

## 2020-21 Budget

### (1) Introduction

In view of the tough economic environment and amid the challenges posed to Hong Kong by the social incidents and the novel coronavirus outbreak, the 2020-21 Budget has adopted an expansionary fiscal stance with a massive scale of counter-cyclical measures to help Hong Kong tide over the difficulties. The focus of this Budget is to “support enterprises, safeguard jobs, stimulate the economy and relieve people’s burden”. With an optimal use of the Government’s fiscal reserves, the Budget aims also to maintain the economy’s growth and vibrancy, promote social development, and rise to challenges in the future.

### (2) Overview

#### (i) Key Figures

	<b>2019-20 Revised Estimate (\$ billion)</b>	<b>2020-21 Estimate (\$ billion)</b>	<b>Increase</b>
Operating expenditure	528.2	617.7	16.9%
- of which, recurrent government expenditure	442.4	486.6	10.0%
Capital expenditure	83.2	113.4	36.3%
- of which, capital works expenditure	64.2	74.0	15.3%
Government expenditure	611.4	731.1	19.6%
Government revenue	567.3	572.5	0.9%
Consolidated deficit after issuance and repayment of bonds and notes	37.8	139.1	267.7%

GDP in nominal terms is forecast to increase by 0.5% to 2.5% in 2020.

- (ii) The cumulative growths and trend growths for government expenditure, revenue and nominal GDP from 2015-16 to 2020-21 are as follows –

	<b>2015-16 Actual (\$ billion)</b>	<b>2020-21 Estimate (\$ billion)</b>	<b>2020-21 Versus 2015-16 Cumulative Growth</b>	<b>Trend Growth</b>
Recurrent government expenditure, of which	324.5	486.6	49.9%	8.4%
- Education	72.4	99.6	37.6%	6.6%
- Social Welfare	58.3	93.9	61.2%	10.0%
- Health	56.5	87.1	54.3%	9.1%
Government expenditure	435.6	731.1	67.8%	10.9%
Government revenue	450.0	572.5	27.2%	4.9%
Nominal GDP	2,398.3	2,911.2	21.4%	4.0%

- (iii) The comparison of the growth of government expenditure with nominal GDP from 1997-98 and 2015-16 to 2020-21 is as follows –

	<b>2020-21 Versus</b>	
	<b>1997-98</b>	<b>2015-16</b>
Government expenditure - cumulative growth	+276.2%	+67.8%
Nominal GDP - cumulative growth	+112.0%	+21.4%

- (iv) It is estimated that the 2020-21 Budget, together with the additional helping measures introduced since August 2019, would have a stimulus effect on the Hong Kong economy of around 3% of GDP.

**(3) Recurrent Government Expenditure**

- (i) Recurrent government expenditure in 2020-21 is \$486.6 billion, higher than the 2019-20 Revised Estimate by 10.0% or \$44.2 billion. The comparisons with 1997-98 and 2015-16 are as follows –

	<b>2020-21 Versus</b>	
	<b>1997-98</b>	<b>2015-16</b>
Recurrent government expenditure - cumulative growth	+225.7%	+49.9%

- (ii) The continued increase in recurrent government expenditure provides resources for implementing new and existing services, reflecting Government’s long term commitment towards the development of the economy and well-being of the community.
- (iii) 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 –

	<b>2018-19 Actual (\$ billion)</b>	<b>2019-20 Revised Estimate (\$ billion)</b>	<b>2020-21</b>		
			<b>Estimate (\$ billion)</b>	<b>versus 2019-20</b>	<b>versus 2015-16</b>
Education	85.5	92.4	99.6	+7.8%	+37.6%
Social Welfare	79.5	82.3	93.9	+14.2%	+61.2%
Health	72.5	82.7	87.1	+5.4%	+54.3%
<b>Total</b>	<b>237.5</b>	<b>257.4</b>	<b>280.6</b>	<b>+9.1%</b>	<b>+49.9%</b>

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

**(4) Capital Works Expenditure**

- (i) 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.
- (ii) By end March 2020, the estimated total outstanding commitment for on-going capital works projects will be about \$390.6 billion.
- (iii) The estimated expenditure for 2020-21 is \$74.0 billion. The revised estimate for 2019-20 is \$64.2 billion.
- (iv) There are some 120 new projects and projects that seek to increase in approved projects estimates (total value of about \$200 billion) under the Capital Works Programme with estimated expenditure to be incurred in 2020-21 subject to LegCo's funding approval. They are related to healthcare, housing and land supply, recreation and district facilities, and education etc. which are closely linked with people's daily lives.

## (5) Key Expenditure and Revenue Proposals in the 2020-21 Budget

Proposal	Annual/ Total Amount \$m	Beneficiary
<b>I. Policy Address Major Initiatives</b>		
1. Construct in Tseung Kwan O the first Chinese Medicine Hospital (CMH) in Hong Kong and the permanent Government Chinese Medicines Testing Institute (GCMTI)	<sup>+</sup> 15,175	CMH – Hong Kong residents  GCMTI – Chinese medicine industry
2. Provide Special Helping Measures to outlying island ferry routes, and launch a new Vessel Subsidy Scheme to replace the fleets of and introduce greener vessels for the majority of the ferry routes	<sup>^</sup> 6,897 <sup>*</sup> 261	Passengers of outlying island ferry services
3. Increase transitional housing supply	<sup>^</sup> 6,300 <sup>#</sup> 190	Needy families living in transitional housing projects implemented by Non-Government Organisations that are supported by the Transport and Housing Bureau
4. Introduce a new 90% loan guarantee product under the SME Financing Guarantee Scheme with \$33 billion as the guarantee commitment	<sup>^</sup> 5,400 <sup>1</sup>	Smaller-sized enterprises, business with relatively little operating experience, and professionals seeking to set up their own practices
5. Inject an additional \$3.5 billion into the “Fire Safety Improvement Works Subsidy Scheme”	<sup>^</sup> 3,500	Owners of about 3 500 to 4 000 eligible old composite buildings
6. Promote green transportation	<sup>^</sup> 3,347 <sup>#</sup> 117	General public

<sup>1</sup> This represents the estimated maximum expenditure to be incurred by the Government.

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

<sup>^</sup>: total for non-recurrent measure; +: capital item; Ω: annual amount for revenue foregone

Proposal	Annual/ Total Amount \$m	Beneficiary
7. Inject an additional \$3 billion into “Operation Building Bright 2.0”	^3,000	Owner-occupiers of eligible residential and composite buildings
8. Construct and plan to install additional dry weather flow interceptors and enhance sewerage system with a view to enhancing water quality	+2,418	General public
9. Regularise the provision of a student grant	*2,261	Secondary day school, primary school and kindergarten (KG) students
10. Inject an additional \$2 billion into the Lift Modernisation Subsidy Scheme	^2,008	Eligible owners of private residential / composite buildings
11. Inject an additional \$2 billion into the Building Maintenance Grant Scheme for Elderly Owners	^2,000	Owner-occupiers who are (a) elderly aged 60 or above; (b) Disability Allowance recipients; or (c) Comprehensive Social Security Assistance (CSSA) recipients
12. Take forward the District Open Space, Sports Centre cum Public Vehicle Park project at Sze Mei Street in San Po Kong	+1,836	General public
13. Promote a pedestrian-friendly environment	+1,666 *23	General public
14. Waive the tolls of connecting roads to Lantau, Tseung Kwan O Tunnel and the to-be-commissioned Tseung Kwan O–Lam Tin Tunnel	Ω990 *388 #87	Users of the relevant roads and tunnels

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Proposal	Annual/ Total Amount \$m	Beneficiary
15. Introduce an Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education	^1,260	Eligible self-financing institutions offering designated sub-degree or undergraduate programmes that meet market needs but require high start-up costs
16. Enhance primary healthcare development and implement the “DHC Express” Scheme	*654 ^596 #8	General public
17. Set up a Smart Traffic Fund	^1,150 #16	Research and development (R&D) institutes, motorists and the general public
18. Inject an additional \$1 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales	^1,000	Non-listed enterprises
19. Inject an additional \$1 billion into the Export Marketing and Trade and Industrial Organisation Support Fund to enhance the SME Export Marketing Fund	^1,000	Small and medium enterprises (SMEs)
20. Implement a time-limited programme to carry out simple minor internal conversion works at aided school premises constructed according to past building standards	+1,000	Some 600-odd aided school premises constructed according to past building standards
21. Improve the CSSA Scheme	*960	CSSA recipients
22. Increase the subsidy rate under the Public Transport Fare Subsidy Scheme and the monthly subsidy cap	*800	General public
23. Transform public play spaces under the Leisure and Cultural Services Department (LCSD)	+622 *16	Children and their caretakers enjoying LCSD’s playgrounds

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Proposal	Annual/ Total Amount \$m	Beneficiary
24. Provide a total of about 3 800 additional places in day rehabilitation service units and residential rehabilitation service units	*628	Persons with disabilities
25. Targeted Taught Postgraduate Programmes Fellowships Scheme	^571	Up to 4 500 local students for 5 cohorts in total
26. Carry out studies related to artificial islands in the central waters under the Lantau Tomorrow vision	+550	General public
27. Inject an additional \$500 million into the Social Innovation and Entrepreneurship Development Fund (funded by the Lotteries Fund)	+500	Children and youth, elderly, persons with disabilities, ethnic minorities, low-income families, and other people in need
28. Inject an additional \$500 million into the Community Investment and Inclusion Fund	^500	Individuals, families, organisations and the community at large, benefiting more than 140 000 people
29. Raise all payment rates of Working Family Allowance Scheme	*460	About 60 000 low-income working households who are not on CSSA
30. Launch a subsidy scheme to encourage property owners and management agents to implement Water Safety Plan for Buildings at their premises	^440 #12	Eligible owners of private residential / composite buildings
31. Introduce a pilot subsidy scheme for third party logistics service providers	^345	About 300 third party logistics service providers
32. Combat climate change and promote the development of renewable energy	+262 #65 ^14 *3	General public, schools and non-governmental welfare organisations

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Proposal	Annual/ Total Amount \$m	Beneficiary
33. Extend the Cleaner Production Partnership Programme to March 2025	^311	Hong Kong-owned factories
34. Provide additional service places under the on-site pre-school rehabilitation services (OPRS)	*306	Pre-school children with special needs attending KGs / kindergarten-cum-child care centres (KC-cum-CCCs) joining OPRS; teachers and child care workers of the KGs / KG-cum-CCCs concerned; and parents of the pre-school children concerned
35. Provide additional service quota under the Integrated Home Care Services (Frail Cases)	*303	Around 3 000 frail elderly persons aged 60 or above
36. Extend the coverage of the Researcher Programme and Postdoctoral Hub to all technology companies conducting R&D activities in Hong Kong	+283	Personnel engaged in R&D work, especially young people; and technology companies conducting R&D activities in Hong Kong
37. Strengthen the support for “national sports associations” (NSAs)	*216 #5	60 NSAs as well as athletes and members of the public participating in the subvented trainings and programmes
38. Provide an additional 1 000 service vouchers under the Pilot Scheme on Community Care Service Voucher for the Elderly (funded by the Lotteries Fund)	+186	Around 1 000 frail elderly persons aged 60 or above

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Proposal	Annual/ Total Amount \$m	Beneficiary
39. Expedite land use reviews and resume private land by invoking the Lands Resumption Ordinance and other applicable ordinances with a view to boosting land supply for public housing development	#181	General public
40. Develop yard waste processing centre and explore turning yard waste into biochar products	#140 +41	General public
41. Re-plan the coastal development of Tuen Mun West	+179	General public
42. Launch a pilot scheme to provide a retention allowance to the elderly aged 60 or above, young people and persons with disabilities engaged under the employment programmes of the Labour Department	#154	About 3 500 elderly aged 60 or above, young people and persons with disabilities annually
43. Provide some 1 200 additional service places in Special Child Care Centres and Early Education and Training Centres	*150	Pre-school children with special needs and their parents / guardians / family members
44. Enhance after school care programme	*134	More than 5 700 primary students (including those with special education needs) and their families
45. Strengthen support for ethnic minorities	#65 *49 ^15	Ethnic minorities and stakeholders providing services to them
46. Press ahead with the ecological civilisation construction in the Greater Bay Area	#84 +39	General public
47. Consolidate Hong Kong's position as a hub for deal-making and a centre of international legal and dispute resolution services in the Asia-Pacific Region	*62 #59	Legal sector

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<b>Proposal</b>	<b>Annual/ Total Amount \$m</b>	<b>Beneficiary</b>
48. Increase the financial eligibility limit of the Ordinary Legal Aid Scheme and Supplementary Legal Aid Scheme	*104	General public
49. Regularise the additional dedicated allocation for the promotion of arts and cultural activities under the community involvement programme	*21	Residents of 18 districts
50. Increase progressively the annual provision for the Rural Public Works Programme	+20	All public members, in particular residents in the rural area of the New Territories
51. Increase the annual recurrent provision for District-led Actions Scheme	*17	Residents of 18 districts
52. Increase the allocation for public education on rehabilitation	*7	General public

**Total Financial Implications of  
Policy Address Major Initiatives (I)**

**74,427**

Involving –	
Operating Expenditure	<b>48,660</b>
- <i>Recurrent measures</i>	9,006
- <i>Non-recurrent measures</i>	39,654
Capital Expenditure	<b>24,777</b>
Revenue Foregone	<b>990</b>

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Proposal	Annual/ Total Amount \$m	Beneficiary
<b>II. Budget Proposals</b>		
<b>(A) One-off Relief Measures</b>		
<b><u>Expenditure Measures</u></b>		
53. Cash payout scheme	^71,008 #138	Hong Kong permanent residents aged 18 or above
54. Pay the examination fees for school candidates sitting for the 2021 Hong Kong Diploma of Secondary Education Examination (HKDSE)	^151	About 44 100 HKDSE school candidates
Sub-total for Expenditure Measures	71,297	
<b><u>Revenue Measures</u></b>		
55. Reduce salaries tax and tax under personal assessment for the year of assessment 2019/20 by 100%, subject to a ceiling of \$20,000	18,800	1.95 million taxpayers
56. Waive rates for four quarters of 2020-21 subject to a ceiling of –		
<u>For each rateable domestic property</u> \$1,500 per quarter	13,300	2.93 million domestic properties liable to rates
<u>For each rateable non-domestic property</u> \$5,000 per quarter in the first two quarters and \$1,500 per quarter in the remaining two quarters	3,200	420 000 non-domestic properties liable to rates
57. Waive the business registration fees for 2020-21	3,000	1.5 million business operators
58. Reduce profits tax for the year of assessment 2019/20 by 100%, subject to a ceiling of \$20,000	2,000	141 000 taxpayers

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^: total for non-recurrent measure; +: capital item; Ω: annual amount for revenue foregone

Proposal	Annual/ Total Amount \$m	Beneficiary
59. Waive fees for annual registration (except for late delivery) for two years	212	About 1.4 million companies
60. Waive the examination fees for pigs to be paid by slaughterhouse licensees for one year	10	2 slaughterhouse licensees
Sub-total for Revenue Measures	40,522	
<b>Total for One-off Relief Measures</b>	<b>111,819</b>	

**(B) Extension of Helping Measures to Support Enterprises, Safeguard Jobs and Relieve People's Burden**

**Expenditure Measures**

61. Provide an equivalent of one month extra allowance to recipients of social security payments; and apply similar arrangements to recipients of Individual-based Work Incentive Transport Subsidy (I-WITS)	^4,225	About 1.39 million persons eligible for social security payments and 27 000 I-WITS recipients
62. Provide electricity charge subsidy to non-residential electricity accounts for four more months	^2,900	Around 430 000 non-residential electricity account holders
63. Pay one month's rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority (HKHA) and the Hong Kong Housing Society (HKHS)	^1,829	About 760 000 households living in HKHA's public rental units; and about 30 000 households living in public rental units of HKHS Group A estates and Elderly Persons' Flats of HKHS Group B estates

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^: total for non-recurrent measure; +: capital item; Ω: annual amount for revenue foregone

<b>Proposal</b>	<b>Annual/ Total Amount \$m</b>	<b>Beneficiary</b>
64. Provide rental subsidy for six more months for recycling enterprises through the Recycling Fund	^100	Around 500 street-corner recycling stores and 400 open recycling sites
Sub-total for Expenditure Measures	<hr/> 9,054 <hr/>	
<b><u>Revenue Measures</u></b>		
65. Reduce rental and fees by 50% for six more months for eligible tenants of government properties, lands, and EcoPark, etc.	573	Around 16 800 tenants and operators
66. Waive 75% water and sewage charges for four more months for non-domestic households	340	Around 250 000 non-domestic households
67. Reduce fee by 50% for six more months for eligible operators of properties covered by short-term waivers	265	3 211 waiver holders
68. Reduce the basic hire charges by 50% for six more months for facilities of civic centres managed by LCSD	23	Some 2 900 hirers of LCSD civic centre facilities
69. Reduce fees and rent for six more months for cruise lines and existing tenants of the Kai Tak Cruise Terminal	18	71 ship calls and 5 existing tenants
Sub-total for Revenue Measures	<hr/> 1,219 <hr/>	
<b>Total for Extension of Helping Measures</b>	<hr/> <b>10,273</b> <hr/>	
<b>Total for One-off Relief / Helping Measures (A+B)</b>	<hr/> <b>122,092</b> <hr/>	

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Proposal	Annual/ Total Amount \$m	Beneficiary
<b>(C) Budget Measures with Long-term Effects</b>		
<b><u>Expenditure Measures</u></b>		
70. Develop the Lok Ma Chau Loop and provide funding support for Hong Kong-Shenzhen Innovation and Technology Park in Lok Ma Chau Loop	+30,519	Innovation and technology sector
71. Introduce a concessionary low-interest loan under the SME Financing Guarantee Scheme under which 100% guarantee will be provided by the Government	^5,625 <sup>2</sup>	Local enterprises affected by the recent novel coronavirus outbreak
72. Provide funding support for the Hong Kong Science and Technology Parks Corporation to take forward Phase 2 of the Science Park Expansion Programme	+3,000	Innovation and technology sector
73. Inject an additional \$2.5 billion into the Employees Retraining Fund for enhancement and extension of the “Love Upgrading Special Scheme” and upward adjustment of statutory cap of retraining allowance from \$4,000 to \$5,800 per month per trainee	^2,500	10 000 employees taking part in the new tranche of the “Love Upgrading Special Scheme”, and over 40 000 graduated trainees of relevant eligible courses annually
74. Provide funding support for the Hospital Authority for enhancing staff retention measures	*1,044 #473	Public health sector and general public

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<sup>2</sup> This represents the estimated maximum expenditure to be incurred by the Government.

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Proposal	Annual/ Total Amount \$m	Beneficiary
75. Inject an additional \$900 million into Art Development Matching Grants Scheme	^900	Graduated Springboard Grantees under the Arts Capacity Development Funding Scheme, 9 major performing arts groups, the Hong Kong Arts Festival Limited, the Hong Kong Arts Development Council (HKADC), and small- / medium-sized arts groups applying for HKADC's Matching Fund Scheme
76. Provide additional resources to –		Tourism industry
- Hong Kong Tourism Board for taking forward tourism promotion initiatives to relaunch Hong Kong and restore visitors' confidence in the city	#765	
- Tourism Commission for funding tourism support and promotion measures	#26	
77. Implement the initiative “Vision 2030 for Rule of Law”	^294 #120 +18	Stakeholders including youths, legal practitioners and academic experts from Hong Kong and beyond
78. Introduce waste paper collection and recycling services	*300	Waste paper recycling industry
79. Establish a Green Tech Fund	^200	Eligible local research institutes and R&D centres
80. Provide additional funding to Hong Kong Trade Development Council to give more support to SMEs	#150	Local SMEs

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Proposal	Annual/ Total Amount \$m	Beneficiary
81. Develop an integrated Capital Works Platform	+100	B/Ds managing capital works projects; and consultants and contractors involving in government works projects
82. Inject \$85 million into the Short-term Food Assistance Service Projects	^85	Over 20 000 beneficiaries including individuals or families who have proven difficulties coping with daily food expenditure
83. Implement a pilot scheme for of electric public light buses	^80	General public
84. Provide soft meals for elderly persons with swallowing problem who are receiving subsidised residential care service or subsidised community care and support services	*75	Around 11 800 eligible elderly persons
85. Establish a Geospatial Lab	^60	Younger generation and start-ups including application developers

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 ^: total for non-recurrent measure; +: capital item; Ω: annual amount for revenue foregone

Proposal	Annual/ Total Amount \$m	Beneficiary
86. Enhance residential child care services and provide air-conditioning for all activity areas of subvented day service units	*56	<p data-bbox="1134 338 1437 454"><u>Enhancement of residential child care services</u></p> <p data-bbox="1134 499 1473 969">Children aged between 4 and 18 who benefit from 24 small group home (SGH) places and 3 emergency / short-term places in SGH, and more than 100 children receiving residential care services from SGHs for mildly mentally handicapped children</p> <p data-bbox="1134 1014 1461 1211"><u>Provision of air-conditioning for all activity areas of subvented day service units</u></p> <p data-bbox="1134 1256 1473 1406">More than 1 million service users from over 1 100 subvented day service units</p>
87. <u>Internship Schemes</u>		
- Launch an internship scheme for STEM students of local universities (funded by the Innovation and Technology Fund)	#40	STEM students from UGC-funded universities who undertake innovation and technology related internship
- Enhance youth internship placements provided by the Government and public organisations	#11	About 400 youths

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<b>Proposal</b>	<b>Annual/ Total Amount \$m</b>	<b>Beneficiary</b>
88. Raise the on-the-job training allowance payable to employers under the Labour Department's employment programmes with a view to promoting the employment of the elderly, young people and persons with disabilities	*30	About 4 000 elderly aged 60 or above, young people and persons with disabilities annually
89. Enhance the Technology Voucher Programme	+20	Eligible local entities aiming to enhance productivity or upgrade or transform their business processes using technological services and solutions
90. Host the first International Summit on Project Governance in Hong Kong	#5	(a) B/Ds managing capital works projects; (b) clients, consultants and contractors in construction industry; (c) professional institutions, trade association and academia; and (d) airline, hospitality and catering service
Sub-total for Expenditure Measures	46,496	

**Revenue Measures**

91. Waive the stamp duty on stock transfers paid by Exchange Traded Fund (ETF) Market Makers in the course of creating and redeeming ETF units listed in Hong Kong	Ω400	ETF Market Makers registered with the HKEX
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Proposal	Annual/ Total Amount \$m	Beneficiary
92. Reduce incorporation fees for electronic submission services	<sup>Ω</sup> 12	Companies to be incorporated
93. Plan to provide tax concession for carried interest	<i>Unable to estimate</i> <sup>3</sup>	Private equity funds operating in Hong Kong
Sub-total for Revenue Measures	<u>412</u>	
<b>Total for Budget Measures with Long-term Effects</b>	<b><u>46,908</u></b>	
<b>Total Financial Implications of Budget Measures before Issuance of Bonds (A+B+C)</b>	<b><u>169,000</u></b>	
 <b>(D) Issuance of Bonds</b>		
94. Issue green bonds under the Government Green Bond Programme (for 5 years)	66,300	Investors and financial services sector
<b>Total Financial Implications of Budget Measures after Issuance of Bonds (II) (A+B+C+D)</b>	<u>235,300</u>	
<b>Grand Total (Policy Address Major Initiatives and Budget Measures) (I+II)</b>	<b><u>309,727</u></b>	

<sup>3</sup> The financial implication would be subject to the details of the proposal to be drawn up.

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**(6) Medium Range Forecast**

(\$ billion)	2019-20 Revised Estimate	2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Operating Deficit	(118.0)	(183.0)	(48.5)	(49.1)	(55.8)	(55.7)
Capital Surplus	73.9	24.4	20.0	20.4	28.4	44.4
Net proceeds from issuance of green bonds under the Government Green Bond Programme	7.8	19.5	11.7	11.7	11.7	11.7
Repayment of bonds and notes	(1.5)	-	-	-	-	(7.8)
<b>Consolidated deficit after issuance and repayment of bonds and notes</b>	<b>(37.8)</b>	<b>(139.1)</b>	<b>(16.8)</b>	<b>(17.0)</b>	<b>(15.7)</b>	<b>(7.4)</b>

<b>Fiscal reserves at 31 March</b>	<b>1,133.1</b>	<b>994.0</b>	<b>977.2</b>	<b>960.2</b>	<b>944.5</b>	<b>937.1</b>
In terms of no. of months of government expenditure	22	16	17	15	15	15
In terms of % of GDP	39.5%	34.1%	32.0%	29.9%	28.0%	26.5%

Appendices – Major Policy Area Group Expenditure

1. Education
2. Social Welfare
3. Health

### Education

1. Estimated government expenditure on education amounts to \$112.3 billion in 2020-21, accounting for 15.4% of total estimated government expenditure, and is 10.8% or \$13.6 billion lower than the 2019-20 revised estimate (RE).
2. Estimated recurrent government expenditure on education is \$99.6 billion in 2020-21, accounting for 20.5% of total estimated recurrent government expenditure and is 7.8% or \$7.2 billion higher than the 2019-20 RE.
3. The key initiatives are highlighted below –

#### Initiatives under recurrent government expenditure

##### (a) New initiatives

- (i) \$2,258 million in 2020-21 (\$2,261 million full-year provision w.e.f. 2021-22) is for the regularisation of providing a student subsidy of \$2,500 per student attending day-schools in kindergartens, primary schools, secondary schools and special schools starting from 2020/21 school year.
- (ii) \$210 million in 2020-21 (\$360 million full-year provision w.e.f. 2021-22) is for implementing enhancement measures relating to professional development of teachers including the recommendations proposed by the Task Force on Professional Development of Teachers (for example, improving the manpower of vice-principals in public sector primary and secondary schools (including special schools) and including the additional teaching posts generated from the 0.1 increase in teacher-to-class ratio from the 2017/18 school year in the calculation of promotion posts in public sector secondary schools (including special schools with a secondary section) starting from the 2020/21 school year).
- (iii) \$36 million in 2020-21 (\$67 million full-year provision w.e.f. 2022-23) is for enhancing the provisions for the boarding sections of special schools starting from the 2020/21 school year.
- (iv) \$6 million in 2020-21 (\$62 million full-year provision w.e.f. 2023-24) is for implementing evidence-based autism spectrum disorders (ASD)-specific intervention strategies in a 3-tier intervention model by phases in public sector ordinary primary and secondary schools.

(b) Existing initiatives

- (i) Additional provision of \$653 million in 2020-21 (\$800 million additional full-year provision w.e.f. 2024-25) is for improving the support initiatives under the integrated education policy by restructuring the additional resources provided for all public sector ordinary schools under the Learning Support Grant, Intensive Remedial Teaching Programme and Integrated Education Programme, upgrading the rank of Special Educational Needs Coordinators in schools with a comparatively large number of students with special educational needs (SEN), extending the Enhanced School-based Educational Psychology Service and enhancing the School-based Speech Therapy Services.
- (ii) \$1,499 million in 2020-21 (2019-20 RE: \$877 million; \$1,499 million full-year provision w.e.f. 2020-21) is for implementing the all-graduate teaching force policy in public sector primary and secondary schools (including special schools).
- (iii) \$906 million in 2020-21 (2019-20 RE: \$680 million; \$904 million full-year provision w.e.f. 2023-24) is for providing the recurrent Life-wide Learning Grant to support public sector and Direct Subsidy Scheme (DSS) schools to promote life-wide learning with enhanced effort.
- (iv) \$138 million in 2020-21 (2019-20 RE: \$22 million; \$251 million full-year provision w.e.f. 2024-25) is for taking forward initiatives in enhancing the research development of the higher education sector including increasing the annual quota for the existing Hong Kong PhD Fellowship Scheme and introducing three new fellowship schemes for outstanding academics.
- (v) \$570 million in 2020-21 (2019-20 RE: \$332 million; \$569 million full-year provision w.e.f. 2023-24) is for providing additional resources to strengthen the administrative support for public sector and DSS schools, and their management committees.
- (vi) \$62 million in 2020-21 (2019-20 RE: \$31 million; \$110 million full-year provision w.e.f. 2022-23) is for providing funding for the Vocational Training Council (VTC) to implement the regularised Training and Support Scheme (TSS) with 1 200 training places per cohort with increased subsidy and enhancing support services to SEN students.

- (vii) \$25 million in 2020-21 (2019-20 RE: \$22 million; \$26 million full-year provision w.e.f. 2023-24) is for providing more funding to Federations of Parent-Teacher Associations and Parent-Teacher Associations of schools for organising more community-based and school-based parent education programmes or activities.
- (viii) \$44 million in 2020-21 (2019-20 RE: \$34 million; \$73 million full-year provision w.e.f. 2021-22) is for regularisation of the Mainland University Study Subsidy Scheme.
- (ix) \$106 million in 2020-21 (2019-20 RE: \$73 million ; \$124 million full-year provision w.e.f. 2021-22) is for expanding the coverage of the Study Subsidy Scheme for Designated Professions/Sectors to about 2 000 students pursuing designated full-time locally accredited self-financing sub-degree programmes in selected disciplines per cohort.
- (x) \$162 million in 2020-21 (2019-20 RE: \$95 million; \$164 million full-year provision w.e.f. 2023-24) is for including the teaching posts converted from the Senior Secondary Curriculum Support Grant and the Career and Life Planning Grant in the calculation of promotion posts in public sector secondary schools.
- (xi) The new kindergarten education policy has been implemented since the 2017/18 school year. The recurrent expenditure on pre-primary education is estimated to be \$6.9 billion in 2020-21 (2019-20 RE: \$6.8 billion).

### Initiatives under non-recurrent and capital expenditure

#### (a) New initiatives

- (i) A total commitment<sup>1</sup> of \$1,260 million (with \$90 million cash flow in 2020-21) is for launching a new “Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education” to provide financial assistance to independent self-financing post-secondary institutions for launching and improving programmes that have high market relevance or are in line with the Government’s identified human resources needs.

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<sup>1</sup> For new non-recurrent (NR) items / capital projects with cash flow for more than one year.

- (ii) A total commitment of \$571 million (with \$60 million cash flow in 2020-21) is for a new Targeted Taught Postgraduate Programmes Fellowships Scheme to be implemented on a pilot basis for five cohorts starting from the 2020/21 academic year.
  - (iii) A total commitment of \$20 million (with \$4 million cash flow in 2020-21) is for launching a pilot programme for three years starting from the 2020/21 academic year to subsidise trainees under the TSS implemented through the VTC to take part in study and exchange programmes outside Hong Kong.
  - (iv) A total commitment of \$15 million (with \$3 million cash flow in 2020-21) is for specific parent education programmes for parents of non-Chinese-speaking students.
  - (v) A total commitment of \$800 million (with \$9 million cash flow in 2020-21) is for launching a programme to assist aided schools in the conduct of building and windows inspections and related follow-up works.
  - (vi) \$106 million in 2020-21 (total provision of \$1 billion by 2025-26) is for supporting simple minor internal conversion works for some 600 aided schools.
  - (vii) A total commitment of \$151 million (with about \$151 million cash flow in 2020-21) is for payment of examination fees for school candidates sitting for the 2021 Hong Kong Diploma of Secondary Education Examination.
- (b) Existing initiatives<sup>2</sup> –
- (i) A total commitment of \$434 million and cash flow of \$82 million in 2020-21 (2019-20 RE: \$54 million) is for continuing to implement the Pilot Subsidy Scheme for Students of Professional Part-time Programmes to provide tuition fee subsidy for students admitted to designated part-time “Architecture and Town Planning” and “Engineering and Technology” programmes offered by the VTC from the 2019/20 to the 2021/22 academic years with an expanded scope to also cover “Creative Industries” programmes.

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<sup>2</sup> Including for those initiatives with additional commitment approved for 2020-21 and onwards (e.g. for extension of a NR scheme)

## **Appendix 1 (Cont'd)**

- (ii) A total commitment of \$361 million and cash flow of \$137 million in 2020-21 (2019-20 RE: \$102 million) is for providing funding support to the Hong Kong Examinations and Assessment Authority.
- (iii) \$1.6 billion in 2020-21 (2019-20 RE: \$1.5 billion) is for school maintenance (Major Repairs for aided and DSS schools and Emergency Repairs for aided schools).
- (iv) \$34 million in 2020-21 (total provision of \$2 billion by 2026-27) is for expediting installation of lifts for public sector and DSS schools without such provisions, starting from 2019-20.

**Social Welfare**

1. Estimated government expenditure on social welfare amounts to \$115.0 billion in 2020-21, accounting for 15.7% of total estimated government expenditure, and is 23.5% or \$21.9 billion higher than the 2019-20 revised estimate (RE).
2. Estimated recurrent government expenditure on social welfare is \$93.9 billion in 2020-21, accounting for 19.3% of total estimated recurrent government expenditure and is 14.2% or \$11.6 billion higher than the 2019-20 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

- (i) \$465 million in 2020-21 (\$960 million full-year provision and \$623 million in total from 2020-21 to 2025-26) is for enhancing the ‘pro-employment’ measures and other measures under the Comprehensive Social Security Assistance (CSSA) Scheme and providing enhanced employment assistance services for unemployed able-bodied CSSA recipients.
- (ii) \$52 million in 2020-21 (\$271 million in total from 2020-21 to 2023-24) is for implementing the Training Sponsorship Scheme for the Master Programmes in Occupational Therapy and Physiotherapy and the Bachelor Programme in Occupational Therapy with a view to increasing the manpower provision of allied health professional in welfare sector.
- (iii) \$38 million in 2020-21 (\$75 million full-year provision w.e.f. 2021-22) is for providing soft meals for elderly persons with swallowing problem who are receiving subsidised residential care service or subsidised community care and support services.

(b) Existing initiatives

- (i) Additional provision of \$252 million in 2020-21 (\$628 million additional full year provision w.e.f. 2022-23) is for providing about 3 800 additional places in day rehabilitation service units and residential rehabilitation service units from 2019-20 to 2021-22.

## Appendix 2 (Cont'd)

- (ii) Additional provision of \$189 million in 2020-21 (\$456 million additional full year provision w.e.f. 2023-24) is for (a) providing 3 000 additional service places gradually under on-site pre-school rehabilitation services in the next three school years; and (b) providing some 1 200 additional services places gradually in Special Child Care Centres and Early Education and Training Centres from 2019-20 to 2021-22.
- (iii) Additional provision of \$140 million in 2020-21 (\$279 million additional full year provision w.e.f. 2021-22) is for (a) providing 1 500 additional child care centre (CCC) places and enhancement of clinical psychological support for children under foster care; (b) enhancing the supervisory support in 16 aided standalone CCCs and 246 aided CCCs attached to kindergartens; and (c) strengthening the After School Care Programme with enhancement measures.
- (iv) Additional provision of \$76 million in 2020-21 (\$303 million additional full year provision w.e.f. 2021-22) is for providing additional 3 000 service quota under the Integrated Home Care Services (Frail Cases).

### (c) Social Security

The expenditure on social security since 2015-16 is as follows –

	<b>2015-16 (Actual)</b>	<b>2016-17 (Actual)</b>	<b>2017-18 (Actual)</b>	<b>2018-19 (Actual)</b>	<b>2019-20 (Revised Estimate)</b>	<b>2020-21 (Estimate)</b>
<b>CSSA (\$ million)</b>	20,037 (22,313)#	21,164 (22,308)^	20,551 (21,700)^	19,930 (22,323)#	20,508 (23,118) @	21,952 (23,155)^
<b>SSA (\$ million)</b>	18,668 (21,673)#	20,508 (22,123)^	21,884 (23,632)^	33,847 (39,340)#	31,826 (37,095)@	36,712 (39,718)^
<b>Total (\$ million)*</b>	38,704 (43,987)#	41,672 (44,431)^	42,434 (45,332)^	53,777 (61,663)#	52,334 (60,213) @	58,664 (62,873)^

# Includes the two-month additional payment as announced in the Budget.

@ Includes the one-month additional payment as announced in the Budget and another one-month additional payment announced by FS in August 2019.

^ Includes the one-month additional payment as announced in the Budget.

\* Figures may not add up due to rounding.

Initiatives under non-recurrent and capital expenditure

Existing initiatives<sup>1</sup>

- (i) An additional commitment of \$500 million (2019-20 RE: \$71 million) is for injecting into the Community Investment and Inclusion Fund to support social capital development projects and build mutual help networks in the community.
- (ii) An additional commitment of \$85 million (2019-20 RE: \$162 million) is for injecting into the short-term food assistance service.

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<sup>1</sup> Including for those initiatives with additional commitment approved for 2020-21 and onwards (e.g. for extension of a NR scheme)

## Health

1. Estimated government expenditure on health amounts to \$97.7 billion in 2020-21, accounting for 13.4% of total estimated government expenditure, and is 11.2% or \$9.8 billion higher than the 2019-20 revised estimate (RE).
2. Estimated recurrent government expenditure on health is \$87.1 billion in 2020-21, accounting for 17.9% of total estimated recurrent government expenditure and is 5.4% or \$4.4 billion higher than the 2019-20 RE.
3. The key initiatives are highlighted below –

### Initiatives under recurrent government expenditure

#### A. Hospital Authority (HA)

The Government will continue to increase the expenditure on healthcare. The 2020-21 financial provision for HA totals \$76.6 billion (comprising \$75.0 billion recurrent subvention and \$1.6 billion capital subvention), representing an increase of 5.6% over the 2019-20 revised estimate (\$72.5 billion).

The recurrent subvention at \$75.0 billion represents an increase of 5.0% over the 2019-20 revised estimate (\$71.4 billion). The following key measures will be implemented –

#### (a) New initiatives

- (i) \$566 million for enhancing the following major staff retention measures –

- enhancing the opportunities for Associate Consultants to be promoted to Consultants;
- enhancing the Special Retired and Rehire Scheme through adopting a more systematic approach to invite retiring doctors to continue the service in HA after retirement until 65 on contract terms;
- providing allowance for registered nurses who have attained specialty qualifications;

[The additional resources involved for the above three initiatives will increase from around \$160 million in 2020-21 to around \$1.2 billion in 2025-26.]

- continuing the enhancement measures for supporting staff;
- continuing the recruitment of additional non-locally trained doctors under Limited Registration;
- (ii) \$17 million for enhancing research development;
- (iii) \$16 million for supporting the development of genetic and genomic services;
- (iv) \$10 million for optimising child assessment service; and
- (v) \$9 million for continuing the implementation of the initiative on Newborn Screening for Inborn Errors of Metabolism.

### (b) Existing initiatives

Key measures for enhancing existing services are highlighted below –

- (i) increasing around 400 additional hospital beds, operating theatres and endoscopy sessions;
- (ii) increasing radiological imaging services such as mammogram, Magnetic Resonance Imaging and Computed Tomography by providing additional attendances;
- (iii) increasing the quota for general out-patient clinics by 28 500 in three clusters (namely Kowloon East Cluster, Kowloon West Cluster and New Territories East Cluster) and providing additional specialist out-patient clinic attendances;
- (iv) enhancing laboratory, pharmacy and phlebotomist services;
- (v) enhancing non-clinical support services such as patient transport, food and laundry services;
- (vi) strengthening the services for chronic diseases, including cancer, end stage renal failure and diabetes mellitus;
- (vii) enhancing mental health services;
- (viii) enhancing the management and treatment of life-threatening diseases, including cardiac disease and acute stroke;
- (ix) enhancing palliative and end-of-life care, elderly care and rehabilitation services;
- (x) widening the scope of the HA drug formulary to improve the drug

treatment for patients in public hospitals; and

- (xi) modernising technology to improve patient care through more precise diagnosis and effective treatment and less invasive intervention.

**B. Department of Health (DH)**

**(a) New initiatives**

- (i) \$20 million in 2020-21 (\$10 million full year provision w.e.f. 2023-24) is for implementing Pertussis Vaccination Programme for pregnant women, prevention of maternal to child transmission of Hepatitis B and extension of baby-friendly Maternal and Child Health Centre designation.

**(b) Existing initiatives**

- (i) Additional provision of \$63 million in 2020-21 (\$150 million full year provision w.e.f. 2022-23) is for implementing the Colorectal Cancer Screening Programme;
- (ii) Additional provision of \$37 million in 2020-21 (\$32 million additional full year provision w.e.f. 2022-23) is for undertaking statutory duties of the Private Healthcare Facilities Ordinance (Cap. 633);
- (iii) Additional time-limited provision of \$35 million in 2020-21 (\$342 million total time-limited provision for three years from 2019-20 to 2021-22) is for controlling a surging HIV epidemic and aligning current HIV treatment to international standards;
- (iv) Additional provision of \$25 million in 2020-21 (\$18 million additional full year provision w.e.f. 2023-24) is for providing Human Papillomavirus (HPV) Vaccination to school girls free of charge;
- (v) Additional provision of \$21 million in 2020-21 (\$82 million additional full year provision w.e.f. 2022-23) is for improving the uptake rate of seasonal influenza vaccination;
- (vi) Additional provision of \$13 million in 2020-21 (\$144 million full year provision w.e.f. 2027-28) is for carrying out service enhancements and organisational transformation through the increased use of IT as identified in the Strategic Plan to Re-engineer and Transform Public Services (SPRINT-1);
- (vii) Additional provision of \$12 million in 2020-21 (\$11 million additional full year provision w.e.f. 2021-22) is for strengthening the manpower

support of the Nursing Council Secretariat, Central Registration Office and Licentiate Committee Secretariat under the Medical Council Secretariat;

- (viii) Additional time-limited provision of \$12 million in 2020-21 (\$17 million total time-limited provision for three years from 2020-21 to 2022-23) is for conducting the oral health survey from 2020-21 to 2022-23; and
- (ix) Additional provision of \$11 million in 2020-21 (\$11 million additional full year provision w.e.f. 2020-21) is for providing additional recurrent subvention to subvented organisations.

**C. Health Branch**

**(a) New initiatives**

- (i) \$6 million in 2020-21 is for implementing the Pilot Scheme for the new service protocol for children and adolescents with Attention Deficit/Hyperactivity Disorder.

**(b) Existing initiatives**

- (i) Additional provision of \$127 million in 2020-21 (\$654 million additional full year provision w.e.f. 2022-23) is for enhancing primary healthcare development.

**Initiatives under non-recurrent and capital expenditure**

**(a) New initiatives**

- (i) A total commitment of \$596 million (with \$183 million cash flow in 2020-21) is for implementation of the District Health Centre Express Scheme.

**(b) Existing initiatives**

- (i) A provision of \$1,598 million in 2020-21, including \$598 million allocated out of the \$5 billion earmarked for enhancing technology adoption (2019-20 RE: \$1,128 million), is for HA to procure equipment and implement computerisation projects;
- (ii) A total commitment of \$2,915 million and cash flow of \$280 million in 2020-21 (2019-20 RE: \$220 million) is for Health and Medical Research Fund;

### **Appendix 3 (Cont'd)**

- (iii) A total commitment of \$500 million and cash flow of \$161 million in 2020-21 (2019-20 RE: \$72 million) is for Chinese Medicine Development Fund; and
- (iv) A total commitment of \$682 million and cash flow of \$80 million in 2020-21 (2019-20 RE: \$0 million) is for Hong Kong Genome Project.