



The 2021-22
Budget
Highlights

**Overcoming
the Epidemic**

**Stimulating
the Economy**

**Building
a Liveable City**

**Public
Finance**



[www.budget.gov.hk/
2021/eng/index.html](http://www.budget.gov.hk/2021/eng/index.html)



Overcoming the Epidemic



Support Enterprises

- Extend the application period of 100% guarantee low-interest loan for enterprises to the end of this year, raise loan ceiling to **\$6 million**, extend repayment period and duration of principal moratorium



- Reduce profits tax for 2020-21 assessment year by **100%**, subject to a **\$10,000** ceiling
- Provide rates concession for non-domestic properties in 2021-22, subject to a ceiling of **\$5,000** per quarter in first two quarters and **\$2,000** per quarter in remaining two quarters
- Waive business registration fees for 2021-22

- Continue to waive **75%** of water and sewage charges of non-domestic households for **8 months**, subject to a monthly ceiling of **\$20,000** and **\$12,500** respectively



- Continue to grant **75%** rental/fee concession for eligible Government properties/short-term tenancies and waivers for **6 months** (**100%** concession for those closed at the Government's request)



Support Employment

- Launch the fourth tranche of Love Upgrading Special Scheme, provide more training options and online courses
- Plan to expand the scope of Continuing Education Fund to include online courses
- Allocate **\$6.6 billion** to create around **30 000** time-limited jobs



Relieve People's Hardship

Set Up a Special 100% Loan Guarantee for Individuals



- Provide an extra financing option for the unemployed
- Loan ceiling at **\$80,000**. Application period of **6** months
- Interest rate fixed at **1%** per annum. Maximum repayment period of **5** years
- Principal moratorium for the first **12** months. Offer reimbursement for interest paid after loans are repaid in full as scheduled



- Reduce salaries tax and tax under personal assessment for 2020-21 assessment year by **100%**, subject to a **\$10,000** ceiling

- Provide rates concession for domestic properties in 2021-22, subject to a ceiling of **\$1,500** per quarter in first two quarters and **\$1,000** per quarter in remaining two quarters

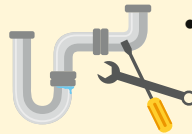


- Grant a subsidy of **\$1,000** to each residential electricity account

- Provide an extra **half-month** allowance of standard CSSA payment, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Working Family Allowance and Individual-based Work Incentive Transport Subsidy



- Pay examination fees for school candidates sitting for 2022 HKDSE Examination



- Earmark **\$1** billion to subsidise drainage repair works in over **3 000** old buildings



Electronic Consumption Vouchers



Issue **\$5,000** electronic consumption vouchers in instalments to each eligible Hong Kong permanent resident and new arrival aged **18** or above to facilitate and stimulate local consumption



- Provide electronic submission means for most government forms and licence applications by mid-2022
- Provide e-payment options (including Faster Payment System) for making payments of most government bills and licences starting from mid-2022
- Explore the development of the Hong Kong Legal Cloud



- Inject **\$1.5** billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales, increase funding ceiling per enterprise to **\$6** million and extend its geographical coverage in phases
- Allocate **\$375** million to Hong Kong Trade Development Council (HKTDC) to enhance its capability to organise online activities and to proceed with digitalisation
- Explore the use of HKTDC's platforms to assist young business starters in promoting their original products
- Develop the business version of the "iAM Smart" digital authentication platform



Support Tourism

- Earmark **\$169** million to continue to take forward local cultural, heritage and creative tourism projects
- Earmark **\$765** million to support Hong Kong Tourism Board (HKTB) in reviving the tourism industry
- HKTB to conduct a comprehensive review of the positioning of Hong Kong's tourism in the long run, formulate strategies to spur industry's recovery
- Consider reviving local group tours provided that public health can be safeguarded, allowing room for industry's business operation



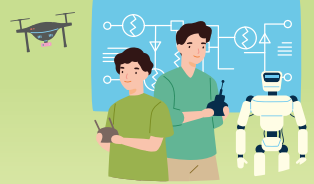
Reviving the Economy



- Discuss and work out Air Travel Bubble arrangement with suitable places



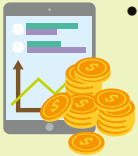
Stimulating the Economy



Financial Services



- Issue no less than **\$24 billion** of Silver Bond and no less than **\$15 billion** of iBond this year. Lower the eligible age for Silver Bond subscription from **65 to 60**
- Issue green bonds totalling **\$175.5 billion** within the next 5 years, and plan to issue retail green bonds
- Roll out Green and Sustainable Finance Grant Scheme to subsidise expenses on bond issuance and external review services
- Strive for the launch of Southbound Trading of Bond Connect within this year, and enhance the domestic Central Moneymarkets Unit
- Provide subsidy for Real Estate Investment Trusts to list in Hong Kong
- Launch a Pilot Insurance-linked Securities Grant Scheme to subsidise issuance costs
- Provide subsidy for Open-ended Fund Companies to set up in or re-domicile to Hong Kong
- Review tax arrangements relevant to family office business



Innovation and Technology

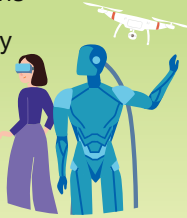
- Earmark over **\$200 million** to roll out “Knowing More About IT” Programme, subsidise primary schools to enhance students’ interests and knowledge in I&T and their applications through extra-curricular activities
- Regularise the pilot scheme which subsidises students studying science and technology in local universities to enrol in short-term I&T related internships
- Inject **\$9.5 billion** into the Innovation and Technology Fund by two yearly instalments
- Hong Kong Monetary Authority to consider enhancing its Fintech Supervisory Sandbox to reduce time for launching innovative financial products in the market
- Press ahead with the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop
- Continue to implement the Science Park expansion and Cyberport 5 development





- Continue to support the development of 5G networks and applications

- Commence progressively the operation of the first batch of about **20** R&D laboratories under the “InnoHK Research Clusters” in the first quarter of this year



Air Cargo Sector

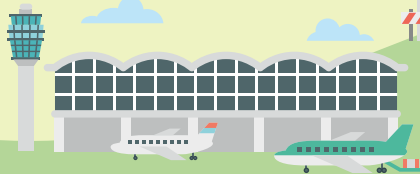
- With the expansion of the existing express air cargo terminal, the commissioning of a new premium logistics centre and the Three Runway System, annual cargo handling capacity of Hong Kong International Airport (HKIA) is expected to increase to some **9** million tonnes in 2024



- Explore measures to facilitate trans-shipment through Hong Kong, so as to maintain Hong Kong’s competitive edge as an international air cargo hub



- Redevelop the Air Mail Centre at HKIA to become operational by end 2027 at the earliest



Cultural and Creative Industries



- Inject an additional **\$1** billion into the CreateSmart Initiative

Construction Industry

- Enhance the professional skills of mid-tier managers in the Government and uplift their project delivery capability

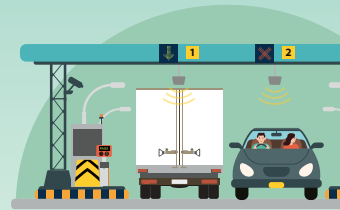


- Promote cost management culture to the industry
- Continue to promote the Modular Integrated Construction (MiC) method and digitalisation of public works





Building a Liveable City



Green City

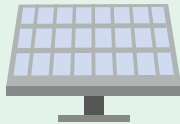


- Announce Hong Kong's first roadmap on the popularisation of electric vehicles, measures include ceasing the new registration of fuel-propelled private cars in 2035 or earlier



- Complete updated Clean Air Plan for Hong Kong by mid-2021

- Earmark **\$1** billion to install small-scale renewable energy systems at government buildings and infrastructure
- Earmark **\$150** million to conduct energy audits and install energy-saving appliances, free of charge, for social welfare NGOs



- Inject **\$1** billion into Recycling Fund and extend the application period to 2027

Relieve Traffic Congestion

- Increase the rate of each tax band for the first registration tax for private cars (including electric-private cars) by **15%** and the vehicle licence fee by **30%**
- Transport Department to continue the studies on "Congestion Charging" and the Electric Road Pricing Pilot Scheme in Central

Quality Living

- Earmark **\$500** million to enhance facilities in country parks
- Earmark **\$55** million to enhance hiking trails in country parks
- Earmark around **\$300** million to implement a five-year plan for upgrading football pitches
- Continue to implement harbourfront enhancement works





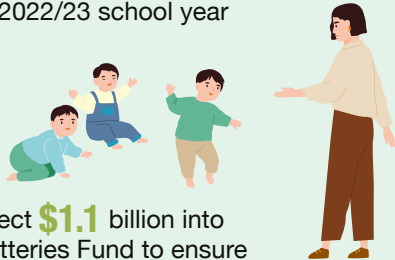
Strengthen Healthcare System

- Allocate **\$147** million to enhance mental health services
- Continue to work with universities to upgrade and increase healthcare-related teaching facilities
- Commence operation of **2** District Health Centres in the coming two years, and set up “DHC Expresses” in another **11** districts within this year
- Press ahead with implementing the first 10-year Hospital Development Plan (HDP) and the planning of the second 10-year HDP

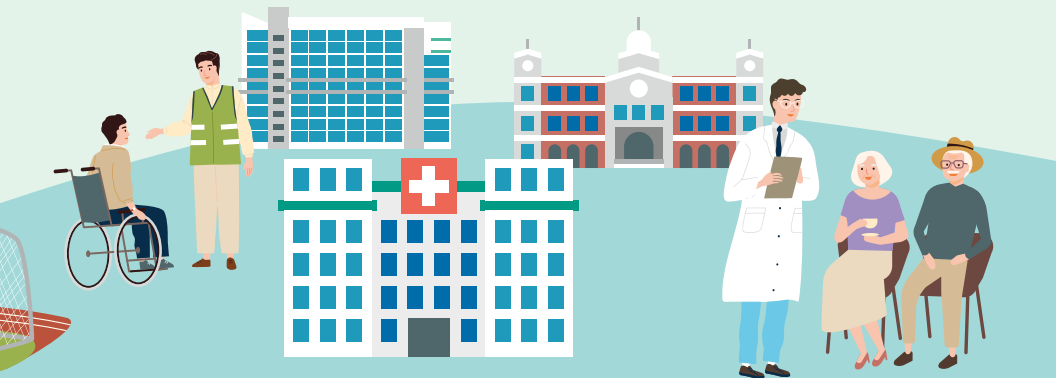


Caring and Inclusion

- Elderly services: provide about **8 800** residential care places and about **2 800** subsidised day care service places in the coming few years
- Rehabilitation services: increase the number of places for on-site pre-school rehabilitation services to **10 000** in 2022/23 school year



- Inject **\$1.1** billion into Lotteries Fund to ensure that feasibility studies for much-needed social welfare development projects can proceed as scheduled





- Potential land supply of 2021-22 Land Sale Programme, railway property development projects and private development/redevelopment projects expected to provide about **16 500** units. Another **3** commercial sites estimated to provide floor area of about **480 000** sqm
- New development area projects and other development projects under planning expected to provide a total of over **860** hectares of brownfield sites in the New Territories which can be redeveloped for housing and other land use



- Examine the feasibility of rezoning **5** commercial sites in Kowloon East for residential use, which are expected to provide about **5 800** private housing units in total
- Review about **40** “Government, Institution or Community” sites with joint use potential and put forward development proposals this year
- Introduce a pilot scheme in this quarter for charging land premium at “standard rates” to encourage redevelopment of industrial buildings

Housing Supply

- Public housing: Estimated production in the five-year period from 2020-21 is about **101 400** units, comprising over **70 000** public rental housing/ Green Form Subsidised Home Ownership Scheme units, and over **30 000** subsidised sale units
- Private housing: Estimated average annual production in the five-year period from 2021 is more than **18 000** units



Land and Housing



2021-22

Total government revenue and expenditure



Environment and Food
\$35.3B



Economic
\$81.6B



Profits Tax
\$126.7B



Land Premium
\$97.6B



Other Revenue
\$125.8B



Stamp Duties
\$92B



Salaries Tax
\$64.4B

Total government revenue **\$591.1B**

The above revenue items have not included the estimated proceeds from issuance of green bonds amounting to \$35.1 billion in 2021-22.

Total government expenditure \$727.8B

Security
\$62.4B

Infrastructure
\$84.1B

Health
\$115.8B

Others
(Including
Community
and External
Affairs)
\$117.1B

Social
Welfare
\$120.6B

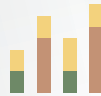
Education
\$110.9B



↑9.6%
Recurrent
EXPENDITURE
\$517.6B



Economy



GDP growth
in real terms



Headline
inflation



Underlying
inflation

2020
performance

- 6.1%

0.3%

1.3%

2021
forecast

3.5%
to 5.5%

1.6%

1.0%

Investment
Income
\$84.6B





- 2020-21 financial year: Estimated deficit of **\$257.6** billion
- 2021-22 financial year: Estimated deficit of **\$101.6** billion, equivalent to **3.6%** of GDP, mainly due to counter-cyclical fiscal measures and continued increase in recurrent expenditure
- 2022-23 to 2025-26 financial years: Deficit for four consecutive years is expected, mainly due to rises in government expenditure outpacing increases in government revenue (especially recurrent expenditure)

- Government expenditure should enter a consolidation period. Long-term financial commitments should be commensurate with the increase in revenue
- Maintain the development and vibrancy of our economy, and identify new areas of growth for increasing revenue



- Issue green bonds to fund green projects and increase Government's fiscal space
- Review the rating system to explore room for improvement



Facing the Challenge

Reduce Expenditure

- Zero growth in the civil service establishment in 2021-22
- Trim government recurrent expenditure by **1%** in 2022-23 without affecting livelihood-related spending. About **\$3.9** billion savings is expected



Increase Revenue

- Raise the rate of Stamp Duty on Stock Transfers, from the current **0.1%** to **0.13%** of the consideration or value of each transaction payable by buyers and sellers respectively
- Not the appropriate time to revise rates of profits tax and salaries tax. Government to continue reviewing and make adjustments at a suitable time



- Not the appropriate time to introduce new taxes. Government will carry out related research and make preparation for discussion and consensus-building at a suitable time



Public Finance

