

## LCQ7: Commercial premises under Hong Kong Housing Authority

â€œFollowing is a question by the Hon Chan Hak-kan and a reply by the Secretary for Housing, Ms Winnie Ho, in the Legislative Council today (February 26):

Question:

Regarding the leasing status of commercial premises under the Hong Kong Housing Authority (HA), will the Government inform this Council:

- (1) of the respective vacancy rates of shopping centres and markets under HA in the past three years (set out in a table);
- (2) of the respective areas of HA's commercial premises designated in each of the past three years for (i) leasing to government departments, (ii) handover to government departments for allocation on its behalf, and (iii) leasing to non-governmental organisations at concessionary rent, together with the respective vacancy rates of such areas (set out in a table); the respective ratios of the areas leased out or utilised under these three arrangements to the total area of the commercial premises;
- (3) given that nine of HA's shopping centres do not have western medical clinics, whether HA will consider inviting Chinese medicine practitioners to set up clinics in these shopping centres to increase healthcare services in the respective districts;
- (4) given that HA has earlier launched the "Well Being•Start-Up" Programme in its shopping centres, which offers rent-free shop premises to young people, of the current status of implementation of the programme; whether HA will consider renewing the tenancies of such commercial tenants after the programme ends, and whether it will seek other business premises to continue the implementation of the programme; if so, of the details; if not, the reasons for that; and
- (5) whether the authorities have reviewed if the trade mix of HA's shopping centres can provide an adequate and comprehensive range of social services for the respective districts (e.g. to address the problem of ageing population in public rental housing estates); if they have, of the details; if not, whether they will undertake such a review from the perspective of usage?

Reply:

President,

The reply to the question raised by the Hon Chan Hak-kan is as follows:

- (1) The policy objective of the Hong Kong Housing Authority (HA) is to

provide affordable rental housing to low-income families with housing needs. The HA also provides, where appropriate, various ancillary facilities such as retail facilities and actively introduces different trades of goods and services to bring shopping convenience to residents, with a view to catering for and meeting their basic needs in daily life. As at end-December 2024, the overall vacancy rate (Note) of the HA's commercial premises was 3.87 per cent, indicating an improvement compared with the rate of 3.95 per cent in the previous quarter (at September 2024). Compared with the rate of about 7.8 per cent in the private sector in the same period (at December 2024), the leasing status of the HA's commercial premises was relatively better. At present, about 85 per cent of the HA's retail facilities have maintained a vacancy rate lower than four per cent despite the impact brought by the changes in consumption patterns (such as going north for spending and shopping online) of some residents. In many of the HA's shopping centres, including Ching Long Shopping Centre, JoysMark, Ying Tung Shopping Centre and Ping Yan Shopping Centre, most of the commercial premises, if not all, have been leased out. As for the HA's markets, all the shopstalls in many of the markets have been leased out, including Choi Hung Estate Market, Ping Shek Estate Market, Ying Tung Market, Mun Tung Market and Tin Yan Market.

The vacancy rates of shopping centres and markets under the HA in the past three years are set out as follows:

	Vacancy Rate€€(As at January 31 of each year)		
HA's Retail Facilities	2023	2024	2025
Shopping centres	1.2 per cent	2.52 per cent	3.73 per cent
Markets	7.01 per cent	10.71 per cent	13.32 per cent

(2) When planning for public housing projects, the HA follows relevant government policies as well as planning requirements and liaises with relevant departments to reserve space for the provision of suitable welfare, community and recreational as well as sports facilities to serve the residents.

The non-domestic space in public housing estates (PHEs) is limited and the demand of residents for various non-domestic facilities to cater for their daily needs, such as retail shops, community, education and welfare facilities, car parks and ward offices, is keen. Over the past three years, no commercial premises under the HA have been designated for leasing to government departments or handover to departments for allocation on the behalf of the HA. As for leasing of non-domestic premises at a concessionary rent to eligible non-government organisations (NGOs) for the provision of welfare or community services to residents, the HA strives to provide suitable premises in PHEs as welfare premises. We will keep in view the use of non-domestic properties in PHEs and will update information on vacant welfare premises available for direct application by NGOs on a monthly basis. The information will also be uploaded onto the HA/Housing Department's websites, allowing eligible NGOs which are interested in leasing welfare premises to make applications.

(3) and (5) The HA has all along been letting out its commercial premises through invitation of tenders in accordance with business principles, and the rental amount is assessed based on the prevailing market value. It has been the HA's established policy to accord priority to business trades that are able to meet the basic needs of residents, such as pharmacies and Chinese and western medical clinic services catering for the daily needs of the elderly.

Currently, among the nine HA's shopping centres which are not equipped with western medical clinics, apart from Tin Ching Shopping Centre, there is at least one Chinese medical clinic and/or a pharmacy with provision of Chinese medicine consultation services, providing healthcare services to residents at their convenience. As for Tin Ching Shopping Centre, in its vicinity, there is a Jockey Club Tin Shui Wai Community Health Centre in the Tin Ching Amenity and Community Building, which provides healthcare services such as Chinese and western medical consultation and treatment as well as health checks. In the past, the HA had attempted for many times to invite tenders for the vacant premises in the shopping centre for Chinese and western medical clinics or relevant trades, but the tenders were unsuccessful. To better utilise the resources, the premises concerned were eventually leased out for other trades and all of the premises in Tin Ching Shopping Centre are now occupied.

The HA has been collaborating with charitable organisations and NGOs to provide regular and convenient mobile Chinese medical or physiotherapy services in PHEs. Equipped with various medical equipment such as lifting platforms for the disabled, the "mobile Chinese medical vehicles" provide healthcare services including a range of medical services such as acupuncture, to residents in PHEs where Chinese medical or physiotherapy services are not available. From November 2023 to October 2024, the "mobile Chinese medical vehicles" have provided to 33 PHEs a total of more than 1 800 days of Chinese medical or physiotherapy services.

The HA will review the trade mix of its commercial facilities from time to time and will conduct appropriate and timely feasibility studies on the conversion of vacant premises for other suitable trades. The HA will adopt flexible marketing and leasing strategies and respond duly to the ever-changing market trends and customer expectations, with a view to providing more shopping choices and a wide variety of services to the residents and local community. In estates with a higher population ratio of elderly residents, the HA will take the initiative to approach potential tenants/organisations which target at serving the needs of the elderly and invite them to operate trades such as sale of rehabilitation and medical products, pharmacies, clinics and community centres to cater for the daily needs of the elderly. In addition, the HA has set up a hotline to provide leasing information on its commercial premises to facilitate potential tenants to contact the HA directly. To increase the chance of successful letting, QR codes have also been posted at shopping centres and markets, enabling potential tenants to browse the latest tender notices and subscribe to tender information related to commercial premises. Over the past year (from February 2024 to January 2025), the HA has successfully leased out over 200 shops and market shopstalls, with a certain portion of shops catering for

the needs of the elderly for healthy lifestyles. These shop premises were successfully leased out after marketing efforts and formulation of/change for suitable trades in response to market trends. Examples include the Chinese and western medical clinic(s) in Lai Kok Estate, Ching Tao Court, Fuk Loi Estate and Shek Kip Mei Estate, the shop(s) selling rehabilitation and medical products in Tin Ching Estate, as well as the community service centres (with Chinese medicine services) run by NGOs in Shek Mun Shopping Centre and Shui Chuen O Plaza. This demonstrates the positive impact of the abovementioned flexible, effective and comprehensive leasing strategies.

(4) To encourage and support young people in pursuing their entrepreneurial dreams, the HA launched the "Well Being • Start-Up" Programme last year, offering rent-free shop premises in its shopping centres for young people to trial their business plans. If the participants make a profit from the programme, 20 per cent of the net profits will go to the HA to fund and sustain the development of the programme. The programme has been well received since its launch, with about 180 applications received. Currently, 17 selected teams are operating in different shopping centres under the HA. In view of the widespread support from young people and various sectors of the community for the programme, the HA is now actively considering the expansion of the programme. Private shopping arcades and landlords in the commercial sector will be encouraged to provide more chances for young people to start their businesses, make use of the vitality and innovative ideas of young people to provide residents with a more diversified choice of goods and shopping experience, and provide young people with more resources and opportunities to start their businesses and realise business plans with great potential.

Note: Overall vacancy rate is calculated by: vacant lettable indoor floor area/lettable indoor floor area x 100 per cent.

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## **Owner convicted of overcharging subdivided unit tenant for water**

The Water Supplies Department (WSD) announced that an owner of a subdivided flat in San Po Kong, Kowloon, was convicted today (February 26) of overcharging its subdivided unit (SDU) tenant for water, in contravention of regulation 47 of the Waterworks Regulations. The agent pleaded guilty to one count of the offence at the Kowloon City Magistrates' Courts.

This is the 26th similar conviction since the first conviction in June 2022, with associated fines ranging from \$1,000 to \$22,000.

A spokesman for the WSD said that the Waterworks (Amendment) Ordinance 2024 (the amended WWO) has strengthened the power of the Water Authority in

evidence collection and information disclosure during the investigation of suspected cases of overcharging for water. The Water Authority can request the landlords, their agents, etc, to provide the tenancy agreement, receipt or payment record for charges for water. Failure to comply with such a request can be an offence and the offender is liable on conviction to a maximum fine of \$10,000 and a further fine of up to \$1,000 for each day the offence continues. It is anticipated that there will be more prosecution cases. The maximum penalty for overcharging SDU tenants for water has been raised to \$25,000 to deter this illegal act. Moreover, providing false or misleading information to the Water Authority is also an offence with a maximum penalty of a \$25,000 fine and six months' imprisonment.

The WSD spokesman strongly appealed to landlords to apply for the installation of separate water meters for their SDUs, which can greatly reduce the risk of contravening the amended WWO. The WSD encourages the public to report any illegal act of overcharging SDU tenants for water for follow up and investigation by the department. The public can call the WSD Hotline 3468 4963 or WhatsApp 5665 5517 to apply for the installation of separate water meters for SDUs. The WhatsApp hotline also handles matters relating to water overcharging in SDUs. Alternatively, the public can call the WSD Customer Enquiry Hotline 2824 5000 to report water overcharge cases. After calling the hotline and choosing a language, they can press "7" for reporting to staff directly.

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## **CE's statement on 2025-26 Budget**

The Chief Executive, Mr John Lee, today (February 26) issued the following statement on the 2025-26 Budget:

The Financial Secretary today delivered the third Budget of the current-term Government and put forward a series of practical and effective measures on Hong Kong's economic development and public fiscal consolidation. The Budget will reinforce the Government's financial strength, and create new momentum and new advantages for Hong Kong's economic development.

The Budget put forward various measures which are consistent with the directions of the Policy Address, including nurturing new quality productive forces to strengthen the development of innovation and technology and artificial intelligence; speeding up the development of the Northern Metropolis and the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, fully leveraging the strategic position of "three centres and a hub", further nurturing and attracting talent, upgrading industries with advantages, and accelerating the development of Hong Kong's economy.

The Budget proposes pragmatic measures to improve public finances, focusing primarily on strictly controlling government expenditures,

supplemented by suitably increasing revenue, to steadily restore fiscal balance while taking into account the actual social situation and Hong Kong's competitiveness. At the same time, it aims to leverage market forces to promote infrastructure projects through innovative and diversified development models, and government bonds will be issued to finance related projects.

In a complicated and volatile external environment, I am confident that Hong Kong will be able to seize opportunities and continue to give full play to its unique advantages under the "one country, two systems" principle of having the strong support of the country while maintaining unparalleled connectivity with the world, and further strengthening its connection with both the Mainland and the world. We will proactively integrate into and align with the country's national development strategies, foster accelerated economic growth and improve people's livelihood. Like the Financial Secretary, I have full confidence in Hong Kong's development and future. I appeal to all sectors of the community to support this Budget.

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## Budget Speech by the Financial Secretary (12)

### Bond Issuance

250. In the coming years, projects related to the NM will be rolled out progressively. Together with other important infrastructure works projects aimed at improving people's livelihood, the capital works expenditure of the Government will start reaching its peak. In the MRF, 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 future.

251. To ensure that these strategic infrastructure works projects can proceed on schedule and deliver early benefits to the economy and the public, we will leverage market resources more flexibly, including adopting more diverse development models to take forward the relevant projects, such as more public-private partnerships, in-situ land exchanges, pilot areas for large-scale land disposal, etc. We will also raise capital by issuing government bonds, with a view to ensuring that the progress of projects crucial to the future development of Hong Kong will not be impeded by the fiscal position.

252. Issuing government bonds is one of the public financial management tools. Issuing bonds to support infrastructure development is a common practice worldwide. As long as the amount of bonds 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 the society.

253. Hong Kong has the prerequisite and capability to suitably increase bond issuance, thereby effectively utilising market resources. With the increase in capital works expenditure, I 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.

254. We expect the borrowing ceiling of the above two bond programmes to increase from the existing level of \$500 billion to \$700 billion in the MRF period. The ratio of government debt to GDP will stay at 12 to 16.5 per cent, which is a prudent and manageable level, and is much lower than most of the advanced economies.

255. I emphasise 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 we have been strictly adhering to. Apart from leveraging market capital to support infrastructure works projects, the Government issues bonds with the aim of fostering the development of the bond market. On the other hand, economic activities and development of industries driven by infrastructure investments will generate new development opportunities and revenues to Hong Kong. Issuing longer-term bonds to support longer-term projects could also align cash flow with project requirements.

#### Medium Range Forecast

256. The MRF projects, mainly from a macro perspective, the revenue and expenditure as well as financial position of the Government. It has fully reflected the impact of the measures under the reinforced fiscal consolidation programme. For 2025-26, a real economic growth rate of two to three per cent is adopted, and that for 2026-27 to 2029-30 is about 2.9 per cent per annum.

257. During the above period, the average annual capital works expenditure will be about \$120 billion, while recurrent government expenditure will grow at a rate of 3.5 per cent per annum. The ratio of total government expenditure to GDP will gradually fall from about 24.4 per cent for 2025-26 to about 20.9 per cent for 2029-30.

258. Regarding revenue from land premium, the forecast is made at a conservative level. For 2026-27 and onwards, it is assumed to be progressively rising to two per cent of GDP, which is lower than the 20-year average ratio of 3.3 per cent. I also assume that the growth rate of revenue from profits tax and other taxes will correspond to the economic growth rate in the next few years. Overall, the ratio of government revenue to GDP will maintain at about 20 per cent starting from 2025-26.

259. In addition, the MRF reflects the proceeds from the annual issuance of government sustainable bonds and infrastructure bonds worth about \$150 billion to \$195 billion in total.

260. Based on the above assumptions and arrangements, 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, while the deficit in the Capital Account will fall progressively from \$159.8 billion in 2025-26 to \$87.6 billion in 2029-30. After taking account of net proceeds from the issuance of bonds, the Consolidated Account will return to a surplus starting from 2028-29. The above forecast has not taken into account any tax concessions or relief measures that the Government may implement after 2025-26.

261. Fiscal reserves are estimated at \$579.1 billion by the end of March 2030, representing 13.9 per cent of GDP, or equivalent to about eight months of government expenditure.

### Concluding Remarks

262. Mr President, over the past year, the steady progress of our economy, along with a sustained growth momentum, has created favourable conditions for our future development.

263. In the face of pressure on public finances, we have proactively taken a package of measures to strengthen fiscal management. We have every confidence and determination to overcome the challenges.

264. Riding on the wave of technology transformation, we stay bold in taking forward reform and ready to embrace innovation. This will enable us to make the most of the breakthroughs brought about by technology innovation to accelerate the high quality development of Hong Kong and contribute to our country.

265. We have to start with the system, removing the constraints and bottlenecks in the course of our development, while overcoming the challenges arising from imbalanced development and uneven share of the fruits of advancement. This reinforces our belief that we must respond to challenges with transformation, drive development with innovation, and lead the future with technology.

266. I have full confidence in and high expectation for the future of Hong Kong. I am confident because Hong Kong people are intelligent, creative and tireless in contributing to our economic development. More importantly, it is due to the staunch and unwavering support we receive from our country. I also owe my confidence to Hong Kong people's profound insight into the major development trend of the future, as well as the city's enviable and advantageous position.

267. The colour of the cover of this year's Budget is lake blue, which symbolises a blue ocean of limitless potential for future development. It also represents the deep reserves of strength and promising prospects of high-quality economic development, which resemble the deep waters that contain enormous vitality and infinite possibilities.

268. Together, we can shape our future with actions, break boundaries with



innovation, and pitch in to create a more prosperous, caring, diverse and international Hong Kong, unravelling a new chapter exclusively for this city and contributing to the building of China into a great country through Chinese modernisation!

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## Budget Speech by the Financial Secretary (11)

### Reinforcing Fiscal Consolidation Programme

229. To uphold the principles of fiscal prudence, I recommend 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. Our principles are:

(a) to focus on strictly controlling government expenditure, supplemented by increasing revenue. Regardless of increasing revenue or cutting expenditure, the impact to the general public should be minimised. In particular, the Government will lead by example to demonstrate our commitment in cutting expenditure, whilst ensuring the delivery of high-standard public services. The Government will also continue to press ahead with infrastructure works projects in the NM and those related to the economy and people's livelihood;

(b) to maintain the competitiveness of Hong Kong's simple and low tax regime, and to avoid considerable increase in tax rates or introducing new taxes; and

(c) to uphold the "user pays" and the "affordable users pay" principles as far as practicable whilst increasing revenue.

### Strictly Containing the Growth of Government Expenditure

#### Operating Expenditure

230. We will step up efforts to contain government operating expenditure. I have instructed all bureaux and departments to further review their resource allocation and work priorities, and provide public services in a more cost effective manner through consolidating internal resources, streamlining procedures and leveraging technology.

231. On the premise of maintaining efficient public services, we will implement the following measures:

(a) stepping up the Productivity Enhancement Programme. On the premise that CSSA, Social Security Allowance and statutory expenditure will not be affected, the rate of reduction of recurrent government expenditure will be increased from the original one per cent to two per cent in 2025-26. This

arrangement will be extended for two more years to 2027-28. Taking into account the one per cent cut in 2024-25, the cumulative rate of reduction will be seven per cent in total. Using 2023-24 recurrent expenditure 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;

(b) in view of the reduction in expenditure and enhancement in manpower utilisation, the civil service establishment will be reduced by two per cent each in 2026-27 and 2027-28. By 1 April 2027, about 10 000 posts are expected to be deleted within this term of Government; and

(c) the Government will provide funding of \$68.1 billion to the University Grants Committee (UGC)-funded universities in the coming three years. This funding has reflected a two per cent reduction target each year, which is in line with the magnitude of government's recurrent expenditure cut. I must stress that this funding level is still higher than the \$63.2 billion in the last triennium.

232. In last year's Budget, I have requested the relevant bureaux to review the operation of two transport subsidy schemes that incur relatively high expenditure with a rapid growth rate, namely the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (i.e. the \$2 Scheme) and the Public Transport Fare Subsidy Scheme (PTFSS). In order to enable the continued operation of the schemes in a financially sustainable manner, we propose the following adjustments after review:

(a) the \$2 Scheme: On the basis that the targeted beneficiaries remain unchanged, the Government will change the concessionary fare to "\$2 flat rate cum 80 per cent discount", which means that beneficiaries will continue to pay \$2 for trips with fare below or equal to \$10. For trips with fare above \$10, the beneficiaries will have to pay the amount of full fare after 80 per cent discount. Furthermore, the number of concessionary trips will also be limited to 240 per month. This fine-tuned proposal preserves our policy intent while striking a balance between enhancing the sustainability of the scheme and minimising the impacts to the beneficiaries; and

(b) PTFSS: From June 2025 onwards, the threshold of monthly public transport expenses incurred for receiving the subsidy under the Scheme will be raised from \$400 to \$500. The Government will continue to provide a subsidy amounting to one-third of the expenses in excess of \$500, and the prevailing subsidy cap at \$400 per month will remain unchanged.

233. The relevant policy bureaux will announce the details later. Upon implementation of the refined arrangements, the Government is expected to save \$6.2 billion in the coming five years.

234. To assist bureaux and departments in reducing expenditure and ensure the proper use of public money, I have requested:

(a) the Audit Commission to organise workshops for the senior management of Government departments and public bodies. Through sharing experience and case

studies on its value for money audits, the Commission seeks to foster the management's understanding and adoption of principles and best practices in fiscal prudence and optimal use of public money;

(b) the Financial Services and the Treasury Bureau to review and enhance the Government's procurement regime. We expect that the new arrangements will 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; and

(c) the relevant bureaux to review the expenditures on social welfare, healthcare and education. The recurrent expenditure on each of these three areas amounts to more than \$100 billion in this financial year. The Government should, having regard to demographic changes in Hong Kong, optimise resources and review the sustainability of the use of resources.

235. In addition, the Government puts forward that for 2025-26, the executive authorities, the legislature, the judiciary and members of the District Councils take a pay freeze. This includes the Chief Executive and politically appointed officials; the Non-official Members of the Executive Council; members of the civil service; the President, all Members and Secretariat of the LegCo; Chief Justice of the Court of Final Appeal, judges of the courts at all levels and other members of the Judiciary; and members of the District Councils.

#### Capital Works Expenditure

236. Overall construction costs have risen in recent years. The Government will strive to enhance control on cost effectiveness when pressing ahead with infrastructure works projects. I have requested the Project Strategy and Governance Office (PSGO) under Development Bureau (DEVB) to support various departments in enhancing governance of public works projects on all fronts. PSGO scrutinises project cost estimates upon inception of a project, and optimises project design in accordance with the principle of "fitness-for-purpose and no frills". PSGO also formulates cost-effective proposals in co-ordination with the relevant policy bureaux and works departments in order to reduce construction costs. Since its establishment, PSGO has reviewed over 540 public works projects, achieving savings in construction costs by over 15 per cent.

237. Meanwhile, PSGO is co-ordinating the relevant work on reducing construction costs. This includes formulating policies for the procurement of construction materials and products, such as MiC modules and steel reinforcement, through direct procurement by relevant works departments and centralised procurement by a single department. PSGO will also study the use of new materials and innovative construction technologies by drawing reference from the Mainland and overseas practices and experience. All these efforts aim to help departments reduce project costs, enhance cost-effectiveness and ensure timely completion of public works projects.

238. Furthermore, the Government is reviewing the scale and mode of delivery of district cooling systems in new development areas, such as Hung Shui

Kiu/Ha Tsuen and San Tin Technopole, to tie in with the development of the area with greater cost-effectiveness. The preliminary estimate of savings in terms of works expenditure is at least \$40 billion. The Environment and Ecology Bureau will report the review results in the second quarter this year.

#### Consolidating and Optimising the Use of Government Financial Resources

239. 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.

240. 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 six 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 five 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.

241. We have reviewed the utilisation of the Anti-epidemic Fund. Taking into account the expenditure requirements, the Fund has a remaining balance of about \$15 billion, which will be brought back to the Government's accounts next month. This sum has been reflected in the revised estimate for 2024-25.

#### Enhancing Public Service Efficiency

242. The Government has all along endeavoured to deliver more efficient public services to citizens through leveraging technology, streamlining processes and driving the digital transformation of public services.

243. We are striving to realise "single portal for online government services", with a view to providing a one-stop shop for citizens to obtain information, apply for services and settle bills. Since the launch of the "iAM Smart" mobile application, the number of registered users has exceeded 3.2 million. "iAM Smart" connects about 500 services of the Government as well as public and private organisations and provides nearly 600 electronic government forms.

244. The DPO is planning to progressively implement a "Digital Corporate Identity" Platform before the end of next year. This will enable Hong Kong enterprises to undergo corporate identity authentication and digital signature process in a secure and convenient manner when using electronic government services or conducting online business transactions. This measure will facilitate digital transformation of enterprises, and help enhance

government departments' efficiency in processing online applications.

245. The Transport Department will roll out a number of electronic licensing services, including electronic driving licences, progressively from the middle of this year to early next year. The Department will continue to launch various electronic permits and integrated, user-friendly online services. It also plans to introduce a bill into LegCo on electronic driving licence in the first half of this year to provide the option of displaying driving licences through dedicated applications on smartphones.

246. The Housing Bureau has selected 10 public rental housing estates as the pilot sites for smart estate management to adopt more technologies, such as Internet of Things sensors, robots, etc, in daily estate management. It will also launch a centralised estate management platform this year to enhance management efficiency and service quality.

247. DEVB is driving digitalisation of public works in full swing, and applying AI technology for big data analysis to reduce the risk of project delay and cost overrun. DEVB is also driving the wider application of highly-effective construction robots in projects with functions including automated processes, remote control, AI, etc, to support construction personnel in various fields to enhance work efficiency, cost-effectiveness, site safety and works quality.

248. The Civil Service College will enhance the content on technology application in civil service leadership training, equipping departmental leaders to optimise their information technology systems, better utilise big data and AI, and arrange appropriate training for their staff.

### Increasing Revenue

249. For some time in the past, some government fees and charges have not been adjusted in accordance with the established mechanisms. As a result, these fees and charges are not pegged to their costs and fail to reflect the "user pays" principle. I am going to introduce the following measures:

(a) the rate of air passenger departure tax will be increased from \$120 to \$200 per passenger starting from the third quarter of 2025-26. It is anticipated that government revenue will increase by about \$1.6 billion per year. The impact on air passengers is expected to be minimal;

(b) an application fee of \$600 will be charged under various talent and capital investor admission schemes with immediate effect. The visa fees, to be charged based on the duration of limit of stay, will be raised to \$600 or \$1,300. It is estimated that government revenue will increase by about \$620 million per annum;

(c) the Government has cancelled the tolls of some major tunnels and strategic routes three years ago and the tolls of some Government tunnels have not been adjusted for over 30 years. Considering the fact that the Government has invested heavily in building these infrastructure, the Transport and Logistics Bureau will review the tolls of relevant government

tunnels and trunk roads to embody the "user pays" principle. The Government will also review the annual licence fee for electric private cars, parking meter charges, as well as the fixed penalties for traffic offences for better traffic management. Based on preliminary estimation, the relevant adjustments could generate about \$2 billion additional revenue per annum;

(d) we will explore introducing a boundary facilities fee on private cars departing via land boundary control points. Coaches, goods vehicles, etc, will not be affected. Taking a fee of \$200 per private car as an example, the measure will bring in revenue of about \$1 billion per annum; and

(e) in January 2025, we submitted a bill to LegCo on the implementation of the global minimum tax proposal drawn up by the Organisation for Economic Co-operation and Development to address base erosion and profit shifting. We aim to apply the global minimum tax rate of 15 per cent on large multinational enterprise groups with an annual consolidated group revenue of at least EUR750 million and impose the Hong Kong minimum top up tax. Subject to the passage of the bill, the proposal will bring in tax revenue of about \$15 billion for the Government annually starting from 2027-28.