistance, (CSSA), Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA), equal to one month of the standard rates/allowances	2,674	About 1.2 million CSSA, OAA, OALA, and DA recipients
47.	Pay one month's rent for public housing tenants. Government will pay one month's base rent for tenants who are required to pay extra rent to the Housing Authority. For non-elderly tenants of the Hong Kong Housing Society's Group B estates, Government will pay two-thirds of their rent for one month. (Note 7)	1,042	Some 761 000 public housing households
<b>Total funding provision for Budget Proposals</b>		20,041	
<b>Grand Total</b>		<b>20,801</b>	
		<b>45,715</b>	

Note 1 Assuming a take-up of 75%, there will be about 552 800 elders participating in the scheme in 2014.

Note 2 Among this, \$200 million will be dedicated to launching more after-school learning and support programmes for primary and secondary school students from grassroot families.

Note 3 For market development.

Note 4 Additional funding support to be met from the Innovation and Technology Fund (one of the funds with designated use within the fiscal reserves). The amount involved will be subject to the number and scale of private R&D and commercialisation proposals received, as well as the progress and actual expenditure of these approved R&D projects and commercialisation activities.

Note 5 Includes the provision of an annual funding of up to \$24 million per year, to be met from the Innovation and Technology Fund, to six designated universities to provide seed money for R&D projects they recommend, encouraging their students and teachers to start up downstream R&D businesses and commercialise their R&D results.

Note 6 Continued support under the approved total loan guarantee commitment of \$100 billion for the Hong Kong Mortgage Corporation. Subject to the actual position of default claims and related cost, it is projected that no government funding will be required until beyond 2019-20.

Note 7 CSSA recipients who do not have to bear rates or public housing rent will not obtain any pecuniary advantage from the rates waiver and the government payment of public housing rent.

\* Full-year amount for recurrent initiatives.

# Total amount for time-limited recurrent initiatives.

## (6) Medium Range Forecast

(\$ billion)	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Surplus	23.9	3.5	48.2	54.3	69.7
Capital Deficit	(5.0)	(31.7)	(38.4)	(33.1)	(28.3)
Consolidated surplus/(deficit) after repayment of bonds and notes	9.1	(28.2)	9.8	21.2	41.4
Fiscal reserves	755.0	726.8	736.6	757.8	799.2
- In terms of no. of months of government expenditure	22	18	19	19	19
- In terms of % of GDP	34.0%	31.1%	29.8%	29.1%	29.1%

— A number of assumptions have been adopted in the Medium Range Forecast, for example :

- In the four-year period 2015 to 2018, the trend growth rate of the economy in real terms is 3.5% per annum, and the GDP deflator will increase at a trend rate of 2% per annum.

- Income from land premium for 2015-16 and onwards is 2.5% of GDP.
- Cash flow requirement of capital projects and operating expenditure after completion of the projects has been included.
- The \$50 billion pledged for supporting healthcare reform will be expended in 2015-16 in one-go.

### Appendices – Major Policy Area Group Expenditure

1. Education
2. Social Welfare
3. Health

### Education

- Estimated total expenditure on education amounts to \$75.4 billion in 2014-15, which is lower than the 2013-14 revised estimate by \$1.5 billion (or 1.9%). This is mainly due to the reduction of one-off injections into seed money funds in 2014-15.
- Estimated recurrent expenditure on education is \$67.1 billion in 2014-15 (3% in terms of Gross Domestic Product), taking up 21.8% of government recurrent expenditure and representing a 5.3% increase over the 2013-14 revised estimate.
- Major new and additional resource provisions are as follows:

#### Recurrent expenditure initiatives (involving additional expenditure)

- \$1,818 million for primary education, secondary education and special schools to deliver existing services and new initiatives, including the following provisions for major enhancement initiatives:
  - \$255 million for providing schools (including special schools) operating classes at senior secondary education levels with an additional recurrent grant equivalent to the salary of a graduate teacher to strengthen life planning education. It is expected that students in some 500 schools operating senior secondary classes will benefit;
  - \$202 million for providing free lunch at schools for primary students (including special school primary students) receiving a full grant under student financial assistance schemes. It is expected that around 66 000 needy primary students will benefit;
  - \$116 million for enhancing support for non-Chinese speaking students in primary and secondary schools (including special schools) in learning Chinese language. It is expected that about 16 000 non-Chinese speaking students will benefit;
  - \$110 million for increasing the level of the Learning Support Grant by 30% to strengthen support for students with special educational needs in ordinary primary and secondary schools. It is expected that about 34 000 students with special educational needs will benefit;
  - \$51 million for providing some 530 primary schools (including special schools) with an additional recurrent grant equivalent to the salary of a Clerical Assistant to cope with the administrative workload of implementing poverty alleviation and various learning support initiatives;

- \$43 million for improving special education services in special schools. It is expected that around 7 500 students in special schools will benefit; and
  - \$35 million for enhancing the provision for the School-based After-school Learning and Support Programmes in primary and secondary schools (including special schools).
- \$415 million for the Student Financial Assistance Agency to continue providing financial assistance to eligible students at various levels of studies, including mainly the following provisions for enhancing existing student financial assistance schemes:
- \$208 million for increasing the flat rate grant by about 100% for each primary and secondary student eligible under the School Textbook Assistance Scheme. It is expected that around 260 000 needy primary and secondary students will benefit; and
  - \$53 million for lifting the fee remission ceiling under the Kindergarten and Child Care Centre Fee Remission Scheme as one of the one-off improvement measures to provide greater support on kindergarten education. It is expected that around 38 800 needy children will benefit.
- \$324 million for the continued implementation of the Pre-primary Education Voucher Scheme, including raising the rate of voucher subsidy by \$2,500 per year in the 2014/15 and 2015/16 school years, from \$17,510 in the 2013/14 school year to \$20,010 in the 2014/15 school year and \$22,510 in the 2015/16 school year, as a one-off improvement measure to provide greater support on kindergarten education. Around 140 000 students will benefit in the 2014/15 school year.
- \$229 million for subventions to University Grants Committee (UGC)-funded institutions for the continued phasing in of additional senior year undergraduate places, so that 5 000 meritorious sub-degree graduates will be able to articulate to subsidised degree programmes each year by the 2018/19 academic year.

- Increase in provisions for implementing various new subsidy and scholarship schemes and industrial attachment scheme for vocational and post-secondary education, including:
  - \$91 million for implementing various schemes to provide students with more opportunities for higher education, including:
    - (a) a new scheme to subsidise students to pursue self-financing undergraduate programmes in selected disciplines that meet Hong Kong's manpower needs (for up to 1 000 students per cohort);
    - (b) a Mainland University Study Subsidy Scheme for students in need pursuing studies under the scheme for the Admission of Hong Kong Students to Mainland Higher Education Institutions to receive a means-tested grant during their studies; and
    - (c) a new scholarship scheme for outstanding local students to pursue studies in renowned universities outside Hong Kong (for up to 100 students per cohort).

The above three schemes are expected to benefit three cohorts of students involving a total of \$1.4 billion over their study period, and will then be reviewed on its effectiveness;

- \$188 million for establishing a tuition fee reimbursement mechanism for needy students pursuing eligible programmes below sub-degree level and providing them with a flat rate academic expenses grant; and subsidising needy undergraduate and sub-degree students to participate in exchange programmes. Around 3 600 students will benefit from the tuition fee reimbursement mechanism, around 7 200 students will benefit from the flat-rate academic expenses grant and around 9 800 students will benefit from the subsidy for participating in exchange programmes; and
- \$11 million to provide industrial attachment opportunities for all students of higher diploma programmes and students of some Diploma in Vocational Education programmes of VTC. It is expected that over 9 000 students will benefit.

### Non-recurrent and capital expenditure initiatives

- \$1 billion for setting up an endowment fund to provide long-term support for the sustainable development of the Qualifications Framework (Total commitment: \$1 billion, Cash flow in 2014-15: \$1 billion).
- \$144 million for the Vocational Training Council to launch a Pilot training and Support Scheme to attract and retain talent for industries with a keen demand for labour (total commitment: \$144 million, cash flow in 2014-15: \$10.5 million).
- \$105 million for launching the Fourth Strategy on Information Technology in Education, including the phased provision of wireless network services and other supporting facilities for all public sector schools (total commitment: \$105 million, cash flow in 2014-15: \$5 million).

## Social Welfare

- Estimated total expenditure on social welfare amounts to \$61.9 billion in 2014-15, which is \$6.4 billion or 11.5% higher than the 2013-14 revised estimate.
- Estimated recurrent expenditure on social welfare in 2014-15 is \$56.9 billion (2.6% in terms of Gross Domestic Product), or 18.5% of the total recurrent government expenditure. It represents a 9.7% increase over the 2013-14 revised estimate. Of this recurrent expenditure, \$39.1 billion or 68.7% is for the Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance (SSA) Scheme. The remaining provision will mainly be for on elderly services, rehabilitation services, family and youth services.
- Major new and additional resource provisions are as follows:

### Recurrent expenditure initiatives (involving additional full-year expenditure)

- \$660 million for enhancing elderly services, including:
  - \$85 million for providing some 550 additional subsidised residential care places locally and \$35 million for providing some 400 additional subsidised residential care places in the Mainland on a pilot basis;
  - \$204 million for increasing the subsidy levels of some 10 000 subsidised residential care places to strengthen the care level and support for the elderly;
  - \$172 million for providing 1 500 additional places under the Enhanced Home and Community Care Services, and widening the service scope of these additional places and the existing 5 600 places so as to strengthen the support for frail elders living at home; and
  - \$164 million for enhancing the manpower and resources for 41 District Elderly Community Centres and 119 Neighbourhood Elderly Centres (NECs), as well as upgrading 51 Social Centres for the Elderly into NECs.

The above measures will benefit about 73 000 elderly persons and their family members.

- \$360 million for enhancing support to persons with disabilities, including:
  - \$152 million for regularising the following Community Care Fund projects, comprising:
    - (a) \$53 million for providing training subsidy for children with disabilities from low-income families while they are on the waiting list for subvented pre-school rehabilitation services; and
    - (b) \$99 million for providing a subsidy for persons with severe physical disabilities living in the community to cover their expenses on renting medical equipment and purchasing consumables and one-stop integrated support services co-ordinated by case managers.

The above measures will benefit about 1 500 pre-school children and 1 800 persons with severe physical disabilities;

- \$93 million for enhancing funding support for day training centres for persons with disabilities to enhance the care and support for ageing service users;
- \$40 million for regularising the Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities, with the cap of subsidised places in each home raised to 70% and provision of 450 subsidised residential places;
- \$42 million for increasing the funding support for District Support Centres for Persons with Disabilities to provide case management services benefiting some 1 300 persons with disabilities, strengthening the support for the operation and development of self-help organisations, strengthening the provision of sign language interpretation service for persons with hearing impairment, as well as providing 442 additional day and residential respite places;
- \$22 million for providing 331 additional rehabilitation services places;
- \$9 million for enhancing the manpower of Integrated Community Centres for Mental Wellness to dovetail with the Case Management Programme of the Hospital Authority and for serving more persons in need; and
- \$2 million for upgrading the Commissioner for Rehabilitation's ranking and strengthening the establishment of the Commission's team to enhance co-ordination among various bureaux and departments and implementing the United Nations Convention on the Rights of Persons with Disabilities.

- \$126 million for improving the CSSA Scheme, including:
  - \$90 million for increasing the grants for school-related expenses for primary and secondary students of CSSA families by regularising a CCF programme from the 2014/15 school year, benefiting some 90 000 students;
  - \$26 million for including post-secondary students of CSSA families in the calculation of rent allowance with effect from April 2014 so that a family's CSSA entitlement will not be affected if it has members receiving post-secondary education, benefiting some 2 600 families; and
  - \$10 million for providing rent allowance for CSSA recipients who have been Tenants Purchase Scheme flat owner-occupiers for more than five years by regularising a CCF programme, benefiting about 1 000 families.
- \$470 million for increasing the annual recurrent funding for non-governmental organisations (NGOs) to strengthen their central administrative and supervisory support, to increase the provision for "other charges", and to provide additional resources to enable NGOs to recruit and retain paramedical staff more effectively or hire paramedical services to deliver their SWD-subvented services;
- \$176 million for extending the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to eligible children with disabilities under the age of 12; planning to extend the scheme to green minibuses in phases from the first quarter of 2015;
- \$147 million for expanding the "first-hire-then-train" pilot scheme to cover rehabilitation services and provide an additional 1 000 places in the coming few years; and
- \$9 million for raising the incentive payment in Sheltered Workshops and Integrated Vocational Rehabilitation Services Centres.

### Non-recurrent and capital expenditure initiatives

- \$2.7 billion for providing an extra allowance to recipients of CSSA, OAA, OALA and Disability Allowance equivalent to one month of the standard rate/allowance, benefiting a total of about 1.2 million recipients;

## Appendix 2

- \$400 million for injection into the Partnership Fund for the Disadvantaged, of which \$200 million will be designated as a matching fund for organizations launching after-school learning and support programmes for primary and secondary students from grassroots families;
- \$300 million earmarked for the Child Development Fund to ensure the sustainability of the Fund and help more disadvantaged children to plan for their future; and
- \$17 million for providing six additional rehabuses and replacing seven old rehabuses, thereby increasing the fleet to 141, and providing additional drivers and management manpower to further cater for the special transport needs of persons with disabilities.

### Health

- Estimated total expenditure on health amounts to \$56.7 billion in 2014-15, which is \$10.7 billion, or 15.9% lower than the 2013-14 revised estimate. This is mainly due to the reduction of the one-off grant of \$13 billion provided to the Hospital Authority for minor works projects in 2013-14.
- Recurrent expenditure on health is estimated at \$52.4 billion in 2014-15 (2.4% in terms of Gross Domestic Product), taking up 17% of government recurrent expenditure and representing a 5.2% increase over the 2013-14 revised estimate.
- Major new and additional resource provisions are as follows:

#### Recurrent expenditure initiatives

- Additional recurrent subvention of \$1.67 billion to the Hospital Authority (HA) for meeting new and increasing demands, and implementing various initiatives, such as:
  - enhancing healthcare services to meet growth in service demand arising from population growth and demographic changes, including improving the treatment of life-threatening diseases such as cardiac disease, stroke, end-stage renal disease and cancer; and implementing measures to improve the healthcare manpower in HA (\$500 million);
  - providing over 200 additional general beds to enhance the capacity for inpatient services (over \$270 million);
  - increasing drug supply, including sustaining the enzyme replacement therapy for suitable patients with rare metabolic diseases, increasing the supply of fractionated blood products, and replenishing the growing drug stock as a result of extended prescription duration (\$167 million);
  - supporting the service commissioning of North Lantau Hospital, Caritas Medical Centre Phase II Redevelopment and Yan Chai Hospital Redevelopment (\$135 million);

- improving waiting list management by setting up support sessions to alleviate the workload at Accident and Emergency Departments, providing additional sessions at Specialist Outpatient Clinic to manage new cases, setting up the third Joint Replacement Centre, opening additional operating theatre and endoscopy sessions, enhancing the lung function laboratory and radiology services as well as extending service hours of pharmacies in hospitals by phases, involving a total of around 20 000 additional cases / sessions (\$253 million);
- supporting the operation of the first stage of the Electronic Health Record Sharing System (eHRSS), subject to the passage of the eHRSS bill by the Legislative Council (\$181 million);
- enhancing mental health services by improving both community and hospital-based mental health services, including increasing funding for provision of 2<sup>nd</sup> generation anti-psychotics and anti-dementia drugs to benefit an additional 10 700 patients and rolling out the case management programme to the remaining three districts i.e. Tsuen Wan (including North Lantau), Yau Tsim Mong and Tai Po (\$95 million);
- increasing General Outpatient Clinic episodic quota in Kowloon East, Kowloon West and New Territories West Clusters by 32 000 attendances for 2014-15 (and a further increase of 56 000 attendances per annum from 2015-16 onwards viz. a total of 88 000 attendances) (\$34 million); and
- developing safer service models to enhance patient safety, including procuring additional single use devices, and improving the sterilisation services for operating theatres (\$33 million).

In 2014-15, the recurrent subvention to HA amounts to \$47.2 billion, representing an increase of 3.7% over the 2013-14 revised estimate.

➤ \$796 million to the Department of Health (DH) for:

- doubling the annual Elderly Health Care Voucher (EHV) value from \$1,000 to \$2,000 for each eligible elder and converting the EHV Scheme into a recurrent programme (\$678 million) (with an estimated number of 737 000 elderly eligible for the Scheme)(Total provision earmarked for the enhanced Scheme for 2014-15 is \$846 million);
- developing a colorectal cancer screening pilot programme for target groups and other supporting measures for cancer prevention and screening (\$29 million);

- launching the Outreach Dental Care Programme for the Elderly in residential care homes and day care centres as a recurrent programme (\$25 million);
- supporting the operation of the Clinical Information Management System and the rollout preparation of eHRSS (\$21 million);
- enhancing capacity of DH in regulating private healthcare institutions and supporting the development of private healthcare services (\$16 million);
- scaling up intervention including enhancing education and publicity on breastfeeding and incorporating chickenpox into the Childhood Immunisation Programme (\$12 million);
- providing disposable consumable items for use at DH's clinics and centres to enhance infection control standard (\$7 million);
- providing secretariat and research support to the Chinese Medicine Development Committee and its two Sub-committees (\$5 million); and
- enhancing the services of the Elderly Health Centres (EHCs) by setting up one more clinical team each in Lek Yuen and Wan Chai EHCs (\$3 million).

### Non-recurrent and capital expenditure initiatives

- \$766 million for procurement of equipment items and implementation of computerisation projects in HA.