

2018-19 Budget

(1) Budget Strategies for 2018-19

In preparing this year's Budget, the Financial Secretary has ensured that adequate resources are provided to implement the various policy initiatives put forth in the Policy Address. He has also adopted the following strategies:

- (a) proactively promoting economic development by providing favourable conditions for emerging industries such as I&T and identifying growth opportunities on the one hand, and strengthening the competitiveness of the pillar industries on the other, so that our economy will prosper in a sustained and diversified manner, creating quality jobs for our young people;
- (b) making bold investments to break through the development bottlenecks. The Budget will optimise the use of surplus to build capacity in terms of land and human capital;
- (c) improving the existing services and quality of life;
- (d) preparing to meet the community's long-term needs for healthcare and elderly care;
- (e) while maintaining the competitiveness of our tax regime, making suitable adjustments to ease the burden on taxpayers and enterprises, having regard to our prevailing fiscal position;
- (f) caring for and sharing with the community by enhancing support for the disadvantaged and enabling members of the public to enjoy the fruits of our economic success; and
- (g) maintaining adequate fiscal reserves.

(2) Overview

1. Key Figures

| | 2017-18 Revised Estimate \$ billion | 2018-19 Estimate \$ billion | Increase/ Decrease |
|---|--|--|-------------------------------|
| Operating expenditure | 372.9 | 441.5 | 18.4% |
| - of which, recurrent government expenditure | 363.7 | 406.5 | 11.8% |
| Capital expenditure | 101.5 | 116.4 | 14.6% |
| - of which, capital works expenditure | 83.7 | 93.3 | 11.4% |
| Government expenditure | 474.4 | 557.9 | 17.6% |
| Government revenue | 612.4 | 604.5 | -1.3% |
| Consolidated surplus | 138.0 | 46.6 | -66.2% |

GDP in nominal terms is forecast to increase by 5.5% to 6.5% in 2018.

2. The cumulative growths and trend growths for government expenditure, revenue and nominal GDP from 2013-14 to 2018-19 are as follows –

| | 2013-14 \$ billion | 2018-19 Estimate \$ billion | 2018-19 Versus 2013-14 Cumulative Growth | Trend Growth |
|---|-------------------------------|--|---|-------------------------|
| Recurrent government expenditure, of which | 284.4 | 406.5 | 42.9% | 7.4% |
| - Education | 63.5 | 84.6 | 33.4% | 5.9% |
| - Social Welfare | 51.6 | 79.8 | 54.6% | 9.1% |
| - Health | 49.9 | 71.2 | 42.6% | 7.4% |
| Government expenditure | 433.5 | 557.9 | 28.7% | 5.2% |
| Government revenue | 455.3 | 604.5 | 32.8% | 5.8% |
| Nominal GDP | 2,138.3 | 2,822.4 | 32.0% | 5.7% |

3. The comparison of government expenditure with nominal GDP growth from 1997-98 and 2013-14 to 2018-19 is as follows –

| | 2018-19 Versus | |
|--|---------------------------|----------------|
| | 1997-98 | 2013-14 |
| Government expenditure - cumulative growth | +187.0% | +28.7% |
| Nominal GDP - cumulative growth | +105.6% | +32.0% |

4. It is estimated that the 2018-19 Budget would have a stimulus effect of 2.0% on the growth of GDP.

(3) Recurrent Government Expenditure

5. Recurrent government expenditure in 2018-19 is \$406.5 billion, higher than the 2017-18 revised estimate by 11.8% or \$42.8 billion. The comparisons with 1997-98 and 2013-14 are as follows –

| | 2018-19 Versus | |
|--|---------------------------|----------------|
| | 1997-98 | 2013-14 |
| Recurrent government expenditure - cumulative growth | +172.1% | +42.9% |

6. The continued increase in recurrent government expenditure provides resources for implementing new and existing services, reflecting Government's long term commitment towards the development and well-being of the community.

7. Education, Social Welfare and Health account for nearly 60% of recurrent government expenditure. The increase in recurrent government expenditure for these three policy area groups is as follows –

| | 2016-17 Actual \$ billion | 2017-18 Revised Estimate \$ billion | 2018-19 | | |
|----------------|--|--|--------------------------------|---------------------------------|---------------------------------|
| | | | Estimate \$ billion | versus 2017-18 % | versus 2013-14 % |
| Education | 75.5 | 80.1 | 84.6 | +5.6 | +33.4 |
| Social Welfare | 63.5 | 65.8 | 79.8 | +21.3 | +54.6 |
| Health | 58.7 | 62.8 | 71.2 | +13.3 | +42.6 |
| Total | 197.7 | 208.7 | 235.6 | +12.9 | +42.8 |

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

(4) Capital Works Expenditure

8. It is Government's commitment to invest in capital works projects to set the foundation for Hong Kong's social and economic development, enhance our competitiveness and improve our quality of life.
9. By end March 2018, the estimated total outstanding commitment for on-going capital works projects will be about \$350.7 billion.
10. The estimated expenditure for 2018-19 is \$93.3 billion (which includes \$12 billion for the establishment of the proposed Hostel Development Fund in 2018-19). The revised estimate for 2017-18 is \$83.7 billion. With many major projects at their construction peaks, the estimated annual capital works expenditure for the next few years will continue to stay at a high level. We hope the Legislative Council can speed up the deliberation of capital works project funding proposals to avoid the building up of backlog and delay in the commencement of livelihood-related projects.

11. In 2017-18 LegCo session, we intend to seek LegCo's funding approval to implement the following projects which are closely linked with our everyday lives –
 - (a) On **healthcare**, we earmarked \$200 billion for a ten-year programme on various hospital and community health centre projects. We plan to seek FC's funding approval for five hospital projects under the programme within this year (about \$32 billion);
 - (b) On **housing and land supply**, we plan to seek FC's funding approval for infrastructural and ancillary works related to six housing developments in the current legislative session (about \$8 billion);
 - (c) On **sports, recreation and district facilities**, we plan to seek FC's funding approval for 13 sports, cultural and community recreational projects in the current legislative session (about \$5 billion); and
 - (d) On **education**, we plan to seek FC's funding approval for four school extension and improvement projects in the current legislative session (about \$1 billion).

(5) Key Expenditure and Revenue proposals in the 2018-19 Budget

| Proposal | Annual/ Total Amount \$m | Beneficiaries |
|---|---|---|
| I. Policy Address Major Initiatives | | |
| A. Recurrent and time-limited recurrent | | |
| 1. Increase recurrent funding for the Hospital Authority to keep improving public healthcare services | *10,830 (Note 1) | General public |
| 2. Provide additional resources to enhance elderly services, including – | | |
| (a) Strengthen the provision of community care services and residential care services; | | |
| (b) Enhance the service quality of residential care homes for the elderly and residential care homes for persons with disabilities; | * 911 # 1,229 | Elderly persons and their carers |
| (c) Enhance dementia care and the support for needy carers of elderly persons; and | | |
| (d) Improve the salaries of front-line care staff | * 352 | 14 500 posts of personal care worker, home helper and ward attendant |
| 3. Introduce a non-means tested Public Transport Fare Subsidy Scheme to relieve the fare burden of the commuters | * 2,369 ^ 70 | Over 2.2 million commuters |
| 4. Continue to improve rehabilitation services and strengthen community support for persons with disabilities (PWDs) | * 601 (Note 2) # 44 ^ 50 | Day/residential rehabilitation services: 14 200 PWDs; Community support: over 10 000 PWDs and their family members |
| 5. Continue to provide more exchange and internship opportunities for young people in the next five years | # 500 | Young people |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|---|---|---|
| 6. | Deploy resources to improve environmental and public cleanliness and continue to step up efforts in law enforcement | * 359 # 37 | General public |
| 7. | Step up efforts in supporting waste reduction and recycling | * 104 # 285 | General public |
| 8. | Facilitate the development of Chinese medicine | * 81 # 296 | General public |
| 9. | Provide recurrent air-conditioning grant for public sector schools to cover the daily expenses of air-conditioning systems installed in related facilities | * 367 | All public sector primary, secondary and special schools as well as schools under the Direct Subsidy Scheme |
| 10. | Promote arts and culture – (a) increase the resources support for local artists and arts groups to perform and stage exhibitions outside Hong Kong; and (b) continue the training schemes for arts administrators in the coming six years | * 66 (Note 3) # 216 | Local artists, arts groups and arts administrators |
| 11. | Enhance counter-terrorism capability and preparedness, including the establishment of an Inter-departmental Counter-terrorism Unit | * 265 # 16 | General public |
| 12. | Take forward the work on the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area Development | * 41 # 97 | Various sectors |
| 13. | Set up a Commission for the Planning of Human Resources | # 123 | Various sectors |
| 14. | Allocate more resources for the Financial Services Development Council | * 32 # 4 + 7 | Financial services industry |
| 15. | Set up a Commission on Children | * 12 | Children |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|--|---|--|
| 16. | Implement two tax measures (Note 4) – | | |
| | (a) Two-tiered profits tax rates regime; and | * 5,800 | Enterprises, especially small and medium enterprises (SMEs) |
| | (b) Additional tax deduction for research and development expenditure | - | Various sectors |
| | <i>B. Non-recurrent</i> | | |
| 17. | Inject \$3 billion into the Research Endowment Fund | ^ 3,000 | Local students enrolled in UGC-funded research postgraduate programmes |
| 18. | Launch “Operation Building Bright 2.0” | ^ 3,000 | Owners-occupiers of around 2 500 old buildings |
| 19. | Launch the Fire Safety Improvement Works Subsidy Scheme to subsidise owners of old composite buildings to take fire safety improvement measures as required by the Fire Safety (Buildings) Ordinance | ^ 2,000 | Owners of around 2 000 pre-1987 old composite buildings with Fire Safety Directions issued and with rateable values not exceeding the prescribed level |
| 20. | Inject \$1.2 billion into the Qualifications Framework Fund | ^ 1,200 (Note 5) | Education and training providers, industry practitioners and various stakeholders such as learners, employers and quality assurance body |
| 21. | Earmark \$1 billion for the newly established Countryside Conservation Office to implement relevant conservation effort and revitalisation works | + 500 ^ 500 | General public |

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^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----------|--|---|--|
| 22. | Inject \$1 billion into the CreateSmart Initiative | [^] 1,000 | Seven non-film sectors of the creative industries, people interested in pursuing a career in those sectors and members of public participating in the sponsored activities |
| 23. | Inject \$1 billion into the Arts and Sport Development Fund (Sports Portion) | [^] 1,000 | Sports sector |
| 24. | Set up a fund to subsidise elderly and rehabilitation service units to trial use and procure technology products | [^] 1,000 | Over 1 260 eligible elderly and rehabilitation service units |
| 25. | Provide subsidy for telecommunications companies to extend fibre-based network to villages in remote locations | [^] 774 | An estimate of 170 000 villagers living in remote areas |
| 26. | Extend the Short-term Food Assistance Service for three years to 2020-21 | [^] 447 | Low-income persons |
| 27. | Inject \$400 million into the Partnership Fund for the Disadvantaged | [^] 400 | Disadvantaged persons, including 130 000 grassroots children |
| 28. | Inject \$300 million into the Child Development Fund | [^] 300 | 9 000 grassroots children |
| 29. | Set up a fund to foster arts development for PWDs | [^] 250 | PWDs participating in arts development |
| C. | <i>Capital Items</i> | | |
| 30. | Set up a Hostel Development Fund | ⁺ 12,000 | UGC-funded universities |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
[^]: total for non-recurrent measure; ⁺: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|---|---|---|----------------------------------|
| 31. | Continue stepping up efforts to develop innovation and technology through the Innovation and Technology Fund (ITF), including – (a) launch of “Technology Talent Scheme” under the ITF; and (b) enhancement of the “Internship Programme” under the ITF | + 10,000 | Innovation and technology sector |
| 32. | Implement key infrastructure projects for smart city development including “eID”, a pilot Multi-functional Smart Lampposts scheme and integrated government cloud infrastructure | + 700 | General public |
| 33. | Install a new generation of on-street parking meters | + 304 | General public |
| Total financial implications of Policy Address major initiatives | | 63,539 | |

| | |
|---------------------------------|---------------|
| Involving – | |
| Operating expenditure | 40,028 |
| - <i>Recurrent measures</i> | 25,037 |
| - <i>Non-recurrent measures</i> | 14,991 |
| Capital expenditure | 23,511 |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|------------|---|---|--|
| II. | Budget Proposals | | |
| | Concessionary Measures | | |
| A. | <i>Expenditure measures^β</i> | | |
| 34. | 2-month extra payment to eligible Comprehensive Social Security Assistance (CSSA), Old Age Allowance, Old Age Living Allowance or Disability Allowance recipients | ^ 7,012 | Eligible recipients of social security |
| 35. | One-off increase for Elderly Health Care Vouchers (\$1,000 for each eligible recipient) | # 796 | All eligible elders |
| 36. | One-off grant of \$2,000 to each needy student | ^ 742 | Around 371 000 needy students from pre-primary to post-secondary levels who are eligible for receiving (a) means-tested student financial assistance or (b) the grant for selected items of school related expenses under the CSSA Scheme in the 2018/19 school year |
| 37. | 2-month extra payment to eligible Low-income Working Family Allowance (LIFA) recipients | ^ 326 | Eligible households receiving LIFA |
| 38. | Pay the examination fees for the candidates sitting for the 2019 Hong Kong Diploma of Secondary Education Examination (HKDSE) | ^ 180 | About 50 000 HKDSE candidates |

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^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|--|---|-----------------------------|
| 39. | 2-month extra payment to eligible Work Incentive Transport Subsidy (WITS) recipients | [^] 53 | Eligible recipients of WITS |
| | Sub-total for expenditure measures | <u>9,109</u> | |

^β Community Care Fund will also be invited to consider providing short-term relief for low income non-public housing and non-CSSA households.

B. Revenue measures

| | | | |
|-----|--|----------------------|---|
| 40. | One-off relief for salaries tax (75% of 2017-18, capped at \$30,000) | 22,600 | 1.88 million taxpayers |
| 41. | Waive rates for four quarters of 2018-19 subject to a ceiling of \$2,500 per quarter for each rateable property [@] | 17,800 | 3.25 million properties liable to rates |
| 42. | One-off relief for profits tax (75% of 2017-18, capped at \$30,000) | 2,900 | 142,000 taxpayers |
| | Sub-total for revenue measures | <u>43,300</u> | |
| | Total for concessionary measures | <u>52,409</u> | |

[@] CSSA recipients who do not have to bear rates will not obtain any pecuniary advantage from the rates waiver.

Budget measures with long-term effect

A. Expenditure measures*

| | | | |
|-----|---|--------------------|------------------------------|
| 43. | Inject \$8.5 billion into the Continuing Education Fund and raise subsidy ceiling | [^] 8,500 | General public aged 18 to 70 |
|-----|---|--------------------|------------------------------|

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
[^]: total for non-recurrent measure; +: total for capital item.

| Proposal | Annual/ Total Amount \$m | Beneficiaries |
|---|-----------------------------------|---|
| 44. Education related proposals – | | |
| (a) Regularise the Pilot Training and Support Scheme (Earn and Learn) | – (Note 6) | Secondary 3 to Secondary 6 school leavers and eligible adult learners admitted to Vocational Training Council’s training programmes for specific industries |
| (b) Regularise the Pilot Scheme on Promoting Interflows between Sister Schools in Hong Kong and the Mainland | * 170 | Mainly teachers and students of local public sector and Direct Subsidy Scheme schools that have formed sister schools with their counterparts in the Mainland |
| (c) Enhance school nursing support in special schools | * 26 | Students in special schools for children with intellectual disability, physical disability, visual impairment and hearing impairment |
| (d) Reserve additional recurrent expenditure for quality education | * 2,000 | Relevant stakeholders |
| (e) Set up a Student Activity Support Fund to provide support for students with financial needs to participate in life-wide learning activities conducive to whole-person development | ^ 2,500 | Students with financial needs in primary and secondary schools |
| (f) Launch the eighth round of Matching Grant Scheme in the publicly-funded post-secondary institutions | ^ 2,500 | The eight University Grants Committee-funded universities, Vocational Training Council and The Hong Kong Academy for Performing Arts |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|---|---|---|
| 45. | Consider the redevelopment of the Air Mail Centre at the Hong Kong International Airport | + 5,000 | Trading and logistics sector |
| 46. | Inject a total of \$6 billion into the Elite Athletes Development Fund (of which \$1 billion was announced in January 2017) | ^ 5,000 | Sports sector |
| 47. | Increase commitment of – | | |
| | (a) Dedicated Fund on Branding, Upgrading and Domestic Sales; and | ^ 1,500 | SMEs |
| | (b) SME Export Marketing and Development Funds | ^ 1,000 | SMEs |
| 48. | Expedite installation of lifts for public sector schools as needed | + 2,000 | Around 100 schools |
| 49. | Further support to arts and culture initiatives and infrastructure – | | |
| | (a) Acquire museum collections and hold exhibitions; | + 500 | General public |
| | (b) Inject \$500 million into the Art Development Matching Grants Pilot Scheme; | ^ 500 | Arts sector |
| | (c) Strengthen the protection, promotion and transmission of intangible cultural heritage | ^ 300 | General public |
| 50. | Set up Construction Innovation and Technology Fund | ^ 1,000 | Construction Industry |
| 51. | Inject \$800 million into Gifted Education Fund | ^ 800 | Gifted students in primary and secondary schools |
| 52. | Inject \$800 million into the HKSAR Government Scholarship Fund | ^ 800 | Students of publicly-funded post-secondary programmes |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|--|-----------------------------------|--|
| 53. | Inject an additional \$800 million to further promote the installation of small scale renewable energy facilities at government buildings, venues and community facilities | +&# 800 | General public |
| 54. | Enhance healthcare services – | ^ 500 | Chinese medicine industry and practitioners, non-governmental organisations |
| | (a) Set up a fund for development of Chinese Medicine; | * 100 | General public |
| | (b) Prevent non-communicable diseases and promote mental well-being and destigmatisation; and | * 150 | All eligible persons |
| | (c) Regularise the Colorectal Cancer Screening Pilot Programme (<i>total expenditure over the coming five years being \$940 million</i>) | | |
| 55. | School social work services - | + 504 | Children at aided child care centres, kindergartens and kindergarten-cum-child care centres and their families |
| | (a) launch three-year pilot scheme to provide social work services in all aided child care centres and kindergartens, kindergartens-cum-child care centres (<i>funding from Lotteries Fund</i>); and | * 138 | Students in public sector primary and special schools |
| | (b) strengthen and enhance social work and counselling services in public sector primary schools and improving the provision of social workers in special schools | | |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|---|---|---|
| 56. | Tourism – | | Tourism and related industries |
| | (a) Provide additional funding to the Hong Kong Tourism Board in 2018-19 for stepping up the promotion work in the Mainland and non-Mainland visitor source markets; | 226 (Note 7) | |
| | (b) Provide additional funding to the Travel Industry Council of Hong Kong in 2018-19 for enhancement of the Pilot Information Technology Development Matching Fund Scheme for Travel Agents; and | # 30 (Note 7) | |
| | (c) Support the Ocean Park in developing education and tourism projects | # 310 (Note 7) | |
| 57. | Promote and facilitate the development of the financial services sector, including launching a pilot bond grant scheme | ^ 500 # 18 | Financial services sectors |
| 58. | Set up a Major Sport Events Matching Grant Scheme | ^ 500 | Sports sector |
| 59. | Implement welfare initiatives for disadvantaged groups | * 139 (Note 2) # 344 | Disadvantaged groups |
| 60. | Consolidate Hong Kong as a Regional Culture Hub | * 53 (Note 8) # 193 ^ 70 | Arts sector and general public |
| 61. | Provide additional funding to Hong Kong Trade Development Council | # 250 | Various sectors |
| 62. | Promote reading in the community | # 204 | General public |
| 63. | Launch a five-year District Sports Programmes Funding Programme | ^ 100 | General public |
| 64. | Encourage employers to hire job seekers with special employment needs | * 48 | 4 500 elderly, young people and persons with disabilities |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;

^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|------------------------------------|--|-----------------------------------|---|
| 65. | Strengthen the manpower of SWD's Family and Child Protective Services Units, and the manpower resources of NGOs providing the Educational Programme on Stopping Domestic Violence | * 43 | Children abused/suspected to be abused and their families |
| 66. | Enhance the Technology Voucher Programme (TVP) <i>(\$500 million has been set aside in the ITF for the TVP.)</i> | - | Local enterprises |
| Sub-total for expenditure measures | | <u>39,316</u> | |
| (B) Revenue measures | | | |
| 67. | Widen the tax bands for salaries tax from \$45,000 to \$50,000, increase the number of tax bands from 4 to 5, and adjust the marginal tax rates to 2%, 6%, 10%, 14% and 17% respectively with effect from the year of assessment 2018/19 | 4,090 | 1.34 million taxpayers |
| 68. | (a) Increase allowances and raise deduction ceiling under salaries tax and tax under personal assessment with effect from the year of assessment 2018/19 – | | |
| | (i) Child Allowance (from \$100,000 to \$120,000) | 1,310 | 335,000 taxpayers |
| | (ii) Dependent Parent/Grandparent Allowances (from \$46,000 to \$50,000 for parent/grandparent aged 60 or above) (and from \$23,000 to \$25,000 for parent/grandparent aged between 55 and 59) | 580 | 607,000 taxpayers |
| | (iii) Deduction for Elderly Residential Care Expenses from \$92,000 to \$100,000 | | |
| | (b) Introducing Personal Disability Allowance of \$75,000 | 450 | |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|--|---|--|
| 69. | Tax deduction for Voluntary Health Insurance Scheme (capped at \$8,000 per insured person) starting from the year of assessment following the passage of the relevant legislative amendments by the Legislative Council | 800 | |
| 70. | Charges for import and export declarations capped at \$200 | 458 | About 0.9 million cases submitted by the trading community |
| 71. | Increase the types of qualified instruments under the qualifying debt instrument scheme and extend the scope of tax exemption | <i>unable to estimate</i> | Corporate bond issuers |
| 72. | Allow husband and wife the option to decide whether to elect for personal assessment separately starting from the year of assessment 2018-19 | <i>unable to estimate</i> | |
| 73. | Enhance the tax concessions for capital expenditure incurred by enterprises in procuring eligible energy efficient building installations and renewable energy devices by allowing tax deduction to be claimed in full in one year instead of the current time frame of five years | <i>unable to estimate</i> | Building owners and the environmental protection sector |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
 ^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|--------------------------|--|---|----------------------|
| 74. | Promote the use of electric vehicles – (a) Launch a “one-for-one replacement” scheme from 28 February 2018 to allow eligible private car owners who buy a new electric private car and scrap an eligible private car they own to enjoy a first registration tax (FRT) concession of up to \$250,000. Other new electric private cars will continue to enjoy a FRT concession of up to \$97,500. The above concessions will remain in force until 31 March 2021; and (b) Continue to waive in full the FRT for electric commercial vehicles, electric motor cycles and electric motor tricycles until 31 March 2021 | <i>unable to estimate</i> | General public |
| | Sub-total for revenue measures | <hr/> 7,688 <hr/> | |
| | Total for budget measures with long-term effect | 47,004 <hr/> <hr/> | |
| Funding earmarked | | | |
| 75. | As an initial provision for the second 10-year hospital development plan, improve the clinic facilities in the Department of Health, and upgrade and increase healthcare teaching facilities | 300,000 | |
| 76. | Resources reserved for the development of the Hong Kong-Shenzhen Innovation and Technology Park in Lok Ma Chau Loop | 20,000 | |
| 77. | Improve and develop cultural facilities in the coming 10 years | 20,000 | |
| 78. | Abolition of MPF “offsetting” arrangement | 15,000 | |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

| | Proposal | Annual/ Total Amount \$m | Beneficiaries |
|-----|--|---|----------------------|
| 79. | Support package for research centres run by non-profit-making institutions in the two research clusters | 10,000 | |
| 80. | Funding support for Hong Kong Science and Technology Parks Corporation to build R&D infrastructure and facilities, and to enhance support for tenants and incubatees | 10,000 | |
| 81. | Development of district facilities | 8,000 | |
| 82. | Market Modernisation Programme over the next 10 years | 2,000 | |
| 83. | Optimising the use of vacant government sites and school premises | 1,000 | |
| 84. | Youth development | 1,000 | |
| 85. | Strengthen support for ethnic minorities | 500 | |
| 86. | Provide subsidies for drugs for treating uncommon diseases | 500 | |
| 87. | Funding support for Cyberport to enhance support for start-ups and to promote the development of digital technology ecosystem | 200 | |
| 88. | Promote the development of e-sports | 100 | |
| | Total for funding earmarked | 388,300 | |
| | Total financial implications of Budget Measures | 487,713 | |
| | Grand Total (Policy Address Initiatives and Budget Measures) | 551,252 | |

*: annual amount for recurrent measure; #: total for time-limited recurrent measure;
^: total for non-recurrent measure; +: total for capital item.

Notes:

- Note 1: The total recurrent funding provided to the Hospital Authority (HA) in 2018-19 is \$61.5 billion, an increase of nearly \$6 billion compared with previous year. The \$10.83 billion refers to the additional full-year recurrent provision to HA at the end of the first triennium in 2020-21. (Item 1)
- Note 2: The additional annual provision of \$660 million to improve the rehabilitation services as mentioned in the Budget includes the annual provision of \$601 million in Item 4 and some measures for implementing welfare initiatives for disadvantaged groups in Item 59.
- Note 3: From 2018-19 onwards, the recurrent provision will be progressively increased to \$50 million to support Hong Kong's art groups and artists to perform and stage exhibitions outside Hong Kong (included in Items 10(a) and Item 60).
- Note 4: On the assumption that 20% of the tax-paying enterprises are connected enterprises, the tax revenue forgone under the proposed two-tiered profits tax rates regime will be about \$5.8 billion per year. For the proposed additional tax deduction for research and development expenditure, the Government aims to introduce the amendment bill into the Legislative Council within the first half of this year and plans to launch the initiative in the third quarter. (Item 16)
- Note 5: The injection of \$1.2 billion into the Qualifications Framework Fund will be made before end March 2018, i.e. 2017-18 financial year. (Item 20)
- Note 6: The Government will review the Pilot Scheme. Resources required by the regularisation is subject to the review outcome. (Item 44)
- Note 7: The total additional funding in 2018-19 to support the tourism industry amounts to \$396 million, comprising the 2018-19 additional funding of \$226 million and \$30 million for the Hong Kong Tourism Board and the Travel Industry Council of Hong Kong respectively (Items 56(a) and 56(b)), the 2018-19 cash flow of \$26.3 million for supporting the Ocean Park in developing education tourism projects (the total allocation of which is \$310 million) (Item 56(c)), as well as the 2018-19 cash flow for other new initiatives to implement the Development Blueprint for Hong Kong's Tourism Industry.
- Note 8: The Government will allocate additional recurrent funding to support nine major performing arts groups, as well as small and medium arts groups funded by the Hong Kong Arts Development Council, and allocate more resources to the small and medium arts groups under Leisure and Cultural Services Department's Venue Partnership Scheme. The additional recurrent funding amounts to \$55 million, of which about \$46 million was included as a Policy Address major initiative in Item 10(a). (Item 60)

(6) Medium Range Forecast

| (\$ billion) | 2017-18 Revised Estimate | 2018-19 Estimate | 2019-20 Forecast | 2020-21 Forecast | 2021-22 Forecast | 2022-23 Forecast |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Surplus | 64.0 | 14.6 | 37.7 | 7.0 | 6.0 | 11.5 |
| Capital Surplus (Deficit) | 74.0 | 32.0 | 7.8 | 8.0 | (0.9) | 8.4 |
| Repayment of bonds and notes | | | (1.5) | | | |
| Consolidated surplus after repayment of bonds and notes | 138.0 | 46.6 | 44.0 | 15.0 | 5.1 | 19.9 |
| Fiscal reserves at 31 March | 1,092.0 | 1,138.6 | 1,182.6 | 1,197.6 | 1,202.7 | 1,222.6 |
| In terms of no. of months of government expenditure | 28 | 24 | 24 | 23 | 22 | 21 |
| In terms of % of GDP | 41.0% | 40.3% | 39.9% | 38.5% | 36.8% | 35.6% |

Appendices – Major Policy Area Group Expenditure

1. Education
2. Social Welfare
3. Health

Education

1. Estimated government expenditure on education amounts to \$113.7 billion in 2018-19, accounting for 20.4% of estimated government expenditure, and is 28.4% or \$25.2 billion higher than the 2017-18 revised estimate.
(4.0% of nominal GDP in 2018)
2. Estimated recurrent government expenditure on education is \$84.6 billion in 2018-19, accounting for 20.8% of estimated recurrent government expenditure and is 5.6% or \$4.5 billion higher than the 2017-18 revised estimate.
(3.0% of nominal GDP in 2018)
3. The key initiatives and resource provisions are highlighted below –

Initiatives under recurrent government expenditure

(a) **New initiatives**

- (i) \$273 million in 2018-19 (\$367 million full-year provision) is for providing recurrent air-conditioning grant for all public sector schools to cover the daily expenses of air-conditioning systems installed in related facilities starting from the 2018/19 school year;
- (ii) \$525 million in 2018-19 (\$849 million full-year provision) is for regularising the Study Subsidy Scheme for Designated Professions/Sectors and increasing the number of subsidised places from about 1 000 to about 3 000 per cohort w.e.f. the 2018/19 academic year;
- (iii) \$58 million in 2018-19 (\$170 million full-year provision) is for regularising Pilot Scheme on Promoting Interflows between Sister Schools in Hong Kong and the Mainland and increasing the grant received by participating schools from \$120,000 to \$150,000 per annum from the 2018/19 school year;
- (iv) \$48 million in 2018-19 (\$138 million full-year provision) is for strengthening and enhancing social work and counselling services in public sector primary schools and improving the provision of social workers in special schools;
- (v) \$14 million in 2018-19 (\$26 million full-year provision) is for enhancing school nursing support in special schools; and

- (vi) additional \$2 billion is reserved for quality education. The initiatives to be launched include enhancing the professional development of teachers, strengthening support for kindergartens, reviewing and improving integrated education, and supporting schools in enhancing promotion of life-wide learning.

(b) Existing initiatives

- (i) The free quality kindergarten education policy has been implemented since the 2017/18 school year. The recurrent expenditure on pre-primary education is estimated to be \$6.5 billion in 2018-19 (2017-18 RE: \$5.7 billion); and
- (ii) \$3 billion in 2018-19 (2017-18 RE: \$2.3 billion; \$3.6 billion full year provision) for implementing the \$3.6 billion package of priority initiatives to support quality education at various levels with effect from the 2017/18 academic/school year. The initiatives include introducing a non-means-tested subsidy scheme for students pursuing self-financing undergraduate studies in Hong Kong and those pursuing undergraduate studies in designated Mainland universities, increasing teacher-to-class ratio by 0.1 for all public sector primary and secondary schools (including special schools), strengthening staffing support in information technology for schools, and providing an additional graduate teaching post by phases for public sector ordinary primary and secondary schools to facilitate their assignment of a designated teacher to take up the role of special educational needs coordinator and providing additional staff/grant for special schools.

Initiatives under non-recurrent and capital expenditure

(a) New initiatives

- (i) \$12 billion in 2018-19 is for setting up the Hostel Development Fund to provide one-off non-recurrent capital grants for University Grant Committee (UGC)-funded universities to construct student hostels for meeting their shortfall;
- (ii) \$3 billion in 2018-19 is for injection into the Research Endowment Fund to generate investment income for providing non-means-tested studentships to local students enrolled in UGC-funded research postgraduate programmes;

- (iii) \$2.5 billion in 2018-19 is for setting up a Student Activity Support Fund to provide support for students with financial needs to participate in life-wide learning activities conducive to whole-person development;
 - (iv) \$800 million in 2018-19 is for injection into the Gifted Education Fund to enhance the development of gifted students;
 - (v) \$800 million in 2018-19 is for injection into the HKSAR Government Scholarship Fund to increase the number of awards in the 2019/20 academic year as an incentive for students to pursue excellence in both academic and non-academic areas; and
 - (vi) a total commitment of \$2.5 billion is for launching the eighth Matching Grant Scheme in the publicly-funded post-secondary institutions.
- (b) Existing initiatives
- (i) Provision of \$1.5 billion in 2018-19 (2017-18 RE: \$1.2 billion) is for school maintenance (Major Repairs for aided and Direct Subsidy Scheme schools and Emergency Repairs for aided schools);
 - (ii) Provision of \$100 million in 2018-19 (2017-18 RE: \$300 million) is for the seventh Matching Grant Scheme for eligible self-financing local degree-awarding institutions; and
 - (iii) \$2 billion is for expediting installation of lifts for public sector schools without such provisions.

Social Welfare

1. Estimated government expenditure on social welfare amounts to \$92.2 billion in 2018-19 (3.3% of nominal GDP in 2018), accounting for 16.5% of estimated government expenditure, and is 30.1% or \$21.3 billion higher than the 2017-18 revised estimate.
2. Estimated recurrent government expenditure on social welfare is \$79.8 billion in 2018-19 (2.8% of nominal GDP in 2018), accounting for 19.6% of estimated recurrent government expenditure and is 21.3% or \$14.0 billion higher than the 2017-18 revised estimate.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

- (i) \$210 million in 2018-19 (\$502 million full-year provisions w.e.f. 2019-20) is for enhancing dementia care and the support for needy carers of elderly persons.
- (ii) \$333 million in 2018-19 (\$352 million full-year provisions w.e.f. 2020-21) is for increasing the salaries of front-line care staff in service units of subsidised elderly services, rehabilitation services as well as family and child welfare services.
- (iii) \$160 million in 2018-19 (\$1,179 million in total from 2018-19 to 2023-24) is for enhancing the service quality of RCHEs and RCHDs, which mainly includes launching a five-year scheme to provide full subsidies for home managers, health workers and care workers of all RCHEs and RCHDs to enrol in Qualifications Framework-based training courses; launching a five-year scheme to provide full subsidies for all private RCHEs to join accreditation schemes; setting up district-based professional teams under a four-year pilot scheme to provide outreach services for residents in private RCHEs and RCHDs to support their social and rehabilitation needs; and conducting a consultancy study to review the existing licensing and regulatory regimes for RCHEs and RCHDs.

Appendix 2 (Cont'd)

- (iv) \$119 million in 2018-19 (\$238 million full-year provisions w.e.f. 2019-20) is for providing visiting medical practitioner services for residents of all residential care homes for the elderly (RCHEs) and residential care homes for persons with disabilities (RCHDs) in the territory.
- (v) \$72 million in 2018-19 (\$100 million full-year provisions w.e.f. 2019-20) is for providing 200 additional places for aided standalone child care centres and strengthening the care and support for children receiving residential child care services.
- (vi) \$29 million in 2018-19 (\$56 million full-year provisions w.e.f. 2019-20) is for enhancing services to strengthen the support for separated/divorced families, including the establishment of five centres throughout the territory to provide one-stop services on co-parenting and children contact.
- (vii) \$12 million in 2018-19 (\$50 million in total from 2018-19 to 2022-23) is for setting up a dedicated Special Needs Trust office to provide reliable and affordable trust services for parents of children with special needs, for managing the assets of these parents after their passing away, so that their assets can be used for meeting the long-term daily needs of their children.
- (viii) \$31 million in 2018-19 (\$63 million full-year provisions w.e.f. 2019-20) is for providing speech therapy services for needy elderly persons receiving residential care or community care services¹.
- (ix) \$28 million in 2018-19 (\$43 million full-year provisions w.e.f. 2019-20) is for strengthening the manpower of the Family and Child Protective Services Units of the Social Welfare Department for strengthening child protection and family support services, including outreach services and counselling and groups, as well as the manpower resources of non-governmental organisations (NGOs) providing the Educational Programme on Stopping Domestic Violence which support children witnessing or exposed to domestic violence, and help perpetrators and individuals with the risk of using violence to stop their violence and protect their children from harm.

¹ Apart from recurrent expenditure, the initiative will also involve a total time-limited provision of \$343 million (with \$21 million in 2018-19).

- (x) \$10 million in 2018-19 (\$20.5 million full-year provisions w.e.f. 2019-20) is for subsidising NGOs to set up five cyber youth support teams to reach out to hidden or at-risk youths, as well as to provide them and their families with early intervention and support services.
- (xi) \$7 million in 2018-19 (\$11 million full-year provisions w.e.f. 2019-20) is for increasing the number of quotas and the maximum amount of cash assistance for each beneficiary under the District Support Scheme for Children and Youth Development.

(b) Existing initiatives

- (i) Additional provisions of \$158 million in 2018-19 (\$582 million additional full-year provisions w.e.f. 2021-22) is for enhancing support for persons with disabilities (PWDs), mainly including –
 - \$94 million in 2018-19 (\$450 million additional full-year provisions w.e.f. 2021-22) is for providing additional 2 969 rehabilitation service places, including residential care services, day training and vocational rehabilitation services and pre-school rehabilitation services;
 - \$46 million in 2018-19 (\$92 million additional full-year provisions w.e.f. 2019-20) is for strengthening the support to PWDs in employment and enhancing care and support services for ageing service users in residential care, day training and vocational rehabilitation; and
 - \$16 million in 2018-19 (\$33 million additional full-year provisions w.e.f. 2019-20) is for strengthening community mental health support services on early prevention and risk management of the Integrated Community Centres for Mental Wellness, and enhancing the support for children of mentally-ill parents or hearing impaired parents.
- (ii) Additional provisions of \$18 million in 2018-19 (\$112 million additional full-year provisions w.e.f. 2021-22) is for increasing 333 subsidised residential care places and 290 day care places for the elderly as well as setting up a new neighbourhood elderly centre.

(c) Social Security

The expenditure on social security since 2013-14 is as follows –

| | 2013-14 (Actual) | 2014-15 (Actual) | 2015-16 (Actual) | 2016-17 (Actual) | 2017-18 (Revised Estimate) | 2018-19 (Estimate) |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---|-------------------------------|
| CSSA (\$ million)^ | 18,383 (19,496) | 19,548 (20,669) | 20,037 (22,313)# | 21,164 (22,308) | 20,629 (21,778) | 19,723 |
| SSA (\$ million)^ | 17,615 (18,883) | 17,179 (18,585) | 18,668 (21,673)# | 20,508 (22,123) | 22,266 (24,023) | 32,442 [@] |
| Total (\$ million)^* | 35,998 (38,379) | 36,727 (39,255) | 38,704 (43,987)# | 41,672 (44,431) | 42,895 (45,801) | 52,165 [@] |

[^] Expenditure in brackets included the one-month additional payments.

[#] Expenditure in brackets included the two-month additional payments.

^{*} Figures may not add up due to rounding.

[@] Figures include expenditure on the implementation of the Higher Old Age Living Allowance (Higher OALA) and the one-off lump-sum retrospective payment for eligible recipients of the Higher OALA for the period from May 2017 to March 2018.

Initiatives under non-recurrent and capital expenditure

(a) New initiatives

- (i) A total commitment of \$1,000 million (with \$10 million in 2018-19) is for setting up the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care.
- (ii) An additional total commitment of \$447 million, including the provisions of \$75 million in 2018-19 (2017-18 RE: \$85 million) is for extending the short-term food assistance service for three years to 2020-21.
- (iii) An additional total commitment of \$400 million, including the provisions of \$30 million in 2018-19 (2017-18 RE: \$50 million) is for injection into the Partnership Fund for the Disadvantaged.
- (iv) An additional total commitment of \$300 million (2017-18 RE: \$68 million) is for injection into the Child Development Fund.
- (v) \$250 million in 2018-19 is for setting up the Arts Development Fund for Persons with Disabilities.
- (vi) An additional total commitment with provisions of \$50 million in 2018-19 is for injection into the Trust Fund for Severe Acute Respiratory Syndrome.

Health

1. Estimated government expenditure on health amounts to \$78.0 billion in 2018-19 (2.8% of nominal GDP in 2018), accounting for 14.0% of estimated government expenditure, and is 9.5% or \$6.8 billion higher than the 2017-18 revised estimate (RE).
2. Estimated recurrent government expenditure on health is \$71.2 billion in 2018-19 (2.5% of nominal GDP in 2018), accounting for 17.5% of estimated recurrent government expenditure and is 13.3% or \$8.4 billion higher than the 2017-18 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

A. Hospital Authority (HA)

The Government will increase the recurrent funding for the HA progressively on a triennium basis having regard to population growth and demographic changes. The additional full-year recurrent provision will be \$10,830 million with effect from 2020-21. An additional one-off injection of \$500 million will be allocated to HA in 2018-19 for meeting service demand and relieving manpower shortage arising from the winter surge in 2017-18.

The overall recurrent subvention to HA in 2018-19 amounts to \$61.5 billion, representing an increase of 10.7% over the 2017-18 revised estimate (\$55.5 billion). The additional recurrent subvention is to implement new initiatives and enhance various types of services in HA including the following key measures –

(a) New initiatives

- (i) \$184 million for re-engaging healthcare professional retirees to provide service in various pressurised specialties for training and knowledge transfer, and recruiting non-locally trained doctors through limited registration subject to the approval by the Medical Council of Hong Kong to help alleviate manpower shortage;
- (ii) \$184 million for supporting healthcare training (including clinical practicum, specialty and higher training) and enhancing proficiency of healthcare professionals;

- (iii) \$31 million for enhancing psychiatric services;
- (iv) \$27 million for strengthening palliative care services;
- (v) \$25 million for strengthening the services of nurse clinics in specialist outpatient services;
- (vi) \$19 million for recruiting additional pharmacists to enhance clinical pharmacy services;
- (vii) \$18 million for phasing in measures on antimicrobial resistance;
- (viii) \$7 million for the set up of a Big Data Analytics Platform within HA;
- (ix) \$4 million per annum from 2018-19 to 2020-21 for supporting the Government to set up a steering committee to formulate strategies to effectively prevent and control viral hepatitis in Hong Kong; and
- (x) \$1 million for augmenting the Organ Donation Coordinators Team and reviewing internal procedures and standards to identify and prioritise areas of improvement.

(b) Existing initiatives

Key measures for enhancing existing services are highlighted below –

- (i) increasing around 500 additional hospital beds, operating theatres and endoscopy sessions;
- (ii) increasing radiological imaging services such as mammogram, Magnetic Resonance Imaging and Computer Tomography by providing additional attendances;
- (iii) enhancing frail elderly service by providing geriatric support to Accident & Emergency and early discharge planning support to improve timely discharge management;
- (iv) increasing the quota for general out-patient clinics by 55 000 in five clusters (namely, Kowloon Central Cluster, Kowloon East Cluster, Kowloon West Cluster, New Territories East Cluster, and New Territories West Cluster) in 2018-19 and a total of 99 000 in 2019-20, and increasing 1 500 specialist out-patient clinic attendances;

- (v) setting up a joint replacement centre to provide additional operations;
- (vi) enhancing the management and treatment of life-threatening diseases, including acute cardiac disease and acute stroke;
- (vii) strengthening the services for chronic diseases, including end stage renal failure, cancer and glaucoma;
- (viii) enhancing day services by providing additional attendances for day surgery and introducing perioperative assessment services to provide additional preoperative assessment clinic attendances;
- (ix) enhancing physiotherapy services for lower limb fracture and arthroplasty cases, stroke rehabilitation and multi-disciplinary rehabilitation for neurosurgical and neurology patients;
- (x) widening the scope of the HA drug formulary to improve the drug treatment for patients in public hospitals; and
- (xi) strengthening the HA Case Management Programme and expanding the Child and Adolescent Mental Health Community Support Project.

B. Department of Health

(a) New initiatives

- (i) \$3,156 million in 2018-19 (\$2,709 million full-year provision w.e.f. 2021-22) is for the Elderly Health Care Voucher Scheme. Of this, about \$796 million is for the new initiatives for provision of one-off \$1,000 vouchers to eligible elders in 2018 and increase in accumulation limit from \$4,000 to \$5,000;
- (ii) \$208 million in 2018-19 (\$136 million full-year provision w.e.f. 2018-19) is for topping up the provision of health screening services at Boundary Control Points;
- (iii) \$100 million in 2018-19 (full-year provision from 2018-19 onwards) is for implementing the new Non-communicable Diseases Strategy and mental health destigmatisation campaign;

Appendix 3 (Cont'd)

- (iv) \$36 million in 2018-19 (\$17 million full-year provision w.e.f. 2019-20. \$116 million time-limited provision for five years from 2018-19 to 2022-23) is for setting up a new Alcohol Enforcement and Publicity Office to enforce the legislation of restricting the sale and supply of alcohol to minors and to provide publicity and education to prepare for and support regulatory control;
- (v) \$28 million in 2018-19 (\$11 million full-year provision w.e.f. 2020-21. \$75 million time-limited provision for five years from 2018-19 to 2022-23) is for the development of Chinese Medicine, including the operation of the Government Chinese Medicines Testing Institute;
- (vi) \$18 million in 2018-19 (\$17 million full-year provision w.e.f. 2019-20) is for implementing health promotion programmes in schools;
- (vii) \$18 million in 2018-19 (\$5 million full-year provision w.e.f. 2021-22) is for increasing the subsidy level for each dose of PCV 13 to high-risk elders administered under the Vaccination Subsidy Scheme;
- (viii) \$16 million in 2018-19 (\$142 million full-year provision w.e.f. 2027-28. \$31 million time-limited provision for six years from 2018-19 to 2023-24) is for strengthening and enhancing DH's capabilities in IT security and management; and carrying out service enhancements and organisational transformation through the increased use of IT as recommended in an Information System Strategy Study;
- (ix) \$13 million in 2018-19 (\$7 million full-year provision w.e.f. 2020-21. \$10 million time-limited provision for three years from 2018-19 to 2020-21) is for setting up a designated office under Special Preventive Programme for mapping out effective solutions to prevent and control viral hepatitis and providing secretariat support to the Steering Committee for Viral Hepatitis Control;
- (x) \$11 million in 2018-19 (\$11 million full-year provision w.e.f. 2021-22. \$14 million time-limited provision for three years from 2018-19 to 2020-21) is for the implementation of the Medical Registration (Amendment) Bill 2017 and reinforcing the secretariat support to the Dental Council of Hong Kong to expedite the handling of complaints and disciplinary inquiries;

- (xi) \$10 million in 2018-19 (full-year provision from 2018-19 onwards) is for enhancing the service delivery of the Tuberculosis and Chest Service;
- (xii) \$10 million in 2018-19 (\$8 million full-year provision w.e.f. 2019-20) is for funding the inflation adjustment of specialist supplies for Public Health Laboratory Service Branch; and
- (xiii) \$10 million in 2018-19 (\$54 million time-limited provision for three and a half years from 2018-19 to 2021-22) is for implementing the “Project on Dental Services for Patients with Intellectual Disability”.

(b) Existing initiatives

- (i) \$153 million in 2018-19 (increased by \$83 million from 2017-18) is for topping up the drug cost; and
- (ii) \$51 million in 2018-19 (increased by \$51 million from 2017-18) is for increasing the provision for developing the pilot colorectal cancer screening programme and other cancer-related projects and preparing for regularisation of the programme to cover for persons at specified ages.

C. Health Branch

(a) New initiatives

- (i) \$44 million in 2018-19 (\$30 million full-year provision w.e.f. 2022-23 and total time-limited allocation of \$81 million for nine years from 2018-19 to 2026-27) is for taking forward initiatives related to the development of Chinese medicine include –
 - \$26 million for fostering professional development and providing training courses;
 - \$7 million for setting up a dedicated unit under FHB to oversee the policy matters including the development of Chinese medicine;
 - \$7 million for consultancy study and public engagement exercises for the development of CMH; and
 - \$4 million for setting up Chinese Medicine Hospital Project Office (CMHPO) to oversee the development of the Chinese Medicine Hospital (CMH);

- (ii) \$35 million in 2018-19 (\$8 million full-year provision w.e.f. 2023-24) is for the new primary care initiatives, including establishment of a “District Health Centre” in Kwai Tsing District; and
- (iii) \$22 million in 2018-19 (\$12 million full-year provision w.e.f. 2022-23) is for setting up a Voluntary Health Insurance Scheme (VHIS) Office to take forward the VHIS at its initial stage of implementation and engage publicity and consultancy for VHIS.

Initiatives under non-recurrent and capital expenditure

(a) New initiative

- (i) A total commitment of \$500 million with provision of \$25 million in 2018-19 is for meeting the cash flow requirement of the Chinese Medicine Development Fund.

(b) Existing initiatives

- (i) A provision of \$925 million in 2018-19 (2017-18 RE: \$874 million) is for HA to procure equipment and implement computerisation projects; and
- (ii) A total commitment of \$2,915 million with provision of \$225 million in 2018-19 (2017-18 RE: \$185 million) is for meeting the cash flow requirement of the Health and Medical Research Fund.