

2021-22 Budget

(1) Introduction

The 2021-22 Budget continues to introduce counter-cyclical measures to alleviate the pressure caused by economic downturn and the epidemic. With the leverage effects created by the use of resources, the Budget seeks to support people, workers and enterprises. The Government will also continuously invest in infrastructure and promote the development of industries, so as to grasp the major directions and new trends of future development.

(2) Overview

(i) Key Figures

	2020-21 Revised Estimate (\$ billion)	2021-22 Estimate (\$ billion)	Increase/ Decrease
Operating expenditure	721.2	611.9	-15.2%
- of which, recurrent government expenditure	472.1	517.6	9.6%
Capital expenditure	99.2	115.9	16.9%
- of which, capital works expenditure	66.9	77.7	16.2%
Government expenditure	820.4	727.8	-11.3%
Government revenue	543.5	591.1	8.8%
Consolidated deficit after issuance of green bonds	(257.6)	(101.6)	-60.5%

GDP in nominal terms is forecast to increase by 4.5% to 6.5% in 2021.

- (ii) The cumulative growths and trend growths for government expenditure, revenue and nominal GDP from 2016-17 to 2021-22 are as follows –

	2016-17 Actual (\$ billion)	2021-22 Estimate (\$ billion)	2021-22 Versus 2016-17 Cumulative Growth	Trend Growth
Recurrent government expenditure, of which	344.6	517.6	50.2%	8.5%
- Education	75.5	100.7	33.3%	5.9%
- Social Welfare	63.5	105.7	66.3%	10.7%
- Health	58.7	95.9	63.4%	10.3%
Government expenditure	462.0	727.8	57.5%	9.5%
Government revenue	573.1	591.1	3.1%	0.6%
Nominal GDP	2,490.4	2,859.8	14.8%	2.8%

- (iii) The comparison of the growth of government expenditure with nominal GDP from 1997-98 and 2016-17 to 2021-22 is as follows –

	2021-22 Versus	
	1997-98	2016-17
Government expenditure - cumulative growth	+274.5%	+57.5%
Nominal GDP - cumulative growth	+108.3%	+14.8%

- (iv) It is estimated that the 2021-22 Budget would have a stimulus effect on the Hong Kong economy of around 2% of GDP.

(3) Recurrent Government Expenditure

- (i) Recurrent government expenditure in 2021-22 is \$517.6 billion, higher than the 2020-21 Revised Estimate by 9.6% or \$45.5 billion. The comparisons with 1997-98 and 2016-17 are as follows –

	2021-22 Versus	
	1997-98	2016-17
Recurrent government expenditure - cumulative growth	+246.5%	+50.2%

- (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. Meanwhile, in the face of an economic downturn and pressure posed by the ageing population on public expenditure, the Government must exercise extra prudence in managing public finance. Without affecting livelihood-related spending and the public service, the Government will strengthen fiscal discipline by cutting expenditure.
- (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 –

	2019-20 Actual (\$ billion)	2020-21 Revised Estimate (\$ billion)	2021-22		
			Estimate (\$ billion)	versus 2020-21	versus 2016-17
Education	92.4	97.1	100.7	+3.7%	+33.3%
Social Welfare	81.6	90.9	105.7	+16.2%	+66.3%
Health	82.1	88.9	95.9	+7.9%	+63.4%
Total	256.1	276.9	302.3	+9.2%	+52.9%

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 2021, the estimated total outstanding commitment for on-going capital works projects will be about \$489.0 billion.
- (iii) The estimated expenditure for 2021-22 is \$77.7 billion. The revised estimate for 2020-21 is \$66.9 billion.
- (iv) There are some 80 new projects (total value of about \$157 billion) under the Capital Works Programme with estimated expenditure to be incurred in 2021-22 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 2021-22 Budget

Proposal	Annual/ Total Amount \$m	Beneficiary
I. Policy Address Major Initiatives		
1. Earmark over \$8.4 billion ¹ to procure COVID-19 vaccines meeting the requirements of safety, efficacy and quality for the Hong Kong population	^8,181	General public
2. Take forward various measures in response to the COVID-19 epidemic, including enhancement in cross-boundary control measures, quarantine arrangements and testing capacity	#5,498	General public
3. Assist Hospital Authority to establish more community treatment and isolation facilities, and further expand the community treatment facility in AsiaWorld-Expo	#1,416	General public
4. Take forward the plan to redevelop the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station into Convention and Exhibition facilities, hotel and Grade A office	+1,255 ²	Convention and exhibition industry, and related sectors as well as the general public
5. Inject \$1 billion into the CreateSmart Initiative	^1,000	Creative industries

¹ Part of the amount is expected to be expended in 2020-21.

² For reprovisioning of the Kong Wan Fire Station.

Note: Figures in brackets represent increases in government revenue, reductions of government expenditure, or proceeds from issuance of bonds.

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

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

Proposal	Annual/ Total Amount \$m	Beneficiary
6. Launch a Global STEM Professorship Scheme	^500 +500	100 internationally renowned innovation and technology scholars and their research teams
7. Extend the special measure to temporarily relax the monthly public transport expenses threshold under the Public Transport Fare Subsidy Scheme for six months (from 1 January to 30 June 2021)	#720	General public
8. Regularise the Short-term Food Assistance Service Projects	*415	60 000 to 80 000 service users per year (with the regularisation)
9. Launch the Greater Bay Area Youth Employment Scheme	^376	2 000 graduates awarded bachelor's degrees or above in 2019 to 2021
10. Update the "Hong Kong's Climate Action Plan" to set out more proactive strategies and measures to reduce carbon emissions; and enlist support of the society to adopt low-carbon lifestyles and economic transformation	+317 #37	The community benefitting from reduced carbon emissions
11. Launch more green projects and create more job opportunities through environment related funds	^100 #2	General public

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Proposal	Annual/ Total Amount \$m	Beneficiary
12. Set aside \$50 million under the Professional Services Advancement Support Scheme to subsidise major professional bodies' participation in relevant activities organised by the Government, Hong Kong Trade Development Council (HKTDC) and overseas Economic and Trade Offices to step up the promotion of Hong Kong's competitive edges and professional services to the Mainland cities of the Greater Bay Area and overseas markets after the pandemic has stabilised	^50	Hong Kong professionals from eligible professional services sectors

Total Financial Implications of Policy Address Major Initiatives (I)	20,367
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Involving –	
Operating Expenditure	18,295
- <i>Recurrent measures</i>	8,088
- <i>Non-recurrent measures</i>	10,207
Capital Expenditure	2,072

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Proposal	Annual/ Total Amount \$m	Beneficiary
II. Budget Proposals		
(A) One-off Relief Measures		
<u>Expenditure Measures</u>		
13. To incentivise local consumption by issuing electronic consumption vouchers in instalments with a total value of \$5,000 to each eligible resident	^36,000 #611	About 7.2 million eligible Hong Kong permanent residents and new arrivals aged 18 or above
14. Create additional temporary jobs under the Job Creation Scheme	^6,600	About 30 000 individuals
15. Provide a one-off electricity charges subsidy of \$1,000 for each eligible residential electricity account	^2,800	Over 2.7 million households
16. Provide an equivalent of half month extra allowance to eligible recipients of social security payments and apply similar arrangements to the Working Family Allowance (WFA) Scheme and the Individual-based Work Incentive Transport Subsidy (I-WITS) Scheme	^2,503	About 1.51 million persons eligible for social security payments, 70 000 households in receipt of WFA and 20 000 I-WITS recipients
17. Pay the examination fees for school candidates sitting for the 2022 Hong Kong Diploma of Secondary Education Examination (HKDSE)	^150	About 43 700 HKDSE school candidates
Sub-total for Expenditure Measures	48,664	

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Proposal	Annual/ Total Amount \$m	Beneficiary
<u>Revenue Measures</u>		
18. Waive rates for four quarters of 2021-22 subject to a ceiling of –		
<u>For each rateable domestic property</u> \$1,500 per quarter in the first two quarters and \$1,000 per quarter in the remaining two quarters	Ω11,603	2.95 million domestic properties liable to rates
<u>For each rateable non-domestic property</u> \$5,000 per quarter in the first two quarters and \$2,000 per quarter in the remaining two quarters	Ω3,426	420 000 non-domestic properties liable to rates
19. Reduce salaries tax and tax under personal assessment for the year of assessment 2020/21 by 100%, subject to a ceiling of \$10,000	Ω11,380	1.87 million taxpayers
20. Waive the business registration fees for 2021-22	Ω3,000	1.5 million business operators
21. Extend the existing 75% rental and fee concession for eligible tenants of government premises, short-term tenancies and waivers administered by the Lands Department from 1 April to 30 September 2021. Over this period, premises that are required to close in light of the Government's order, will continue to receive 100% rental concession during their respective closure periods	Ω1,405	About 25 000 tenancies
22. Reduce profits tax for the year of assessment 2020/21 by 100%, subject to a ceiling of \$10,000	Ω1,050	128 000 businesses

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Proposal	Annual/ Total Amount \$m	Beneficiary
23. Extend the 75% concession of water and sewage charges for supply of fresh water for non-domestic purposes for eight more months subject to a monthly cap of \$20,000 (water charges) and \$12,500 (sewage charges) from 1 April to 30 November 2021	^Ω 680	250 000 non-domestic accounts
Sub-total for Revenue Measures	32,544	
Total for One-off Relief Measures	81,208	
 (B) Budget Measures with Long-term Effects		
 <u>Expenditure Measures</u>		
24. Inject \$9.5 billion into the Innovation and Technology Fund	[^] 9,500	Recipients of the funding schemes under the Innovation and Technology Fund
25. Introduce a new 100% personal loan guarantee product with \$15 billion as the guarantee commitment	[^] 6,750	Individuals who became unemployed and lost their main recurrent incomes during the COVID-19 pandemic

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Proposal	Annual/ Total Amount \$m	Beneficiary
26. Enhance the Special 100% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) by extending the application period to 31 December 2021, the maximum repayment period from five years to eight years, the maximum period of the principal moratorium from 12 months to 18 months; as well as increasing the maximum loan amount per enterprise from the total amount of employee wages and rents for 12 months, to that of 18 months, subject to a ceiling of \$6 million	^6,158 ³	All small and medium enterprises (SMEs) eligible for the SFGS Special 100% Guarantee Product
27. Inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), thereby expanding, by phases, its geographical coverage to all economies with which Hong Kong has signed Investment Promotion and Protection Agreements (now and in future), and increasing the cumulative funding ceiling per enterprise from \$4 million to \$6 million	^1,500	Non-listed Hong Kong enterprises
28. Inject \$1.1 billion into the Lotteries Fund	^1,100	Users of social welfare facilities in development projects (in particular those of a large scale for the elderly and persons with disabilities)
29. Establish the Building Drainage System Repair Subsidy Scheme to provide assistance to owners of old buildings of relatively low rateable values for inspection and repair of the drainage system of the building	^1,000	Owners of eligible high-aged residential or composite buildings

³ This is an estimation of the expenditure to be incurred by the Government, which is subject to the actual default rate of loans guaranteed under the Special 100% Guarantee Product.

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Proposal	Annual/ Total Amount \$m	Beneficiary
30. Inject \$1 billion into the Recycling Fund to extend its operation and continue providing dedicated financial support to the recycling industry for its sustainable development	^1,000	Expected that more than 1 000 recycling businesses will benefit from the measure
31. Allocate an additional \$1 billion to install more small-scale renewable energy (RE) systems on existing government premises –		The community benefitting from reduced carbon emissions owing to the use of RE
- Capital costs of small-scale RE projects on existing government premises	+600	
- Maintenance costs of such RE installations during the first 15 years of their operation	#400	
32. Allocate additional funding to the Hong Kong Tourism Board to support its work on the recovery and relaunch of Hong Kong's tourism industry	#765	Visitors, locals and the economy as a whole
33. Carry out enhancement works for recreation sites and visitor facilities in country parks and special areas	+500 #15	All visitors to country parks and special areas
34. Provide additional funding to the HKTDC for three years starting from 2021-22 for developing virtual platforms to provide more online activities and proceeding with digitalisation, and for promoting Hong Kong's strength in healthcare and the Guangdong-Hong Kong-Macao Greater Bay Area development	+301 #74	Hong Kong companies and service users of the HKTDC

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Proposal	Annual/ Total Amount \$m	Beneficiary
35. Initiate a Five-Year Plan for improvement works of football pitches	+318 #26	Relevant “national sports associations” and their affiliated clubs, district football teams, schools and other bodies, in particular the youth and football lovers
36. Introduce a 3-year grant scheme to subsidise the setting up of open-ended fund companies (OFCs) and Real Estate Investment Trusts (REITs) in Hong Kong	^270	OFCs or REITs and professional services sector
37. Introduce the 3-year Green and Sustainable Finance Grant Scheme by consolidating and enhancing the existing Pilot Bond Grant Scheme and Green Bond Grant Scheme in mid-2021, with a view to promoting the development of the green and sustainable finance market in Hong Kong	^255	Green and sustainable bond issuers and loan borrowers
38. Extend the IT Innovation Lab in Secondary Schools Programme to cover all publicly funded primary schools	^225	All publicly funded primary schools in Hong Kong
39. Allocate \$169 million to the Tourism Commission to undertake new editions of four existing tourism projects from 2021-22 onwards with a view to tapping into more local cultural and green resources to revive Hong Kong’s tourism industry as well as offering leisure and travel experience with rich historical and cultural elements to locals and visitors	#169	Visitors, locals and the economy as a whole

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Proposal	Annual/ Total Amount \$m	Beneficiary
40. Allocate \$150 million for a new “Green Welfare NGOs” programme to enhance the energy efficiency of subvented welfare non-governmental organisations	+128	Welfare NGO premises of a relatively larger size, e.g. child and youth services centre, residential care home for the elderly, etc.
	#22	Welfare NGO premises of a relatively smaller size, e.g. early education and training centre, etc.
41. Launch a 2-year pilot scheme to subsidise the cost of issuing insurance-linked securities in Hong Kong	^48	Insurance companies or international organisations which issue insurance-linked securities in Hong Kong
42. Provide a strategic, structured and sustainable Project Delivery Capability Programme to strengthen the project delivery capability of mid-tier construction professionals and nurture future major project leaders	^6	Around 300 construction professionals will participate in the Programme for uplifting overall performance of public works projects
Sub-total for Expenditure Measures	31,130	

Revenue Measures

43. Raise the first registration tax (FRT) rates by 15% for private cars, while also raise the FRT concession cap under the “One-for-One Replacement” Scheme (currently at \$250,000) for electric private cars (e-PCs) to \$287,500	Ω309	General public
44. Raise the vehicle licence fee (VLF) by 30% for private cars	Ω(921)	General public

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Proposal	Annual/ Total Amount \$m	Beneficiary
45. Raise the VLF by 30% for e-PCs	^Ω (9)	General public
46. Raise the rate of stamp duty on stock transfers	^Ω (12,000)	General public
Sub-total for Revenue Measures	<u>(12,621)</u>	
Total for Budget Measures with Long-term Effects	<u>18,509</u>	
 (C) Expenditure Reduction Programme		
47. Implement an expenditure reduction programme within the Government	(3,900)	General public
Total Financial Implications of Budget Measures before Issuance of Bonds (A+B+C)	<u>95,817</u>	
 (D) Issuance of Bonds		
48. Issue green bonds under the Government Green Bond Programme (for 5 years)	(128,700)	Investors and financial services sector
Total Financial Implications of Budget Measures after Issuance of Bonds (II) (A+B+C+D)	<u>(32,883)</u>	
Grand Total (Policy Address Major Initiatives and Budget Measures) (I+II)	<u>(12,516)</u>	

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(6) Medium Range Forecast

(\$ billion)	2020-21 Revised Estimate	2021-22 Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Operating deficit	(280.8)	(141.6)	(40.2)	(40.6)	(31.4)	(22.4)
Capital surplus / (deficit)	3.9	4.9	(6.8)	(12.6)	(10.8)	14.7
Net proceeds from issuance of green bonds under the Government Green Bond Programme	19.3	35.1	35.1	35.1	35.1	35.1
Repayment of green bonds	-	-	-	-	(7.8)	(7.8)
Consolidated surplus / (deficit) after issuance and repayment of bonds	(257.6)	(101.6)	(11.9)	(18.1)	(14.9)	19.6

Fiscal reserves at 31 March	902.7	801.1	789.2	771.1	756.2	775.8
In terms of no. of months of government expenditure	13	13	13	12	12	12
In terms of % of GDP	33.3%	28.0%	26.2%	24.3%	22.6%	22.1%

Appendices – Major Policy Area Group Expenditure

1. Education
2. Social Welfare
3. Health

Education

1. Estimated government expenditure on Education amounts to \$110.9 billion in 2021-22, accounting for 15.2% of total estimated government expenditure, and is 2.6% or \$2.9 billion higher than the 2020-21 revised estimate (RE).
2. Estimated recurrent government expenditure on Education is \$100.7 billion in 2021-22, accounting for 19.5% of total estimated recurrent government expenditure and is 3.7% or \$3.6 billion higher than the 2020-21 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) Existing initiatives

- (i) Additional provision of \$742 million in 2021-22 (\$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, extending the Enhanced School-based Educational Psychology Service and implementing the Enhanced School-based Speech Therapy Services.
- (ii) \$905 million in 2021-22 (2020-21 RE: \$876 million; \$904 million full-year provision w.e.f. 2023-24) is for providing the recurrent Life-wide Learning (LWL) Grant to support public sector and Direct Subsidy Scheme (DSS) schools to promote life-wide learning with enhanced effort.
- (iii) \$188 million in 2021-22 (2020-21 RE: \$142 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.
- (iv) \$570 million in 2021-22 (2020-21 RE: \$570 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.

Appendix 1 (Cont'd)

- (v) 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 \$6.8 billion in 2021-22 (2020-21 RE: \$6.9 billion).
- (vi) \$2,261 million in 2021-22 (2020-21 RE: \$2,158 million; \$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.
- (vii) Additional provision of \$360 million in 2021-22 (\$360 million additional 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) from the 2020/21 school year 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)).

Initiatives under non-recurrent and capital expenditure

(a) New initiatives

- (i) A total commitment of \$150 million (with \$149 million cash flow in 2021-22) is for payment of examination fees for school candidates sitting for the 2022 Hong Kong Diploma of Secondary Education Examination.
- (ii) A total commitment of \$77 million (with \$14 million cash flow in 2021-22) is for the Vocational Training Council to implement the smart technology applications and mobile platform to promote its vocational and professional education and training.
- (iii) A total commitment of \$500 million (with \$250 million cash flow in 2021-22) is for supporting the implementation of a Global STEM Professorship Scheme.
- (iv) A total commitment of \$110 million (with \$88 million cash flow in 2021-22) is for replacement of manual operated water taps with motion sensor operated ones for aided schools.

(b) Existing initiatives

- (i) \$1.6 billion in 2021-22 (with \$1.6 billion cash flow in 2020-21 RE) is for school maintenance (Major Repairs for aided and DSS schools and Emergency Repairs for aided schools).
- (ii) \$95 million in 2021-22 (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.
- (iii) A total commitment of \$1,260 million and cash flow of \$84 million in 2021-22 (with no cash flow in 2020-21 RE) is for launching the “Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education” to provide financial support to independent self-financing post-secondary institutions to develop and enhance programmes that meet market needs but require high start-up costs.
- (iv) A total commitment of 1 billion and cash flow of \$285 million in 2021-22 (with \$106 million cash flow in 2020-21 RE) is for supporting simple minor internal conversion works for some 600 aided schools.

Social Welfare

1. Estimated government expenditure on social welfare amounts to \$120.6 billion in 2021-22, accounting for 16.6% of total estimated government expenditure, and is 20.5% or \$20.5 billion higher than the 2020-21 revised estimate (RE).
2. Estimated recurrent government expenditure on social welfare is \$105.7 billion in 2021-22, accounting for 20.4% of total estimated recurrent government expenditure and is 16.2% or \$14.8 billion higher than the 2020-21 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

\$284 million in 2021-22 (full-year provision of \$415 million with effect from 2022-23) is for regularising the Short-term Food Assistance Service Projects starting from August 2021.

(b) Existing initiatives

\$2,744 million in 2021-22 (full-year recurrent provision of \$7,491 million with effect from 2025-26) is for reimbursement of revenue forgone to the participating public transport operators under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme), including extension of the \$2 Scheme to cover red minibuses, kaitos and tramways and lowering of the eligible age to 60 on the strict condition that persons aged 60 to 64 must apply for and use tailor-made Personalised Octopus Cards (P-Cards).

Initiatives under non-recurrent and capital expenditure

(a) Existing initiatives

(i) An additional commitment of \$127 million is for meeting the shortfall for the Short-term Food Assistance Service Projects from March to July 2021 due to the rising demands before the regularisation.

(ii) An additional commitment of \$208 million and cash flow of \$104 million in 2021-22 (2020-21 RE: \$18,000) is mainly for setting up a centralized settlement platform and related system enhancement for progressive implementation of P-Cards for the \$2 Scheme.

Social Security

The expenditure on social security since 2016-17 is as follows –

	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Revised Estimate)	2021-22 (Estimate)
CSSA (\$ million)	21,164 (22,308)^	20,551 (21,700)^	19,930 (22,323)#	20,305 (22,667)@	21,558 (22,728)^	23,597 (24,251)+
SSA (\$ million)	20,508 (22,123)^	21,884 (23,632)^	33,847 (39,340)#	31,507 (36,643)@	36,335 (39,171)^	41,806 (43,534)+
Total (\$ million)*	41,672 (44,431)^	42,434 (45,332)^	53,777 (61,663)#	51,812 (59,310) @	57,893 (61,899)^	65,403 (67,785)+

+ Includes the half-month additional payment as announced in the Budget.

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

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.

* Figures may not add up due to rounding.

Health

1. Estimated government expenditure on health amounts to \$115.8 billion in 2021-22, accounting for 15.9% of total estimated government expenditure, and is 17.8% or \$17.5 billion higher than the 2020-21 revised estimate (RE).
2. Estimated recurrent government expenditure on health is \$95.9 billion in 2021-22, accounting for 18.5% of total estimated recurrent government expenditure and is 7.9% or \$7.0 billion higher than the 2020-21 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

A. Hospital Authority (HA)

The Government will continue to increase the recurrent funding for HA progressively on a triennium basis having regard to population growth and demographic changes. The additional full year recurrent provision will be \$12,193 million with effect from 2023-24.

The 2021-22 financial provision for HA totals \$82.4 billion (comprising \$80.7 billion recurrent subvention, \$51.9 million non-recurrent allocation and \$1.7 billion capital subvention), representing an increase of 4.7% over the 2020-21 revised estimate (\$78.7 billion).

The recurrent subvention at \$80.7 billion represents an increase of 4.7% over the 2020-21 revised estimate (\$77.0 billion). Among which, a provision of \$1.4 billion is allocated to further support HA in combating the Coronavirus Disease 2019 epidemic. HA will also implement the following key measures –

(a) New initiatives

- (i) \$156 million for addressing the escalating demand for psychiatric services across different age groups in both hospitals and community settings –
 - enhance the mental health services for children and adolescents by developing specialised child and adolescent psychiatric service in Hong Kong East Cluster and Kowloon Central Cluster in phases, enhancing the collaboration with paediatricians, training up multidisciplinary expertise, and expanding the Student Mental Health Support Scheme to more schools;

Appendix 3 (Cont'd)

- enhance community psychiatric service by recruiting additional case managers;
 - address elderly mental health needs by enhancing psychogeriatric outreach services;
 - support the upcoming service commencement of the new Kwai Chung Hospital;
- (ii) \$124 million for enhancing HA's cancer services –
- extend service hours of radiotherapy for cancer patients in Hong Kong East Cluster, Kowloon Central Cluster, Kowloon West Cluster and New Territories East Cluster;
 - enhance systemic anti-cancer therapy services by setting up Nurse/Pharmacist Clinics;
 - recruit additional Cancer Case Managers (CCM) to cover more patients with gynaecological cancer and haematological cancer, and extend the CCM Programme to one more cancer type;
 - develop Integrated Cluster Cancer Centre service model, and provide one-stop diagnostic service and fast-track care service with enhanced coordination and multi-disciplinary team collaboration to facilitate and strengthen care provision to cancer patients;
- (iii) \$54 million for widening the scope of medical fee waiver;
- (iv) \$46 million for continuing the enhancement of genetic and genomic services, setting up clinical genetic and genomic service as well as supporting the service planning and enhancement for patients with uncommon disorders and genetic disorders in Hong Kong Children's Hospital; and
- (v) \$3 million for continuing the formulation of strategies, in collaboration with the Department of Health, to effectively control viral hepatitis and contain its health toll, increasing laboratory capacity to address growing demand for hepatitis-related laboratory tests, and setting up hepatitis nurse clinics to relieve pressure of hepatology clinics and increase service capacity.

(b) Existing initiatives

Key measures for enhancing existing services are highlighted below –

- (i) opening around 300 additional hospital beds and providing additional operating theatres and endoscopy sessions;
- (ii) enhancing diagnostic imaging services and providing additional radiology attendances;
- (iii) increasing the quota for general outpatient clinics by 28 500 in three clusters (namely Kowloon East Cluster, New Territories East Cluster and New Territories West Cluster) and providing additional specialist outpatient clinic attendances;
- (iv) enhancing pathology and pharmacy services;
- (v) enhancing non-clinical support services such as patient transport and food services;
- (vi) strengthening the services for chronic diseases, including end stage kidney disease and glaucoma;
- (vii) enhancing the management and treatment of life-threatening diseases, including cardiac disease and vascular disease;
- (viii) strengthening infectious disease services, including establishing cluster-based infectious disease network and increasing manpower for infection control and cleansing in various clinical settings;
- (ix) enhancing palliative and end-of-life care, elderly care and rehabilitation services; and
- (x) modernising technology to improve patient care through optimising the use of medical devices in specific interventional procedures and alignment with international guidelines on the use of drugs.

B. Department of Health

(a) New initiatives

- (i) \$2,673 million in 2021-22 (\$5,261 million total time-limited provision for three years from 2021-22 to 2023-24) for Coronavirus Disease 2019 (COVID-19) new initiatives –
 - \$2,527 million for 2021-22 (\$5,048 million total time-limited provision for two years from 2021-22 to 2022-23) to take forward various measures in handling COVID-19 epidemic;

Appendix 3 (Cont'd)

- \$111 million one-off time-limited provision in 2021-22 to cater for the implementation of the Hong Kong Health Code and the gradual resumption of full services of Boundary Control Points;
- \$27 million in 2021-22 (\$86 million total time-limited provision for three years from 2021-22 to 2023-24) to meet the recurrent cost arising from IT facilities and systems for the implementation of measures combating the outbreak of COVID-19; and
- \$8 million in 2021-22 (\$16 million total time-limited provision for two years from 2021-22 to 2022-23) to meet the recurrent maintenance costs of relevant system and equipment in respect of case handling and contact tracing.

(b) Existing initiatives

- (i) Additional provision of \$345 million (\$2,709 million full year provision w.e.f. 2023-24 and \$5,907 million total time-limited provision for four years from 2019-20 to 2022-23) in 2021-22 for the Elderly Health Care Voucher Scheme -
 - Additional time-limited provision of \$210 million in 2021-22 for implementing the Scheme;
 - Additional provision of \$124 million in 2021-22 for helping our elderly live in security and dignity through enhancing Elderly Health Care Voucher Scheme;
 - Additional time-limited provision of \$11 million in 2021-22 -for one-off increase for Elderly Health Care Vouchers (\$1,000 for each eligible recipient) in 2019-20 and rise in the accumulation limit of vouchers from \$5,000 to \$8,000;
- (ii) Additional provision of \$95 million in 2021-22 (\$81 million full year provision w.e.f. 2025-26) for improving uptake rate of seasonal influenza vaccination (SIV) and implementing various vaccination schemes, including SIV under Government Vaccination Programme and SIV School Outreach Programme (SIVSOP), vaccination subsidy under Vaccination Subsidy Scheme (VSS) and SIVSOP, and Measles, Mumps, Rubella & Varicella (MMRV) vaccination under Childhood Immunisation Programme;
- (iii) Additional time-limited provision of \$48 million in 2021-22 (\$342 million total time-limited provision for three years from 2019-20 to 2021-22) for controlling a surging HIV epidemic and aligning current HIV treatment to international standards;

Appendix 3 (Cont'd)

- (iv) Additional time-limited provision of \$29 million in 2021-22 (\$96 million total time-limited provision for five years from 2021-22 to 2025-26) for baby-care rooms/lactation rooms initiatives, breast cancer screening programme, cervical screening for ethnic minority women and MMRV vaccine;
- (v) Additional time-limited provision of \$17 million in 2021-22 (\$74 million total time-limited provision for four years from 2021-22 to 2024-25) for extending the Healthy Teeth Collaboration, a dental service project for patients with intellectual disability, for another three years up to 15 July 2024; and
- (vi) Additional provision of \$15 million in 2021-22 (\$144 million full year provision w.e.f. 2027-28) for carrying out service enhancements and organizational transformation through the increased use of IT as identified in the Strategic Plan and Re-engineer and Transform Public Services (SPRINT).

C. Health Branch

Existing initiatives

\$24 million in 2021-22 is for implementing the Pilot Scheme for the new service protocol for children and adolescents with Attention Deficit/Hyperactivity Disorder.

Initiatives under non-recurrent and capital expenditure

(a) Existing initiatives

- (i) A total commitment of \$8,441 million and cash flow of \$6,578 million in 2021-22 (2020-21 RE: \$1,863 million) is for procurement and administration of COVID-19 vaccines;
- (ii) A provision of \$1,666 million in 2021-22 (2020-21 RE: \$1,598 million), including \$666 million allocated out of the \$5 billion earmarked for enhancing technology adoption, is for HA to procure equipment and implement computerisation projects;
- (iii) A total commitment of \$4,223 million and cash flow of \$674 million in 2021-22 (2020-21 RE: \$238 million) is for Health and Medical Research Fund;
- (iv) A total commitment of \$596 million and cash flow of \$238 million in 2021-22 (2020-21 RE: \$0 million) is for the “DHC Express” Scheme;

Appendix 3 (Cont'd)

- (v) A total commitment of \$682 million and cash flow of \$162 million in 2021-22 (2020-21 RE: \$10 million) is for Hong Kong Genome Project;
- (vi) A total commitment of \$500 million and cash flow of \$118 million in 2021-22 (2020-21 RE: \$148 million) is for Chinese Medicine Development Fund; and
- (vii) A total commitment of \$103.8 million and cash flow of \$51.9 million in 2021-22 (2020-21 RE: \$51.9 million) is for implementing a special support scheme to provide subsidised consultation sessions at the University of Hong Kong-Shenzhen Hospital for HA's chronic disease patients who are unable to return to Hong Kong for receiving their scheduled medical consultations in HA owing to travel restrictions under the COVID-19 epidemic.