

2022-23 Budget

(1) Introduction

The 2022-23 Budget continues to adopt an expansionary fiscal policy to allocate adequate resources to support an all-out effort to win the fight against the epidemic, relieve the hardship of our people and SMEs; render support to the struggling economy and foster post-epidemic economic revival, as well as invest for the future by planning ahead for the medium- and long-term development of our economy.

(2) Overview

(i) Key Figures

	2021-22 Revised Estimate (\$ billion)	2022-23 Estimate (\$ billion)	Increase/ Decrease
Operating expenditure	593.1	682.5	15.1%
- of which, recurrent government expenditure	495.3	563.5	13.8%
Capital expenditure	105.9	124.8	17.8%
- of which, capital works expenditure	75.6	84.1	11.2%
Government expenditure	699.0	807.3	15.5%
Government revenue	682.7	715.9	4.9%
Consolidated surplus/ (deficit) after issuance of green bonds	18.9	(56.3)	-398%

GDP in nominal terms is forecast to increase by 4% to 5.5% in 2022.

- (ii) The cumulative growths and trend growths for government expenditure, revenue and nominal GDP from 2017-18 to 2022-23 are as follows –

	2017-18	2022-23	2022-23 Versus 2017-18	
	Actual	Estimate	Cumulative	Trend
	(\$ billion)	(\$ billion)	Growth	Growth
Recurrent government expenditure, of which	361.8	563.5	55.7%	9.3%
- Education	80.2	101.9	27.1%	4.9%
- Social Welfare	65.3	111.8	71.1%	11.3%
- Health	62.6	127.9	104.2%	15.3%
Government expenditure	470.9	807.3	71.4%	11.4%
Government revenue	619.8	715.9	15.5%	2.9%
Nominal GDP	2,659.4	2,997.5	12.7%	2.4%

- (iii) The comparison of the growth of government expenditure with nominal GDP from 1997-98 and 2017-18 to 2022-23 is as follows –

	2022-23 Versus	
	1997-98	2017-18
Government expenditure - cumulative growth	+315.4%	+71.4%
Nominal GDP - cumulative growth	+118.3%	+12.7%

- (iv) It is estimated that the 2022-23 Budget would have a stimulus effect on the Hong Kong economy of around 3% of GDP.

(3) Recurrent Government Expenditure

- (i) Recurrent government expenditure in 2022-23 is \$563.5 billion, higher than the 2021-22 Revised Estimate by 13.8% or \$68.2 billion. The comparisons with 1997-98 and 2017-18 are as follows –

	2022-23 Versus	
	1997-98	2017-18
Recurrent government expenditure - cumulative growth	+277.2%	+55.7%

- (ii) To address social aspirations and strive for service enhancement, the current term Government has significantly increased the recurrent expenditure on Social Welfare, Health and Education. The government expenditure should enter a consolidation period and thus introduced an expenditure reduction programme. Given the lasting nature effect of the recurrent expenditure reduction programme, further expenditure reduction programme will not be rolled out this year, otherwise the cumulative impact may disrupt departmental operations and in turn affect the delivery of public services. The Government will continue to examine carefully any new initiatives that will incur recurrent expenditure and strictly control the growth of the civil service establishment, so as to ensure that our long term financial commitments are commensurate with the increase in our revenue.
- (iii) Education, Social Welfare and Health account for approximately 60% of recurrent government expenditure. The increase in recurrent government expenditure for these three policy area groups is as follows –

	2020-21 Actual (\$ billion)	2021-22 Revised Estimate (\$ billion)	2022-23		
			Estimate (\$ billion)	versus 2021-22	versus 2017-18
Education	97.3	97.2	101.9	+4.9%	+27.1%
Social Welfare	89.0	97.4	111.8	+14.7%	+71.1%
Health	87.6	98.0	127.9	+30.4%	+104.2%
Total	273.9	292.6	341.6	+16.7%	+64.1%

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 the 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 2022, the estimated total outstanding commitment for on-going capital works projects will be about \$610.3 billion.
- (iii) The estimated expenditure for 2022-23 is \$84.1 billion. The revised estimate for 2021-22 is \$75.6 billion.
- (iv) There are 70 new projects (total value of about \$81.1 billion, excluding block allocations) under the Capital Works Programme with estimated expenditure to be incurred in 2022-23 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 2022-23 Budget

Proposal	Annual/ Total Amount \$m	Beneficiary
I. Policy Address Major Initiatives¹		
1. Continue to implement the COVID-19 Vaccination Programme	^6,031	General public
2. Extend the application period of Special 100% Product of the SME Financing Guarantee Scheme (SFGS) to end-June 2022 ²	^3,000	Small and medium enterprises hard hit by the COVID-19 pandemic
3. Press ahead with the development of Phase 2 and Phase 3 of Trade Single Window	+1,523	Trade and Logistics Sectors
4. Expedite the construction of the new facilities building of the Hong Kong Sports Institute	+987	Athletes and supporting teams of the Hong Kong Sports Institute
5. Provide additional 150 hectares of land for innovation and technology use in the San Tin/Lok Ma Chau area for developing as the San Tin Technopole under the Northern Metropolis Development Strategy	+794 ³	Innovation and technology sector
6. Continue to procure testing services from private laboratories to further enhance public testing capacity	#641	General public

¹ The list under this category has not included the initiative of taking forward mitigation and adaptation measures for tackling climate change, the implementation of measures of which would straddle some 15-20 years and will not be in the 2022-23 Budget period alone, involving a rough estimated cost of \$240 billion (as per the Policy Address 2021 Supplement). The relevant government departments will ascertain the details and the estimated expenditure of individual measures or projects.

² Please refer to “II. Budget Proposals” for the latest enhancement measures for SFGS.

³ The total amount relates to the estimated cost of the investigation and design for the San Tin/ Lok Ma Chau Development Node.

*: 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
7. Commence full operation of the Government Flying Service (GFS) Kai Tak Division to provide emergency services to the public round the clock	+469 *49	General public in need of emergency flying services
8. Regularise the Pilot Scheme on Social Work Service for Pre-primary Institutions	*414	150 000 pre-primary children and their families
9. Integrate more smart elements into such areas as customs clearance, contraband detection, intelligence gathering and case investigation, and introduce artificial intelligence and big data analytics equipment and systems progressively	+316	Import/ export traders/ companies and related sectors, as well as the general public
10. Develop the Advance Passenger Information system	+296	General public
11. Revive and expedite near-shore reclamation projects at Lung Kwu Tan and Ma Liu Shui	+179 ⁴	General public
12. Expand the pilot schemes for the central collection services for waste plastics and food waste to improve territorial coverage and service targets	*123 #30	General public
13. Set up a Flight Simulator Training Centre at the GFS Headquarters to enhance the training efficiency and technical competency of GFS helicopter pilots	+112 *2	General public in need of emergency flying services

⁴ The total amount relates to the estimated cost of the Planning and Engineering Study for Lung Kwu Tan reclamation and the re-planning of Tuen Mun West area. Estimated cost relating to the Ma Liu Shui reclamation is not available at this stage.

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

Proposal	Annual/ Total Amount \$m	Beneficiary
14. Review and regularise the Diploma Yi Jin subsidy scheme from 2023/24 Academic Year onwards	*80	Secondary six school leavers and adult learners who wish to obtain a formal qualification for the purposes of employment and further study
Total Financial Implications of Policy Address Major Initiatives (I)	15,046	

Involving –	
Operating Expenditure	10,370
- <i>Recurrent measures</i>	<i>1,339</i>
- <i>Non-recurrent measures</i>	<i>9,031</i>
Capital Expenditure	4,676

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Proposal	Annual/ Total Amount \$m	Beneficiary
II. Budget Proposals		
(A) One-off Relief Measures		
<u>Expenditure Measures</u>		
15. To incentivise local consumption by issuing electronic consumption vouchers in instalments with a total value of \$10,000 to each eligible resident	[^] 66,255 #189	About 6.6 million eligible Hong Kong permanent residents and new arrivals aged 18 or above
16. Provide a one-off electricity charges subsidy of \$1,000 for each eligible residential electricity account	[^] 2,800	About 2.8 million households
17. 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	[^] 2,501	About 1.48 million persons eligible for social security payments and 72 000 households in receipt of WFA
18. Relax the monthly subsidy threshold from \$400 to \$200 and raise the subsidy cap from \$400 to \$500 under the Public Transport Fare Subsidy Scheme temporarily from 1 May to 31 October 2022	#1,080	General Public
19. Pay the examination fees for school candidates sitting for the 2023 Hong Kong Diploma of Secondary Education Examination (HKDSE)	[^] 149	About 43 500 HKDSE school candidates
Sub-total for Expenditure Measures	72,974	

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

Proposal	Annual/ Total Amount \$m	Beneficiary
<u>Revenue Measures</u>		
20. Reduce profits tax for the year of assessment 2021/22 by 100%, subject to a ceiling of \$10,000	^Ω 1,200	151 000 businesses
21. Reduce salaries tax and tax under personal assessment for the year of assessment 2021/22 by 100%, subject to a ceiling of \$10,000	^Ω 13,100	2.01 million taxpayers
22. Waive rates for four quarters of 2022-23 subject to a ceiling of –		
<u>For each rateable domestic property</u> \$1,500 per quarter for the first two quarters and \$1,000 per quarter for the remaining two quarters	^Ω 11,700	2.99 million domestic properties liable to rates
<u>For each rateable non-domestic property</u> \$5,000 per quarter for the first two quarters and \$2,000 per quarter for the remaining two quarters	^Ω 3,400	430 000 non-domestic properties liable to rates
23. Waive the business registration fees for 2022-23	^Ω 3,000	1.5 million business operators
24. Extend the 75% reduction of water and sewage charges payable by non-domestic household, subject to a monthly cap of \$20,000 (water charges) and \$12,500 (sewage charges) per household, for eight more months from 1 April to 30 November 2022	^Ω 680	250 000 non-domestic accounts

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Proposal	Annual/ Total Amount \$m	Beneficiary
25. Extend the waivers/ concessions of 34 existing groups of government fees and charges, for one more year from 1 October 2022 progressively and ending between 30 September to 31 December 2023 (<i>Appendix 4</i>)	^Ω 1,700	Various sectors include Aviation, Maritime, Logistics, Agriculture and Fisheries, Retail, Catering, Construction, Tourism and Entertainment
26. Extend the 75% rental or fee concession for eligible tenants of government premises and eligible short-term tenancies and waivers under the Lands Department for six more months from 1 April to 30 September 2022. At the same time, tenants who have to close their premises at the request of the Government would be provided with full rental waiver during closure periods	^Ω 1,400	About 25 000 tenancies
Sub-total for Revenue Measures	<hr/> 36,180 <hr/>	
Total for One-off Relief Measures	<hr/><hr/>109,154<hr/><hr/>	

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Proposal	Annual/ Total Amount \$m	Beneficiary
(B) Budget Measures with Long-term Effects		
<u>Expenditure Measures</u>		
27. Implement various anti-epidemic measures, including the implementation of universal testing, purchase of rapid antigen test kits, additional funding to the Hospital Authority, etc.	#22,000	General Public
28. Further injection of \$12 billion into Anti-epidemic Fund for the construction of various anti-epidemic related facilities	^12,000	General Public
29. Inject additional funding into the EV-charging at Home Subsidy Scheme	^1,500	Car park users and general public
30. Pursue the directions set out in the Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area as well as the Development Blueprint for Hong Kong's Tourism Industry, and drive recovery of Hong Kong's tourism industry		
- Tourism Commission	#660	Travel agents, tourist guides and tour escorts
- Hong Kong Tourism Board	#600	Visitors, tourism industry

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Proposal	Annual/ Total Amount \$m	Beneficiary
31. Inject \$1.2 billion into the Construction Innovation and Technology Fund to continue enhancing the construction industry's adoption of and capability in harnessing innovative construction methods and technology with a view to promoting productivity, uplifting built quality, improving site safety and enhancing environmental performance	^1,200	Enterprises and practitioners of the construction industry
32. Provide \$1 billion to further enhance manpower supply of the construction industry	^1,000	New entrants (especially job changers) to the construction industry and in-service construction workers (through enhanced training); and stakeholders of the construction industry and the wider community (through enhanced outreaching efforts)
33. Inject \$1 billion into the Built Heritage Conservation Fund for -		
- capital costs of works projects under the Revitalising Historic Buildings Through Partnership Scheme	+800	Selected non-profit-making organisations that operate the projects, service users and general public
- other initiatives in conservation and revitalisation of historic buildings	^200	
34. Inject funds into the Sustainable Fisheries Development Fund and the Sustainable Agricultural Development Fund to promote sustainable development of the agriculture and fisheries industries	^1,000	Local fisheries and agriculture industries

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Proposal	Annual/ Total Amount \$m	Beneficiary
35. Conduct a service-wide e-government audit for the information technology systems and services of Bureaux/ Departments (B/Ds) to identify areas of improvements with a view to accelerating digital government development and building Hong Kong into a smarter city	+600	All Government B/Ds and general public as service users
36. Strengthening of environmental hygiene services for combatting the epidemic	#500	General public
37. Enhance community care and residential care services for elderly persons and persons with disabilities in need	*499	<p>1 000 elderly persons waiting for care-and-attention places on the Central Waiting List</p> <p>4 800 elderly persons residing in EA2 homes under Enhanced Bought Place Scheme</p> <p>6 700 persons with disabilities in subsidised residential or community rehabilitation services unit and are having swallowing problem</p>
38. Double the annual funding support for State Key Laboratories (“SKLs”) in Hong Kong and Hong Kong Branches of Chinese National Engineering Research Centres (“CNERCs”) to \$440 million, in order to enhance their research capability, enable them to nurture more local talents and attract more overseas/ Mainland innovation and technology talents to come to Hong Kong, and support their closer collaboration and exchange programmes with Mainland institutions	+220	22 SKLs and Hong Kong Branches of CNERCs; local and non-local I&T talents

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Proposal	Annual/ Total Amount \$m	Beneficiary
39. Launch the pilot Green and Sustainable Finance Capacity Building Support Scheme and expand the Green and Sustainable Finance Grant Scheme	^200	<u>Pilot Green and Sustainable Finance Capacity Building Support Scheme</u> Persons in financial services and related sectors <u>Expansion of the Green and Sustainable Finance Grant Scheme</u> Smaller sized corporates issuing green and sustainable debt instruments in Hong Kong
40. Inject additional funding into the Green Tech Fund to enhance funding support for research and development projects that can help Hong Kong decarbonise and promote environmental protection	^200	Local public research institutes, research and development centres and private companies
41. Enhance the hardware and software in Hong Kong for wider application of arts technology (Arts Tech) –		
- implement various initiatives to promote Arts Tech at the East Kowloon Cultural Centre and other performing arts venues	*85 +70	Artists/ arts groups/ venue hirers/ audiences
- implement funding schemes to support the performing arts groups to integrate Arts Tech in productions	^40	The nine major performing arts groups (MPAGs) as well as other non-MPAGs arts groups

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Proposal	Annual/ Total Amount \$m	Beneficiary
42. Enhance the manpower training for the arts and culture sector		
- inject \$100 million into the Cantonese Opera Development Fund to provide additional support in the Cantonese opera sector; and	^100	Some 800 Cantonese opera practitioners, and audiences in general
- enhance training in conservation of cultural heritage	#37	More than 150 staff, trainees and interns of the Leisure and Cultural Services Department and Hong Kong Palace Museum
43. Enhance support to Hong Kong businessmen, professional services practitioners and entrepreneurs operating in the Mainland to tap into the opportunities of the Mainland market, through the network of Hong Kong Trade Development Council and support of chambers of commerce in the Mainland	#135	Hong Kong businessmen, professional services practitioners and entrepreneurs operating in regional hubs and major cities in the Mainland
44. Enhance investment promotion and attraction	*89	General public
45. Facilitate further development of financial technologies in Hong Kong	^53	Fintech companies, financial institutions and Fintech practitioners
46. Double the funding for the Technology Start-up Support Scheme under the Innovation and Technology Fund to strengthen the support for start-ups of the six participating local universities to commercialise their research and development results and to help the start-ups attract private investment	+48	Students, graduates and teaching staff of the six participating universities who wish to set up start-ups or pursue a career in I&T

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Proposal	Annual/ Total Amount \$m	Beneficiary
47. Organise the Hong Kong Performing Arts Market	^42	Arts groups and artists in Hong Kong, the Mainland and elsewhere; and the arts and cultural sector as a whole
48. Strengthen the role of the Centre of Excellence for Major Project Leaders	^30	The whole construction industry
49. Promote applied Research and Development in public works projects	^30	The whole construction industry
50. Regularise the Community Arts Scheme to promote arts development	*20 ⁵	Residents of 18 districts/ small and medium arts groups
51. Enhance the SME Financing Guarantee Scheme, including further extending the application period of all loan guarantee products to end June 2023, to strengthen the support to enterprises hard hit by the COVID-19 pandemic	- ⁶	All enterprises eligible for the SME Financing Guarantee Scheme
52. Introduce further enhancements to the 100% Personal Loan Guarantee Scheme and extend the application period for one year	-	Individuals who became unemployed during the COVID-19 pandemic
Sub-total for Expenditure Measures	43,958	

⁵ Starting from 2024-25.

⁶ The additional commitment for enhancing SME Financing Guarantee Scheme is approximately \$62 billion.

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

Proposal	Annual/ Total Amount \$m	Beneficiary
<u>Revenue Measures</u>		
53. Introduce a tax deduction for domestic rental expenses with a deduction ceiling at \$100,000 per taxpayer for each year of assessment, with effect from the year of assessment 2022/23	^Ω 3,300	About 430 000 taxpayers of salaries tax and tax under personal assessment living in rented private housing
54. Propose introducing a domestic minimum tax with effect from the year of assessment 2024/25 on those multinational enterprises with global turnover exceeding Euro 750 million if their effective tax rate is below 15%, i.e. the global minimum rate, as part of the tax measures in response to the Organisation for Economic Co-operation and Development's BEPS 2.0 package	^Ω (15,000) <i>(increase in revenue)</i>	General public
55. Imposing progressive rating scale for domestic properties within 2024-25	^Ω (760) <i>(increase in revenue)</i>	General public
Sub-total for Revenue Measures	<u>(12,460)</u>	
Total for Budget Measures with Long-term Effects	<u><u>31,498</u></u>	
(C) Other Initiative		
56. Increase the funding allocated to the Hong Kong Growth Portfolio by \$10 billion to set up the Strategic I&T Fund and Greater Bay Area Investment Fund	[^] 10,000	General public
Total for Other Initiative	<u><u>10,000</u></u>	

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Proposal	Annual/ Total Amount \$m	Beneficiary
(D) Funding Earmarked		
57. Earmark \$10 billion to promote life science related developments in Hong Kong	10,000	The life-science sector, innovative biomedicine and related sectors
58. Earmark \$20 billion for the construction of additional medical and quarantine facilities and related expenses to combat the epidemic	20,000	General public
Total for Funding Earmarked	30,000	
(E) Additional Financial Commitment		
59. Additional commitment for item 51 (enhancing the SME Financing Guarantee Scheme)	^62,000	Please refer to item 51
Total for Additional Financial Commitment	62,000	
Total Financial Implications of Budget Measures and Additional Financial Commitment (II) (A+B+C+D+E)	242,652	
Grand Total (Policy Address Major Initiatives, Budget Measures and Additional Financial Commitment) (I+II)	257,698	

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(6) Medium Range Forecast

(\$ billion)	2021-22 Revised Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Operating surplus/ (deficit)	(73.6)	(125.6)	0.5	12.1	31.3	33.8
Capital surplus	57.4	34.2	7.3	5.6	21.7	26.4
Proceeds from issuance of green bonds under the Government Green Bond Programme	35.1	35.1	35.1	35.1	35.1	-
Repayment of green bonds	-	-	-	(17.1)	(22.9)	(29.8)
Consolidated surplus / (deficit) after issuance and repayment of bonds	18.9	(56.3)	42.9	35.7	65.2	30.4

Fiscal reserves at 31 March	946.7	890.4	933.3	969.0	1,034.2	1,064.6
In terms of no. of months of government expenditure	16	13	15	16	16	16
In terms of % of GDP	33.1%	29.7%	29.6%	29.2%	29.6%	28.9%

Appendices –

1. Education
2. Social Welfare
3. Health
4. Extension of 34 Groups of Waivers/ Concessions of Government Fees and Charges

Education

1. Estimated government expenditure on education amounts to \$111.9 billion in 2022-23, accounting for 13.8% of total estimated government expenditure, and is 4.8% or \$5.1 billion higher than the 2021-22 revised estimate (RE).
2. Estimated recurrent government expenditure on education is \$101.9 billion in 2022-23, accounting for 18.1% of total estimated recurrent government expenditure and is 4.9% or \$4.7 billion higher than the 2021-22 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

- (i) \$20 million in 2022-23 (\$80 million full-year provision w.e.f. 2024-25 (tentative)) is for revamping and regularising the Diploma Yi Jin Programme from 2023/24 academic year onwards.

(b) Existing initiatives

- (i) Additional provision of \$787 million in 2022-23 (\$800 million additional full year provision w.e.f. 2024-25) is for improving the support initiatives under the integrated education policy (IE) by restructuring various subvented programmes for IE and extending the Learning Support Grant to all public sector ordinary schools, 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) \$904 million in 2022-23 (2021-22 RE: \$909 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) \$203 million in 2022-23 (2021-22 RE: \$183 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.

Appendix 1 (Cont'd)

- (iv) \$569 million in 2022-23 (2021-22 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.
- (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 \$6.3 billion in 2022-23 (2021-22 RE: \$6.8 billion).

Initiatives under non-recurrent and capital expenditure

(a) Existing initiatives

- (i) \$2.091 billion in 2022-23 (with \$1.558 billion cash flow in 2021-22 RE) is for school maintenance (Major Repairs for aided and DSS schools and Emergency Repairs for aided schools).
- (ii) \$187 million in 2022-23 (total provision of around \$2 billion by 2027-28) 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 \$69 million in 2022-23 (2021-22 RE: \$36 million) is for implementing 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 \$346 million in 2022-23 (2021-22 RE: \$285 million) is for supporting simple minor internal conversion works for some 600 aided schools.

Social Welfare

1. Estimated government expenditure on Social Welfare amounts to \$120.0 billion in 2022-23, accounting for 14.9% of total estimated government expenditure, and is 15.5% or \$16.1 billion higher than the 2021-22 revised estimate (RE).
2. Estimated recurrent government expenditure on Social Welfare is \$111.8 billion in 2022-23, accounting for 19.8% of total estimated recurrent government expenditure and is 14.7% or \$14.4 billion higher than the 2021-22 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

- (i) Additional provision of \$452 million in 2022-23 is for merging the Normal and Higher Old Age Living Allowance (OALA) in the second half of 2022, so that the more lenient asset limits of the Normal OALA will be adopted across-the-board, and eligible applicants will receive payment at the Higher OALA rate. The additional full year provision is \$801 million w.e.f. 2023-24.
- (ii) Regularising the Pilot Scheme on Residential Care Service Voucher for the Elderly. Additional full year provision of \$370.0 million will be provided from 2022-23 for increasing the total number of vouchers from 3 000 to 4 000.
- (iii) Additional full year provision of \$74.1 million w.e.f 2023-24 is for upgrading the EA2 homes of the Enhanced Bought Place Scheme to EA1 standards to enhance their quality.
- (iv) Additional provision of \$26.7 million in 2022-23 is for providing soft meals for persons with disabilities in subsidised residential and community rehabilitation services units to address their ageing needs and swallowing problem. The additional full year provision is \$54.4 million w.e.f. 2023-24.

(b) Existing initiatives

- (i) Additional provision of \$276.1 million in 2022-23 is for regularising the Pilot Scheme on Social Work Service for Pre-primary Institutions to provide social work service for 150 000 pre-primary children and their families in around 780 subsidised/ aided pre-primary institutions to identify early and provide assistance to those with welfare needs. The additional full year provision is \$414.2 million w.e.f. 2023-24.
- (ii) Additional provision of \$105.3 million will be provided in 2022-23 for regularising the Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly to provide outreach support services for elderly persons of private residential care homes for the elderly (RCHEs) to address their social and rehabilitation needs, as well as speech therapy service for elderly persons with swallowing difficulties or speech impairment in contract RCHEs (including the Day Care Units attached to the contract RCHEs) and self-financing RCHEs and nursing homes. The additional full year provision is \$238.5 million from 2023-24.
- (iii) Additional provision of \$49.6 million in 2022-23 is for regularising the Pilot Scheme on Home Care and Support for Elderly Persons with Mild Impairment to provide home-based support services to around 4 000 elderly persons assessed to be with mild impairment. The additional full year provision is \$198.5 million w.e.f. 2023-24.
- (iv) Provision of \$29.2 million in 2022-23 is for regularising the Pilot Scheme on Professional Outreaching Team for Private Residential Care Homes for Persons with Disabilities under which social workers, physiotherapists, occupational therapists, speech therapists, registered nurses (psychiatric), clinical psychologists, etc. provide free multi-disciplinary outreach services to support the social and rehabilitation needs of residents of private residential care homes for persons with disabilities. The additional full year provision is \$58.3 million w.e.f. 2023-24.
- (v) Provision of \$8.3 million in 2022-23 is for regularising the speech therapy service for 7 200 elderly users of Enhanced Home and Community Care Services with swallowing difficulties or speech impairment. The additional full year provision is \$33.2 million w.e.f. 2023-24.

Appendix 2 (Cont'd)

(c) Social Security

The expenditure on social security since 2017-18 is as follows –

	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Revised Estimate)	2022-23 (Estimate)
CSSA (\$ million)	20,551 (21,700)^	19,930 (22,323)#	20,305 (22,667)@	21,158 (22,853)^	22,541 (23,142)&	24,430 (25,088)&
SSA (\$ million)	21,884 (23,632)^	33,847 (39,340)#	31,507 (36,643)@	35,344 (38,166)^	38,414 (39,959)&	43,118 (44,844)&
Total (\$ million)*	42,434 (45,332)^	53,777 (61,663)#	51,812 (59,310)@	56,502 (61,019)^	60,955 (63,101)&	67,548 (69,932)&

^ 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.

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

* Figures may not add up due to rounding.

Health

1. Estimated government expenditure on health amounts to \$162.8 billion in 2022-23, accounting for 20.2% of total estimated government expenditure, and is 42.3% or \$48.4 billion higher than the 2021-22 revised estimate (RE).
2. Estimated recurrent government expenditure on health is \$127.9 billion in 2022-23, accounting for 22.7% of total estimated recurrent government expenditure and is 30.4% or \$29.9 billion higher than the 2021-22 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

A. Hospital Authority (HA)

The Government will continue to increase the funding for HA based on the triennium funding arrangement agreed in 2017. The 2022-23 financial provision for HA totals \$92.1 billion (comprising \$90.4 billion recurrent subvention and \$1.7 billion capital subvention), representing an increase of 11.0% over the 2021-22 revised estimate (\$83.0 billion).

The recurrent subvention at \$90.4 billion represents an increase of 11.1% over the 2021-22 revised estimate (\$81.3 billion). Among which, a provision of \$7.5 billion is allocated to further support HA in combating the Coronavirus Disease 2019 epidemic. HA will also implement the following key measures –

Existing initiatives

- (i) enhancing service planning and coordination to support hospital development projects;
- (ii) opening around 390 additional hospital beds and providing additional operating theatre and endoscopy sessions;
- (iii) increasing the quota for general outpatient clinics by 11,080 in 2022-23 and 57,000 in subsequent year in four clusters (namely Kowloon East Cluster, Kowloon West Cluster, New Territories East Cluster and New Territories West Cluster) and providing additional specialist outpatient clinic attendances;
- (iv) enhancing clinical services such as radiology, pathology and pharmacy and day services, as well as non-clinical supporting services;

Appendix 3 (Cont'd)

- (v) strengthening the services for chronic diseases, including cancer and mental illness;
- (vi) enhancing the management and treatment of life-threatening diseases, including stroke, cardiac disease and vascular disease;
- (vii) enhancing palliative and end-of-life care, elderly care and rehabilitation services;
- (viii) enhancing genetic and genomic services, modernising technology to improve patient care and developing smart hospitals;
- (ix) attracting and retaining staff to alleviate manpower shortage and constraint, including enhancing promotion opportunities of Associate Consultants, re-employing retired doctors and providing Specialty Nurse Allowance; and
- (x) widening the scope of medical fee waiver.

B. Department of Health

(a) New initiatives

\$18 million in 2022-23 (\$17 million full year provision w.e.f. 2024-25) for setting up a new programme under Yau Ma Tei Integrated Treatment Centre to provide comprehensive clinical care for the prevention of HIV, viral hepatitis and sexually transmitted infections among men who have sex with men and employ an integrated approach in offering substance use and mental health counselling to clients.

(b) Existing initiatives

- (i) Additional time-limited provision of \$1,138 million in 2022-23 (\$6,399 million total time-limited provision for three years from 2021-22 to 2023-24) for taking various measures in combating COVID-19 epidemic –
 - additional time-limited provision of \$641 million in 2022-23 for sustaining the outsourcing of COVID-19 testing service, logistics and related support service;
 - additional time-limited provision of \$473 million in 2022-23 for additional Test and Hold Facility and relevant testing services; and

Appendix 3 (Cont'd)

- additional time-limited provision of \$24 million in 2022-23 for meeting the staff cost of the Command Team of the Contact Tracing Office.
- (ii) Additional provision of \$372 million in 2022-23 (\$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) for the Elderly Health Care Voucher Scheme
 - Additional time-limited provision of \$354 million in 2022-23 for implementing the Scheme; and
 - Additional time-limited provision of \$18 million in 2022-23 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;
- (iii) Additional time-limited provision of \$113 million in 2022-23 (\$153 million total time-limited provision for five years from 2018-19 to 2022-23) for replenishing the current antiviral stockpile for influenza pandemic;
- (iv) Additional provision of \$39 million in 2022-23 (\$272 million full year provision w.e.f. 2022-23) for improving uptake of seasonal influenza vaccine;
- (v) Additional provision of \$12 million in 2022-23 (\$12 million full year provision w.e.f. 2022-23) to Tobacco and Alcohol Control Office to support public consultation on its strategic plan, and a total of \$38 million total time-limited provision for five years from 2022-23 to 2026-27 for strengthening its manpower support; and
- (vi) Additional time-limited provision of \$18 million in 2022-23 (\$69 million total time-limited provision for four years from 2022-23 to 2025-26) for strengthening manpower support for Import and Export Control Team, setting up a Commissioning Preparatory Team in the Government Chinese Medicines Testing Institute (GCMTI) and maintaining the operation of GCMTI's temporary office in the Science Park.

C. Health Branch

(a) Existing initiatives

- (i) Additional time-limited provision of \$17 million in 2022-23 is for implementing the Pilot Scheme for the new service protocol for

Appendix 3 (Cont'd)

children and adolescents with Attention Deficit/Hyperactivity Disorder.

- (ii) Additional time-limited provision of \$14,948 million in 2022-23 for sustaining the outsourcing of COVID-19 testing service, logistics and related support service; and
- (iii) Additional time-limited provision of \$4,300 million in 2022-23 for the procurement of COVID-19 rapid antigen test (RAT) kits.

Initiatives under non-recurrent and capital expenditure

(a) Existing initiatives

- (i) A provision of \$1,710 million in 2022-23 (2021-22 RE: \$1,666 million), including \$710 million allocated out of the \$5 billion earmarked for enhancing technology adoption, is for HA to procure equipment and implement computerisation projects.
- (ii) An additional commitment of \$6,031 million (a total commitment of \$14,473 million) and cash flow of \$8,138 million in 2022-23 (2021-22 RE: \$4,492 million) is for procurement and administration of COVID-19 vaccines.
- (iii) A total commitment of \$500 million and cash flow of \$181 million in 2022-23 (2021-22 RE: \$16 million) is for Chinese Medicine Development Fund;
- (iv) A total commitment of \$682 million and cash flow of \$270 million in 2022-23 (2021-22 RE: \$45 million) is for Hong Kong Genome Project;
- (v) A total commitment of \$596 million and cash flow of \$156 million in 2022-23 (2021-22 RE: \$199 million) is for the “DHC Express” Scheme;
- (vi) A total commitment of \$1,000 million and cash flow of \$184 million in 2022-23 (2021-22 RE: \$34 million) is for the Indemnity Fund for Adverse Events Following Immunization with Coronavirus Disease-2019 Vaccines;
- (vii) A total commitment of \$4,223 million and cash flow of \$350 million in 2022-23 (2021-22 RE: \$287 million) is for Health and Medical Research Fund;

Appendix 3 (Cont'd)

- (viii) A total commitment of \$80 million and cash flow of \$8 million in 2022-23 (2021-22 RE: \$4 million) is for the preparation for service commencement of the Chinese Medicine Hospital;
- (ix) A total capital commitment of \$8,620 million and cash flow of \$570 million in 2022-23 (2021-22 RE: \$337 million) is for the development of Chinese Medicine Hospital in Tseung Kwan O. [Remark: this is a health project with funding vote controlled by Arch. Services Department.]; and
- (x) A total capital commitment of \$384 million and cash flow of \$10 million in 2022-23 (2021-22 RE: \$3 million) is for IT support for the Chinese Medicine Hospital.

Extension of 34 Groups of Waivers/Concessions of Government Fees and Charges

Government Fees and Charges	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation	
			Dates	Periods
<i>Aviation, Maritime and Logistics</i>				
1. Port facilities and light dues payable for ocean-going vessels (OGV) and high speed crafts (HSC)	187	25 400 OGV and 87 700 HSC arrivals	1 October 2022	12 months
2. Vehicle Entry Ticket fees for the first hour payable by trucks entering the Public Cargo Working Areas (PCWAs)	32.3	1 000 000 truck entries	1 October 2022	12 months
3. Operation Area Permit fees payable by the PCWA operators	14.5	120 operators	1 October 2022	12 months
4. Closed road permit fees for cross boundary goods vehicles, buses and hire cars	6.1	12 700 vehicles	30 December 2022	12 months
5. Vehicle licence fees for registered commercial vehicles (Note 1)	544	172 200 commercial vehicles	30 December 2022	12 months
6. Vehicle examination fees for registered commercial vehicles (Note 1)	135	178 400 commercial vehicles	30 December 2022	12 months
7. Fees payable for renewal of air operator's certificate, issue or renewal of certificate of airworthiness and renewal of approval of maintenance organisation	52.4	51 airlines/ aircraft operators/ approved maintenance organisations	1 October 2022	12 months
8. Permit to Remain fees payable by river-trade vessels (RTV)	103	67 600 RTV arrivals	1 November 2022	12 months
9. Licence fees of all local vessels, namely Classes I (passenger), II (working), III (fishing) and IV (pleasure) vessels (Note 2)	24	9 600 licensed local vessels	1 November 2022	12 months
10. Fees payable for the first issue or renewal of Passenger Service Licence (PSL) for eligible types of vehicles (Note 3)	0.8	2 100 PSL holders	30 December 2022	12 months

Appendix 4 (Cont'd)

Government Fees and Charges	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation	
			Dates	Periods
11. Fees payable for the first issue or renewal of PSL Certificate for eligible types of vehicles (Note 3)	1.9	11 500 vehicles	30 December 2022	12 months
12. Fees payable for the first issue or renewal of Hire Car Permits (Note 4)	1.2	1 300 permit holders	30 December 2022	12 months
13. Service fees payable under the Free Trade Agreement Transshipment Facilitation Scheme	1.2	970 traders	1 October 2022	12 months
<i>Agriculture and Fisheries</i>				
14. Fees for grant or renewal of a marine fish culture licence and fees for renewal of a livestock keeping licence	2.3	1 001 licensees	1 October 2022	12 months
15. Renewal fees of a licence for slaughterhouses	0.3	2 licensees	1 October 2022	12 months
<i>Retail and Catering</i>				
16. Trade Effluent Surcharge	232	34 000 businesses	1 January 2023	12 months
17. Fees for first issue or renewal of a liquor licence	16.3	9 200 licensees	1 October 2022	12 months
18. Fees for first issue or renewal of a fixed pitch hawker licence and an itinerant hawker licence and fees for the allocation and use of fixed pitches	28.4	5 720 licensees	1 October 2022	12 months
19. Fees for first issue or renewal of a licence or provisional licence for general restaurants, marine restaurants, light refreshment restaurants and factory canteens	91.8	17 600 licensees	1 October 2022	12 months
20. Fees for first issue or renewal of a restricted food permit	5.3	10 200 permit holders	1 October 2022	12 months

Appendix 4 (Cont'd)

Government Fees and Charges	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation	
			Dates	Periods
21. Fees for first issue or renewal of a licence or provisional licence for fresh provision shops	29.2	3 200 licensees	1 October 2022	12 months
22. Fees for first issue or renewal of a licence or provisional licence for bakeries, siu mei and lo mei shops and composite food shops	3.4	990 licensees	1 October 2022	12 months
23. Fees for first issue or renewal of a licence or provisional licence for food factories, frozen confection factories, milk factories and cold stores	71.9	11 200 licensees	1 October 2022	12 months
<i>Construction</i>				
24. Fees for mine blasting certificate, licence/permit in respect of Category 1 dangerous goods, and explosives conveyance and storage	37.1	161 shot firers/ contractors/ explosives suppliers/ explosives store owners	1 October 2022	12 months
25. Registration-related fees for registered minor works contractors under the Building (Minor Works) (Fees) Regulation	4.9	18 900 contractors	21 October 2022	12 months
26. Fees for application for registration or renewal of registration as an electrical contractor or electrical worker	18.2	101 200 trade practitioners	1 October 2022	12 months
<i>Tourism and Entertainment</i>				
27. Fees for the first issue and renewal of a permit, provisional permit, licence and provisional licence for karaoke establishment	0.06	96 licensees	1 October 2022	12 months

Appendix 4 (Cont'd)

Government Fees and Charges	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation	
			Dates	Periods
28. Fees for first issue, renewal or duplication of a travel agent's licence and for amending a licence for an additional address (Note 5)	0 (minimal for Govt) [\$10M for TIA subject to extension of waiver]	1 700 travel agents [subject to extension of waiver by TIA]	1 October 2022	12 months
29. Fees for first issue or renewal of licences and provisional licences for cinemas under the Places of Public Entertainment Regulations	1.2	82 licensees	1 October 2022	12 months
30. Fees for first issue or renewal of licences for places of public entertainment (other than cinemas) under the Places of Public Entertainment Regulations (Note 6)	6.4	2 100 licensees	1 October 2022	12 months
31. Fees for first issue or renewal of a commercial bathhouse licence	0.2	48 licensees	1 October 2022	12 months
32. Fees for first issue or renewal of hotel/guesthouse licences	12.3	1 976 licensees	1 October 2022	12 months
33. Fees for first issue or renewal of a certificate of compliance under the Clubs (Safety of Premises) (Fees) Regulations	13.0	539 club-houses	1 October 2022	12 months
34. Fees for first issue or renewal of a licence under the Bedspace Apartments (Fees) Regulation	0.01	9 licensees	1 October 2022	12 months
Total	1,677.67			

Appendix 4 (Cont'd)

- Note 1: Commercial vehicles include goods vehicles, special purpose vehicles, trailers, taxis, non-franchised public buses, franchised public buses (vehicle examination fee only, as vehicle licence fee of franchised buses has already been waived under the Elderly Concessionary Fare Scheme since 1993), private buses, light buses (both public and private) and hire cars.
- Note 2: Only pleasure vessels let for hire or reward are included.
- Note 3: Eligible types of vehicles include non-franchised public buses, private buses for student service, and public light buses (including both red and green public light buses).
- Note 4: Eligible types of Hire Car Permits include hotel hire car service, tour hire car service, private hire car service, private hire car service (limousine) and private hire car service (limousine - cross boundary).
- Note 5: The fees currently collected by Travel Agency Registry will be collected by Travel Industry Authority ("TIA"), a statutory body to be established by Travel Industry Ordinance (Cap. 634), upon TIA's commencement of operation tentatively in 2022. CEDB has assumed that almost all the revenue from licensing of travel agents will no longer be under the Government in the 2022-23 Estimates.
- Note 6: Places of public entertainment include family amusement centres and exhibition venues, etc.