

**Special Meetings of the Finance Committee of the Legislative Council to  
Examine the Estimates of Expenditure 2023-24  
Public Finance**

(12:05 pm - 12:45 pm on 12 April 2023)

**Speaking Note of  
the Secretary for Financial Services and the Treasury (Acting)**

Chairman and Honourable Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. Before the question session begins, I would like to brief Members on the following few main points.

**Estimates of Expenditure**

2. The estimated total expenditure of the Treasury Branch and the departments under its purview for 2023-24 is about \$45.77 billion, a decrease of \$32.958 billion (about 42%) over the original estimate of \$78.728 billion for last year. This is mainly attributed to a decrease in the estimated non-recurrent expenditure under Head 147 of the Treasury Branch by \$33.231 billion. The estimate for last year covered the non-recurrent expenditure on the 2022 Consumption Voucher Scheme (CVS), under which electronic consumption vouchers of \$10,000 were disbursed to eligible persons. In the new round of CVS this year, the Government will disburse electronic consumption vouchers of \$5,000 to eligible persons. This is why the relevant estimated expenditure for this year is lower than that for last year. Discounting the non-recurrent expenditure, the estimated total recurrent expenditure of the Treasury Branch and the departments under its purview this year is \$9.497 billion, an increase of \$236 million (about 3%) over the original estimate for last year.

## **Key Areas of Work**

3. I would like to speak briefly on a few key areas of work in the coming year.

4. Firstly, on public finance, we will continue to adhere to the principles of exercising fiscal prudence, keeping expenditure within the limits of revenue, committing resources as and when justified and needed, strictly containing the growth of government expenditure and exploring ways to increase revenue. Regarding government expenditure, with the decrease in expenditure on anti-epidemic and counter-cyclical measures, the estimated total expenditure of the Government for 2023-24 will decrease by 6% to \$761 billion, with its ratio to nominal Gross Domestic Product dropping to 25%. In addition, the Government's target of zero growth in the civil service establishment will remain unchanged. As for revenue, we will introduce a bill to the Legislative Council (LegCo) for implementing the proposal to impose an annual special football betting duty of \$2.4 billion on the Hong Kong Jockey Club for five years starting from 2023-24. We will also make preparations for the introduction of a progressive rating system for domestic properties in 2024-25, which is expected to bring an additional revenue of about \$760 million annually to the Government. According to the medium range forecast, the Consolidated Account will turn to a surplus in the four years starting from 2024-25, and the fiscal reserves will gradually rise to \$983.7 billion by the end of March 2028, which is equivalent to approximately 14 months of government expenditure.

5. Secondly, on taxation, we have introduced the relevant bills into the LegCo for increasing child allowance starting from the year of assessment 2023/24 and adjusting the value bands of ad valorem stamp duty (rates at Scale 2) payable for the sale and purchase or transfer of properties from 22 February 2023 onwards to ease the burden on ordinary families of purchasing their first residential properties, particularly small and medium residential units. In addition, we are conducting a consultation exercise on the proposal to enhance tax certainty of onshore gains on disposal of equity interests, with a view to introducing the proposed legislative amendments into the LegCo in the second half of this year.

6. Thirdly, on international tax co-operation, we will put in place the framework for international tax reform (i.e. BEPS 2.0) announced by the Organisation for Economic Co-operation and Development in accordance with international consensus. We plan to introduce a global minimum effective tax rate of 15% on large multinational enterprise (MNE) groups with global turnover of at least 750 million euros and implement a domestic minimum top-up tax starting from

2025 onwards to safeguard Hong Kong's taxing rights. We will launch a consultation exercise to allow MNE groups to make early preparation.

7. Fourthly, the Financial Secretary has announced in the Budget that electronic consumption vouchers with a total value of \$5,000 will be disbursed to each eligible permanent resident and new arrival aged 18 or above in two instalments. To facilitate early disbursement of consumption vouchers, we will first make use of the registration information of last year's consumption voucher scheme to disburse the \$3,000 first-instalment voucher on 16 April this year to some 6.4 million eligible persons. The remaining \$2,000 second-instalment voucher will be disbursed on 16 July this year. In line with the arrangement last year, eligible persons who have come to live in Hong Kong through different admission schemes or to study in Hong Kong will receive vouchers in half value, i.e. \$2,500 in total.

8. Chairman, my colleagues and I will be happy to answer any questions from Members.

9. Thank you.

Financial Services and the Treasury Bureau  
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