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Replies to initial written questions raised by Legislative Council Members in examining the Estimates of Expenditure 2025-26

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 6

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CONTROLLING OFFICER'S REPLY

FSTB(Tsy)001

(Question Serial No. 0285)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has indicated that it will continue to step up enforcement against illicit cigarette activities and strengthen smoking cessation services, publicity and education. In this connection, will the Government inform this Committee of:

1. the quantity of illicit cigarettes successfully seized by the Customs and Excise Department (C&ED) and the market value involved in the past year;
2. the expenditure incurred by C&ED for the launch of the new Duty Stamp System;
3. whether the relevant government departments will explore the imposition of heavier penalties for the smuggling of illicit cigarettes?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 2)

Reply:

1. The quantity of duty-not-paid cigarettes seized locally by the Customs and Excise Department (C&ED) in 2024 was about 555 million sticks with a market value of about \$2,466 million.

2. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

3. C&ED is working with relevant bureaux to explore the increase in penalties for the offences relating to duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109), including raising the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment, as well as raising the penalties for compoundable offences (i.e. imposing penalty instead of prosecution).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)002

(Question Serial No. 1160)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding tobacco control policies, will the Government inform this Committee:

1) whether additional measures will be taken to combat the sale of illicit cigarettes?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 31)

Reply:

1) The Customs and Excise Department (C&ED) will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. In addition, C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

Apart from stepping up enforcement efforts, C&ED will continue to enhance publicity and public education by holding talks for schools and youth groups, displaying posters and banners, etc. in order to promote anti-illicit cigarettes message across different levels of the community.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)003****(Question Serial No. 1318)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (1) Control and Enforcement, (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is mentioned under the Programme that the Customs and Excise Department (C&ED) prevents and detects the smuggling of contraband, including narcotics, firearms, strategic goods, dutiable commodities, articles which infringe copyright or trade descriptions, and any other articles the importation or exportation of which is prohibited by law, through actions at control points and regular land and maritime patrols within the territory of Hong Kong; as well as administers two regulatory regimes for the Money Service Operators and for the Dealers in Precious Metals and Stones. In this regard, please inform this Committee of the following:

- 1). The quantities of illicit cigarettes seized and the numbers of persons prosecuted in the past 3 years, and whether the Government has considered strengthening the manpower for the prosecution of illicit cigarette cases. If yes, what are the expenditures involved? If not, what are the reasons?
- 2). Has C&ED adopted any advanced artificial intelligence (AI) inspection equipment in the inspection of dutiable commodities? If yes, what are the details? If not, what are the reasons?

Asked by: Hon KWOK Ling-lai, Lillian (LegCo internal reference no.: 39)Reply:

- 1). The quantities of duty-not-paid cigarettes seized locally and the numbers of persons prosecuted by the Customs and Excise Department (C&ED) in the past 3 years are tabulated below:

	2022	2023	2024
Quantity of seizure (million sticks)	688	593	555
Number of persons prosecuted#	698	1 065	1 363

Cases with prosecution instituted during the year.

In addition, 2 107, 9 838 and 19 074 persons were compounded and fined by C&ED at boundary control points for bringing in cigarettes exceeding the duty-free concessions in 2022, 2023 and 2024 respectively.

C&ED will flexibly deploy existing resources to assist in anti-illicit cigarette work as circumstances require.

2). C&ED has been taking forward the Smart Customs development to enhance clearance efficiency by making use of artificial intelligence (AI) and big data analytics, and has deployed advanced inspection equipment, such as Computed Tomography Scanners with AI functions, auto-detection devices for X-ray checkers, Smart Under Vehicle Robots, Platform for X-ray Image Evaluation, Vehicle Inspection and Strategic Analysis System, etc. to assist in risk analysis, as well as in the inspection and clearance of passengers, cargoes and vehicles at boundary control points.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)004****(Question Serial No. 1913)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

During 2025-26, the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling. Will the Government inform this Committee of:

1. the manpower and resources allocated to combating illicit cigarette activities by C&ED in each of the past 3 years;
2. ways to effect regional co-operation with other Customs administrations in combating the smuggling of illicit cigarettes; and
3. the details and timeline of introducing the Duty Stamp System.

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 37)Reply:

1. In the past 3 financial years, the Customs and Excise Department (C&ED) deployed 61 officers each year dedicated to combating illicit cigarette activities. The expenditures on emoluments involved are tabulated below:

Financial year	Expenditure involved (\$ million)
2022-23	28.98
2023-24	30.23
2024-25	31.13

In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involving in their interception of illicit cigarettes.

2. C&ED will continue to strengthen liaison and intelligence exchange with the Mainland and overseas law enforcement agencies, including Mainland Customs, the Australian Border Force, Japan Customs, Singapore Customs, etc. in order to more effectively combat cross-boundary cigarette smuggling activities.

C&ED and the Australian Border Force cohosted the “Regional Conference on Combating Illicit Cigarettes” in November 2024. The conference gathered various law enforcement agencies responsible for combating illicit cigarettes in the Asia-Pacific region to share their experiences and strategies in combating illicit cigarettes, with a view to enhancing the enforcement capabilities of regional Customs members in this field.

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant’s recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry’s accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)005

(Question Serial No. 2110)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to enforcement against illicit cigarette activities, will the Government inform this Committee of:

1. the manpower and resources incurred in implementing such work;
2. the respective quantities of illicit cigarettes seized via different channels, the numbers of persons arrested, the numbers of persons prosecuted and the average level of penalty in respect of cross-boundary smuggling and telephone-order peddling in the past 3 years;
3. the expenditures incurred in the introduction of the Duty Stamp System mentioned under matters of this financial year, and whether it will be implemented in the current year; if yes, the details; if not, the reasons.

Asked by: Hon LEUNG Hei, Edward (LegCo internal reference no.: 104)

Reply:

1. In 2024-25, the Customs and Excise Department (C&ED) had an establishment of 61 officers dedicated for the combating of illicit cigarette activities, involving approximately \$31.13 million of expenditure on emoluments. In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involved in their interception of illicit cigarettes.

2. The quantities of duty-not-paid illicit cigarettes seized locally via different channels and the numbers of persons arrested by C&ED in the past 3 years are tabulated as follows:

		2022	2023	2024
Inbound smuggling	Quantity seized (million sticks)	590	494	347
	Number of persons arrested	134	435	693
Storage, distribution and peddling	Quantity seized (million sticks)	98	98	205
	Number of persons arrested	567	718	815
Incoming persons bringing in excessive duty-free cigarettes and dealt with by compounding	Quantity seized (million sticks)	0.4	1.7	2.7
	Number of persons arrested	2 107	9 838	19 074
Total (Note 1)	Quantity seized (million sticks)	688	593	555
	Number of persons arrested	2 808	10 991	20 582

Note 1: The figures of illicit cigarettes seized may not add up to the total due to rounding.

The numbers of persons prosecuted and the penalties for offences relating to illicit cigarettes in the past 3 years are tabulated below:

	2022	2023	2024
Number of persons prosecuted (Note 2)	698	1 065	1 363
Penalties (Note 3)	A fine of \$100 to \$24,000 and an imprisonment of 8 to 605 days	A fine of \$100 to \$36,000 and an imprisonment of 2 to 600 days	A fine of \$100 to \$68,000 and an imprisonment of 1 to 840 days

Note 2: Cases with prosecution instituted during the year

Note 3: Cases with trial concluded during the year

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

To implement the Duty Stamp System, C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)006

(Question Serial No. 2662)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1) The number of persons compounded for offences relating to illicit cigarettes substantially increased by 9 236 from 9 838 in 2023 to 19 074 in 2024. How will the Customs and Excise Department (C&ED) step up random checks at various entry and exit points in the new financial year?

Will C&ED adopt new policy measures to combat illicit cigarettes in the new financial year? If yes, what are the details? If not, what are the reasons?

2) To combat illicit cigarettes and “cheap whites”, C&ED has earlier on proposed to assign a unique “identification code” to every duty-paid cigarette stick or package of cigarettes. What is the specific implementation timetable for the “identification code” scheme? What are the manpower resources and expenditures involved in the implementation of the “identification code” scheme? Did C&ED evaluate the effectiveness of the scheme in combating illicit cigarettes and “cheap whites”? If yes, what were the evaluation results? If not, what were the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 4)

Reply:

1) The Customs and Excise Department (C&ED) will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. In addition, C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

2) To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

To implement the Duty Stamp System, C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

We expect that the introduction of the Duty Stamp System and the implementation of measures such as raising the penalties for offences relating to illicit cigarettes will increase the deterrence effect on cigarette smuggling activities and strengthen the enforcement capability of C&ED, thereby enhancing the effectiveness of combating illicit cigarettes (including "cheap whites").

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)007

(Question Serial No. 0018)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

One of the aims of the Government Property Agency (GPA) is to optimise the utilisation of government sites and surplus properties with potential for alternative uses or disposal. In this connection, please inform this Committee of the following:

1. Under the programme "Estate Utilisation", the work of the GPA includes advising bureaux and departments on ways to optimise site utilisation, reviewing under-utilised sites managed by bureaux and departments, and exploring the possibility of introducing commercial activities within government properties. Does the GPA carry out the related work on its own initiative or passively at the requests of bureaux and departments?
2. In 2023 and 2024, the numbers of government premises identified as having new commercialisation opportunities are 3 and 6 respectively. Please list the relevant information of these 9 premises. Are the numbers relatively small as compared to the thousands of government properties managed by the GPA?
3. Will the GPA take the initiative to review some of the government sites and properties which have left idle for a long period of time or have low utilisation rate and land use efficiency, with a view to putting them into other gainful uses, including putting them up for sale? If yes, what are the specific measures?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 2)

Reply:

Currently, the Government Property Agency (GPA) mainly manages 46 joint-user general office buildings, 62 government quarters developments, the Passenger Clearance Building of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and the Passenger Terminal Building of the Heung Yuen Wai Boundary Control Point. Specialist/ departmental buildings (such as police stations and fire stations) are managed by relevant bureaux and departments.

The GPA and the Planning Department (PlanD) jointly review government site utilisation annually to optimise their utilisation and where appropriate, release relevant sites for alternative uses. During the review, the GPA and the PlanD will consider factors including the existing uses of the sites, redevelopment potential and relevant planning requirements.

Joint-user general office buildings and specialist/ departmental buildings are mainly used as offices of government departments and for the provision of public services. For individual property that is surplus to the space needed for the operation of the Government, the GPA will lease the property through commercialisation, lease the property to non-governmental organisations, or dispose of the property by sale. The GPA will also provide assistance in leasing or selling government quarters that are surplus to the operational needs of the Government.

In addition, the GPA will introduce commercial elements into suitable government properties from time to time. Having identified initially individual government property with commercialisation potential, the GPA will consult the departments concerned and examine in detail the implications of the introduction of commercial activities on the image, appearance, and pedestrian flow of the government property, as well as the impact on the change of use on fire escape, fire services and building installations, so as to determine whether it is feasible and appropriate to put the properties to commercial use.

Government properties with potential for introducing commercial elements in the past 2 years are as follows:

Item	Property	Proposed use
2023		
1 & 2	A portion of the Ground Floor, Treasury Building, Cheung Sha Wan, Kowloon	1 Automatic teller machine and 1 automatic vending machine
3	Unit 323 on Ground Floor and Units 404, 405, 406 and 407 on Mezzanine Floor, Passenger Clearance Building, the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, Lantau	Government canteen
2024		
1	A portion of the West Wing Lobby on the Ground Floor of the Central Government Offices, Tamar, Hong Kong	Automatic vending machine
2	A building in Sheung Shui, New Territories	Fee-paying public car park
3	A portion of the Ground Floor of Shun Lee Disciplined Services Quarters, Kwun Tong, Kowloon	Parcel delivery locker kiosk
4 to 6	Portions of the Restricted Area on the Pier Level, First Floor and Second Floor of China Ferry Terminal, China Hong Kong City, Tsim Sha Tsui, Kowloon	3 advertising areas

As government properties are mainly for offices, public facilities or other government uses, commercialisation opportunities in government properties are limited and most of the suitable space has been leased out. Therefore, the number of government properties with identifiable commercialisation opportunities is relatively low.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)008

(Question Serial No. 0019)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

One of the missions of the Government Property Agency is to manage government properties under its purview in an efficient and cost-effective manner, and to improve and modernise them to meet changing needs. In this connection, would the Government please advise on the following:

1. Has innovative technology been actively put to good use in order to achieve higher quality, greater efficiency and lower cost in the management of old and new government properties? If yes, please set out specific examples;
2. Because of the “Occupy Central” movement and the “black-clad violence” years ago, security measures and relevant manpower of many government properties have been strengthened. With the effective implementation of the Hong Kong National Security Law and the Safeguarding National Security Ordinance, has the Department re-assessed such measures and made adjustments accordingly, so as to reduce government expenditure?
3. In the light of the significant fiscal deficit, has the Department appropriately deferred or adjusted the refurbishment works of some of the government properties and the modernisation plan of their facilities? If yes, how many properties are involved and what is the amount of savings achieved?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 3)

Reply:

1. The Government Property Agency (“GPA”) provides day-to-day property and facility management services for government properties under its management (including joint-user general office buildings, Hong Kong-Zhuhai-Macao Bridge Hong Kong Port [HZMB HKP] and Heung Yuen Wai Boundary Control Point, etc.) through service contractors. GPA is committed to promoting innovation and the application of technologies and has required its service contractors to implement innovative and technology projects, including digitalised security patrol systems, cleaning and disinfection robots, etc., taking into account the actual circumstances of individual properties. Furthermore, GPA has installed an artificial intelligence monitoring system in the Passenger Clearance Building of HZMB HKP to monitor the real-time passenger flow and enhance the efficiency in crowd management. The aforesaid innovative and technology projects would boost the operational efficiency and achieve cost-saving in the provision of property and facility management services.

2. GPA has been maintaining close contact with law enforcement agencies and user departments to regularly review and adjust the security measures and manpower deployment, with a view to enforcing the security of government properties in a cost-effective manner. The existing security measures implemented in government properties have duly reflected this principle.

3. Acting on the professional advice of relevant works departments, GPA arranges necessary refurbishment works and renewal of facilities in government properties under its management to meet operational needs and safety requirements. GPA will prioritize the works according to their urgency and the availability of resources to ensure the effective use of public resources.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)009

(Question Serial No. 0083)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding government properties without designated use or left idle:

1. For the past 3 years, what are the numbers of government properties without designated use and left idle in the territory, and the numbers of leased units among such properties? What are the uses of such units by the tenants?
2. For the past 3 years, what are the expenditures spent by the Government on maintenance and repairs of properties without designated use or left vacant?

Asked by: Hon CHAN Han-pan (LegCo internal reference no.: 5)

Reply:

Currently, the Government Property Agency ("GPA") mainly manages 46 joint-user general office buildings (JUBs), 62 government quarters projects, the Passenger Clearance Building of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and the Passenger Terminal Building of the Heung Yuen Wai Boundary Control Point. None of the properties under the management of GPA are without designated use or left idle.

JUBs and specialist / departmental buildings (SDBs) are primarily used as offices for government departments and for the provision of public services. When the property is surplus to the operational needs of the Government, GPA will lease the property through commercialisation, offer the property for leasing to non-governmental organisations or dispose of the property by sale. GPA will also assist to lease or dispose of government quarters by sale when the quarters are surplus to the operational needs of the Government.

For SDBs under the management of relevant bureaux / departments, GPA is assisting the relevant bureaux / departments to lease more than 10 properties. GPA does not keep the information on the repair and maintenance expenses of these properties.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)010

(Question Serial No. 0875)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the use of government accommodation by bureaux/departments, will the Bureau inform this Committee of:

- (1) with a breakdown by bureau/department, (i) the areas of government-owned and leased office accommodation allocated at end-2024; (ii) the costs spent on leased office accommodation (including rent, management fees, air-conditioning charges and other charges payable to the landlords) in the past 3 years; and (iii) the estimated expenditures for 2025-26;
- (2) the areas of government-owned and leased office accommodation in each of the 18 District Council districts according to their locations at end-2024;
- (3) for the costs spent by the Government on leased office accommodation (including rent, management fees, air-conditioning charges and other charges payable to the landlords) in the past 3 years, a breakdown of the leased areas by range of consideration (\$0 \$100/m² per month, \$101-\$200/m² per month, etc.);
- (4) the expenditures on renovation and setting up of newly leased office accommodation and reinstatement of deleased office accommodation in the past 3 years and such estimated expenditures for 2025-26;
- (5) given the expenditures incurred for renovation and setting up of newly leased office accommodation, whether the Government has set out any minimum period of leasing office accommodation or principles in this regard for the avoidance of wasting resources; if yes, of the details; if not, of the reasons;

(6) whether the Government has any short-term and long-term plans in relocating leased offices with higher rental costs to leased office accommodation with lower rental costs or government-owned office accommodation; if yes, of the details; if not, of the reasons.

Asked by: Hon TANG Fei (LegCo internal reference no.: 29)

Reply:

- (1) to (3) Details of the office accommodation of bureaux and departments in government-owned premises as at 31 December 2024 are set out at **Annex 1**. Details of the office accommodation of bureaux and departments in leased private premises in the past 3 years are set out at **Annex 2**. As the expenditure on leased premises are mainly borne by the relevant bureaux and departments, the Government Property Agency (GPA) does not have information on the estimated expenditure on the Government's office accommodation in leased private premises for 2025-26.
- (4) According to the information provided by the Architectural Services Department (ArchSD), the Government's expenditure on renovation of newly leased office accommodation and reinstatement of deleased office accommodation in the past 3 years and the estimated expenditure on such for 2025-26 are set out at **Annex 3**. Some of the costs are expenditure for moving from leased premises to government-owned premises which are one-off in nature, and the relocation can help achieve savings in the expenditure on leased premises in the long run.
- (5) As the specifications, conditions and ancillary facilities of private premises vary, the renovation expenses incurred will also differ. Upholding the principle of prudent use of public funds, the ArchSD has all along been arranging renovation matters in a minimal and cost-effective manner to meet the operational needs of departments. The renovation arrangements must follow the "no frills" principle to avoid wastage of resources as far as possible. Therefore, the Government does not set out any minimum period of leasing office accommodation or principles in this regard.
- (6) Government's policy is to accommodate offices in government-owned premises as far as practicable. Leasing premises for use by departments will only be considered if government-owned premises are unable to meet their locational requirements or operational needs.

The GPA conducts an accommodation review annually. To reduce rental expenses, the GPA will relocate leased offices to government-owned premises, as well as relocate leased offices with higher rent to premises with lower rent having regard to the operational needs of the departments concerned and cost-effectiveness. In 2024-25, the saving on rental expenses (including management fees and air-conditioning charges) achieved by the Government in relocating 20 leased offices to government-owned premises or leased premises with lower rent is about \$94 million per year. The Government plans to move out of 26 leased offices in 2025-26, and the saving on rental expenses (including management fees and air-conditioning charges) is estimated to be about \$130 million per year. The GPA will continue to review the rental levels and explore ways to control rental expenses with bureaux and departments, including relocating offices to suitable government-owned premises or leased premises with lower rent as far as possible.

Information on the office accommodation of bureaux and departments in government-owned premises in the 18 districts as at 31 December 2024

District	Internal floor area (m²) (approximate)	Number of bureaux/departments involved
Central & Western	108 000	41
Eastern	81 000	24
Southern	3 000	6
Wan Chai	212 000	53
Kowloon City	59 000	21
Kwun Tong	16 000	13
Sham Shui Po	105 000	42
Wong Tai Sin	-	-
Yau Tsim Mong	73 000	21
Islands	2 000	12
Kwai Tsing	8 000	8
North	1 000	7
Sai Kung	10 000	17
Sha Tin	25 000	22
Tai Po	15 000	20
Tsuen Wan	24 000	21
Tuen Mun	22 000	17
Yuen Long	13 000	17
Total internal floor area	777 000	

Note: Government-owned premises include properties constructed and purchased by the Government, as well as properties in private development projects provided by developers by virtue of land grant provisions.

**Information on the office accommodation of bureaux and departments in
leased private premises in the 18 districts in the past 3 years**

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m² per month)	Internal floor area (m²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (million) (approximate)	Number of bureaux/departmen ts involved
<u>2022</u>				
Central & Western	\$0-\$100	500	10	10
	\$101-\$200	400		
	\$201-\$300	0		
	\$301-\$400	800		
	\$401-\$500	0		
	\$501 or above	9 900		
	Total	11 600		
Eastern	\$0-\$100	3 900	12	24
	\$101-\$200	12 000		
	\$201-\$300	4 500		
	\$301-\$400	4 000		
	\$401-\$500	8 500		
	\$501 or above	5 900		
	Total	38 800		
Southern	\$0-\$100	1 300	9	24
	\$101-\$200	4 000		
	\$201-\$300	3 600		
	\$301-\$400	10 000		
	\$401-\$500	5 000		
	\$501 or above	1 700		
	Total	25 600		
Wan Chai	\$0-\$100	900	23	26
	\$101-\$200	0		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	4 400		
	\$501 or above	25 000		
	Total	30 900		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air- conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Kowloon City	\$0-\$100	1 100	3	6
	\$101-\$200	0		
	\$201-\$300	1 800		
	\$301-\$400	1 700		
	\$401-\$500	2 300		
	\$501 or above	600		
	Total	7 500		
Kwun Tong	\$0-\$100	8 300	42	39
	\$101-\$200	3 900		
	\$201-\$300	18 600		
	\$301-\$400	39 000		
	\$401-\$500	32 000		
	\$501 or above	9 000		
	Total	110 800		
Sham Shui Po	\$0-\$100	20 100	4	20
	\$101-\$200	2 000		
	\$201-\$300	2 800		
	\$301-\$400	4 800		
	\$401-\$500	1 400		
	\$501 or above	1 300		
	Total	32 400		
Wong Tai Sin	\$0-\$100	6 600	3	11
	\$101-\$200	500		
	\$201-\$300	2 500		
	\$301-\$400	3 300		
	\$401-\$500	600		
	\$501 or above	1 500		
	Total	15 000		
Yau Tsim Mong	\$0-\$100	2 800	12	20
	\$101-\$200	0		
	\$201-\$300	0		
	\$301-\$400	2 300		
	\$401-\$500	10 700		
	\$501 or above	7 500		
	Total	23 300		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Islands	\$0-\$100	33 000	2	16
	\$101-\$200	1 200		
	\$201-\$300	700		
	\$301-\$400	0		
	\$401-\$500	0		
	\$501 or above	300		
	Total	35 200		
Kwai Tsing	\$0-\$100	4 000	8	18
	\$101-\$200	17 000		
	\$201-\$300	1 700		
	\$301-\$400	1 000		
	\$401-\$500	7 200		
	\$501 or above	700		
	Total	31 600		
North	\$0-\$100	200	3	9
	\$101-\$200	900		
	\$201-\$300	1 000		
	\$301-\$400	6 400		
	\$401-\$500	800		
	\$501 or above	100		
	Total	9 400		
Sai Kung	\$0-\$100	7 700	2	9
	\$101-\$200	800		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	0		
	\$501 or above	1 700		
	Total	10 800		
Sha Tin	\$0-\$100	4 000	6	14
	\$101-\$200	9 800		
	\$201-\$300	1 400		
	\$301-\$400	400		
	\$401-\$500	4 400		
	\$501 or above	2 400		
	Total	22 400		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Tai Po	\$0-\$100	1 600	2	10
	\$101-\$200	700		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	0		
	\$501 or above	2 500		
	Total	5 400		
Tsuen Wan	\$0-\$100	3 000	10	19
	\$101-\$200	21 500		
	\$201-\$300	8 000		
	\$301-\$400	7 000		
	\$401-\$500	1 900		
	\$501 or above	1 000		
	Total	42 400		
Tuen Mun	\$0-\$100	6 800	7	18
	\$101-\$200	32 900		
	\$201-\$300	2 600		
	\$301-\$400	400		
	\$401-\$500	200		
	\$501 or above	1 500		
	Total	44 400		
Yuen Long	\$0-\$100	4 400	3	12
	\$101-\$200	4 800		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	500		
	\$501 or above	2 700		
	Total	13 000		
Total monthly rent, management fees and air-conditioning charges (if any) in 2022			161	

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air- conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
2023				
Central & Western	\$0-\$100	500	10	9
	\$101-\$200	400		
	\$201-\$300	0		
	\$301-\$400	800		
	\$401-\$500	0		
	\$501 or above	9 500		
	Total	11 200		
Eastern	\$0-\$100	3 900	10	22
	\$101-\$200	12 000		
	\$201-\$300	2 900		
	\$301-\$400	3 500		
	\$401-\$500	10 400		
	\$501 or above	3 200		
	Total	35 900		
Southern	\$0-\$100	1 400	9	24
	\$101-\$200	2 200		
	\$201-\$300	5 400		
	\$301-\$400	10 400		
	\$401-\$500	6 400		
	\$501 or above	300		
	Total	26 100		
Wan Chai	\$0-\$100	600	19	23
	\$101-\$200	400		
	\$201-\$300	0		
	\$301-\$400	1 800		
	\$401-\$500	6 800		
	\$501 or above	22 200		
	Total	31 800		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air- conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Kowloon City	\$0-\$100	1 100	2	5
	\$101-\$200	0		
	\$201-\$300	1 800		
	\$301-\$400	1 700		
	\$401-\$500	2 300		
	\$501 or above	600		
	Total	7 500		
Kwun Tong	\$0-\$100	9 800	44	37
	\$101-\$200	3 500		
	\$201-\$300	24 500		
	\$301-\$400	37 200		
	\$401-\$500	38 500		
	\$501 or above	5 600		
	Total	119 100		
Sham Shui Po	\$0-\$100	20 100	4	19
	\$101-\$200	2 200		
	\$201-\$300	2 800		
	\$301-\$400	4 800		
	\$401-\$500	1 700		
	\$501 or above	1 100		
	Total	32 700		
Wong Tai Sin	\$0-\$100	6 600	4	10
	\$101-\$200	500		
	\$201-\$300	3 100		
	\$301-\$400	2 800		
	\$401-\$500	600		
	\$501 or above	1 500		
	Total	15 100		
Yau Tsim Mong	\$0-\$100	3 000	9	16
	\$101-\$200	0		
	\$201-\$300	0		
	\$301-\$400	2 800		
	\$401-\$500	8 700		
	\$501 or above	5 800		
	Total	20 300		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air- conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Islands	\$0-\$100	32 000	2	15
	\$101-\$200	1 200		
	\$201-\$300	700		
	\$301-\$400	0		
	\$401-\$500	0		
	\$501 or above	200		
	Total	34 100		
Kwai Tsing	\$0-\$100	2 600	8	18
	\$101-\$200	15 000		
	\$201-\$300	3 600		
	\$301-\$400	1 000		
	\$401-\$500	5 800		
	\$501 or above	2 300		
	Total	30 300		
North	\$0-\$100	200	3	7
	\$101-\$200	900		
	\$201-\$300	1 100		
	\$301-\$400	6 400		
	\$401-\$500	0		
	\$501 or above	100		
	Total	8 700		
Sai Kung	\$0-\$100	5 000	1	6
	\$101-\$200	800		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	0		
	\$501 or above	1 100		
	Total	7 500		
Sha Tin	\$0-\$100	8 000	6	13
	\$101-\$200	9 800		
	\$201-\$300	1 400		
	\$301-\$400	200		
	\$401-\$500	3 700		
	\$501 or above	3 200		
	Total	26 300		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air- conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Tai Po	\$0-\$100	1 600	1	8
	\$101-\$200	500		
	\$201-\$300	100		
	\$301-\$400	800		
	\$401-\$500	200		
	\$501 or above	1 300		
	Total	4 500		
Tsuen Wan	\$0-\$100	2 700	7	17
	\$101-\$200	4 000		
	\$201-\$300	5 900		
	\$301-\$400	6 200		
	\$401-\$500	3 100		
	\$501 or above	1 200		
	Total	23 100		
Tuen Mun	\$0-\$100	15 000	6	16
	\$101-\$200	24 000		
	\$201-\$300	2 600		
	\$301-\$400	400		
	\$401-\$500	0		
	\$501 or above	1 100		
	Total	43 100		
Yuen Long	\$0-\$100	4 400	3	10
	\$101-\$200	5 000		
	\$201-\$300	700		
	\$301-\$400	100		
	\$401-\$500	500		
	\$501 or above	2 400		
	Total	13 100		
Total monthly rent, management fees and air-conditioning charges (if any) in 2023			151	

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
<u>2024</u>				
Central & Western	\$0-\$100	500	9	10
	\$101-\$200	400		
	\$201-\$300	0		
	\$301-\$400	500		
	\$401-\$500	0		
	\$501 or above	9 300		
	Total	10 700		
Eastern	\$0-\$100	3 900	9	22
	\$101-\$200	9 700		
	\$201-\$300	2 900		
	\$301-\$400	3 500		
	\$401-\$500	10 400		
	\$501 or above	1 400		
	Total	31 800		
Southern	\$0-\$100	1 300	10	24
	\$101-\$200	2 500		
	\$201-\$300	6 700		
	\$301-\$400	8 700		
	\$401-\$500	8 500		
	\$501 or above	300		
	Total	28 000		
Wan Chai	\$0-\$100	500	18	21
	\$101-\$200	0		
	\$201-\$300	0		
	\$301-\$400	2 700		
	\$401-\$500	5 100		
	\$501 or above	20 100		
	Total	28 400		
Kowloon City	\$0-\$100	1 400	2	5
	\$101-\$200	0		
	\$201-\$300	300		
	\$301-\$400	1 700		
	\$401-\$500	2 300		
	\$501 or above	600		
	Total	6 300		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Kwun Tong	\$0-\$100	7 400	38	36
	\$101-\$200	2 800		
	\$201-\$300	16 000		
	\$301-\$400	30 700		
	\$401-\$500	38 100		
	\$501 or above	3 500		
	Total	98 500		
Sham Shui Po	\$0-\$100	20 500	4	19
	\$101-\$200	2 200		
	\$201-\$300	2 800		
	\$301-\$400	4 800		
	\$401-\$500	2 200		
	\$501 or above	1 100		
	Total	33 600		
Wong Tai Sin	\$0-\$100	6 600	3	9
	\$101-\$200	500		
	\$201-\$300	1 700		
	\$301-\$400	3 400		
	\$401-\$500	600		
	\$501 or above	1 500		
	Total	14 300		
Yau Tsim Mong	\$0-\$100	2 800	7	14
	\$101-\$200	0		
	\$201-\$300	0		
	\$301-\$400	2 500		
	\$401-\$500	9 200		
	\$501 or above	2 900		
	Total	17 400		
Islands	\$0-\$100	32 000	2	15
	\$101-\$200	1 100		
	\$201-\$300	800		
	\$301-\$400	0		
	\$401-\$500	0		
	\$501 or above	200		
	Total	34 100		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Kwai Tsing	\$0-\$100	4 200	8	18
	\$101-\$200	15 000		
	\$201-\$300	3 600		
	\$301-\$400	1 700		
	\$401-\$500	7 000		
	\$501 or above	800		
	Total	32 300		
North	\$0-\$100	200	3	7
	\$101-\$200	900		
	\$201-\$300	1 000		
	\$301-\$400	6 300		
	\$401-\$500	100		
	\$501 or above	100		
	Total	8 600		
Sai Kung	\$0-\$100	4 900	1	6
	\$101-\$200	900		
	\$201-\$300	0		
	\$301-\$400	600		
	\$401-\$500	0		
	\$501 or above	1 100		
	Total	7 500		
Sha Tin	\$0-\$100	8 000	5	14
	\$101-\$200	5 300		
	\$201-\$300	1 600		
	\$301-\$400	200		
	\$401-\$500	3 700		
	\$501 or above	2 700		
	Total	21 500		
Tai Po	\$0-\$100	1 600	2	8
	\$101-\$200	400		
	\$201-\$300	500		
	\$301-\$400	800		
	\$401-\$500	200		
	\$501 or above	1 300		
	Total	4 800		

District	Rental range (including monthly rent, management fees and air-conditioning charges (if any)) (m ² per month)	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (\$m) (approximate)	Number of bureaux/departments involved
Tsuen Wan	\$0-\$100	1 200	7	19
	\$101-\$200	3 600		
	\$201-\$300	10 000		
	\$301-\$400	4 500		
	\$401-\$500	3 100		
	\$501 or above	1 200		
	Total	23 600		
Tuen Mun	\$0-\$100	6 100	6	16
	\$101-\$200	32 000		
	\$201-\$300	2 600		
	\$301-\$400	400		
	\$401-\$500	0		
	\$501 or above	1 100		
	Total	42 200		
Yuen Long	\$0-\$100	4 400	3	10
	\$101-\$200	4 900		
	\$201-\$300	100		
	\$301-\$400	900		
	\$401-\$500	0		
	\$501 or above	2 200		
	Total	12 500		
Total monthly rent, management fees and air-conditioning charges (if any) in 2024			138	

Note: The above table shows the figures as at December of the relevant years. The figures for monthly rent, management fees and air-conditioning charges may not add up to the total due to rounding.

**Government's expenditures on renovation of newly leased office accommodation
and reinstatement of deleased office accommodation**

Financial year	Expenditure on renovation of newly leased office accommodation (\$m) (approximate)	Expenditure on reinstatement of deleased office accommodation (\$m) (approximate)
2022-23	288	54
2023-24	275	18
2024-25 (As at 28 February 2025)	206	85
2025-26 (Estimate)	200	50

Note: Subject to the tenancy agreement, the Government is required to reinstate the leased premises and return them to the owner within a specified period. In general, the costs of reinstatement works include the removal of interior fitting-outs, repairing works and reinstatement to the original condition. The Architectural Services Department has been striving to minimise unnecessary expenditures on related works for effective use of public funds.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)011

(Question Serial No. 0907)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in Matters Requiring Special Attention in 2025-26 under this Programme that the Government Property Agency will, among others, continue to take forward the initiative to relocate government offices being non-location-specific and without service boundary from high-value areas to lower-value areas or the Northern Metropolis as far as practicable. In this connection, please inform this Committee how many government offices were relocated from high-value areas to lower-value areas in 2024-25 under the above initiative? What is the amount of expenditure saved for the Government as a result? Please provide a breakdown by items and amounts. Are there any specific plans and targets to achieve further saving on Government's office expenses for the new year of 2025-26? If yes, what are the details and amounts involved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 6)

Reply:

The policy of the Government is to accommodate offices in government-owned premises as far as practicable. Leasing premises for use by departments will only be considered if government-owned premises are unable to meet their locational requirements or operational needs. The Government Property Agency (GPA) conducts an accommodation review annually. To reduce rental expenses, the GPA will relocate leased offices to government-owned premises, as well as relocate leased offices with higher rent to premises with lower rent having regard to the operational needs of the departments concerned and cost-effectiveness.

In 2024-25, the saving on rental expenses (including management fees and air-conditioning charges) achieved by the Government in relocating 20 leased offices to government-owned premises or leased premises with lower rent is about \$94 million per year. The Government plans to move out of 26 leased offices in 2025-26, and the saving on rental expenses (including management fees and air-conditioning charges) is estimated to be about \$130 million per year. The GPA will continue to review the rental levels and explore ways on controlling the rental expenses with bureaux and departments, including relocating offices to suitable government-owned premises or leased premises with lower rent as far as possible to achieve saving on rental expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)012

(Question Serial No. 0908)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, the Matters Requiring Special Attention of the Government Property Agency include assisting government bureaux and departments in releasing surplus departmental properties to alternative uses or disposal as appropriate, and identifying government properties with commercialisation potential with a view to realising such potential. Please inform this Committee of the numbers of departmental properties released to alternative uses and government properties with commercialisation potential identified, as well as the expenditures involved and costs saved in 2024-25. Please give an account of the relevant properties and the change of uses. For 2025-26, what are the specific plans, expenditures involved and costs to be saved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 7)

Reply:

Government properties are primarily used as offices and public facilities. In 2024-25, the Government Property Agency (GPA) assisted in identifying users for 4 government properties which are no longer required by bureaux/departments. If no other government departments have plan to use those properties, the GPA will lease them by way of commercialisation, or lease them to non-governmental organisations.

In addition, the GPA will introduce commercial elements to suitable government properties from time to time. After initially identifying individual government properties with commercialisation potential, the GPA will consult the departments concerned and conduct a detailed study on the implications of introducing commercial activities on the image, appearance and pedestrian flow of the government properties concerned as well as the impact of the change of use on fire escapes, fire services and building installations, so as to determine whether it is feasible and appropriate to put the properties to commercial use.

In 2024-25, the GPA identified 4 government properties suitable for introducing commercial elements, which are set out below. The first 3 properties have already been leased. The remaining property will be open for lease within this year:

Property	Proposed use
1. A portion of the West Wing Lobby on the Ground Floor of the Central Government Offices, Tamar, Hong Kong	Automatic vending machine
2. A building in Sheung Shui, New Territories	Fee-paying public car park
3. A portion of the Ground Floor of Shun Lee Disciplined Services Quarters, Kwun Tong, Kowloon	Parcel delivery locker kiosk
4. Portions of the Restricted Area on the Pier Level, First Floor and Second Floor of China Ferry Terminal, China Hong Kong City, Tsim Sha Tsui, Kowloon	3 advertising areas

In 2025-26, the GPA will continue to assist bureaux/departments in handling and identifying suitable users for their surplus government properties with a view to making good use of government properties.

The GPA has been carrying out the above work with existing manpower. As the staff concerned also undertake other duties, a breakdown of the expenditure is not available.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)013

(Question Serial No. 0909)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (1) Acquisition and Allocation and (2) Property Management

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Analysis of Financial and Staffing Provision of the Government Property Agency, provision for the new financial year under Programme (1) is \$37.0 million (6.0%) higher than the revised estimate for 2024-25, mainly due to the anticipated increase in the rent and management charges for rented accommodation. Meanwhile, provision under Programme (2) is also \$180.0 million (9.1%) higher, mainly due to the anticipated increases in the provision for leasing and management of quarters and requirement for property management and maintenance services. Please inform this Committee of the details regarding the increases in the rent, management charges and maintenance services for accommodation and quarters. What departments to which such accommodation and quarters belong are involved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 8)

Reply:

Under Programme (1), provision for 2025-26 is 6% higher than the revised estimate for 2024-25. This is mainly due to the anticipated increase in the rent and management charges payable by the Government Property Agency (GPA) for the leased accommodation for the relevant bureaux/departments. The GPA estimates the adjustments of related expenditures for the coming year based on the current rent, management charges and other expenses of the premises, taking into account factors such as previous increases in the rent and management charges, inflation rate and the changes of electricity charges and statutory minimum wage. In addition, as some bureaux/departments have specific requirements on the locations or types of premises for their office accommodation due to the need to provide frontline services for the public, there will be limitations on the selection of premises and an impact on rental expenses. The GPA will continue to review the rental levels and explore ways to control rental expenditure with bureaux/departments, including relocating offices to suitable government-owned premises or leased premises of lower rents as far as possible.

Under Programme (2), provision for 2025-26 is 9.1% higher than the revised estimate for 2024-25. This is mainly due to the anticipated increases in the expenditure on the provision of property and facilities management services for government properties managed by the GPA (including joint-user general office buildings (JUBs), joint-user government facilities at 2 boundary control points and government quarters), as well as on property maintenance, etc. Among which, the increases in the management and maintenance fees for the quarter units in private developments, as well as the award of new property management services contracts by the GPA earlier for the JUBs and government quarters under its management, are the main reasons for the above-mentioned increases.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)014

(Question Serial No. 2198)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As shown in Programme (3), the provision for estate utilisation is 10.6% higher than the revised estimate for 2024-25, amounting to around \$81 million, which is mainly due to the anticipated increase in the rent and management charges for rented accommodation. In this connection, will the Government inform this Committee:

- (a) of the gross area of under-utilised sites managed by government bureaux and departments, as well as the staff establishment and estimated expenditure for reviewing such sites, over the past 3 years;
- (b) of the gross area of vacant properties resumed and revitalised each year; and
- (c) of the specific factors of consideration in increasing the estimate for the rent and management charges for government offices. Please provide relevant figures.

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 33)

Reply:

Under Programme (3) of the Government Property Agency (GPA), the provision for 2025-26 is 10.6% higher than the revised estimate for 2024-25. This is mainly due to the anticipated increases in salary expenses (including the filling of vacancies) and other administrative overheads, instead of the anticipated increase in the rent and management charges for rented accommodation.

Our reply to various parts of the question raised by the Member is as follows:

- (a) The GPA and the Planning Department (PlanD) jointly review government site utilisation annually with a view to optimising utilisation and where appropriate, releasing relevant sites for alternative uses. In the course of review, the GPA and the PlanD will consider factors such as existing uses of the sites, redevelopment potential and relevant planning requirements.

In the past 3 years, the GPA assisted in arranging alternative uses for 3 government sites in 2022 and 2023 respectively. Details are as follows:

Property / Site	Site area (m ²) (Approx.)	New use
2022		
Site at the junction of Shanghai Street and Waterloo Road (Former Shanghai Street Temporary Refuse Collection Point, Street Sleepers' Services Units and Shanghai Street/Waterloo Road Public Toilet)	572	Cultural facilities
Ex-Kennedy Town Police Married Quarters Block B	2 500	Public housing
2023		
Dills Corner Garden	24 900	Road works and Government, Institution or Community facilities

The GPA has been carrying out the above work with the existing manpower and does not have the breakdown of expenditure for that as the staff concerned are also responsible for other duties.

- (b) Currently, the GPA mainly manages 46 joint-user government offices, 62 government quarters projects, the Passenger Clearance Building of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and the Passenger Terminal Building of the Heung Yuen Wai Boundary Control Point. As the above properties have been by and large fully utilised, there are currently no government properties under the GPA which are resumed for revitalisation.

For specialist/departmental buildings managed by relevant bureaux/departments, the GPA is assisting the relevant bureaux/departments in leasing some 10 properties which are surplus to the operational needs of the Government for the effective use of resources.

- (c) The expenditure on the rent and management charges payable by the GPA for its rented accommodation for the relevant bureaux/departments is reflected in Programme (1), under which the provision for 2025-26 is 6% higher than the revised estimate for 2024-25. This is mainly due to the anticipated increase in the aforesaid rent and management charges. The GPA estimates the adjustments of related expenditure for the coming year based on the rent, management charges and other expenses for the properties in the current year, taking into account factors such as previous increases in the rent and management charges, inflation rate, electricity charges and statutory minimum wage changes. In addition, as some bureaux/departments have specific requirements on the locations or types of properties for their office accommodation due to the need to provide frontline services for the public, there will be restrictions on the selection of properties and an impact on rental expenses. The GPA will continue to review the rental levels and explore ways on controlling the rental expenditure with bureaux and departments, including relocating offices to suitable government properties or properties with lower rents as far as possible.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)015****(Question Serial No. 2618)**Head: (51) Government Property AgencySubhead (No. & title): ()Programme: (2) Property ManagementControlling Officer: Government Property Administrator (Eugene FUNG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Will the Government inform this Committee of the following:

1. Regarding festive decorations that the Government arranges for various government buildings, what were the buildings involved and the specific expenditure on decorations in each of the past 3 years?
2. Against the background of cutting expenditure to tackle the Government's fiscal deficit, how will the Government strike a balance between enhancing the festive atmosphere and managing expenditure growth appropriately? Will consideration be given to options such as introducing more reusable materials and installing more electronic display equipment?

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 25)Reply:

The Government Property Agency ("GPA") has all along put up small-scale festive decorations in joint-user general office buildings ("JUBs") and government quarters under its management during Lunar New Year and Christmas. As the costs incurred are subsumed in the costs of property management services contracts, GPA does not have information on the costs incurred. Starting from 2022, GPA put up festive decorations in government properties managed by it during the National Day and the Hong Kong Special Administrative Region (HKSAR) Establishment Day. Details are as follows:

Year	Festival	Government properties involved	Expenditure on festive decorations
2022	The 25th Anniversary of the Establishment of the HKSAR	2 JUBs	Approximately \$1.4 million
	The 73rd Anniversary of the Founding of the People's Republic of China (PRC)	3 JUBs	Approximately \$1.6 million

Year	Festival	Government properties involved	Expenditure on festive decorations
2023	The 26th Anniversary of the Establishment of the HKSAR	46 JUBs and 2 boundary control points (“BCPs”) (Note)	Approximately \$5.1 million
	The 74th Anniversary of the Founding of the PRC	46 JUBs and 2 BCPs	Approximately \$5.5 million
2024	The 27th Anniversary of the Establishment of the HKSAR	46 JUBs and 2 BCPs	Approximately \$2.7 million
	The 75th Anniversary of the Founding of the PRC	46 JUBs and 2 BCPs	Approximately \$5.4 million

As for government quarters, the festive decorations for the National Day and the HKSAR Establishment Day are arranged by residents and respective departments. GPA does not have the relevant expenditure information.

GPA will continue to strike a balance between enhancing the festive atmosphere and optimizing the use of public resources. Apart from selecting government properties with the best publicity effect for larger scale festive decorations, GPA also requires its contractors to use reusable materials for festive decorations (except for decoration materials specifically related to the anniversary theme) as far as practicable for the sake of environmental protection and cost-saving.

Note: GPA assumed the property management duties of the joint-user government facilities at Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and Heung Yuen Wai Boundary Control Point in January 2020 and July 2022 respectively.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)016

(Question Serial No. 3054)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The Bureau is collaborating with relevant policy bureaux and departments to implement relevant government policy objectives, including socially caring leasing arrangements. Please set out details of the socially caring leasing arrangements, including the contracts and tenants involved and its effectiveness, in the past 3 years.
2. Under the austerity measures imposed by the Government, what is the impact on the abovementioned services? Will the relevant policy objectives remain unchanged?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 40)

Reply:

In line with the Government's policy objective to build a caring society, the Government Property Agency (GPA) has implemented the "Socially Caring Leasing Arrangements" (the Arrangements) since 2019. Under the Arrangements, GPA gives priority to non-government organisations (NGOs) and social enterprises (SEs) with policy support in leasing some of the government premises. If the premises cannot be leased through this means, GPA will invite tenders from NGOs and SEs for leasing of commercial premises.

Since 2022, GPA has directly leased 2 commercial premises to NGOs with policy support for non-profit-making use which aligns with relevant policies, and invited tenders from NGOs and SEs for leasing of 4 other premises.

Under the Arrangements, GPA also incorporates tenancy provisions to facilitate the business operations of small and medium-sized enterprises by providing longer and flexible tenure as well as introducing rental arrangements pegged with the business turnover of tenants in suitable tenancies. Since 2022, a total of 37 premises were leased under the aforementioned enhanced tenancy provisions.

GPA will continue to promote a caring culture through the Arrangements.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)017

(Question Serial No. 0906)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Carlson CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, the matters requiring special attention by the Government Logistics Department in 2025-26 include: monitoring the transport needs of government departments with a view to containing the size of the government fleet and identifying savings opportunities; and giving priority to environment-friendly vehicles when replacing vehicles in the government fleet subject to the availability of suitable models in the market as well as operational and resources considerations. In relation to the financial and staffing provision, the provision under Programme (3) for 2025-26 is HK\$55.4 million (25.4%) higher than the revised estimate for 2024-25, mainly due to the additional provision for procurement of general purpose vehicles. Please inform this Committee of the following: What was the expenditure on government vehicles in the past year? Please provide a breakdown by the number, makes and types of vehicles used by departments and senior officials. What were the number of drivers employed and the respective expenditure? What are the details of the expenditure this year? Please provide a breakdown, including the number of additional vehicles, the purposes and the departments to which they belong, etc. Will the Government explore how to reduce the size of the government fleet and related expenditure?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 5)

Reply:

The Government Logistics Department (GLD) is responsible for vetting and approving requests for additional and replacement general purpose vehicles submitted by bureaux and departments. In general, GLD will consider the justifications provided by bureaux and departments; the usage of their existing vehicles (including accumulated maintenance cost, vehicle age and mileage run, etc.); and the feasibility of deploying existing vehicles to meet additional demand, so as to meet the operational needs of bureaux and departments in a cost-effective manner.

The annual expenditure of GLD on vehicle procurement largely depends on the number of existing vehicles requires replacement and the number of new vehicles procured that are delivered by suppliers each year. Furthermore, to ensure that the size of the government fleet and related expenditure are reasonable, when vetting and approving requests for additional or replacement general purpose vehicles submitted by bureaux and departments, GLD will require them to proactively consider whether there are other more cost-effective means in meeting their transport needs, such as hiring instead of procuring vehicles for meeting ad hoc transport demand.

In 2024-25, the total expenditure of GLD on procurement of 316 general purpose vehicles for bureaux and departments under the block vote was around \$132 million. Please see the Annex for details.

In 2025-26, the total expenditure of GLD on procurement of around 400 general purpose vehicles for bureaux and departments is estimated to be around \$186 million. The vehicle types include electric motorcycles, electric private cars, electric multi-purpose cars, small motorcycles, medium private cars, light buses and medium buses, etc. These vehicles will mainly serve the transport needs of bureaux and departments (e.g. conveying officers to carry out their duties, inspections or on-site visits, attending meetings or events, law enforcement and responding to emergencies, etc.). As procurement procedures (e.g. conducting market research and preparing tender documents) for some of the vehicles are still in progress, the vehicle types and number of vehicles to be procured will be further adjusted. As such, no such concrete information can be provided at this stage.

The total establishment of the government driver grades as at end March 2025 was 2 416 while the total establishment as at end March 2026 is estimated to be 2 411. The expenditure on employment of drivers is borne by the respective bureau and department. GLD does not have the relevant information.

**Details of the procurement of general purpose vehicles
under the block vote in 2024-25**

Vehicle type	No. of vehicles	Vehicle make	Bureau/Department allocated with vehicles
Electric private car	88	Kia, Nissan	Architectural Services Department Buildings Department Civil Engineering and Development Department Census and Statistics Department Correctional Services Department Administration Wing Culture, Sports and Tourism Bureau Customs and Excise Department Development Bureau Department of Health Environment and Ecology Bureau Home Affairs Department Health Bureau Hong Kong Police Force Home and Youth Affairs Bureau Independent Commission Against Corruption Immigration Department Inland Revenue Department Labour Department Labour and Welfare Bureau Planning Department Rating and Valuation Department Social Welfare Department Transport Department Working Family and Student Financial Assistance Agency Water Supplies Department
Small private car	5	Honda	Buildings Department
Multi-purpose car	122	Kia, Toyota, Volkswagen	Civil Engineering and Development Department Chief Executive's Office Correctional Services Department Department of Health Department of Justice Environmental Protection Department Food and Environmental Hygiene Department

Vehicle type	No. of vehicles	Vehicle make	Bureau/Department allocated with vehicles
			Fire Services Department Government Flying Service Government Logistics Department Government Laboratory Government Property Agency Home Affairs Department Hong Kong Police Force Independent Commission Against Corruption Judiciary Lands Department Leisure and Cultural Services Department Social Welfare Department
Light truck	9	Mercedes-Benz	Agriculture, Fisheries and Conservation Department Food and Environmental Hygiene Department Fire Services Department Transport Department
Medium truck	10	MAN, Volvo	Fire Services Department Hong Kong Police Force Leisure and Cultural Services Department
Medium van	46	Peugeot, Volkswagen	Agriculture, Fisheries and Conservation Department Buildings Department Civil Engineering and Development Department Correctional Services Department Administration Wing Drainage Services Department Environmental Protection Department Food and Environmental Hygiene Department Fire Services Department Government Logistics Department Hong Kong Police Force Labour Department Lands Department Leisure and Cultural Services Department Transport Department Water Supplies Department

Vehicle type	No. of vehicles	Vehicle make	Bureau/Department allocated with vehicles
Large van	2	Mercedes-Benz	Food and Environmental Hygiene Department Water Supplies Department
Light bus	14	Mitsubishi Fuso	Food and Environmental Hygiene Department Fire Services Department Government Logistics Department Immigration Department Leisure and Cultural Services Department Transport Department Water Supplies Department
Medium bus	20	MAN, Mitsubishi Fuso	Civil Aviation Department Correctional Services Department Customs and Excise Department Fire Services Department Government Logistics Department Hong Kong Police Force Water Supplies Department
Total	316		

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)018

(Question Serial No. 2689)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Carlson CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government Logistics Department is responsible for the management of the vehicle fleets of government bureaux and departments. Will the Government inform this Committee of the following:

1. Please list the number of electric vehicles and non-electric vehicles procured by departments in the past 3 years;
2. Please provide the current number of electric vehicles and non-electric vehicles by government departments;
3. The Environmental Protection Department updated the green procurement practice for government vehicles in July 2021, setting out the use of electric vehicles as the standard when procuring or replacing small and medium government private cars, unless circumstances such as operational needs that render the use of electric vehicles infeasible. Has the Government assessed the difference in daily operating expenses between replacement electric vehicles and traditional fuel-propelled vehicles since the implementation of the practice?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 35)

Reply:

1. In the past 3 years, the breakdown of the number of electric vehicles and non-electric vehicles ordered by bureaux/departments (B/Ds) is set out in **Annex 1**.
2. The breakdown of the number of electric vehicles and non-electric vehicles by B/Ds as at the end of 2024 is set out in **Annex 2**.
3. The daily transportation expenses, including the vehicle maintenance cost, fuel cost and charging fees of electric vehicles, etc., are borne by respective B/Ds and therefore the Government Logistics Department does not have the relevant information.

**The breakdown of the number of electric vehicles and
non-electric vehicles ordered by B/Ds**

Bureau/Department	2022		2023		2024	
	Electric vehicles	Non-electric vehicles	Electric vehicles	Non-electric vehicles	Electric vehicles	Non-electric vehicles
Administration Wing	1	4	0	1	8	0
Agriculture, Fisheries and Conservation Department	1	34	0	6	6	0
Architectural Services Department	0	0	2	0	0	0
Buildings Department	1	0	6	2	0	5
Customs and Excise Department	9	21	6	7	0	6
Census and Statistics Department	0	0	1	0	0	0
Civil Aviation Department	2	2	0	2	0	0
Civil Aid Service	0	0	0	1	0	19
Civil Engineering and Development Department	0	2	3	1	0	1
Chief Executive's Office	0	2	0	0	0	1
Correctional Services Department	0	4	0	4	2	2
Culture, Sports and Tourism Bureau	0	0	0	0	1	0
Development Bureau	0	1	0	0	2	0
Department of Health	0	3	2	0	0	1
Department of Justice	0	1	0	0	0	3
Drainage Services Department	0	8	0	1	0	0
Education Bureau	0	0	1	0	0	0
Environment and Ecology Bureau	0	0	3	0	1	0
Electrical and Mechanical Services Department	0	27	1	17	7	1
Environmental Protection Department	0	2	0	1	0	1
Food and Environmental Hygiene Department	0	36	0	37	6	9
Fire Services Department	0	27	0	28	0	2
Financial Services and the Treasury Bureau	0	0	1	0	0	0
Government Flying Service	0	1	0	0	0	2
Government Logistics Department	0	5	3	6	1	3
Government Laboratory	0	0	0	0	0	1
Government Property Agency	0	0	0	0	0	1

Bureau/Department	2022		2023		2024	
	Electric vehicles	Non-electric vehicles	Electric vehicles	Non-electric vehicles	Electric vehicles	Non-electric vehicles
Home Affairs Department	0	1	1	0	0	5
Health Bureau	0	0	0	0	1	0
Hong Kong Monetary Authority	0	0	0	0	1	0
Hong Kong Observatory	0	1	0	1	0	0
Hong Kong Police Force	27	50	11	219	0	209
Post Office	0	13	0	0	10	0
Housing Department	1	3	0	5	0	0
Home and Youth Affairs Bureau	0	0	0	0	2	0
Highways Department	0	1	0	0	0	0
Independent Commission Against Corruption	2	1	5	0	0	2
Immigration Department	0	2	0	4	4	0
Inland Revenue Department	0	0	1	0	0	0
Information Services Department	0	2	0	0	0	0
Innovation, Technology and Industry Bureau	0	0	0	0	1	0
Judiciary	0	7	0	0	0	2
Lands Department	1	19	0	4	2	12
Leisure and Cultural Services Department	0	11	0	6	0	1
Labour Department	2	1	8	2	1	0
Labour and Welfare Bureau	0	0	0	0	1	0
Office of the Communications Authority	0	1	0	3	0	0
Digital Policy Office	0	0	0	0	1	0
Planning Department	0	0	0	0	1	0
Radio Television Hong Kong	0	4	0	0	1	0
Rating and Valuation Department	0	0	2	0	0	0
Social Welfare Department	4	0	1	0	5	1
Transport Department	1	4	0	3	5	6
Working Family and Student Financial Assistance Agency	0	0	1	0	0	0
Water Supplies Department	3	12	1	5	16	7
Total	55	313	60	366	86	303

Note: The number of electric vehicles and non-electric vehicles in the above list is based on the number of the general purpose vehicles ordered by the Government Logistics Department for respective B/Ds in the years concerned.

**The breakdown of the current number of electric and non-electric vehicles by B/Ds
(As at 31 December 2024)**

Bureau/Department	Establishment of electric vehicles	Establishment of non-electric vehicles	Overall vehicle establishment
Administration Wing	8	21	29
Agriculture, Fisheries and Conservation Department	10	202	212
Auxiliary Medical Service	0	19	19
Architectural Services Department	3	6	9
Audit Commission	0	2	2
Buildings Department	12	28	40
Customs and Excise Department	20	205	225
Census and Statistics Department	1	2	3
Civil Aviation Department	5	9	14
Civil Aid Service	0	40	40
Commerce and Economic Development Bureau	1	3	4
Civil Engineering and Development Department	4	37	41
Chief Executive's Office	1	8	9
Constitutional and Mainland Affairs Bureau	0	3	3
Companies Registry	0	1	1
Civil Service Bureau	0	3	3
Correctional Services Department	2	131	133
Culture, Sports and Tourism Bureau	1	4	5
Development Bureau	1	5	6
Department of Health	3	54	57
Department of Justice	0	11	11
Drainage Services Department	5	40	45
Education Bureau	1	5	6
Environment and Ecology Bureau	5	3	8
Electrical and Mechanical Services Department	16	185	201
Environmental Protection Department	1	46	47
Food and Environmental Hygiene Department	4	714	718
Fire Services Department	4	833	837
Financial Services and the Treasury Bureau	1	2	3
Government Flying Service	0	4	4
Government Logistics Department	6	57	63
Government Laboratory	0	1	1

Bureau/Department	Establishment of electric vehicles	Establishment of non-electric vehicles	Overall vehicle establishment
Government Property Agency	0	2	2
Home Affairs Department	1	28	29
Housing Bureau	0	0	0
Health Bureau	1	3	4
Hong Kong Monetary Authority	1	4	5
Hong Kong Observatory	0	9	9
Hong Kong Police Force	42	2 897	2 939
Post Office	9	229	238
Housing Department	3	46	49
Home and Youth Affairs Bureau	2	4	6
Highways Department	2	45	47
Independent Commission Against Corruption	7	31	38
Immigration Department	5	31	36
Invest Hong Kong	0	1	1
Intellectual Property Department	0	1	1
Inland Revenue Department	1	3	4
Information Services Department	0	8	8
Innovation and Technology Commission	0	3	3
Innovation, Technology and Industry Bureau	0	2	2
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	0	1	1
Judiciary	0	24	24
Legal Aid Department	0	2	2
Lands Department	3	171	174
Leisure and Cultural Services Department	2	144	146
Labour Department	11	16	27
Land Registry	0	1	1
Labour and Welfare Bureau	1	2	3
Marine Department	0	5	5
Office of the Communications Authority	2	19	21
Digital Policy Office	0	3	3
Official Receiver's Office	0	1	1
Planning Department	1	11	12
Public Service Commission	0	1	1
Registration and Electoral Office	0	1	1
Radio Television Hong Kong	1	23	24
Rating and Valuation Department	2	5	7
Security Bureau	0	3	3

Bureau/Department	Establishment of electric vehicles	Establishment of non-electric vehicles	Overall vehicle establishment
Secretariat, Commissioner on Interception of Communications and Surveillance	0	1	1
Social Welfare Department	6	24	30
Transport Department	2	240	242
Trade and Industry Department	0	2	2
Transport and Logistics Bureau	0	2	2
Treasury	0	1	1
University Grants Committee Secretariat	0	1	1
Working Family and Student Financial Assistance Agency	2	0	2
Water Supplies Department	20	226	246
Total	242	6 961	7 203

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)019

(Question Serial No. 2956)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (2) Supplies Management, (4) Printing Services

Controlling Officer: Director of Government Logistics (Carlson CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the production of a wide range of printed materials and paper stationery by the Government Logistics Department (GLD), will the Government inform this Committee of the following:

- (1) What is the proportion of printed materials produced by GLD using Forest Stewardship Council (FSC) certified paper products, other recycled paper and soy-based ink; and what are the specific policies formulated by the Government to promote and encourage other departments to adopt green printing practice;
- (2) What is the proportion of using local suppliers when procuring printing materials and other common-user items required by the Government; and what are the measures taken by the Government to support the development of local enterprises through government procurement?

Asked by: Hon CHU Kwok-keung (LegCo internal reference no.: 32)

Reply:

- (1) The Government Logistics Department (GLD) provides printing services to bureaux/departments. To protect the environment and promote sustainable development, GLD is committed to using environment-friendly printing materials and printing supplies as far as practicable. In 2024, around 99.8% of the total printing paper used (by weight) was environment-friendly, of which 86.3% was made from wood derived from sustainable forests (including Forest Stewardship Council (FSC) certified paper products) and the remaining 13.5% contained recycled content. Furthermore, 99.5% of the ink used (by weight) was soy bean or vegetable oil based ink, which is more environment-friendly.

When providing printing services or technical advice to bureaux/departments, GLD offers professional advice based on the nature and purpose of the printed materials, including encouraging the use of environment-friendly printing materials and printing supplies.

- (2) As one of the parties to the Agreement on Government Procurement of the World Trade Organization, Hong Kong shall adhere to the core principles of “non-discrimination” and “transparency” when conducting tender exercises to ensure that all suppliers and service providers compete on a level playing field. In the past 3 years, all successful tenderers for contracts awarded by GLD through tender procedures for printing materials and common-user items of paper stationery were local suppliers.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)020

(Question Serial No. 0841)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (4) Taxpayer Services

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the coming year, the Inland Revenue Department (IRD) will enhance operations through a computer system development and modification project. This will include replacing the eTAX system with an improved Individual Tax Portal, creating a Business Tax Portal to streamline submission of tax returns and financial data by businesses, and launching a Tax Representative Portal to enable tax representatives to conduct relevant electronic transactions of various taxes on behalf of both individual and business clients. Please advise of the following:

1. Has the IRD anticipated whether the manpower costs for handling enquiries from members of the public and taxpayers over the counter and over telephone will be adjusted through the above-mentioned enhancement projects in the medium to long term, as a result of the changes in enquiry demand (currently around 360 000 and 1.69 million for over-the-counter and telephone enquiry services respectively)? If yes, what is the anticipation? If no, will the IRD explore ways to further reduce the demand for over-the-counter and telephone enquiry services from the public and taxpayers?
2. The IRD has rolled out a real-time interactive service, a Chatbot named "Iris", on its website. What impact has the change in number of enquiries handled by the Chatbot in the previous year had on the relevant estimated expenditure? Has the IRD conducted any review on the service quality of the Chatbot since its launch? If yes, has the Chatbot affected the related financial input arrangement in the estimates and what are the results? If no, what are the reasons?
3. Will the IRD provide real-time interactive services in the above enhancement projects as well? If no, is there any funding dedicated to the provision of real-time interactive services in these enhancement projects? If there is no such funding, has the IRD considered allocating funds for updating the artificial intelligence (AI) system in the subsequent estimates, so as to provide a more comprehensive real-time interactive enquiry customer service on the enhanced web platform?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 30)

Reply:

1. The IRD will launch the new tax portals to facilitate gradual implementation of mandatory e-filing of Profits Tax returns. It is expected that more taxpayers and tax representatives will use the electronic services. In the medium to long term, the IRD anticipates that the demand for the services of enquiry counters will decrease accordingly. However, apart from the uptake of electronic services, the actual demand for counter and telephone enquiry services is also affected by other factors. For instance, the number of enquiries will increase after the implementation of new tax measures. The IRD will make appropriate adjustment to the manpower deployment to cater for the demand for counter and telephone enquiry services based on actual circumstances.
2. The estimated expenditure of the Chatbot is for the daily maintenance and is independent of the number of enquiries handled by the Chatbot. Since the launch of the Chatbot, the IRD has regularly reviewed the operation of its system and duly updated the Chatbot to ensure the accuracy of the information provided. The relevant cost of system updates has been included in the recurrent cost under the estimated expenditure.

The numbers of enquiries handled by the Chatbot and their changes are summarized in the table below.

Financial year	2023-24 (up to 29 February 2024)	2024-25 (up to 28 February 2025)	Change
No. of visits	46 200	42 800	-3 400
No. of enquiries	72 500	72 200	-300

3. Taking into account the amount of resources required and the prioritisation of other electronic services, the IRD does not have plans at this stage to upgrade the AI system to provide real time interactive services. However, the IRD will continue to keep a close eye on the user needs and technology development with a view to exploring the feasibility of such upgrades subject to resource availability.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)021****(Question Serial No. 1029)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (2) CollectionControlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Will the Inland Revenue Department please inform:

A) the number of tax recovery cases with recovery actions not yet completed in the past 2 years, and the main reasons for not having completed the actions;

B) the details of the recovery cases for the past 2 years as requested in the table below:

Amount of tax involved in recovery cases	No. of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
Below \$100					
\$100 - \$500					
\$501 - \$1,000					
\$1,001 - \$5,000					
\$5,001 - \$10,000					
\$10,001 - \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$500,000					
\$500,001 - \$1,000,000					
\$1,000,001 - \$5,000,000					
Over \$5,000,000					

C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified), the number of staff deployed, and the total expenditure involved on personal emoluments.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 31)

Reply:

- A) The Inland Revenue Department (IRD) has been taking proactive steps to recover tax in default by a taxpayer to safeguard public money, including imposition of surcharge, issuance of warning letters, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings, etc.

As at 31 March 2024 and 28 February 2025, the numbers of tax demand notes with payment due in the financial years 2023-24 and 2024-25 but remained outstanding after tax recovery actions have been taken amounted to around 102 000 and 140 000 respectively. Tax recovery actions for some tax demand notes have not been completed in the relevant financial year because some of the taxpayers concerned have encountered financial difficulty in paying the tax involved on time and have been approved by the IRD for making tax payments by instalments, whilst in some cases it takes time to institute legal proceedings against the taxpayers. The IRD will continue to take appropriate follow up actions to protect government tax revenue.

- B) The following table sets out the statistics on the surcharge notices issued by the IRD for four types of tax in the financial years 2023-24 and 2024-25 (up to 28 February 2025):

Tax Type	5% surcharge			10% surcharge		
	Number of demand notes involved (Note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)	Number of demand notes involved (Note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)
2023-24						
Profits Tax	22 500	151.62	3,033	6 000	87.62	835
Salaries Tax	159 800	208.86	4,177	10 500	64.30	612
Property Tax	17 900	25.11	502	2 000	11.43	109
Tax under Personal Assessment	9 400	5.87	117	700	1.41	13
Total	209 600	391.46	7,829	19 200	164.76	1,569
2024-25 (up to 28 February 2025)						
Profits Tax	19 700	150.96	3,019	7 400	117.61	1,120
Salaries Tax	172 200	246.65	4,933	18 100	103.98	990
Property Tax	18 100	26.40	528	2 800	13.92	133
Tax under Personal Assessment	9 900	6.46	129	800	2.81	27
Total	219 900	430.47	8,609	29 100	238.32	2,270

Note: Figures include the demand notes with payment due in other financial years and have been rounded to the nearest hundred.

As for stamp duty, there were 10 620 and 9 922 late stamping cases in the financial years 2023-24 and 2024-25 (up to 28 February 2025) respectively, involving late penalty of about \$30 million and \$19 million respectively.

The IRD has no breakdown on the tax default cases by the amount of tax in default.

- C) The Collection Enforcement Section of the IRD is under the supervision of an Assistant Commissioner (Directorate Pay Scale Point 2). The Section has an establishment of 222 staff. Their respective grade, pay point and establishment details listed as follows:

Grade	Pay Point	Establishment
Assessor Grade	Master Pay Scale Point 16 - 49	32
Taxation Officer Grade	Master Pay Scale Point 3 - 27	141
Clerical Grade	Master Pay Scale Point 1 -15	45
Common Grade	Model Scale 1 Point 0 - 8	4
	Total	222

The revised estimated expenditure of this Section for the financial year 2024-25 is approximately \$160 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)022

(Question Serial No. 1030)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Matters Requiring Special Attention in 2025-26 that the Inland Revenue Department (IRD) will strengthen the effort in promoting the use of electronic services and replace the eTAX system by 3 new Tax Portals with enhanced and new functionalities during 2025-26. In this regard, please inform this Committee of the following:

- a. What are the enhancements in the functions of the above 3 new Tax Portals compared with the existing eTAX system?
- b. What are the development costs and time for the 3 new Tax Portals?
- c. Theoretically, the new system should be able to enhance operational efficiency, reduce manpower and save costs. Has the IRD assessed the annual financial implications of the new system?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 32)

Reply:

- a. The three new tax portals (i.e. Individual Tax Portal, Business Tax Portal and Tax Representative Portal) of the IRD will have the following enhanced features:
 - Improved user interface: The new tax portals will adopt a modern design with a more intuitive user interface, allowing users to navigate and use the required functions more conveniently. Furthermore, the three new tax portals provide customized services to each user group, thus enhancing service efficiency and user experience.

- Higher degree of digitalization: The new tax portals will advance the digitalization of tax services by offering more comprehensive electronic functionalities. For example, a new bi-directional communication feature will be introduced to allow taxpayers or their authorized representatives to interact directly with the IRD through the portals. This includes submission of supplementary documents, inquiry on tax-related matters, etc. Additionally, the new system will enable electronic submissions and storage of more tax information, further simplifying tax processes and improving processing efficiency.
 - Automated processes: The new tax portals will support various automation features, enhance operational efficiency of the IRD and shorten the processing time. For example, the system will automatically process tax returns and supplementary forms submitted by taxpayers and update tax records. Additionally, the back-end automation function will support the classification and processing of certain tax applications and claims, further reducing the requirement for manual processing.
 - Personalized services: The new tax portals will offer flexible service options, enabling users to select suitable tax services based on their needs, or appoint their tax representatives to conduct the relevant electronic services. Additionally, the new portals will provide dedicated tax service menus based on the types of users, making it easier for them to quickly access their most frequently used functions and enhancing convenience.
 - Multi-platform support: The new systems will support multiple devices and operating systems, including desktops, tablets, smartphones, etc. Additionally, the IRD will introduce a new mobile app designed specifically for individual taxpayers as part of the Individual Tax Portal. The app will integrate key tax functions, allowing users to manage their personal tax matters anytime and anywhere, such as checking tax status, submitting tax returns and making tax payments, further enhancing the convenience and mobility of tax services.
- b. The total development costs of the three new tax portals are approximately \$250 million, including research, design, testing and deployment. The project requires 18 months for completion. It is expected that the new portals will be fully launched in July 2025.
- c. Developing the three new tax portals is mainly for facilitating taxpayers' compliance with their tax obligations and enabling the IRD to provide more dedicated electronic services to different groups of taxpayers. The relevant amount of cost savings depends on the numbers of taxpayers who will file their Profits Tax Returns, Tax Returns - Individuals and Employer's Returns electronically in the future. The IRD will keep a close eye on the take-up rates and operational efficiencies to assess the financial impact resulting from the change of the operational expenses after the launch of the portals.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)023

(Question Serial No. 1054)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- 1) Please advise on the number of applications for paying tax by instalments, the tax types involved, the number of successful applications, and the average number of days for vetting the applications for the past 3 years.
- 2) For each tax type, how long did it take on average for taxpayers to receive the results of their applications for paying tax by instalments after submission in the previous year?
- 3) Will the Inland Revenue Department offer instalment options that are easy to comprehend, e.g. dividing the amount of tax payable into 6/12 instalments?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 4)

Reply:

- 1) Taxpayers who encounter financial difficulties in settling their tax bills on time may apply to the Inland Revenue Department (IRD) for payment of tax by instalments. The number of demand notes approved for instalment payment and amount of tax involved in the latest three financial years are provided below.

Tax Type	2022-23		2023-24		2024-2025 (up to 28 February 2025)	
	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)	Number of demand notes approved for instalment payment (note)	Amount of tax involved (\$ million)
Profits Tax	1 000	1,008	830	2,516	640	471
Salaries Tax	5 760	520	5 890	470	5 090	337
Property Tax	120	4	140	5	100	5
Tax under Personal Assessment	230	18	200	16	130	6

Note: Rounded to the nearest ten

The IRD did not conduct other analysis on the number of applications or cases approved for instalment payments.

- 2) Generally speaking, the IRD will provide a reply within 21 working days upon receipt of the applications for payment of tax by instalments. The IRD did not conduct analysis on the time taken for processing such applications.
- 3) Payment of tax by instalments is approved by the IRD based on the financial difficulties faced by individual applicants. When making applications, applicants are required to explain the reasons for failing to pay the tax on time and provide supporting documents so that the IRD could verify the financial position of the applicants and approve the appropriate tax instalment arrangements. Compared to the suggestion of imposing an across-the-board repayment period of six or 12 months, the current practice can better suit the needs of the applicants, and is in line with the original intention of allowing payment of tax by instalments as well as the principle of safeguarding public money.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)024

(Question Serial No. 1140)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Reasons for the Increase in the Financial Provision and Corresponding Measures: The 2024-25 revised estimate is about 8.1% more than the actual amount of the financial provision for 2023-24. What are the specific reasons for the substantial increase? Shall it be attributed to adjustment in tax policies, impacts from the economic situation, improved efficiency in tax administration, or any other reasons? In view of this situation, what measures has the Inland Revenue Department (IRD) taken to cope with the pressure caused by the change in the financial provision so as to ensure smooth collection of taxes and achievement of targets?

Optimisation of the Tax Refund Workflow and Efficiency: Regarding tax refund, there is discrepancy in the target completion time among different types of refund cases. In particular, the target completion rate for tax refund cases arising from revision of assessment vary each year. Does it imply that there are discrepancies and problems in the workflow for processing different types of refund cases? Is the IRD planning to further optimise of the workflow of tax refund in order to enhance the relevant efficiency, reduce the time required for tax refund and better meet the needs of taxpayers?

Resource Allocation and Strategic Adjustment for Tax Recovery Work: While the number of completed recovery cases has remained relatively stable, the number of completed recovery cases per post has been slightly building up year by year alongside changes in the provision per completed recovery case. Does it indicate increasing difficulty in tax recovery work or adjustment in the recovery strategies and resource allocation by the IRD? How will the IRD allocate resources reasonably and optimise tax recovery strategies in view of the actual situation of tax recovery work in order to enhance the completion rates and efficiency of tax recovery?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 11)

Reply:

The revised estimated expenditures of the IRD for 2024-25 are 8.1% higher than the actual expenditures for 2023-24. This is mainly due to:

- (a) an increase in salaries and related expenses arising from the civil service pay adjustment, salary increments for staff and filling of vacancies;
- (b) an increase in departmental expenses for carrying out computer system maintenance and hosting the 5th Conference of Belt and Road Initiative Tax Administration Cooperation Forum in September 2024; and
- (c) an increase in interest payable on tax reserve certificates.

Having regard to the financial position of the Government, the IRD will control the increase in expenditure through various measures, including review of its work priorities, internal deployment of manpower, streamline of procedures and more leverage of technology to enhance work efficiency and effectiveness. In recent years, the IRD has actively utilised information technology in various tax assessment and administration, including the use of computer-assisted data analyses to identify high-risk cases for audit. The gradual digitalisation of tax reporting can also facilitate the IRD in gathering substantial accounting, financial and tax data for review purposes. The IRD will continue to explore measures to improve the efficiency of tax administration.

Optimisation of Tax Refund Workflow and Efficiency

In general, tax refunds are due to overpayment of tax by taxpayers and downward revision of tax. It generally takes longer time to process the former cases than the latter primarily because the IRD needs to examine the relevant information and documents of taxpayers to ascertain whether they have overpaid tax and determine the exact amount of tax overpaid. As the circumstances of each case and the information and documents involved vary, the completion time differs. Upon confirmation of tax overpayment by a taxpayer and the amount involved, the IRD will refund the overpaid tax to the taxpayer as soon as practicable. The time required for making tax refund by the IRD due to various reasons remains broadly the same for each financial year from 2023-24 to 2025-26 (overpayment of tax: 18 working days; revision of assessment: 10 working days).

Resource Allocation and Strategic Adjustment for Tax Recovery Work

The number of tax default cases fluctuates with economic conditions. In general, the tax recovery actions taken by the IRD include imposition of surcharges, issuance of warning letters and recovery notices to third parties (such as employers and banks) and initiation of court proceedings. The actions taken by the IRD in each tax default case depend on its own circumstances and do not fully correlate to the complexity of tax recovery work. Hence, the actual number of completed recovery cases each year may differ. The IRD has been flexibly deploying its internal resources to recover tax in default. Thus, the number of completed recovery cases per IRD post and the provision per completed recovery case vary slightly in the financial years of 2023-24 to 2025-26.

The Collection Enforcement Section of the IRD has all along been making good use of information technology to enhance the work efficiency, such as sending electronic messages to taxpayers to remind them to pay tax on time and of imposition of surcharges, as well as making use of the computer system to assist in instituting civil action against tax defaulters. The IRD will continue to enhance its tax administration strategies to improve the effectiveness of its tax recovery work.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)025****(Question Serial No. 1709)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

(1) In the past 3 years, how many charities have been reviewed by the Inland Revenue Department (IRD) for their tax exemption status? How many of these charities have had their tax exemption status withdrawn? What are the main reasons for such withdrawal?

(2) Has investigation been carried out on charities involved in civil litigations (e.g. small claims, etc.) on the IRD's own initiative? Are these charities still eligible as tax-exempt charities?

(3) Is there any mechanism in place for the IRD to conduct investigation on the operation of charities so as to monitor whether persons related to charities have spent the funding of the charities on companies potentially associated with themselves (e.g. services outsourced to related companies) to obtain substantial profits?

Asked by: Hon CHU Kwok-keung (LegCo internal reference no.: 22)Reply:

(1) Charities can be exempted from payment of tax if they satisfy the specified conditions under section 88 of the Inland Revenue Ordinance (Cap. 112). The IRD will review the tax exemption status of charities from time to time. In the past three years, the number of reviews are as follows:

Year	Number of reviews on tax exemption status of charities
2022	3 127
2023	3 183
2024	3 293

In the past three years, the number of charities with their recognition of tax exemption withdrawn by the IRD, and the reasons for withdrawals are as follows:

Year	Number of charities with the recognition of tax exemption withdrawn	Reasons			
		Dissolved or wound up	Ceased operation or dormant	No response to the IRD's enquiries or untraceable	No longer qualified as a charitable institution or trust of a public character
2022	231	123	13	94	1
2023	210	115	11	81	3
2024	279	142	29	104	4

- (2) & (3) The IRD will periodically review the accounts, annual reports and other documents of a tax-exempt charity, regardless of whether the charity was involved in civil litigation, to determine if its objects are still charitable and its activities are compatible with its stated objects. If there is evidence indicating that (a) the activities of a tax-exempt charity are not compatible with its charitable objects; (b) its income and assets are not wholly applied towards charitable purposes; or (c) there are other circumstances affecting its tax exemption status, the IRD would request the charity to provide further information for considering whether its tax exemption status should be withdrawn.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)026

(Question Serial No. 2195)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under Programme (1) that the Inland Revenue Department (IRD) will strengthen the effort in promoting the use of electronic services and replace the eTAX system by 3 new Tax Portals with enhanced and new functionalities. In this regard, will the Government advise this Committee on the following:

- (a) the estimated expenditure on the development of the new Tax Portals;
- (b) the respective numbers of tax returns filed by individual taxpayers in electronic form via eTAX and in traditional paper form in each of the past 3 years;
- (c) the means the IRD will use to encourage members of the public and enterprises to file tax returns and make tax payments electronically; whether the IRD will consider introducing artificial intelligence (AI) technology for automatic detection of irregularities (e.g. unreasonable tax deduction items) so as to provide assistance to digitally disadvantaged groups such as the elderly and small and medium-sized enterprises to adapt to the electronic filing of tax returns;
- (d) whether the IRD has made any estimation on the cost and manpower savings that can be achieved if all taxpayers have switched to filing tax returns and making tax payments electronically.

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 30)

Reply:

- (a) The total development costs of the three new Tax Portals (i.e. Individual Tax Portal, Business Tax Portal and Tax Representative Portal) of the IRD are approximately \$250 million, including research, design, testing and deployment.
- (b) In the past three financial years, the respective numbers of Tax Returns – Individuals filed via eTAX and in paper form are as follows:

Financial Year	Total Number of Tax Returns - Individuals (Note)		
	Electronic Returns	Paper Returns	Total Number of Returns
2022-23	866 600	1 675 800	2 542 400
2023-24	934 600	1 589 900	2 524 500
2024-25 (as at 28 February 2025)	1 078 400	1 623 100	2 701 500

Note: Rounded to the nearest hundred.

- (c) The IRD will continue to launch a series of promotional activities in the financial year 2025-26, including displaying posters, distributing publicity leaflets, sending “GovHK Notifications” messages through smartphones, online publicity as well as sending emails to civil servants and some large organisations to encourage members of the public to file their Tax Returns - Individuals electronically. In addition, taxpayers who choose to file the Returns electronically will enjoy an automatic one-month extension for filing. The IRD will launch the new Individual Tax Portal in July 2025 in order to enhance the electronic filing of tax return service for individuals. By then, if the figures entered by taxpayers in certain deduction items are unreasonable, messages will be displayed to remind taxpayers to review the information entered.

Further, the IRD has launched a new measure of electronic filing of Profits Tax Returns. Companies and their tax representatives can prepare electronic financial statements and tax computations by adopting the inline eXtensible Business Reporting Language (iXBRL) standard for electronic filing (e-filing) with their Profits Tax Returns. Apart from promoting e-filing to stakeholders and consulting them on the enhanced e-filing system, the IRD also developed a data conversion tool for taxpayers to use free-of-charge to convert their financial statements and tax computations into iXBRL data files, and provided training sessions and a helpdesk for answering telephone enquiries to support taxpayers. In addition, after the launch of Business Tax Portal and Tax Representative Portal in July 2025, companies can set up an online account with Business Tax Portal to handle their tax matters or appoint their tax representatives to handle related matters electronically. With a view to optimising the use of the data received for tax audit and review purposes, the IRD has adopted the Splunk platform for analysing the data. The IRD will continue to explore the use of new technology to improve electronic services.

In the financial years from 2022-23 to 2024-25, the number of tax payments by electronic means accounts for more than 70% of the total number of tax payments. This shows that making tax payments by electronic means has been widely adopted by taxpayers. The IRD will continue to explore measures to further encourage members of the public and enterprises to pay taxes electronically.

- (d) The IRD currently has yet to mandate members of the public to file tax returns and pay taxes electronically, and therefore needs to reserve certain resources to process tax returns filed in paper form and non-electronic tax payments. The IRD does not have relevant estimates on the amount of expenditure that could be saved in a full-scale implementation of electronic filing of tax returns and payment of tax.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)027

(Question Serial No. 2197)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Programme (3) that the Government aims to counter tax evasion, minimise opportunities for tax avoidance and promote compliance by taxpayers. In this connection, will the Government inform this Committee of the following:

- (a) the manpower and estimated expenditure involved in the investigation and combat of tax evasion in 2025-26;
- (b) (i) the respective numbers of demand notes with 5% surcharge imposed and 10% surcharge imposed resulting from tax default, as well as (ii) the total amount of the surcharge involved by tax types (e.g. profits tax, salaries tax, property tax, etc.) over the past 3 years; and
- (c) (i) the number of tax evasion cases and (ii) the amount of tax involved by tax types (e.g. profits tax, salaries tax, property tax, etc.) over the past 3 years.

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 32)

Reply:

- (a) For the financial year 2025-26, the Field Audit and Investigation Unit (FAIU) of the Inland Revenue Department (IRD) has an establishment of 234 staff members. The relevant estimated expenditures are approximately \$275 million.
- (b) The statistics on the surcharge notices issued by the IRD for four types of tax in the financial years 2022-23 to 2024-25 (up to 28 February 2025) are as follows:

Tax Type	5% surcharge			10% surcharge		
	Number of charges involved (note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)	Number of charges involved (note)	Amount of surcharge (\$ million)	Amount of tax involved (\$ million)
2022-23						
Profits Tax	25 300	139.03	2,781	6 500	115.57	1,101
Salaries Tax	197 900	275.85	5,517	13 800	69.34	660
Property Tax	20 500	32.93	659	4 800	21.43	204
Tax under Personal Assessment	9 100	7.21	144	1 000	3.64	35
Total	252 800	455.02	9,101	26 100	209.98	2,000
2023-24						
Profits Tax	22 500	151.62	3,033	6 000	87.62	835
Salaries Tax	159 800	208.86	4,177	10 500	64.30	612
Property Tax	17 900	25.11	502	2 000	11.43	109
Tax under Personal Assessment	9 400	5.87	117	700	1.41	13
Total	209 600	391.46	7,829	19 200	164.76	1,569
2024-25 (up to 28 February 2025)						
Profits Tax	19 700	150.96	3,019	7 400	117.61	1,120
Salaries Tax	172 200	246.65	4,933	18 100	103.98	990
Property Tax	18 100	26.40	528	2 800	13.92	133
Tax under Personal Assessment	9 900	6.46	129	800	2.81	27
Total	219 900	430.47	8,609	29 100	238.32	2,270

Note: Figures include the demand notes with payment due in other financial years and have been rounded to the nearest hundred.

- (c) In the three financial years from 2022-23 to 2024-25 (up to 28 February 2025), the FAIU of the IRD completed 1 805, 1 802 and 1 701 field audit and tax investigation cases and the back tax and penalty assessed were \$2.6 billion, \$3.3 billion and \$2.8 billion respectively.

The numbers of prosecution involving evasion of salaries tax, profits tax and property tax completed by the FAIU in the respective financial years and the amounts of associated back tax and penalty are as follows:

	2022-23			2023-24			2024-25		
	ST	PF	PT	ST	PF	PT	ST	PF	PT
Cases completed	0	2	0	0	1	1	0	0	2
Total amount of back tax assessed (\$'000)	0	910	0	0	1,970	540	0	0	370
Total amount of penalty ordered by the Court (\$'000)	0	820	0	0	2,170	240	0	0	740

Note: ST stands for salaries tax, PF stands for profits tax and PT stands for property tax

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)028****(Question Serial No. 2415)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Please provide the numbers of tax investigations which were carried out on the Inland Revenue Department (IRD)'s own initiative, through random-checking, and upon receipt of complaints or informers' reports in the last year. Please set out according to the tax types (e.g. profits tax, salaries tax, etc.) and set out the numbers of demand notes and the amounts of tax involved.

2. Did the IRD deploy more manpower and resources to the tax investigation work in the last year? If yes, what are the details? If no, will the IRD consider increasing the relevant provision for proactive investigation to enhance the effectiveness? If not, what are the reasons?

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 3)Reply:

1. The IRD is committed to combating tax evasion and avoidance. In the financial year 2024-25 (up to 28 February 2025), the total number of audit cases completed by the IRD and the relevant amount of back tax and penalties assessed are as follows:

	2024-25 (up to 28 February 2025)
Total number of cases completed	1 701
Back tax and penalties assessed	\$2.769 billion

The IRD does not maintain breakdown of statistics by the types of investigation cases and tax.

2. The IRD is committed to collecting revenue in an efficient and cost-effective manner. In the financial year 2024-25, the establishment of the Field Audit and Investigation Unit (FAIU) was broadly similar to that in the financial year 2023-24. Based on the available information, there is no indication that the number of tax evasion or avoidance cases is on a rising trend in recent years. Besides, the FAIU has all along been making good use of information technology to enhance the efficiency and effectiveness of its work. For example, computer-assisted data analyses are performed to identify high-risk cases for audit. The IRD will continue to explore measures to improve the efficiency of tax administration. The IRD has no plan to increase the manpower and resources of the FAIU at present.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)029

(Question Serial No. 2683)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Matters Requiring Special Attention in 2025-26 that the Inland Revenue Department (IRD) will strengthen the effort in promoting the use of electronic services and replace the eTAX system by 3 new Tax Portals with enhanced and new functionalities. In this regard, please advise this Committee on the following:

1. The numbers of Profits Tax Returns for businesses (separate statistics on paper returns and electronic returns with their respective percentages to the total number of Profits Tax returns) processed by the IRD in each of the past 3 years;
2. The numbers of Tax Return for Individuals (separate statistics on traditional returns and electronic returns filed via eTAX with their respective percentages to the total number of Tax Returns for Individuals) processed by the IRD in each of the past 3 years;
3. Regarding the development of the 3 new Tax Portals, what is the current progress and when will the portals be officially launched? Does the IRD have any implementation timetable to mandate all taxpayers to file tax returns electronically? How much manpower and administrative expenditure are estimated to be saved if all taxpayers file tax returns via electronic means?
4. Will the "Digital Corporate Identity" Platform be rolled out on schedule together with the new Tax Portals for enterprises to complete the registrations in one go?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 29)

Reply:

1. In the past three financial years, the numbers of electronic and paper Profits Tax Returns filed by corporations and partnerships and their respective percentages to the total number of Returns filed are as follows:

Financial Year	Number of Profits Tax Returns (Note) and Percentage to the Total Number of Returns		
	Electronic Returns	Paper Returns	Total Number of Returns
2022-23	3 200 (0.7%)	480 800 (99.3%)	484 000
2023-24	3 300 (0.7%)	475 900 (99.3%)	479 200
2024-25 (as at 28 February 2025)	5 500 (1.1%)	487 100 (98.9%)	492 600

Note: Rounded to the nearest hundred.

2. In the past three financial years, the numbers of Tax Returns – Individuals filed via eTAX and in paper form and their respective percentages to the total number of Returns filed are as follows:

Financial Year	Number of Tax Returns – Individuals (Note) and Percentage to the Total Number of Returns		
	Electronic Returns	Paper Returns	Total Number of Returns
2022-23	866 600 (34.1%)	1 675 800 (65.9%)	2 542 400
2023-24	934 600 (37.0%)	1 589 900 (63.0%)	2 524 500
2024-25 (as at 28 February 2025)	1 078 400 (39.9%)	1 623 100 (60.1%)	2 701 500

Note: Rounded to the nearest hundred.

3. The development and testing of the three new tax portals (Individual Tax Portal, Business Tax Portal and Tax Representative Portal) are at the final stage and they are expected to be fully launched in July 2025. As the first step, the IRD plans to mandate Hong Kong constituent entities of certain multinational enterprise groups to file their Profits Tax Returns electronically for the year of assessment 2025/26 and subsequent years of assessment. The goal is to achieve full-scale implementation of mandatory electronic filing (e-filing) of Profits Tax Returns by 2030. Although the IRD currently has not mandated all individual taxpayers to file their Returns electronically, it will continue to use different publicity channels in the financial year 2025-26 to further increase the take-up rate of e-filing of the Returns. The IRD does not have the estimates on the savings of manpower and costs that could be achieved by mandating all taxpayers to file tax returns electronically.
4. The Government plans to roll out the application functions of the “Digital Corporate Identity” (CorpID) in late 2026. At that time, the IRD will fully cooperate to facilitate businesses in using the CorpID on the new tax portals.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)030

(Question Serial No. 2684)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (4) Taxpayer Services

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under the Programme (4) Taxpayer Services of the Controlling Officer's Report of the Inland Revenue Department (IRD) that the IRD extended the service hours of telephone enquiry services in May 2024 to assist the public in completing tax returns, and redeployed manpower resources and employed part-time staff during peak periods to strengthen the daytime telephone enquiry services. Please advise this Committee on the following:

1. the expenditure involved in strengthening the enquiry services;
2. whether the IRD will consider adopting information technology such as artificial intelligence (AI) customer service system or online customer service, etc. with a view to reducing the relevant expenditure? If yes, what are the details? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 30)

Reply:

1. In May 2024, the IRD extended the service hours of telephone enquiry services (with the service hours extended to 7:00 p.m. on weekdays and from 9:00 a.m. to 1:00 p.m. on Saturday) to assist the public in completing tax returns. The staff of the IRD providing services outside office hours were compensated by time-off in lieu, thus no additional costs were incurred. The IRD also hired 17 part-time staff to strengthen the telephone enquiry services during peak hours and the relevant expenditure was \$380,000.
2. The IRD developed a Chatbot named "Iris" in 2021 on its website to provide round-the-clock real time interactive service in answering general enquiries relating to tax on individuals. As tax-related enquires often involve individual circumstances of taxpayers, the staff of the IRD still need to directly communicate with the taxpayers to provide appropriate replies. The IRD will continue to explore further use of information technology to enhance efficiency in handling enquiries and reducing the relevant expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)031

(Question Serial No. 2937)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding residential properties, please advise this Committee of:

- 1) the numbers of agreements for sale and purchase of residential properties in the past 5 years (2020-21 to 2024-25), a breakdown of such numbers by reference to individual buyers holding Hong Kong Identity Card (HKIC), individual buyers not holding HKIC and company buyers, the amounts of consideration involved and their percentages out of the total number of agreements;
- 2) the numbers of buyers who are persons admitted to Hong Kong via talent admission schemes/the New Capital Investment Entrant Scheme (New CIES) for each of the past 5 years (2020-21 to 2024-25), and a breakdown of the numbers of agreements for sale and purchase of residential properties in respect of the New CIES and each talent admission scheme, the amounts of consideration involved and their percentages out of the total number of agreements; and
- 3) whether the Government will actively discuss with the Mainland authorities to launch a “Home Purchase Financing Connect for Talents” Scheme, which, on the basis of verifying home purchase transactions, will draw on the experience of “Cross-boundary Wealth Management Connect 2.0” to facilitate talents to purchase properties in Hong Kong through closed-loop management of cross-boundary fund flows. If so, what are the details? If not, what are the reasons?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 21)

Reply:

- 1) For the past 5 financial years from 2020-21 to 2024-25, the numbers of agreements for sale and purchase of residential properties and total transaction amounts involved, as well as the breakdown by individual buyers holding HKIC, individual buyers not holding HKIC and non-natural person buyers and their respective proportion to the total numbers, are shown in the Annex.
- 2) The Inland Revenue Department did not keep statistics on whether buyers of residential properties were persons admitted to Hong Kong via talent admission schemes or New CIES.

- 3) The Government has been discussing with financial regulatory authorities in the Mainland on various cross-boundary remittance arrangements, such as providing more facilitation arrangements for the convenience and benefit of the public and the business sector while ensuring that the risks are manageable. For cross-boundary remittance arrangements for Mainland talents entering Hong Kong, the Government has been, with regard to their practical needs (e.g. purchasing property, setting up companies, investment), actively exploring facilitation arrangements with the Mainland authorities concerned.

Annex

	2020-21				2021-22				2022-23			
Type of buyers	No. of agreements for sale and purchase	Proportion (%)	Total transaction amount (\$ billion)	Proportion (%)	No. of agreements for sale and purchase	Proportion (%)	Total transaction amount (\$ billion)	Proportion (%)	No. of agreements for sale and purchase	Proportion (%)	Total transaction amount (\$ billion)	Proportion (%)
Individual buyers holding HKIC	72 909	98.76	615.40	96.67	69 596	97.96	635.28	95.46	52 981	97.92	414.11	96.26
Individual buyers not holding HKIC	110	0.15	1.12	0.18	153	0.22	1.58	0.24	168	0.31	1.61	0.37
Non-natural person buyers (Note)	808	1.09	20.09	3.15	1 292	1.82	28.60	4.30	960	1.77	14.49	3.37
Total	73 827	100	636.61	100	71 041	100	665.46	100	54 109	100	430.21	100

	2023-24				2024-25 (up to 28 February 2025)			
Type of buyers	No. of agreements for sale and purchase	Proportion (%)	Total transaction amount (\$ billion)	Proportion (%)	No. of agreements for sale and purchase	Proportion (%)	Total transaction amount (\$ billion)	Proportion (%)
Individual buyers holding HKIC	42 475	96.11	314.57	93.07	48 458	88.51	341.69	78.39
Individual buyers not holding HKIC	700	1.58	6.78	2.00	2 997	5.47	31.30	7.18
Non-natural person buyers (Note)	1 020	2.31	16.65	4.93	3 296	6.02	62.88	14.43
Total	44 195	100	338.00	100	54 751	100	435.87	100

Note: Non-natural person buyers include local company and overseas company buyers.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)032

(Question Serial No. 3051)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please set out the number of residential property transactions and the relevant statistics on the collection of stamp duty at the following consideration range in each of the past 5 years (including 2024-25):

1. \$30 million or below
2. over \$30 million to \$40 million
3. over \$40 million to \$50 million
4. over \$50 million to \$65 million
5. over \$65 million to \$80 million
6. over \$80 million to \$100 million
7. over \$100 million

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 4)

Reply:

The number of residential property transactions and related ad valorem stamp duty collected in different consideration or value ranges in the past 5 financial years from 2020-21 to 2024-25 are shown in the Annex.

Consideration or value of the property (\$)	2020-21		2021-22		2022-23	
	No. of transactions	Ad valorem stamp duty collected (\$ million)	No. of transactions	Ad valorem stamp duty collected (\$ million)	No. of transactions	Ad valorem stamp duty collected (\$ million)
30,000,000 or below	72 404	22,173	69 268	23,788	53 228	14,478
30,000,001 to 40,000,000	632	1,191	831	1,686	357	630
40,000,001 to 50,000,000	291	736	321	768	171	447
50,000,001 to 65,000,000	206	665	238	791	121	401
65,000,001 to 80,000,000	96	425	119	581	70	288
80,000,001 to 100,000,000	82	459	84	439	63	347
100,000,001 or above	116	2,258	180	3,004	99	1,363
Total	73 827	27,907	71 041	31,057	54 109	17,954

Consideration or value of the property (\$)	2023-24		2024-25 (up to 28 February 2025)	
	No. of transactions	Ad valorem stamp duty collected (\$ million)	No. of transactions	Ad valorem stamp duty collected (\$ million)
30,000,000 or below	43 301	8,958	53 296	9,316
30,000,001 to 40,000,000	356	658	554	812
40,000,001 to 50,000,000	190	479	274	524
50,000,001 to 65,000,000	140	470	260	630
65,000,001 to 80,000,000	72	321	138	423
80,000,001 to 100,000,000	50	240	82	308
100,000,001 or above	86	1,318	147	1,386
Total	44 195	12,444	54 751	13,399

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)033

(Question Serial No. 3298)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the problem of tax evasion and avoidance become more serious in recent years? Will the Government need to deploy more resources including equipment and manpower to conduct investigations more effectively? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 45)

Reply:

The Inland Revenue Department (IRD) has been collecting revenue in an efficient and cost-effective manner. In recent years, the establishment of the Field Audit and Investigation Unit (FAIU) of the IRD was broadly similar. Based on the available information, there is no indication that the number of tax evasion or avoidance cases is on a rising trend in recent years. Besides, the FAIU has all along been making good use of information technology to enhance the efficiency and effectiveness of its work. For example, computer-assisted data analyses are performed to identify high-risk cases for audit. The IRD will continue to explore measures to improve the efficiency of tax administration. The IRD has no plan to increase the manpower and resources of the FAIU at present.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)034

(Question Serial No. 0505)

Head: (188) Treasury

Subhead (No. & title): (000) Operational expenses

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services (Raymond NG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Controlling Officer's Report that the Treasury will continue to explore ways to achieve higher efficiency with lower costs for revenue collection and payment activities, including promotion of e-payments. The data shows that the number of e-payment cases rose from 8.48 million in 2017 to 12.39 million in 2024, while the cost per \$1,000 revenue collected rose from \$0.25 in 2017 to \$0.26 in 2024. Please inform this Committee of the following:

1. With the wider application of e-payment services, has the Government assessed the benefits of adopting e-payments on the reduction of revenue collection cost? If yes, please set out the reduction in the cost per \$1,000 revenue collected for every 1 million additional e-payment cases; if not, please explain the reasons for not conducting such an assessment.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 22)

Reply:

The Treasury has been assisting bureaux/departments (B/Ds) in providing different types of payment methods for the public's selection. Among them, there are various means of e-payment such as the Faster Payment System, Internet banking, PPS, etc., facilitating members of the public to select suitable payment channels according to their needs.

In general, the wider use of e-payment services is conducive to reducing the overall cost of revenue collection. In particular, given the constant rise in operating cost in recent years, the continued increase in the take-up rate of e-payment services for settling government bills has helped to maintain the Government's cost of revenue collection at a comparable level.

As the overall cost of revenue collection is affected by different factors (including the take-up rate of various e-payment services, the amount of service charges payable by the Government to banks and relevant service providers for their provision of different means of e-payment, etc.), it is difficult for the Treasury to make a precise estimation of the impact of a further increase in the take-up rate of e-payment services on the overall cost of revenue collection. The Treasury will continue to encourage B/Ds to implement e-collection services and promote to the public the use of e-payment methods for settling government bills, with a view to keeping the collection cost at a reasonable level.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)035

(Question Serial No. 0007)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 240 of the Budget Speech that six seed capital funds with relatively large unspent balance, totalling about \$62 billion, will first be brought back to the Government's accounts in 2025-26, after setting aside resources to meet the necessary expenditure of those funds for the next five years so that it will not affect their sustainable operation. Will the Government inform this Committee of:

Whether it will consider reviewing the current reserves of other publicly-funded public organisations and bringing back appropriate amounts of balance to the Government's accounts? If not, what are the reasons?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 22)

Reply:

For subvented organisations receiving recurrent funding from the Government, establishing a reserve can provide them with a buffer meeting contingency needs and also encourage proper utilisation of resources. Subject to the relevant legislation or the funding agreement, a subvented organisation may retain its subvention surplus in a reserve. Controlling Officers of relevant bureaux or departments should set for subvented organisations a reasonable ceiling on the level of reserve. Any surplus in excess of the reserve ceiling should be returned to the Government or offset from next year's subvention. As the mode of operation and financial position of subvented organisations vary, we do not consider it appropriate to set a uniform level for all reserve ceilings. In addition, Controlling Officers should ensure that the subvented organisations concerned are operated in a cost-effective manner, and should examine their work plans and budgets (including the level of reserve) when deciding on the grant of subvention. Relevant bureaux or departments may consider, in the light of actual circumstances, whether to require individual subvented organisations to return an additional amount of reserve outside the mechanism.

Taking the University Grants Committee (UGC)-funded universities as an example, these universities may retain the unspent recurrent grants from the UGC (up to 20%) for the previous triennium as the General and Development Reserve Fund (GDRF) and carry them over to the next triennium. As of the 2023/24 academic year, the aggregate financial reserves of all UGC-funded universities totalled approximately \$139.3 billion, of which \$17.6 billion was UGC-funded reserve, including \$11.1 billion GDRF; the remaining \$121.7 billion of reserves was from non-UGC funding, such as reserves from self-financing activities, donations and benefactions. The Education Bureau will arrange for the UGC-funded universities to return a total of \$4 billion from their GDRF balances to the Government on a one-off basis in the 2025-26 financial year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)036

(Question Serial No. 0065)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control, (3) Service Departments

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 234(b) of the Budget Speech that the Financial Services and the Treasury Bureau is reviewing and enhancing the Government's procurement regime, and that the new arrangements are expected to be introduced in mid-2025, so as to facilitate departments to procure quality goods and services at a reasonable price through an open and fair framework. In this connection, will the Government inform this Committee:

1. whether government departments are allowed to conduct cross-boundary online procurement directly at present? If yes, what are the procedures involved? If not, will consideration be given to allowing such practice and formulating relevant procedures?
2. whether the Bureau has carried out/will carry out spot checks on the procurement decisions made by departments by, among others, making comparisons with market prices and the prices of similar goods/services procured by other departments, so as to consider the need to require the departments concerned to improve and enhance their procurement procedures?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 9)

Reply:

1. It is the Government's procurement policy to encourage participation of more local and non-local suppliers and service providers through fair, open and competitive procedures in accordance with the principles of the Agreement on Government Procurement of the World Trade Organization, so as to obtain goods and services at the best value for money. Departments may, having regard to their operational needs, the nature of goods and services to be procured, market availability, etc., identify the most suitable suppliers and service providers, be they local or non-local, physical or online. Procurements made on online shopping platforms should also follow the Government's general procurement procedures, including obtaining quotations in accordance with the relevant requirements, so as to ensure integrity and impartiality of procurement work.

As cross-boundary online shopping involves different jurisdictions and online transactions, departments have to consider factors such as whether the goods to be procured comply with the laws and regulations of Hong Kong, arrangements to handle and make claims about goods which fail to match sales descriptions, delivery timeframe, etc., so as to ensure that the Government's interests are fully protected.

2. Under the prevailing government procurement policy, departments are required to evaluate whether the tenders received are suitable and can achieve value for money based on their overall value (including price and quality) in conducting procurement. Procuring departments should conduct market research before procurement, and make reference to relevant market information and prices when preparing tender documents. As departments procure goods and services according to their operational needs, the nature and scale of procurement exercises vary significantly and should not be subject to direct comparison. The Government Logistics Department (GLD) conducts regular compliance checks to ensure that departments have duly followed procurement regulations. The Financial Services and the Treasury Bureau and GLD are also conducting a review to enhance the Government's procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)037

(Question Serial No. 0103)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (3) Service Departments

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The Branch will monitor and facilitate the work of service departments to ensure efficiency of operation and cost-effectiveness in the delivery of central support services.

Please give an account of the Government's adoption of innovative technologies in relevant departments to support the efficiency of service delivery, as well as the details of the technologies adopted, their cost-effectiveness and the expenditure involved in the past 3 years. Are there any plans to use more advanced technologies in the future and what is the estimated expenditure required?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 15)

Reply:

The projects undertaken by the departments under the Treasury Branch's purview adopting innovation and technology (I&T) to boost efficiency in the delivery of central support services in the past 3 years, as well as planned projects that involve the adoption of I&T, are detailed at **Annex**. The Treasury Branch and the departments under its purview will keep abreast of the latest developments in technology and incorporate more elements on technology into their services and work scenarios as appropriate, so as to boost work efficiency and make more effective use of resources.

Details of adoption of I&T in the delivery of central support services by departments under the Treasury Branch's purview**(i) Projects undertaken in the past 3 years involving the adoption of I&T**

Department	Project	Description	Development cost	Annual system maintenance cost	Benefits
2024					
Government Property Agency (GPA)	Cleaning and disinfection robot	The robot performs cleaning and disinfection work automatically in the area pre-set by the system.	(Note 1)	(Note 1)	It has boosted efficiency in property and facility management and kept costs down.
GPA	Artificial intelligence (AI) monitoring system	The system counts the number of passengers in a passenger clearance building in real time by smart sensors.	(Note 1)	(Note 1)	It has enabled real-time monitoring of passenger flow and boosted efficiency in crowd management.
2023					
The Treasury	e-Portal for Pensioners	The portal supports mobile devices, enabling pensioners to access and update their pension-related information conveniently.	Approximately \$6.6 million	Approximately \$900,000	It has enabled pensioners to access and update relevant information anytime and anywhere, enhancing user experience and satisfaction, as well as service quality and efficiency.

Department	Project	Description	Development cost	Annual system maintenance cost	Benefits
Government Logistics Department	Pilot run of automated warehouse management system	The system uses QR codes, automated guided vehicles and moveable racks in conjunction with software to automatically perform certain warehouse handling tasks, etc.	\$13.9 million (Note 2)	Approximately \$220,000	It has reduced manual work such as data input/checking, optimised the use of warehouse space and boosted efficiency in warehouse operation.
2022					
Architectural Services Department (ArchSD) <i>[Programme (2) Facilities Upkeep]</i>	Use of AI and drones in building surveys	AI is used to automatically analyse images captured by drone cameras in building surveys.	Approximately \$2.4 million	Approximately \$300,000	It has boosted the efficiency and accuracy of external wall inspection, ensuring the structural safety of buildings and public safety.
GPA	Digitalised security patrol system	The centralised system enables security guards to conveniently report issues on repairs and matters requiring follow-up during patrols.	(Note 1)	(Note 1)	It has boosted efficiency in property and facility management and kept costs down.

Note 1: The cost has been included in the service fee under the relevant property and facility management service contract, or is borne by the works department concerned.

Note 2: This is an Innovation and Technology Fund project under the Public Sector Trial Scheme, implemented with the funding applied by the Logistics and Supply Chain MultiTech R&D Centre.

(ii) I&T projects under development

Department	Project	Description	Estimated development cost	Estimated annual system maintenance cost	Expected benefits
GPA	Developing case processing and tracking portal for office allocation	The portal supports the processing of office allocation applications made by bureaux/ departments and provides case tracking.	\$9.17 million	To be estimated	It will enhance the efficiency, accuracy and transparency of case handling process as well as case management capability.
ArchSD <i>[Programme (2) Facilities Upkeep]</i>	Developing ArchSD's Internet of Things (IoT) Asset Maintenance System	The centralised information platform facilitates the processing of a diverse range of data generated through IoT technology and provides real-time status of government buildings.	Approximately \$8.5 million	To be estimated	The centralised information platform will enable real-time monitoring of building condition and improve efficiency in facilities upkeep by, for example, alerting staff to anomalies, thus facilitating prompt arrangements for on-site inspection and helping to reduce risks of causing substantial damage to buildings and facilities due to the anomalies.
ArchSD <i>[Programme (2) Facilities Upkeep]</i>	Enhancing information system of ArchSD's repair call centre	The enhanced system provides a web-based platform for departments to submit requests for minor repairs.	Approximately \$7.2 million	To be estimated	Departments can submit requests for minor repairs to government buildings via the Internet in addition to making phone requests, thereby improving service efficiency.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)038

(Question Serial No. 0159)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the issuance of bonds by the Government, it is mentioned in the Budget that a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme per annum in the next 5 years. In this connection, will the Government inform this Committee of:

1. the total amount of bonds issued by the Government in the past year and its breakdown;
2. the purchasers of the bonds issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme;
3. the specific purposes of the Government Sustainable Bond Programme and the Infrastructure Bond Programme; and
4. the approval process of the Government from its decision to issue bonds to its use of the proceeds from bond issuance?

Asked by: Hon CHAN Yuet-ming (LegCo internal reference no.: 34)

Reply:

(1) and (2)

In 2024-25 (as at end February 2025), the Government issued \$24.9 billion and \$99.4 billion worth of government bonds under the Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP) respectively, totalling \$124.3 billion. In addition, the Government issued \$3 billion worth of government bonds under the Government Bond Programme, which will gradually be replaced by the GSBP and the IBP.

The \$55 billion worth of Silver Bond and \$17.8 billion worth of infrastructure retail bonds issued under the IBP were sold to retail investors, while the remaining bonds issued by the Government were subscribed by global institutional investors, including asset managers, insurance companies, private banks and non-financial corporates.

(3) and (4)

All bond proceeds raised under the GSBP and the IBP are credited to the Capital Works Reserve Fund (CWRF) for funding eligible projects under the CWRF. The GSBP covers projects under the nine eligible categories under the Green Bond Framework, namely renewable energy; energy efficiency and conservation; pollution prevention and control; waste management and resource recovery; water and wastewater management; nature conservation/biodiversity; clean transportation; green buildings; and climate change adaptation. Regarding sustainable projects, it is commonly accepted in the international capital markets that the concept of sustainable finance covers the financing of green projects and social projects, as well as financial instruments with the interest rates linked to the overall sustainability performance of the issuer. When allocating the bond proceeds to individual sustainable projects covered by the CWRF, the Government will ensure a proper allocation by making reference to the latest relevant international standards and principles, as well as the Government's environmental policies and targets. The IBP covers projects of the Government's capital works programme under the nine eligible categories in accordance with the Infrastructure Bond Framework (except for those included or expected to be included in the GSBP), including major infrastructure initiatives, as well as projects under the Northern Metropolis.

A Steering Committee chaired by the Financial Secretary is responsible for the implementation and monitoring of the IBP and the GSBP. The Steering Committee includes members from the Financial Services and the Treasury Bureau, the Environment and Ecology Bureau, the Development Bureau and the Hong Kong Monetary Authority. Arrangements of the two programmes, such as the bond issuance parameters and the selection of individual projects supported by the bond proceeds will be determined based on future Government financial conditions, market response and works progress at the time of issuance and will be subject to approval by the Steering Committee.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)039****(Question Serial No. 0291)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in paragraph 212 of the Budget Speech, government revenue and expenditure are presented in the Operating Account and the Capital Account. The revenue of the Operating Account mainly comes from various types of tax revenue, investment income, government fees and charges, and so on, while its expenditure is largely attributed to the Government's daily expenses. As for the Capital Account, its revenue is mainly land-related, while its expenditure largely involves infrastructure works projects and land acquisition. In this connection, would the Government inform this Committee of the respective total amounts of revenue and expenditure in the Operating Account and the Capital Account for this year?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 8)

Reply:

The total amounts of revenue and expenditure in the Operating Account and the Capital Account for the 2024-25 revised estimate and the 2025-26 estimate are tabulated below:

(\$ million)	2024-25 Revised Estimate		2025-26 Estimate	
	Operating Account	Capital Account	Operating Account	Capital Account
Total revenue	526,833	32,745	621,158	38,255
Total expenditure	599,940	154,814	624,212	198,059

For details, please refer to Section II of Appendix A to the 2025-26 Budget.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)040

(Question Serial No. 0421)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under Matters Requiring Special Attention in 2025-26 that the Branch will: 1. continue the drive to streamline financial regulations within the Government; 2. continue to ensure that government fees and charges are reviewed timely based on the “cost recovery” and “user pays” principles; and 3. continue to provide support to the Committee on the Financing of Major Development Projects in assessing and evaluating financing options for major development projects. While the above 3 matters requiring special attention were already mentioned in last year’s Controlling Officer’s Report, no indicators have been set to assess how these initiatives have been implemented. Please inform this Committee of the following:

1. regarding streamlining financial regulations within the Government, what are the specific details of the work and whether specific indicators will be set to evaluate the effectiveness of the work;
2. regarding ensuring timely review of government fees and charges based on the “cost recovery” and “user pays” principles, what fees and charges were reviewed in the past 2 years and whether relevant bureaux have made adjustments accordingly having regard to the Bureau’s review results? If yes, please set out in detail all the reviewed fees and charges and their rate of adjustment. If no, please elaborate on the reasons for failing to adjust the fees and charges according to the review results; and
3. regarding providing support to the Committee on the Financing of Major Development Projects in assessing and evaluating financing options for major development projects, please set out the options which have been reviewed by the Bureau and the progress of assessment and evaluation of all the reviewed options.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 15)

Reply:

1. The Treasury Branch of the Financial Services and the Treasury Bureau (FSTB) updates and refines internal financial regulations of the Government from time to time having regard to the prevailing circumstances. Out of 43 Financial Circulars, 7 were updated and 2 cancelled in 2024, covering the work in areas such as government procurement, public works and management of funding schemes. The work aims to ensure that the relevant guidelines and requirements are up-to-date, rather than targeting at reducing expenditure.
2. To embody the “user pays” principle, bureaux and departments (B/Ds) are required to review fees and charges under their purview in accordance with the established mechanism and formulate fee proposals with a view to achieving the “cost recovery” targets. Over the past 2 years, B/Ds have reviewed over 5 000 fee items. Among those items requiring fee increase, revisions of about 700 fee items have been implemented (including certain license / registration / certificate fees, application fees for land survey / conveyancing services, government veterinary examination fees, fees for Hong Kong Accreditation Service, and hire charges for holding wedding ceremonies in selected leisure venues). The magnitude of these increases vary depending on the unique background and specific circumstances of the underlying fee items. Upon full implementation of these fee revisions, the estimated total additional annual revenue will be about \$25 million. As for the remaining items requiring fee increase, relevant B/Ds will make necessary changes according to the established procedures, including consulting stakeholders and amending legislations, etc. Relevant details will be announced by the B/Ds concerned in due course.
3. The Committee on the Financing of Major Development Projects (the Financing Committee), led by the Financial Secretary, encourages relevant bureaux and departments to make flexible use of market resources when taking forward major development projects, with a view to supporting the early implementation of projects and at the same time ensuring the Government’s fiscal sustainability. Take the Northern Metropolis (NM) as an example, the Government adopts a diversified development approach in taking forward the project, including allowing in-situ land exchanges, piloting large-scale land disposal, and raising capital by issuing government bonds, etc. The Development Bureau has, in December 2024, invited commercial organisations to submit expression of interest (EOI) for the three pilot areas of large-scale land disposal in the NM.

FSTB provides support to the Financing Committee. This includes conducting assessments and analyses as well as offering views on various financial aspects of the NM, such as cost estimates, development approach, large-scale land disposal proposals and the EOIs document for the pilot areas, as well as the impact on fiscal position, etc. We will continue to examine the financial arrangements for major development projects and assess the feasibility of bringing in private investors for major development projects in an open and pragmatic manner.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)041

(Question Serial No. 0429)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 3 years, did the Financial Services and the Treasury Bureau engage external lawyers for consultancy services in accordance with the Stores and Procurement Regulations of the Government without first seeking assistance from the Department of Justice? If so, what were the nature of such services and the expenditures incurred?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 8)

Reply:

The Financial Services and the Treasury Bureau did not engage external lawyers for providing consultancy services in the past 3 years.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)042

(Question Serial No. 0446)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the coming 5 years, the Government will issue \$150 billion to \$195 billion worth of bonds each year under the Government Sustainable Bond Programme and the Infrastructure Bond Programme. About 56% of the bonds issued will be used for re-financing short-term debts. Please advise on the following:

1. How will the Government ensure its ability to repay the debts? If so, what are the details?
2. How does the Government expect the above plan to alleviate the situation during the peak period of government debt repayment?

Asked by: Hon CHAN Han-pan (LegCo internal reference no.: 6)

Reply:

In the 2025-26 Budget Speech, the Financial Secretary has put forward a reinforced fiscal consolidation programme to improve the Government's fiscal position by containing its operating expenditure, consolidating and optimising the use of its fiscal resources, and increasing revenue. As shown in the Government's Medium Range Forecast (MRF), the deficits in the Operating Account and Capital Account in the next five years will gradually reduce every year. The Operating Account is estimated to return to a surplus from 2026-27 onwards. The Capital Account is estimated to record a deficit in the MRF period due to the accelerated development of the Northern Metropolis and other public works projects relating to the economy and people's livelihood. Nevertheless, the level of deficit will decline year-on-year from 2026-27 onwards. After taking account of net proceeds from the issuance of bonds, the Consolidated Account will return to a surplus starting from 2028-29.

The borrowing ceiling of the Government Sustainable Bond Programme and the Infrastructure Bond Programme is expected to increase from the existing level of \$500 billion to \$700 billion in the MRF period. In deciding the amount of bond issuance, the cash flow requirement for repaying the government debt has been taken into account. The ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The Government is confident and capable of meeting the repayment needs under the two bond programmes.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)043

(Question Serial No. 0447)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget proposes a cumulative reduction of government recurrent expenditure by 7% from now through 2027-28, and emphasizes the need to “minimise the impact on public services and people’s livelihood”. Would the Government please advise on the following:

How will the Government specifically assess the actual impact of expenditure reduction on livelihood-related services (such as healthcare and education)? Are there any quantitative indicators or phased adjustment mechanisms in place?

Asked by: Hon CHAN Han-pan (LegCo internal reference no.: 7)

Reply:

The 2025-26 Budget proposes stepping up the Productivity Enhancement Programme, with a cumulative reduction in recurrent government expenditure over the next three financial years amounting to 7%. This initiative is implemented on the premise of maintaining efficient public services, and without affecting Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure.

The Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of bureaux and departments (B/Ds) may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities. B/Ds will further review their resource allocation and work priorities, and provide public services in a more cost-effective way through consolidating internal resources, streamlining procedures, and leveraging technology.

Containing the growth of government operating expenditure is one of the essential tasks in addressing the fiscal deficit. We will carefully balance the various impacts on society and citizens that may arise in the process. We will proceed in a steady and prudent manner and make all-out effort to minimise the impact on public services and people’s livelihood, while laying a sustainable fiscal foundation for future development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)044

(Question Serial No. 0543)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 225 of the Budget Speech that about \$62 billion will be brought back from 6 seed capital funds established outside the government accounts. In this connection, would the Government inform this Committee of the following:

1. What were the amounts of injections into these 6 seed capital funds at each instance since their establishment and their respective balances at that time; what are the current balances of each fund, and what amounts will be brought back from each fund?
2. What are the investment strategies and investment returns of these 6 seed capital funds that only use investment returns to meet their expenditures?
3. It is mentioned in paragraph 240 of the Budget Speech that the relevant bureaux will be required to examine the financial arrangements of other seed capital funds. What are the bureaux involved, and when is the review expected to complete?
4. Whether the Government's fund injection mechanism will also be reviewed to require that future injections depend on the funds' balances; and will monitoring of the funds be stepped up to prevent wastage of public financial resources?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 5)

Reply:

1. The 2025-26 Budget proposes bringing back six seed capital funds with a relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. The amounts injected into the six seed capital funds (namely Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) at each instance since their establishment and their respective balances at that time, the balances at end of 2023-24, and the expected amounts to be brought back are at **Annex 1**.

2. The investment portfolios of the six seed capital funds only include deposits with the Exchange Fund and/or banks.
3. Currently, a total of 42 funds have been established by various bureaux and departments outside the Government's accounts for specific purposes, and 23 of them are seed capital funds. Except for the six seed capital funds mentioned above, the remaining 17 seed capital funds belong to eight bureaux/departments and their details are at [Annex 2](#). We have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.
4. The Government has put in place a rigorous mechanism for funds injection. As a general principle, the bureaux concerned must first ascertain the need for injection and the amount to be injected, and consult the relevant Panel of the Legislative Council (LegCo) on the proposed injection before seeking funding approval from the Finance Committee (FC). Injection will only be made after the proposal is approved by the FC. Given that the funds are established either by legislation, in the form of a trust, or with the approval of the FC of the LegCo, Controlling Officers of the bureaux or departments concerned must ensure their operation complies with the relevant requirements of the legislation or provisions in the trust deed, and put in place an appropriate monitoring mechanism to ensure effective use of public financial resources. Controlling Officers will formulate and update strategies and work plans for achieving the purposes of the funds and develop appropriate performance measures for the funds under their purview. Controlling Officers will also conduct reviews from time to time on the use and effectiveness of the funds, and contemplate appropriate financial arrangements having regard to the policy objectives, the financial position of the funds, views of stakeholders, etc., with a view to ensuring effective and flexible use of public financial resources.

Six Seed Capital Funds to be brought back

	Name of Fund	Year of Injection	Amount of Injection (\$ million)	Balance after Injection (\$ million)	2023-24 Year-end Balance (\$ million)	Expected Amount to be brought back (Note) (\$ million)
1	Research Endowment Fund	2009 2012 2018 2019	18,000 5,000 3,000 20,000	26,360 (balance at end of 2014-15) 29,210 49,257	52,478	40,297
2	Hospital Authority Public-Private Partnership Fund	2016	10,442	10,442	10,831	8,698
3	Language Fund	1994 2001 2003 2005 2006 2010 2014	300 200 400 500 1,100 500 5,000	6,135 (balance at end of 2014-15)	7,521	6,226
4	Student Activities Support Fund	2019	2,500	2,533	2,869	2,459
5	Qualifications Framework Fund	2014 2018	1,000 1,200	1,000 2,276	2,522	2,006
6	Gifted Education Fund	2016 2018 2023	800 800 600	796 1,608 2,266	2,273	1,814

Note: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund in 2023-24.

Bureau/Department to which the 17 Remaining Seed Capital Funds Belong

	Name of Fund	Bureau/Department
1	Supplementary Legal Aid Fund	Chief Secretary for Administration's Office/Legal Aid Department
2	Elite Athletes Development Fund	Culture, Sports and Tourism Bureau
3	Sir David Trench Fund for Recreation – Arts and Sport Development Fund	
4	Sir David Trench Fund for Recreation – Hong Kong Athletes Fund	
5	Sir David Trench Fund for Recreation – Main Fund	
6	Sir David Trench Fund for Recreation – Sports Aid for the Disabled Fund	
7	Sir David Trench Fund for Recreation – Sports Aid Foundation Fund	Education Bureau
8	Hong Kong Special Administrative Region Government Scholarship Fund	
9	Quality Education Fund	
10	Self-financing Post-secondary Education Fund	
11	Environment and Conservation Fund	Environment and Ecology Bureau
12	Community Care Fund	Home and Youth Affairs Bureau
13	Queen Elizabeth Foundation for the Mentally Handicapped	Labour and Welfare Bureau
14	Arts Development Fund for Persons with Disabilities	
15	Hong Kong Paralympians Fund	
16	Social Work Training Fund	Security Bureau
17	Beat Drugs Fund	

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)045

(Question Serial No. 0658)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (3) Service Departments

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Central support services are essential to the day-to-day operation of all government departments. It is stated under Programme (3) that the Branch will monitor and facilitate the work of the service departments to ensure efficiency of operation and cost-effectiveness. In this connection, will the Government inform this Committee of:

1. the measures taken to monitor and assess the efficiency and cost of central support services; and
2. whether new measures, e.g. digitalising various processes or making wider use of artificial intelligence technology, will be introduced to further enhance efficiency in service delivery and hence keep costs down; if so, the details; if not, the reasons?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 20)

Reply:

1. The Treasury Branch has adopted a multi-pronged approach to monitor and assess the efficiency and cost of the central support services delivered by the departments under its purview (including financial management, procurement, supplies, land transport, printing and accommodation). Such measures include:
 - (a) holding housekeeping meetings regularly to review the departments' operation with heads of department and senior staff;
 - (b) overseeing the preparation by the departments of Controlling Officers' Reports, reviewing the estimated and actual expenditure set out therein and assessing the performance in achieving key performance indicators;

- (c) exploring room for streamlining processes and boosting efficiency with departments with a view to enhancing the delivery of central support services. We are now conducting a review with the Government Logistics Department (GLD) to review and enhance the Government's procurement regime so that departments can procure quality goods and services at a reasonable price; and
 - (d) providing departments with policy steer when launching new services, as well as assessing their resource allocations and overseeing the preparation for and implementation of the new services.
2. The departments under the Treasury Branch's purview have been implementing measures to enhance the effectiveness of the central support services provided. Recent examples include the setting up of the e-Portal for Pensioners by the Treasury and the pilot run of automated warehouse management system by the GLD. New measures to be introduced by the Government Property Agency (GPA) and the Architectural Services Department (ArchSD) are detailed at **Annex**. The Treasury Branch and the departments under its purview will keep abreast of the latest developments in technology and incorporate more elements on technology into their services and work scenarios as appropriate, so as to boost work efficiency and make more effective use of resources.

**New measures to be introduced by departments under the Treasury Branch's purview
in the delivery of central support services**

Measure	Description	Expected benefits
1. Developing case processing and tracking portal for office allocation <i>(GPA)</i>	The portal supports the processing of office allocation applications made by bureaux/ departments and provides case tracking.	It will enhance the efficiency, accuracy and transparency of case handling process as well as case management capability.
2. Developing ArchSD's Internet of Things (IoT) Asset Maintenance System <i>(ArchSD - Programme (2) Facilities Upkeep)</i>	The centralised information platform facilitates the processing of a diverse range of data generated through IoT technology and provides real-time status of government buildings.	The centralised information platform will enable real-time monitoring of building condition and improve efficiency in facilities upkeep by, for example, alerting staff to anomalies, thus facilitating prompt arrangements for on-site inspection and helping to reduce risks of causing substantial damage to buildings and facilities due to the anomalies.
3. Enhancing information system of ArchSD's repair call centre <i>(ArchSD - Programme (2) Facilities Upkeep)</i>	The enhanced system provides a web-based platform for departments to submit requests for minor repairs.	Departments can submit requests for minor repairs to government buildings via the Internet in addition to making phone requests, thereby improving service efficiency.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)046

(Question Serial No. 0752)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to Article 107 of the Basic Law, the Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance and avoid deficits. However, as paragraph 213 of the Government's Budget mentions, accounts are classified into "the Operating Account" and "the Capital Account". There were instances of the Operating Account recording surpluses while the Consolidated Account having deficits in some years. Will the Government advise this Committee whether the "fiscal balance" stated in Article 107 of the Basic Law should be measured by the Operating Account or the Consolidated Account?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 8)

Reply:

The Government has been adhering to the principle of keeping the expenditure within the limits of revenues as enshrined under Article 107 of the Basic Law and strives to achieve fiscal balance over a period of time to ensure the resilience and sustainability of our public finances. In managing public finances, we should look at the Government's fiscal position over the entire economic cycle, rather than solely focus on the short-term government revenue and expenditure. As for the target of fiscal balance, it should be attained in terms of the Government's Consolidated Account. According to the latest Medium Range Forecast, after taking account of net proceeds from the issuance of bonds, the Consolidated Account is expected to return to a surplus starting from 2028-29.

The 2025-26 Budget mentions that government revenue and expenditure are broadly presented in two major accounts, namely the Operating Account and the Capital Account. The aim is to illustrate that, in view of the different composition and nature of respective accounts, the Government has to manage them separately with different fiscal targets and methods. The Operating Account should be managed on the basis of keeping expenditure within the limits of revenues with the target of achieving a surplus. As for the Capital Account, given that expenditure on infrastructure works is our investment for the future, we can utilise the surplus in the Operating Account or our fiscal reserves as support, or make flexible use of market resources to fill the gap between revenue and expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)047

(Question Serial No. 0806)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On exploring the introduction of a boundary facilities fee on private cars departing via land boundary control points:

What is the manpower and expenditure involved for the relevant study? What is the anticipated earliest time for commencement? Will there be any public consultations? What is the expected time to complete such work and publish the outcomes?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 30)

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) will deploy its existing manpower to explore the introduction of the boundary facilities fee, and no additional manpower or expenditure will be involved. We will announce the outcomes at an appropriate time upon completion of the study.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)048

(Question Serial No. 0837)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): (281) Air passenger departure tax administration fees

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Branch's provision of \$68.42 million under "Air passenger departure tax administration fees" is for the payment to airlines, helicopter company and the agent of the Civil Aviation Department (CAD) in respect of the collection of air passenger departure tax and the processing of exemption and refund applications related thereto. Please inform this Committee of the following:

1. How does the Branch determine the administration fees payable to airlines, helicopter company and the CAD's agent in respect of the collection of air passenger departure tax? What are the respective administration fees payable by the Government to these 3 parties on average per air passenger? What was the total expenditure on such fees expressed as a percentage of the total air passenger departure tax collected by the Government in each of the past 3 years?
2. Has the Branch explored ways of facilitating quicker or direct transfer of air passenger departure tax to the Government's account through technological enhancement, electronic payment and payment transfer, etc. to reduce administration fees payable to airlines, helicopter company and the CAD's agent? If yes, what is the plan? If not, what are the reasons?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 26)

Reply:

1. At present, airlines and helicopter company (the operators) collect the air passenger departure tax (APDT) from air passengers on behalf of the Government. They also process applications for exemption and refund. The Government pays an administration fee to the operators at an agreed percentage of the APDT received. The administration fee level is determined having regard to the costs incurred by the operators in the collection and refund processes the APDT. The existing administration fee rates are as follows:

Operators	Administration Fee Rate
Airlines (for normal passengers)	2.322%
Airlines (for sea-to-air and bridge-to-air passengers)	1%
Helicopter company	1.24%

Besides, the Civil Aviation Department (CAD) has engaged an agent to process some of the refund applications (but not collection of the APDT). A fixed administration fee of about \$210,000 is paid monthly to the agent according to the contract.

The expenditure on the administration fee as a percentage of the APDT collected in each of the past 3 years are set out as follows:

Year	Total Revenue from the APDT (\$ m)	Expenditure on Administration Fee (\$ m)	Administration Fee as a Percentage of the APDT Collected
2021-22	56.20	2.77	4.93%
2022-23	393.56	10.83	2.75%
2023-24	1,943.42	45.47	2.34%

(Note: The revenue from the APDT was significantly reduced in 2021-22 and 2022-23 due to the pandemic. The administration fees during the period mainly covered the fixed administration fees paid to the CAD's agent for processing refund applications.)

- As air passengers may purchase air tickets at different sales points, only the operators are able to keep track of the actual number of departing air passengers, and thereby calculate the APDT payable. In addition, the operators will also assist the Government in processing the relevant exemption and refund applications in accordance with the actual departure status of individual air passengers. Hence, it is necessary to have the APDT collected through the operators. Under the existing arrangement, the operators will, after processing all the exemption and refund applications, first deduct the administration fees from the APDT received and then remit the remaining sum to the Government's account by electronic means on a regular basis. We consider the current arrangement effective and have no plan to revise it.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)049

(Question Serial No. 0838)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The Bureau will continue to oversee the Government's procurement policy this year, and update or streamline the prevailing procurement procedures and guidelines having regard to prudent financial management principles and relevant policy objectives of the Government. Over the past 5 years, what are the specific results of the Bureau's annual efforts to reduce expenditure/enhance efficiency through regular updating or streamlining of the prevailing procurement procedures and guidelines?
2. Meanwhile, according to paragraph 234 of the Budget Speech, the Bureau will review and enhance the Government's procurement regime, and new arrangements are expected to be introduced in mid-2025. Regarding the review of the said regime, what standards will be adopted to carry out the amendment or reform? What are the specific direction and details?
3. The Bureau will continue the drive to streamline financial regulations within the Government this year. In the past, the Government stated that such work was to consolidate and streamline government financial circulars in order to reduce their number. Please give an account on the effectiveness of the relevant work in terms of reducing expenditure/improving administrative efficiency. Please set out in tabular form the relevant work items that have been streamlined by the Bureau and the amount of expenditure thus reduced over the past 3 years.

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 27)

Reply:

1. Over the past five years, the Financial Services and the Treasury Bureau (FSTB) has been implementing the following measures to streamline government procurement procedures, with a view to facilitating bureaux and departments (B/Ds) in conducting procurement and enhancing work efficiency:

- (a) FSTB, together with the Development Bureau, launched the e-Tendering System (e-TS) in 2022 to assist procuring departments in handling tenders under the ambit of the Central Tender Board and the Public Works Tender Board. Since its launch in mid-2022, the e-TS has been operating smoothly, with full implementation of electronic tendering becoming mandatory for all procuring departments starting from July 2024. Although it is difficult to quantify the effectiveness of the e-TS, procuring departments consider that the system facilitates their work in distributing tender documents and receiving tenders, thereby streamlining procurement procedures and enhancing procurement efficiency; and
 - (b) the Government Logistics Department (GLD) has been adopting the following measures to enhance B/Ds' work efficiency:
 - (i) to formulate and continuously update the Standard Terms and Conditions for procurement contracts to save B/Ds' time in drafting tender documents;
 - (ii) to set up an intranet database, which consolidates tender documents issued by B/Ds for internal reference, to enhance B/Ds' efficiency in drafting tender documents;
 - (iii) to review and streamline procedures and work processes for tender opening by the GLD Tender Opening Committees; and
 - (iv) to extend the coverage of bulk contracts to services commonly used by B/Ds (such as services for relocation of offices and indoor air quality certification), with a view to enhancing cost-effectiveness and saving B/Ds' time and manpower resources required for procuring such services by themselves.
2. To assist B/Ds in ensuring proper use of public money, FSTB and GLD are reviewing the Government's procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price through an open and fair framework. The review will focus on promoting more precise use of resources by B/Ds and enhancing the cost-effectiveness of procurement via suitably delegating power to B/Ds, streamlining procedures, adjusting evaluation criteria, and increasing flexibility for procurement.
3. The Treasury Branch of the FSTB updates and refines internal financial regulations of the Government from time to time having regard to the prevailing circumstances. Out of 43 Financial Circulars, 13 were updated and 2 were cancelled in the past 3 years, covering the work in areas such as government procurement, public works and management of funding schemes. The work aims to ensure that the relevant guidelines and requirements are up-to-date, rather than targeting at reducing expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)050

(Question Serial No. 0839)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): (126) Trading Fund services

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Budget Speech that there are currently a total of 42 funds set up outside the Government's accounts for specific purposes, and that the Government has proposed to bring back the unspent balance of 6 seed capital funds first to the Government's accounts in the current financial year. These 6 funds have a relatively large unspent balance, totalling \$62 billion.

1. The estimates of expenditure made in this Budget involve an arrangement of bringing back 6 seed capital funds, totalling \$62 billion. What specific changes are there in the relevant revenue and expenditure items as well as budgetary account in the Government's accounts before and after the bringing back of these funds? What direct impact will it have on the allocation of and utilisation planning for the funds in the Government's estimates of expenditure for the current and the next financial year?

2. Regarding the remaining 36 seed capital funds in this Budget, please set out the key data and information on their financial position in the latest financial year that are directly relevant to the estimates of expenditure, e.g. their approximate balance as reflected in the estimates of expenditure, as well as the main directions and key items in respect of the expenditures from these funds within the scope of the estimates of expenditure for the next financial year as clearly reflected in this Budget.

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 28)

Reply:

1. The sums to be brought back from the six seed capital funds will be credited to Subhead 120 One-off transfer from other funds under Head 9 - Loans, Reimbursements, Contributions and Other Receipts of the General Revenue Account and reflected in the Government's operating revenue for 2025-26, of which details are set out in the estimates of the General Revenue Account for 2025-26. The General Revenue Account is the Government's main account, and the sums to be brought back can be flexibly deployed to meet operating expenditure in various policy areas.
2. All the 42 funds mentioned in the 2025-26 Budget are set up outside the Government's accounts. Their estimated expenditure and balances therefore are not be reflected in the Government's estimates.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)051****(Question Serial No. 0867)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the following:

1. What is the cumulative total amount of government bonds and infrastructure bonds issued by the current-term Government (2022-2025) so far? What is the amount of issuance planned for 2025-26?
2. What are the estimated total amounts of bonds to be issued by the Government in each of the years from 2025 to 2030? Will the scale of bond issuance be further expanded in the next 5 years?
3. How does the Government ensure that the issuance of bonds will not impose funding pressure on the market and that fiscal stability is maintained?

Asked by: Hon TANG Fei (LegCo internal reference no.: 21)

Reply:

- (1) The amounts of bonds issued by the Government under the Government Bond Programme (GBP), the Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP) in the past three financial years are set out below:

	GBP	GSBP	IBP
Financial year	Amount of bond issuance (HK\$ billion)	Amount of bond issuance (HK\$ billion)	Amount of bond issuance (HK\$ billion)
2022-23	70.50	66.131	-
2023-24	82.00	72.609	-
2024-25 (as at end February 2025)	3.00	24.901	99.43

The GBP will be gradually replaced by the GSBP and the IBP. In 2025-26, the Government intends to issue a total of about \$150 billion worth of bonds under the two aforementioned bond programmes.

- (2) With the increase in capital works expenditure and to facilitate the accelerated development of the Northern Metropolis, the Government will expand the scale of bond issuance accordingly. It is expected that a total of about \$150 billion to \$195 billion worth of bonds will be issued under the GSBP and the IBP every year during the 5-year period from 2025-26 to 2029-30.
- (3) Issuing government bonds is one of the public financial management tools, and issuing bonds to support infrastructure development is a common practice worldwide. The Government has all along adhered strictly to fiscal discipline. The proceeds from bond issuance will be used to invest in infrastructure, and not for funding government recurrent expenditure. In the Medium Range Forecast period, the ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. In addition, the actual amount of bonds to be issued by the Government will depend on the prevailing fiscal position, market response and works progress. We will continue to adhere strictly to fiscal discipline so as to ensure the fiscal prudence of our overall bond issuance programmes and sustainability of our public finances.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)052

(Question Serial No. 0868)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Bureau please inform this Committee of the following:

1. What are the average interest rates of bonds currently issued by the Government? What are the total interest expenses and their proportion to total government expenditures in each of the years since 2022?
2. What is the estimated total amount of interest to be repaid by the Government in each of the next 5 years? How can the Government ensure that its interest expenses will remain within a manageable range?
3. If international interest rate hikes continue, how will the Government respond to the risk of rising debt costs?

Asked by: Hon TANG Fei (LegCo internal reference no.: 22)

Reply:

- (1) The interest rates of government bonds are determined in the light of the actual market conditions at the time of issuance. As at end February 2025, the annual interest rates of fixed rate bonds issued and remained outstanding under the Government Bond Programme (GBP) ranged from 1.25% to 3.74%, while those issued and remained outstanding under the Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP) ranged from 0.625% to 5.25%. In addition, the Government issued floating rate bonds and notes, including institutional portion that carry interest indexed to the Hong Kong Dollar Overnight Index Average (HONIA) and retail portion with a rate linked to inflation in Hong Kong, subject to a minimum rate. The minimum interest rates of the outstanding retail bonds issued range from 2.5% to 5% per annum.

The interest expenses on the bonds issued under the GBP, the GSBP and the IBP and corresponding percentages to the government expenditure in the past three financial years (2022-23 to 2024-25) are as follows:

GBP

Financial Year	Interest Expense (HK\$ million)	Percentage in Government Expenditure
2022-23	4,536	0.6%
2023-24	6,977	1%
2024-25 (as at end February 2025)	5,840	0.8%

GSPB

Financial Year	Interest Expense (HK\$ million)	Percentage in Government Expenditure
2022-23	1,041	0.1%
2023-24	3,767	0.5%
2024-25 (as at end February 2025)	6,123	0.8%

IBP

Financial Year	Interest Expense (HK\$ million)	Percentage in Government Expenditure
2022-23	-	-
2023-24	-	-
2024-25 (as at end February 2025)	17	0.002%

(2) & (3)

Bond issuance expenses (including interest) under the GBP are paid out of the Bond Fund, while those under the GSPB and the IBP are paid out of the Capital Works Reserve Fund (CWRF). For 2025-26, the estimated interest expenses under the Bond Fund and the CWRF are \$5.8 billion and \$12.7 billion respectively. The interest expenses incurred in bond issuance beyond 2025-26 will be subject to prevailing market conditions.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)053

(Question Serial No. 0870)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Bureau please inform this Committee of the following:

1. In the Government's Medium Range Forecast, fiscal reserves are estimated at \$579.1 billion (equivalent to about 8 months of government expenditure) by 2030. Has the Government assessed whether this level is sufficient to cope with economic uncertainties in the future?
2. If future economic growth is lower than expected, how will the Government adjust its bond issuance strategy and fiscal reserve management to ensure fiscal stability?
3. In case Hong Kong faces a major economic crisis in the next 5 years, has the Government drawn up an emergency fiscal response plan to cope with it? If so, what are the details? If not, what are the reasons?

Asked by: Hon TANG Fei (LegCo internal reference no.: 24)

Reply:

The 2025-26 Budget proposes reinforcing the fiscal consolidation programme so as to provide a clear pathway towards the goal of restoring fiscal balance in the Operating Account within the current term of the Government in a planned and progressive manner. According to the latest Medium Range Forecast, after taking account of net proceeds from the issuance of bonds, the Consolidated Account will return to a surplus starting from 2028-29. Fiscal reserves are estimated at \$579.1 billion by the end of March 2030, equivalent to eight months of government expenditure.

Issuing government bonds is one of the public financial management tools, and issuing bonds to support infrastructure development is a common practice worldwide. The Government has all along adhered strictly to fiscal discipline. The proceeds from bond issuance will be used to invest in infrastructure, and not for funding government recurrent expenditure. It is expected that from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year. The borrowing ceiling of the above two bond programmes will increase from the existing level of \$500 billion to \$700 billion. The ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The actual amount of bonds to be issued by the Government will depend on the prevailing fiscal position, market response and works progress. In implementing the bond issuance programmes, we will continue to adhere strictly to fiscal discipline and take into account all relevant factors, including the debt level and market situation, so as to ensure the fiscal prudence of our overall bond issuance programmes and sustainability of our public finances.

In preparing the annual Budget, the Government will review the levels of revenue, expenditure, fiscal reserves and debt in the light of the economic situation and the imminent and long-term needs of society, with a view to drawing up suitable measures and financial arrangements.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)054

(Question Serial No. 0971)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that “Bureaux and departments set up funds outside the Government’s accounts for specific purposes from time to time in the light of their policy needs. Currently, there are a total of 42 such funds with an aggregate balance of nearly \$180 billion. Some of these funds only use investment returns to meet their expenditure (i.e. seed capital funds). With different monitoring frameworks and investment strategies, these seed capital funds lock up an enormous amount of public financial resources.”

“To enable the Government to make more flexible and effective use of these resources, we have reviewed the financial arrangements of these seed capital funds. We propose bringing back first 6 funds with relatively large unspent balance, totalling about \$62 billion, to the Government’s accounts in 2025-26, after setting aside resources to meet the necessary expenditure of these funds for the next 5 years so that it will not affect their sustainable operation. This will provide a more comprehensive picture of the Government’s fiscal position and enable better use of its financial resources. We will also require the relevant bureaux to examine the financial arrangements of other seed capital funds.” In this connection, please inform this Committee of the following:

1. What are the names of the 6 selected seed capital funds and the total balance of the respective funds at present? Is there any precedent for bringing back the funds in the past? If yes, please provide specific examples. Does the practice of bringing back the funds require amendments to the existing legislation or the consent of relevant committees (such as the Finance Committee of the Legislative Council)?
2. Given the current fiscal deficit, will the Government revisit the practice of setting up seed capital funds through injection of funding?

3. How will the Government ensure that the sustainable operation of these 6 seed capital funds will not be affected after bringing back the said \$62 billion or so? What is the specific method of calculating the necessary expenditure of these funds for the next 5 years and the basis for such calculation? Whether it involves independent assessment or risk analysis?
4. What are the specific timetable and procedures for bringing back the said \$62 billion or so? How will the Government provide a more comprehensive picture of its fiscal position and ensure better use of its financial resources after bringing back the funds? Please set out the specific uses or plans.
5. For the remaining seed capital funds which are not included in the first batch to be brought back the balance, what is the progress of the review work by the relevant bureaux? Is there any preliminary conclusion or timetable?
6. Will the Government consider expanding the scope of the initiative of bringing back the balance to cover other funds? If so, when will the relevant assessment commence?

Asked by: Hon NGAN Man-yu (LegCo internal reference no.: 29)

Reply:

1. The 2025-26 Budget proposes bringing back six seed capital funds with a relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. The balances of the six seed capital funds (namely the Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) at the end of 2023-24 are at Annex. The Education Bureau (EDB) and the Health Bureau (HHB) have consulted the relevant governance bodies of the six seed capital funds in respect of the revised financial arrangements of the funds. We plan to seek the approval of the Legislative Council Finance Committee in April to revise the financial arrangements for the six seed capital funds.

There were previous cases of the Government bringing back to its accounts the balances of the funds no longer required to be retained upon achievement of their policy objectives, including a sum of about \$20 million from the Education Development Fund in 2019 and 2020. Besides, the bringing back of the remaining balance of about \$15 billion from the Anti-epidemic Fund to the Government's accounts as mentioned in the 2025-26 Budget had been reflected in the revised estimate for 2024-25 and was completed in March this year.

- 2, 5 & 6. In the light of the 2025-26 Budget, we have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.

3. The balances of the funds will only be brought back after setting aside resources to meet the necessary expenditure of the funds for the next five years so that their sustainable operation will not be affected. In consultation with the EDB and the HHB, we have reviewed the latest financial status of the six seed capital funds. Having regard to the past expenditure and scheduled projects of the funds concerned, it is projected that the total cash flow requirements for the next five years will be about \$14.9 billion. After the fund balance transfers, the policy objective, mode of operation, as well as management and control of the six seed capital funds will remain unchanged.
4. We expect that the unspent balance of the six funds, totalling about \$62 billion, will be brought back to the Government's accounts in the middle of this year.

The sums to be brought back will be credited to the General Revenue Account and reflected in the Government's operating revenue for 2025-26. The General Revenue Account is the Government's main account, and the sums to be brought back can be flexibly deployed to meet operating expenditure in various policy areas.

Six Seed Capital Funds to be Brought Back

	Name of fund	2023-24 year-end balance (Note) (\$ million)
1	Research Endowment Fund	52,478
2	Hospital Authority Public-Private Partnership Fund	10,831
3	Language Fund	7,521
4	Student Activities Support Fund	2,869
5	Qualifications Framework Fund	2,522
6	Gifted Education Fund	2,273
	Total	78,494

Note: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund in 2023-24.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)055

(Question Serial No. 0993)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 253 of the Budget Speech that with the increase in capital works expenditure, the Government will expand the scale of bond issuance accordingly and issue a total of about \$150 billion to \$195 billion worth of bonds under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year, of which 56% will be used for re-financing short-term debts. Of the infrastructure bonds to be issued by the Government, 56% will be used for re-financing short-term debts. The re-financing of short-term debts may be affected by interest rate volatility in the market. If interest rates rise in the future, the Government may need to pay higher interest when re-financing, increasing its fiscal burden.

1. Given the political uncertainties worldwide and in case of a decrease in the market's confidence in the financial position of the HKSAR Government and the economic outlook, the demand for bonds may decline accordingly, affecting the success of re-financing. How will the Government assess the debt risks involved?
2. What is the detailed mechanism for adjusting the interest payable under future bond programmes? How will the Government determine the interest rate for the bonds to be issued to ensure their attractiveness to investors as well as the continued sustainability of public finances, taking into particular account the market demand and changes in the economic environment?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 33)

Reply:

Issuing bonds on an appropriate scale by the Government will not only promote the development of the bond market, but also enable us to leverage market capital to invest in our future, driving sustainable and infrastructure development in Hong Kong. Issuance of government bonds has attracted participation from a wide spectrum of investors globally and have been oversubscribed, reflecting their recognition of the development of the local bond market and their confidence in Hong Kong's long-term development. We have been maintaining communication with market participants to enhance their understanding of the Government's financial position, bond issuance programmes and the overall development of Hong Kong. We will continue to adhere strictly to fiscal discipline and keep government debt at a prudent level.

In determining the actual size of bond issuance, the Government will consider the prevailing fiscal position, market response and works progress. We will maintain strict fiscal discipline, ensuring the fiscal prudence of our overall bond issuance programmes and the sustainability of our public finances. The proceeds from bond issuance will only be used to invest in infrastructure, but not for funding government recurrent expenditure. As for bond interest, the estimated interest payment in 2025-26 is about \$13 billion, which is 0.4% of Gross Domestic Product, and hence the impact it has on public finances is minimal.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)056

(Question Serial No. 0994)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The borrowing ceiling of two of the Government's bond programmes, namely the Government Sustainable Bond Programme and the Infrastructure Bond Programme, is expected to increase from the existing level of \$500 billion to \$700 billion in the Medium Range Forecast period.

With the borrowing ceiling raised, how will the Government ensure that its debt level is still sustainable? While the ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, is there any plan to address rising debts in the face of slower local economic growth?

1. With debts on the rise, will the Government's interest expenses become a major fiscal burden? How will interest expenses be planned in future budgets to prevent other public expenditure from being affected?
2. What measures does the Government have in place to monitor and manage the debt risks involved? Are there mechanisms for assessing its debt position and market development on a regular basis?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 34)

Reply:

Issuing bonds on an appropriate scale by the Government will not only promote the development of the bond market, but also enable us to leverage market capital to invest in our future, driving sustainable and infrastructure development in Hong Kong. With the existing scale of bond issuance and a borrowing ceiling of \$700 billion, it is estimated that during the Medium Range Forecast period, the ratio of government debt to Gross Domestic Product (GDP) will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The Government is confident and capable of meeting the repayment needs under the Government Sustainable Bond Programme and Infrastructure Bond Programme. As for bond interest, the estimated interest payment in 2025-26 is about \$13 billion, which is 0.4% of GDP, and hence the impact it has on public finances is minimal.

The actual amount of bonds to be issued by the Government and interest payment will depend on the prevailing fiscal position, market response and works progress. We will continue to adhere strictly to fiscal discipline and ensure the fiscal prudence of our overall bond issuance programmes and sustainability of our public finances. The proceeds from bond issuance will only be used to invest in infrastructure, but not for funding government recurrent expenditure. We have no plan to cap the amount of bonds issued and interest payment. The Government will, as always, carefully manage the scale of bond issuance and the borrowing ceiling, taking into account the prevailing circumstances. If the borrowing ceiling is to be raised, the Government has to move a proposed resolution under the Loans Ordinance for scrutiny and passage by the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)057

(Question Serial No. 1043)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 229 of the Budget Speech that the Government recommends “reinforcing the fiscal consolidation programme as put forward in last year’s Budget. The key is managing expenditure growth, making good use of the Government’s fiscal resources, and identifying new revenue resources”. In this connection, will the Government inform this Committee of the following:

1. It is mentioned in paragraph 234(b) of the Budget Speech that the Financial Services and the Treasury Bureau will review and enhance the Government’s procurement regime, so as to facilitate procurement of quality goods and services at a reasonable price. What are the details and timetable in respect of the review and enhancement of the procurement regime?

2. I have been suggesting improving the Government’s procurement regime. I propose that the Government should take the lead in actively using products and services provided by local enterprises and request departments, public organisations and statutory bodies (including the Hospital Authority and the MTR Corporation Limited) to follow suit. Through procuring more locally-designed and developed functional clothing as uniforms, we can foster a culture and environment that supports local products and services, thus promoting Hong Kong’s “new industrialisation”, as well as the transformation and realisation of research and development (R&D) outcomes. Will the Government consider a wider adoption of local R&D outcomes, products and services when reviewing and enhancing its procurement regime?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 9)

Reply:

1. and 2.

Hong Kong is an international city, and one of the signatories to the Agreement on Government Procurement of the World Trade Organization. Therefore, when conducting procurement, the Government must ensure that local and non-local suppliers and service providers, regardless of scale, can participate in bidding through fair, open and competitive procedures, so as to obtain goods and services at the best value for money. Bureaux and departments (B/Ds) have always welcomed local enterprises to participate in bidding.

To assist B/Ds in ensuring proper use of public money, the Financial Services and the Treasury Bureau and the Government Logistics Department are reviewing the Government's procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price through an open and fair framework. The review will focus on promoting more precise use of resources by B/Ds and enhancing the cost-effectiveness of procurement via suitably delegating power to B/Ds, streamlining procedures, adjusting evaluation criteria, and increasing flexibility for procurement. We expect to introduce the new arrangements in mid-2025.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)058

(Question Serial No. 1130)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the balance between the fiscal deficit and measures to raise revenue and cut expenditure, it is stated in the 2025-26 Budget that the fiscal deficit for 2024-25 is expected to reach \$87.2 billion and, to address this deficit, a “reinforced version” of the fiscal consolidation programme has been devised aiming to achieve a cumulative reduction of government recurrent expenditure by 7% by 2027-28. However, such expenditure reduction measures may have a certain impact on public services and people’s livelihood. What specific measures will the Government practically take to ensure that the quality of public services will not be seriously affected when formulating these expenditure reduction proposals? In addition, apart from measures to cut expenditure, has the Government drawn up any further plans to raise revenue, such as reviewing the tax regime and introducing new sources of income, so as to address the fiscal deficit more comprehensively?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 1)

Reply:

To uphold the principles of fiscal prudence, the 2025-26 Budget proposes reinforcing the fiscal consolidation programme. The key is managing expenditure growth, making good use of and consolidating the Government’s fiscal resources, and identifying new revenue resources. The Government will step up the Productivity Enhancement Programme. On the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected, all policy bureaux and departments (B/Ds) are required to reduce recurrent expenditure by 2% per annum from 2025-26 to 2027-28. Taking into account the 1% cut in 2024-25, the cumulative rate of reduction will be 7% in total.

The Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of B/Ds may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities. B/Ds will further review their resource allocation and work priorities, and provide public services in a more cost-effective way through consolidating internal resources, streamlining procedures, and leveraging technology. While strictly containing the growth of operating expenditure, we will be careful to find a balance among the various impacts that may arise in the process. We will proceed in a steady and prudent manner and make an all-out effort to minimise the impact on public services and people’s livelihood, while laying a sustainable fiscal foundation for future development.

On increasing revenue, our principles are to maintain the competitiveness of Hong Kong’s simple and low tax regime, to avoid considerable increase in tax rates or introducing new taxes insofar as possible, and to uphold the “user pays” and the “affordable users pay” principles as far as practicable. Several measures are outlined in the Budget to increase revenue, including increasing the rate of air passenger departure tax, adjusting the application and visa fees of various talent and capital investor admission schemes, as well as reviewing various transport fees charges by the Government. It is expected that a total of about \$4.2 billion additional revenue will be generated per annum. In addition, the Government will explore introducing a boundary facilities fee on private cars departing via land boundary control points. Taking a fee of \$200 per private car as an example, the measure will bring in revenue of about \$1 billion per annum. We will keep in view the Government’s financial position, the overall economic environment, and the imminent and long-term needs of society, so as to introduce appropriate fiscal measures in a timely manner.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)059

(Question Serial No. 1151)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget proposes a “reinforced version” of the fiscal consolidation programme, including a cumulative reduction of government recurrent expenditure by 7% from now through 2027-28. This “reinforced” programme gives us a clear pathway towards the goal of restoring fiscal balance in the Operating Account, in a planned and progressive manner, within the current term of the Government.

On cutting expenditure, quasi-government organisations can contribute to the reduction of government funding. How does the Government advocate it?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 22)

Reply:

In preparing the estimates for 2025-26, the Government has stepped up the Productivity Enhancement Programme under a reinforced fiscal consolidation programme. On the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected, recurrent expenditure will be reduced by 2% per annum from 2025-26 to 2027-28. As recurrent government expenditure includes subventions to relevant subvented organisations, bureaux and departments (B/Ds) will take into account the estimates of expenditures of the subvented organisations under their purview when preparing their estimates and reviewing their expenditures. They will also, having regard to work priorities and operational needs, consider the amounts of subventions provided to relevant subvented organisations having regard to actual circumstances. The savings in recurrent expenditure of the subvented organisations under the purview of various B/Ds has been reflected in the estimates for 2025-26.

The Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of B/Ds may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities, including their subventions to subvented organisations.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)060

(Question Serial No. 1187)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (3) Service Departments

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned under this Programme, the Treasury Branch's work is to ensure operational efficiency and cost-effectiveness in the delivery of central support services, and to ensure that government policy objectives, including protection of non-skilled workers engaged by the government service contractors, are met. In this connection, would the Government inform this Committee of the following:

- (1) the contract value and number of non-skilled workers involved in the government service contracts awarded by the 4 major procuring departments (namely the Leisure and Cultural Services Department, the Housing Department, the Food and Environmental Hygiene Department and the Government Property Agency) in 2024-25, with breakdown by 3 categories of service (namely security, cleansing and other services)?
- (2) the range of committed hourly wages, median committed hourly wage and maximum daily working hours of non-skilled workers under the government service contracts awarded by the 4 major procuring departments in 2024-25, with breakdown by 3 categories of service?
- (3) The salaries of non-skilled outsourced workers have been criticised in the past for being far below a reasonable level. It is only in recent years that more reasonable adjustments have been made. However, this inevitably increases the value of relevant government service contracts, together with the expenses being incurred for contract management upon the outsourcing of government services. What measures will be put in place to ensure the cost-effectiveness of the outsourcing?

Asked by: Hon WONG Kwok, Kingsley (LegCo internal reference no.: 7)

Reply:

- (1) and (2) As regards the 4 major procuring departments mentioned in the question, value of service contracts engaging non-skilled workers awarded by the Leisure and Cultural Services Department (LCSD), the Food and Environmental Hygiene Department (FEHD) and the Government Property Agency (GPA) through tendering in 2024-25 (as at 28 February 2025), the number of non-skilled workers involved, the median committed hourly wage and the average maximum number of working hours in a day are set out at Annex 1. Details of the range of committed hourly wages of these non-skilled workers as stated in the contracts are provided at Annex 2.

Given that the Housing Department (HD) is the executive arm of the Hong Kong Housing Authority (HKHA), and that HKHA (being a public organisation independent of the Government) implements public housing programmes and related services (including relevant non-skilled worker contracts) with its own financial resources, we do not maintain information about HD's non-skilled worker service contracts requested in the question. As far as we understand, HKHA has drawn reference from the Government's procurement regime when devising its own one for non-skilled worker service contracts (including the remuneration arrangement for non-skilled workers).

- (3) All bureaux and departments (B/Ds) should ensure efficient and effective use of resources under their charge and put in place appropriate procedures to monitor expenditure. They should adopt the most suitable mode of public service delivery having regard to their operational needs, service nature and effectiveness, etc. Regardless of the mode of service delivery, B/Ds should ensure proper use of public resources. B/Ds have therefore made holistic considerations, including cost-effectiveness, when deciding to outsource their services.

Where B/Ds decide to outsource their services, the relevant services should be procured in accordance with the Government's procurement procedures in a clear, open, fair and competitive manner. Also, B/Ds should be cautious in considering the criteria for tender evaluation (including the proposed technical and price weighting) to ensure the proper use of public money.

Service contracts awarded by the 3 departments through tendering in 2024-25 financial year (as at 28 February 2025)

	Cleansing service				Security service				Other services				Total
	LCSD	FEHD	GPA	<i>Sub-total</i>	LCSD	FEHD	GPA	<i>Sub-total</i>	LCSD Note 2	FEHD Note 3	GPA Note 4	<i>Sub-total</i>	
Contract value (\$million)	1,440.9	4,427.6	-	5,868.5	149.2	172.3	-	321.5	561.6	76.3	2,674	3,311.9	9,501.9
Number of non-skilled workers involved	2 517	4 373	-	6 890	543	214	-	757	591	37	2 089	2 717	10 364
Median committed hourly wage (\$)	53.0	60.0	-	-	62.0	55.7	-	-	68.5	68.5	65	-	-
Average maximum number of working hours in a day ^{Note 1}	10	10	-	-	9.3	9.6	-	-	9.3	10	8	-	-

Note 1: “Average maximum number of working hours in a day” refers to the average of maximum working hours for a non-skilled worker per day as stated by a government service contractor in the relevant service contract. It is not the same as the actual daily working hours of each non-skilled worker.

Note 2: Other services refer to horticultural maintenance services and venue management services.

Note 3: Other services refer to services related to cemeteries/crematoria/dead body removal.

Note 4: Other services refer to property management services.

**Service contracts awarded by the 3 departments through tendering in 2024-25 financial year (as at 28 February 2025) –
Range of committed hourly wages**

Range of hourly wages	Cleansing service					Security service					Other services					All types				
	LCSD	FEHD	GPA	<i>Sub-total</i>	<i>%</i>	LCSD	FEHD	GPA	<i>Sub-total</i>	<i>%</i>	LCSD Note 1	FEHD Note 2	GPA Note 3	<i>Sub-total</i>	<i>%</i>	LCSD	FEHD	GPA	<i>Sub-total</i>	<i>%</i>
\$40.0	-	-	-	-	-	-	-	-	-	-	51 ^{Note 4}	-	-	51	1.9	51	-	-	51	0.5
\$40.1 to \$41.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$42.0 to \$43.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$44.0 to \$45.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$46.0 to \$47.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$48.0 to \$49.9	285	-	-	285	4.1	-	-	-	-	-	-	-	-	-	-	285	-	-	285	2.7
\$50.0 to \$51.9	-	5	-	5	0.1	-	14	-	14	1.8	-	-	-	-	-	-	19	-	19	0.2
\$52.0 to \$53.9	1 204	-	-	1 204	17.5	7	12	-	19	2.5	-	-	-	-	-	1 211	12	-	1 223	11.8
\$54.0 to \$55.9	859	11	-	870	12.6	55	119	-	174	23.0	-	-	240	240	8.8	914	130	240	1 284	12.4
\$56.0 to \$57.9	5	21	-	26	0.4	27	56	-	83	11.0	-	-	460	460	16.9	32	77	460	569	5.5
\$58.0 to \$59.9	154	26	-	180	2.6	36	13	-	49	6.5	-	8	275	283	10.4	190	47	275	512	4.9
\$60.0 to \$61.9	-	3 976	-	3 976	57.7	14	-	-	14	1.8	162	-	-	162	6.0	176	3 976	-	4 152	40.1
\$62.0 to \$63.9	4	319	-	323	4.7	404	-	-	404	53.4	-	-	-	-	-	408	319	-	727	7.0
\$64.0 to \$65.9	-	-	-	-	-	-	-	-	-	-	62	-	282	344	12.7	62	-	282	344	3.3
\$66.0 or above	6	15	-	21	0.3	-	-	-	-	-	316	29	832	1 177	43.3	322	44	832	1 198	11.6
Total	2 517	4 373	-	6 890	100	543	214	-	757	100	591	37	2 089	2 717	100	3 651	4 624	2 089	10 364	100

Note 1: Other services refer to horticultural maintenance services and venue management services.

Note 2: Other services refer to services related to cemeteries/crematoria/dead body removal.

Note 3: Other services refer to property management services.

Note 4: These 51 non-skilled workers were engaged under a park management and maintenance service contract. In view of the unique location of the park, the contract was awarded through limited tendering to a religious organisation sited near the park for the management services. The committed hourly wage, which was offered by the successful tenderer, was in compliance with the statutory minimum wage requirement.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)061

(Question Serial No. 1286)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 241 of the Budget Speech mentions that the Government will bring back the remaining balance of the Anti-epidemic Fund of about \$15 billion and another six seed capital funds with relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. In paragraph 239 of the Speech, it is also mentioned that there are currently a total of 42 funds set up outside the Government's accounts for specific purposes, with an aggregate balance of about \$180 billion. Will the Government further review the financial arrangements of these funds and consider bringing back the remaining balances of other funds with lower expenditure, goals achieved or diminished social demand to the Government's accounts? If yes, what are the details? If not, what are the reasons?

Asked by: Hon IP LAU Suk-ye, Regina (LegCo internal reference no.: 10)

Reply:

We have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)062

(Question Serial No. 1288)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (3) Service Departments

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 234(b) of the Budget Speech that the Financial Secretary has requested the Financial Services and the Treasury Bureau to review and enhance the Government's procurement regime, so as to facilitate departments' procurement of quality goods and services at a reasonable price through an open and fair framework. In this connection, would the Government inform this Committee of:

(1) a breakdown of (i) government procurement exceeding HK\$1.36 million (for goods and general services), HK\$3 million (for consultancy services) and HK\$7 million (for services for construction and engineering works) in value; (ii) the quantity procured; (iii) the expenditure incurred; (iv) the number of tenders received; and (v) the bureau/department involved in each of the past 5 years;

(2) a breakdown of the Government Logistics Department's expenditure and staff establishment involved in maintaining its modernised stores and transport team in the past 5 years; and

(3) whether the Government will develop any indicators for the enhanced procurement regime (e.g. setting an expenditure ceiling for single procurement); if so, the details; if not, the reasons.

Asked by: Hon IP LAU Suk-ye, Regina (LegCo internal reference no.: 12)

Reply:

1. As regards government tenders for procurement of goods and general services, works contracts and consultancy services invited between 2019-20 and 2023-24 and completed on or before 31 March 2024, please refer to **Annex** for the consolidated data of the number of tender exercises, number of offers received, contract value, and the bureaux/departments (B/Ds) involved.

2. The Government Logistics Department (GLD) is responsible for procuring, storing and distributing essential and emergency items to B/Ds. Those items are mainly stored at GLD's Government Logistics Centre (GLC), where pilot run of automated warehouse management system is implemented in certain areas therein. In the past 5 years, the staff establishment and relevant expenditure incurred for the daily operation of GLC are as follows:

	Annual expenditure (\$) ^{Note 1}				
	2020-21	2021-22	2022-23	2023-24	2024-25
The current establishment consists of 11 staff ^{Note 2} , with posts including Supplies Supervisor I, Supplies Supervisor II, Supplies Assistant, Supplies Attendant and Artisan. They are responsible for duties such as supervision, warehouse management, fork-lift truck operation, handling, picking and packing.	2,990,000	2,990,000	2,990,000	3,064,000	2,949,000

^{Note 1} Based on the mid-point of notional annual salary cost

^{Note 2} The establishment was 12 from 2020-21 to 2023-24

There is a transport team in GLD being responsible for distributing store items from the GLC to B/Ds. There are 2 medium goods vehicles and 1 van-type light goods vehicle in the transport team. The team's staff establishment and expenditure in the past 5 years are as follows:

	Annual expenditure (\$)				
	2020-21	2021-22	2022-23	2023-24	2024-25
Establishment and Expenditure ^{Note 3} The establishment consists of 11 staff, with posts including Foreman,	2,480,000	2,480,000	2,480,000	2,543,000	2,661,000

Driver, Ganger, and Workman. They are responsible for duties such as supervision, route planning, driving, tail lift operation, handling and goods distribution.					
Other Operating Costs ^{Note 4} Such as fuel and maintenance	284,000	132,000	144,000	110,000	306,000
Total	2,764,000	2,612,000	2,624,000	2,653,000	2,967,000

Note 3 Based on the mid-point of notional annual salary cost

Note 4 As at February 2025

3. To assist B/Ds in ensuring proper use of public money, the Financial Services and the Treasury Bureau and GLD are reviewing the Government's procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price through an open and fair framework. The review will focus on promoting more precise use of resources by B/Ds and enhancing the cost-effectiveness of procurement.

As departments procure goods and services according to their operational needs, the nature and scale of procurement exercises vary significantly and should not be subject to direct comparison. Moreover, it is not realistic to set an expenditure ceiling for each procurement exercise, as the value of procurement varies depending on specific requirements and circumstances. While the Government has no plan to develop relevant procurement indicators at this stage, our review seeks to enhance the cost-effectiveness of government procurement via suitably delegating power to B/Ds, streamlining procedures, adjusting evaluation criteria, and increasing flexibility for procurement.

Contracts with tenders invited between 2019-20 and 2023-24**Contracts with tenders invited in 2019-20**

	Non-works contracts		Works contracts	
	Goods and services¹	Consultancy services²	Works³	Works consultancy services²
Number of tenders invited	446	-	100	69
Contract value	\$17.505 billion	-	\$76.79 billion	\$1.194 billion
Number of offers received	3 577	-	673	254
Procuring B/Ds	Agriculture, Fisheries and Conservation Department, Auxiliary Medical Service, Buildings Department, Civil Aviation Department, Customs and Excise Department, Census and Statistics Department, Civil Engineering and Development Department, Correctional Services Department, Administration Wing, Chief Secretary for Administration's Office, Development Bureau,	-	Architectural Services Department, Buildings Department, Civil Engineering and Development Department, Drainage Services Department, Education Bureau, Environmental Protection Department, Electrical and Mechanical Services Department, Highways Department, Lands Department, Transport	Architectural Services Department, Buildings Department, Civil Engineering and Development Department, Drainage Services Department, Electrical and Mechanical Services Department, Environmental Protection Department, Highways Department, Lands Department, Transport Department, and Water Supplies Department

¹ Goods and services (non-works) contracts exceeding \$1.4 million (before January 2024) / \$1.36 million (since January 2024).

² Consultancy (works and non-works) agreements exceeding \$10 million.

³ Works contracts exceeding \$50 million.

	Department of Health, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Food and Health Bureau, Fire Services Department, Government Flying Service, Government Logistics Department, Government Laboratory, Government Property Agency, Home Affairs Department, Hong Kong Observatory, Hong Kong Police Force, Hongkong Post, Highways Department, Independent Commission Against Corruption, Immigration Department, Invest Hong Kong, Information Services Department, the Judiciary, Lands Department, Leisure and Cultural Services Department,		Department, and Water Supplies Department	
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	Labour Department, Marine Department, Office of the Communications Authority, Office of the Government Chief Information Officer, Official Receiver's Office, Registration and Electoral Office, Radio Television Hong Kong, Security Bureau, Social Welfare Department, Transport Department, Working Family and Student Financial Assistance Agency, and Water Supplies Department			
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Contracts with tenders invited in 2020-21

	Non-works contracts		Works contracts	
	Goods and services ¹	Consultancy services ²	Works ³	Works consultancy services ²
Number of tenders invited	576	-	159	77
Contract value	\$26.41 billion	-	\$69.267 billion	\$1.054 billion
Number of offers received	4 960	-	1 404	327
Procuring B/Ds	Agriculture, Fisheries and Conservation Department, Auxiliary Medical Service, Architectural Services Department, Buildings	-	Architectural Services Department, Buildings Department, Civil Engineering and Development Department,	Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department,

	Department, Civil Aviation Department, Customs and Excise Department, Census and Statistics Department, Civil Engineering and Development Department, Correctional Services Department, Commerce and Economic Development Bureau, Development Bureau, Department of Health, Department of Justice, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Food and Health Bureau, Fire Services Department, Government Flying Service, Government Logistics Department, Government Laboratory, Government Property Agency, Home Affairs		Drainage Services Department, Electrical and Mechanical Services Department, Highways Department, Lands Department, and Water Supplies Department	Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Highways Department, Lands Department, and Water Supplies Department
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	Department, Hong Kong Observatory, Hong Kong Police Force, Hongkong Post, Independent Commission Against Corruption, Immigration Department, Inland Revenue Department, Information Services Department, the Judiciary, Lands Department, Leisure and Cultural Services Department, Labour Department, Land Registry, Labour and Welfare Bureau, Marine Department, Office of the Communications Authority, Office for Film, Newspaper and Article Administration, Office of the Government Chief Information Officer, Planning Department, Registration and Electoral Office, Radio Television Hong Kong, Rating and Valuation Department, Social Welfare Department, Transport Department, Working Family			
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	and Student Financial Assistance Agency, and Water Supplies Department			
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Contracts with tenders invited in 2021-22

	Non-works contracts		Works contracts	
	Goods and services ¹	Consultancy services ²	Works ³	Works consultancy services ²
Number of tenders invited	533	1	154	104
Contract value	\$26.802 billion	\$26.8 million	\$82.563 billion	\$2.147 billion
Number of offers received	5 272	1	1 082	353
Procuring B/Ds	Agriculture, Fisheries and Conservation Department, Auxiliary Medical Service, Buildings Department, Civil Aviation Department, Civil Aid Service, Customs and Excise Department, Census and Statistics Department, Commerce and Economic Development Bureau, Civil Engineering and Development Department, Companies Registry, Correctional Services Department, Administration Wing, Chief Secretary for	Fire Services Department	Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Highways Department, Lands Department, Radio Television Hong Kong, and Water Supplies Department	Architectural Services Department, Civil Aviation Department, Civil Engineering and Development Department, Development Bureau, Drainage Services Department, Electrical and Mechanical Services Department, Environmental Protection Department, Highways Department, Lands Department, Transport Department, and

	Administration's Office, Development Bureau, Department of Health, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Food and Health Bureau, Fire Services Department, Government Flying Service, Government Logistics Department, Government Laboratory, Government Property Agency, Home Affairs Department, Hong Kong Observatory, Hong Kong Police Force, Hongkong Post, Highways Department, Immigration Department, Invest Hong Kong, Inland Revenue Department, Information Services Department, Innovation and Technology Commission, the			Water Supplies Department
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	Judiciary, Lands Department, Leisure and Cultural Services Department, Labour Department, Marine Department, Office of the Communications Authority, Office of the Government Chief Information Officer, Official Receiver's Office, Planning Department, Registration and Electoral Office, Radio Television Hong Kong, Social Welfare Department, Transport Department, the Treasury, Working Family and Student Financial Assistance Agency, and Water Supplies Department			
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Contracts with tenders invited in 2022-23

	Non-works contracts		Works contracts	
	Goods and services ¹	Consultancy services ²	Works ³	Works consultancy services ²
Number of tenders invited	567	-	161	102
Contract value	\$29.518 billion	-	\$58.844 billion	\$2.347 billion
Number of offers received	5 488	-	959	350
Procuring B/Ds	Agriculture, Fisheries and Conservation	-	Architectural Services Department,	Architectural Services Department,

	Department, Auxiliary Medical Service, Buildings Department, Civil Aviation Department, Customs and Excise Department, Census and Statistics Department, Commerce and Economic Development Bureau, Civil Engineering and Development Department, Correctional Services Department, Administration Wing, Chief Secretary for Administration's Office, Culture, Sports and Tourism Bureau, Development Bureau, Department of Health, Department of Justice, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Fire Services Department, Government Flying Service, Government		Buildings Department, Civil Engineering and Development Department, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Hongkong Post, Highways Department, and Water Supplies Department	Civil Aviation Department, Civil Engineering and Development Department, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Hongkong Post, Highways Department, Lands Department, Transport Department, and Water Supplies Department
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	<p>Logistics Department, Government Laboratory, Home Affairs Department, Health Bureau, Hong Kong Observatory, Hong Kong Police Force, Hongkong Post, Home and Youth Affairs Bureau, Highways Department, Independent Commission Against Corruption, Immigration Department, Invest Hong Kong, Inland Revenue Department, Information Services Department, the Judiciary, Lands Department, Leisure and Cultural Services Department, Marine Department, Office of the Government Chief Information Officer, Planning Department, Radio Television Hong Kong, Rating and Valuation Department, Security Bureau, Social Welfare Department, Transport Department, the Treasury, Working Family and Student Financial Assistance Agency, and Water Supplies Department</p>			
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Contracts with tenders invited in 2023-24 ^{Note}

	Non-works contracts		Works contracts	
	Goods and services¹	Consultancy services²	Works³	Works consultancy services²
Number of tenders invited	321	-	117	85
Contract value	\$9.484 billion	-	\$132.097 billion	\$2.531 billion
Number of offers received	2 752	-	659	293
Procuring B/Ds	Agriculture, Fisheries and Conservation Department, Buildings Department, Civil Aviation Department, Customs and Excise Department, Census and Statistics Department, Civil Engineering and Development Department, Correctional Services Department, Development Bureau, Department of Health, Department of Justice, Drainage Services Department, Education Bureau, Electrical and Mechanical Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Fire Services Department, Government Flying Service, Government Logistics Department, Government Laboratory, Hong	-	Architectural Services Department, Buildings Department, Civil Aviation Department, Civil Engineering and Development Department, Drainage Services Department, Electrical and Mechanical Services Department, Environmental Protection Department, Hongkong Post, Highways Department, Lands Department, and Water Supplies Department	Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Education Bureau, Highways Department, Lands Department, and Water Supplies Department

	Kong Observatory, Hong Kong Police Force, Hongkong Post, Highways Department, Immigration Department, the Judiciary, Lands Department, Leisure and Cultural Services Department, Labour Department, Land Registry, Marine Department, Office of the Communications Authority, Office of the Government Chief Information Officer, Official Receiver's Office, Planning Department, Registration and Electoral Office, Radio Television Hong Kong, Social Welfare Department, Transport Department, Trade and Industry Department, Working Family and Student Financial Assistance Agency, and Water Supplies Department			
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Note: As the available data only covers tender exercises completed on or before 31 March 2024, the figures for this financial year are smaller.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)063

(Question Serial No. 1301)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in his speech, the Financial Secretary will expand the scale of bond issuance. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year. In this connection, will the Government inform this Committee of the following:

1. What is the Government's assessment of the impact of a higher government debt ratio on the soundness of the financial market and Hong Kong's international ratings?
2. According to the Government's forecast, about 56% of the proceeds from bond issuance in the next 5 years will be used for re-financing short-term debts, leaving only 44% for infrastructure development. However, in view of the large number of infrastructure works projects, will the Government prioritise the allocation of the proceeds by assessing the effectiveness of the projects, with a view to alleviating debt burden? If so, what are the details? If not, what are the reasons?
3. Does the Government have any plans to issue medium/long-term bonds to support longer-term infrastructure works projects and lower the rate of short-term debt re-financing? If so, what are the details? If not, what are the reasons?

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 26)

Reply:

1. Issuing bonds on an appropriate scale by the Government will not only promote the development of the bond market, but also enable us to leverage market capital to invest in the future, driving sustainable and infrastructure development in Hong Kong. It is estimated that during the Medium Range Forecast (MRF) period, the ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. We will continue to adhere strictly to fiscal discipline, using the proceeds from bond issuance to invest in infrastructure, but not for funding government recurrent expenditure. Credit ratings are determined in consideration of a variety of factors and perspectives, not solely by the debt ratio. For instance, the market will also consider how the proceeds from bond issuance are used. Past issuances of government bonds have attracted participation from a wide spectrum of investors globally, reaffirming their confidence in the green and infrastructure bonds issued by the Government, as well as their recognition of the development of the local bond market and their confidence in Hong Kong's long-term development. We have been maintaining communication with market participants (including major rating agencies) to enhance their understanding of the Government's fiscal position, bond issuance programmes and the overall development of Hong Kong.
2. Capital works expenditure is funded by the Capital Works Reserve Fund, the main revenue sources of which are land premium, investment income and proceeds from issuance of government bonds. We estimate that during the MRF period, capital works expenditure will increase to about \$120 billion per annum on average. The Government will continuously review the cost-effectiveness and priority of infrastructure projects. To ensure that projects related to the Northern Metropolis and other infrastructure projects which aim at improving people's livelihood can proceed on schedule and benefit the economy and people's livelihood sooner, the Government will leverage market resources more flexibly and raise capital by issuing government bonds. This is to ensure that the progress of projects crucial to the future development of Hong Kong will not be impeded by the fiscal position. The actual amount of bonds to be issued by the Government in future will depend on the prevailing fiscal position (e.g. revenue from land premium), market response and works progress.
3. Under the Government Green Bond Programme (renamed as the Government Sustainable Bond Programme (GSBP)), the Government has issued a total of approximately HK\$220 billion equivalent of government green bonds since May 2019. Since 2021, bonds with tenors of up to 30 years have been issued under the GSBP. Among the bonds issued, approximately 24% have a tenor of 10 years or more, and around 7.5% have a tenor of 20 years or more. In implementing the GSBP and Infrastructure Bond Programme every year, the Government will consider market factors (e.g. formation of the yield curve, market demand and costs) in a timely manner, actively exploring the issuance of more longer-tenor bonds to dovetail with longer-term infrastructure projects, and providing more investment options for long-term investors.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)064

(Question Serial No. 1373)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 250 of the Budget Speech that works expenditure will start reaching its peak as projects related to the Northern Metropolis will be rolled out progressively. Capital works expenditure is expected to increase from the previously estimated \$90 billion per annum on average to about \$120 billion per annum on average in the coming 5 years. It is separately mentioned in paragraph 253 that with the increase in capital works expenditure, the Government will expand the scale of bond issuance. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year. About 56% of the bonds issued will be used for re-financing short-term debts. In this connection, please inform this Committee:

- 1) of the methods that the Government will use to ensure that returns from future infrastructure projects will exceed the huge interest expenses that it will have to bear each year for the bonds issued, so as not to exacerbate the fiscal deficit;
- 2) of the Government's response to the comment that the use of 56% of the bonds issued to re-finance short-term debts is "covering debts with more debts", an approach contrary to public finance principles;
- 3) whether the fact that the subscription amount for the retail infrastructure bonds issued by the Government last December was only \$17.8 billion (which was below the target issuance size of \$20 billion) will affect the Government's planned strategy of issuing bonds to meet future expenditure on large-scale infrastructure projects; and whether any contingency plans are in place to raise funds for the aforesaid infrastructure projects in case any bond issuance is undersubscribed in the future; and
- 4) whether it will issue bonds with higher interest rates to attract public subscription and avoid the recurrence of undersubscription?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 9)

Reply:

(1) & (2)

In the 2025-26 Budget Speech, the Financial Secretary has put forward a reinforced fiscal consolidation programme to improve the Government's fiscal position by containing its operating expenditure, consolidating and optimising the use of its financial resources, and increasing revenue. As shown in the Government's Medium Range Forecast (MRF), the deficits in the Operating Account and Capital Account in the next five years are expected to gradually reduce every year. The Operating Account is estimated to return to a surplus from 2026-27 onwards. The Capital Account is estimated to record a deficit in the MRF period due to the accelerated development of the Northern Metropolis and other public works projects related to the economy and people's livelihood. Nevertheless, the level of deficit will decline year-on-year from 2026-27 onwards. After taking account of net proceeds from the issuance of bonds, the Consolidated Account will return to a surplus starting from 2028-29.

The borrowing ceiling of the Government Sustainable Bond Programme and the Infrastructure Bond Programme is expected to increase from the existing level of \$500 billion to \$700 billion in the MRF period. The cash flow requirement for repaying government debt has been taken into account in deciding the amount of bond issuance. The ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The Government is confident and capable of meeting the repayment needs under the two bond programmes. Moreover, proceeds from bond issuance will be allocated to infrastructure and public works projects, not for funding government recurrent expenditure.

(3) & (4)

The Government issues retail infrastructure bonds to provide members of the public with a reliable investment option with steady returns, while enabling them to participate in infrastructure development. At the same time, members of the public would consider different investment options based on their own investment objectives.

In drawing up and implementing the Government's bond issuance plan, there is flexibility to adjust the issuance arrangements and final issuance size of each bond issuance based on various factors including market conditions. While the final issuance size of an individual bond issuance may differ from the target issuance size, this will not affect the implementation of the Government's bond issuance plan and overall fiscal planning.

Apart from retail bonds, the Government also issues institutional bonds under the Infrastructure Bond Programme. For example, with regard to the four tranches of institutional infrastructure bonds totalling about HK\$6.2 billion equivalent issued in February 2025 via tendering, the bid-to-cover ratio ranged from around 3.2 to 4.9, reflecting investors' affirmation of local infrastructure and bond market development, as well as their confidence in Hong Kong's long-term development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)065

(Question Serial No. 1374)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraphs 254 and 255 of the Budget Speech that the ratio of government debt to Gross Domestic Product (GDP) will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. It is also emphasised that proceeds from bond issuance will be used to invest in infrastructure, but not to fund government recurrent expenditure, which is the fiscal discipline that the Government has been strictly adhering to. In this connection, please inform this Committee of the following:

- 1) In last year's Budget, the Government stated that the ratio of government debt to GDP would be in the range of 9% to 13%, which has been revised to 12% to 16.5% this year. How does the Government assess the impact of the increase in debt ratio on the international ratings of Hong Kong?
- 2) What measures will the Government take if the ratio of government debt to GDP exceeds 16.5%?
- 3) What are the government debt ratios of other major advanced economies in Asia? Please set out in table form the debt sizes of 5 economies to demonstrate the soundness of Hong Kong's public finances and allay undue concerns of external parties.
- 4) In the long run, will the Government set a ceiling on the amount of bond issuance and stipulate a cap on the annual payment of bond interest to ensure that bond issuance will not become a drag on public finances and hence boosting public confidence?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 10)

Reply:

Issuing bonds on an appropriate scale by the Government will not only promote the development of the bond market, but also enable us to leverage market capital to invest in the future, driving sustainable and infrastructure development in Hong Kong. It is estimated that during the Medium Range Forecast period, the ratio of government debt to Gross Domestic Product (GDP) will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The Government is confident and capable of meeting the repayment needs under the Government Sustainable Bond Programme and Infrastructure Bond Programme. As for bond interest, the estimated interest payment in 2025-26 is about \$13 billion, which is 0.4% of GDP, and hence the impact it has on public finances is minimal.

The actual amount of bonds to be issued by the Government and interest payment will depend on the prevailing fiscal position, market response and works progress. We will continue to adhere strictly to fiscal discipline and ensure fiscal prudence of our overall bond issuance programmes and sustainability of our public finances. The proceeds from bond issuance will only be used to invest in infrastructure, but not for funding government recurrent expenditure. We have no plan to cap the amount of bonds issued and interest payment. The Government will, as always, carefully manage the scale of bond issuance and the borrowing ceiling, taking into account the prevailing circumstances. If the borrowing ceiling is to be raised, the Government has to move a proposed resolution under the Loans Ordinance for scrutiny and passage by the Legislative Council.

Credit ratings are determined in consideration of a variety of factors and perspectives, not solely by the debt ratio. For instance, the market will consider how the proceeds from bond issuance are used. The government bonds previously issued have attracted participation from a wide spectrum of investors globally, reaffirming their confidence in the green and infrastructure bonds issued by the Government, as well as their recognition of the development of the local bond market and their confidence in Hong Kong's long-term development. We have been maintaining communication with market participants (including major rating agencies) to enhance their understanding of the Government's fiscal position, bond issuance programmes and the overall development of Hong Kong.

According to the information released by the International Monetary Fund, the government debt ratio (i.e. the percentage of government debt against GDP) of major advanced economies in the Asia-Pacific region in 2024 are tabulated below:

Region	Government Debt Ratio
Japan	251%
Singapore	175%
Korea	53%
Australia	49%
New Zealand	47%

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)066

(Question Serial No. 1409)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that the expenditure resources of some seed capital funds will be brought back to the Government's accounts. In this connection, please advise this Committee on the following:

- (1) What are the funds involved, their balances, and the respective amounts to be brought back?
- (2) What will be the annual operating funding available for the relevant funds after bringing back the amounts to the Government's accounts? Will the operation of the relevant funds be affected? Will there be further amounts to be brought back in future?
- (3) How many seed capital funds are currently set up under each bureau? What are the reserves of each fund?
- (4) Will the Administration consider bringing back the excess sums of all funds to the Government's accounts?

Asked by: Hon LEUNG Man-kwong (LegCo internal reference no.: 5)

Reply:

- (1) The 2025-26 Budget proposes bringing back six seed capital funds with a relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. The balances of the six seed capital funds (namely the Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) at end of 2023-24 and the amounts expected to be brought back are at **Annex 1**.

- (2) The bringing back of funds mentioned above will take place after resources to meet the necessary expenditure of those funds for the next five years have been set aside so that their sustainable operation will not be affected. In consultation with the Education Bureau and the Health Bureau, we have reviewed the latest financial status of the six seed capital funds. Having regard to the past expenditure and scheduled projects of the funds concerned, it is projected that the total cash flow requirements for the next five years will be about \$14.9 billion. The relevant information is at **Annex 2**. The Government will review the financial arrangements of the six seed capital funds in 2028, and determine the financial arrangements beyond the five-year period with due regard to the latest developments and the Government's financial position at the time, with a view to taking forward the relevant policy work on an on-going basis.
- (3) Currently, a total of 23 seed capital funds have been established by various bureaux and departments outside the Government's accounts for specific purposes. The balance of each of the funds at end of the 2023-24 financial year is at **Annex 3**.
- (4) We have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.

Six Seed Capital Funds to be Brought Back

	Name of Fund	2023-24 Year-end Balance (Note) (\$ million)	Expected Amount to be Brought Back (\$ million)
1	Research Endowment Fund	52,478	40,297
2	Hospital Authority Public-Private Partnership Fund	10,831	8,698
3	Language Fund	7,521	6,226
4	Student Activities Support Fund	2,869	2,459
5	Qualifications Framework Fund	2,522	2,006
6	Gifted Education Fund	2,273	1,814
	Total	78,494	61,500

Note: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund in 2023-24.

Six Funds to be Brought Back

	Name of Fund	Estimated Cash Flow Requirement for the Next Five Years (\$ million)
1	Research Endowment Fund	10,981
2	Hospital Authority Public-Private Partnership Fund	1,800
3	Language Fund	895
4	Student Activities Support Fund	323
5	Qualifications Framework Fund	428
6	Gifted Education Fund	461
	Total	14,888

**23 Seed Capital Funds Established Outside the Government's Accounts
for Specific Purposes**

	Name of Fund	Bureau/Department (Number of Seed Capital Funds)	2023-24 Year-end Balance (Note 1) (\$ million)
1	Research Endowment Fund	Education Bureau (8)	52,478
2	Quality Education Fund		9,082
3	Language Fund		7,521
4	Hong Kong Special Administrative Region Government Scholarship Fund		4,461
5	Self-financing Post-secondary Education Fund		4,341
6	Student Activities Support Fund		2,869
7	Qualifications Framework Fund		2,522
8	Gifted Education Fund		2,273
9	Elite Athletes Development Fund	Culture, Sports and Tourism Bureau (6)	10,197
10	Sir David Trench Fund for Recreation – Arts and Sport Development Fund		4,116
11	Sir David Trench Fund for Recreation – Hong Kong Athletes Fund		244
12	Sir David Trench Fund for Recreation – Main Fund		105
13	Sir David Trench Fund for Recreation – Sports Aid Foundation Fund		58
14	Sir David Trench Fund for Recreation – Sports Aid for the Disabled Fund		11
15	Community Care Fund	Home and Youth Affairs Bureau (1)	11,147
16	Hospital Authority Public-Private Partnership Fund	Health Bureau (1)	10,831
17	Environment and Conservation Fund	Environment and Ecology Bureau (1)	6,141
18	Beat Drugs Fund	Security Bureau (1)	3,944
19	Hong Kong Paralympians Fund	Labour and Welfare Bureau (4)	263
20	Arts Development Fund for Persons with Disabilities		261
21	Social Work Training Fund		20
22	Queen Elizabeth Foundation for the Mentally Handicapped		213
23	Supplementary Legal Aid Fund (Note 2)	Chief Secretary for Administration's Office/Legal Aid Department (1)	216
Total Balance:			133,314

Note 1: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund in 2023-24.

Note 2: The 2023-24 financial statement of the fund has yet to be audited, therefore the year-end balance in 2022-23 is provided.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)067

(Question Serial No. 1473)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 234 of the Budget Speech that the Government will review and enhance its procurement regime to facilitate departments to procure quality goods and services at a reasonable price through an open and fair framework. In this connection, will the Government advise this Committee of the following:

1. Following the mandatory requirement for all relevant procuring departments to fully implement electronic tendering for tenders under the ambit of the Central Tender Board or the Public Works Tender Board starting from 1 July 2024, what improvements have been made in terms of efficiency by the procuring departments concerned?
2. What were the amounts of external expenditure involved in each procurement exercise of goods and services (such as acquisition of equipment and facilities, as well as vehicle maintenance services) by various government departments in the past 3 years? Whether it was confirmed that the actual expenditures for the procurement of goods and services were comparable to those of the private market?
3. Under the prerequisite of complying with the Agreement on Government Procurement of the World Trade Organisation, will the Government consider taking the lead in procuring goods and services from local enterprises through its procurement regime, with a view to supporting Hong Kong's economic development by providing local enterprises with opportunities to serve various government departments?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 32)

Reply:

- (1) The e-Tendering System (e-TS) assists procuring departments in handling tenders under the ambit of the Central Tender Board and the Public Works Tender Board. Since its launch in mid-2022, the e-TS has been operating smoothly, with full implementation of electronic tendering becoming mandatory for all procuring departments starting from July 2024. Although it is difficult to quantify the effectiveness of the e-TS, procuring departments consider that the system facilitates their work in distributing tender documents and receiving tenders, thereby streamlining procurement procedures and enhancing procurement efficiency.
- (2) The Financial Services and the Treasury Bureau (FSTB) does not maintain any breakdown of government departments' expenditure for each procurement exercise of goods and services, as the exercises are conducted by the respective departments with expenditure borne by them. Under the prevailing government procurement policy, departments are required to evaluate whether the tenders received are suitable and can achieve value for money based on their overall value (including price and quality) in conducting procurement. Procuring departments should conduct market research before procurement and make reference to relevant market information and prices when preparing tender documents. As departments procure goods and services according to their operational needs, the nature and scale of procurement exercises vary significantly and should not be subject to direct comparison with those in the private market.

To assist bureaux and departments (B/Ds) in ensuring proper use of public money, FSTB and the Government Logistics Department are reviewing the Government's procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price through an open and fair framework. The review will focus on promoting more precise use of resources by B/Ds and enhancing the cost-effectiveness of procurement via suitably delegating power to B/Ds, streamlining procedures, adjusting evaluation criteria, and increasing flexibility for procurement.

- (3) Hong Kong is an international city, and one of the signatories to the Agreement on Government Procurement of the World Trade Organization. Therefore, when conducting procurement, the Government must ensure that local and non-local suppliers and service providers, regardless of scale, can participate in bidding through fair, open and competitive procedures, so as to obtain goods and services at the best value for money. B/Ds have always welcomed local enterprises to participate in bidding.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)068

(Question Serial No. 1577)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is proposed in the Budget that the Government will step up the Productivity Enhancement Programme to reduce its recurrent expenditure on the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected. In the Budget last year (2024-25), a 1% reduction in the recurrent expenditure of all government departments was proposed. Please provide a breakdown by department of the actual amount of recurrent expenditure reduced and the specific areas/policies involved in 2024-25.

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 2)

Reply:

The Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of bureaux and departments (B/Ds) may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities. When preparing B/Ds’ “operating expenditure envelopes” for 2024-25, we implemented the Productivity Enhancement Programme (PEP), under which recurrent expenditure was cut by 1%, or approximately \$3.9 billion in total, on the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure would not be affected. Therefore, in preparing the estimates for 2024-25, B/Ds have reviewed their expenditure, adjusted their priorities and redeployed resources in the light of the PEP. The amount of recurrent expenditure saved in 2024-25 has been reflected in the Controlling Officers’ Reports of B/Ds.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)069****(Question Serial No. 1579)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in paragraph 253 of the Budget, it is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year, and that about 56% of the bonds issued will be used for re-financing short-term debts. Will the Government inform this Committee of:

1. the ratio of government debt to GDP in the past 5 financial years;
2. the ratio of government debt to GDP in the next 5 financial years;
3. the amount of proceeds to be used for re-financing short-term debts in the next 5 financial years, and the amount expressed as a percentage of the bonds issued in those years?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 4)

Reply:

1. The total amounts of government debt and the government debt-to-Gross Domestic Product (GDP) ratios from 2020-21 to 2024-25 are set out in the table below:

	Total amount of government debt (\$ million)	Government debt-to-GDP ratio
2020-21	27,216	1.0%
2021-22	56,680	2.0%
2022-23	122,497	4.4%
2023-24	192,529	6.5%
2024-25 Revised Estimate	300,469	9.5%

2. The projected total amounts of government debt and government debt-to-GDP ratios from 2025-26 to 2029-30 are set out in the table below:

	Projected total amount of government debt (\$ million)	Projected government debt-to-GDP ratio
2025-26 Estimate	396,321	11.8%
2026-27 Forecast	496,810	14.0%
2027-28 Forecast	557,543	14.9%
2028-29 Forecast	627,943	15.9%
2029-30 Forecast	684,737	16.4%

In determining the actual size of bond issuance, the Government will consider the prevailing fiscal position, market response and works progress. We will maintain strict fiscal discipline, ensuring the fiscal prudence of our overall bond issuance programmes and the sustainability of our public finances.

3. The projected amounts of bond issuance proceeds for repaying maturing debt from 2025-26 to 2029-30 and their percentage shares in the bonds issued in the respective years are set out in the table below:

	Projected amount of bond issuance proceeds for repaying maturing debt (\$ million)	Percentage share in the bonds issued that year
2025-26 Estimate	54,148	36.1%
2026-27 Forecast	59,511	37.2%
2027-28 Forecast	134,267	68.9%
2028-29 Forecast	119,600	62.9%
2029-30 Forecast	133,206	70.1%
Total	500,732	Average: 56%

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)070

(Question Serial No. 1598)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that the Government plans to issue \$150 billion to \$195 billion worth of bonds every year in the next 5 years. In this connection, would the Government inform this Committee of the following:

1. How much of the funds raised by the Government's green bonds issued (now known as the sustainable bonds) have been injected in the construction projects of the Northern Metropolis? Please provide a breakdown by year.
2. How much of the funds raised by the Government's infrastructure bonds issued have been injected in the construction projects of the Northern Metropolis? Please provide a breakdown by year.
3. Of the \$150 billion to \$195 billion worth of bonds to be issued every year in the next 5 years as mentioned in the Budget, what will be the proportion of the funds raised to be injected in the development of the Northern Metropolis according to the Government's plan?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 31)

Reply:

In 2025-26, the Government plans to issue a total of \$150 billion worth of bonds under the Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP). All proceeds from bond issuance will be credited to the Capital Works Reserve Fund (CWRP) for funding eligible projects under the CWRP.

The GSBP covers projects that fall under the nine eligible categories set out in the Green Bond Framework, namely renewable energy, energy efficiency and conservation, pollution prevention and control, waste management and resource recovery, water and wastewater management, nature conservation/biodiversity, clean transportation, green buildings and climate change adaptation. Regarding sustainable projects, it is commonly accepted in the international capital markets that the concept of sustainable finance covers the financing of green projects and social projects, as well as financial instruments with interest rates linked to the overall sustainability performance of the issuer.

When allocating bond proceeds to individual sustainable projects covered by the CWRF, the Government will ensure a proper allocation by making reference to the latest relevant international standards and principles, as well as its environmental policies and targets. As of end August 2024, the proceeds raised under the GSBP have financed 116 eligible green projects, including the District Cooling System at the Kwu Tung North New Development Area (NDA) in the Northern Metropolis (NM) and the Ngau Tam Mei Water Treatment Works Extension. The Government provides details on the allocation of bond proceeds and the expected environmental benefits of financed projects in its annual Green Bond Report, the latest issue of which was released in September 2024.

The IBP was established in May 2024 with its inaugural bond issuance in October 2024. It covers projects under the Government's capital works programme that fall within the nine eligible categories set out in the Infrastructure Bond Framework (except those included or are expected to be included in the GSBP), including major infrastructure projects and NM-related works projects. Details will be announced in the Infrastructure Bond Report this year.

It is expected that a considerable portion of proceeds from bond issuance will be used to fund ongoing projects (such as major roads, hospital projects, social welfare facilities and schools, etc), while the remainder will largely be used for supporting NM-related projects, such as San Tin Technopole and Kwu Tung North/Fanling North NDA. The implementation of the IBP and the GSBP is overseen by the Steering Committee chaired by the Financial Secretary and comprises members from the Financial Services and the Treasury Bureau, the Environment and Ecology Bureau, the Development Bureau and the Hong Kong Monetary Authority. The bond issuance parameters and the selection of individual projects to be funded by the bond proceeds under the two programmes will be determined based on the prevailing fiscal position, market responses and works progress at the time of bond issuance and will be subject to approval by the Steering Committee.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)071

(Question Serial No. 1637)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 239 of the Budget Speech that currently there are a total of 42 funds which are set up outside the Government's accounts for specific purposes, with an aggregate balance of nearly \$180 billion. The Government will bring back to its accounts about \$62 billion from 6 seed capital funds set up outside the Government's accounts. Will the Government provide the following information:

1. the estimated amounts to be brought back from these 6 funds; and
2. for the past 3 years, the balances of all the funds set up outside the Government's accounts for specific purposes?

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 42)

Reply:

1. The 2025-26 Budget proposes bringing back six seed capital funds with a relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. The amounts expected to be brought back from these six seed capital funds (namely Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) are set out in **Annex 1**.
2. Currently, a total of 42 funds have been established outside the Government's accounts for specific purposes. Their balances at end of the financial years from 2021-22 to 2023-24 are set out in **Annex 2**.

Amounts to be Brought Back from Six Seed Capital Funds

	Name of Fund	Expected Amount to be brought back (\$ million)
1	Research Endowment Fund	40,297
2	Hospital Authority Public-Private Partnership Fund	8,698
3	Language Fund	6,226
4	Student Activities Support Fund	2,459
5	Qualifications Framework Fund	2,006
6	Gifted Education Fund	1,814
	Total	61,500

42 Funds Established Outside the Government's Accounts for Specific Purposes
(in descending order of 2023-24 year-end balance)

	Name of Fund	Year-end Balance (\$ million) (Note 1)		
		2021-22	2022-23	2023-24
Seed Capital Fund				
1	Research Endowment Fund	51,790	52,378	52,478
2	Community Care Fund	12,605	11,802	11,147
3	Hospital Authority Public-Private Partnership Fund	11,034	11,063	10,831
4	Elite Athletes Development Fund	10,836	10,650	10,197
5	Quality Education Fund	8,879	8,734	9,082
6	Language Fund	7,112	7,339	7,521
7	Environment and Conservation Fund	6,044	6,150	6,141
8	Hong Kong Special Administrative Region Government Scholarship Fund	3,223	3,250	4,461
9	Self-financing Post-secondary Education Fund	3,962	4,074	4,341
10	Sir David Trench Fund for Recreation – Arts and Sport Development Fund	4,524	4,373	4,116
11	Beat Drugs Fund	4,531	4,104	3,944
12	Student Activities Support Fund	2,752	2,822	2,869
13	Qualifications Framework Fund	2,426	2,487	2,522
14	Gifted Education Fund	1,657	2,266	2,273
15	Hong Kong Paralympians Fund	255	260	263
16	Arts Development Fund for Persons with Disabilities	257	264	261
17	Sir David Trench Fund for Recreation – Hong Kong Athletes Fund	271	251	244
18	Supplementary Legal Aid Fund	215	216	216 (Note 2)
19	Queen Elizabeth Foundation for the Mentally Handicapped	225	212	213
20	Sir David Trench Fund for Recreation – Main Fund	134	116	105

	Name of Fund	Year-end Balance (\$ million) (Note 1)		
		2021-22	2022-23	2023-24
21	Sir David Trench Fund for Recreation – Sports Aid Foundation Fund	53	56	58
22	Social Work Training Fund	20	19	20
23	Sir David Trench Fund for Recreation – Sports Aid for the Disabled Fund	10	10	11
<i>Balance of Seed Capital Fund:</i>		<i>132,815</i>	<i>132,896</i>	<i>133,314</i>
Non-Seed Capital Fund				
24	Anti-epidemic Fund	34,515	22,918	18,321
25	Employees Retraining Fund	15,304	14,425	13,498
26	Samaritan Fund	9,585	9,222	8,640
27	Construction Innovation and Technology Fund	1,864	1,808	1,698
28	Traffic Accident Victims Assistance Fund	1,632	1,568	1,454
29	Occupational Deafness Compensation Fund	631	617	637
30	Social Innovation and Entrepreneurship Development Fund	245	298	368
31	Cantonese Opera Development Fund	61	146	129
32	Emergency Relief Fund	129	136	120
33	Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas	75	72	72
34	AIDS Trust Fund	98	54	32
35	J. E. Joseph Trust Fund	20	21	22
36	Pneumoconiosis Ex Gratia Fund	27	24	21
37	Kadoorie Agricultural Aid Loan Fund	16	16	16
38	Elder Academy Development Foundation	23	15	16
39	Trust Fund for Severe Acute Respiratory Syndrome	29	21	13
40	Consumer Legal Action Fund	13	11	10
41	Hong Kong Arts Development Council Fund	2	2	2
42	Sir David Trench Fund for Recreation – Arts Development Fund	0.3	0.3	0.3
<i>Balance of Non-Seed Capital Fund:</i>		<i>64,269.3</i>	<i>51,374.3</i>	<i>45,069.3</i>

	Name of Fund	Year-end Balance (\$ million) (Note 1)		
		2021-22	2022-23	2023-24
	Total	197,084.3	184,270.3	178,383.3

Note 1: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund from 2021-22 to 2023-24.

Note 2: The 2023-24 financial statement of the fund has yet to be audited, therefore the year-end balance in 2022-23 is provided.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)072

(Question Serial No. 1825)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to Head 147 (Subhead 700 under the Operating Account), the current balance of commitments for the Cash Payout Scheme, the Consumption Voucher Schemes and the electricity charges subsidy schemes implemented earlier by the Government is around \$13.6 billion. In this connection, would the Government inform this Committee of the following:

Does the Government still need to arrange manpower and pay for the administrative costs for the relevant schemes in the 2025-26 financial year?

When will the Government bring back the balance to the fiscal reserves? What are the criteria for determining the amount of balance to be brought back to the fiscal reserves?

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 23)

Reply:

The Electricity Charges Subsidy Schemes (ECSS), the Cash Payout Scheme (CPS) and the Consumption Voucher Schemes (CVS) have all concluded, leaving only a little work for follow-up. This includes the administrative work concerning payment to the electricity companies for the remaining subsidy utilised by individual accounts under the ECSS before their expiry (on 31 December 2025), as well as follow-up on cases under the CPS and the CVS where individuals who may be eligible but yet to receive payment or consumption vouchers. The above work are taken up by the existing staff of the Financial Services and the Treasury Bureau (the Treasury Branch) and relevant departments without involving additional administrative expenses.

As at 31 March 2025, the balance of commitments (i.e. the balance of the approved commitment minus the estimated accumulated expenditure) under Subhead 700 (General non-recurrent) of Head 147 is estimated to be \$13.6 billion. This is not a cash balance, and therefore will not be subject to the arrangement of bringing back to the fiscal reserves.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)073

(Question Serial No. 1955)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Apart from the \$62 billion to be brought back to the Government's accounts from the 6 seed capital funds with a relatively large unspent balance, which is mentioned in paragraph 240 of the Budget Speech, what is the aggregate balance of the existing 42 funds "set up outside the Government's accounts for specific purposes" available for bringing back to the Government's accounts?
2. Will the Financial Secretary bring back more amount from such funds to the Government's accounts in each of the subsequent financial years? If so, what are the details?
3. While the Exchange Fund, which is dedicated to defending the linked exchange rate, has accumulated a substantial surplus, there are views that deploying such surplus might undermine the stability of the linked exchange rate. In view of the worsening fiscal deficit, coupled with the less-than-expected revenue for public coffers, will the Financial Secretary consider bringing back some amount of the Exchange Fund to the Government's accounts, so as to make up for the fiscal deficit? If so, what are the details?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 4)

Reply:

- 1 and 2. Currently, a total of 42 funds have been established outside the Government's accounts for specific purposes. To enable the Government to make more flexible and effective use of public financial resources, the remaining balance of about \$15 billion of the Anti-epidemic Fund has been brought back to the Government's accounts. The bringing back of the balance had been reflected in the revised estimates for 2024-25 and completed in March this year. We have also reviewed the financial arrangements for the seed capital funds, and propose bringing back six seed capital funds with a relatively large unspent balance first, totalling about \$62 billion, to the Government's accounts in 2025-26, after setting aside resources to meet the necessary expenditure of these funds for the next five years so that their sustainable operation will not be affected. This will provide a more comprehensive picture of the Government's fiscal position and enable better use of its financial resources.

We have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.

3. To uphold the principles of fiscal prudence, the 2025-26 Budget proposes reinforcing the fiscal consolidation programme. The key is managing expenditure growth, making good use of and consolidating the Government's fiscal resources, and identifying new revenue resources. The "reinforced" fiscal consolidation programme provides a clear pathway towards the goal of restoring fiscal balance in the Operating Account within the current term of the Government in a planned and progressive manner. After taking account of net proceeds from the issuance of bonds, the Consolidated Account will return to a surplus starting from 2028-29.

The Exchange Fund (EF) is the foundation for the effective operation of the Linked Exchange Rate System (LERS). The abundance of foreign exchange reserves is one of the key factors underlying the remarkable resilience of the LERS, particularly when faced with challenges from economic cycles or the external environment, and is crucial to building market credibility and upholding market confidence. In accordance with the Exchange Fund Ordinance, the Financial Secretary may, after consulting the Exchange Fund Advisory Committee, and with the prior approval from the Chief Executive in Council, transfer from the Exchange Fund to the Government. However, the law stipulates that any such transfer will not affect adversely the Exchange Fund in performing its statutory functions, including affecting the exchange rate of the currency of Hong Kong and maintaining the stability of Hong Kong's monetary and financial systems.

The Government's fiscal reserves are placed with the EF, and the current income sharing arrangement has been in place since 2007. Generally speaking, the fee arrangement is based on the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years, or the average annual yield of three-year Government Bond for the previous year, subject to a minimum of 0%, whichever is the higher. Under this arrangement, even in years when the Exchange Fund incurs losses or has insufficient investment income, fee will still be paid to the Government using the Accumulated Surplus.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)074

(Question Serial No. 2194)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 253 of the Budget Speech that Hong Kong has the prerequisite and capability to suitably increase bond issuance, thereby effectively utilising market resources. With the increase in capital works expenditure, the Government will expand the scale of bond issuance accordingly. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year. About 56 per cent of the bonds issued will be used for re-financing short-term debts. In this connection, will the Government advise this Committee on the following:

- (a) Please set out the details of the Government's bond issuance programmes in the past 3 years, including the respective batch, size and subscription rate, as well as the administrative costs and interest expenses for each issuance.
- (b) The current debt to Gross Domestic Product (GDP) ratio is projected at 12% to 16.5%, which is well below the debt level of most advanced economies, but no specific cap has been set. Will the Government set an alert level by making reference to the tolerance ceilings for rising debts set by international credit rating agencies?
- (c) Information shows that the infrastructure bonds issued in December 2024 were undersubscribed. In this connection, has the Government assessed the future market acceptability of long-term bonds?

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 29)

Reply:

- (a) For the Government Bond Programme (GBP), Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP), the number of batches issued, issuance sizes, subscription rates, administrative costs and interest expenses over the past three financial years are as follows -

GBP

Financial Year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Administrative cost (HK\$ million)	Interest expense (HK\$ million)
2022-23	17	70.5	2.16 to 6.03	68	4,536
2023-24	15	82	2.30 to 5.02	102	6,977
2024-25 (As at end February 2025)	2	3	3.17 to 4.56	0.2	5,840

GSBP

Financial Year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Administrative cost (HK\$ million)	Interest expense (HK\$ million)
2022-23	3	66.1	1.6 to 6.4	51	1,041
2023-24	3	72.6	1.5 to 5.3	33	3,767
2024-25 (As at end February 2025)	1	24.9	4.9	20	6,123

IBP

Financial Year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Administrative cost (HK\$ million)	Interest expense (HK\$ million)
2024-25 (As at end February 2025)	17	99.4	0.89 to 7.21	110	17

- (b) At present, the combined borrowing ceiling of the GSBP and the IBP is \$500 billion and is expected to increase to \$700 billion in the Medium Range Forecast period. If the borrowing ceiling is to be raised, the Government has to, as in the past, move a proposed resolution under the Loans Ordinance for scrutiny and passage by the Legislative Council.

- (c) The Government issues retail infrastructure bonds to provide members of the public with a reliable investment option with steady returns, while enabling them to participate in infrastructure development. At the same time, members of the public would consider different investment options based on their own investment objectives.

In drawing up and implementing the Government's bond issuance plan, there is flexibility to adjust the issuance arrangements and final issuance size of each bond issuance based on various factors including market response. While the final issuance size of an individual bond issuance may differ from the target issuance size, this will not affect the implementation of the Government's bond issuance plan and overall fiscal planning.

Apart from retail bonds, the Government also issues institutional bonds under the IBP. For example, with regard to the four tranches of institutional infrastructure bonds totalling about HK\$6.2 billion equivalent issued in February 2025 via tendering, the bid-to-cover ratio ranged from around 3.2 to 4.9, reflecting investors' affirmation of local infrastructure and bond market development, as well as their confidence in Hong Kong's long-term development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)075

(Question Serial No. 2391)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 253 of the Budget Speech that the Government will expand the scale of bond issuance. It is also emphasised that proceeds from bond issuance will only be used to invest in infrastructure, but not to fund government recurrent expenditure. In this connection, would the Government inform this Committee of the following:

What percentage of the bonds issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme will be used for re-financing?

The Government stated that it will issue longer-term bonds to meet project requirements. What are the tenor distribution of bonds to be issued in the next 5 years and the estimated amount of interest payment for each year? Given that the cycle of global interest rate hikes will probably come to an end, has the Government assessed the impact of interest payment for bonds on fiscal reserves over the next 5 years?

How will the Government ensure that the scale of bond issuance will not affect Hong Kong's credit rating?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 20)

Reply:

Issuing bonds on an appropriate scale by the Government will not only promote the development of the bond market, but also enable us to leverage market capital to invest in our future, driving sustainable and infrastructure development in Hong Kong. With the existing scale of bond issuance and a borrowing ceiling of \$700 billion, it is estimated that during the Medium Range Forecast period, the ratio of government debt to Gross Domestic Product (GDP) will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The Government is confident and capable of meeting the repayment needs under the Government Sustainable Bond Programme and Infrastructure Bond Programme. As for bond interest, the estimated interest payment in 2025-26 is about \$13 billion, which is 0.4% of GDP, and hence the impact it has on public finances is minimal.

The actual amount of bonds to be issued by the Government and interest payment will depend on the prevailing fiscal position, market response and works progress. We will continue to adhere strictly to fiscal discipline and ensure the fiscal prudence of our overall bond issuance programmes and sustainability of our public finances. The proceeds from bond issuance will only be used to invest in infrastructure, but not for funding government recurrent expenditure.

Credit ratings are determined in consideration of a variety of factors and perspectives, not solely by the debt ratio. For instance, the market will also consider how the proceeds from bond issuance are used. Past issuance of government bonds has attracted participation from a wide spectrum of investors globally, reaffirming their confidence in the green and infrastructure bonds issued by the Government, as well as their recognition of the development of the local bond market and their confidence in Hong Kong's long-term development. We have been maintaining communication with market participants (including major rating agencies) to enhance their understanding of the Government's financial position, bond issuance programmes and the overall development of Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)076

(Question Serial No. 2398)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is proposed in paragraph 240 of the Budget Speech that about \$62 billion will be brought back from 6 seed capital funds to the Government's accounts. 5 of these funds are of educational nature and have been using their investment returns to provide subsidies for grassroots students. In this connection, will the Government inform this Committee of the following:

How will the Government ensure that the existing service levels of all these funds will not be affected after the transfers are made as proposed?

What is the purpose of bringing back the investment monies of contingency funds and seed capital funds to the Government's accounts? Does this go against the original intent of setting up the funds?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 27)

Reply:

The 2025-26 Budget proposes bringing back six seed capital funds with a relatively large unspent balance, totalling about \$62 billion, to the Government's accounts. Seed capital funds mainly use investment returns to meet their expenditure and, in general, may only use a small part of their principal to finance the relevant policy initiatives under exceptional circumstances (e.g. at times of market volatility) to ensure their financial sustainability. To enable individual seed capital fund to generate larger investment returns to cope with the additional expenditure involved in implementing new initiatives, the Government has made further injections to relevant seed capital funds when the funds still have an adequate balance. This mode of operation of seed capital funds has resulted in the locking up of an enormous amount of public financial resources, thereby limiting the Government's flexibility in allocating resources to different policy areas according to the prevailing priority.

To enable the Government to make more flexible and effective use of public financial resources, we have reviewed the financial arrangements for these seed capital funds. We will first bring back the six seed capital funds with a relatively large unspent balance (namely Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) to the Government's accounts after setting aside resources to meet the necessary expenditure of these funds for the next five years so that their sustainable operation will not be affected. This will provide a more comprehensive picture of the Government's fiscal position and enable better use of its financial resources. In consultation with the Education Bureau and the Health Bureau, we have reviewed the latest financial status of the six seed capital funds. Having regard to the past expenditure and scheduled projects of the funds concerned, it is projected that the total cash flow requirements for the next five years will be about \$14.9 billion. After the fund balance transfers, the policy objective, mode of operation, as well as management and control of the six seed capital funds will remain unchanged.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)077

(Question Serial No. 2424)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 253 of the Budget that with the increase in capital works expenditure, the Government will expand the scale of bond issuance accordingly. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year and about 56% of the bonds issued will be used for re-financing short-term debts. In this connection, will the Government inform this Committee of the following:

1. What are the plans for bond issuance and the target interest rate?
2. With interest rate uncertainties and the risk of further rate hikes in the United States, Hong Kong's interest rate may go up again. Has the Government considered issuing longer-term bonds in the light of the situation to address the interest rate risk? If so, what are the details; if not, what are the reasons?

Asked by: Hon LEE Chun-keung (LegCo internal reference no.: 12)

Reply:

The interest rates of government bonds are determined in the light of the actual market conditions at the time of issuance. Under the Government Green Bond Programme (renamed as the Government Sustainable Bond Programme (GSBP)), the Government has issued a total of approximately HK\$220 billion equivalent of government green bonds since May 2019. Since 2021, bonds with tenors of up to 30 years have been issued under the GSBP. Among the bonds issued, approximately 24% have a tenor of 10 years or more, and around 7.5% have a tenor of 20 years or more. In implementing the GSBP and Infrastructure Bond Programme every year, the Government will consider market factors (e.g. formation of the yield curve, market demand and costs) in a timely manner, actively exploring the issuance of more longer-tenor bonds to dovetail with longer-term infrastructure projects, while providing more investment options for long-term investors.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)078

(Question Serial No. 2500)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In recent years, the HKSAR Government has actively promoted various policies and programmes to facilitate economic development and enhance social well-being. However, with the changes in social environment and adjustments to policy objectives, some programmes and setups in the government systems may require adjustment, reduction or updating as they may overlap with other programmes in terms of functions, leading to a waste of resources and manpower. For example, the function of the “Technology Talent Admission Scheme” (TechTAS) has largely overlapped with that of the “Top Talent Pass Scheme” since the launch of the latter, and the actual effectiveness of TechTAS has reduced substantially. That said, manpower resources from the Immigration Department and relevant departments are required for the approval and administrative work of TechTAS. Will the Government inform this Committee of the following:

1. Will the Government consider conducting a comprehensive review of the existing system to see if any schemes or setups no longer carry any value or have overlapping functions (such as TechTAS)? Resolute cancellation of these “dormant” programmes not only can streamline the government structure, but also save unnecessary expenditures, thereby focusing the use of resources on more effective policies and projects;
2. To prevent occurrence of similar situations, will the Government consider establishing a regular review mechanism to systematically evaluate the effectiveness and necessity of various programmes for ensuring the optimum use of public resources?
3. During the review process, how can the Government ensure inter-departmental co-ordination to avoid resource wastage due to a lack of collaboration? Will it consider setting up a task force to co-ordinate the relevant work and propose specific plans for streamlined structure?

Asked by: Hon SHANG Hailong (LegCo internal reference no.: 17)

Reply:

The 2025-26 Budget proposes stepping up the Productivity Enhancement Programme. On the premise of maintaining efficient public services, and without affecting Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure, all policy bureaux and departments (B/Ds) are required to reduce recurrent expenditure by 2% per annum from 2025-26 to 2027-28. They also have to reduce the civil service establishment by 2% each in 2026-27 and 2027-28 basing on the establishment of the preceding financial year, with a view to deleting about 10 000 posts within this term of Government.

B/Ds will continue to enhance efficiency and optimise the use of manpower resources, so as to continue providing high-quality public services to the citizens while achieving downsizing. Reduction in recurrent expenditure and the civil service establishment will induce greater motivation among B/Ds to formulate enhancement initiatives by reviewing their policies and current work plans. In addition, the Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of B/Ds may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities. B/Ds will further review their resource allocation and work priorities, and provide public services in a more cost-effective way through consolidating internal resources, streamlining procedures, and leveraging technology.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)079

(Question Serial No. 2617)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention in 2025-26, the Government states that the Treasury Branch will continue to provide support to the Committee on the Financing of Major Development Projects (the Financing Committee) in assessing and evaluating financing options for major development projects. Please inform this Committee of the following:

- 1) the specific work of the Financing Committee since its establishment in December 2023, as well as the number of financing options assessed and evaluated for major development projects, and the progress of such assessment and evaluation for each project; and
- 2) the arrangements for its key areas of work in the future.

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 24)

Reply:

The Committee on the Financing of Major Development Projects (the Financing Committee), led by the Financial Secretary, encourages relevant bureaux and departments to make flexible use of market resources when taking forward major development projects, with a view to supporting the early implementation of projects and at the same time ensuring the Government's fiscal sustainability. Take the Northern Metropolis (NM) as an example, the Government adopts a diversified development approach in taking forward the project, including allowing in-situ land exchanges, piloting large-scale land disposal, and raising capital by issuing government bonds, etc. The Development Bureau has, in December 2024, invited commercial organisations to submit expression of interest (EOI) for the three pilot areas of large-scale land disposal in the NM.

The Financial Services and the Treasury Bureau provides support to the Financing Committee. This includes conducting assessments and analyses as well as offering views on various financial aspects of the NM, such as cost estimates, development approach, large-scale land disposal proposals and the EOIs document for the pilot areas, as well as the impact on fiscal position, etc. We will continue to examine the financial arrangements for major development projects and assess the feasibility of bringing in private investors for major development projects in an open and pragmatic manner.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)080

(Question Serial No. 2685)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Government's plans on bond issuance as mentioned in paragraphs 250 to 255 of the Budget Speech, would the Government inform this Committee of the following:

1. For the existing Government Bond Programme, Government Green Bond Programme and Silver Bond, what are the respective numbers of rounds of issuance, issuance sizes and subscription rates, as well as the related administrative costs and interest payments over the past 5 years?
2. As proposed in the Budget, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year in the next 5 years. Please set out the estimated issuance sizes, interest payments and repayments for short-term debts in each of the next 5 years.
3. Regarding the undersubscription of the retail infrastructure bonds issued by the Government earlier on, has the Government looked into the cause to see if it has anything to do with unattractive interest rates of the bonds? Does the Government have confidence that the bonds to be issued in the next 5 years will be adequately subscribed? Will the Government increase the interest rates for the bonds to ensure that the total amount of capital raised by the bonds issued matches the expectation of the Budget? If so, what are the details? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 31)

Reply:

- (1) For the Government Bond Programme (GBP), Government Sustainable Bond Programme (GSBP, previously known as the Government Green Bond Programme) and the Silver Bond, the numbers of batches issued, issuance sizes, subscription rates, administrative costs and interest expenses over the past five financial years (2020-21 to 2024-25) are as follows:

GBP

Financial year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Administrative cost (HK\$ million)	Interest expense (HK\$ million)
2020-21	10	48.4	2.65 to 4.3	61	1,546
2021-22	12	70	2.46 to 6.42	98	3,023
2022-23	17	70.5	1.8 to 6.03	68	4,536
2023-24	15	82	1.4 to 5.02	102	6,977
2024-25	2	3	3.17 to 4.56	0.2	5,840

GSBP (previously known as the Government Green Bond Programme)

Financial year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Administrative cost (HK\$ million)	Interest expense (HK\$ million)
2020-21	1	19.4	6.4	<1	194
2021-22	1	29.3	2.1	13	442
2022-23	3	66.1	1.6 to 6.4	51	1,041
2023-24	3	72.6	1.5 to 5.3	33	3,767
2024-25	1	24.9	4.8	20	6,123

Silver Bond

Bond programme	Financial year	Number of batches issued	Issuance size (HK\$ billion)	Subscription rate (times)	Interest expense
GBP	2020-21	1	15	4.3	Not applicable*
	2021-22	1	30	2.8	
	2022-23	1	45	1.8	
	2023-24	1	55	1.4	
Infrastructure Bond Programme (IBP)	2024-25	1	55	1.4	

*Silver Bonds were issued under the GBP (2023-24 and before) and the IBP (2024-25) respectively. The relevant interest expenses have been included in the total interest expenses of the respective bond programmes and are not maintained separately.

- (2) To cope with the increase in capital works expenditure and facilitate the accelerated development of the Northern Metropolis, the Government will expand the scale of bond issuance accordingly. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the GSBP and the IBP every year. The actual amount of bonds to be issued will depend on the prevailing fiscal position, market response and works progress. For the two bond programmes concerned, the estimated issuance sizes, interest payments and administrative costs, as well as the repayments of government bonds in each of the next five years are as follows:

Financial year	Issuance size (HK\$ billion)	Repayment of government bonds (HK\$ billion)	Interest expense (HK\$ billion)
2025-26	150	54.1	12.7
2026-27	160	59.5	-
2027-28	195	134.3	-
2028-29	190	119.6	-
2029-30	190	133.2	-

Interest expenses after 2025-26 will depend on prevailing market conditions.

- (3) The Government issues retail infrastructure bonds to provide members of the public with a reliable investment option with steady returns, while enabling them to participate in infrastructure development. Members of the public can consider different investment options based on their own investment objectives.

In drawing up and implementing the Government's bond issuance plan, there is flexibility to adjust the issuance arrangements and final issuance size of each bond issuance based on various factors including market response. While the final issuance size of an individual bond issuance may differ from the target issuance size, this will not affect the implementation of the Government's bond issuance plan and overall fiscal planning.

Apart from retail bonds, the Government also issues institutional bonds under the IBP. Take the institutional infrastructure bonds issued in February 2025 via tendering as an example, the bid-to-cover ratio ranged from around 3.2 to 4.9, reflecting investors' affirmation of local infrastructure and bond market development, as well as their confidence in Hong Kong's long-term development.

Arrangements such as the bond issuance parameters and the selection of individual projects supported by the bond proceeds of the GSBP and the IBP will be determined based on prevailing Government financial conditions, market response and works progress at the time of issuance and will be subject to approval by the Steering Committee chaired by the Financial Secretary.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)081

(Question Serial No. 2798)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Following the announcement of the Budget, there has been an endless backlash against the Financial Secretary (FS)'s move to increase bond issuance. According to an economist, "while the FS claimed that fiscal balance can be achieved in the medium term, the situation is unpredictable owing to too many uncertainties. If deficits become habitual, the government debt will continue to grow. By then, the foundation of Hong Kong's economic prosperity and stability will be shaken." Another economist even warned the FS that "you have to repay your loans" and "borrow only if you can repay".

How will the FS respond to the above advice?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 35)

Reply:

The Government has been adhering to the principle of keeping the expenditure within the limits of revenues as enshrined under Article 107 of the Basic Law and strives to achieve fiscal balance over a period of time to ensure the resilience and sustainability of our public finances. According to the latest Medium Range Forecast, after taking account of net proceeds from the issuance of bonds, the Consolidated Account is expected to return to a surplus starting from 2028-29.

Issuing government bonds is one of the public financial management tools, and issuing bonds to support infrastructure development is a common practice worldwide. As long as the amount of bond issuance is contained at a level that ensures fiscal prudence, capital can be utilised flexibly and for investing in future economic development, bringing greater returns and benefits to society.

The Government has all along adhered strictly to fiscal discipline. The proceeds from bond issuance will be used to invest in infrastructure, and not for funding government recurrent expenditure. It is expected that from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme every year. The ratio of government debt to Gross Domestic Product will stay at 12% to 16.5%, which is a prudent and manageable level, and is much lower than most of the advanced economies. The actual amount of bonds to be issued by the Government will depend on the prevailing fiscal position, market response and works progress. In implementing the bond issuance programmes, we will continue to adhere strictly to fiscal discipline and take into account all relevant factors, including the debt level and market situation, so as to ensure the fiscal prudence of our overall bond issuance programmes and sustainability of our public finances.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)082

(Question Serial No. 2928)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in paragraph 231(a) of the Budget Speech that the Government will step up the Productivity Enhancement Programme. On the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected, the rate of reduction of recurrent government expenditure will be increased from the original 1% to 2% in 2025-26. In this connection, will the Government inform this Committee of the following:

According to paragraph 224 of the Budget Speech, recurrent expenditure for 2025-26 will increase by 4.5% to \$588.1 billion. Why is the recurrent expenditure still 4.5% higher than the 2024-25 revised estimate despite the further cut to 2%?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 12)

Reply:

The Productivity Enhancement Programme is implemented on the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected. The recurrent expenditure incurred in the above areas will continue to rise each year in accordance with the adjustment mechanisms and in response to factors such as population ageing. In addition, the Government has to continue to provide resources for consolidating momentum on economic growth and enhancing public services, including deploying new resources to fully implement the various initiatives announced in the 2024 Policy Address. As a result, the recurrent expenditure for 2025-26 estimate is 4.5% higher than the 2024-25 revised estimate.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)083

(Question Serial No. 2929)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 257 of the Budget Speech that the average annual capital works expenditure of the Government will be about \$120 billion. In this connection, would the Government inform this Committee of:

- (1) the allocation mechanism for the annual expenditure of \$120 billion, with a tabulated breakdown of projects and their respective amounts of expenditure; and
- (2) the amount involved for the development of the Northern Metropolis and its percentage share in the total expenditure of \$120 billion?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 13)

Reply:

With the progressive implementation of projects related to the Northern Metropolis (NM) and other public works projects relating to the economy and people's livelihood, the Government estimates that the capital works expenditure for 2025-26 will be approximately \$120 billion. The capital works expenditure covers a wide range of works projects, including those related to site formation, infrastructure works, education, sewage treatment facilities and healthcare, etc. A detailed list of the works projects and respective expenditures can be found in the Capital Works Reserve Fund Accounts in Volume II of the Estimates for the Year Ending 31 March 2026 (<https://www.budget.gov.hk/2025/eng/estimates.html>). In view that works departments constantly adjust the estimated expenditure of works projects having regard to works progress, and that the Finance Committee (FC) of the Legislative Council (LegCo) approves funding for new works projects every year, it is not possible to provide the estimated expenditure of respective works projects beyond 2025-26.

From the 2022 to the 2024 legislative sessions, the LegCo FC approved a total of around \$100 billion for public works projects related to NM, including site formation and infrastructure works for San Tin Technopole, Kwu Tung North and Fanling North New Development Areas (NDA), as well as Hung Shui Kiu/Ha Tsuen NDA. Following the progressive implementation of projects related to NM, the percentage share of NM-related capital works expenditure in the total capital works expenditure is expected to increase gradually in tandem with the works progress.

The Government will continue to review the cost-effectiveness and priorities of infrastructure works projects, so as to ensure that projects related to NM and other public works projects related to people's livelihood will proceed on schedule and benefit the economy and people's livelihood sooner.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)084

(Question Serial No. 2930)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 234(b) of the Budget Speech that the Financial Services and the Treasury Bureau will review and enhance the Government's procurement regime. It is expected that the new arrangement will be introduced in mid-2025, so as to facilitate departments' procurement of quality goods and services at a reasonable price through an open and fair framework. In this connection, please inform this Committee of the following:

- 1) Based on the summary of the General Revenue Account, the remainder after deducting personal emoluments and personnel related expenses from the total recurrent expenditure for 2025-26 is approximately \$418.6 billion. Please set out the amounts spent on procuring goods and third-party services and the year-on-year rates of change by department in tabular form.
- 2) As reflected by the public hearings of the Public Accounts Committee, the Government's regulation of services provided by various government-funded organisations by way of non-legally binding Memoranda of Understanding in accordance with Financial Circular No. 9/2004 "Guidelines on the Management and Control of Government Funding for Subvented Organisations" has resulted in ineffective monitoring. Will the Government review the guidelines and expressly require bureaux and departments to sign legally binding service agreements with subvented organisations, with a view to stepping up the monitoring of these organisations? If so, what are the details? If not, what are the reasons?
- 3) Will the Government develop quantifiable performance indicators to assess the benefits brought by the enhanced procurement regime? If so, what are the details? If not, what are the reasons?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 14)

Reply:

1. The Financial Services and the Treasury Bureau (FSTB) does not maintain any breakdown of the estimated recurrent expenditure on planned procurement of goods and services by bureaux and departments (B/Ds) in 2025-26 under the General Revenue Account. The procurement expenditure of B/Ds in different years depends on factors such as their operational needs, the nature and scale of goods and services to be procured, and the payment schedule as agreed with suppliers in procurement contracts.
2. In response to the recommendations concerning the provision and monitoring of Rehabus services put forward in the Public Accounts Committee Report No. 82, FSTB reviewed and updated the Financial Circular No. 9/2004 “Guidelines on the Management and Control of Government Funding for Subvented Organisations” in July 2024. Directors of Bureaux and Controlling Officers are reminded of the need to draw up suitable management measures, taking into account the objectives, nature and circumstances of individual subvented organisations, as well as the subvented services or projects they deliver. For example, they should enter into appropriate instruments with the relevant subvented organisations to set out the responsibilities of all parties and the consequences in case of non-compliance with the instruments.
3. To assist B/Ds in ensuring proper use of public money, FSTB and the Government Logistics Department are reviewing the Government’s procurement regime, with a view to facilitating departments to procure quality goods and services at a reasonable price through an open and fair framework. The review will focus on promoting more precise use of resources by B/Ds and enhancing the cost-effectiveness of procurement.

As departments procure goods and services according to their operational needs, the nature and scale of procurement exercises vary significantly and should not be subject to direct comparison. We have no plan to develop relevant performance indicators at this stage. Our review seeks to enhance the cost-effectiveness of government procurement via suitably delegating power to B/Ds, streamlining procedures, adjusting evaluation criteria, and increasing flexibility for procurement.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)085

(Question Serial No. 2931)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in paragraph 239 of the Budget Speech that there are currently a total of 42 funds set up outside the Government's accounts for specific purposes, with an aggregate balance of nearly \$180 billion, some of which only use investment returns to meet their expenditure (i.e. seed capital funds). Moreover, it is stated in paragraph 240 that for 6 of these seed capital funds with a relatively large unspent balance, a total of about \$62 billion in unspent balance will first be brought back to the Government's accounts in 2025-26 after resources have been set aside to meet the funds' necessary expenditure for the next 5 years, so that it will not affect their sustainable operation. In this connection, will the Government inform this Committee of the following (please set out in tabular form the details by amount in ascending order where appropriate):

- 1) the names of the 42 funds and their respective balances;
- 2) the number of seed capital funds among the 42 funds, as well as their names and respective balances;
- 3) the amount to be brought back from each of the 6 seed capital funds and their respective balances after the bringing back; and
- 4) the schedule for reviewing the financial arrangements of seed capital funds, apart from those 6 with a relatively large unspent balance, by the relevant bureaux as required, and whether their balances will be brought back in the current/next financial year?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 15)

Reply:

- 1 and 2) Currently, a total of 42 funds have been established outside the Government's accounts for specific purposes, and 23 of them are seed capital funds. The balances of the funds as at end of 2023-24 are at **Annex 1**.

- 3) The 2025-26 Budget proposes bringing back six seed capital funds with relatively large unspent balance, totalling about \$62 billion, to the Government's accounts after setting aside resources to meet the necessary expenditure of these funds for the next five years. In consultation with the Education Bureau and the Health Bureau, we have reviewed the latest financial status of the six seed capital funds. Having regard to the past expenditure and scheduled projects of the funds concerned, it is projected that the total cash flow requirements for the next five years will be about \$14.9 billion. The expected amounts to be brought back from the six seed capital funds (namely Hospital Authority Public-Private Partnership Fund, Research Endowment Fund, Language Fund, Qualifications Framework Fund, Gifted Education Fund and Student Activities Support Fund) and their cash flow requirements for the next five years are at **Annex 2**.
- 4) We have requested all relevant bureaux to review the financial arrangements of the other 36 funds. Individual bureau will review the policy objective, financial arrangements, cash flow requirements for the next few years, etc. of each of the funds under their purview. When considering whether to bring back any funds, the Government will take into account the actual circumstances of the funds, including whether the financial arrangements are restricted by the legislation and whether the principals of the funds involve funding from sources other than government injection. We plan to complete the relevant review in the first quarter of 2026.

42 Funds Established outside the Government's Accounts for Specific Purposes
(by fund balance in descending order)

	Name of Fund	2023-24 Year-end Balance (Note 1) (\$ million)
Seed Capital Fund		
1	Research Endowment Fund	52,478
2	Community Care Fund	11,147
3	Hospital Authority Public-Private Partnership Fund	10,831
4	Elite Athletes Development Fund	10,197
5	Quality Education Fund	9,082
6	Language Fund	7,521
7	Environment and Conservation Fund	6,141
8	Hong Kong Special Administrative Region Government Scholarship Fund	4,461
9	Self-financing Post-secondary Education Fund	4,341
10	Sir David Trench Fund for Recreation – Arts and Sport Development Fund	4,116
11	Beat Drugs Fund	3,944
12	Student Activities Support Fund	2,869
13	Qualifications Framework Fund	2,522
14	Gifted Education Fund	2,273
15	Hong Kong Paralympians Fund	263
16	Arts Development Fund for Persons with Disabilities	261
17	Sir David Trench Fund for Recreation – Hong Kong Athletes Fund	244
18	Supplementary Legal Aid Fund (Note 2)	216
19	Queen Elizabeth Foundation for the Mentally Handicapped	213
20	Sir David Trench Fund for Recreation – Main Fund	105
21	Sir David Trench Fund for Recreation – Sports Aid Foundation Fund	58
22	Social Work Training Fund	20
23	Sir David Trench Fund for Recreation – Sports Aid for the Disabled Fund	11
<i>Balance of Seed Capital Fund:</i>		<i>133,314</i>
Non-Seed Capital Fund		
24	Anti-epidemic Fund	18,321
25	Employees Retraining Fund	13,498
26	Samaritan Fund	8,640

	Name of Fund	2023-24 Year-end Balance (Note 1) (\$ million)
27	Construction Innovation and Technology Fund	1,698
28	Traffic Accident Victims Assistance Fund	1,454
29	Occupational Deafness Compensation Fund	637
30	Social Innovation and Entrepreneurship Development Fund	368
31	Cantonese Opera Development Fund	129
32	Emergency Relief Fund	120
33	Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas	72
34	AIDS Trust Fund	32
35	J.E. Joseph Trust Fund	22
36	Pneumoconiosis Ex Gratia Fund	21
37	Kadoorie Agricultural Aid Loan Fund	16
38	Elder Academy Development Foundation	16
39	Trust Fund for Severe Acute Respiratory Syndrome	13
40	Consumer Legal Action Fund	10
41	Hong Kong Arts Development Council Fund	2
42	Sir David Trench Fund for Recreation – Arts Development Fund	0.3
<i>Balance of Non-seed Capital Fund:</i>		<i>45,069.3</i>
Total:		178,383.3

Note 1: The audited accounts of certain funds are not closed by financial year and the year-end balances shown are the balances in the audited statement of accounts for each fund in 2023-24.

Note 2: The 2023-24 financial statement of the fund has yet to be audited, therefore the year-end balance in 2022- 23 is provided.

Six Seed Capital Funds to be brought back

	Name of Fund	Expected Amount to be brought back (\$ million)	Expected Cash Flow Requirement for the next 5 years (\$ million)
1	Research Endowment Fund	40,297	10,981
2	Hospital Authority Public-Private Partnership Fund	8,698	1,800
3	Language Fund	6,226	895
4	Student Activities Support Fund	2,459	323
5	Qualifications Framework Fund	2,006	428
6	Gifted Education Fund	1,814	461
	Total	61,500	14,888

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)086****(Question Serial No. 2934)**

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 253 of the Budget Speech that the Government will expand the scale of bond issuance. It is expected that during the five-year period from 2025-26 to 2029-30, a total of about \$150 billion to \$195 billion worth of bonds will be issued under the Government Sustainable Bond Programme and the Infrastructure Bond Programme (the two programmes) every year. About 56% of the bonds issued will be used for re-financing short-term debts. In this connection, please inform this Committee of the following:

- 1) The total proceeds raised under the two programmes in each of the past 5 years (2020-21 to 2024-25), broken down by ratios of retail bonds to institutional bonds, as well as by types, tenors and currency composition of the bonds;
- 2) A table listing the projects funded by the proceeds raised under the two programmes over the past 5 years (2020-21 to 2024-25);
- 3) According to Section II of Appendix A in the Supplement and Appendices to the Budget, the amounts of repayment of government bonds are \$54.1 billion for 2025-26, \$59.5 billion for 2026-27, \$134.3 billion for 2027-28, \$119.6 billion for 2028-29, and \$133.2 billion for 2029-30. Please set out in table form the details of the short-term debts due for repayment from 2025-26 to 2029-30 (including ratios of retail bonds to institutional bonds, as well as types, tenors and currency composition of the bonds, etc.);
- 4) Information on the respective issuance scale, tenors, currency composition and purposes of the proceeds of bonds planned to be issued under the two programmes in 2025-26;
- 5) Other investment and financing options (such as public-private collaboration and asset securitisation) adopted or to be adopted by the Government in addition to bond issuance, as well as their progress; and

6) In order to lower the cost of bond issuance and meet the debt repayment needs of financing, will the Government consider using the opportunity of taking over a number of tunnels (such as the Western Harbour Crossing and the Tai Lam Tunnel) to organically combine new developments with existing revenue-generating projects, and issue debt instruments such as real estate investment trusts (REITs) through a combination of “using the old to bring out the new”? If so, what are the details; if not, what are the reasons?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 18)

Reply:

- (1) In the past five financial years, the total proceeds raised by the Government through bond issuance under the Government Sustainable Bond Programme (GSBP) and the Infrastructure Bond Programme (IBP) is approximately HK\$317.5 billion. The details of bond issuance by year, including the issuance amounts of retail bonds and institutional bonds, as well as types, tenors and currency composition of the bonds, are tabulated below:

GSBP

Financial Year	Retail/ Institutional	Type of Bonds	Currency	Tenor (Years)	Issuance Amount (\$ billion)	HKD Equivalent* (\$ billion)
2020-21	Institutional	Green bonds	USD	5-30	2.5	19.4
2021-22	Institutional	Green bonds	RMB	3-5	5	6.1
			USD	10	1	7.8
			EUR	5-20	1.75	15.4
2022-23	Retail	Green bonds	HKD	3	20	20
	Institutional	Green bonds	HKD	1	0.8	0.8
			RMB	2-5	10	11.5
			USD	3-30	3	23.4
			EUR	2-7	1.25	10.4
2023-24	Retail	Green bonds	HKD	3	20	20
	Institutional	Green bonds	HKD	2	2	2
			RMB	2-10	16.5	18.1
			USD	2-10	2.45	19.2
			EUR	2-9	1.58	13.3
2024-25	Institutional	Green bonds	RMB	2-30	10	10.7
			USD	3	1	7.8
			EUR	7	0.75	6.4
					Total	212.3

IBP

Financial Year	Retail/ Institutional	Type of Bonds	Currency	Tenor (Years)	Issuance Amount (\$ billion)	HKD Equivalent* (\$ billion)
2024-25	Retail	Silver bonds	HKD	3	55	55
	Retail	Infrastructure bonds	HKD	3	17.7	17.7
	Institutional	Infrastructure bonds	HKD	1-20	18	18
			RMB	1-10	13.5	14.5
					Total	105.2

* Exchange rate at the date of issuance

(2) and (4)

The GSBP covers projects under the nine eligible categories under the Green Bond Framework, namely renewable energy; energy efficiency and conservation; pollution prevention and control; waste management and resource recovery; water and wastewater management; nature conservation/biodiversity; clean transportation; green buildings; and climate change adaptation. Regarding sustainable projects, it is commonly accepted in the international capital markets that the concept of sustainable finance covers the financing of green projects and social projects, as well as financial instruments with the interest rates linked to the overall sustainability performance of the issuer. When allocating the bond proceeds to individual sustainable projects covered by the Capital Works Reserve Fund (CWRP), the Government will ensure a proper allocation by making reference to the latest relevant international standards and principles, as well as the Government's environmental policies and targets. As of end August 2024, the proceeds raised under the GSBP have been used to finance 116 eligible green projects. The Government publishes a Green Bond Report annually to provide information on the allocation of bond proceeds and the expected environmental benefits of the projects financed. The latest edition of the Green Bond Report was published in September 2024.

The IBP was established in May 2024 with its inaugural bond issuance in October 2024. It covers projects of the Government's capital works programme under the nine eligible categories under the Infrastructure Bond Framework (except for those included or expected to be included in the GSBP), including projects under the Northern Metropolis (NM).

The Government plans to issue a total of HK\$150 billion worth of bonds under the GSBP and the IBP in 2025-26. All bond proceeds raised under the two programmes will be credited to the CWRP for funding eligible projects under the CWRP. A Steering Committee chaired by the Financial Secretary is responsible for the implementation and monitoring of the IBP and the GSBP. The Steering Committee includes members from the Financial Services and the Treasury Bureau, the Environment and Ecology Bureau, the Development Bureau and the Hong Kong Monetary Authority. Arrangements such as the bond issuance parameters and the selection of individual projects supported by the bond proceeds of the two programmes will be determined based on future Government financial conditions, market response and works progress at the time of issuance and will be subject to approval by the Steering Committee.

The Government will disclose the allocation of proceeds raised under the two programmes in 2024-25 via this year's Green Bond Report and Infrastructure Bond Report respectively.

- (3) In the Medium Range Forecast (MRF) period (i.e. 2025-26 to 2029-30), we anticipate that the repayment of government bonds under the two programmes will amount to approximately HK\$500.7 billion, including the following bonds which will be due in that period:

Financial Year	Retail/ Institutional	Type of Bonds	Currency	Tenor (Years)	Amount Due (\$ billion)	HKD Equivalent# (\$ billion)
2025-26	Institutional	Green bonds	HKD	2	2	2
			RMB	2	7.5	8
			USD	2-5	1.7	13.2
			EUR	2	0.08	0.65
		Infrastructure bonds	HKD	1	3	3
	RMB		1	3.5	3.7	
Retail	Green bonds	HKD	3	20	20	
2026-27	Institutional	Green bonds	RMB	2-5	4.5	4.8
			USD	3	0.5	3.9
			EUR	5	1.25	10.1
		Infrastructure bonds	RMB	2	2.5	2.7
	Retail	Green bonds	HKD	3	20	20
2027-28	Institutional	Green bonds	RMB	5	5	5.3
			USD	3-5	2	15.6
			EUR	4	0.75	6.1
		Infrastructure bonds	HKD	3	7.5	7.5
			RMB	3	2.5	2.7
	Retail	Silver bonds	HKD	3	54.8	54.8
Infrastructure bonds		HKD	3	17.7	17.7	
2028-29	Institutional	Green bonds	RMB	5	6	6.4
			USD	5	0.75	5.8
2029-30	Institutional	Green bonds	RMB	5	2	2.1
			EUR	7	0.5	4
		Infrastructure bonds	HKD	5	4.5	4.5
			RMB	5	2.5	2.7

Calculated at the exchange rate on 28 February 2025

Apart from the bonds listed in the table above, the estimated repayment of government bonds during the MRF period (i.e. 2025-26 to 2029-30) has also taken in the preliminary estimates of bonds which have yet to be issued but will be due in the respective years. The issuance parameters of these bonds will be determined based on the actual market response and works progress at the time of issuance, and will be subject to approval by the Steering Committee. Hence, detailed information is not available at this juncture.

(5) & (6)

The Government continues to keep an open mind and take into account factors such as commercial viability and project cost when considering the appropriate financial arrangements for development projects, including leveraging market resources to support the early implementation of the projects for the benefit of the economy and the people. Take the NM as an example, the Government adopts a diversified development approach in taking forward the project, including allowing in-situ land exchange, piloting large-scale land-disposal approach, and raising capital by issuing government bonds, etc. As for the suggestion to securitise revenue from major development projects, as it involves valuation, risk assessment and financial costs, etc., the Government needs to carefully consider relevant factors, such as the fiscal position, market condition and market development prospects, etc.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)087

(Question Serial No. 2955)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Productivity Enhancement Programme (PEP), will the Government inform this Committee of the following:

(1) Under the PEP announced by the Government in 2023, all policy bureaux and departments are required to cut recurrent expenditure by 1% for two financial years (including the 2024-25 financial year). Are there any policy bureaux or departments which have failed to meet this requirement? If so, what are those policy bureaux and departments and the reasons for their failure to meet the requirement?

(2) As the 2025-26 Budget proposes to step up the PEP, which involves a cumulative reduction of recurrent government expenditure by 7% from 2024-25 to 2027-28. Using the recurrent expenditure for 2023-24 as the basis, it will deliver a saving in recurrent government expenditure of around \$3.9 billion, \$11.7 billion, \$19.5 billion and \$27.3 billion in the respective financial years. What is the specific method used for calculating these savings?

(3) Will the Government continually review the implementation of the PEP, including making proactive efforts to find out whether the policy bureaux and departments can maintain quality public services while reducing operating expenditure, with a view to gauging the impact of the PEP on the Government's delivery of public services?

Asked by: Hon LAM Chun-sing (LegCo internal reference no.: 24)

Reply:

- (1) The Government currently adopts the “operating expenditure envelope” approach to resource allocation. In preparing the estimates for 2024-25, bureaux and departments (B/Ds) had implemented the Productivity Enhancement Programme (PEP), under which recurrent expenditure under the respective “operating expenditure envelopes” had been cut by 1% on the premise that Comprehensive Social Security Assistance (CSSA), Social Security Allowance (SSA) and statutory expenditure would not be affected. As such, the 1% cut in recurrent expenditure had been reflected in B/Ds’ estimates of expenditure for 2024-25, and hence there would not be cases in which the reduction target was not met.
- (2) The reduction target in recurrent expenditure under the PEP has a cumulative impact. Using 2023-24 recurrent government expenditure as the basis, the cumulative rate of reduction each year from 2024-25 to 2027-28 will be 1%, 3%, 5%, and 7% respectively. On the premise that CSSA, SSA and statutory expenditure will not be affected, the impact of every 1% reduction in recurrent government expenditure amounts to approximately \$3.9 billion. It will therefore deliver a saving in recurrent government expenditure of around \$3.9 billion (1%), \$11.7 billion (3%), \$19.5 billion (5%) and \$27.3 billion (7%) in the respective years from 2024-25 to 2027-28.
- (3) Under the “operating expenditure envelope” approach to resource allocation, Controlling Officers of B/Ds may flexibly redeploy resources among the policy areas under their purview. B/Ds will further review their resource allocation and work priorities, and provide public services in a more cost-effective way through consolidating internal resources, streamlining procedures and leveraging technology. While strictly containing the growth of operating expenditure, we will be careful to find a balance among the various impacts that may arise in the process. We will proceed in a steady and prudent manner and make all-out effort to minimise the impact on public services and people’s livelihood, while laying a sustainable fiscal foundation for future development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)088

(Question Serial No. 3833)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Matters Requiring Special Attention in 2025-26 under Programme (4) that the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling. In this connection, will the Government inform this Committee of the following:

- 1) the quantities of illicit cigarettes seized in local illegal activities in each of the past 5 years (2020-21 to 2024-25), with a breakdown by smuggling channel;
- 2) the numbers of cases of illicit cigarette activities detected by C&ED, the numbers of persons arrested and their age distribution in each of the past 5 years (2020-21 to 2024-25);
- 3) the estimate and staff establishment of C&ED for combating illicit cigarette activities in the past 5 years (2020-21 to 2024-25);
- 4) the resources involved in and manpower requirement reduced as a result of the application of technology to combat illicit cigarette activities in the past 5 years (2020-21 to 2024-25);
- 5) whether additional manpower and estimated expenditure will be allocated to combat illicit cigarette activities in 2025-26; and
- 6) the details of measures to enhance enforcement efficiency against illicit cigarette activities in 2025-26?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 52)

Reply:

1) The quantities of duty-not-paid illicit cigarettes seized locally by the Customs and Excise Department (C&ED) via different channels in the past 5 years are tabulated as follows:

	Quantity of seizure (million sticks)				
	2020	2021	2022	2023	2024
Inbound smuggling	98	190	590	494	347
Storage, distribution and peddling	95	180	98	98	205
Incoming persons bringing in excessive duty-free cigarettes and dealt with by compounding	0.4	0.6	0.4	1.7	2.7
Total	193	371	688	593	555

Note: The figures may not add up to the total due to rounding.

2) The numbers of cases involving duty-not-paid cigarettes seized locally by C&ED, the numbers of persons arrested and their age information in the past 5 years are as follows:

	2020	2021	2022	2023	2024
Number of cases	3 111	3 917	3 192	11 659	21 192
Number of persons arrested	2 496	3 536	2 808	10 991	20 582

The age distribution of the persons arrested is as follows:

Age	2020	2021	2022	2023	2024
Aged under 21	40	59	66	165	319
Aged 21 and above	2 456	3 477	2 742	10 826	20 263
Total	2 496	3 536	2 808	10 991	20 582

3) In the past 5 financial years, C&ED deployed 61 officers each year dedicated to combating illicit cigarette activities. The expenditures on emoluments involved are tabulated below:

Financial year	Expenditure involved (\$ million)
2020-21	26.27
2021-22	28.27
2022-23	28.98
2023-24	30.23
2024-25	31.13

In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involved in their interception of illicit cigarettes.

4) C&ED has actively deployed advanced inspection equipment, including Computed Tomography Scanners with artificial intelligence functions and auto-detection devices for X-ray checkers to combat illicit cigarette activities more effectively. The non-recurrent expenditure involved in purchasing the scanners and detection devices in the past 5 years was about \$58 million.

By making use of advanced inspection equipment, C&ED aims to streamline workflow in order to expedite customs clearance and step up enforcement against relevant offences, thus allowing more manpower resources to be allocated for work such as conducting higher-level analysis and formulating targeted enforcement actions and strategies. C&ED has also strengthened its risk assessment to screen more high-risk cargoes for examination in order to enhance enforcement effectiveness. In 2024, C&ED detected a total of 40 large-scale cigarette smuggling cases (i.e. case involving more than 500 000 sticks of cigarettes), about a 1.2-fold increase compared with 18 cases in 2020, achieving remarkable enforcement results. Besides, the introduction of advanced equipment can reduce physical examination of cargoes by front-line officers to help secure their occupational safety and health.

5 and 6) C&ED will flexibly deploy existing resources to assist in anti-illicit cigarette work as circumstances require. Besides, C&ED will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)089****(Question Serial No. 4000)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the revenue from Tobacco under Subhead 050 of Head 1 – Duties, the revised estimate for 2024-25 is about \$3.8 billion, which accounts for around 40% of the original estimate of \$9 billion for 2024-25. In this connection:

What are the changes in the quantities of illicit cigarettes seized by the Customs and Excise Department following the increase in tobacco duty in 2024-25 when compared with the seizures in the past 2 years?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 10)Reply:

The quantities of duty-not-paid cigarettes seized locally by the Customs and Excise Department in the past 3 years are tabulated below:

	2022	2023	2024
Quantity of seizure (million sticks)	688	593	555

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)090****(Question Serial No. 4004)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Will the Government inform this Committee of, in each of the past 5 years, the numbers of illicit cigarette cases detected; the quantities of illicit cigarettes seized, their market values and dutiable values; and whether statistics have been compiled on the share of sales of “cheap whites” in the cigarette market in Hong Kong? If yes, what are the details? If not, what are the reasons; and
2. Some tobacco companies reflect that the sale of illicit cigarettes is prevalent on online platforms. The rampant activities cannot be eradicated despite tip-offs, thus jeopardising the interests of proper licensees in the trade. What measures will the Government take to combat the illicit cigarette market and step up efforts to plug the loopholes in the illegal sale of illicit cigarettes?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 30)Reply:

1. The information on the cases of duty-not-paid cigarettes seized locally by the Customs and Excise Department (C&ED) in the past 5 years is as follows:

	2020	2021	2022	2023	2024
Number of cases	3 111	3 917	3 192	11 659	21 192
Quantity seized (million sticks)	193	371	688	593	555
Market value (\$ million)	530	1,022	1,896	2,049	2,466
Total amount of duty payable (\$ million)	368	707	1,311	1,401	1,808

C&ED does not maintain statistics on the sales of “cheap whites” in the market.

2. C&ED has been closely monitoring online sale of illicit cigarettes. When suspected cases are detected, C&ED will contact the websites or social media platforms concerned immediately for investigation and follow-up actions, including blocking the accounts concerned.

Moreover, C&ED will also refer complaints received about websites promoting illicit cigarettes to the Tobacco and Alcohol Control Office of the Department of Health for follow-up actions. According to the Smoking (Public Health) Ordinance (Cap. 371), no person shall display or cause to be displayed, or publish or distribute for the purpose of display, any smoking product advertisement in any form (including flyers or online advertisements).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)091****(Question Serial No. 4005)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding enforcement against tobacco products in the past 3 years, will the Government inform this Committee of the following:

1. With regard to enforcement against illicit cigarette activities, how many cases involving the smuggling of tobacco and illegal trade in duty-not-paid tobacco were detected by the Customs and Excise Department (C&ED) each year? What were the quantities of tobacco and the total value involved?
2. Further to the above, what were the numbers of persons arrested and the percentage of young people among them?
3. To step up enforcement against illicit cigarette activities, it is noted that C&ED intends to affix anti-forgery labels to duty-paid cigarettes. What is the work progress?

Asked by: Hon CHAN Hak-kan (LegCo internal reference no.: 8)

Reply:

1. The relevant information on cases involving the smuggling of tobacco and illegal trade in duty-not-paid tobacco detected by the Customs and Excise Department (C&ED) in the past 3 years is as follows:

	2022	2023	2024
Number of cases	133	387	617
Quantity (kilogrammes)	176	9 475	59 305
Total value (\$ million)	0.9	49.75	279.6

2. The numbers of persons arrested in the aforesaid cases are as follows:

	2022	2023	2024
Number of persons arrested	104	308	549
Number of persons aged under 21 (%)	2 (1.9%)	8 (2.6%)	6 (1.1%)

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)092

(Question Serial No. 3744)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the leasing of non-government sites by the Government for government office use:

1. What were the total area and rental of the non-government sites leased by the Government in each of the past 5 years, broken down by usage, department and district?
2. For the rent paid by the Government in leasing non-government sites, has reference been made to the market prices? If yes, how are the rental levels determined?
3. What are the respective terms of tenancies of various non-government sites leased by the Government? Are there any flexible clauses to allow for early termination of tenancies or re-negotiation of rent?
4. Does the Government assess the cost effectiveness of leasing non-government sites regularly? If yes, what are the results of the last assessment?
5. What was the results of the cost effectiveness assessment for each non-government site in each of the past 5 years?
6. Does the Government have any plans to increase or reduce the leasing of non-government sites in the next 5 years? If so, what are the expected scale and the reasons for the changes?
7. Has the Government ever considered using existing government land or buildings in place of leasing of non-government sites? If any, what is the progress of the plans or studies?
8. What is the detailed breakdown of the administrative costs incurred by the Government in leasing non-government sites in each of the past 5 years?

Asked by: Hon TIK Chi-yuen (LegCo internal reference no.: 251)

Reply:

1. Details of the office accommodation of government bureaux and departments in leased private premises in the past 5 years are set out at **Annex 1**.
 2. In assessing the rent of leased premises, the Government Property Agency (GPA) will make reference to the market prices and take into account the characteristics of the premises concerned such as location, building quality, size, accessibility, environment, etc., in order to assess whether the rent is reasonable.
 3. The period of leasing by the Government are generally 3 years. When negotiating leasing terms with landlords, the GPA will bargain for terms and conditions favourable to the Government, including clauses for early termination of tenancies. As regards tenancies with option to renew clause, the GPA will assess whether the new rent is reasonable at the time of renewal.
- 4 to 8. Government's policy is to accommodate offices in government-owned premises as far as practicable. Leasing premises for use by departments will only be considered if government-owned premises are unable to meet their locational requirements or operational needs. The GPA conducts an accommodation review annually. To reduce rental expenses, the GPA will relocate leased offices to government-owned premises, as well as relocate leased offices with higher rent to premises with lower rent having regard to the operational needs of the departments concerned and cost-effectiveness. In 2024-25, the saving on rental expenses (including management fees and air-conditioning charges) achieved by the Government in relocating 20 leased offices to government-owned premises or leased premises with lower rent is about \$94 million per year. The Government plans to move out of 26 leased offices in 2025-26, and the saving on rental expenses (including management fees and air-conditioning charges) is estimated to be about \$130 million per year. The GPA will continue to review the rental levels and explore ways to control rental expenses with bureaux and departments, including relocating offices to suitable government-owned premises or leased premises with lower rent as far as possible.

The GPA has been carrying out the above work as well as other duties with the existing manpower and does not have the breakdown on expenditure and manpower for that.

Information on the office accommodation of bureaux and departments in leased private premises in the 18 districts in the past 5 years

District	Internal floor area (m²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (million) (approximate)	Number of bureaux/ departments involved
2020			
Central & Western	3 600	2	7
Eastern	32 700	10	23
Southern	21 300	7	20
Wan Chai	24 600	20	22
Kowloon City	7 100	2	5
Kwun Tong	88 800	35	35
Sham Shui Po	15 100	5	18
Wong Tai Sin	12 900	3	8
Yau Tsim Mong	24 400	12	23
Islands	35 300	2	17
Kwai Tsing	26 900	6	17
North	8 700	3	8
Sai Kung	8 100	1	8
Sha Tin	16 900	5	12
Tai Po	4 000	2	9
Tsuen Wan	22 300	6	16
Tuen Mun	20 400	3	15
Yuen Long	10 700	2	9
Total in 2020	383 800	126	
2021			
Central & Western	10 300	9	8
Eastern	35 700	10	22
Southern	26 000	9	19
Wan Chai	23 900	21	22
Kowloon City	7 000	2	5
Kwun Tong	94 800	38	35
Sham Shui Po	16 000	5	18
Wong Tai Sin	15 700	4	10
Yau Tsim Mong	25 500	14	20
Islands	35 500	2	16
Kwai Tsing	31 600	8	18
North	8 800	3	7
Sai Kung	8 100	1	7

District	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (million) (approximate)	Number of bureaux/ departments involved
Sha Tin	17 800	5	11
Tai Po	4 900	3	8
Tsuen Wan	22 400	7	16
Tuen Mun	32 000	5	16
Yuen Long	13 100	3	10
Total in 2021	429 100	146	
2022			
Central & Western	11 600	10	10
Eastern	38 800	12	24
Southern	25 600	9	24
Wan Chai	30 900	23	26
Kowloon City	7 500	3	6
Kwun Tong	110 800	42	39
Sham Shui Po	32 400	4	20
Wong Tai Sin	15 000	3	11
Yau Tsim Mong	23 300	12	20
Islands	35 200	2	16
Kwai Tsing	31 600	8	18
North	9 400	3	9
Sai Kung	10 800	2	9
Sha Tin	22 400	6	14
Tai Po	5 400	2	10
Tsuen Wan	42 400	10	19
Tuen Mun	44 400	7	18
Yuen Long	13 000	3	12
Total in 2022	510 500	161	
2023			
Central & Western	11 200	10	9
Eastern	35 900	10	22
Southern	26 100	9	24
Wan Chai	31 800	19	23
Kowloon City	7 500	2	5
Kwun Tong	119 100	44	37
Sham Shui Po	32 700	4	19
Wong Tai Sin	15 100	4	10
Yau Tsim Mong	20 300	9	16
Islands	34 100	2	15
Kwai Tsing	30 300	8	18

District	Internal floor area (m ²) (approximate)	Monthly rent, management fees and air-conditioning charges (if any) (million) (approximate)	Number of bureaux/ departments involved
North	8 700	3	7
Sai Kung	7 500	1	6
Sha Tin	26 300	6	13
Tai Po	4 500	1	8
Tsuen Wan	23 100	7	17
Tuen Mun	43 100	6	16
Yuen Long	13 100	3	10
Total in 2023	490 400	151	
2024			
Central & Western	10 700	9	10
Eastern	31 800	9	22
Southern	28 000	10	24
Wan Chai	28 400	18	21
Kowloon City	6 300	2	5
Kwun Tong	98 500	38	36
Sham Shui Po	33 600	4	19
Wong Tai Sin	14 300	3	9
Yau Tsim Mong	17 400	7	14
Islands	34 100	2	15
Kwai Tsing	32 300	8	18
North	8 600	3	7
Sai Kung	7 500	1	6
Sha Tin	21 500	5	14
Tai Po	4 800	2	8
Tsuen Wan	23 600	7	19
Tuen Mun	42 200	6	16
Yuen Long	12 500	3	10
Total in 2024	456 100	138	

Note: The above table shows the figures as at December of the relevant years. The figures for monthly rent, management fees and air-conditioning charges may not add up to the total due to rounding.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)093

(Question Serial No. 3910)

Head: (51) Government Property Agency

Subhead (No. & title): ()

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Eugene FUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

At present, the commercial outlets or supporting facilities in the departure halls of many land crossing points (Hong Kong side) are homogeneous. Will consideration be given to reshaping the commercial facilities and activities at all land crossing points centrally to dovetail with the themes set by the Government from time to time and grasp the last chance of boosting visitors' spending power before they leave Hong Kong?

Asked by: Hon CHAN Yuet-ming (LegCo internal reference no.: 26)

Reply:

The Government Property Agency (GPA) is responsible for the property management of the joint-user facilities at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port and Heung Yuen Wai Boundary Control Point, including the leasing arrangements for the facilities and shops at the arrival and departure halls. These shops are leased out by GPA by way of tender to different types of tenants including duty-free shops, medicare and cosmetic stores, convenience stores, money exchange shops and restaurants etc. so as to provide convenience to the public and visitors. GPA will proactively explore business opportunities and lease out the shops concerned to different types of tenants by dovetailing with the positioning of the relevant ports/control points and the themes launched by the Government, so as to facilitate the last-minute spending by visitors before they leave Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)094****(Question Serial No.4015)**Head: (51) Government Property AgencySubhead (No. & title): ()Programme: (1) Acquisition and Allocation and (3) Estate UtilisationControlling Officer: Government Property Administrator (Eugene FUNG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is mentioned in paragraph 229 of the Budget Speech that the Government recommends “reinforcing the fiscal consolidation programme as put forward in last year’s Budget. The key is managing expenditure growth, making good use of the Government’s fiscal resources, and identifying new revenue resources”. In this connection, will the Government inform this Committee of the following:

1. Please set out the leasing status of government properties available to let across Hong Kong:

Domestic Government Properties

	2022-23	2023-24	2024-25
Long-term lease (over 6 months)			
Short-term lease (under 6 months)			
Not leased out			

Non-domestic Government Properties

	2022-23	2023-24	2024-25
Long-term lease (over 6 months)			
Short-term lease (under 6 months)			
Not leased out			

Surplus Government Accommodation

	2022-23	2023-24	2024-25
Long-term lease (over 6 months)			
Short-term lease (under 6 months)			
Not leased out			

2. Further to the above, it is learnt that some policy bureaux or government departments have rented non-government properties for daily business use. Please provide the details of non-government properties rented by various bureaux and departments for office use in the past 3 years, including the departments involved, rental costs, numbers of office staff and the relevant budget.

3. It was reported that there were cases where departments had paid the rent for office spaces that they did not use. Please provide the total number of days and the reasons for which non-government properties rented by various bureaux and departments for office use were not utilised in the past 3 years.

Asked by: Hon TAN Sunny (LegCo internal reference no.: 9)

Reply:

1. The leasing status of domestic and non-domestic government properties available to let in the past 3 financial years is set out at the Annex.

2 and 3. Information on the expenditure on the Government's office accommodation in leased private premises and the bureaux and departments involved in the past 3 years is as below:

Year	Monthly rent, management fees and air-conditioning charges (if any)	Number of bureaux/departments involved
2022	about \$160 million	72
2023	about \$150 million	71
2024	about \$140 million	68

Note: The above table shows the figures as at December of the relevant years. The Government Property Agency (GPA) does not have information on the number of staff working in those offices.

Bureaux/departments should review the utilisation of government accommodation under their management from time to time to ensure the optimal use of resources. They are also required to confirm with the GPA their utilisation of the accommodation concerned (including leased premises). The GPA did not receive any report from bureaux/departments about leased premises being left vacant in the past 3 years.

Leasing status of government properties**Domestic properties**

For the government quarters under its management, the GPA will lease the units which are found surplus to the operational needs of the Government. The leasing status of domestic government properties in each of the past 3 financial years is as below:

	2022-23	2023-24	2024-25 (Note)
Number of properties on long-term tenancies (over 6 months)	67	92	54
Number of properties on short-term tenancies (under 6 months)	0	0	0
Number of properties available to let	32 (as at 31 March 2023)	10 (as at 31 March 2024)	9

Note: The figures as at 28 February 2025.

Non-domestic properties

Non-domestic government properties managed by the GPA which are available to let include shops, advertising space, car parks, and automatic teller machines, etc. The numbers of tenancies signed between the GPA and tenants in the past 3 financial years are as below:

	2022-23	2023-24	2024-25 (Note)
Number of long-term tenancies (over 6 months)	24	34	19
Number of short-term tenancies (under 6 months)	0	0	0
Number of properties available to let	The GPA will offer suitable non-domestic properties to let according to the market situation and operational needs. We are unable to provide data on unleased properties because disclosing such information may affect the Government's future leasing plans.		

Note: The figures as at 28 February 2025.

Surplus government accommodation

Government properties are primarily used as offices and public facilities. If the space of individual properties are surplus to the operational needs of the Government, the GPA will lease the properties through commercialisation, or offer the properties for leasing by non-governmental organisations. The situation of surplus government accommodation handled by the GPA in the past 3 financial years is as below:

	2022-23	2023-24	2024-25 (Note)
Number of properties on long-term lease (over 6 months)	0	0	0
Number of properties on short-term lease (under 6 months)	0	0	0
Number of properties not yet leased	14 (as at 31 March 2023)	13 (as at 31 March 2024)	14

Note: The table shows the figures as at 28 February 2025. The above surplus government accommodation include declared monuments and historical buildings such as former forts, magazine buildings and observation posts. Most of them are in remote locations with considerable restrictions in their uses. In addition, tenants will need to invest resources in their repairs and maintenance, making them relatively difficult to let.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)095

(Question Serial No. 3441)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Carlson CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Environmental Protection Department updated the green procurement practice for government vehicles in July 2021, setting electric vehicles as standard for government private cars with five seats or less to be procured or replaced. Regarding the electric vehicles to be replaced or procured for government departments, will the Government inform this Committee of the following:

- (a) What were the (i) total number of vehicles, (ii) number of electric vehicles (and their proportion in the total establishment of government vehicles) and (iii) number of hybrid vehicles (and their proportion in the total establishment of government vehicles) of bureaux/departments (B/Ds) in each of the past 5 years (please set out in tabular form);
- (b) What were the (i) make, (ii) model, (iii) expenditure, (iv) quantity procured and (v) driving range of the vehicles involved in procuring electric vehicles by B/Ds in each of the past 5 years (please set out in tabular form);
- (c) What are the number of electric vehicles planned to be procured by B/Ds and the estimated expenditure involved in each of the next 3 years; and
- (d) Have government departments implemented procurement standards requiring electric or new energy vehicles to be procured to meet a minimum driving range, so as to ensure they can sustain long operational hours?

Asked by: Hon TANG Ka-piu (LegCo internal reference no.: 43)

Reply:

- (a) The details of the (i) total number of vehicles; (ii) number and proportion of electric vehicles; and (iii) number and proportion of hybrid vehicles of bureaux/departments (B/Ds) in the past 5 years are set out in Annex 1.
- (b) The details of the (i) make; (ii) model; (iii) expenditure; (iv) number of vehicles; and (v) vehicle driving range of the electric vehicles ordered by B/Ds in the past 5 years are set out in Annex 2.

- (c) and (d) In accordance with the green procurement guidelines for government vehicles promulgated by the Environment and Ecology Bureau, electric vehicles should be adopted when B/Ds procure private cars, unless well-justified operational reasons are provided and the relevant B/Ds have sought the approval from directorate officers and consulted the Environmental Protection Department.

The Government Logistics Department (GLD) follows the above procurement guidelines and takes into account the operational needs of B/Ds as well as the availability of suitable models (including driving range) on the market when determining the number of electric vehicles required to be procured each year and drawing up the technical specifications (including the minimum requirement for driving range) for the vehicles to be procured. The driving range of electric private cars ordered in the past 5 years ranges from 311 km to 583 km. The number of electric vehicles to be procured in the next 3 years and the estimated expenditure are still under formulation and therefore the relevant information cannot be provided at this stage.

With the growing number of electric vehicle makes and models available on the market as well as the increasing need for replacing government vehicles, GLD has been progressively procuring more electric vehicles. As a result, there is a steady increase in the number and proportion of electric vehicles in the Government fleet.

The (i) total establishment of vehicles, (ii) establishment of electric vehicles and (iii) establishment of hybrid vehicles of B/Ds, and the proportion of (iv) electric vehicles and (v) hybrid vehicles in vehicle fleets in the past 5 years

Bureau/Department	(i) Total establishment of vehicles					(ii) Establishment of electric vehicles					(iii) Establishment of hybrid vehicles					(iv) Proportion of electric vehicles					(v) Proportion of hybrid vehicles				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Administration Wing	28	28	27	29	29	1	3	3	4	8	6	4	4	3	3	3.6%	10.7%	11.1%	13.8%	27.6%	21.4%	14.3%	14.8%	10.3%	10.3%
Agriculture, Fisheries and Conservation Department	212	211	212	212	212	7	9	9	10	10	0	0	0	0	0	3.3%	4.3%	4.2%	4.7%	4.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Auxiliary Medical Service	19	19	19	19	19	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Architectural Services Department	9	9	9	9	9	0	1	1	1	3	0	0	0	0	0	0.0%	11.1%	11.1%	11.1%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Audit Commission	1	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Buildings Department	37	40	40	40	40	6	9	9	10	12	1	1	1	1	5	16.2%	22.5%	22.5%	25.0%	30.0%	2.7%	2.5%	2.5%	2.5%	12.5%
Customs and Excise Department	212	215	217	225	225	6	7	7	15	20	6	6	6	4	0	2.8%	3.3%	3.2%	6.7%	8.9%	2.8%	2.8%	2.8%	1.8%	0.0%
Census and Statistics Department	3	3	3	3	3	0	0	0	0	1	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Civil Aviation Department	15	15	15	15	14	4	5	5	6	5	0	0	0	0	0	27%	33.3%	33.3%	40.0%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Civil Aid Service	40	40	40	40	40	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commerce and Economic Development Bureau	6	6	4	4	4	1	1	1	1	1	2	2	1	1	1	16.7%	16.7%	25.0%	25.0%	25.0%	33.3%	33.3%	25.0%	25.0%	25.0%
Civil Engineering and Development Department	41	41	41	41	41	2	2	2	2	4	0	0	0	0	0	4.9%	4.9%	4.9%	4.9%	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Chief Executive's Office	8	8	8	8	9	1	1	1	1	1	2	2	0	0	1	12.5%	12.5%	12.5%	12.5%	11.1%	25.0%	25.0%	0.0%	0.0%	11.1%
Constitutional and Mainland Affairs Bureau	3	3	3	3	3	0	0	0	0	0	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	0.0%	33.3%	33.3%	33.3%	33.3%	33.3%
Companies Registry	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Civil Service Bureau	3	3	3	3	3	0	0	0	0	0	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	0.0%	33.3%	33.3%	33.3%	33.3%	33.3%
Correctional Services Department	127	127	131	131	133	1	1	1	1	2	0	0	0	0	0	0.8%	0.8%	0.8%	0.8%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Culture, Sports and Tourism Bureau	Not applicable	Not applicable	5	5	5	Not applicable	Not applicable	0	0	1	Not applicable	Not applicable	4	4	3	Not applicable	Not applicable	0.0%	0.0%	20.0%	Not applicable	Not applicable	80.0%	80.0%	60.0%

Bureau/Department	(i) Total establishment of vehicles					(ii) Establishment of electric vehicles					(iii) Establishment of hybrid vehicles					(iv) Proportion of electric vehicles					(v) Proportion of hybrid vehicles				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Development Bureau	6	6	6	6	6	0	0	0	0	1	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	16.7%	16.7%	16.7%	16.7%	16.7%	
Department of Health	57	57	57	57	57	1	1	1	2	3	0	0	0	0	0	1.8%	1.8%	1.8%	3.5%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Department of Justice	7	8	11	11	11	0	0	0	0	0	0	0	0	0	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%
Drainage Services Department	46	45	45	45	45	6	6	6	5	5	0	0	0	0	0	13.0%	13.3%	13.3%	11.1%	11.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Education Bureau	6	6	5	6	6	0	0	0	1	1	2	2	1	1	1	0.0%	0.0%	0.0%	16.7%	16.7%	33.3%	33.3%	20.0%	16.7%	16.7%
Environment Bureau	2	2	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	50.0%	50.0%	Not applicable	Not applicable	Not applicable	50.0%	50.0%	Not applicable	Not applicable	Not applicable
Environment and Ecology Bureau	Not applicable	Not applicable	4	8	8	Not applicable	Not applicable	1	2	5	Not applicable	Not applicable	1	1	0	Not applicable	Not applicable	25.0%	25.0%	62.5%	Not applicable	Not applicable	25.0%	12.5%	0.0%
Electrical and Mechanical Services Department	205	202	202	202	201	16	17	17	17	16	5	5	5	1	1	7.8%	8.4%	8.4%	8.4%	8.0%	2.4%	2.5%	2.5%	0.5%	0.5%
Environmental Protection Department	48	52	52	47	47	2	2	2	1	1	0	0	0	0	0	4.2%	3.8%	3.8%	2.1%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Food and Environmental Hygiene Department	725	718	718	718	718	5	5	4	4	4	2	2	2	2	2	0.7%	0.7%	0.6%	0.6%	0.6%	0.3%	0.3%	0.3%	0.3%	0.3%
Fire Services Department	700	741	804	819	837	6	5	5	4	4	18	18	18	7	1	0.9%	0.7%	0.6%	0.5%	0.5%	2.6%	2.4%	2.2%	0.9%	0.1%
Financial Services and the Treasury Bureau	3	3	3	3	3	0	0	0	1	1	2	2	2	1	1	0.0%	0.0%	0.0%	33.3%	33.3%	66.7%	66.7%	66.7%	33.3%	33.3%
Government Flying Service	4	4	4	4	4	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Government Logistics Department	61	61	62	63	63	3	3	3	6	6	5	5	4	3	3	4.9%	4.9%	4.8%	9.5%	9.5%	8.2%	8.2%	6.5%	4.8%	4.8%
Government Laboratory	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Government Property Agency	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Home Affairs Department	28	28	29	29	29	0	0	0	0	1	6	6	4	4	3	0.0%	0.0%	0.0%	0.0%	3.4%	21.4%	21.4%	13.8%	13.8%	10.3%
Housing Bureau	Not applicable	Not applicable	0	0	0	Not applicable	Not applicable	0	0	0	Not applicable	Not applicable	0	0	0	Not applicable	Not applicable	0.0%	0.0%	0.0%	Not applicable	Not applicable	0.0%	0.0%	0.0%
Food and Health Bureau	5	6	Not applicable	Not applicable	Not applicable	0	0	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	0.0%	0.0%	Not applicable	Not applicable	Not applicable	20.0%	16.7%	Not applicable	Not applicable	Not applicable
Health Bureau	Not applicable	Not applicable	4	4	4	Not applicable	Not applicable	0	0	1	Not applicable	Not applicable	1	1	1	Not applicable	Not applicable	0.0%	0.0%	25.0%	Not applicable	Not applicable	25.0%	25.0%	25.0%
Hong Kong Monetary Authority	5	5	5	5	5	0	0	0	0	1	1	1	1	1	0	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%	20.0%	20.0%	0.0%
Hong Kong Observatory	8	8	8	9	9	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Bureau/Department	(i) Total establishment of vehicles					(ii) Establishment of electric vehicles					(iii) Establishment of hybrid vehicles					(iv) Proportion of electric vehicles					(v) Proportion of hybrid vehicles				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Hong Kong Police Force	2 605	2 707	2 877	2 892	2 939	50	35	29	34	42	116	107	109	59	32	1.9%	1.3%	1.0%	1.2%	1.4%	4.5%	4.0%	3.8%	2.0%	1.1%
Post Office	272	271	267	254	238	9	9	7	7	9	34	33	12	12	9	3.3%	3.3%	2.6%	2.8%	3.8%	12.5%	12.2%	4.5%	4.7%	3.8%
Housing Department	51	51	51	51	49	3	4	4	4	3	1	1	1	1	1	5.9%	7.8%	7.8%	7.8%	6.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Home Affairs Bureau	7	7	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	3	3	Not applicable	Not applicable	Not applicable	14.3%	14.3%	Not applicable	Not applicable	Not applicable	42.9%	42.9%	Not applicable	Not applicable	Not applicable
Home and Youth Affairs Bureau	Not applicable	Not applicable	6	6	6	Not applicable	Not applicable	1	1	2	Not applicable	Not applicable	1	1	1	Not applicable	Not applicable	16.7%	16.7%	33.3%	Not applicable	Not applicable	16.7%	16.7%	16.7%
Highways Department	43	46	47	47	47	1	2	2	2	2	1	0	0	0	0	2.3%	4.3%	4.3%	4.3%	4.3%	2.3%	0.0%	0.0%	0.0%	0.0%
Independent Commission Against Corruption	35	38	38	38	38	0	0	0	2	7	2	2	2	0	0	0.0%	0.0%	0.0%	5.3%	18.4%	5.7%	5.3%	5.3%	0.0%	0.0%
Immigration Department	36	36	36	36	36	1	1	1	1	5	0	0	0	0	0	2.8%	2.8%	2.8%	2.8%	13.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Invest Hong Kong	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intellectual Property Department	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Inland Revenue Department	4	4	4	4	4	0	0	0	0	1	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Information Services Department	8	8	8	8	8	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Innovation and Technology Commission	3	3	3	3	3	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Innovation and Technology Bureau	2	2	Not applicable	Not applicable	Not applicable	0	0	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	0.0%	0.0%	Not applicable	Not applicable	Not applicable	50.0%	50.0%	Not applicable	Not applicable	Not applicable
Innovation, Technology and Industry Bureau	Not applicable	Not applicable	2	2	2	Not applicable	Not applicable	0	0	0	Not applicable	Not applicable	1	1	1	Not applicable	Not applicable	0.0%	0.0%	0.0%	Not applicable	Not applicable	50.0%	50.0%	50.0%
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Judiciary	24	24	24	24	24	0	0	0	0	0	13	13	9	6	6	0.0%	0.0%	0.0%	0.0%	0.0%	54.2%	54.2%	37.5%	25.0%	25.0%
Legal Aid Department	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lands Department	167	172	172	172	174	7	5	4	4	3	0	0	0	0	0	4.2%	2.9%	2.3%	2.3%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Leisure and Cultural Services Department	155	152	151	150	146	5	4	3	2	2	1	1	1	1	1	3.2%	2.6%	2.0%	1.3%	1.4%	0.6%	0.7%	0.7%	0.7%	0.7%
Labour Department	27	27	27	27	27	2	2	2	4	11	0	0	0	0	0	7.4%	7.4%	7.4%	14.8%	40.7%	0.0%	0.0%	0.0%	0.0%	0.0%

Bureau/Department	(i) Total establishment of vehicles					(ii) Establishment of electric vehicles					(iii) Establishment of hybrid vehicles					(iv) Proportion of electric vehicles					(v) Proportion of hybrid vehicles				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Land Registry	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Labour and Welfare Bureau	3	3	3	3	3	0	0	0	0	1	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Marine Department	5	5	5	5	5	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Office of the Communications Authority	21	21	21	21	21	1	2	2	2	2	0	0	0	0	0	4.8%	9.5%	9.5%	9.5%	9.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Office of the Government Chief Information Officer	3	3	3	3	Not applicable	0	0	0	0	Not applicable	0	0	0	0	Not applicable	0.0%	0.0%	0.0%	0.0%	Not applicable	0.0%	0.0%	0.0%	0.0%	Not applicable
Digital Policy Office	Not applicable	Not applicable	Not applicable	Not applicable	3	Not applicable	Not applicable	Not applicable	Not applicable	0	Not applicable	Not applicable	Not applicable	Not applicable	0	Not applicable	Not applicable	Not applicable	Not applicable	0.0%	Not applicable	Not applicable	Not applicable	Not applicable	0.0%
Official Receiver's Office	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Planning Department	12	12	12	12	12	1	1	1	1	1	0	0	0	0	0	8.3%	8.3%	8.3%	8.3%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Public Service Commission	1	1	1	1	1	0	0	0	0	0	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Registration and Electoral Office	1	1	1	1	1	0	0	0	0	0	1	1	1	1	1	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Radio Television Hong Kong	24	24	24	24	24	1	1	1	1	1	0	0	0	0	0	4.2%	4.2%	4.2%	4.2%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Rating and Valuation Department	7	7	7	7	7	0	0	0	0	2	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	28.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Security Bureau	3	3	3	3	3	0	0	0	0	0	2	2	2	2	2	0.0%	0.0%	0.0%	0.0%	0.0%	66.7%	66.7%	66.7%	66.7%	66.7%
Secretariat, Commissioner on Interception of Communications and Surveillance	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Social Welfare Department	29	29	29	30	30	3	3	3	5	6	0	0	0	0	0	10.3%	10.3%	10.3%	16.7%	20.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transport Department	206	213	219	241	242	1	1	1	2	2	0	0	0	0	0	0.5%	0.5%	0.5%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Trade and Industry Department	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transport and Housing Bureau	2	2	Not applicable	Not applicable	Not applicable	0	0	Not applicable	Not applicable	Not applicable	1	1	Not applicable	Not applicable	Not applicable	0.0%	0.0%	Not applicable	Not applicable	Not applicable	50.0%	50.0%	Not applicable	Not applicable	Not applicable
Transport and Logistics Bureau	Not applicable	Not applicable	2	2	2	Not applicable	Not applicable	0	0	0	Not applicable	Not applicable	1	1	1	Not applicable	Not applicable	0.0%	0.0%	0.0%	Not applicable	Not applicable	50.0%	50.0%	50.0%
Treasury	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
University Grants Committee Secretariat	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Bureau/Department	(i) Total establishment of vehicles					(ii) Establishment of electric vehicles					(iii) Establishment of hybrid vehicles					(iv) Proportion of electric vehicles					(v) Proportion of hybrid vehicles				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Working Family and Student Financial Assistance Agency	2	2	2	2	2	2	2	2	2	2	0	0	0	0	0	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water Supplies Department	251	249	249	248	246	12	12	12	11	20	2	2	1	1	1	4.8%	4.8%	4.8%	4.4%	8.1%	0.8%	0.8%	0.4%	0.4%	0.4%
Total	6 705	6 861	7 108	7 158	7 203	169	164	153	179	242	243	230	201	126	88	2.5%	2.4%	2.2%	2.5%	3.4%	3.6%	3.4%	2.8%	1.8%	1.2%

Note:

1. The data represent the status as at 31 December of the respective years.

2. "Not applicable" indicates that the B/D has either been newly set up, reorganised or merged and therefore no establishment of vehicles is available for the year.

The details of the make, model, expenditure, number and driving range of the electric vehicles (general purpose vehicles) ordered by B/Ds in the past 5 years

2020

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Buildings Department	Electric private car/ KIA	NIRO EV	597,000	2	312 km
Administration Wing			298,500	1	
Electrical and Mechanical Services Department			300,500	1	
Environmental Protection Department			298,500	1	
Post Office			1,602,500	5	
Lands Department			300,500	1	
Leisure and Cultural Services Department			298,500	1	
Total			3,696,000	12	

2021

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Agriculture, Fisheries and Conservation Department	Electric private car/ KIA	NIRO EV	1,951,500	6	312 km
Architectural Services Department			298,500	1	
Buildings Department			895,500	3	
Civil Aviation Department			665,000	2	

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Civil Engineering and Development Department			311,500	1	
Correctional Services Department			298,500	1	
Administration Wing			298,500	1	
Customs and Excise Department			303,000	1	
Food and Environmental Hygiene Department			298,500	1	
Highways Department			298,500	1	
Post Office			637,000	2	
Housing Department			597,000	2	
Office of the Communications Authority			303,000	1	
Working Family and Student Financial Assistance Agency			298,500	1	
Water Supplies Department			613,500	2	
Hong Kong Police Force	Electric private car/ KIA	NIRO EV+	460,800	1	485 km
Total			8,528,800	27	

2022

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Agriculture, Fisheries and Conservation Department	Electric private car/ KIA	NIRO EV LUXURY	378,600	1	460 km
Civil Aviation Department			744,375	2	

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Customs and Excise Department			3,097,655	9	
Hong Kong Police Force			9,867,360	27	
Social Welfare Department			1,443,000	4	
Buildings Department	Electric private car/ NISSAN	LEAF	268,570	1	311 km
Administration Wing			285,620	1	
Housing Department			268,570	1	
Independent Commission Against Corruption			565,750	2	
Labour Department			571,240	2	
Lands Department			285,620	1	
Transport Department			285,900	1	
Water Supplies Department			857,410	3	
Total			18,919,670	55	

2023

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Education Bureau	Electric multi- purpose car/ MAXUS	MIFA 9 PREMIUM	466,600	1	430 km
Environment and Ecology Bureau			926,422	2	
Financial Services and the Treasury Bureau			466,600	1	
Government Logistics Department			466,600	1	
Government Logistics Department	Large electric private car/ HYUNDAI	IONIQ 6 RANGE+ AWD	850,972	2	583 km

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Customs and Excise Department	Electric private car/ KIA	NIRO EV LUXURY	1,022,900	3	460 km
Electrical and Mechanical Services Department			373,000	1	
Home Affairs Department			360,000	1	
Hong Kong Police Force			4,098,307	11	
Independent Commission Against Corruption			1,720,531	5	
Social Welfare Department			351,514	1	
Water Supplies Department			348,429	1	
Architectural Services Department	Electric private car/ NISSAN	LEAF	560,560	2	311 km
Buildings Department			1,609,950	6	
Civil Engineering and Development Department			816,440	3	
Census and Statistics Department			268,080	1	
Customs and Excise Department			858,640	3	
Department of Health			570,360	2	
Environment and Ecology Bureau			280,630	1	
Inland Revenue Department			268,080	1	
Labour Department			2,169,040	8	
Rating and Valuation Department			586,960	2	
Working Family and Student Financial Assistance Agency			268,080	1	
Total			19,708,695	60	

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Administration Wing	Electric multi- purpose car/ DENZA	D9	440,650	1	520 km
Government Logistics Department			430,415	1	
Hong Kong Monetary Authority	Electric multi- purpose car/ MAXUS	MIFA 9 PREMIUM	461,466	1	430 km
Agriculture, Fisheries and Conservation Department	Electric private car/ NISSAN	LEAF	1,389,200	5	311 km
Correctional Services Department			587,660	2	
Administration Wing			1,966,760	7	
Culture, Sports and Tourism Bureau			280,280	1	
Development Bureau			573,760	2	
Digital Policy Office			268,430	1	
Environment and Ecology Bureau			280,280	1	
Electrical and Mechanical Services Department			1,952,400	7	
Food and Environmental Hygiene Department			1,681,680	6	
Health Bureau			280,280	1	
Home and Youth Affairs Bureau			560,560	2	
Post Office			3,026,600	10	
Immigration Department			1,085,570	4	
Innovation, Technology and Industry Bureau			293,480	1	
Labour Department			268,080	1	
Lands Department			575,960	2	
Labour and Welfare Bureau			280,980	1	
Planning Department			280,280	1	
Radio Television Hong Kong			285,180	1	

Bureau/Department (Note 1)	Vehicle type/ make	Vehicle model	Expenditure involved (Including price of cars and equipment required) (Note 2) (HK\$)	Number of vehicles ordered	Vehicle driving range
Social Welfare Department			1,389,200	5	
Transport Department			293,480	1	
Water Supplies Department			4,497,680	16	
Agriculture, Fisheries and Conservation Department	Small Electric Motorcycle/ NINEBOT	E300SE	27,024	1	120 km
Transport Department			108,096	4	
Total			23,565,431	86	

Note 1: The number and makes of vehicles in the above list are based on the general purpose vehicles ordered in the years concerned. The expenditure involved is funded by the block vote, trading fund or departmental funding.

Note 2: The unit prices of vehicles of the same model procured by B/Ds may vary as different equipment (e.g. flashing roof beacons, loudspeakers and weather-resistant nets, etc.) is required to be ordered for the electric vehicles.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)096

(Question Serial No. 3822)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (Benjamin CHAN)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please specify the tax payment status of persons who are admitted to Hong Kong under various talent admission schemes by setting out the amounts of tax payments made by these incoming talents by tax types, including profits tax, salaries tax, property tax and tax under personal assessment for each of the past 5 years (2020 to 2024):

1. the numbers of cases with tax payments and the tax revenue involved;
2. the average amounts of tax collected per case; and
3. the respective percentages of tax revenue collected from the relevant groups against the total revenues collected from profits tax, salaries tax, property tax and tax under personal assessment.

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 27)

Reply:

The Inland Revenue Department (IRD) does not separately collect information on whether taxpayers are admitted to Hong Kong under talent admission schemes. Taxpayers are also not required to provide such information in their tax returns. Therefore, the IRD is unable to provide the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)097

(Question Serial No. 3349)

Head: (188) Treasury

Subhead (No. & title): (000) Operational expenses

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services (Raymond NG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under this Programme that during 2025-26, the Treasury will continue to explore ways to achieve higher efficiency with lower costs for revenue collection and payment activities, including continuing to promote e-payments. Also, the Treasury estimates that the cost per \$1,000 revenue collected for the 2025-26 financial year will be \$0.26. In this connection, please inform this Committee of the following:

- 1). What is the estimated expenditure for promoting e-payments in 2025-26?
- 2). Please set out the expenditures on promoting e-payments in the past 3 years.
- 3). In respect of promoting e-payments, the cost per \$1,000 revenue collected has been remaining at \$0.26 from 2023 to date, what are the reasons?
- 4). Will the Government explore ways to reduce the relevant cost? If so, what are the details?

Asked by: Hon KWOK Ling-lai, Lillian (LegCo internal reference no.: 52)

Reply:

- 1-2. The Treasury has been assisting bureaux/departments (B/Ds) in promoting various means of e-payment (e.g. the Faster Payment System, Internet banking, PPS, etc.), with a view to facilitating members of the public to select suitable payment channels according to their needs. As the expenditure on the relevant promotion work forms part of the total expenditure under Programme (1) "Central Accounting, Collections and Payments", the Treasury does not maintain a breakdown in this respect.

- 3-4. In general, the wider use of e-payment services is conducive to reducing the overall cost of revenue collection. The Government's overall cost of revenue collection is affected by different factors, including the take-up rate of various e-payment services, the amount of service charges payable by the Government to banks and relevant service providers for their provision of different means of e-payment, etc. In particular, given the constant rise in operating cost in recent years, the continued increase in the take-up rate of e-payment services for settling government bills has helped to maintain the Government's cost of revenue collection at a comparable level. The Treasury will continue to encourage B/Ds to implement e-collection services and promote to the public the use of e-payment methods for settling government bills, with a view to keeping the collection cost at a reasonable level.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)098

(Question Serial No. 3806)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is proposed in the Budget that the Productivity Enhancement Programme (PEP) be stepped up. The rate of reduction of recurrent government expenditure will be increased from the original 1% to 2% in 2025-26. This arrangement will be extended for 2 more years to 2027-28, with a cumulative rate of reduction of 7% in total. It is expected that savings in recurrent government expenditure ranging from \$3.9 billion to \$27.3 billion can be achieved every year during the period. To ascertain whether the desired effect of expenditure cut can be achieved under the programme without affecting the quality of public services, will the Government inform this Committee of the following:

1. Specifically, how will the target rate of reduction in expenditure be set for each of the departments under the PEP? Will a blanket target of 2% be set for all the departments, or will the target be set according to the nature, service demand and operational efficiency of the departments? By what mechanism will the Government ensure that livelihood services will not be unduly affected by the expenditure cut?
2. In the course of implementing the PEP, what specific measures will be taken by the departments to achieve the goal of reducing expenditure? Apart from job cuts, how does the Government promote the enhancement of operational efficiency among departments through process re-engineering, integration of services and IT application? Has the Government set up an inter-departmental working group to share experiences in reducing expenditure in innovative ways?

Asked by: Hon TIK Chi-yuen (LegCo internal reference no.: 46)

Reply:

1. The 2025-26 Budget proposes stepping up the Productivity Enhancement Programme (PEP), which is implemented on the premise of maintaining efficient public services, and without affecting Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure. All policy bureaux and departments (B/Ds) are required to reduce recurrent expenditure by 2% per annum from 2025-26 to 2027-28.
2. The Government currently adopts the “operating expenditure envelope” approach to resource allocation, under which Controlling Officers of B/Ds may flexibly redeploy resources among the policy areas under their purview having regard to their policy objectives and priorities. With the stepping up of the PEP, B/Ds will further review their resource allocation and work priorities, and provide public services in a more cost-effective way through consolidating internal resources, streamlining procedures and leveraging technology. While strictly containing the growth of operating expenditure, we will be careful to find a balance among the various impacts that may arise in the process. We will proceed in a steady and prudent manner and make an all-out effort to minimise the impact on public services and people’s livelihood, while laying a sustainable fiscal foundation for future development.

To enhance operational efficiency, the Digital Policy Office is committed to driving B/Ds in the effective adoption of innovation and technologies. For instance, the Smart Government Innovation Lab further enhances the quality and efficiency of public services; over a hundred of digital government and smart city initiatives will effectively leverage information technologies and data to enhance experiences of public service users as well as departments’ operational efficiency; the “Shared Blockchain Platform” and the “e-Proof” service facilitate B/Ds to make use of blockchain technology to enhance public services; and the generative artificial intelligence document processing copilot application, which is on pilot run, assists government staff in document processing tasks such as drafting, translation and summarisation of documents.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)099

(Question Serial No. 3920)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In last year's Budget, the Financial Secretary put forward the Productivity Enhancement Programme to reduce recurrent expenditure of government departments, but a reduction rate of only 1% is achieved each year as a result. In this connection, will the Government inform this Committee of the following:

Will the Government consider optimising the Productivity Enhancement Programme by raising the reduction target from 1% to at least a total of 5% for the two years?

Asked by: Hon SHANG Hailong (LegCo internal reference no.: 2)

Reply:

To uphold the principles of fiscal prudence, the 2025-26 Budget proposes reinforcing the fiscal consolidation programme. The key is managing expenditure growth, making good use of and consolidating the Government's fiscal resources, and identifying new revenue resources. The Government will step up efforts to contain the growth of government operating expenditure. In particular, on the premise of maintaining efficient public services, the Government will lead by example to step up the Productivity Enhancement Programme. On the premise that Comprehensive Social Security Assistance, Social Security Allowance and statutory expenditure will not be affected, all policy bureaux and departments are required to reduce recurrent expenditure by 2% per annum from 2025-26 to 2027-28. Taking into account the 1% cut in 2024-25, the cumulative rate of reduction will be 7% in total.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)100

(Question Serial No. 3941)

Head: (147) Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): ()

Programme: (2) Revenue and Financial Control

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Andrew LAI)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned by the Transport and Logistics Bureau, the Government will explore introducing a boundary facilities fee of \$200 on private cars departing via land boundary control points. Will the Government inform this Committee whether it has assessed the administrative costs involved in implementing the fee collection? If so, what are the costs involved?

Asked by: Hon LAU Kwok-fan (LegCo internal reference no.: 40)

Reply:

The Financial Services and the Treasury Bureau is exploring the introduction of a boundary facilities fee on private cars departing via land boundary control points, and will announce the results in due course upon completion of the study.

- End -