

2026-27 Budget

(1) Overview

(i) Key Figures

	2025-26 Revised Estimate (\$ billion)	2026-27 Estimate (\$ billion)	Increase/ Decrease
Operating expenditure	602.0	640.2	6.4%
- of which, recurrent government expenditure	572.4	599.7	4.8%
Capital expenditure	187.2	203.2	8.6%
- of which, capital works expenditure	124.8	128.0	2.6%
Government expenditure	789.2	843.4	6.9%
Government revenue	688.8	765.2	11.1%
Consolidated surplus after issuance and repayment of bonds	2.9	22.1	661.1%

GDP in nominal terms is forecast to increase by 4.2% to 5.2% in 2026.

- (ii) The cumulative growths and trend growths for government expenditure, revenue and nominal GDP from 2021-22 to 2026-27 are as follows –

	2021-22 Actual (\$ billion)	2026-27 Estimate (\$ billion)	2026-27 Versus 2021-22 Cumulative Growth	Trend Growth
Recurrent government expenditure, of which	493.2	599.7	21.6%	4.0%
- Social Welfare	97.1	135.9	40.0%	7.0%
- Health	98.3	118.9	20.9%	3.9%
- Education	97.2	102.3	5.2%	1.0%
Government expenditure	693.4	843.4	21.6%	4.0%
Government revenue	693.6	765.2	10.3%	2.0%
Nominal GDP	2,868.0	3,488.4	21.6%	4.0%

- (iii) The comparison of the growth of government expenditure with nominal GDP from 1997-98 and 2021-22 to 2026-27 is as follows –

	2026-27 Versus	
	1997-98	2021-22
Government expenditure - cumulative growth	+333.9%	+21.6%
Nominal GDP - cumulative growth	+154.1%	+21.6%

- (iv) It is estimated that the 2026-27 Budget would bring a stimulus effect to the Hong Kong economy of around 0.7% of GDP.

(2) Recurrent Government Expenditure

- (i) Recurrent government expenditure in 2026-27 is \$599.7 billion, higher than the 2025-26 Revised Estimate by 4.8% or by \$27.3 billion. Of this, substantial expenditure have still been incurred for social welfare, health and education, involving a total amount of \$357.1 billion, representing 59.6% of the recurrent expenditure. The comparisons with 1997-98 and 2021-22 are as follows –

	2026-27 Versus	
	1997-98	2021-22
Recurrent government expenditure - cumulative growth	+301.4%	+21.6%

- (ii) The analysis of recurrent government expenditure for the three policy area groups of Social Welfare, Health and Education is as follows –

	2024-25 Actual (\$ billion)	2025-26 Revised Estimate (\$ billion)	2026-27		
			Estimate (\$ billion)	versus 2025-26 Revised Estimate	versus 2021-22 (trend growth)
Social Welfare	116.9	123.6	135.9	+9.9%	+7.0%
Health	109.2	114.3	118.9	+4.0%	+3.9%
Education	105.3	102.0	102.3	+0.3%	+1.0%
Total	331.4	339.9	357.1	+5.0%	+4.1%

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

(3) Capital Works Expenditure

- (i) The Government will accelerate the development of the Northern Metropolis and other public works projects relating to the economy and people's livelihood. The Government has also announced in last year's Policy Address that the Government would earmark an additional \$30 billion in the next two to three years to increase expenditure on works projects for driving sustained economic development.
- (ii) The revised estimate for the Government's capital works expenditure in 2025-26 is about \$124.8 billion. The Government's capital works expenditure for 2026-27 is estimated to be about \$128 billion. Capital works expenditure will remain at a similar level during the Medium Range Forecast period.
- (iii) By end March 2026, the estimated total outstanding commitment for capital works projects underway will be about \$619 billion.
- (iv) There are 26 new projects under the Capital Works Programme with estimated expenditure to be incurred in 2026-27. They are related to housing and land supply, infrastructure, education, district facilities, and environmental hygiene facilities, etc. which are closely linked with people's lives.

(4) Key Expenditure and Revenue Proposals in the 2026-27 Budget

Proposal	Annual/ Total Amount \$ million	Beneficiary
I. 2025 Policy Address Major Initiatives		
1. Earmark an additional \$30 billion in the next two to three years to increase spending on works projects	+30,000	Construction industry and society as a whole
2. Extend the application period for 80% Guarantee Products under SME Financing Guarantee Scheme (SFGS) for two years and the principal moratorium arrangement for one year	^20,000 <i>(increase in financial commitment)</i>	All small and medium enterprises (SMEs) eligible for the SFGS, and the existing borrowing enterprises of the SFGS
3. Earmark \$2 billion under the Quality Education Fund to support primary and secondary schools to implement digital education, including \$0.5 billion for the “Artificial Intelligence (AI) for Empowering Learning and Teaching Funding Programme”	<i>(\$2 billion be funded by Quality Education Fund)</i>	Publicly-funded primary and secondary schools
4. Increase the number of Residential Care Service Vouchers (RCSVs) from 6 000 to 7 000	*1,970	Elderly persons eligible for RCVSs
5. Increase the annual output targets of the Landslip Prevention and Mitigation Programme	+1,900 #20	Society as a whole
6. Injection into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)	^1,430	Non-listed Hong Kong enterprises
7. Increase the number of Community Care Service Vouchers (CCSVs) from 12 000 to 16 000	*1,200	Elderly persons eligible for CCSVs

*: 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 \$ million	Beneficiary
8. Reduce water and sewage charges for non-domestic accounts by 50% for one year, subject to a monthly ceiling of \$10,000 and \$5,000 respectively per account, starting from 15 January 2026	Ω614 <i>(revenue forgone)</i>	About 260 000 non-domestic accounts, including hotel, catering, laundry, hair and beauty services
9. Provide welfare service support to needy elderly persons and their carers under the Integrated Discharge Support Programme for Elderly Patients	#389	Needy elderly persons discharged from public hospitals after receiving treatments
10. Provide around 700 new subsidised residential care service places in 2026-27 financial year	*373	Elderly persons eligible for subsidised residential care places
11. Set up an AI Efficacy Enhancement Team, and roll out various AI tools and AI flagship projects to promote AI application in government services	#250 +80	General public using government services
12. Continue the implementation of the “District Services and Community Care Teams - Scheme on Supporting Elderly and Carers” for the next three years	#314	Singleton elderly, doubleton elderly, carers of elderly and persons with disabilities
13. Enhance the Digital Transformation Support Pilot Programme	^300	No less than 10 000 eligible SMEs will benefit from the enhanced programme
14. Extend the claim period of additional child allowance for newborns from one year to two years	Ω300 <i>(revenue forgone)</i>	About 16 000 taxpayers
15. Provide bridging and support services for children with special needs receiving On-site Pre-school Rehabilitation Services (OPRS) during their first term in primary school	*264	Children with special needs receiving OPRS

*: 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 \$ million	Beneficiary
16. Waive the fees for the first issue or renewal of licences and permits, for hawkers, food businesses, agriculture and fisheries industries and liquor licences for one year	Ω262 (revenue forgone)	About 61 000 relevant licensees
17. Conduct a mid-term review of the Re-employment Allowance Pilot Scheme, along with the Employment Programme for the Elderly and Middle-aged, to explore further measures to encourage silver employment	#222	Middle-aged and older persons aged 40 or above who have not been in paid work for three consecutive months or more
18. Injection of additional total commitment of \$180 million into the Child Development Fund	^180	Upper primary students from disadvantaged communities
19. Continue to expand the Residential Care Services Scheme in Guangdong by further increasing the number of the participating Mainland residential care homes and subsidised care-and-attention places in the Greater Bay Area, so as to offer more choices for Hong Kong elderly persons who opt for cross-boundary retirement	*165	Elderly persons eligible for subsidised residential care places
20. Reduce trade effluent surcharge by 50% for one year, starting from 15 January 2026	Ω122 (revenue forgone)	About 35 000 businesses, mainly in the catering industry
21. Provide 450 additional places for day, residential and pre-school rehabilitation services	*107	Persons with disabilities

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
22. Leverage Hong Kong’s network in the Chinese Mainland and overseas through consolidating efforts of the Mainland Offices, the Hong Kong Trade Development Council, Invest Hong Kong, and overseas Economic and Trade Offices to provide one-stop and customised support to Chinese Mainland enterprises to “go global” via Hong Kong and attract industries to set up businesses in Hong Kong	#95 *2	Local professional services sector, and enterprises from the Chinese Mainland and overseas
23. Increase the number of places for extended care at hostels with Day Activity Centres/Integrated Vocational Rehabilitation Services Centres to enhance care and support for ageing service users	*72	Persons with disabilities
24. Introduce one-stop support and care services for elderly persons with disabilities at hostels for severely and moderately mentally handicapped persons	*40	Persons with disabilities
25. Provide funding support of \$40 million by the University Grants Committee (UGC) in the 2025-28 triennium to the eight UGC-funded universities to promote the “Study in Hong Kong” brand, with a view to attracting top-notch talents globally	#40	The publicity campaign promotes the “Study in HK” brand on a global scale, with a view to attracting top-notch talents globally

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Proposal	Annual/ Total Amount \$ million	Beneficiary
26. Provide funding support for launching the pilot scheme on Sports Dispute Resolution	#4	Sports, legal and dispute resolution sectors, including sports associations, athletes, mediators, arbitrators, lawyers

Total Financial Implications of Policy Address Major Initiatives (I)	60,715
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Involving –	
Operating Expenditure	7,437
- <i>Recurrent measures</i>	5,527
- <i>Non-recurrent measures</i>	1,910
Capital Expenditure	31,980
Revenue Forgone	1,298
Financial Commitment	20,000

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Proposal	Annual/ Total Amount \$ million	Beneficiary
II. 2026-27 Budget Proposals		
(A) One-off Relief Measures		
<u>Expenditure</u>		
27. Provide an allowance for eligible social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, while similar arrangements will also apply to recipients of the Working Family Allowance (WFA)	[^] 6,486	About 1.76 million recipients of social security payments and about 56 000 households in receipt of WFA
Sub-total for Expenditure Measures	6,486	
<u>Revenue</u>		
28. Reduce salaries tax and tax under personal assessment for the year of assessment 2025/26 by 100%, subject to a ceiling of \$3,000	^Ω 5,320 <i>(revenue forgone)</i>	About 2.12 million taxpayers
29. Reduce profits tax for the year of assessment 2025/26 by 100%, subject to a ceiling of \$3,000	^Ω 455 <i>(revenue forgone)</i>	About 170 800 businesses

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
30. Provide rates concession for domestic properties for first two quarters of 2026/27, subject to a ceiling of \$500 per quarter	^Ω 3,104 <i>(revenue forgone)</i>	About 3.15 million domestic properties liable to rates
31. Provide rates concession for non-domestic properties for first two quarters of 2026/27, subject to a ceiling of \$500 per quarter	^Ω 418 <i>(revenue forgone)</i>	About 440 000 non-domestic properties liable to rates
Sub-total for Revenue Measures	<hr/> 9,297 <hr/>	
Total for One-off Relief Measures	15,783 <hr/> <hr/>	

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
(B) Measures with Long-term Effects		
<u>Expenditure</u>		
32. Earmark funding for the setting up of San Tin Technopole Company	+10,000	Innovation and Technology (I&T) enterprises from local, Chinese Mainland and overseas
33. Further injection into the Hong Kong-Shenzhen Innovation and Technology Park Limited	+10,000	I&T enterprises from local, Chinese Mainland and overseas
34. Provide initial capital injection to the Hung Shui Kiu Industry Park Company Limited	+10,000	Local, Chinese Mainland and overseas enterprises in industries with a competitive edge
35. Earmark funding for providing loans to post-secondary institutions for developing campus facilities at the Northern Metropolis University Town at Hung Shui Kiu/Ha Tsuen New Development Area	+10,000	Post-secondary institutions
36. Provide subsidy to incentivise eligible owners to properly maintain residential buildings	^3,000	Private building owners
37. Provide funding allocation for Hong Kong Tourism Board	#1,660	Visitors, locals, tourism industry and related sectors
38. Injection into the Arts and Sport Development Fund (Sports Portion)	^1,200	The sports sector and students/youths, including about 500 athletes and about 10 000 students/youths

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
39. Extend the Elderly Health Care Voucher Pilot Reward Scheme for two years until end-2028	#1,000	Eligible elderly persons aged 65 or above
40. Injection into the Lift Modernisation Subsidy Scheme	^1,000	Property owners of eligible private residential or composite buildings
41. Injection into the Construction Innovation and Technology Fund	^1,000	Enterprises and practitioners of the construction industry
42. Earmark additional funding for the Built Heritage Conservation Fund	+700 ^300	<ol style="list-style-type: none"> 1. General public 2. Tourists; 3. Project operators 4. Owners of graded historic buildings and tenants of government-owned graded historic buildings 5. Professional organisations 6. Academic institutions
43. Injection into the Chinese Medicine Development Fund	^500	Stakeholders of the Chinese medicine sector and society as a whole
44. Establish in Hong Kong the first national manufacturing innovation centre outside the Mainland	+216	Universities and research and development institutions, industries, investors, start-up skilled talents and the general public (through job creation and economic growth)

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Proposal	Annual/ Total Amount \$ million	Beneficiary
45. Launch the “Northern Metropolis Urban-rural Integration Fund” as a pilot scheme	^200	Over 260 recognised villages within the Northern Metropolis
46. Increase the commitment of subsidy for enhanced Smart Tender services	^200	Building owners
47. Injection into the BUD Fund	^200	Non-listed Hong Kong enterprises
48. Allocation to the Urban Renewal Authority for launching enhanced Smart Tender services	^100	Private building owners
49. Introduce industry-leading AI technologies to accelerate the digital transformation of the Government	#100	Entire society
50. Take forward construction cost reduction initiatives	^100	Construction industry and society as a whole
51. Attract large-scale international exhibitions with new elements to Hong Kong by collaborating with relevant organisations on a pilot basis	#100	Convention and exhibition industry
52. Provide additional 88 training places under the Graduate Training Scheme for the development and construction sector for 2026 intake	#65	Relevant degree graduates
53. Launch a five-year plan to enhance and upgrade recycling infrastructures starting from 2026-27	#62	Society as a whole
54. Implement a two-year Intellectual Property Academy Pilot Programme	#52	Working professionals, intellectual property trade-related sectors and practitioners, SMEs and start-ups, I&T sector, etc.

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
55. Invite relevant public organisations and tertiary institutions to organise courses and activities related to AI applied learning to enhance public awareness of AI	^50	Students, youths and society as a whole
56. Introduce incentive scheme on registration to attract green maritime fuel-powered vessels to register with the Hong Kong Shipping Registry	^23	Hong Kong-registered green maritime fuel-powered vessels
57. Provide port dues concessions to attract green maritime fuel-related vessels to visit Hong Kong	^11	Ocean going vessels powered by or carrying green maritime fuels
58. Strengthen the capability of the Census and Statistics Department to provide data science advisory and analysis services to other departments	#10	Society as a whole
59. Establish a new digital platform of cross-sectoral professional services under the Task Force on Supporting Mainland Enterprises in Going Global for attracting enterprises to establish operations in Hong Kong and go global	+5	Chinese Mainland enterprises wishing to go global via Hong Kong as well as Hong Kong professional and business service providers from various sectors
60. Support the staging of more international maritime events in Hong Kong	*5	Hong Kong maritime and port industry
Sub-total for Expenditure Measures	<hr/> 51,859 <hr/>	

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
<u>Revenue</u>		
61. Increase allowances and raise deduction ceiling under salaries tax and tax under personal assessment with effect from the year of assessment 2026/27 –		
(i) Basic allowance (from \$132,000 to \$145,000)	} Ω3,560 (<i>revenue forgone</i>)	About 2.09 million taxpayers
(ii) Married person’s allowance (from \$264,000 to \$290,000)		
(iii) Single parent allowance (from \$132,000 to \$145,000)		
(iv) Dependent Parent/Grandparent Allowances (from \$50,000 to \$55,000 for dependent parent/grandparent aged 60 or above) (and from \$25,000 to \$27,500 for dependent parent/grandparent aged between 55 and 59)	} Ω970 (<i>revenue forgone</i>)	About 830 000 taxpayers
(v) Deduction for Elderly Residential Care Expenses (from \$100,000 to \$110,000)		
(vi) Basic and additional child allowance (from \$130,000 to \$140,000)	Ω680 (<i>revenue forgone</i>)	About 360 000 taxpayers

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Proposal	Annual/ Total Amount \$ million	Beneficiary
62. Extend the full waiver of First Registration Tax (FRT) for electric commercial vehicles, electric motorcycles and electric motor tricycles for another two years until 31 March 2028. Discontinue the FRT concession for electric private cars	Ω142 <i>(revenue forgone)</i>	Prospective commercial electric vehicle and motorcycle purchasers
63. Waive the fees relevant to the export of food products charged by the Centre for Food Safety for two years	Ω6 <i>(revenue forgone)</i>	Food trade
64. Increase the stamp duty rate on residential property transactions with an amount or value of consideration above \$100 million from 4.25% to 6.5%	Ω(1,000) <i>(increase in revenue)</i>	Society as a whole
65. Enhancements to tax concessionary measures for Corporate Treasury Centres (CTC)	<i>Unable to estimate¹</i>	<ol style="list-style-type: none"> 1. Multinational corporations with CTCs in Hong Kong 2. Local companies and practitioners in the banking, financial services and professional services sectors, which support the corporate treasury related activities of CTCs
66. Stamp Duty Waiver for Transfer of Non-residential Properties into Real Estate Investment Trusts (REITs) seeking to list in Hong Kong	<i>Unable to estimate²</i>	REIT industry and related financial/other professional services providers

¹ An accurate estimate of the financial implication could not be provided, as CTCs have varying business practices, while the details of the proposal are still being formulated.

² The financial impact of the proposal cannot be estimated because it will depend on the number and value of non-residential properties to be transferred into REITs seeking to list in Hong Kong.

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
67. Relax the requirements for exemption from stamp duty for intra-group transfer of assets	<i>Unable to estimate³</i>	Eligible enterprises involving intra-group transfer of assets
Sub-total for Revenue Measures	4,358	
Total for Budget Measures with Long-term Effects	56,217	

(C) Reinforcing Fiscal Consolidation Programme

Strictly Containing the Growth of Operating Expenditure

68. Implement the Productivity Enhancement Programme, reduce 2% of the recurrent government expenditure annually for two years in 2026-27 and 2027-28, i.e. savings of approximately \$7.8 billion and \$15.6 billion respectively as compared to 2025-26	(15,600) <i>(annually, starting from 2027-28)</i>	} Society as a whole
69. Reduce the civil service establishment by 2% each in 2026-27 and 2027-28	<i>(reflected in item 68)⁴</i>	

³ Since intra-group transfers of Hong Kong stock or immovable property involve various considerations, the financial impact is unable to estimate.

⁴ The actual expenditure saved would depend on the actual posts cut but the financial impact is already reflected in item 68 (“Implement the Productivity Enhancement Programme”) above.

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

Proposal	Annual/ Total Amount \$ million	Beneficiary
<i>Consolidating and Optimising the Use of Government's Financial Resources</i>		
70. Transfer the investment income of the Exchange Fund to Capital Works Reserve Fund on the premise that the Exchange Fund's function to maintain the stability and integrity of Hong Kong's monetary and financial system will not be compromised	(150,000)	} Society as a whole
71. Transfer the accumulated surplus in the Bond Fund to the Government's consolidated account	(37,000)	
72. Following a review of the actual circumstances of 36 funds outside the Government's accounts, transfer the unspent balance of seven funds to the Government's accounts	(15,830)	
Total for the Programme	(218,430)	
Total Financial Implications of Budget Proposals (II) (A+B+C)	(146,430)	

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Proposal	Annual/ Total Amount \$ million	Beneficiary
III. Support Measures related to Taipo Wang Fuk Court		
73. Implement long-term housing arrangements for Wang Fuk Court	^4,000	Relevant owners of Wang Fuk Court in Taipo
Total for the Measures (III)	<u>4,000</u>	
Grand Total (Policy Address Major Initiatives, Budget Proposals and Support Measures related to Taipo Wang Fuk Court) (I+II+III)	<u><u>(81,715)</u></u>	

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

(5) Medium Range Forecast

(\$ billion)	2025-26 Revised Estimate	2026-27 Estimate	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast
Operating surplus	51.3	11.9	26.4	41.2	52.2	68.8
Capital deficit	(151.7)	(90.1)	(98.6)	(147.3)	(123.2)	(107.3)
Proceeds from issuance of government bonds	155.0	160.0	210.0	220.0	190.0	190.0
Repayment of government bonds	(51.7)	(59.7)	(129.9)	(103.3)	(101.6)	(133.1)
Consolidated surplus after issuance and repayment of bonds	2.9	22.1	7.9	10.6	17.4	18.4

Fiscal reserves at 31 March	657.2	679.3	687.2	697.8	715.2	733.7
In terms of no. of months of government expenditure	10	10	10	10	10	10
In terms of % of GDP	19.7%	19.5%	18.8%	18.1%	17.7%	17.3%

- Appendices –
1. Social Welfare
 2. Health
 3. Education

Social Welfare

1. Estimated government expenditure on Social Welfare amounts to \$148.1 billion in 2026-27, accounting for 17.6% of total estimated government expenditure, and is 14.4% higher than the 2025-26 revised estimate (RE).
2. Estimated recurrent government expenditure on Social Welfare is \$135.9 billion in 2026-27, accounting for 22.7% of total estimated recurrent government expenditure and is 9.9% higher than the 2025-26 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) Existing initiatives

- (i) An additional commitment of \$180 million (2025-26 RE: \$52.1 million) for the Child Development Fund.
- (ii) Additional provision of \$151.2 million in 2026-27 (\$302.4 million additional full-year provision w.e.f. 2027-28) for increasing the number of Community Care Service Vouchers from 12 000 to 16 000 to enhance the support for ageing in place.
- (iii) Additional provision of about \$388.9 million from 2026-27 to 2028-29 for over 200 elderly centres in Hong Kong to provide needy discharged elderly patients under the Integrated Discharge Support Programme for Elderly Patients and their carers with welfare service support, thereby better leveraging the synergy of medical-social collaboration.
- (iv) Additional provision of \$25.4 million in 2026-27, \$209.9 million in 2027-28 and \$317.0 million in 2028-29 (\$373.1 million additional full-year provision w.e.f. 2029-30) for continually increasing the supply of subsidised residential care service places. Specifically, around 700 new subsidised residential care service places will be provided in 2026-27.
- (v) Additional provision of \$129.4 million in 2026-27 (\$258.9 million additional full-year provision w.e.f. 2027-28) for increasing the number of Residential Care Service Vouchers from 6 000 to 7 000, so as to meet the keen demand for long-term residential care services.

Appendix 1 (Cont'd)

- (vi) Additional provision of \$82.3 million in 2026-27 (\$164.7 million additional full-year provision w.e.f. 2027-28) for continuing with the expansion of the Residential Care Services Scheme in Guangdong by further increasing the number of participating Mainland Residential Care Homes for the Elderly in the Guangdong-Hong Kong-Macao Greater Bay Area and subsidised places, so as to offer more choices for Hong Kong elderly persons who opt for cross-boundary retirement.
- (vii) Additional full-year provision of \$314.1 million from 2026-27 to 2029-30 for continuing the implementation of the "District Services and Community Care Teams - Scheme on Supporting Elderly and Carers" for three years.
- (viii) Additional provision of \$17.9 million in 2026-27 (\$107.0 million additional full-year provision w.e.f. 2027-28) for providing 450 additional places for day, residential and pre-school rehabilitation services.
- (ix) Additional provision of \$36.7 million in 2026-27 (\$40.1 million additional full-year provision w.e.f. 2027-28) for introducing one-stop support and care services for ageing service users at hostels for severely and moderately mentally handicapped persons.
- (x) Additional provision of \$66.1 million in 2026-27 (\$72.1 million additional full-year provision w.e.f. 2027-28) for increasing the number of places for extended care at hostels with Day Activity Centres/Integrated Vocational Rehabilitation Services Centres to enhance care and support for ageing service users.
- (xi) Additional provision of \$153.9 million in 2026-27 (\$263.9 million additional full-year provision w.e.f. 2027-28) for providing bridging and support services for children with special needs receiving On-site Pre-school Rehabilitation Services during their first term in primary school.

(b) Social Security

The expenditure on social security since 2021-22 is as follows –

	2021-22 (Actual)	2022-23 (Actual)	2023-24 (Actual)	2024-25 (Actual)	2025-26 (Revised Estimate)	2026-27 (Estimate)
CSSA (\$ million)	22,069 (22,909) ^	22,610 (23,196) ^	21,912 (22,484) ^	21,783 (22,353) ^	22,456 (23,028) ^	23,367 (24,576) #
SSA (\$ million)	38,224 (39,754) ^	42,059 (43,706) ^	46,586 (48,447) ^	50,175 (52,213) ^	54,187 (56,361) ^	61,872 (66,953) #
Total (\$ million)*	60,294 (62,663) ^	64,670 (66,902) ^	68,498 (70,931) ^	71,958 (74,566) ^	76,643 (79,389) ^	85,239 (91,529) #

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

Includes the one-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 \$153.1 billion in 2026-27, accounting for 18.2% of total estimated government expenditure, and is 5.7% higher than the 2025-26 revised estimate (RE).
2. Estimated recurrent government expenditure on health is \$118.9 billion in 2026-27, accounting for 19.8% of total estimated recurrent government expenditure and is 4% higher than the 2025-26 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

A. Hospital Authority (HA)

The Government will continue to provide funding for HA to meet projected increasing demand based on the triennium funding arrangement announced in the 2017 Policy Address. The 2026-27 financial provision for HA totals \$103.1 billion (comprising \$101.8 billion recurrent subvention, \$1.3 billion capital subvention and \$6 million non-recurrent allocation), representing an increase of 2.9% over the 2025-26 revised estimate (\$100.2 billion).

The recurrent subvention at \$101.8 billion represents an increase of 2.8% over the 2025-26 revised estimate (\$99.0 billion). The following key measures will be implemented –

Existing initiatives

- (i) enhancing service planning and coordination to support hospital development projects;
- (ii) providing additional hospital beds, additional operating theatre, endoscopy, pre-anaesthetic assessment clinic and peri-operative medical clinic sessions;
- (iii) enhancing family medicine outpatient services and specialist outpatient services;
- (iv) enhancing mental health services;
- (v) enhancing cancer services, such as provision of fast-track diagnostic services to patients with suspected lung cancer and commencing clinical operation of a Gamma Knife;

Appendix 2 (Cont'd)

- (vi) enhancing ophthalmology services, clinical supporting services (such as radiology, nuclear medicine and pathology services) as well as non-clinical supporting services;
- (vii) enhancing the capacity for genetic and genomic services, ambulatory care and community-based care services as well as implementing alternative options for specialist outpatient service;
- (viii) developing smart ward, smart clinic and smart pharmacy as well as automating services via Information Technology (IT) tools/ solutions and robotics;
- (ix) establishing IT platforms to facilitate operational efficiency; and
- (x) attracting and retaining staff through providing additional promotion opportunities; and enhancing various training programmes.

B. Department of Health

(a) New initiatives

- (i) \$115 million in 2026-27 (\$735 million total time-limited provision for five years from 2026-27 to 2030-31 and \$23 million recurrent provision w.e.f. 2026-27) for setting up the Hong Kong Centre for Medical Products Regulation, implementing primary evaluation, enhancing regulatory regime and capacity for medical products, and preparing for the statutory regulation of medical devices in Hong Kong;
- (ii) \$35 million in 2026-27 (\$105 million total time-limited provision for three years from 2026-27 to 2028-29) for sustaining, strengthening and accelerating HIV response through re-engineering community engagement;
- (iii) \$11 million in 2026-27 (\$30 million total time-limited provision for three years from 2026-27 to 2028-29) for technology refresh for Clinical Information Management System (CIMS) 2 Platform in Department of Health; and

Appendix 2 (Cont'd)

- (iv) \$45 million in 2026-27 (\$86 million total time-limited provision for five years from 2026-27 to 2030-31 and \$9 million recurrent provision w.e.f. 2031-32) for establishing a Department of Health departmental data collaboration platform which serves as a central hub where service units can efficiently access and share critical business information, laying the foundation for future Artificial Intelligence and advanced visualisation capabilities.

(b) Existing initiatives

- (i) Additional time-limited provision of \$97 million in 2026-27 (\$400 million total time-limited provision for five years from 2023-24 to 2027-28) for procurement and administration of vaccines under various vaccination programmes;
- (ii) Additional time-limited provision of \$31 million in 2026-27 (\$82 million total time-limited provision for three years from 2025-26 to 2027-28) for strengthening manpower support for smooth operation of Government Chinese Medicines Testing Institute;
- (iii) Additional provision of \$31 million in 2026-27 (\$144 million full year provision w.e.f. 2027-28) 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);
- (iv) Additional time-limited provision of \$166 million in 2026-27 for the EHCV Scheme, including –
 - Additional time-limited provision of \$102 million in 2026-27 (\$7,356 million total time-limited provision for five years from 2023-24 to 2027-28) for meeting the cash flow requirements for EHCV Scheme; and
 - Additional time-limited provision of \$64 million in 2026-27 for extending the “EHCV Pilot Reward Scheme” for two years until end 2028 (\$1,000 million total time-limited provision for four years from 2026-27 to 2029-30); and

- (v) Additional time-limited provision of \$74 million in 2026-27 (\$786 million total time-limited provision for six years from 2024-25 to 2029-30) for enhancing public dental services, including enhancement of Healthy Teeth Collaboration, launching Primary Dental Co-care Pilot Scheme for Adolescents, Community Dental Support Programme, and introducing preventive dental services for pre-school children.

C. Health Bureau

Existing initiatives

- (i) Additional time-limited provision of \$26 million in 2026-27 (\$124 million total time-limited provision for five years from 2026-27 to 2030-31) for implementing the strategic directions stipulated in the Chinese Medicine Development Blueprint;
- (ii) Additional time-limited provision of \$269 million in 2026-27 (\$2,521 million total time-limited provision for five years from 2026-27 to 2030-31) for launching the Primary Healthcare Co-Care Network, with a view to providing more comprehensive and whole person care to the public by extending the scope of covered diseases, strengthening cross-disciplinary collaboration and improving support services;
- (iii) Additional time-limited provision of \$15 million in 2026-27 (\$673 million total time-limited provision for five years from 2026-27 to 2030-31) for implementing a community drug formulary and launching a community pharmacy programme to help the public obtain affordable primary healthcare drugs, thereby alleviating the financial burden of long-term drug expenses and avoiding overreliance on the public healthcare system;
- (iv) Additional provision of \$101 million in 2026-27 for the training and research subsidies in connection with The Chinese Medicine Hospital of Hong Kong (CMHHK); and
- (v) Additional provision of \$60 million in 2026-27 (\$181 million from 2027-28 onward) for provision of full-fledged services at District Health Centres (DHCs) in Wan Chai and Kwun Tong.

Initiatives under non-recurrent and capital expenditure

Existing initiatives¹

- (i) A total capital commitment of \$1,396 million and cash flow of \$170 million in 2026-27 (2025-26 RE: \$213 million) is for eHealth+ Development;
- (ii) A provision of \$1,285 million in 2026-27 (2025-26 RE: \$1,204 million) is for HA to procure equipment and implement computerisation projects;
- (iii) A total commitment of \$14,473 million and cash flow of \$82 million in 2026-27 (2025-26 RE: \$66 million) for procurement and administration of COVID-19 vaccines;
- (iv) A total commitment of \$1,500 million (including an additional commitment of \$500 million to support research, training and international publicity on strategic themes and taking forward capacity-building programmes) and cash flow of \$204 million in 2026-27 (2025-26 RE: \$70 million) is for Chinese Medicine Development Fund;
- (v) A total commitment of \$682 million and cash flow of \$69 million in 2026-27 (2025-26 RE: \$123 million) is for Hong Kong Genome Project;
- (vi) A total commitment of \$1,111 million and cash flow of \$216 million in 2026-27 (2025-26 RE: \$ 159 million) is for the “DHC Express” Scheme;
- (vii) A total commitment of \$1,000 million and cash flow of \$10 million in 2026-27 (2025-26 RE: \$10 million) is for the Indemnity Fund for Adverse Events Following Immunization with Coronavirus Disease-2019 Vaccines;
- (viii) A total commitment of \$4,223 million and cash flow of \$300 million in 2026-27 (2025-26 RE: \$300 million) is for Health and Medical Research Fund;
- (ix) A total commitment of \$80 million and cash flow of \$19 million in 2026-27 (2025-26 RE: \$21 million) is for the preparation for service commencement of the CMHHK;

¹ Including for those initiatives with additional commitment approved for 2026-27 and onwards (e.g. for extension of a NR scheme)

Appendix 2 (Cont'd)

- (x) A total capital commitment of \$8,620 million and cash flow of \$1,145 million in 2026-27 (2025-26 RE: \$2,350 million) is for the development of the CMHHK. [Remark: this is a health project with funding vote controlled by Architectural Services Department.]; and
- (xi) A total capital commitment of \$384 million and cash flow of \$89 million in 2026-27 (2025-26 RE: \$139 million) is for IT support for the CMHHK.

Education

1. Estimated government expenditure on education amounts to \$112 billion in 2026-27, accounting for 13.3% of total estimated government expenditure, and is 1% higher than the 2025-26 revised estimate (RE).
2. Estimated recurrent government expenditure on education is \$102.3 billion in 2026-27, accounting for 17.1% of total estimated recurrent government expenditure and is 0.3% higher than the 2025-26 RE.
3. The key initiatives are highlighted below –

Initiatives under recurrent government expenditure

(a) New initiatives

- (i) Earmarking \$2 billion under the Quality Education Fund to support primary and secondary schools to implement digital education, including \$0.5 billion for the “AI for Empowering Learning and Teaching Funding Programme”; and the Blueprint for Digital Education in Primary and Secondary Schools is to be released in 2026, which includes optimising the interface between primary and secondary curricula of Information Technology (IT) and Innovation and Technology (I&T) education, setting out an "Artificial Intelligence (AI) literacy" learning framework, and enhancing AI training for teachers to foster a digital education atmosphere on campus.
- (ii) \$10 million in 2026-27 (\$29 million total time-limited provision for three years from 2026-27 to 2028-29) is allocated to advance policy measures to develop Hong Kong as an international education hub, including supporting the work of the Working Group on Planning and Construction of the University Town and Task Force on Study in Hong Kong; taking forward and implementing relevant measures in respect of the development of the Northern Metropolis University Town; and global promotion of the “Study in Hong Kong” and “Study Tour in Hong Kong” brands, etc.
- (iii) \$2 million in 2026-27 (\$2 million full-year provision w.e.f. 2026-27) is for regularising the Three-tier School-based Emergency Mechanism in secondary schools and extending it on a trial basis to Primary Four to Six students from 1st December 2025 to 31st August 2026. The funds primarily cover the related training provided by the Education Bureau for teachers, parents, and students at the First-tier mechanism.

(b) Existing initiatives

- (i) \$318 million in 2026-27 (2025-26 RE: \$251 million; \$935 million full-year provision w.e.f. 2027-28) is for expanding the Study Subsidy Scheme for Designated Professions/Sectors (SSSDP) to cover top-up degree programmes for the first time, and for rationalising the implementation details of the Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong (NMTSS) to benefit students from different backgrounds with effect from the 2023/24 academic year; and for increasing in phases the numbers of subsidised places, subject to the implementation progress of the amended Post Secondary Colleges Ordinance (Cap. 320).
- (ii) \$86 million in 2026-27 (2025-26 RE: \$52 million; \$104 million full-year provision w.e.f. 2027-28) is for providing additional grant to the eight University Grants Committee-funded universities for supporting the expansion of the Hong Kong PhD Fellowship Scheme from 300 to 400 places.
- (iii) \$55 million in 2026-27 (2025-26 RE: \$32 million; \$104 million full-year provision w.e.f. 2031-32) is for providing additional subsidies for students pursuing the applied degree programmes on top of the existing SSSDP.

Initiatives under non-recurrent and capital expenditure

(a) Existing initiatives

- (i) A total commitment of \$1,500 million and cash flow of \$400 million in 2026-27 (2025-26 RE: \$300 million) is for launching a new round of the Research Matching Grant Scheme to incentivise more organisations to support research endeavours of universities and institutions over the four-year period from mid-2025 to mid-2029.
- (ii) A total commitment of \$1,260 million and cash flow of \$62 million in 2026-27 (2025-26 RE: \$86 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.
- (iii) A total commitment of \$500 million and cash flow of \$90 million in 2026-27 (2025-26 RE: \$10 million) is for supporting the implementation of the Global STEM Professorship Scheme.

Appendix 3 (Cont'd)

- (iv) \$1,788 million in 2026-27 (with \$1,751 million cash flow in 2025-26 RE) is for school maintenance (Major Repairs for aided and Direct Subsidy Scheme (DSS) schools and Emergency Repairs for aided schools).
- (v) A total provision of \$1,000 million and cash flow of \$2 million in 2026-27 (2025-26 RE: \$13 million) is for supporting simple minor internal conversion works for some 600 aided schools.
- (vi) A total provision of around \$2,000 million and cash flow of \$282 million in 2026-27 (2025-26 RE: \$128 million) is for expediting installation of lifts for public sector and DSS schools without such provisions, starting from 2019-20.