

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 7 November 2018

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE ABRAHAM SHEK LAI-HIM, G.B.S., J.P.

THE HONOURABLE TOMMY CHEUNG YU-YAN, G.B.S., J.P.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, G.B.S., J.P.

THE HONOURABLE STARRY LEE WAI-KING, S.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

THE HONOURABLE CHAN KIN-POR, G.B.S., J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, S.B.S., J.P.

THE HONOURABLE WONG KWOK-KIN, S.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE FRANKIE YICK CHI-MING, S.B.S., J.P.

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING, B.B.S.

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN HAN-PAN, B.B.S., J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, S.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, B.B.S., J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE DENNIS KWOK WING-HANG

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, B.B.S., J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

DR THE HONOURABLE CHIANG LAI-WAN, S.B.S., J.P.

IR DR THE HONOURABLE LO WAI-KWOK, S.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE JIMMY NG WING-KA, J.P.

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-CHUN

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING, J.P.

THE HONOURABLE LUK CHUNG-HUNG, J.P.

THE HONOURABLE LAU KWOK-FAN, M.H.

THE HONOURABLE KENNETH LAU IP-KEUNG, B.B.S., M.H., J.P.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE JEREMY TAM MAN-HO

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE VINCENT CHENG WING-SHUN, M.H.

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S.

MEMBERS ABSENT:

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

THE HONOURABLE CHAN CHI-CHUEN

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE CHU HOI-DICK

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE AU NOK-HIN

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE WONG KAM-SING, G.B.S., J.P.
SECRETARY FOR THE ENVIRONMENT, AND
CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JAMES HENRY LAU JR., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY, AND
FINANCIAL SECRETARY

THE HONOURABLE NICHOLAS W. YANG, G.B.S., J.P.
SECRETARY FOR INNOVATION AND TECHNOLOGY

THE HONOURABLE LAU KONG-WAH, J.P.
SECRETARY FOR HOME AFFAIRS

DR THE HONOURABLE LAW CHI-KWONG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

THE HONOURABLE FRANK CHAN FAN, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE EDWARD YAU TANG-WAH, G.B.S., J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE KEVIN YEUNG YUN-HUNG, J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE PATRICK NIP TAK-KUEN, J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

DR BERNARD CHAN PAK-LI, J.P.
UNDER SECRETARY FOR COMMERCE AND ECONOMIC
DEVELOPMENT

DR RAYMOND SO WAI-MAN, B.B.S., J.P.
UNDER SECRETARY FOR TRANSPORT AND HOUSING

CLERKS IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, DEPUTY SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MS DORA WAI, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members to the Chamber.

(After the summoning bell had been rung, a number of Members entered the Chamber)

TABLING OF PAPERS

The following papers were laid on the table under Rule 21(2) of the Rules of Procedure:

Subsidiary Legislation/Instrument	<i>L.N. No.</i>
Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) (No. 2) Notice 2018	211/2018

Other Papers

No. 21 — Competition Commission
Annual Report 2017/18

Report No. 3/18-19 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS

Problems in the economic development of Hong Kong

1. **MR PAUL TSE** (in Chinese): *President, recently, several think tanks and economists have coincidentally pointed out that with dark clouds of a trade war between China and the United States ("US") hovering, there are concerns about the way forward for the Hong Kong Special Administrative Region ("SAR") in the context of national development strategies and international politics. In the event that the US authorities take any targeted measures, Hong Kong may lose the tariff exemption arrangement for its exports to US. They are also worried*

that the reclamation works for the construction of artificial islands under the "Lantau Tomorrow Vision" announced in this year's Policy Address may cost hundreds of billions, or even trillions, of dollars (i.e. the bulk of the fiscal reserves), which may undermine the confidence of foreign investors in, and cause depreciation in the value of, the Hong Kong dollar and induce attacks on the Linked Exchange Rate ("LER") System by foreign exchange speculators. In this connection, will the Government inform this Council:

- (1) whether it has studied how Hong Kong should position itself while it is caught in the long-standing political arm-wrestling and trade war between China and US, so as to align itself with the national strategic initiatives on the one hand and strive for the continuation of the various types of preferential treatments on tariffs, visas, etc. that Hong Kong has been enjoying for many years on the other;*
- (2) of the mechanisms put in place, and the officials and policy bureaux tasked, by the SAR Government to study matters relating to the positioning of Hong Kong's development; the corresponding policy bureaux, officials or mechanisms in the SAR Government to conduct appropriate discussion and consultation with the various think tanks and academics regarding the findings of their studies and their recommendations on the positioning of Hong Kong's development in the context of national policies and international politics;*
- (3) given that the detention of a former Hong Kong senior official by the US authorities for an alleged offence of brokering arms transactions, the inclusion of five locally registered companies in the sanctions list by the US authorities for their alleged role in aiding North Korea in evading international embargoes, and the SAR Government's refusal to renew the work visa of a journalist of the Financial Times, have aroused international concerns, whether the Government has assessed how the ongoing development of those incidents will affect Hong Kong's economy, including whether such incidents will trigger the US authorities to take targeted measures by imposing punitive tariffs on SAR's exports, and made a truthful report of the assessment results to the Central Authorities as soon as possible; and*

- (4) *whether it has studied if spending a substantial amount of the fiscal reserves on implementing the Lantau Tomorrow Vision will undermine the confidence of foreign investors in, and cause depreciation in the value of, the Hong Kong dollar and induce attacks on the LER System by foreign exchange speculators, as well as the corresponding countermeasures?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, having consulted the Development Bureau and the Financial Services and the Treasury Bureau, our consolidated reply to the four parts of the question is as follows:

Hong Kong enjoys a unique status and advantages under the Basic Law and "one country, two systems". According to Article 116 of the Basic Law, the Hong Kong Special Administrative Region is a separate customs territory. Article 151 of the Basic Law provides that Hong Kong may participate in international organizations, including participation in the World Trade Organization ("WTO") as a separate member and maintaining economic and trade relationships with the other 163 members of WTO.

We have been promoting Hong Kong's unique advantages to the world and promoting bilateral and multilateral ties through various channels, such as overseas visits of government officials and overseas Economic and Trade Offices ("ETOs"). Since taking office in July last year, the Chief Executive has attended a number of international conferences and paid visits to more than 10 countries. Similarly, the Secretary for Commerce and Economic Development has also actively participated in international conferences and paid visits to a number of countries, including his visit to Washington DC, the United States, in September 2018, during which he met with government officials, members of the Congress, think tanks as well as the business community, and explained clearly Hong Kong's unique status under the Basic Law.

Hong Kong's unique status under the Basic Law is well recognized and respected by the international community. Building on this foundation, Hong Kong's trading partners around the world have been conducting trade, commerce and investment with us. This is evident from the setting up of regional headquarters by international companies in Hong Kong. We provide a level

playing field for all companies. Together with our competitive and the most free and open business environment, Hong Kong has always been commended by the international community.

As for the Hong Kong-United States economic and trade relation, since Hong Kong's return to the Motherland, the United States has continued to maintain and expand economic and trade ties with Hong Kong based on our unique status. The United States side also reiterated earlier that the United States continues to have deep economic and cultural interests in Hong Kong. Counting on the basis of individual economies, the United States is Hong Kong's 2nd largest merchandise trading partner in the world, while Hong Kong is the United States' 9th largest export market. According to the United States statistics, the total merchandise and services trade between the United States and Hong Kong in 2017 reached US\$69 billion. The United States has been enjoying the highest trade surplus with Hong Kong among its global trading partners, valued at US\$34.5 billion in 2017, of which US\$32.5 billion was surplus in merchandise trade. In addition, Hong Kong and the United States maintain close investment relations. In 2016, the United States was the 6th major source of inward direct investment into Hong Kong while the United States was the 8th major destination of outward direct investment from Hong Kong. It is in the United States and Hong Kong's mutual interest to maintain and promote our bilateral relations. The Government will continue to enhance Hong Kong's economic and trade ties with the United States.

Nevertheless, since the beginning of this year, the United States has initiated conflicts in international trade, trade protectionism has risen, and the trade conflict between China and the United States has been escalating. Apart from the direct impact on trade in goods, the impact on Hong Kong as a whole and on the global economy has begun to emerge. The uncertainties of the external environment have increased markedly, and the global economy as well as trade and investment sentiment have also deteriorated. Although the current economic data are still good, the outlook is not optimistic. Many institutions have lowered their forecasts for global economic growth next year and Hong Kong economy cannot stay immune.

The Government has been closely monitoring developments of the China-United States trade conflict and their impact on Hong Kong economy, maintaining close communication and exchanging information with the trade, and responding promptly to their needs. In the short to medium term, the

Government has announced and implemented a number of targeted measures in response to the trade's needs, including strengthening various small and medium enterprise ("SME") funding schemes to assist the trade in market promotion and development of the Mainland and the Association of Southeast Asian Nations ("ASEAN") markets; enhancing the special concessionary measures of the SME Financing Guarantee Scheme operated by the HKMC Insurance Limited to further alleviate the financing burden of local enterprises; strengthening protection of Hong Kong exporters affected by the United States tariff measures through the Hong Kong Export Credit Insurance Corporation; and assisting the trade to develop markets and transfer production base through the Hong Kong Trade Development Council.

In the medium-to-long term, as pointed out by the Chief Executive in her Policy Address, leveraging on our unique strength under "one country, two systems", we will continue to respect economic principles, uphold operation of the market and promote free trade. We will also strive to develop new areas of economic growth. The National 13th Five-Year Plan pledges support for Hong Kong to reinforce and enhance its status as an international financial, transportation and trade centre; develop its innovation and technology industry; and establish itself as a centre for international legal and dispute resolution services in the Asia-Pacific Region. The Belt and Road Initiative of our country as well as the Guangdong-Hong Kong-Macao Greater Bay Area development have brought enormous opportunities for the economic development of Hong Kong. The Government will do its best as a "facilitator" and "promotor", seizing opportunities to capitalize on Hong Kong's strengths to serve the country's needs, and seeking active liaison with the world to explore more business opportunities.

At the international level, the Government will continue to actively forge free trade agreements ("FTAs") and investment agreements with our trading partners. We have already signed FTAs with ASEAN and Georgia respectively and have concluded negotiations with the Maldives. Our bilateral negotiations with Australia are ongoing, and we will explore FTAs with the United Kingdom and the Pacific Alliance and seek accession to the Regional Comprehensive Economic Partnership. We will also expand our network of ETOs, and we expect to set up ETO in Bangkok early next year and ETO in Dubai as soon as possible. We will continue our discussion with the respective governments on setting up ETOs in Moscow, Mumbai and Seoul.

Regarding the Lantau Tomorrow Vision promulgated by the Government, the major consideration is the long-term development need of Hong Kong. The Government does not have an estimate of the relevant project cost at this stage. Since the proposed projects will be implemented in phases, the project cost will be spread over many years. In formulating the implementation strategy for the Lantau Tomorrow Vision, the Government will take into account relevant factors like the fiscal sustainability and conduct detailed financial assessment to ensure that the project expenditure is fiscally affordable by the Government.

As for the Linked Exchange Rate System ("LERS"), it has served as a strong anchor for Hong Kong's monetary and financial stability. It has proved to be highly resilient in a series of regional and global financial crises. We will continue to uphold our firm commitment to ensuring the effective operation of the LERS in maintaining monetary and financial stability of Hong Kong.

Planning for and management of typhoon shelters

2. **MR STEVEN HO** (in Chinese): *President, it has been reported that many vessels were stranded or capsized when super typhoon Mangkhut hit Hong Kong in September this year. Various types of vessel operators have said that the incident highlighted the problem of insufficient berthing spaces at typhoon shelters and their poor management. In this connection, will the Government inform this Council:*

- (1) *whether it knows the occupancy rates of the various typhoon shelters and sheltered anchorages during the onslaught of Mangkhut (with a breakdown by vessel lengths permitted by typhoon shelters);*
- (2) *given that whenever typhoons hit Hong Kong, some typhoon shelters are always full as many work boats and visiting vessels berth at such shelters, rendering it impossible for local vessels to berth at their homeport, how the Government tackles the problem;*
- (3) *given that during the onslaught of Mangkhut, a number of vessels were damaged, were stranded or sank along the coasts of Sai Kung, whether the Government will improve the facilities of the Sai Kung Sheltered Anchorage (such as strengthening the breakwaters) to avoid the recurrence of similar incidents;*

- (4) *given that according to my observations and those of various types of vessel operators, some vessels were not berthed at typhoon shelters in an orderly manner, and some work boats, being pushed by wind and waves, even bumped into other vessels because such boats were loosely moored, (i) how the Government ensures that vessels at typhoon shelters are berthed in an orderly and tidy manner and will not affect other vessels, and (ii) how it will strengthen the relevant publicity work;*
- (5) *given that the number of various classes of vessels has been increasing incessantly in recent years, and that fishing vessels and pleasure vessels berthed in close proximity will easily collide with one another and give rise to compensation claims, whether the Government will study (i) demarcating the berthing spaces in typhoon shelters according to vessel type, (ii) expanding the various typhoon shelters, and (iii) solving the problem of insufficient berthing spaces and inadequate embarking and disembarking facilities for small fishing vessels; if so, of the details; if not, the reasons for that;*
- (6) *given that the Marine Department has, on a trial basis since August last year, designated a specific area within the Kwun Tong Typhoon Shelter for the exclusive mooring of non-pleasure vessels, of the progress and effectiveness of the measure, as well as the next course of action to be taken by the Government; and*
- (7) *although the Government has estimated that the supply of sheltered space across the territory could adequately meet the demand throughout the period from 2014 to 2030, the actual occupancy rates of the typhoon shelters located in relatively remote areas (e.g. Hei Ling Chau Typhoon Shelter) are rather low given the long plying time required, and the problem of insufficient berthing spaces in typhoon shelters remains, whether the Government will consider (i) conducting planning for typhoon shelters having regard to the demand for sheltered space on a district basis, and (ii) providing additional typhoon shelters in those districts where the highest occupancy rates of the existing ones have reached 90% or above; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my responses to the question raised by Mr Steven HO are as follows:

- (1) The occupancy rates of typhoon shelters during the course of the super typhoon Mangkhut in Hong Kong are set out at Annex. The Marine Department ("MD") does not maintain breakdown of occupancy rates by vessel lengths permitted in typhoon shelters.

(2) and (3)

During the course of the super typhoon Mangkhut in Hong Kong, MD disseminated information of typhoon shelters which were already full through radio and television broadcasts in accordance with the usual practice, so as to facilitate vessels to use other typhoon shelters for safe berthing timely. According to MD's records, among the 14 typhoon shelters in Hong Kong, three (namely Rambler Channel, To Kwa Wan and Tuen Mun Typhoon Shelters) had reached their full occupancy when the Typhoon Warning Signal No. 8 was hoisted during super typhoon Mangkhut in Hong Kong. There was still sheltered space available for use in the remaining 11 typhoon shelters, including the Aberdeen West, Cheung Chau and Shau Kei Wan Typhoon Shelters which were more frequently used by fishing vessels, as well as the Yim Tin Tsai Typhoon Shelter in Sai Kung. Having regard to the aforementioned utilization, there is sufficient sheltered space in the Sai Kung district and across the territory in Hong Kong for local vessels to take refuge during typhoons.

The Civil Engineering and Development Department will commission a consultancy study lasting for about 18 to 24 months to conduct a comprehensive review of the low-lying coastal and windy locations as well as relevant storm surge and wave analysis, with a view to assessing the impacts of extreme weather to these areas. Based on the outcomes of the study, the Government will formulate appropriate protection measures including the options of improvement works and management measures to strengthen the resilience to wave impacts at the coastal areas.

- (4) On management of typhoon shelters, all local vessels may enter and remain in any typhoon shelter at any time based on their own operational needs on a first-come-first-served basis, except in special circumstances such as when vessels are carrying dangerous goods or when the length of a vessel has exceeded the length limit of the typhoon shelter concerned. However, a vessel shall not be anchored within the passage area of the typhoon shelter, nor should it obstruct the free access of other vessels to any unoccupied space in the typhoon shelter. During the course of the super typhoon Mangkhut, the MD staff carried out patrols in typhoon shelters to ensure that vessels were berthed in an orderly manner and that the passage areas were unobstructed. The MD staff also gave advice, direction and assistance to vessel operators to ensure that vessels could be anchored at suitable locations in the typhoon shelters and take refuge at safe berthing spaces.

(5) to (7)

MD has taken note of the trade's concern that vessels of different classes (in particular pleasure vessels ("PVs") and non-PVs) berthing in close proximity to each other within typhoon shelters may cause minor collisions leading to compensation claims. To minimize such occurrences, apart from carrying out patrols from time to time to ensure that vessels are berthed in an orderly manner and would not cause obstruction to other users, MD has designated a specific area in the southern part of the Kwun Tong Typhoon Shelter for exclusive mooring of non-PVs on a trial basis. MD has been closely monitoring the daily operation, utilization and effectiveness of the measure. Based on initial observations, a certain number of PVs have accordingly been relocated to the northern part of the typhoon shelter for berthing. There are also berthing spaces available for use in both the northern part (for use of all classes of vessels) and the southern part (for use of non-PVs) of the typhoon shelter. Depending on the outcomes of the trial measure, MD will further consult the trade and consider the feasibility of applying similar arrangements in other typhoon shelters.

The Government is committed to ensuring that sufficient and suitable sheltered space is provided within the Hong Kong waters for local vessels to take refuge during typhoons or inclement weather so as to ensure the safety of these vessels and their crew members. Regarding the demand and supply of sheltered space in Hong Kong, MD's latest regular assessment has shown that the overall supply of sheltered space in Hong Kong waters is sufficient in meeting the estimated demand from local vessels up till 2030. Sheltered space including gazetted typhoon shelters, sheltered anchorages and berthing facilities in marinas are located in different parts of Hong Kong waters to meet the berthing demand from local vessels.

Annex

The occupancy rates of typhoon shelters during the course of super typhoon Mangkhut in Hong Kong

<i>Typhoon Shelters</i>	<i>Rambler Channel</i>	<i>New Yau Ma Tei</i>	<i>Causeway Bay</i>	<i>To Kwa Wan</i>	<i>Kwun Tong</i>	<i>Shau Kei Wan</i>	<i>Sam Ka Tsuen</i>	<i>Aberdeen West</i>	<i>Aberdeen South</i>	<i>Cheung Chau</i>	<i>Hei Ling Chau</i>	<i>Tuen Mun</i>	<i>Yim Tin Tsai</i>	<i>Shuen Wan</i>
<i>Typhoon Warning Signal</i>														
No. 1	85%	95%	40%	94%	62%	90%	90%	75%	72%	70%	40%	98%	6%	35%
No. 8	100%	96%	42%	100%	75%	95%	90%	85%	74%	78%	50%	100%	10%	55%
No. 10	100%	96%	42%	100%	75%	95%	90%	85%	74%	78%	50%	100%	10%	55%

Regulation and promotion of street performances

3. **MR MA FUNG-KWOK** (in Chinese): *President, it has been reported that since the abolition of the pedestrian precinct in Mong Kok in August this year, people who frequently staged street performances in the pedestrian precinct in the past have run into problems on all sides when trying to move to other areas. Some performers moving to Tsim Sha Tsui Pier have clashed with those performers who have all along been based there. Last month, the court granted an interim injunction to the management company of Times Square banning*

street performers from staging performance in the public space of Times Square. On the other hand, the "Open Stage" scheme administered by the Leisure and Cultural Services Department ("LCSD") has remained unpopular due to excessive restrictions on performers. Regarding the regulation and promotion of street performances, will the Government inform this Council:

- (1) of the respective numbers of complaints about street performances in various pedestrian precincts and public spaces received by the Government since the abolition of the Mong Kok pedestrian precinct, and how such numbers compare with the relevant numbers for the same period last year;*
- (2) whether it has assessed the impacts of the street performers of the Mong Kok pedestrian precinct moving to other districts; what measures the Government has taken to step up the management of relevant public spaces, with a view to providing space for street performances while not affecting the daily lives of the residents concerned and ensuring smooth pedestrian flows;*
- (3) whether measures are in place to encourage private organizations to formulate guidelines or mechanisms to facilitate performers to apply for staging performance in the public spaces under their management; if so, of the details; if not, the reasons for that;*
- (4) of the respective numbers of applications for staging performance received, approved and rejected by LCSD under the Open Stage scheme in the past five years, and the number of cases in which the performers whose applications were approved did not show up;*
- (5) whether it will review the Open Stage scheme and make improvements (e.g. incorporating more venues into the scheme and reducing user restrictions), with a view to attracting more performers to join the scheme; if so, of the details; if not, the reasons for that; and*
- (6) whether it is aware of the policies and measures adopted by cities such as Taipei, Tokyo and Singapore pertaining to street arts performances; whether it will, by making reference to the experience*

of such cities and the arrangement made by the West Kowloon Cultural District Authority for street performances within the District, introduce a licensing system for street performances; if so, of the details; if not, the reasons for that?

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (1) The Yau Tsim Mong District Council passed a motion to request the Government to terminate the "pilot scheme of the pedestrian precinct at Sai Yeung Choi Street in Mong Kok" in May 2018. The number of complaints about street performances received by the Government from May to 30 September 2018, and that of the same period in 2017, are tabulated below:⁽¹⁾

	<i>May to September (2018)</i>	<i>May to September (2017)</i>
General street performances [#]	46	25
Leisure and Cultural Services Department ("LCSD") [@]	246	282

Notes:

These numbers are consolidated from figures provided by four major relevant government departments, including Home Affairs Department/District Offices, Environmental Protection Department ("EPD"), Food and Environmental Hygiene Department, and the Lands Department. The Police do not keep record on the number of complaints relating to street performances.

@ The number has included all venues under management of LCSD, such as parks, the piazza outside the Hong Kong Cultural Centre, etc.

(2) and (6)

The Government respects the freedom of expression, including arts performances. At present, the Government and residents are in general taking a tolerant attitude towards street performances that are

- (1) Some residents might have complained to more than one government department. Hence, the figures in the table may involve repeated cases.

not causing complaints over noise, environmental hygiene, street obstruction, or public order. As long as there is no contravention of the law, there is no regulation of the content and artistic level of the performances. Indeed, the matters relating to street performances are subjected to the prevailing laws in Hong Kong such as Summary Offences Ordinance (Cap. 228), Noise Control Ordinance (Cap. 400), and Crimes Ordinance (Cap. 200).

The original intent of designating the Mong Kok pedestrian precinct was to deal with the rising pedestrian flow back then. After the Transport Department abolished the Sai Yeung Choi Street South pedestrian precinct in Mong Kok on 4 August 2018, some have suggested that street performance should be regulated by means of a licensing mechanism. Our study reveals that places outside Hong Kong have different registration/licensing regimes for street performers. Around the world, not every major city manages street performance through a registration/licensing mechanism.

Hong Kong is a small place with a high population, and is one of the most densely-populated cities in the world. There may be far fewer suitable locations for street performance as compared to other places. Even if a registration/licensing mechanism is introduced, the public may hold different views on designating performance space in densely-populated areas or streets (such as pedestrian precincts). In fact, regulation of street performance involves a wide range of complicated issues relating to content of the performance, coverage, standard as well as its implementation. It involves territory-wide considerations as well as the actual situation in districts and legal considerations.

Furthermore, the Government understands the community's request for the provision of additional performance venues in Hong Kong and is striving to explore new venues. At present, LCSD has 16 performance venues of varying sizes and capacities situated at accessible locations all over the territory. In order to continuously upgrade our cultural hardware, the Government has set aside \$20 billion for the improvement and development of cultural

facilities in the coming 10 years. Currently, the cultural and performance facilities under planning and construction by the Government include the construction of the East Kowloon Cultural Centre in Ngau Tau Kok, the implementation of pre-construction activities of the proposed New Territories East Cultural Centre, the planning of the development of Yau Ma Tei Theatre (Phase II), the planning of the expansion of the Hong Kong City Hall, and the renovation of the Hong Kong Cultural Centre, etc. It is expected that the construction of the East Kowloon Cultural Centre will be completed by 2020.

At present, some outdoor venues in Hong Kong are available for public performance. For example, the West Kowloon Cultural District ("WKCD"), located in Yau Tsim Mong District, launched the "Street Performance Scheme" in 2015 to encourage street entertainment within WKCD so that the general public may enjoy art performances in its shared public space. However, this type of arrangement might not be suitable for other places in Hong Kong. Several arts and cultural facilities in WKCD will successively come on stream in the next few years. The first performing arts venue, Xiqu Centre, will come into operation in late 2018. The Art Park has begun to open by phases for public enjoyment since early this year. Located in the centre of the Art Park, Freespace, comprising a black box theatre and an outdoor stage, will open in 2019. The construction works of the Lyric Theatre Complex is also progressing in full speed.

- (3) "Public Open Space in Private Developments" ("POSPDs") are open spaces in private developments under private management where the general public are entitled to access, use and enjoy such spaces. POSPDs can generally accommodate a wide range of passive and active activities to cater for the diverse needs and interests of different users. In 2011, the Development Bureau promulgated the "Public Open Space in Private Developments Design and Management Guidelines" ("the Guidelines"). The Guidelines are advisory in nature, and aim to strike a reasonable balance between the owners' rights under the lease conditions or the terms of the Deed of Dedication and the reasonable use and enjoyment of the public

space by the public, and to provide a set of good practices. According to the Guidelines, owners may choose to permit non-commercial/charitable activities, such as musical performances, entertainment performances, and/or charitable activities, on POSPD on a voluntary basis and subject to the provisions in the contractual documents. The Guidelines also lay out advice regarding the management of such non-commercial and charitable activities. For instance, the owners/management companies should state clearly the procedure of applications and the rules and regulations for conducting such activities in POSPD, and the potential users should submit applications to the owners/management companies of POSPD for approval. If the non-commercial or charitable activities do not comply with the lease conditions or the terms of the Deed of Dedication, the owners should first approach the Lands Department for a waiver under the lease and/or the Buildings Department for the necessary permission under the Deed of Dedication (as the case may be). The owners/management companies also have the right to set site-specific rules and requirements on matters such as the appropriateness of conducting such activity on the site, installation of temporary structures, the use of equipment, duration of the exhibition, and crowd control measures, etc.

(4) and (5)

The "Open Stage" is an outdoor performance scheme at Sha Tin Town Hall of LCSD. Applicants are only required to pass an audition to become eligible for registration of performance session(s). The audition panel includes representatives of the cultural sector, Sha Tin District Council, and Sha Tin Town Hall. Eligible performers need not attend any audition again.

The statistics required are tabulated as follows:

	2013	2014	2015	2016	2017	Total
Applications received	4	11	13	8	26	62
Applicants passing the audition to become eligible performers/groups*	2	8	9	6	7	32

	2013	2014	2015	2016	2017	Total
Applicants failing to pass the audition*	0	2	1	1	11	15
Eligible performers/groups failing to register for performance after qualification [#]	0	1	3	0	1	5

Notes:

* Some applicants did not show up for audition under the "Open Stage".

Some eligible performers/groups did not register for performance after audition due to subsequent change of their members' composition or the content/format of their performance(s).

Performances under the "Open Stage" are publicized at LCSD's website and in the vicinity of Sha Tin Town Hall. LCSD will continue to look for appropriate publicity channels to make known the scheme to more performers. The rules and regulations for use of the venue now applicable to the "Open Stage" scheme are set to the minimum to facilitate the needs of the performers. For example, performers and the content of their performances shall be similar to what have been auditioned, performers may accept but cannot actively solicit any donations in appreciation of their performances. With respect to noise control, performers are only required to observe the requirements set out at the Noise Control Guidelines for Holding Open Air Entertainment Activities issued by EPD. While there is no plan for LCSD to extend the scheme to other venues, it will consider such an opportunity should there be suitable venues in the future.

Apart from the "Open Stage", LCSD has from time to time put up cultural activities such as concerts, Cantonese operas and dance performances at the plaza of its performance venues, bringing arts to the community.

Promotion of green finance

4. **MR CHAN CHUN-YING** (in Chinese): *President, it is learnt that there were 16 cases of local green bond issuance in the first half of this year, raising funds of US\$6.8 billion in total, which was three times the amount for the whole of last year. Some analyses have pointed out that the green industries on the Mainland will have a capital demand of about RMB3 trillion to RMB4 trillion per year during the period covered by the country's 13th Five-Year Plan for the National Economic and Social Development, and the infrastructure projects in the countries along the Belt and Road will have a capital demand of US\$1.5 trillion per year between 2016 and 2030, as estimated by the Organization for Economic Co-operation and Development. Such situations have presented opportunities for Hong Kong to develop green finance. In this connection, will the Government inform this Council:*

- (1) *as there are views that there is a need for the Government to set up a green financial system framework comprising clear green standards, specific development guidelines and comprehensive regulations, and at present some 20 countries and regions across the globe have rolled out a green finance development roadmap, whether the Government has considered developing (i) a green financial system framework, and (ii) a green finance development roadmap; if so, of the details; if not, the reasons for that;*
- (2) *as some analyses have pointed out that private capital participation is crucial to the development of green finance, whether the Government has considered, by making reference to the approach of the United Kingdom ("UK"), financing the establishment of an independent green investment bank to mobilize private capital to invest in green projects; if so, of the details; if not, the reasons for that; and*
- (3) *whether it has considered, by making reference to the experience of countries such as the UK and Germany, boosting the development of green finance through fiscal policies, such as introducing tax concessions, offering profit tax exemption to funds investing in green finance products, as well as granting interest subsidies to green lending products; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, our replies to the three parts of the question are as follows:

(1) and (3)

Green finance is a new but rapidly expanding area of financial activities that seeks to bring a positive impact on the environment through emphasis on social responsibility and sustainable development. Riding on the increasing global demand for green financial products, Hong Kong, as an international financial centre and the global Renminbi business hub, is well-equipped to develop green finance, in particular serving as a premier financing platform for international and Mainland green enterprises/projects in raising funds through issuing bonds and initial public offerings.

The Government is making progress on various fronts to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. The Government would facilitate and provide the necessary infrastructure and catalyst for jump-starting market developments. We will at the same time build up our international profile on green finance with increased international visibility and proactive promotion targeting audience overseas.

On promoting local certification for green finance products, the Hong Kong Quality Assurance Agency ("HKQAA") established a Green Finance Certification Scheme ("GFCS") early this year to provide third-party conformity assessments for issuers on their green financial instruments by making reference to a number of international and national standards. Representatives of the Financial Services and the Treasury Bureau and the Environment Bureau attended meetings of HKQAA's Technical Committee as observers upon their deliberation on the technical details of GFCS. We will continue to support GFCS's implementation and encourage local, Mainland and overseas enterprises to make use of the Scheme and our capital markets for financing their green projects.

Many local, Mainland and international organizations, such as the Asian Development Bank, the World Bank and the European Investment Bank, have made use of Hong Kong to issue green bonds. This attests to the strengths of our competitive capital markets. To attract more green bond issuance and promote market development in Hong Kong, the Government has launched the Green Bond Grant Scheme to subsidize eligible green bond issuers in obtaining certification under GFCS, as well as the Pilot Bond Grant Scheme to provide grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time. We have also enhanced the Qualifying Debt Instrument Scheme to provide tax concession for bond investment in Hong Kong. We hope that the Legislative Council would authorize the Government to implement the Government Green Bond Programme as soon as possible by making the proposed resolution under the Loans Ordinance to facilitate the inaugural government green bond issuance, with a view to setting a good example for the green finance market in Hong Kong and attracting more local, Mainland and international investors and financiers to participate therein. Moreover, we are reviewing the tax arrangements applicable to funds and we plan to introduce a legislation by the end of the year, so that different types of both onshore and offshore funds operated in Hong Kong, subject to certain eligibility requirements, can enjoy profits tax exemption for transactions in qualifying assets including securities, futures and shares of private companies, etc. This tax arrangement would be applicable for funds investing in green finance products which can be classified as such qualifying assets.

We would strengthen efforts to publicize Hong Kong's competitive capital markets, highlight our edge in developing green financial products and raise green finance awareness at regional and international forums including the Asian Financial Forum organized in Hong Kong. The Hong Kong Monetary Authority hosted the International Capital Markets Association's Green and Social Bond Principles Annual General Meeting and Conference and a seminar with the People's Bank of China on Mainland-Hong Kong green finance opportunities this June, which altogether attracted some 1 300 market participants.

Furthermore, the Hong Kong Exchanges and Clearing Limited ("HKEX") became a Partner of the United Nations Sustainable Stock Exchange Initiative this June, committing to further promotion of sustainable and transparent capital markets. The Securities and Futures Commission published its Strategic Framework for Green Finance this September and looks forward to fostering cross-agency and public-private collaboration to develop green finance, on which it has started discussions with HKEX, other financial authorities, key stakeholders along the investment chain and the wider financial community.

- (2) Most of the large-scale green infrastructure projects in Hong Kong, such as sewage treatment, waste management and district cooling systems, etc., are carried out by the Government. Investors who are interested in financing green projects of the Government can participate in our Government Green Bond Programme. In addition, private organizations can make use of our capital markets to issue green financial instruments. Thus, the market effect of and actual demand for a green investment bank in Hong Kong are limited at the moment.

Moreover, the Government has various initiatives in place to support local environmental and recycling industries and attract private capital to invest in different green projects. For instance, the \$1 billion Recycling Fund was launched in October 2015 to provide funding support for the local recycling industry in general or in specific sectors in enhancing their operational standards and productivity. On promoting the development of renewable energy ("RE"), the Government and the two power companies have introduced Feed-in Tariff Scheme under the post-2018 Scheme of Control Agreements to provide economic incentives for individuals and non-government bodies to invest in RE.

Regulation of cannabis

5. **DR HELENA WONG** (in Chinese): *President, last month, the Canadian authorities relaxed control on recreational cannabis. Packaging labels bearing "THC" (i.e. the abbreviation of tetrahydro-cannabinol, the main constituent of*

cannabis) or "Cannabis" indicates that the food products or drinks to which they are affixed contain cannabis, and nationals of that country may purchase such food products or drinks from licensed suppliers. In addition, the World Health Organization has indicated that in recent years, some countries have relaxed the regulation of cannabidiol ("CBD"), a cannabis compound, and regarded products containing CBD as medical products. Regarding the regulation of cannabis under the laws of Hong Kong, will the Government inform this Council:

- (1) whether the import of food products or drinks containing THC falls within the ambit of the Dangerous Drugs Ordinance (Cap. 134); if so, of the details; if not, whether it will amend the relevant legislation to impose regulation in this regard;*
- (2) whether the possession or purchase via the Internet of food products or drinks containing THC is against the law; if so, of the details; and*
- (3) whether the manufacture or import of medical products, food products or drinks containing CBD is against the law; if so, of the details?*

SECRETARY FOR SECURITY (in Chinese): President, in consultation with the Food and Health Bureau and the Department of Health, the reply to the question is as follows:

- (1) and (2)

Tetrahydro-cannabinol ("THC") is a cannabinoid present in cannabis plants and is a dangerous drug controlled under the Dangerous Drugs Ordinance (Cap. 134). Any products (including any food products and drinks) that contain THC are also controlled under the Dangerous Drugs Ordinance.

Under the Dangerous Drugs Ordinance, trafficking in dangerous drugs, or illicitly importing to and exporting from Hong Kong, procuring, supplying, manufacturing, or dealing in or with dangerous drugs, constitutes a criminal offence. The maximum penalty is life imprisonment and a fine of \$5 million. Illicitly possessing, or

smoking, inhaling, ingesting or injecting dangerous drugs is subject to a maximum penalty of imprisonment for seven years and a fine of \$1 million.

- (3) Cannabidiol ("CBD") is another cannabinoid present in cannabis plants but is not a dangerous drug controlled under the Dangerous Drugs Ordinance. For pharmaceutical products containing CBD but not any dangerous drugs, the products must be registered with the Pharmacy and Poisons Board ("the Board") in accordance with the requirements under the Pharmacy and Poisons Ordinance (Cap. 138) before it can be sold or distributed. Manufacturers, importers or distributors of the pharmaceutical products must also obtain relevant licences from the Board. In addition, for importing pharmaceutical products, an import licence must be obtained under the Import and Export Ordinance (Cap. 60). At present, no registered pharmaceutical product contains CBD.

Regarding food products or drinks containing CBD, since it is difficult to extract pure CBD, the food products and drinks concerned may highly likely contain other cannabinoids controlled under the Dangerous Drugs Ordinance (such as THC). The local food trade should avoid importing or manufacturing products concerned lest they would breach the law.

Standard on per-person internal floor area adopted for allocation of public housing units

6. **MR SHIU KA-CHUN** (in Chinese): *President, at present, the Hong Kong Housing Authority ("HA") has set aside a number of public rental housing ("PRH") units for the Urban Renewal Authority ("URA") to re-house eligible domestic tenants who are affected by URA's redevelopment projects. It is learnt that URA generally allocates to such tenants the smallest PRH units which meet the minimum standard on per-person internal floor area, while HA adopts the lower limit of the household size for a unit as the benchmark for allocation of PRH units to PRH applicants. For example, a 3-person household will be allocated a 2-to-3-person unit by URA but a 3-to-4-person unit by HA. In this connection, will the Government inform this Council:*

- (1) of the number of PRH units allocated by HA in each year from 2013 to 2017 (set out the figures for each year in tables of the same format as the table below);

Year: _____

<i>Household size</i>	<i>Types of PRH units</i>							
	<i>1-to-2-person unit</i>		<i>2-to-3-person unit</i>		<i>One-bedroom unit for three to four persons</i>		<i>Two-bedroom unit for four persons or more</i>	
	<i>Newly completed</i>	<i>Refurbished</i>	<i>Newly completed</i>	<i>Refurbished</i>	<i>Newly completed</i>	<i>Refurbished</i>	<i>Newly completed</i>	<i>Refurbished</i>
<i>One person</i>								
<i>Two persons</i>								
<i>Three persons</i>								
<i>Four persons</i>								
<i>Five persons</i>								
<i>Six persons or more</i>								
<i>Total number of units</i>								

- (2) of the number of PRH units allocated by URA in each year from 2013 to 2017 (set out the figures for each year in tables of the same format as the table above); and
- (3) whether it has compiled statistics to ascertain if there is a difference in the per-person internal floor area in respect of the PRH units

allocated by URA and those allocated by HA; if it has compiled such statistics and the result is in the affirmative, of the reasons for that and the measures put in place to ensure fair treatment for the members of the public concerned?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my consolidated reply to various parts of the question raised by Mr SHIU Ka-chun is as follows:

According to the Memorandum of Understanding signed between the Hong Kong Housing Authority ("HA") and the Urban Renewal Authority ("URA"), URA has been requesting HA to reserve Public Rental Housing ("PRH") units for rehousing eligible households affected by its redevelopment projects every year. Subject to availability of PRH resources, HA will reserve some PRH units for rehousing purpose of URA.

HA's current PRH allocation standard is no less than 7 sq m internal floor area per person. HA will allocate PRH units to eligible households in accordance with this allocation standard (as well as the maximum limit on the number of persons for each flat type). This allocation standard applies both to PRH applicants and clearerees affected by URA's redevelopment projects.

At present, there are mainly four types of newly completed PRH units of HA:

<i>Type of Units</i>	<i>Internal Floor Area</i>	<i>Allocation Standard (limit on number of persons)</i>
A	About 14 sq m	1 to 2 persons
B	About 21 sq m	2 to 3 persons
C	About 31 sq m	3 to 4 persons
D	About 35 sq m	4 to 5 persons

As for those PRH units which were recovered and refurbished, HA had in the past set different allocation standards for different types of units completed at different times, with reference to their varied designs and sizes. The Housing Department has not maintained information and data on number of allocated units with breakdowns by family size and flat type.

For the past five years (i.e. from 2013-2014 to 2017-2018), the numbers of PRH allocations in relation to PRH applications and URA's redevelopment projects are set out below:

<i>Year</i>	<i>Rehousing Category</i>	<i>PRH Applications</i>		<i>Total</i>	<i>Redevelopment Projects</i>		<i>Total</i>
		<i>New Units</i>	<i>Refurbished Units</i>		<i>New Units</i>	<i>Refurbished Units</i>	
2013-2014		15 869	7 438	23 307	130	23	153
2014-2015		4 200	9 191	13 391	205	22	227
2015-2016		8 120	6 162	14 282	139	22	161
2016-2017		18 955	7 563	26 518	80	27	107
2017-2018		7 443	8 101	15 544	27	12	39

Planning of the third Core Business District proposed to be built

7. **DR FERNANDO CHEUNG** (in Chinese): *President, in the Policy Address she delivered last month, the Chief Executive put forward the Lantau Tomorrow Vision, proposing the construction of a number of artificial islands with a total area of 1 700 hectares by reclamation in the Central Waters and the development of the third Core Business District of Hong Kong on the artificial islands. It is estimated that 340 000 jobs will be created by such developments. In this connection, will the Government inform this Council:*

- (1) *of the projected total area of commercial sites out of the 1 700 hectares of newly formed land, and how it will assess the demand of various industries for such sites;*
- (2) *of the industries envisaged to be developed on the artificial islands; and*
- (3) *given that the Topical Paper No. 15 on the "Conceptual Spatial Framework" under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" published by the Planning Department in 2016 proposed the provision of about 1 000 hectares of potentially developable area in the East Lantau Metropolis through reclamation and making better use of the land in Mui Wo, and projected that 200 000 jobs could be provided, of the relevant*

data on industry researches; how the authorities came up with the estimate of 340 000 jobs as mentioned in the Lantau Tomorrow Vision, and the reasons for this figure being substantially higher than the projection made in 2016?

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Lantau Tomorrow is a vision spanning two to three decades. There will have a long time from vision to implementation, and there is a need to conduct studies before the relevant details could be firmed up. At present, the population and employment figures estimated under the Lantau Tomorrow Vision are only preliminary targets. The specific development parameters, including the overall detailed planning of the new land, could only be firmed up after completion of further studies and relevant procedures. The first phase will focus on the studies for developing the artificial islands of about 1 000 hectares near Kau Yi Chau. As for the remaining artificial islands of about 700 hectares near Hei Ling Chau and the waters south of Cheung Chau, the studies will collect technical data for future reference in long-term planning, and there is no specific implementation timetable at the moment.

My consolidated response to the various parts of Dr Fernando CHEUNG question is as follows:

Apart from providing land for housing and supporting facilities, the proposed 1 000-hectare artificial islands near Kau Yi Chau in the central waters will also be developed into the third Core Business District ("CBD3"). It could complement CBD in Central to form a metropolitan business core. At the same time, it could create synergy with the "Aerotropolis", strengthening the position of Lantau as a "Double Gateway" to the world and connecting the cities in the Greater Bay Area. Extensive space could also be provided for the development of the conventional and emerging industries, consolidating and enhancing Hong Kong's status as an international business centre while facilitating more balanced development pattern for Hong Kong. With the anticipated overall economic growth of Hong Kong brought about by being the global financial and business hub as well as the continued development of the financial industries as a result of the strong economic policy of the Central Government, it is expected that the demand for office space will increase stably.

CBD3 will not only provide a vast amount of commercial land to cover the continued shortage of Grade A office space in traditional CBDs, but also provide plenty of employment opportunities to help improve the current situation of uneven spatial distribution of homes and employment in Hong Kong. Being CBD3, there should be sufficient commercial floor area and jobs to generate economies of scale and clustering effects. By making reference to the scale of CBD in Central, which covers an area of over 170 hectares with a total commercial floor area of about 4.8 million sq m, we initially consider that the land area of CBD3 should exceed 100 hectares, providing commercial/office floor area of about 4 million sq m.

The estimate of jobs under the Lantau Tomorrow Vision is a rough estimate based on the employment figures in the traditional CBD (i.e. Central District) and the ratio of population to jobs in the existing new towns. We estimate that the jobs on the artificial islands can reach 340 000, including about 200 000 from CBD3, and the remaining from the community facilities and commercial uses that support the population, such as hospitals, schools and local shops. This is consistent with the method adopted in the estimation of jobs for the East Lantau Metropolis under the conceptual spatial framework of "Hong Kong 2030+". The specific development parameters under the Lantau Tomorrow Vision, including the population and employment figures, are still subject to further studies.

Opening up the data of the Government, public organizations and public utilities

8. **MR WU CHI-WAI** (in Chinese): *President, the Chief Executive has mentioned in this year's Policy Address that the Government has firmed up the policy and measures on opening up government data, including the establishment of a mechanism that requires all government departments to publish annually their open data plans for the coming year, and the first of such plans are to be published by the end of this year. There are comments that public organizations and public utilities should also open up their data to promote the development of Hong Kong into a smart city. In this connection, will the Government inform this Council:*

- (1) *of the government department or committee responsible for executing the aforesaid mechanism as well as the vetting and approval of the open data plans submitted by the various departments; the number of government datasets expected to be opened up next year;*
- (2) *whether the first open data plans to be published by the various government departments will contain implementation timetables; if so, of the details;*
- (3) *whether the various government departments will open up more real-time data which are related to people's livelihood (e.g. data on the utilization rates of public swimming pool complexes and study rooms);*
- (4) *whether it will request public organizations such as the Hospital Authority and the Town Planning Board to formulate open data plans; if so, of the details; if not, the reasons for that; and*
- (5) *whether it has formulated strategies and work plans for encouraging public utilities to open up their data, including (i) reviewing the relevant legal framework and (ii) considering the addition of provisions on opening up of data to the franchise agreements to be signed in future; if so, of the details; if not, the reasons for that?*

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Chinese):
President, after consulting the relevant bureaux and departments, our reply to the five parts of the question is as follows:

- (1) In September 2018, the Office of the Government Chief Information Officer ("OGCIO") issued guidelines to all government bureaux and departments ("B/Ds") on the new open data policy and implementation measures. B/Ds are required to progressively open up their data for free use by the public under the "data.gov.hk" portal, and formulate and publish their annual open data plans on their websites every year. Their first annual open data plans should be published by the end of 2018. In addition, relevant B/Ds should explore feasible options to encourage public and private

organizations to open up their data related to public facilities or with high degree of public interest, and include specific measures in this regard in their annual open data plans. OGCIO will play a coordinating role to collect the annual open data plans of B/Ds, and provide a full list under the "data.gov.hk" portal for soliciting views and suggestions from the public.

Since B/Ds are currently preparing the relevant plans, at this stage we are unable to provide the number of additional datasets to be released next year.

- (2) In formulating their annual open data plans, B/Ds will take into account the needs of the public and the industry in assessing the priority and the timetable of opening up different data.
- (3) The data currently opened up or planned to be opened up shortly by B/Ds cover different areas, including health, transport, education, commerce and economy, environment, leisure and culture, housing, land development and information relating to people's livelihood.

Currently, public libraries under the Leisure and Cultural Services Department ("LCSD") do not have a system to collect and disseminate real-time facility utilization data. In developing the new library system, LCSD will actively study measures to open up more real-time data about the utilization of library facilities, for example the usage and booking of computer workstations. As for public swimming pools, some of them display the attendance at the entrances. However, the information technology system is not equipped with a real-time attendance data transmission function, and therefore LCSD is not able to further open up such information.

- (4) At present, open data collected and compiled by some public organizations (e.g. the Insurance Authority, the Hong Kong Examinations and Assessment Authority, the Hong Kong Housing Authority and the Hospital Authority ("HA")) are already available on the "data.gov.hk" portal.

Data from HA will form part of the Food and Health Bureau's annual open data plan. Currently, datasets from HA which have been

uploaded to the "data.gov.hk" portal include inpatient and day inpatient services throughputs, statistics on cancer, information of hospitals and clinics, etc. HA will update the uploaded datasets regularly and will consider making available new types of data, such as waiting time for Accident & Emergency Departments and Specialist Out-patient Clinics.

The Town Planning Board ("TPB") has already published information on planning applications, amendments to statutory plans, etc. via TPB's website for public inspection. TPB is also preparing for releasing relevant information via the "data.gov.hk" portal starting from 2019.

- (5) At present, the "data.gov.hk" portal has made available information related to public utilities, including:
- (a) MTR stations and services as published by MTR Corporation Limited;
 - (b) tramways main routes and tram stops as published by Hong Kong Tramways, Limited;
 - (c) location of electric vehicle charging stations as published by CLP Power Hong Kong Limited; and
 - (d) location of electric vehicle charging stations, estimated power consumption for general office appliances, and defect rectification tips for customers' electrical installations as published by The Hongkong Electric Company, Limited.

The "data.gov.hk" portal has provided information on timetables and fare tables of the franchised ferry services operated by The "Star" Ferry Company, Limited since September this year.

Moreover, the Government proposes in the 2018 Policy Address to fund and develop a data collection system and a mobile application, as well as install global positioning devices on green minibuses ("GMB"), so as to enable passengers to get access to the real-time arrival information of GMB routes through the Transport

Department ("TD")'s website and "HKeMobility" mobile application. The relevant data will also be released in machine-readable format via the "data.gov.hk" portal for free use by the public. It is expected that the system will be launched officially in early 2022.

On franchised buses, all franchised bus companies currently provide passengers with real-time bus arrival information on their regular bus routes through their websites and smartphone applications. They also work with TD in providing the real-time arrival information in TD's "HKeMobility" mobile application and website. The six bus franchises will only expire in 2023 or later. When the bus franchises are about to expire, the Government will continue to deal with the renewal applications in accordance with the relevant legislation and the established procedures, including consideration of adding clauses to the franchise to enhance services. The Government will continue to discuss with the public transport operators, and actively encourage and facilitate the opening up of their data in machine-readable format on the "data.gov.hk" portal, in the light of the Government's open data policy.

Besides, the two power companies are planning to provide more power consumption data, having regard to relevant factors including safeguards for customers' privacy and compliance with relevant legislation.

Financial implications of the reclamation projects under the Lantau Tomorrow Vision

9. **MS CLAUDIA MO** (in Chinese): *President, the Chief Executive ("CE") announced the "Lantau Tomorrow Vision" in this year's Policy Address, proposing, among others, the formation of land with a total area of 1 700 hectares by reclamation in the Central Waters. It has been reported that the reclamation works and related infrastructure works may cost as high as \$1,000 billion and may possibly exhaust the Government's fiscal reserves, thus arousing public concerns. In this connection, will the Government inform this Council:*

- (1) *as the area involved in the aforesaid reclamation projects has exceeded, by almost 700 hectares, the area proposed in an option of 1 000-hectare reclamation in the Central Waters put forward by the Task Force on Land Supply, and CE has indicated that the extra area was proposed by the planning departments, of the Government's justifications (including those justifications provided by the technical departments concerned) for significantly increasing the reclamation area;*
- (2) *whether it has considered changing its approach by adhering to the option of 1 000-hectare reclamation in the Central Waters, and providing the extra 700 hectares of land by undertaking reclamation projects at nearshore locations where infrastructure networks are already in place, with a view to reducing the expenditure on reclamation works; if so, of the details; if not, the reasons for that;*
- (3) *whether the scope of the on-going planning study on the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" covers the reclamation projects under the Lantau Tomorrow Vision and assessment of the related transport infrastructure needs; if so, whether this is tantamount to the Government commencing the planning and works studies of the Lantau Tomorrow Vision before submitting the funding proposal for such studies to this Council;*
- (4) *of the revenue from the sale of the reclaimed land, as anticipated by the Government; how the Government will address the following concern raised by some members of the public: that the purpose of land formation by reclamation is not for meeting the housing needs of the grassroots, but for selling land to private developers for building luxurious properties, so as to perpetuate the high land-price policy and collusion between the Government and the business sector;*
- (5) *as the Financial Secretary has indicated that funds can be raised for the reclamation projects through issuance of bonds, whether the Government has commenced work in this regard; if so, of the details;*

- (6) *of the details of the infrastructure projects financed by issuance of bonds in the past 10 years (including the details of the fundraisings through bond issuance);*
- (7) *given that (a) huge waves as high as 10 metres were pushed up by super typhoon Mangkhut when it hit Hong Kong in September this year, (b) the Kansai Airport on an artificial island was closed for several days due to seawater inundation during the onslaught of super typhoon Jebi in Japan, and (c) a former Director of the Hong Kong Observatory has refuted a project consultant's remark that the waves that the proposed artificial islands would need to withstand would only be two metres high, whether the Government will assess (i) the safety and feasibility of the proposed artificial islands, and (ii) whether there are proposals to ensure the safety of the artificial islands; if such proposals are unavailable or they involve huge expenditure, whether the Government will shelve the reclamation projects; and*
- (8) *as there are comments that the trade war between China and the United States will continue to escalate and the Hong Kong real estate market bubble may burst at any time, and as pointed out by the report of the Working Group on Long-Term Fiscal Planning in 2014, if public services were to be maintained at the existing levels, Hong Kong's economic growth until 2041 would continue to slow down or remain at a low level and a structural fiscal deficit would even emerge, how the Government assesses the financial risks associated with the reclamation projects, and of the circumstances under which it will withdraw the reclamation proposal?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Lantau Tomorrow is a vision spanning two to three decades. It will take a long time from vision to implementation, and there is a need to conduct studies before the relevant details and specific development parameters could be firmed up. The project costs for reclamation and infrastructures are not yet budgeted at this stage. The projects proposed under the Lantau Tomorrow Vision will be taken forward in phases and the project costs will spread over a number of years. Besides, with the completion of some mega projects in coming years, including the Express Rail Link (Hong Kong Section) and the Hong Kong-Zhuhai-Macao

Bridge (Hong Kong Section) which have just commenced operation, the expenditure on these projects will reduce gradually. In formulating the implementation strategy, the Government will carry out detailed financial assessment by taking into account relevant factors like fiscal sustainability to ensure that the project expenditure is fiscally affordable.

My reply to the various parts of Ms Claudia MO's question is as follows:

(1) and (2)

The formation of artificial islands of 1 700 hectares in the central waters is a vision aiming to increase land supply for meeting the social, economic and housing needs of Hong Kong people in the medium and long terms. In the public engagement booklet on the 18 land supply options in April 2018, the Task Force on Land Supply ("Task Force") quoted the Planning Department's estimate that Hong Kong has a shortfall of land of at least 1 200 hectares. This figure, however, has not factored in the land required for improving the average living space per person and catering for the demand arising from the ageing population and buildings. It is expected that the land shortage is much higher than 1 200 hectares. In fact, the preliminary observations provided by Task Force in September 2018 also pointed out that Hong Kong needs more land (even beyond the shortfall of at least 1 200 hectares estimated in "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+")) for building up land reserve, as a precautionary measure to avoid recurrence of the dilemma of land shortage. The new land reserve gained from reclamation can be used for improving the living environment, thinning out the existing densely populated urban areas and facilitating renewal of old districts.

In mid-2018, the government departments deployed internal resources to conduct a preliminary broad technical review on whether the reclamation study area in the central waters could be enlarged. The review made reference to the proposal in "Hong Kong 2030+" for the reclamation in the central waters for the development of the East Lantau Metropolis of about 1 000 hectares. Taking into account factors such as water flow, water depth, marine traffic, marine ecology and conservation of natural shorelines, it is

preliminarily considered that there is potential to enlarge the reclamation study area for the artificial islands in the central waters to about 1 700 hectares.

It should be pointed out that the 1 700-hectare reclamation area is only a preliminary proposal, the details of which are subject to further studies and assessments. In the first phase, we will focus on the studies for developing the artificial islands of about 1 000 hectares near Kau Yi Chau. As for the remaining artificial islands of about 700 hectares near Hei Ling Chau and the waters south of Cheung Chau, the studies will collect technical data for future reference in long-term planning, and there is no specific implementation timetable at the moment. Having said that, the Government will take into account the findings in the final report to be submitted by the Task Force in December 2018 tentatively, and then firm up the details of the upcoming studies. The ultimate extent of reclamation should be subject to the results of the studies.

- (3) Under the conceptual spatial framework proposed by "Hong Kong 2030+" in end 2016, one of the proposals was to develop the East Lantau Metropolis through reclamation of about 1 000 hectares into a strategic growth area with the third Core Business District ("CBD3"). Another strategic growth area in the New Territories North was also proposed. The broad assessments conducted under "Hong Kong 2030+" only explore whether the two strategic growth areas are acceptable from the social, economic and environmental aspects. These broad assessments are significantly different from the detailed studies proposed for the reclamation for artificial islands near Kau Yi Chau in the aspects of study objective, scope and depth, and therefore cannot replace the latter.
- (4) One of the objectives of the Lantau Tomorrow Vision is to provide sizable developable land to meet housing needs, boost the economic development and provide employment opportunities. While the overall land use planning of the artificial islands in the central waters is subject to further studies, the 2018 Policy Address has clearly stated that 70% of the housing units to be built on the artificial islands will be public housing. It is believed this could help ease the housing demand of the grassroots. The studies concerned will

also include financial assessments to assess the fiscal viability of the development plan.

We roughly estimate that the artificial islands of about 1 000 hectares near Kau Yi Chau in the first phase can accommodate about 150 000 to 260 000 housing units for a population of about 400 000 to 700 000. In addition, CBD3 planned on the artificial islands can provide commercial/office space of approximately 4 million sq m so as to expand Hong Kong's economic capacity, enhance the potential of economic growth, and bring ample as well as diverse employment opportunities to Hong Kong people.

- (5) The Government will commence the studies regarding the Lantau Tomorrow Vision soon. On financial aspects, we will make proper arrangements according to the scale of the plan and having regard to different considerations such as how to implement the plan in phases, the expenditures and income involved.
- (6) According to the information of the Financial Services and the Treasury Bureau, the Government did not issue bonds to finance the Government's capital works projects in the past 10 years.
- (7) The Government is much concerned about the impacts of climate change and inclement weather on the infrastructures in Hong Kong. The Civil Engineering and Development Department updated the "Port Works Design Manual" in early 2018, taking into account the Fifth Assessment Report of the Intergovernmental Panel on Climate Change set up under the United Nations. We will keep close attention to the latest reports on climate change to be issued by the United Nations and timely update the design standards of port works as appropriate. Relevant departments will make reference to the latest design standards when designing the seawall and site formation levels of the artificial islands in the central waters in the future engineering studies so as to ensure the artificial islands are resilience against climate change and extreme weather. Subject to the outcome of the studies, the resilience of the artificial islands against climate change and extreme weather can be further enhanced through practical measures including provision of breakwaters and buffer zone along the shore line.

- (8) As always, the Government will closely monitor the changes in the economic environment. The reclamation plan is put forward in view of the long-term development needs of Hong Kong. With regard to future financial arrangements, we will continue to abide by the principle of prudent financial management and use resources derived from the community for the good of the community, invest for the future and alleviate people's burdens. The Government will carry out proper financial risk management when formulating the implementation strategy for the Lantau Tomorrow Vision to ensure that the project expenditure is fiscally affordable by the Government.

Traffic arrangements and infrastructures for North Lantau

10. **MR HOLDEN CHOW** (in Chinese): *President, the Hong Kong-Zhuhai-Macao Bridge ("HZMB") opened to traffic on the 24th of last month. However, the Government estimated last month that due to construction delays, the section of the Southern Connection of the Tuen Mun-Chek Lap Kok Link (a road connecting North Lantau and the HZMB Hong Kong Port) which will connect North Lantau Highway (Tung Chung-bound direction) would not be completed until the first half of next year at the earliest. As such, during the initial stage of commissioning of HZMB, the traffic between Tung Chung and HZMB Hong Kong Port are required to route through North Lantau Highway and the roads on the Airport Island. Some residents on Lantau Island are worried that the commissioning of HZMB may aggravate the traffic congestion on those roads, seriously affecting their daily lives. In this connection, will the Government inform this Council:*

- (1) *whether the Government will implement traffic mitigation measures (such as requesting the MTR Corporation Limited to increase the train frequencies of the Tung Chung Line and the Airport Express) and encourage travellers who come to Hong Kong through HZMB to take the Airport Express to ply the urban areas, so as to ease the traffic load on the section of North Lantau Highway near Tung Chung and the roads on the Airport Island;*
- (2) *as the Government has indicated that if both roads and railway lines are obstructed, it will, where necessary and practicable, consider using the SkyPier for providing emergency ferry services plying*

between Central Pier and Tuen Mun Ferry Pier, how the Government determines if it is "necessary and practicable" to do so; whether it will study the feasibility of opening up the SkyPier on a regular basis; and

- (3) *in order to enhance the public transport system connecting the artificial islands of HZMB and Tung Chung Town Centre, whether the Government will study afresh my suggestions below: constructing a regional elevated monorail system with stops to be built at places such as Tung Chung, the Airport Island and the artificial islands, exploring the extension of the terminus of the Tung Chung Line to the Airport Island, and building an additional HZMB Hong Kong Port Station for the Tung Chung Line?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Hong Kong-Zhuhai-Macao Bridge ("HZMB") was commissioned smoothly on 24 October 2018. With the simultaneous opening of the mainline of the Southern Connection of the Tuen Mun-Chek Lap Kok Link (i.e. the section between the Hong Kong Port and the North Lantau Highway (urban bound)), the pressure on the roads in Tung Chung and the Airport Island has been eased. Since the commissioning of HZMB, the traffic at and in the vicinity of the HZMB Hong Kong Port, the airport and Tung Chung has generally been smooth.

My reply to the various parts of Mr Holden CHOW's question is as follows:

- (1) To ensure smooth traffic at the HZMB Hong Kong Port, the airport and Tung Chung during the initial period upon the commissioning of HZMB, the Transport Department ("TD") has implemented special traffic arrangements on a temporary basis. For example, Hong Kong/Guangdong cross-boundary private cars with regular quota for using other boundary crossings (including Shenzhen Bay, Lok Ma Chau (Huanggang), Sha Tau Kok and Man Kam To) are not allowed to travel to and from the Zhuhai Port via HZMB at this stage. Also, some of the local construction vehicles going to the Hong Kong Port and the airport for major works projects are restricted to use the connecting roads in the vicinity of the airport and Lantau Island during non-peak hours only. TD will continue to closely monitor

the traffic at HZMB and its neighbouring areas, and adjust the temporary traffic arrangements in a timely manner having regard to the capacity of the Hong Kong Port and the connecting roads, thereby optimizing the benefits of HZMB. In addition, TD will make continuous publicity efforts to encourage visitors to use public transport to go to the Hong Kong Port.

As regards public transport, the MTR Corporation Limited ("MTRCL") has been paying close attention to the services and passenger demand of Tung Chung Line, and will make appropriate adjustments where necessary with particular attention to the morning peak hours on weekdays. At present, the Tung Chung Line train services are operating at a headway of about four minutes (Hong Kong to Tsing Yi) and six to eight minutes (Hong Kong to Tung Chung) on average during the morning peak hours. As advised by MTRCL, the train services are operating smoothly and can meet passenger needs. At Tung Chung Station, the terminus of Tung Chung Line, passengers are usually able to board the first arriving train. As there is usually a large number of passengers at both Tsing Yi Station and Nam Cheong Station heading to Hong Kong Station, MTRCL deployed two additional special departures from Tsing Yi Station directly to Hong Kong Station early this year to alleviate the crowdedness of Tung Chung Line trains. To enhance the convenience of passengers in using train services when boarding at Tung Chung Station, MTRCL installed a new passenger information display system at the concourse of the station in January 2018 to show passengers the arrival times of the next four trains. Passengers may also obtain the same information through MTRCL's mobile phone application "Next Train".

The Airport Express is mainly targeted for business and travellers. Since 2012, the headway of the line has been shortened from 12 minutes to 10 minutes. In 2017, the loading for busy sections during the busiest one hour of morning peaks was 46%, able to meet the needs of passengers.

- (2) When North Lantau Highway or Lantau Link and railway lines are obstructed, TD will mobilize ferries to provide transport services. The Emergency Transport Co-ordination Centre ("ETCC") under TD

will liaise with public transport service operators and the Airport Authority Hong Kong ("AA") for coordination. Subject to actual circumstances, ETCC will request ferry operators to endeavour to enhance ferry services (including the "Tuen Mun-Tung Chung", "Central-Discovery Bay" and "Central-Mui Wo" routes). The frequencies of feeder bus services serving the piers of the above routes will also be increased to facilitate travel to and from the airport, Lantau Island and urban areas for those switching to existing ferry services and feeder bus services.

Additionally, TD has signed an emergency ferry services agreement with the Hong Kong & Kowloon Motor Boats & Tug Boats Association Ltd ("MBTA"). In case of a serious incident on North Lantau Highway or Tsing Ma Bridge, or full closure of either of the two causing prolonged obstruction to road traffic, MBTA will provide emergency ferry services between Tung Chung Development Pier and Tsuen Wan West Pier/Disneyland Resort Pier. The Government, together with MTRCL and AA, will take into account the gravity, timing and duration of the incident; as well as the feasibility and mobilization of resources by operators, in considering to use the SkyPier for providing emergency ferry services plying to and from Central Pier and Tuen Mun Ferry Terminal to ease the flow of passengers travelling to/from the airport. However, since the external transport link of Lantau Island and the airport has mainly been provided by two land-based mass transit carriers, namely the railway and franchised buses, the role of waterborne transport as an alternative in case of full closure of land links is rather limited given the constraints of capacity and speed of ferries. Notwithstanding that, the Government will continue to cooperate closely with all relevant emergency units with a view to minimizing the inconvenience caused to passengers and other members of the public.

Located at the Restricted Area of the airport, the SkyPier provides convenient and speedy ferry services for air-to-sea/sea-to-air transit passengers travelling between Hong Kong and the Pearl River Delta ("PRD"). AA shall operate the SkyPier in accordance with the Deed of Security signed with the Government and meet the security requirements for transit passengers and baggage. Currently, the

SkyPier is not open for use by non-transit passengers. As the SkyPier's capacity is limited, and there are already a number of existing public transport services plying between the airport and various districts across the territory, AA will not provide local ferry service to and from the airport. Moreover, the financial viability of such ferry service is also in doubt. Any operators interested in providing local ferry services at other location in Lantau can make such an application to TD.

- (3) According to the information from the Development Bureau, the Civil Engineering and Development Department ("CEDD") is conducting the "Study on Traffic, Transport and Capacity to Receive Visitors for Lantau" to examine the need and feasible options of transport connections between North Lantau and the Airport Island from the overall planning perspective for Lantau. Moreover, CEDD and the Planning Department are jointly carrying out the "Planning, Engineering and Architectural Study for Topside Development at Hong Kong Boundary Crossing Facilities Island of Hong Kong-Zhuhai-Macao Bridge", which includes the feasibility study on transport options (including Environmentally Friendly Linkage System) between Hong Kong Boundary Crossing Facilities Island, North Lantau and the Airport Island.

In view that the Government has invited AA to submit a proposal for the topside development at the Hong Kong Boundary Crossing Facilities Island, the Government will comprehensively review the needs of transport connection and facilities amongst North Lantau, the Airport Island and the Hong Kong Boundary Crossing Facilities Island after AA submits the development proposal.

Follow-up actions in respect of the incident of collision of vessels near the waters of Lamma Island

11. **MR JAMES TO** (in Chinese): *President, on 1 October 2012, two vessels, namely Sea Smooth and Lamma IV, collided near the waters of Lamma Island, killing 39 and injuring 92 people. After conducting an inquiry into the incident, the Commission of Inquiry ("COI") appointed by the Government in the same month under the Commissions of Inquiry Ordinance (Cap. 86) issued its report*

("COI Report"), revealing that there had been negligence and faults on the part of Marine Department officers who had failed to act in accordance with the law in the vetting and approval of vessel drawings as well as surveying vessels, etc. The Transport and Housing Bureau set up an internal investigation team and the Steering Committee on Systemic Reform of the Marine Department in 2013 to undertake an internal investigation and a systemic reform of the Marine Department respectively. In this connection, will the Government inform this Council:

- (1) whether it knows the extent of the damage to Sea Smooth (together with photos showing the damage to the hull);*
- (2) given that the photo in Appendix 9 to the COI Report shows that there were two keelson holes on the lowest deck of Lamma IV after the collision, whether the Government knows the causes of the holes; if they were caused by the crash with Sea Smooth, (i) which part of Sea Smooth was involved in the crash that caused the holes, (ii) how the crash caused the keelson holes on Lamma IV, and (iii) of the respective hull materials used in the parts of the two vessels that crashed;*
- (3) whether it knows if there were any construction irregularities in respect of Lamma IV; if there were, of the construction irregularities, and whether it has conducted an investigation after the collision incident to see if there are construction irregularities in respect of other passenger vessels; if it has and the result is in the affirmative, of the Government's follow-up actions;*
- (4) whether Lamma IV was required under regulations to be installed with a watertight door; if so, when the Government learnt that Lamma IV had not been installed with a watertight door and what follow-up actions it took, and whether any punishment has been imposed on the officials responsible for the vetting and approval of the relevant drawings and surveying the vessel;*
- (5) whether it knows the survey records of Sea Smooth from its launch to the collision incident, and whether there were construction irregularities (including the part that hit Lamma IV); if there were,*

of the construction irregularities, and whether similar construction irregularities have been found in other twin-hulled catamarans owned by the Hong Kong and Kowloon Ferry Holdings Limited; if so, of the follow-up actions by the Government;

- (6) *as the then Secretary for Transport and Housing pointed out that the problems revealed by the COI Report (including the operation of the Marine Department) were more serious than he had imagined, regarding the recommendations of the internal investigation team to institute disciplinary actions against some Marine Department officers and to refer those questions suspected to involve criminal conducts to the Police, of the details (including the number and ranks of the officers involved, the disciplinary/criminal offences involved, and the dates of referrals of the criminal conducts to the Police) as well as the follow-up actions taken by the Government and the progress made (including the dates when the disciplinary actions formally took effect, the date on which the Police concluded its investigation and the anticipated date of commencing the death inquest); and*
- (7) *given that the Steering Committee on Systemic Reform of the Marine Department put forward a number of recommendations for reform in its Final Report published in April 2016, including reviewing the coxswain licensing system, rewriting the codes of practice for local vessels, setting up a more elaborate internal audit and compliance mechanism, and conducting a grade structure review for the two professional grades of Marine Officer and Surveyor of Ships, of the progress in such work?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my responses to the question raised by Mr James TO are as follows:

- (1) The Marine Department ("MD") inspected the extent of damage of Sea Smooth after the collision incident near Lamma Island on 1 October 2012 ("the Incident"). Photos showing the extent of damage of Sea Smooth are enclosed at Annex.

- (2) On 22 October 2012, the Government appointed the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 ("CoI") pursuant to the Commissions of Inquiry Ordinance (Cap. 86) to inquire into the facts and circumstances leading to and surrounding the Incident, including ascertaining the causes of the Incident and making appropriate findings thereof; considering and evaluating the general conditions of maritime safety concerning passenger vessels in Hong Kong and the adequacy of the system of control at the time; and making recommendations on measures required for prevention of the recurrence of similar incidents in future. The Government released the full Report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 ("the Report") on 30 September 2015.

As mentioned in the Report, Sea Smooth was constructed in glass reinforced plastic, while Lamma IV was constructed in aluminium and glass reinforced plastic. The Report also mentioned that CoI, pursuant to the power granted to it, appointed expert witnesses to prepare written reports and received their oral testimony in respect of such reports. In paragraphs 200 to 201 of the Report, CoI quoted from the expert witnesses and explained with technical details how Sea Smooth and Lamma IV had collided. The Report as well as the reports and statements of the expert witnesses have been uploaded to the website of CoI at <http://www.gov.hk/en/theme/coi-lamma/pdf/COI_Report.pdf> for public reference.

- (3) and (4)

CoI explained the details of the construction of Lamma IV and the approval of its Certificate of Survey including matters related to the watertight doors in paragraphs 204 to 315 of the Report. The relevant paragraphs covered thorough technical details, including MD's regulatory guidance, the findings and opinions of the relevant expert witness, the evidence considered by CoI, the approval of the relevant drawings, the inspection of the hull of Lamma IV, and the approval of the stability calculations of that vessel.

In the Report, CoI also identified problems with MD at that time in regulating local passenger vessels, including loopholes and

inadequacies in aspects such as plan approval, ship inspection, law enforcement and regulation. In addition, CoI called for a systemic change in MD, where CoI raised a series of specific recommendations, such as requiring certain classes of vessels to install navigation and communications equipment (including automatic identification system, collision avoidance radar and Very High Frequency radiotelephone), requiring that sufficient child lifejackets should be carried for every child on board all classes of vessels and that consideration be given to the provision of infant lifejackets on the vessels, as well as requiring watertight doors be fitted with alarms, etc. The Report has been uploaded to the website of CoI for public reference. The progress of MD's follow-up work with regard to the recommendations of CoI is set out at part (7) of our reply below.

- (5) During the period from 2002 when Sea Smooth was first launched to the date of the Incident, MD inspected Sea Smooth every year. In the annual inspections conducted during that period, MD did not find any item contravening the applicable safety requirements with respect to the vessel construction and maintenance under the Merchant Shipping (Local Vessels) (Safety and Survey) Regulation (Cap. 548G).

While following up on the Incident, the Government came across matters of partial non-compliance with the statutory requirements in respect of some Class I vessels. For example, the Certificates of Survey of some Class I vessels at the time showed non-compliance with the requirements under Cap. 548G as they did not clearly indicate the provisions of lifejackets, buoyant lifelines and self-igniting lights on board the vessels. According to records of MD, the relevant matters have been rectified.

- (6) In early 2014, the Internal Investigation Team of the Transport and Housing Bureau completed the investigation work on the possible maladministration and negligence of duty on the part of the MD officers in carrying out their duties in relation to Lamma IV. Based on the prima facie evidence, suspected misconduct in 17 MD officers (including retired officers) was found in their discharging of duties in respect of the Lamma IV in the past. After completion of the

internal investigation, the Transport and Housing Bureau has passed the full version of the investigation report to the Civil Service Bureau and to the Police for follow-ups in respect of disciplinary action and criminal investigation respectively. Upon receipt of the report from the Transport and Housing Bureau, the Civil Service Bureau has actively followed up on each of the cases in accordance with legal advice from the Department of Justice and the disciplinary procedures, including imposing disciplinary punishments. According to the established mechanism, we will not comment on individual cases. As for the criminal investigation, the Department of Justice has maintained contact with the Police regarding the investigation work and provided legal advice to the Police when necessary. As the relevant procedures are still ongoing, it is not appropriate for us to comment on this at this stage.

- (7) To follow up on CoI's views and recommendations, the then Secretary for Transport and Housing set up the Steering Committee on Systemic Reform of the Marine Department ("the Steering Committee") in May 2013 to advise and steer the Director of Marine to undertake a comprehensive systemic review and reform of MD with a focus on three areas of work, namely the regulation of passenger safety and local vessels, MD's business processes and operational procedures, and MD's manpower strategy and training matters. The Steering Committee issued its final report in April 2016, concluding its work and setting out the next steps and general directions of MD's reform. MD has been proactively following up on the various recommendations of CoI and the Steering Committee.

Regarding marine safety enhancement measures, MD has implemented in phases various measures and many of which are in response to CoI's relevant recommendations. The five improvement measures in the first-phase were fully implemented in 2014. These included enhancing look-out by crew, requiring the provision of a muster list, reviewing the minimum safe manning scale, improving the signage and directives relating to lifejackets, and requiring fitting watertight-door alarms in wheelhouse. As for the second-phase improvement measures, the legislative amendments to increase the third party risks insurance coverage took effect in September 2016, and the legislative amendments to require

the installation of the relevant navigation and communications equipment on local vessels were passed in February 2017. Moreover, MD has also commenced trade consultations to prepare for legislative amendments to enhance the lifejacket provision on local vessels. We plan to consult the Legislative Council Panel on Economic Development on the relevant legislative proposal in the end of 2018. Furthermore, MD will continue to take forward the third-phase improvement measures on enhancement of trainings for coxswains; and some of these measures (such as setting the standard for the attachment of seats to the deck) have already been implemented.

On the recommendation to introduce a periodic revalidation requirement in the certification of coxswains, MD is of the view that, while there are merits in the recommendation, it may involve a fundamental change to the coxswain certification system. As the trade has been facing acute labour shortage and that the recommendation may put a strain on already stretched workforce, MD will consider the recommendation carefully in consultation with the trade. Furthermore, regarding the recommendation to revamp the codes of practice of local vessels, MD has, after having consulted the Local Vessels Advisory Committee in March 2017, revised the contents in the codes of practice to make the requirements therein class-specific. MD will continue to make technical amendments to the relevant codes of practice with regard to the actual operational needs as appropriate.

With respect to the business processes and operational procedures, MD had completed an organizational review in two phases and had implemented the recommendations of the review, such as enhancing communication between frontline staff and management, developing systems and procedures to improve reporting and documentation, and using information technology to improve the storage and sharing of information, etc. After completing the two-phase organizational review, MD had progressively applied the reform measures to other divisions, notably the Government Fleet Division which takes up over 40% of both the manpower and resources of the whole department, in order to address inadequacies in their business processes and operational procedures. MD will continue with the

comprehensive internal audit and compliance mechanism in the other divisions to ensure that the good practices introduced would be sustained and fully complied with.

As for the work relating to the Grade Structure Review for the Marine Officer and Surveyor of Ships grades, the Legislative Council Finance Committee approved the creation of assistant ranks for the two grades and other pay related recommendations on 15 June 2018. The relevant recommendations took effect on 1 August 2018. MD launched recruitment exercises for Assistant Marine Officer/Assistant Surveyor of Ships and Marine Officer/Surveyor of Ships in August and September 2018 respectively. It is expected that the new appointees would report for duty starting from the first quarter of 2019.

Annex



Figure 1: Photo showing the extent of damage to the part of Sea Smooth involved in the collision



Figure 2: Photo showing the extent of damage to the part of Sea Smooth involved in the collision



Figure 3: Photo showing the extent of damage to the part of Sea Smooth involved in the collision



Figure 4: Photo showing the extent of damage to the part of Sea Smooth involved in the collision



Figure 5: Photo showing the extent of damage to the part of Sea Smooth involved in the collision

Measures to cope with the surge in demand for public hospital services

12. **PROF JOSEPH LEE** (in Chinese): *President, the Chief Executive announced on 30 January this year an additional allocation of \$500 million to the Hospital Authority ("HA") for meeting the service demand during the winter surge and relieving the work pressure faced by frontline healthcare staff. The authorities indicated in March this year that the allocation would be deployed for implementing various measures targeted at specific situations ("targeted measures"), including the increase of healthcare manpower to meet the service demand during that period of time. In this connection, will the Government inform this Council if it knows:*

- (1) *how the allocation has been used so far; in respect of each targeted measure, (i) the amount of expenditure incurred so far and (ii) the additional manpower provided in terms of numbers of man-days and man-hours (broken down by grade), with a breakdown by (a) hospital cluster, (b) public hospital, and (c) department;*
- (2) *the average values of the following service figures of each public hospital from January to April this year: (i) the waiting time for patients of the various triage categories in the accident and emergency departments, (ii) the waiting time for such patients to be admitted to the wards, (iii) the inpatient bed occupancy rates of various departments, (iv) the respective numbers of temporary beds used by various departments and their percentages in the total numbers of beds, and (v) the nurse-to-patient ratios;*
- (3) *whether HA has assessed the effectiveness of the various targeted measures; if HA has assessed, of the outcome; whether HA has consulted the healthcare professionals on the effectiveness of the various targeted measures; if HA has, of the outcome; if not, the reasons for that; and*
- (4) *whether HA will, whenever there is an upsurge in the demand for hospital services (e.g. during influenza surges), (i) increase the amount of special honorarium, (ii) extend the scope of the Special Honorarium Scheme, (iii) lower the threshold for providing allowances under the Continuous Night Shift Scheme, and*

(iv) recruit part-time nurses in advance, so as to ensure that there is sufficient manpower to cope with such situations; if HA will, of the details; if not, the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to the various parts of the question raised by Prof Joseph LEE is as follows:

- (1) To meet the service demand during the winter surge in 2017-2018, the Hospital Authority ("HA") put in place a response plan which included the following measures:
 - (i) opening of time-limited beds;
 - (ii) enhancing virology services to facilitate and expedite patient management decision;
 - (iii) enhancing ward rounds of senior clinicians and related supporting services in the evenings, at weekends and on public holidays so as to facilitate early discharge of patients;
 - (iv) enhancing discharge support (e.g. non-emergency ambulance transfer service, pharmacy, portering services);
 - (v) increasing the service quotas of general outpatient clinics; and
 - (vi) enhancing geriatrics support to Accident and Emergency ("A&E") departments.

In response to the upsurge in service demand, the Government announced in January 2018 an additional one-off allocation of \$500 million for HA to implement various additional measures to alleviate the manpower shortage. The measures are as follows:

- (i) extending the use of the Special Honorarium Scheme ("SHS") to provide extra manpower of clerical and supporting staff to support health care staff so that the latter could focus more on clinical work;

- (ii) further relaxing and streamlining the approval for the SHS arrangement to a minimum operation need of one hour to cover all grades of staff to meet increasing needs for greater flexibility in the use of SHS under exceptional circumstances;
- (iii) providing SHS jobs at Advanced Practice Nurse level to work on night-shift duties at both acute general, convalescent and rehabilitation wards/services to enhance senior coverage and supervision to ward staff;
- (iv) relaxing the criteria for the implementation of the Continuous Night Shift Scheme ("CNSS") by suspending the required night shift frequency for triggering CNSS with a view to increasing flexibility in manpower deployment; and
- (v) increasing the rate of SHS allowance by 10% under a special one-off arrangement to encourage more staff to work during the surge period with significant anticipated increase in workload.

The expenditure incurred in meeting the service demand during the winter surge in 2017-2018, including that for implementing the measures (items (i) to (vi)) under the response plan and the additional measures (items (i) to (v)) above, in each HA cluster is set out at Annex 1. The number of man-hours of HA staff participating in SHS and that of part-time staff for the same period are set out at Annex 2 with breakdowns by grade. HA does not keep statistics on the number of man-days of additional manpower.

(2) to (4)

The average waiting time for patients of the various triage categories in the A&E departments of HA and that for inpatient admission via A&E departments at hospitals providing A&E services between 1 January and 30 April 2018 are set out at Annexes 3 and 4 respectively. During the same period, HA provided an average of about 1 500 additional time-limited and ad hoc beds per day to meet the service demand. HA flexibly deploys hospital beds and provides ad hoc beds according to operational and clinical service

needs, and thus individual wards may receive patients from different specialties. Moreover, beds are provided for more than one specialty in mixed specialty wards. Hence, HA is unable to provide a breakdown of the number of additional beds by department. The numbers of nurses and hospital beds (as at 31 March 2018), the inpatient bed occupancy rates, the numbers of inpatient and day inpatient discharges and deaths, as well as the number of patient days, in the major specialties in each cluster between 1 January and 30 April 2018 are set out at Annex 5.

HA has been listening to and collecting, through different staff group consultative committees (including doctors, nurses and allied health professionals) and nurse forums held in clusters, staff's views on the effectiveness of various measures implemented during the surge period. In general, they considered that the measures implemented during the winter surge in 2017-2018 were effective in supporting their work.

After considering staff's feedback and reviewing the manpower of the nursing and supporting grades, HA has regularized the following three additional measures to meet the increasing service demand:

- (i) extending the use of SHS in wards to provide extra manpower of clerical and supporting staff to support health care staff so that the latter could focus more on clinical work;
- (ii) providing SHS jobs at Advanced Practice Nurse level for work on night-shift duties at acute general, convalescent and rehabilitation wards/services to enhance senior coverage and supervision to ward staff; and
- (iii) relaxing the criteria for the implementation of CNSS by suspending the required night shift frequency for triggering CNSS with a view to increasing flexibility in manpower deployment.

To cope with the surge in service demand in 2018-2019, HA will continue to implement a series of measures to retain talent, including recruiting non-local doctors through limited registration, implementing the Special Retired and Rehire Scheme, increasing

training and promotion opportunities, employing additional ward clerks and assistants to share out the clerical work and assist nurses in taking care of patients, and improving the work environment.

Annex 1

Expenditure by cluster for the winter surge in 2017-2018 (\$ million)

	<i>Hong Kong East</i>	<i>Hong Kong West</i>	<i>Kowloon Central</i>	<i>Kowloon East</i>	<i>Kowloon West</i>	<i>New Territories East</i>	<i>New Territories West</i>	<i>Total</i>
<i>Personal Emoluments</i>								
Doctor	3	4	13	10	12	8	14	64
Nurse	25	15	48	32	24	49	51	244
Allied health professional	1	2	4	5	3	5	1	21
Supporting staff	8	6	15	11	9	12	14	75
Sub-total	37	27	80	58	48	74	80	404
<i>Other charges</i>								
Other charges	12	13	53	32	65	29	41	245
Sub-total	12	13	53	32	65	29	41	245
Total	49	40	133	90	113	103	121	649

Note:

- (1) Other charges include around \$60 million for employing agency staff.

Annex 2

Number of man-hours of HA staff participating in SHS and number of man-hours of part-time staff during the winter surge in 2017-2018

<i>Grade</i>	<i>Number of man-hours of staff participating in SHS</i>	<i>Number of man-hours of part-time staff</i>
Doctor	60 765	9 156
Nurse	398 893	333 230

<i>Grade</i>	<i>Number of man-hours of staff participating in SHS</i>	<i>Number of man-hours of part-time staff</i>
Allied health professional	50 547	3 497
Supporting staff	456 962	74 491
Total	967 166	420 375

Note:

(1) Individual figures may not add up to the total due to rounding.

Annex 3

Average waiting time for A&E services of HA hospitals by triage category between 1 January and 30 April 2018 (in minutes)

<i>Cluster</i>	<i>Hospital</i>	<i>Triage 1 (critical)</i>	<i>Triage 2 (emergency)</i>	<i>Triage 3 (urgent)</i>	<i>Triage 4 (semi-urgent)</i>	<i>Triage 5 (non-urgent)</i>
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	0	5	16	107	130
	Ruttonjee Hospital	0	8	18	78	131
	St. John Hospital	0	7	13	26	37
Hong Kong West	Queen Mary Hospital	0	9	26	90	152
Kowloon Central	Kwong Wah Hospital	0	7	33	115	114
	Queen Elizabeth Hospital	0	8	34	160	189
Kowloon East	Tseung Kwan O Hospital	0	8	24	132	149
	United Christian Hospital	0	9	29	177	235
Kowloon West	Caritas Medical Centre	0	7	23	59	57
	North Lantau Hospital	0	8	15	34	53
	Princess Margaret Hospital	0	8	21	107	138
	Yan Chai Hospital	0	5	17	113	137

<i>Cluster</i>	<i>Hospital</i>	<i>Triage 1 (critical)</i>	<i>Triage 2 (emergency)</i>	<i>Triage 3 (urgent)</i>	<i>Triage 4 (semi-urgent)</i>	<i>Triage 5 (non-urgent)</i>
New Territories East	Alice Ho Miu Ling Nethersole Hospital	0	6	20	62	62
	North District Hospital	0	8	27	105	151
	Prince of Wales Hospital	0	12	42	170	162
New Territories West	Pok Oi Hospital	0	5	19	112	121
	Tuen Mun Hospital	0	7	27	169	184
	Tin Shui Wai Hospital	0	4	13	67	75
HA Overall		0	8	26	109	127

Note:

- (1) Service hours of the A&E services of Tin Shui Wai Hospital have been extended from 8 hours to 12 hours per day since 21 March 2018.

Annex 4

Average waiting time for A&E patients of HA hospitals admitted to hospital between 1 January and 30 April 2018 (in minutes)

<i>Cluster</i>	<i>Hospital</i>	<i>Average waiting time for A&E patients admitted to hospital (minutes)</i>
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	27
	Ruttonjee Hospital	20
Hong Kong West	Queen Mary Hospital	27
Kowloon Central	Kwong Wah Hospital	56
	Queen Elizabeth Hospital	109
Kowloon East	Tseung Kwan O Hospital	41
	United Christian Hospital	88
Kowloon West	Caritas Medical Centre	80
	Princess Margaret Hospital	39
	Yan Chai Hospital	48
New Territories East	Alice Ho Miu Ling Nethersole Hospital	95
	North District Hospital	77
	Prince of Wales Hospital	126

<i>Cluster</i>	<i>Hospital</i>	<i>Average waiting time for A&E patients admitted to hospital (minutes)</i>
New Territories	Pok Oi Hospital	32
West	Tuen Mun Hospital	40
Total		63

Notes:

- (1) Including admissions via A&E departments, but excluding admissions via A&E departments of other hospitals.
- (2) Excluding St. John Hospital, North Lantau Hospital and Tin Shui Wai Hospital.

Annex 5

Numbers of nurses and hospital beds by major specialty by cluster as at 31 March 2018 and inpatient bed occupancy rates, numbers of inpatient and day inpatient discharges and deaths, and number of patient days, by major specialty by cluster between 1 January and 30 April 2018

	<i>Cluster</i>							<i>HA overall</i>
	<i>HKEC</i>	<i>HKWC</i>	<i>KCC</i>	<i>KEC</i>	<i>KWC</i>	<i>NTEC</i>	<i>NTWC</i>	
<i>Gynaecology</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	108	156	306	140	113	235	144	1 201
Number of hospital beds (as at 31 March 2018)	38	78	72	79	95	52	64	478
Inpatient bed occupancy rate	109%	61%	78%	60%	88%	73%	102%	77%
Number of inpatient discharges and deaths	1 161	1 499	2 628	1 581	2 186	1 313	1 989	12 357
Number of inpatient and day inpatient discharges and deaths	1 850	3 166	4 017	2 166	3 020	2 668	4 913	21 800

	<i>Cluster</i>							
	<i>HKEC</i>	<i>HKWC</i>	<i>KCC</i>	<i>KEC</i>	<i>KWC</i>	<i>NTEC</i>	<i>NTWC</i>	<i>HA overall</i>
Number of patient days	3 947	5 823	7 602	4 376	4 531	4 334	6 474	37 087
<i>Medicine</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	871	695	1 422	1 015	1 001	1 380	869	7 255
Number of hospital beds (as at 31 March 2018)	939	955	1 885	1 182	1 537	1 563	1 194	9 255
Inpatient bed occupancy rate	100%	97%	103%	111%	106%	104%	116%	105%
Number of inpatient discharges and deaths	18 295	16 812	31 284	21 227	30 077	26 812	17 102	161 609
Number of inpatient and day inpatient discharges and deaths	25 523	30 366	48 999	34 192	42 764	41 936	27 587	251 367
Number of patient days	115 200	114 434	244 635	159 742	197 145	214 740	160 479	1 206 375
<i>Obstetrics</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	108	156	306	140	113	235	144	1 201
Number of hospital beds (as at 31 March 2018)	62	89	224	81	103	124	76	759
Inpatient bed occupancy rate	75%	67%	63%	55%	67%	68%	93%	68%
Number of inpatient discharges and deaths	1 168	1 933	4 312	1 714	1 926	2 854	2 655	16 562
Number of inpatient and day inpatient discharges and deaths	1 448	2 421	7 832	2 009	2 403	4 069	3 917	24 099
Number of patient days	4 489	6 313	17 036	5 252	6 081	10 639	9 028	58 838

	<i>Cluster</i>							
	<i>HKEC</i>	<i>HKWC</i>	<i>KCC</i>	<i>KEC</i>	<i>KWC</i>	<i>NTEC</i>	<i>NTWC</i>	<i>HA overall</i>
<i>Orthopaedics and Traumatology</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	129	87	168	187	192	268	154	1 185
Number of hospital beds (as at 31 March 2018)	216	328	432	266	429	498	359	2 528
Inpatient bed occupancy rate	97%	76%	108%	105%	100%	84%	104%	97%
Number of inpatient discharges and deaths	3 536	3 168	5 303	4 284	6 880	6 610	4 420	34 201
Number of inpatient and day inpatient discharges and deaths	5 840	3 763	6 937	4 674	7 568	7 788	5 242	41 812
Number of patient days	23 598	23 522	56 624	34 240	50 682	51 443	43 879	283 988
<i>Paediatrics</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	116	216	321	171	197	291	191	1 504
Number of hospital beds (as at 31 March 2018)	54	183	199	110	262	183	84	1 075
Inpatient bed occupancy rate	92%	73%	82%	79%	79%	79%	100%	82%
Number of inpatient discharges and deaths	1 612	2 064	4 628	3 699	5 363	4 630	3 476	25 472
Number of inpatient and day inpatient discharges and deaths	1 743	4 410	6 607	3 850	6 981	6 754	4 101	34 446
Number of patient days	5 554	13 716	18 865	10 267	18 943	18 432	13 338	99 115

	<i>Cluster</i>							
	<i>HKEC</i>	<i>HKWC</i>	<i>KCC</i>	<i>KEC</i>	<i>KWC</i>	<i>NTEC</i>	<i>NTWC</i>	<i>HA overall</i>
<i>Surgery</i>								
Number of nurses (as at 31 March 2018) ⁽³⁾	239	514	478	207	268	391	218	2 315
Number of hospital beds (as at 31 March 2018)	266	593	571	372	428	473	379	3 082
Inpatient bed occupancy rate	86%	70%	85%	87%	90%	92%	100%	87%
Number of inpatient discharges and deaths	5 503	6 738	9 901	7 747	10 704	7 977	7 654	56 224
Number of inpatient and day inpatient discharges and deaths	10 212	13 882	16 658	11 637	17 683	15 794	13 928	99 794
Number of patient days	29 375	45 093	56 868	38 026	50 340	54 029	45 954	319 685

Notes:

- (1) Generally speaking, HA arranges clinical services for patients on a cluster basis. The patient journey may involve different health care units within the same cluster. Hence, service indicators such as inpatient bed occupancy rate at cluster level instead of at hospital level can better reflect the actual service utilization.
- (2) In HA, day inpatients refer to those who are admitted to hospital for non-emergency treatment and discharged within the same day. Inpatients are those who are admitted to hospital via A&E departments or those who are hospitalized for more than one day. The calculation of the numbers of hospital beds and patient days includes that of both inpatients and day inpatients. The calculation of inpatient bed occupancy rates does not include that of day inpatients.
- (3) In the calculation of the numbers of nurses in major specialties, gynaecology specialty includes obstetrics; medicine specialty includes palliative care, rehabilitation and infirmary; obstetrics specialty includes gynaecology; surgery specialty includes neurosurgery and cardiothoracic surgery; and paediatrics specialty includes adolescent medicine and neonatology. Individual figures may not add up to the total due to rounding.

Abbreviations:

HKEC—Hong Kong East Cluster

HKWC—Hong Kong West Cluster

KCC—Kowloon Central Cluster

KEC—Kowloon East Cluster

KWC—Kowloon West Cluster

NTEC—New Territories East Cluster

NTWC—New Territories West Cluster

Lifeguards employed by the Leisure and Cultural Services Department

13. **MR CHAN HAK-KAN** (in Chinese): *President, regarding the training received and the duties carried out by the two types of lifeguards (i.e. civil service lifeguards and seasonal lifeguards) employed by the Leisure and Cultural Services Department ("LCSD"), will the Government inform this Council:*

- (1) *of the respective numbers of occasions last year on which duties involving skin-diving and scuba-diving were carried out by the two aforesaid types of lifeguards, and a breakdown of the details of such duties by (i) name of the public swimming pool complex ("complex")/beach where they were on duty and District Council ("DC") district to which the complex/beach belonged, and (ii) the diving depth involved;*
- (2) *among the two types of lifeguards, of the respective numbers and percentages of those who currently possess related diving qualifications, with a breakdown of such numbers by (i) name of the complex/beach where they are on duty and (ii) DC district to which the complex/beach belongs;*
- (3) *given that LCSD indicated in 2016 that it would study ways to ensure that all newly recruited lifeguards should complete the three-stage induction training programme ("induction training") (including skin-diving rescue), of the progress of such work, and the current number of civil service lifeguards who have not yet completed such training and, among those lifeguards, the number of those who need to perform life-saving duties;*
- (4) *whether LCSD has provided diving training (other than induction training) for in-service lifeguards; if so, of the number of relevant courses organized each month in the past three years, as well as the respective numbers of applicants, those admitted and those passing the relevant tests; whether the lifeguards are required to receive such training and complete the training by a certain deadline, as well as the consequences for their non-compliance;*

-
- (5) *whether LCSD will (i) require newly recruited lifeguards to possess related diving qualifications upon appointment or within a specific period after appointment, and (ii) encourage in-service lifeguards to obtain the relevant qualifications; if so, of the details; if not, the reasons for that;*
 - (6) *whether there were lifeguards who had not yet completed the induction training being promoted to senior lifeguards in the past three years; if so, of a breakdown of the number of such lifeguards by the type of training which they had not completed;*
 - (7) *whether LCSD has deployed lifeguards on duty at beaches who have not yet received relevant training to perform scuba-diving duties; if so, how LCSD ensures that such lifeguards know how to operate the diving equipment;*
 - (8) *whether, in respect of the diving duties to be performed by lifeguards, LCSD has (i) formulated standard workflows, safety codes and contingency procedures, (ii) kept relevant work records, and (iii) deployed manpower to manage and maintain the diving equipment;*
 - (9) *of the number of times for which oxygen tanks for scuba diving were refilled in the past three years, with a breakdown by (i) name of complex/beach and (ii) DC district to which the complex/beach belonged;*
 - (10) *of the number of cases of lifeguards performing diving rescues in the past three years and, among such cases, (i) the respective numbers of those in which the victims were drowned and those in which the victims were rescued, as well as (ii) the number of those in which there was a delay in rescue due to the lifeguards not possessing diving skills;*
 - (11) *whether the duties of LCSD's lifeguards include cleaning up oil spill, rubbish, faeces, blood and vomit within the area of the complex/beach concerned; if so, (i) of the respective numbers of*

cases in which lifeguards performed such types of cleaning duties in the past three years, with a breakdown by name of the complex/beach and by DC district to which the complex/beach belonged, and (ii) whether LCSD has provided training, guidelines and equipment for lifeguards in respect of such duties, and formulated infection prevention measures; if so, of the details; if not, the reasons for that;

- (12) *as some lifeguards have indicated that they do not have a clear understanding about their scope of duties, whether LCSD will consider setting out the duties of lifeguards in detail; if so, of the details; if not, the reasons for that; and*
- (13) *given that the duties of lifeguards cover the areas of life-saving, first aid, crowd control, customer services, assisting in law enforcement, etc., but the entry requirement on academic qualification for lifeguards is mere completion of Primary Six, whether LCSD will consider raising the entry requirement on academic qualification for lifeguards; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Leisure and Cultural Services Department ("LCSD") currently provides lifeguard services at 44 public swimming pools, 38 gazetted beaches and five water sports centres. As at 1 August 2018, there were 1 959 lifeguards comprising 174 senior lifeguards and 1 785 lifeguards in LCSD. Of those 1 785 lifeguards, 687 lifeguards were non-civil service contract ("NCSC") staff employed on a seasonal basis to augment the lifeguard manpower during the swimming season. As regards the 13-part question on the responsibilities, qualifications and training, departmental guidelines and future development of the lifeguard grade, my reply is as follows:

- (1), (7) and (10) to (12)

The major responsibilities of civil service lifeguards include performing lifesaving and first aid duties, assisting in law

enforcement and maintenance of order and assisting in cleansing work. While the major responsibilities of full-time NCSC seasonal lifeguards include ensuring swimmers' safety, performing lifesaving duties, maintenance of order and assisting in cleansing work. Details of the major responsibilities of lifeguards are clearly spelt out in recruitment advertisements and annual staff report of lifeguards. Besides, when newly-appointed lifeguards report for duty, they will be briefed on their duties and work by staff of the department.

As regards rescue operations, lifeguards normally deploy skills taught and assessed in the training associated with the lifeguard qualifications (including underwater search by skin diving, etc.) in drowning incidents. Upon receiving a report of missing swimmer in beach water, lifeguards will carry out rescue operation and call the Police for assistance in the light of the circumstances. In addition to skin diving used in underwater search operations, trained and qualified lifeguards may carry out emergency underwater search for drowning victim(s) using scuba diving equipment under the supervision and instruction of senior lifeguards and assist in the rescue operation upon arrival of the diving personnel of the Fire Services Department where necessary. Lifeguards on duty at beaches without relevant training will not be deployed to carry out scuba diving in rescue and search operations. As skin diving forms one of the basic skills and responsibilities of lifeguards' daily lifesaving work, LCSD does not maintain relevant statistics. Details on the scuba diving work undertaken by lifeguards in 2017 are at Annex 1. In the three cases of missing swimmers in the past three years, in addition to the use of skin-diving, scuba diving was also carried out in the search operations. Despite having made all-out efforts in these rescues, the goal of saving the victims did not achieve. LCSD has no record of delayed rescue pertaining to the lack of diving knowledge/skills on the part of lifeguards.

Contractors are normally hired by LCSD for other tasks requiring diving for prolonged periods, e.g. underwater inspection or maintenance of facilities, etc. For instance, two professional contractors have been hired for inspection and maintenance of shark prevention nets respectively. The inspection contractor will deploy

professional divers to conduct inspections to ensure proper maintenance of the shark prevention nets by the maintenance contractor. LCSD staff at the beaches may, as and when necessary, require the contractors concerned to conduct comprehensive inspection or carry out comprehensive maintenance of the shark prevention nets above and under water in accordance with the contract requirements. The diving tasks required for the inspection of the seabed conditions and the clearance work in the aftermath of the passage of Typhoon Mangkhut are undertaken by the outsourced contractors.

One of the major responsibilities of civil service lifeguards is to assist in cleansing work. To keep pool water clean, officers-in-charge of swimming pools will deploy lifeguards to carry out cleansing work once refuse, faeces or vomitus is found. When LCSD is notified by the Marine Department of any oil spill incident near beach area or when venue staff find signs of oil contamination of beaches, officers-in-charge of beaches will lead and direct lifeguards and venue staff to assist in handling the incident, including monitoring whether beaches will be contaminated with oil spills, assisting and advising swimmers to go back to the shore, preventing dispersion of oil to beaches and assisting to clean up the contaminated sand, etc., in accordance with the emergency response plan for handling oil pollution. LCSD provides appropriate personal protective equipment for lifeguards to carry out these tasks. Besides, guidelines have also been drawn up for the tasks concerned (including preventive measures against infectious diseases) with relevant training provided for lifeguards.

Statistics relating to the number of cases involving handling of oil spills, waste, faeces and vomitus in the past three years broken down by public swimming complexes/beaches and the District Council district of the swimming complexes/beaches are at Annex 2.

(2) to (6)

It is LCSD's requirement that all serving lifeguards and lifeguards to be recruited shall possess the Pool Lifeguard Award and Beach

Lifeguard Award issued by the Hong Kong Life Saving Society ("HKLSS"). The Pool Lifeguard Award and Beach Lifeguard Award issued by HKLSS are internationally recognized lifesaving qualifications by the International Life Saving Federation. As underwater rescue by skin diving is already an item to be assessed for the relevant Lifeguard Awards, all lifeguards have already possessed the skin diving skills for underwater rescue operation. On the other hand, scuba diving is not required to be assessed for the relevant Lifeguard Awards, and LCSD does not require lifeguards to possess any qualification on scuba diving.

To enhance the knowledge and skills of lifeguards, LCSD provides induction course on advanced skills on skin diving rescue to newly appointed civil service lifeguards every year. Besides, the department also provides skills enhancement programmes to serving lifeguards, including courses on advanced skills on skin diving rescue and scuba diving rescue. Civil service lifeguards posted to beaches and water sports centres have priority in joining scuba diving rescue courses. As at 1 August 2018, 942 and 392 civil service lifeguards have received advanced training in skin diving rescue and training in scuba diving respectively.

Diving trainings provided for civil service lifeguards of LCSD in the past three years is as follows:

<i>Year</i>	<i>Advanced training in skin diving</i>			<i>Training in scuba diving</i>		
	<i>Number of courses</i>	<i>Number of trainees</i>	<i>Number of trainees who passed the training course</i>	<i>Number of courses</i>	<i>Number of trainees</i>	<i>Number of trainees who passed the training course</i>
2017-2018	6	161	155	1	19	19
2016-2017	3	59	59	1	15	15
2015-2016	3	66	63	1	20	20

LCSD has been providing adequate training places for courses on scuba diving rescue for civil service lifeguards. The actual number of training places depends on the number of applicants for the courses. At present, applications from lifeguards to enrol in training courses due to operational needs are all accepted. LCSD will continue providing sufficient training places to meet its actual operational needs.

The requirement for serving lifeguards to take a mandatory training course (that is the integrated refresher course on Lifeguard Award) has been strictly implemented by LCSD. Moreover, the department will continue to provide sufficient training places to enable newly recruited lifeguards to complete the induction training programme as soon as possible so that they may practise their job skills and refresh their lifesaving knowledge and skills. At present, 119 civil service lifeguards in LCSD are yet to complete the induction training programme within three years after appointment. LCSD has arranged for all of them to complete the training programme this winter and issued letters to urge them to make best use of the training opportunities provided by the department to complete the programme. LCSD will actively monitor the situation and arrange for newly appointed lifeguards to complete the induction training programme as soon as possible.

According to the records of LCSD, there has been no successful application from lifeguards who have not completed the required induction training programme⁽¹⁾ for the post of senior lifeguards for the past three years.

(8) and (9)

LCSD has departmental guidelines on beach management, which require officers-in-charge of beaches to brief newly posted lifeguards

- (1) The induction training programme was implemented since 2009. Lifeguards appointed before 2009 were not required to undergo the induction training. According to the records, 10 lifeguards appointed before the launch of the induction training programme were successful in their application for the post of senior lifeguards.

on their duties in detail to ensure that all lifeguards are familiar with the use of lifesaving facilities and equipment of the beach and that they know well the safety rules for swimmers as well as the accident-prone areas. Senior lifeguards are required to give instructions on the use of lifesaving equipment. Besides, the guidelines also require all lifeguards to participate in regular rescue drills (including diving training) and drills for rescue plans at their workplace to ensure that they are familiar with the corresponding rescue operation under different circumstances.

Currently, officers-in-charge of swimming pools and beaches maintain and arrange for maintenance of diving equipment and gears at their venues. The courses on scuba diving provided by the department have already covered areas on the relevant safety rules, points to note, maintenance and repair requirements for equipment concerned, etc. Information on the frequency of refilling of diving cylinders at swimming pools, beaches and water sports centres of LCSD in the past three years are at Annex 3.

- (13) The major responsibility of civil service lifeguards (including Artisan (Beach/Swimming Pool) and Artisan (Lifeguard at Water Sports Centre)) is to provide lifesaving and related services. Hence, it is LCSD's requirement that applicants for the post shall possess a valid Beach Lifeguard Award and/or Pool Lifeguard Award issued by HKLSS (the internationally recognized lifesaving qualifications) to prove that they possess internationally recognized competence to perform lifesaving and lifeguard duties. Besides, LCSD also provides induction training to newly appointed lifeguards and opportunities for serving lifeguards to refresh and enhance skills through various trainings arranged every winter. LCSD will review the entry requirements for Artisan (Beach/Swimming Pool) and Artisan (Lifeguard at Water Sports Centre) from time to time to meet the actual operational needs.

Statistics on Scuba Diving Work undertaken by Lifeguards
at Public Beaches and Public Swimming Pools of LCSD in 2017

<i>District</i>	<i>Venue</i>	<i>Scuba Diving Work undertaken by Lifeguards</i>	
		<i>No. of Occasions</i>	<i>Details</i>
Beach			
Sai Kung	Clear Water Bay Second Beach	1	Rescue Operation
Tsuen Wan	Ma Wan Tung Wan Beach	1	Inspection of seabed conditions after typhoon
Tuen Mun	Butterfly Beach	1	Rescue Operation
	Golden Beach	1	Rescue Operation
Total		4	-
Swimming Pool			
Southern District	Pao Yue Kong Swimming Pool	1	Checking of the diving pool floor
Kowloon City	Kowloon Tsai Swimming Pool	2	Clearing of fallen leaves/debris on the pool floor after typhoon
Yau Tsim Mong	Kowloon Park Swimming Pool	3	Checking of the diving pool floor; safety check on the pool floor before open diving competition; search-and-rescue exercise
Kwai Tsing	Kwai Shing Swimming Pool	1	Clearing of fallen leaves/debris on the pool floor after typhoon
Sha Tin	Sha Tin Jockey Club Swimming Pool	4	Clearing of fallen leaves/debris on the pool floor after typhoon
Tuen Mun	Tuen Mun Swimming Pool	5	Clearing of fallen leaves/debris on the pool floor after typhoon
Yuen Long	Yuen Long Swimming Pool	1	Support for skin diving training of lifeguards
Total		17	-

Annex 2(i)

Statistics on Oil Spill Incidents at Public Beaches of LCSD in 2015 to 2017

<i>District</i>	<i>Beach</i>	<i>2015 (No. of Cases)</i>	<i>2016 (No. of Cases)</i>	<i>2017 (No. of Cases)</i>
Southern	Deep Water Bay Beach	1	0	0
	Repulse Bay Beach	1 ⁽¹⁾	0	0
	Chung Hom Kok Beach	1+1 ⁽¹⁾	1	0
Islands	Lo So Shing Beach	2	1	0
	Kwun Yam Beach	1	0	0
	Cheung Chau Tung Wan Beach	2	0	0
	Silver Mine Bay Beach	0	1	0
	Pui O Beach	0	1	0
Tsuen Wan	Ma Wan Tung Wan Beach	0	0	1
	Anglers' Beach	0	0	1
	Hoi Mei Wan Beach	0	1 ⁽²⁾	0
	Casam Beach	0	1 ⁽²⁾	0
	Lido Beach	0	1 ⁽²⁾	0
	Ting Kau Beach	0	1 ⁽²⁾	0
	Approach Beach	0	1 ⁽²⁾	0
Tuen Mun	Butterfly Beach	0	0	1
	Castle Peak Beach	0	0	1
	Cafeteria Old Beach	1 ⁽³⁾	0	0
	Cafeteria New Beach	0	0	0
	Golden Beach	1 ⁽³⁾	0	1

Note:

(1), (2) or (3) refers to the same oil spill incident

Annex 2(ii)

Statistics on Reports of a Large Amount of Marine Refuse* found at Public
Beaches of LCSD from May to December 2017

<i>District</i>	<i>Beach</i>	<i>No. of Reports of a Large Amount of Marine Refuse (No. of cases)</i>
Southern	Deep Water Bay Beach	1 ⁽¹⁾
	Repulse Bay Beach	1 ⁽¹⁾
	Middle Bay Beach	1 ⁽¹⁾
	South Bay Beach	1 ⁽¹⁾
	Chung Hom Kok Beach	1 ⁽¹⁾
	St. Stephen's Beach	1 ⁽¹⁾
	Turtle Cove Beach	1 ⁽¹⁾
	Shek O Beach	1
Islands	Hung Shing Yeh Beach	1 ⁽¹⁾
	Lo So Shing Beach	1 ⁽¹⁾
	Pui O Beach	1 ⁽¹⁾
	Upper Cheung Sha Beach	1 ⁽¹⁾
	Lower Cheung Sha Beach	1 ⁽¹⁾
	Tong Fuk Beach	1 ⁽¹⁾
Tsuen Wan	Hoi Mei Wan Beach	1
Tuen Mun	Cafeteria Old Beach	1 ⁽²⁾
	Cafeteria New Beach	1 ⁽²⁾
	Golden Beach	1 ⁽²⁾

Notes:

* Records of notification made to Hong Kong government departments under "Protocol for Handling Surge of Marine Refuse in Hong Kong". The records started in May 2017.

(1) refers to the same palm stearin incident.

(2) refers to the same case of report of a large amount of marine refuse.

Annex 2(iii)

Statistics on Reports of Foreign Matter found in
Public Swimming Pools of LCSD in 2015

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Central and Western	Kennedy Town Swimming Pool	13	2
	Sun Yat Sen Memorial Park Swimming Pool	6	13
Eastern	Chai Wan Swimming Pool	1	10
	Island East Swimming Pool	8	8
	Siu Sai Wan Swimming Pool	2	1
	Victoria Park Swimming Pool	3	24
Southern	Pao Yue Kong Swimming Pool	2	1
Wan Chai	Morrison Hill Swimming Pool	5	10
Kowloon City	Ho Man Tin Swimming Pool	5	1
	Kowloon Tsai Swimming Pool	4	0
	Tai Wan Shan Swimming Pool	1	1
Kwun Tong	Jordan Valley Swimming Pool	3	0
	Kwun Tong Swimming Pool	14	12
	Lam Tin Swimming Pool	3	6
Sham Shui Po	Lai Chi Kok Park Swimming Pool	4	5
	Lei Cheng Uk Swimming Pool	1	0
	Sham Shui Po Park Swimming Pool	3	2
Wong Tai Sin	Hammer Hill Road Swimming Pool	3	5
	Morse Park Swimming Pool	3	6
Yau Tsim Mong	Kowloon Park Swimming Pool	9	18
	Tai Kok Tsui Swimming Pool	0	3
Islands	Mui Wo Swimming Pool	1	0
	Tung Chung Swimming Pool	2	3
Kwai Tsing	Kwai Shing Swimming Pool	1	2
	North Kwai Chung Jockey Club Swimming Pool	3	3
	Tsing Yi Swimming Pool	8	10
North	Fanling Swimming Pool	9	2

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Sai Kung	Sai Kung Swimming Pool	13	1
	Tseung Kwan O Swimming Pool	13	16
Sha Tin	Hin Tin Swimming Pool	5	3
	Ma On Shan Swimming Pool	5	6
	Sha Tin Jockey Club Swimming Pool	1	2
Tai Po	Tai Po Swimming Pool	4	3
Tsuen Wan	Shing Mun Valley Swimming Pool	8	3
	Tsuen King Circuit Wu Chung Swimming Pool	0	2
Tuen Mun	Tuen Mun North West Swimming Pool	5	11
	Tuen Mun Swimming Pool	7	8
Yuen Long	Yuen Long Swimming Pool	8	9
	Tin Shui Wai Swimming Pool	5	12
	Ping Shan Tin Shui Wai Swimming Pool	2	1
Total		193	225

Statistics on Reports of Foreign Matter found in
Public Swimming Pools of LCSD in 2016

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Central and Western	Sun Yat Sen Memorial Park Swimming Pool	3	3
Eastern	Chai Wan Swimming Pool	3	8
	Island East Swimming Pool	4	6
	Siu Sai Wan Swimming Pool	2	4
Southern	Pao Yue Kong Swimming Pool	4	2
Wan Chai	Morrison Hill Swimming Pool	6	7
	Victoria Park Swimming Pool ⁽¹⁾	2	30
	Wan Chai Swimming Pool	0	2

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Kowloon City	Ho Man Tin Swimming Pool	2	3
	Kowloon Tsai Swimming Pool	1	1
	Tai Wan Shan Swimming Pool	6	6
Kwun Tong	Jordan Valley Swimming Pool	2	2
	Kwun Tong Swimming Pool	11	23
	Lam Tin Swimming Pool	3	12
Sham Shui Po	Lai Chi Kok Park Swimming Pool	1	2
	Lei Cheng Uk Swimming Pool	3	0
	Sham Shui Po Park Swimming Pool	2	6
Wong Tai Sin	Hammer Hill Road Swimming Pool	8	5
	Morse Park Swimming Pool	1	7
Yau Tsim Mong	Kowloon Park Swimming Pool	11	21
	Tai Kok Tsui Swimming Pool	3	2
Islands	Mui Wo Swimming Pool	0	1
	Tung Chung Swimming Pool	2	4
Kwai Tsing	Kwai Shing Swimming Pool	0	2
	North Kwai Chung Jockey Club Swimming Pool	1	5
	Tsing Yi Swimming Pool	8	10
North	Fanling Swimming Pool	2	6
	Sheung Shui Swimming Pool	1	1
Sai Kung	Sai Kung Swimming Pool	11	4
	Tseung Kwan O Swimming Pool	12	7
Sha Tin	Hin Tin Swimming Pool	2	3
	Ma On Shan Swimming Pool	2	10
	Sha Tin Jockey Club Swimming Pool	7	4
Tai Po	Tai Po Swimming Pool	4	2
Tsuen Wan	Shing Mun Valley Swimming Pool	6	5
	Tsuen King Circuit Wu Chung Swimming Pool	2	4
Tuen Mun	The Jockey Club Yan Oi Tong Swimming Pool	0	1
	Tuen Mun North West Swimming Pool	22	19
	Tuen Mun Swimming Pool	4	7

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Yuen Long	Yuen Long Swimming Pool	6	2
	Tin Shui Wai Swimming Pool	12	12
	Ping Shan Tin Shui Wai Swimming Pool	2	5
Total		184	266

Note:

- (1) Due to revision of boundary demarcation between Eastern District and Wan Chai District, Victoria Park Swimming Pool was transferred from Eastern District to Wan Chai District with effect from 2016.

Statistics on Reports of Foreign Matter found in
Public Swimming Pools of LCSD in 2017

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Central and Western	Kennedy Town Swimming Pool	10	19
	Sun Yat Sen Memorial Park Swimming Pool	1	4
Eastern	Chai Wan Swimming Pool	2	2
	Island East Swimming Pool	6	6
	Siu Sai Wan Swimming Pool	2	3
Southern	Pao Yue Kong Swimming Pool	3	7
Wan Chai	Morrison Hill Swimming Pool	1	5
	Victoria Park Swimming Pool ⁽¹⁾	9	31
	Wan Chai Swimming Pool	0	2
Kowloon City	Ho Man Tin Swimming Pool	6	5
	Tai Wan Shan Swimming Pool	4	3
Kwun Tong	Jordan Valley Swimming Pool	5	0
	Kwun Tong Swimming Pool	14	18
	Lam Tin Swimming Pool	3	10
Sham Shui Po	Lai Chi Kok Park Swimming Pool	5	2
	Sham Shui Po Park Swimming Pool	4	1
Wong Tai Sin	Hammer Hill Road Swimming Pool	6	4
	Morse Park Swimming Pool	2	0

<i>District</i>	<i>Swimming pool</i>	<i>No. of Cases where Faeces are Found</i>	<i>No. of Cases where Vomitus is Found</i>
Yau Tsim Mong	Kowloon Park Swimming Pool	13	10
	Tai Kok Tsui Swimming Pool	0	1
Islands	Mui Wo Swimming Pool	1	0
	Tung Chung Swimming Pool	4	7
Kwai Tsing	Kwai Shing Swimming Pool	0	1
	North Kwai Chung Jockey Club Swimming Pool	1	4
	Tsing Yi Swimming Pool	3	3
	Tsing Yi Southwest Swimming Pool	1	2
North	Fanling Swimming Pool	6	7
	Sheung Shui Swimming Pool	2	0
Sai Kung	Sai Kung Swimming Pool	7	1
	Tseung Kwan O Swimming Pool	24	6
Sha Tin	Hin Tin Swimming Pool	8	4
	Ma On Shan Swimming Pool	8	2
	Sha Tin Jockey Club Swimming Pool	10	8
Tai Po	Tai Po Swimming Pool	1	4
Tsuen Wan	Shing Mun Valley Swimming Pool	17	4
	Tsuen King Circuit Wu Chung Swimming Pool	0	6
Tuen Mun	Tuen Mun North West Swimming Pool	21	17
	Tuen Mun Swimming Pool	7	6
Yuen Long	Yuen Long Swimming Pool	3	4
	Tin Shui Wai Swimming Pool	18	15
	Ping Shan Tin Shui Wai Swimming Pool	6	3
Total		244	237

Note:

- (1) Due to revision of boundary demarcation between Eastern District and Wan Chai District, Victoria Park Swimming Pool was transferred from Eastern District to Wan Chai District with effect from 2016.

Statistics on Refilling of Diving Cylinders used in Scuba Diving
at Public Beaches of LCSD in 2015 to 2017

<i>District</i>	<i>Beach</i>	<i>2015</i> <i>(No. of Times)</i>	<i>2016</i> <i>(No. of Times)</i>	<i>2017</i> <i>(No. of Times)</i>
Southern District	Repulse Bay Beach	3	2	3
	Middle Bay Beach	0	0	1
	Stanley Main Beach	0	1	2
	Shek O Beach	0	1	0
	Big Wave Bay Beach	1	0	0
Islands	Hung Shing Yeh Beach	1	1	1
	Lo So Shing Beach	1	1	1
	Kwun Yam Beach	1	1	1
	Cheung Chau Tung Wan Beach	1	1	1
	Silver Mine Bay Beach	1	1	1
	Pui O Beach	1	1	1
	Upper Cheung Sha Beach	1	1	1
	Lower Cheung Sha Beach	1	1	1
	Tong Fuk Beach	1	1	1
Sai Kung	Trio Beach	0	0	1
	Kiu Tsui Beach	0	0	1
	Hap Mun Bay Beach	0	0	1
	Clear Water Bay First Beach	0	0	1
	Clear Water Bay Second Beach	0	0	1
Tsuen Wan	Ma Wan Tung Wan Beach	1	1	2
	Anglers' Beach	1	1	1
	Hoi Mei Wan Beach	1	1	1
	Casam Beach	1	1	2
	Lido Beach	1	1	2
	Ting Kau Beach	1	1	1
	Approach Beach	1	1	1

<i>District</i>	<i>Beach</i>	<i>2015</i> <i>(No. of Times)</i>	<i>2016</i> <i>(No. of Times)</i>	<i>2017</i> <i>(No. of Times)</i>
Tuen Mun	Butterfly Beach	1	1	1
	Castle Peak Beach	1	1	1
	Kadoorie Beach	1	1	1
	Cafeteria Old Beach	1	1	1
	Cafeteria New Beach	1	1	1
	Golden Beach	1	1	1
Total		26	26	36

Note:

Venue in-charge will refill the diving cylinders when necessary (e.g. before the commencement of swimming season/after use of diving cylinders).

Annex 3(ii)

Statistics on Refilling of Diving Cylinders used in Scuba Diving
at Public Swimming Pools of LCSD in 2015 to 2017

<i>District</i>	<i>Swimming Pool</i>	<i>2015</i> <i>(No. of Times)</i>	<i>2016</i> <i>(No. of Times)</i>	<i>2017</i> <i>(No. of Times)</i>
Kowloon City	Kowloon Tsai Swimming Pool	0	1	1
Yau Tsim Mong	Kowloon Park Swimming Pool	2	3	3
Kwai Tsing	North Kwai Chung Jockey Club Swimming Pool	0	1	0
Sha Tin	Sha Tin Jockey Club Swimming Pool	0	1	0
Tuen Mun	Tuen Mun Swimming Pool	1	1	1
Yuen Long	Yuen Long Swimming Pool	0	1	1
Total		3	8	6

Note:

Venue in-charge will refill the diving cylinders when necessary (e.g. before the commencement of swimming season/after use of diving cylinders).

Impact of damage to sewage treatment facilities and the resilience of the facilities against typhoons

14. **MR KENNETH LEUNG** (in Chinese): *President, it has been reported that as some of its pipes and secondary treatment facilities were damaged during the time when super typhoon Mangkhut hit Hong Kong in September this year, the Sai Kung Sewage Treatment Works has since then been discharging into the sea effluent which was primary treated only. In this connection, will the Government inform this Council:*

- (1) of the details (including timetable, progress and expenditure incurred) of the inspections and repair works carried out by the authorities in respect of the damaged facilities of the aforesaid plant;*
- (2) whether it has assessed the impact on the quality of the water bodies in the areas in Sai Kung brought about by the plant's discharge of effluent which has not been fully treated; if so, of the outcome; given that the effluent treated by the plant will be discharged into the Port Shelter via a submarine outfall, of the current compliance rates of the water bodies there on the key marine Water Quality Objectives parameters (total inorganic nitrogen, unionized ammonia, E. coli, etc.);*
- (3) whether it has assessed if the interim measures taken by the authorities during the period when the facilities concerned remained damaged can effectively alleviate the impact on the water quality brought about by the plant's discharge of effluent which has not been fully treated; and*
- (4) whether it will comprehensively review the resilience of various sewage treatment facilities against strong wind and storm surges, and implement the necessary strengthening measures; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): *President, regarding the questions raised by Mr Kenneth LEUNG, our responses are as follows:*

- (1) After super typhoon Mangkhut hit Hong Kong in September this year, staff of the Drainage Services Department ("DSD") immediately inspected the damage caused to various sewage treatment facilities on 17 September and found that over 50 m of seawall and many treatment units of the Sai Kung Sewage Treatment Works ("SKSTW") were severely damaged. These included the ultraviolet disinfection system, equipment for secondary sewage treatment such as air blowers, electrical installations and sludge pumps and some pipework. As a result, only primary treatment could be maintained at that time, with partially treated effluent discharged nearshore. DSD immediately activated a contingency plan to remove some of the boulders and debris and pump out the seawater in order to assess the damage of the mechanical facilities and arrange emergency repair. To reduce the impact to the environment, DSD has immediately implemented an additional procedure to disinfect the effluent that was treated to primary level. On 24 September, DSD completed the restoration of some major pipework and diverted the partially treated effluent back to the original submarine outfall for dispersed discharge at a location some 400 m from SKSTW in Port Shelter. On 12 October, DSD installed some temporary facilities to further upgrade the treatment capability to chemically enhanced primary treatment ("CEPT").⁽¹⁾ Initial restoration works for the damaged seawall was completed on 3 October with the assistance of the Civil Engineering and Development Department ("CEDD"). At present, DSD is expediting the installation temporary facilities such as power distribution units, blowers, auxiliary pipes, sludge pumps and UV disinfection systems, with a view to resuming secondary level sewage treatment by December. However, the full repair of all treatment facilities may take some more months.

DSD's preliminary cost estimate of the above emergency repair and temporary facilities is about \$25 million. However, the full cost of all the repair and modification works is yet to be evaluated.

(1) About 75% of the sewage in Hong Kong is currently treated by CEPT process.

(2) and (3)

In respect of the incident, DSD and the Environmental Protection Department ("EPD") commenced seawater sampling and testing near SKSTW and at three nearby beaches (i.e. Kiu Tsui Beach, Trio Beach, and Hap Mun Beach) on 21 September for close monitoring of the water quality and started to release the results on DSD's website on 24 September. The monitoring results showed that there has been no obvious sign of deterioration of water quality near SKSTW, and the effect of the incident on the three beaches has also been minimal, with the E. coli level of water samples largely remained within the normal ranges of fluctuation. As regards the water quality of the Port Shelter Water Control Zone, the monitoring data up to October 2018 (including those obtained after the incident at SKSTW) shows that the levels of E. coli, dissolved oxygen, total inorganic nitrogen and non-ionized ammonia nitrogen have fully (100%) met the Water Quality Objectives. Therefore, EPD considers that the emergency measures adopted by DSD have been effective in mitigating the potential impact to water quality due to the typhoon damage of SKSTW.

(4) In order to strengthen the resilience of the seawall against extreme waves, CEDD has taken into account the impact of climate change in the design of seawall strengthening works in accordance with the latest requirements of the Port Works Design Manual—Corrigendum No. 1/2018 and adopted the most critical loading condition (i.e. 100 years extreme wave plus 10 years extreme water level). In addition, in order to counteract the long-term effect of climate change, DSD commenced the "Climate Change Impact Study on Sewerage Facilities in Hong Kong" in 2015. The study will assess the impact of climate change on sewerage facilities in Hong Kong; and develop corresponding mitigation and adaptation measures for the planning, design, construction and maintenance of sewerage facilities and a framework plan for the continual monitoring and mitigation of climate change impact to Hong Kong's sewerage facilities. The study is expected to complete in 2019.

Employment of academic staff by post-secondary institutions

15. **MR IP KIN-YUEN** (in Chinese): *President, regarding the employment of academic staff by universities funded by the University Grants Committee, by departments of self-financing programmes of those universities and by self-financing post-secondary institutions, will the Government inform this Council:*

- (1) *whether it knows if the various institutions have formulated retirement policies applicable to academic staff; if they have, of (i) the retirement ages, and (ii) the policy concerning applications for further appointment by staff members who have reached the retirement age (including the maximum number of years for which they may be further appointed);*
- (2) *whether it knows the respective highest, lowest and median ages of those academic staff members in the various institutions who retired in each of the past five academic years (with a breakdown by gender, as well as the institution and faculty to which they belonged);*
- (3) *whether it knows, among the academic staff members on tenure employment in the various institutions, the numbers and percentages of those who departed in each of the past five academic years (with a breakdown by gender, as well as the institution and faculty to which they belonged);*
- (4) *whether it knows the numbers of academic staff members at the rank of Associate Professor or above newly employed by the various institutions in each of the past five academic years, and their percentages in the total numbers of academic staff (with a breakdown by gender, as well as the institution and faculty to which they belonged); and*
- (5) *how the Government ensures that the various institutions, when dealing with matters on the promotion of academic staff members and further appointment of those who have reached the retirement age, treat persons of different age, gender, race and family status fairly and in a manner which is free from the influence of political factors?*

SECRETARY FOR EDUCATION (in Chinese): President, the eight University Grants Committee ("UGC")-funded universities (including their self-financing arms) are independent autonomous bodies established pursuant to their respective ordinances and each has a council to serve as the supreme governing body. The respective ordinances and statutes of the universities set out their objectives, functions and governance structure, and provide the universities with the power to carry out their objectives and functions.

UGC's Notes on Procedures clearly state that UGC-funded universities enjoy autonomy in the development of curricula and academic standards, selection of staff and students, initiation and conduct of research, internal allocation of resources, etc., and they are accountable for their decisions in these matters. UGC has all along supported and safeguarded academic freedom and institutional autonomy in accordance with the Notes on Procedures, in the context of appropriate financial and public accountability. Appointment, promotion and retirement of academic staff is a matter within the autonomy of the universities, and the Government and UGC are not involved.

Based on their individual circumstances, all UGC-funded universities have their personnel policies and mechanisms for handling the appointment, promotion and retirement of academic staff taking into account the merits of the cases and teaching needs, with an appeal mechanism to ensure fairness and impartiality in the conduct of such matter. We understand universities have put in place relevant mechanism and procedures which have been made known to the staff through suitable channels, e.g. publication of internal circulars or the universities' intranets, etc. Universities will, on a need basis, review and enhance the relevant arrangements in a timely manner. Academic staff may convey their views, if any, to the universities and relevant committees through different channels.

As far as the self-financing post-secondary sector is concerned, the institutions are also highly autonomous in internal management. The Education Bureau does not collect information requested in this question regularly, and does not issue guidelines to these institutions in relation to the appointment, promotion and retirement of their academic staff. The Committee on Self-financing Post-secondary Education published the "Code of Good Practices on Governance and Quality Assurance" in June 2015 for self-financing institutions' voluntary compliance. The Code contains the following two provisions, among others:

"3.1.1 Institutions should have a fair and transparent human resources system which includes policies such as, but not limited to, recruitment and appointment, appraisal, complaint/grievances, promotion and termination, as well as policies and measures to facilitate staff development and to encourage and recognise good performance.

3.2.2 Institutions should publish annually information on staffing (including academic staff profiles) and learning and teaching facilities available to support programme delivery and student admission targets."

In view of the question raised by Mr IP, the Education Bureau has invited UGC-funded universities and self-financing post-secondary institutions to respond. Information provided by the institutions which have provided responses is at Annex 1 to Annex 21. It should be noted that the information originates from individual statistical systems of institutions. Since individual systems may adopt different basis for data collection, the figures reported by different institutions are not directly comparable.

Annex 1

[This annex was provided by City University of Hong Kong]

City University of Hong Kong ("CityU")

- (1) The prevailing normal retirement age for academic staff is 65. Those who joined the University on superannuable terms before year 1990 were given an option to retain their retirement age at 60. The existing policy for all staff members to retire at the age of 65 is strictly enforced. Appointment of serving senior faculty members, normally Chair Professors of eminent and international status, beyond the retirement age will be rare exceptions by invitation only subject to staffing needs.
- (2) From 2013-2014 to 2017-2018 academic years, the highest/median/lowest retirement age and gender are tabulated below:

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2017-2018	Male: 71 Female: 65	Male: 62.5 Female: 62.5	Male: 56 Female: 55

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2016-2017	Male: 66 Female: 65	Male: 65 Female: 58	Male: 57 Female: 57
2015-2016	Male: 65 Female: 65	Male: 65 Female: 60.5	Male: 59 Female: 60
2014-2015	Male: 70 Female: 65	Male: 65 Female: 65	Male: 63 Female: 65
2013-2014	Male: 66 Female: 65	Male: 65 Female: 65	Male: 60 Female: 65

Note:

Figures by faculty/school are not readily available.

- (3) From 2013-2014 to 2017-2018 academic years, the outflow number of substantive academic staff and the percentage to the total number of substantive academic staff and gender are tabulated below:

<i>Academic year</i>	
2017-2018	Male: 22 (5.9%); Female: 7 (7.7%)
2016-2017	Male: 22 (5.9%); Female: 3 (3.8%)
2015-2016	Male: 27 (7.2%); Female: 4 (5.0%)
2014-2015	Male: 15 (4.1%); Female: 3 (3.7%)
2013-2014	Male: 12 (3.3%); Female: 1 (1.4%)

Notes:

- (1) % in the bracket refers to the outflow rate in the specific sex group.
- (2) Outflow reasons for substantive academic staff include resignation, retirement and death in service.
- (4) From 2013-2014 to 2017-2018 academic years, the intake number of senior academic staff (Associate professor or above) and the percentage to the total number of academic staff and gender are tabulated below:

<i>Academic year</i>	
2017-2018	Male: 17 (2.8%); Female: 2 (1.1%)
2016-2017	Male: 10 (1.7%); Female: 2 (1.1%)
2015-2016	Male: 12 (1.9%); Female: 2 (1.1%)

<i>Academic year</i>	
2014-2015	Male: 11 (1.8%); Female: 0 (0%)
2013-2014	Male: 14 (2.3%); Female: 0 (0%)

Note:

% in the bracket refers to the intake rate in the specific sex group.

- (5) CityU is committed to the principle and practice of non-discrimination in accordance with its Policy Statement on Equal Opportunities. Personnel decisions are made on the basis of merits measured against criteria which are directly related to the work place; these criteria are objective and can be readily assessed, including qualifications, knowledge and skills, experience and personal qualities. We have a set of robust staffing procedures which include the solicitation of external review letters and an appeal mechanism.

Note:

Figures above are as at 30 June each year.

Annex 2

[This annex was provided by Hong Kong Baptist University]

Hong Kong Baptist University ("HKBU")

(1)	The prevailing retirement age for academic staff is 60. At HKBU, academic staff at or above the professor rank can indicate his/her wish to be considered for reappointment beyond contractual retirement age as early as three years before he/she reaches contractual retirement age. Reappointment beyond the contractual retirement age can be up to five years. The period can be further extended under special circumstances.			
(2)	2017-2018 academic year			
	<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
	Faculty of Arts	Male: 65 Female: 61 (only 1)	Male: 63 Female: -	Male: 61 Female: -

<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
School of Business	Male: 71 Female: -	Male: 67 Female: -	Male: 63 Female: -
School of Chinese Medicine	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Communication	Male: 66 Female: 61 (only 1)	Male: 63 Female: -	Male: 61 Female: -
Faculty of Science	Male: 64 Female: -	Male: 62.5 Female: -	Male: 61 Female: -
Faculty of Social Sciences	Male: 66 (only 1) Female: 61 (only 1)	Male: - Female: -	Male: - Female: -
Academy of Visual Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -
2016-2017 academic year			
<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Arts	Male: 66 (only 1) Female: -	Male: - Female: -	Male: - Female: -
School of Business	Male: 61 (only 1) Female: -	Male: - Female: -	Male: - Female: -
School of Chinese Medicine	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Communication	Male: - Female: -	Male: - Female: -	Male: - Female: -
Faculty of Science	Male: 61 Female: -	Male: 61 Female: -	Male: 61 Female: -
Faculty of Social Sciences	Male: 68 Female: -	Male: 67 Female: -	Male: 57 Female: -
Academy of Visual Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -

2015-2016 academic year			
<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Arts	Male: 66 (only 1) Female: 65	Male: - Female: 63	Male: - Female: 61
School of Business	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Chinese Medicine	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Communication	Male: 69 (only 1) Female: -	Male: - Female: -	Male: - Female: -
Faculty of Science	Male: 64 Female: -	Male: 62 Female: -	Male: 60 Female: -
Faculty of Social Sciences	Male: - Female: 60	Male: - Female: 58.5	Male: - Female: 57
Academy of Visual Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -
2014-2015 academic year			
<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Arts	Male: 61 (only 1) Female: 65 (only 1)	Male: - Female: -	Male: - Female: -
School of Business	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Chinese Medicine	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Communication	Male: 66 (only 1) Female: -	Male: - Female: -	Male: - Female: -
Faculty of Science	Male: 66 (only 1) Female: 60 (only 1)	Male: - Female: -	Male: - Female: -

<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Social Sciences	Male: 65 (only 1) Female: 63	Male: - Female: 63	Male: - Female: 63
Academy of Visual Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -

2013-2014 academic year

<i>Faculty/School</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Arts	Male: 61 (only 1) Female: 60 (only 1)	Male: - Female: -	Male: - Female: -
School of Business	Male: 60 (only 1) Female: -	Male: - Female: -	Male: - Female: -
School of Chinese Medicine	Male: - Female: -	Male: - Female: -	Male: - Female: -
School of Communication	Male: - Female: -	Male: - Female: -	Male: - Female: -
Faculty of Science	Male: 61 (only 1) Female: -	Male: - Female: -	Male: - Female: -
Faculty of Social Sciences	Male: 65 (only 1) Female: -	Male: - Female: -	Male: - Female: -
Academy of Visual Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -

Note:

In recent few years, the highest and median ages at retirement are higher than the contractual retirement age because there was some senior academic staff among the small number of retirees. These applications for reappointment beyond contractual retirement age were approved taking into account the special circumstances (such as meeting the specific staffing need of the university) in accordance with the university's retirement policy.

(3)	<i>Faculty/ School</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
	Faculty of Arts	Male: 3 (2.3%) Female: 1 (2%)	Male: 1 (0.8%) Female: 1 (2%)	Male: 1 (0.8%) Female: 2 (4.3%)	Male: 1 (0.8%) Female: 1 (2%)	Male: 0 (0%) Female: 2 (4.3%)
	School of Business	Male: 5 (3.9%) Female: 2 (4.1%)	Male: 2 (1.6%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)
	School of Chinese Medicine	Male: 1 (0.8%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
	School of Communication	Male: 3 (2.3%) Female: 2 (4.1%)	Male: 0 (0%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
	Faculty of Science	Male: 5 (3.9%) Female: 0 (0%)	Male: 4 (3.3%) Female: 0 (0%)	Male: 2 (1.6%) Female: 0 (0%)	Male: 1 (0.8%) Female: 1 (2.2%)	Male: 2 (1.6%) Female: 0 (0%)
	Faculty of Social Sciences	Male: 1 (0.8%) Female: 1 (2%)	Male: 2 (1.6%) Female: 0 (0%)	Male: 0 (0%) Female: 2 (4.3%)	Male: 2 (1.7%) Female: 1 (2.2%)	Male: 0 (0%) Female: 0 (0%)
	Academy of Visual Arts	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 1 (0.8%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
	Note:					
	Only tenured academic staff are accounted.					
(4)	<i>Faculty/ School</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
	Faculty of Arts	Male: 1 (0.4%) Female: 1 (0.9%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 1 (1%)	Male: 2 (0.9%) Female: 1 (1%)	Male: 0 (0%) Female: 0 (0%)
	School of Business	Male: 0 (0%) Female: 0 (0%)	Male: 4 (1.7%) Female: 1 (1%)	Male: 1 (0.4%) Female: 0 (0%)	Male: 2 (0.9%) Female: 1 (1%)	Male: 0 (0%) Female: 0 (0%)

	<i>Faculty/ School</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
	School of Chinese Medicine	Male: 0 (0%) Female: 0 (0%)	Male: 1 (0.4%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
	School of Communication	Male: 0 (0%) Female: 2 (1.9%)	Male: 2 (0.9%) Female: 0 (0%)	Male: 1 (0.4%) Female: 0 (0%)	Male: 0 (0%) Female: 1 (1%)	Male: 1 (0.4%) Female: 0 (0%)
	Faculty of Science	Male: 1 (0.4%) Female: 1 (0.9%)	Male: 2 (0.9%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 1 (0.4%) Female: 0 (0%)
	Faculty of Social Sciences	Male: 1 (0.4%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
	Academy of Visual Arts	Male: 1 (0.4%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)	Male: 0 (0%) Female: 0 (0%)
(5)	HKBU has put in place established procedures for considering promotion of academic staff and reappointment beyond contractual retirement age. Promotion is considered on the basis of performance, external assessment and recommendation of the relevant Faculty/School. Consideration for reappointment beyond contractual retirement age is based on performance and recommendation of the relevant Faculty/School.					

Annex 3

[This annex was provided by Lingnan University]

Lingnan University ("LU")

- (1) The prevailing retirement age for academic staff is 65. The University can normally appoint a retired academic staff member for up to three years at a time, depending on the merit of the case. Post-retirement appointments shall not be extended for a period exceeding five years in aggregation.

(2) 2017-2018 academic year

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Business	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Arts	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Social Sciences	Male: - Female: -	Male: - Female: -	Male: - Female: -

2016-2017 academic year

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Business	Male: - Female: -	Male: - Female: -	Male: - Female: -
Faculty of Arts	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Social Sciences	Male: 70 Female: -	Male: 67.5 Female: -	Male: 65 Female: -

2015-2016 academic year

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Business	Male: 70 Female: -	Male: 70 Female: -	Male: 70 Female: -
Faculty of Arts	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Social Sciences	Male: - Female: -	Male: - Female: -	Male: - Female: -

2014-2015 academic year

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Business	Male: 70 Female: -	Male: 67.5 Female: -	Male: 65 Female: -

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Arts	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Social Sciences	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -

2013-2014 academic year

<i>Faculty</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
Faculty of Business	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -
Faculty of Arts	Male: - Female: -	Male: - Female: -	Male: - Female: -
Faculty of Social Sciences	Male: 65 Female: -	Male: 65 Female: -	Male: 65 Female: -

(3)

<i>Faculty</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
Faculty of Business	Male: 0 (0%)	Male: 0 (0%)	Male: 0 (0%)	Male: 1 (9.09%)	Male: 1 (8.33%)
	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)
Faculty of Arts	Male: 2 (10.53%)	Male: 2 (11.76%)	Male: 1 (5.88%)	Male: 2 (11.11%)	Male: 1 (6.25%)
	Female: 0 (0%)	Female: 1 (12.50%)	Female: 1 (12.50%)	Female: 0 (0%)	Female: 0 (0%)
Faculty of Social Sciences	Male: 0 (0%)	Male: 0 (0%)	Male: 1 (10.00%)	Male: 2 (16.67%)	Male: 1 (7.69%)
	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)

(4)

<i>Faculty</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
Faculty of Business	Male: 1 (2.86%)	Male: 0 (0%)	Male: 0 (0%)	Male: 0 (0%)	Male: 0 (0%)
	Female: 0 (0%)	Female: 3 (13.04%)	Female: 0 (0%)	Female: 0 (0%)	Female: 1 (4.00%)

<i>Faculty</i>	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
Faculty of Arts	Male: 2 (3.45%)	Male: 2 (2.82%)	Male: 0 (0%)	Male: 1 (1.72%)	Male: 1 (1.39%)
	Female: 0 (0%)	Female: 2 (3.45%)	Female: 0 (0%)	Female: 1 (2.08%)	Female: 0 (0%)
Faculty of Social Sciences	Male: 3 (9.09%)	Male: 0 (0%)	Male: 1 (2.86%)	Male: 1 (3.45%)	Male: 1 (2.70%)
	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)	Female: 0 (0%)

- (5) The decision of personnel actions of academic staff is based on academic merits and evidence-based review system with built-in checks and balances. The University has adopted a multi-level academic review process, and external assessments are required for relevant cases. There is an appeal mechanism for promotion cases. Under all circumstances, the individual's age, gender, race and family status would not be taken into account in handling the issues of promotion and application for employment beyond retirement.

Annex 4

[This annex was provided by The Chinese University of Hong Kong]

The Chinese University of Hong Kong ("CUHK")

- (1) The retirement age for teaching staff whose appointment commence on/after 1 January 2016 shall be 65. For other teaching staff (i.e. those serving at 31 December 2015), the retirement age shall be 60. Eligible teaching staff may apply for extension of service two or three years before retirement due date. In accordance with the established policy and procedures, the University may grant extension of service for a maximum of five years.
- (2) In the past five years, generally the highest and lowest retirement ages for teaching staff were 65 (retirement after five years of extension) and 55 (early retirement) respectively.
- (3) In the past three academic years, the percentage(s) of Substantive Teaching Staff outflow against the total number of Substantive Teaching Staff are given below:

<i>Academic Year</i>	<i>%</i>
2017-2018	2.56%
2016-2017	3.11%
2015-2016	3.63%
2014-2015	Not readily available
2013-2014	Not readily available

- (4) In the past three academic years, the percentage(s) of Senior Teaching Staff Intake (Associate Professor or above) against the total number of Teaching Staff are given below:

<i>Academic Year</i>	<i>%</i>
2017-2018	1.76%
2016-2017	1.27%
2015-2016	1.85%
2014-2015	Not readily available
2013-2014	Not readily available

- (5) In general, the relevant staff review cases will be reviewed by academic personnel committees at the levels of Department and/or Faculty as well as University. Final approval by the central committee and/or Council is required. The assessment is based on the academic merits of each case, i.e. the performance of the appointee in respect to teaching and/or research as well as service, and the needs of the Department concerned. Opinions of external experts will also be sought for promotion cases as reference for the University's internal review committees. The arrangement for review by multiple internal/external parties becomes check and balance to ensure process integrity. Requests for reconsideration shall be accepted only on the ground of procedural impropriety.

Annex 5

[This annex was provided by The Education University of Hong Kong]

The Education University of Hong Kong ("EdUHK")

- (1) The prevailing retirement age for academic staff is 60. Re-engagement of staff beyond their retirement age is initiated by the management. Considerations of re-engagement include: the strategic need and

development plans of the Department/Faculty/University, expertise of the staff members concerned, succession planning as well as the staffing/funding situation.

(2)

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2017-2018	Male: 60.72 Female: 60.67	Male: 60.37 Female: 60.16	Male: 60.02 Female: 59.37
2016-2017	Male: 60.19 Female: 60.17	Male: 60.19 Female: 60.15	Male: 60.19 Female: 60.04
2015-2016	Male: 65.00 Female: 60.38	Male: 60.81 Female: 60.09	Male: 60.76 Female: 55.00* (* Transferred Staff from former Education Department could opt for retirement at the age of 55 or 60)
2014-2015	Male: 67.76 Female: 60.11	Male: 61.44 Female: 60.11	Male: 60.05 Female: 60.11
2013-2014	Male: 60.18 Female: 60.98	Male: 60.16 Female: 60.59	Male: 60.00 Female: 60.00

Note:

As staff members may be re-engaged after their normal retirement age subject to approval, their retirement age is based on the last day of service in EdUHK for the purpose of answering this question.

(3)

<i>Academic year</i>	
2017-2018	Male: 9 (13.04%); Female: 4 (7.55%)
2016-2017	Male: 6 (8.00%); Female: 6 (10.34%)
2015-2016	Male: 8 (10.53%); Female: 10 (16.13%)
2014-2015	Male: 4 (5.19%); Female: 1 (1.41%)
2013-2014	Male: 4 (5.06%); Female: 7 (10.45%)

Note:

% in the bracket indicates the percentage of outflow number of substantive academic staff to the total number of substantive academic staff by sex group.

(4)

<i>Academic year</i>	
2017-2018	Male: 4 (2.29%); Female: 1 (0.70%)
2016-2017	Male: 2 (1.10%); Female: 1 (0.66%)
2015-2016	Male: 5 (2.66%); Female: 0 (0%)
2014-2015	Male: 3 (1.61%); Female: 1 (0.64%)
2013-2014	Male: 4 (2.22%); Female: 1 (0.68%)

Note:

% in the bracket indicates the percentage of intake number of senior academic staff (associate professor or above) to the total number of academic staff by sex group.

- (5) EdUHK is an Equal Opportunities Employer and has established procedures and mechanisms to handle applications for promotion and recommendations for re-engagement beyond retirement age. Applications for promotion and re-engagement recommendations would have two-tier reviews before the decisions are made. Reference would be made to the views solicited from independent external assessors during the review process of promotion for academic staff. Staff members can lodge appeal against procedural matters relating to promotion applications.

Annex 6

[This annex was provided by The Hong Kong Polytechnic University]

The Hong Kong Polytechnic University ("PolyU")

- (1) The prevailing retirement age for academic staff is 60 in PolyU. PolyU has in place the policy to set the retirement age at an age beyond 60 and normally up to the age of 65, when offering appointment to a new appointee or for a serving staff on an exceptional basis, provided that the appointee has demonstrated outstanding track records and the appointment is to meet the specific staffing need of the University, where there is recruitment difficulty for the specific expertise concerned.

(2)

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2017-2018	Male: 69 Female: 61	Male: 60 Female: 60	Male: 60 Female: 60
2016-2017	Male: 66 Female: 63	Male: 60 Female: 60	Male: 60 Female: 60

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2015-2016	Male: 68 Female: 68	Male: 60 Female: 60	Male: 60 Female: 60
2014-2015	Male: 66 Female: 63	Male: 60 Female: 60	Male: 60 Female: 60
2013-2014	Male: 65 Female: 62	Male: 60 Female: 60	Male: 60 Female: 60

Notes:

- (1) Academic Staff refers to academic, teaching and clinical staff in PolyU. The data refers to full-time non-temporary appointment supported by all funding sources.
- (2) Figures are rounded up to the nearest integer.
- (3) Figures by Faculty/School are not readily available.

(3)

<i>Academic year</i>	
2017-2018	Male: 25 (6.3%); Female: 9 (7.0%)
2016-2017	Male: 19 (4.7%); Female: 4 (3.2%)
2015-2016	Male: 10 (2.5%); Female: 4 (3.1%)
2014-2015	Male: 20 (5.0%); Female: 9 (7.1%)
2013-2014	Male: 13 (3.3%); Female: 4 (3.1%)

Notes:

- (1) Tenured academic staff refers to academic, teaching and clinical staff in PolyU. The data refers to full-time non-temporary appointment supported by all funding sources.
- (2) Outflow from the University includes resignation, retirement, early retirement and deceased cases.
- (3) The percentage is calculated based on the total number of tenured academic staff of the respective gender.
- (4) Figures by Faculty/School are not readily available.

(4)

<i>Academic year</i>	
2017-2018	Male: 8 (1.0%); Female: 1 (0.2%)
2016-2017	Male: 11 (1.4%); Female: 8 (1.8%)
2015-2016	Male: 17 (2.2%); Female: 3 (0.7%)

<i>Academic year</i>	
2014-2015	Male: 3 (0.4%); Female: 0 (0.0%)
2013-2014	Male: 2 (0.2%); Female: 0 (0.0%)

Notes:

- (1) Intake number refers to full-time non-temporary Associate Professor or above level supported by all funding sources.
- (2) The percentage is calculated based on the total number of academic, teaching and clinical staff of the respective gender.
- (3) Figures by Faculty/School are not readily available.
- (5) There are clear guidelines in place governing the processing of new appointments, promotion; and appointment of new or serving academic staff beyond the retirement age and they will all be considered by committees at different levels in the University. For new appointment and promotion of academic staff, internal and external bench marking will be conducted. All applications will be treated in a fair manner and appeal mechanism in the University is available to all staff.

Annex 7

[This annex was provided by The Hong Kong University of Science and Technology]

The Hong Kong University of Science and Technology ("HKUST")

- (1) The prevailing HKUST's retirement age for academic staff is 65. In accordance with HKUST's retirement policy, staff members should normally retire at the age of 65 up to 30 June next following the date of their 65th birthday. Requests for extension of appointment beyond the University's retirement age is rare unless there are strong justifications and subject to approval by the University Council. In considering such requests, the University would take into account relevant factors which may include the operational and manpower needs, the expertise and professional qualifications of the faculty concerned, his/her past and future contributions, and the overall interests of the University. There is currently no prescribed maximum number of years of extension allowed as each case is to be considered based on individual merits.

- (2) From 2013-2014 to 2017-2018 academic years, the highest/median/lowest retirement age by gender are tabulated below:

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2017-2018	Male: 66 Female: 66	Male: 66 Female: 66	Male: 66 Female: 66
2016-2017	Male: 66 Female: -	Male: 66 Female: -	Male: 65 Female: -
2015-2016	Male: 71 Female: -	Male: 66 Female: -	Male: 66 Female: -
2014-2015	Male: 69 Female: 65	Male: 66 Female: 65	Male: 65 Female: 65
2013-2014	Male: 67 Female: -	Male: 66 Female: -	Male: 65 Female: -

Note:

Figures provided cover tenured faculty.

- (3) From 2013-2014 to 2017-2018 academic years, the outflow number of tenured academic staff and the percentage to the total number of tenured academic staff by gender are tabulated below:

<i>Academic year</i>	
2017-2018	Male: 14 (3.6%); Female: 4 (4.7%)
2016-2017	Male: 21 (5.5%); Female: 0 (0%)
2015-2016	Male: 18 (4.7%); Female: 1 (1.4%)
2014-2015	Male: 16 (4.2%); Female: 2 (2.9%)
2013-2014	Male: 12 (3.1%); Female: 0 (0%)

- (4) From 2013-2014 to 2017-2018 academic years, the intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff by gender are tabulated below:

<i>Academic year</i>	
2017-2018	Male: 5 (1.3%); Female: 0 (0%)
2016-2017	Male: 3 (0.8%); Female: 3 (4.1%)
2015-2016	Male: 8 (2.1%); Female: 0 (0%)

<i>Academic year</i>	
2014-2015	Male: 8 (2.1%); Female: 1 (1.5%)
2013-2014	Male: 3 (0.8%); Female: 1 (1.6%)

Note:

Figures provided cover tenured faculty.

- (5) HKUST has a set of rigorous academic review procedures in place which involve a three-tier level review, viz. at Departmental, School and University levels. Academic review will take into consideration the appointee's teaching and education, research and scholarship, and services. As part of the review procedure, external references would also be solicited for faculty appointments/promotion. For cases of appointment beyond the University's normal retirement age, approval from the University Council would need to be sought. The University has an appeal system in place for faculty reviews. A Standing Committee as approved by the Senate has been established to consider appeals from faculty members on procedural irregularities of academic reviews.

HKUST, being a champion of diversity and building an inclusive and collaborative community, is an equal opportunity employer. Academic reviews will be based on a set of consistent approved criteria (i.e. teaching, research, service) and will be considered on the basis of the appointee's qualifications and the University's development priorities irrespective of gender, marital status, disability, family status or race.

Annex 8

[This annex was provided by The University of Hong Kong]

The University of Hong Kong ("HKU")

- (1) The prevailing retirement age at HKU is 60. The University also has established mechanisms to consider applications from academic staff for reappointment beyond the normal retirement age. For Professors, they are invited to apply for reappointment beyond retirement when they reach age 55 or upwards, before the normal retirement age at 60. For other academic staff, they may apply for reappointment one year before

retirement. Applications will be considered in terms of individual merits and University's needs. Assessment of the individual's academic merits is made at the Faculty level by the Faculty Human Resource Committee and/or at the University level by the University Selection and Promotion Committee ("USPC") where appropriate, against the University's established missions and performance criteria of excellence in teaching, research and service. Approval at the central will be subject to whether the reappointment will be in the best interest of the University considering the above, and whether there are resources in the Department/Faculty to support the reappointment. Reappointment can be of any length up to age 65 with a mutually agreed job plan between the staff and management. For highly meritorious cases, further reappointments beyond age 65 may also be granted upon re-applications, assessments and approval by Council's Human Resource Policy Committee.

(2)

<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>
2017-2018	Male: 70 Female: 68	Male: 65 Female: 61	Male: 60 Female: 60
2016-2017	Male: 69 Female: 70	Male: 62 Female: 62	Male: 60 Female: 60
2015-2016	Male: 68 Female: 61	Male: 62 Female: 60.5	Male: 60 Female: 60
2014-2015	Male: 71 Female: 66	Male: 63 Female: 61	Male: 60 Female: 61
2013-2014	Male: 70 Female: 64	Male: 63 Female: 62.5	Male: 61 Female: 61

Note:

Figures by faculty are not readily available.

(3)

<i>Academic year</i>	
2017-2018	Male: 27 (5.91%); Female: 8 (5.48%)
2016-2017	Male: 36 (7.63%); Female: 13 (8.61%)
2015-2016	Male: 18 (3.85%); Female: 2 (1.31%)
2014-2015	Male: 36 (7.79%); Female: 8 (5.48%)
2013-2014	Male: 19 (4.27%); Female: 2 (1.46%)

(4)	<i>Academic year</i>	
	2017-2018	Male: 31 (2.74%); Female: 9 (1.34%)
	2016-2017	Male: 23 (2.06%); Female: 6 (0.89%)
	2015-2016	Male: 29 (2.62%); Female: 6 (0.89%)
	2014-2015	Male: 17 (1.53%); Female: 2 (0.32%)
	2013-2014	Male: 23 (2.16%); Female: 3 (0.48%)

- (5) The University-level committee which considers applications from Assistant Professors or above for promotion, tenure and reappointment beyond retirement age, USPC, comprises senior academic staff from different Faculties and different backgrounds of high standing. The Committee will consider each application based on its merits against the University's established criteria, and irrespective of the applicant's gender, race and family status, or any political considerations. Independent assessments are also sought on the applicant's academic achievements for cases of promotion and tenure. There is an established appeal mechanism against an unsuccessful application for tenure, promotion or contract renewal on the ground of procedural irregularities.

Annex 9

[The following information was provided by Caritas Institute of Higher Education]

Caritas Institute of Higher Education

(1)	The prevailing retirement age for academic staff is 60. Employment of academic staff beyond the prevailing retirement age is offered at discretion.
(2)	We would not be able to provide the relevant data.
(3)	There is no academic staff employed on tenure.
(4)	There has been a steadily increasing number of academic staff at Associate Professor rank or above appointed in accordance to the student number and new programmes developed over the past five academic years.
(5)	There is an internal mechanism to deal with relevant matters.

Annex 10

[The following information was provided by Centennial College]

Centennial College

(1)	<p>The prevailing retirement age for academic staff in Centennial College is 60.</p> <p>Appointment beyond 60 may be considered where a staff member has special expertise that supports an area of College development. Post-60 appointment may either be made on contracts or extension of contracts of one to three years at any one time. Post-65 appointment may be considered on a yearly and case-by-case basis.</p>												
(2)	<table border="1" data-bbox="296 853 1398 1675"> <thead> <tr> <th data-bbox="296 853 555 999"><i>Academic year</i></th> <th data-bbox="555 853 1398 999"><i>The highest retirement age, median age at retirement and the lowest retirement age (The College does not have a faculty/school structure)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="296 999 555 1476">2017-2018</td> <td data-bbox="555 999 1398 1476"> <p>Highest retirement age Male: 64; Female: -</p> <p>Median age at retirement Male: 63.5; Female: -</p> <p>Lowest retirement age Male: 63; Female: -</p> <p>(1)</p> </td> </tr> <tr> <td data-bbox="296 1476 555 1525">2016-2017</td> <td data-bbox="555 1476 1398 1525">Nil</td> </tr> <tr> <td data-bbox="296 1525 555 1574">2015-2016</td> <td data-bbox="555 1525 1398 1574">Nil</td> </tr> <tr> <td data-bbox="296 1574 555 1624">2014-2015</td> <td data-bbox="555 1574 1398 1624">Nil</td> </tr> <tr> <td data-bbox="296 1624 555 1675">2013-2014</td> <td data-bbox="555 1624 1398 1675">Nil</td> </tr> </tbody> </table> <p>Note:</p> <p>(1) The above figures do not include one faculty member who was already beyond retirement age when he was first appointed.</p>	<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age (The College does not have a faculty/school structure)</i>	2017-2018	<p>Highest retirement age Male: 64; Female: -</p> <p>Median age at retirement Male: 63.5; Female: -</p> <p>Lowest retirement age Male: 63; Female: -</p> <p>(1)</p>	2016-2017	Nil	2015-2016	Nil	2014-2015	Nil	2013-2014	Nil
<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age (The College does not have a faculty/school structure)</i>												
2017-2018	<p>Highest retirement age Male: 64; Female: -</p> <p>Median age at retirement Male: 63.5; Female: -</p> <p>Lowest retirement age Male: 63; Female: -</p> <p>(1)</p>												
2016-2017	Nil												
2015-2016	Nil												
2014-2015	Nil												
2013-2014	Nil												
(3)	<p>Academic staff in Centennial College are normally appointed on contract basis. The College has therefore not appointed any academic staff on substantive terms. No relevant figures can be provided.</p>												

(4)	<i>Academic year</i>	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of tenured academic staff (The College does not have a faculty/school structure)</i>
	2017-2018	Male: 0 (0%); Female: 0 (0%)
	2016-2017	Male: 0 (0%); Female: 0 (0%)
	2015-2016	Male: 0 (0%); Female: 0 (0%)
	2014-2015	Male: 0 (0%); Female: 1 (0%) ⁽²⁾
	2013-2014	Male: 1 (0%) ⁽²⁾ ; Female: 0 (0%)
<p>Note:</p> <p>(2) As mentioned in our response to part (4) above, the College has not appointed any academic staff on substantive terms, i.e. the College does not have any tenured academic staff.</p>		
(5)	<p>Centennial College has a set of guidelines specifying the institutional and academic criteria for the promotion of academic staff to full professor and associate professor positions. These criteria are made known to all academic staff of the College. Consideration for promotion to higher academic positions will be made on the candidates' academic excellence and contribution to such areas as teaching, research, services and administration. The selection panel is comprised of senior academic members of the College and may also include a lay member (e.g. senior academic member of the University of Hong Kong ("HKU") or HKU SPACE). In the case of appointment to full professor, external assessors must be appointed.</p>	

Annex 11

[The following information was provided by School of Continuing Education,
Hong Kong Baptist University]

School of Continuing Education ("SCE"),
Hong Kong Baptist University ("HKBU")

(1)	<p>The SCE employs primarily Teaching Staff at Lecturer grades. SCE follows HKBU's policy. The prevailing retirement age for academic/teaching staff is 60.</p> <p>At SCE, relevant supervisor/Head can make recommendation for reappointment beyond contractual retirement age after due consultation</p>
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	with the staff member concerned. The recommendation would have to be made as early as possible and not later than one year before the staff concerned reaches contractual retirement age. Reappointment beyond the contractual retirement age will, at most, be up to five years.													
(2)	<table border="1"> <thead> <tr> <th><i>Academic year</i></th> <th><i>The highest retirement age, median age at retirement and the lowest retirement age</i></th> </tr> </thead> <tbody> <tr> <td>2017-2018</td> <td>Highest retirement age: 60 or above[*]</td> </tr> <tr> <td>2016-2017</td> <td>N.A.</td> </tr> <tr> <td>2015-2016</td> <td>Highest retirement age: 60 or above[*]</td> </tr> <tr> <td>2014-2015</td> <td>Highest retirement age: 60 or above[*]</td> </tr> <tr> <td>2013-2014</td> <td>N.A.</td> </tr> </tbody> </table> <p>Note:</p> <p>* As there is only one retiree in the report period, due to concern on protection of personal data, the exact retirement age is not disclosed.</p>		<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>	2017-2018	Highest retirement age: 60 or above [*]	2016-2017	N.A.	2015-2016	Highest retirement age: 60 or above [*]	2014-2015	Highest retirement age: 60 or above [*]	2013-2014	N.A.
<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>													
2017-2018	Highest retirement age: 60 or above [*]													
2016-2017	N.A.													
2015-2016	Highest retirement age: 60 or above [*]													
2014-2015	Highest retirement age: 60 or above [*]													
2013-2014	N.A.													
(3)	At SCE, there is no tenured academic staff.													
(4)	SCE has not recruited senior academic staff (associate professor or above) in the past five years.													
(5)	SCE employs primarily Teaching Staff at Lecturer grades. SCE follows HKBU's established procedures for considering promotion of Teaching Staff and reappointment beyond contractual retirement age. Consideration for Promotion of Teaching Staff and reappointment beyond contractual retirement age are on the basis of performance, recommendation of relevant Head and School Review Panel, and subject to final approval by the University.													

Annex 12

[The following information was provided by Hong Kong Institute of Technology]

Hong Kong Institute of Technology

(1)	We do not set the normal retirement age for academic staff, it depends on the ability of individual staff.
(2)	Not applicable as we do not have a stipulated normal retirement age.
(3)	In the 2017-2018 academic year, the percentage of outflow number of tenured academic staff to the total number of tenured academic staff is 14%.
(4)	N.A.

(5)	Our institute has a mechanism for promotion which is fair, unbiased, and uninfluenced by political factors. Academic commentary is not a factor. Cases of appeal are considered by the Council and the Board of Governors as appropriate.
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Annex 13

[The following information was provided by Hong Kong Nang Yan College of Higher Education]

Hong Kong Nang Yan College of Higher Education

(1)	The prevailing retirement age for academic staff is 65. The College approves on a case-by-case basis, renewal of a contract beyond 65 years of age. The criteria for consideration of such applications include whether the appointment of the staff member is crucial for the further development of the department/unit in general or of a particular programme; and/or it is in the College's best interest to retain the service of the staff member whose performance has been exceptionally outstanding.						
(2)	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>						
<i>Academic year</i>	<i>School of Business</i>	<i>School of Arts</i>	<i>School of Social Science</i>	<i>School of Nursing and Health</i>	<i>School of Humanistic Buddhism</i>	<i>School of General Education</i>	
2017-2018	No retired staff in the right-handed academic years in all schools.						
2016-2017							
2015-2016							
2014-2015							
2013-2014	Our College commenced operation in the academic year 2014-2015.						
(3)	<i>The outflow number of tenured academic staff and the percentage to the total number of tenured academic staff</i>						
<i>Academic year</i>	<i>School of Business</i>	<i>School of Arts</i>	<i>School of Social Science</i>	<i>School of Nursing and Health</i>	<i>School of Humanistic Buddhism</i>	<i>School of General Education</i>	
2017-2018	Our College does not have a tenured employment, all academic staff are employed on a fixed-term contract.						
2016-2017							
2015-2016							
2014-2015							
2013-2014	Our College commenced operation in the academic year 2014-2015.						

(4)	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff</i>						
	<i>Academic year</i>	<i>School of Business</i>	<i>School of Arts</i>	<i>School of Social Science</i>	<i>School of Nursing and Health</i>	<i>School of Humanistic Buddhism</i>	<i>School of General Education</i>
	2017-2018	Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)	Male: 1 (20%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)
	2016-2017	Male: 0 (0%); Female: 0 (0%)	Male: 2 (33.3%); Female: 0 (0%)	Male: 1 (50%); Female: 0 (0%)	This School set up in the 2017-2018 academic year.	Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)
	2015-2016	Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)	Male: 1 (100%); Female: 0 (0%)		Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)
	2014-2015	Male: 1 (25%); Female: 0 (0%)	Male: 2 (50%); Female: 0 (0%)	This School set up in the 2015-2016 academic year.		Male: 0 (0%); Female: 0 (0%)	Male: 0 (0%); Female: 0 (0%)
2013-2014	Our College commenced operation in the 2014-2015 academic year.						
(5)	<p>Our College considers the factors for the promotion application include a staff should have the demonstrated ability to make and sustain contributions of magnitude and quality appropriate to the promotional rank, apart from meeting the minimum requirements or appointment criteria of the promotional rank. In relation to the application for extension of retirement age, the criteria of consideration include whether the appointment of the staff member is crucial for the further development of the department/unit in general or of a particular programme; and/or it is the College's best interest to retain the service of the staff member whose performance has been exceptionally outstanding. The Board of Governors makes the final decision on applications.</p>						

Annex 14

[The following information was provided by Hong Kong Shue Yan University]

Hong Kong Shue Yan University

(1)	Hong Kong Shue Yan University does not have a designated retirement age. Staff members are retained as long as they have the capacity to execute their duties and responsibilities in accordance to their contract.
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Annex 15

[The following information was provided by Lingnan Institute of Further Education]

Lingnan Institute of Further Education ("LIFE")

(1)	The prevailing retirement age for academic staff is 65 years old. LIFE has no such policy on extension of the retirement age.
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Annex 16

[The following information was provided by the School of Continuing and Professional Studies of the Chinese University of Hong Kong]

The School of Continuing and Professional Studies of the
Chinese University of Hong Kong

(1)	Academic staff on regular terms/continuous appointment mode of appointment shall retire on 31 July following the date of his/her 60 th birthday and his/her employment shall not be extended beyond this date except by approval of the University. For those new recruits whose appointment commence on/after 1 January 2016, the retirement age has been extended to 65.
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	The annual exercise for review for extension of service beyond statutory retirement date in respect of teaching staff normally commences in early May each year, and closes for submission in early July. It is applicable to appointees at Assistant Lecturer rank or above who are on regular Terms of Service (A)/(HA)/(B) or Continuous Appointment (A)/(B) and due to retire in the ensuing two years or three years. If considered justifiable, extension of service up to age 65 may be offered.
(2)	No teaching staff has left the School due to retirement in the past five years.
(3)	No teaching staff on regular terms has left the School in the past five years.
(4)	No Associate Professor or above was recruited by the School in the past five years.
(5)	The University has set up specific assessment criteria and the criteria will be considered for recommendation for extension of service beyond retirement and advancement.

Annex 17

[The following information was provided by the Hang Seng University of Hong Kong]

The Hang Seng University of Hong Kong

(1)	<p>A majority of the full-time academic staff members of the Hang Seng University of Hong Kong are on two to four years renewal contract, and such staff members have no retirement age in principle. The prevailing retirement age for academic staff who are appointed on continuous appointment; i.e. on open-ended appointment, is 60.</p> <p>Staff members appointed on continuous appointment shall retire on 31 July immediately following his/her 60 years of age. Subject to the College's needs and mutual agreement between the College and staff members, further appointment on renewable contract terms will be offered to the staff member for one to three years beyond his/her retirement age.</p>
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(2)	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>					
	<i>Academic year</i>	<i>School of Business</i>	<i>School of Communication</i>	<i>School of Decision Sciences</i>	<i>School of Humanities and Social Science</i>	<i>School of Translation</i>
	2017-2018	Nil	Nil	Nil	Nil	Nil
	2016-2017	Nil	Nil	Nil	Nil	Nil
	2015-2016	Nil	Nil	Nil	Nil	Nil
	2014-2015	Nil	Nil	Nil	Nil	Nil
2013-2014	Highest retirement age Male: 0; Female: ~61 Median age at retirement Male: 0; Female: ~61 Lowest retirement age Male: 0; Female: ~61	Nil	Nil	Nil	Nil	
(3)	<i>The outflow number of academic staff on continuous appointment and the percentage to the total number of academic staff on continuous appointment</i>					
	<i>Academic year</i>	<i>School of Business</i>	<i>School of Communication</i>	<i>School of Decision Sciences</i>	<i>School of Humanities and Social Science</i>	<i>School of Translation</i>
	2017-2018	Nil	Nil	Nil	Nil	Nil
	2016-2017	Nil	Nil	Nil	Nil	Nil
	2015-2016	Nil	Nil	Nil	Nil	Nil
	2014-2015	Total: 1 (7.7%) Male: 1 (7.7%); Female: 0	Nil	Nil	Nil	Nil
2013-2014	Total: 1 (7.7%) Male: 0; Female: 1 (7.7%)	Nil	Nil	Nil	Nil	
Note:						
(1) % in the bracket indicates the percentage of outflow number of academic staff on continuous appointment to the total number of academic staff on continuous appointment.						

(4)	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff on continuous appointment</i>					
	<i>Academic year</i>	<i>School of Business</i>	<i>School of Communication</i>	<i>School of Decision Sciences</i>	<i>School of Humanities and Social Science</i>	<i>School of Translation</i>
	2017-2018	Total: 1 (5.6%) Male: 0 (0%); Female: 1 (5.6%)	Nil	Nil	Total: 1 (7.7%) Male: 1 (7.7%); Female: 0 (%)	Nil
	2016-2017	Total: 2 (11.1%) Male: 2 (11.1%); Female: 0 (%)	Total: 1 (50%) Male: 1 (50%); Female: 0 (%)	Total: 1 (20%) Male: 1 (20%); Female: 0 (%)	Total: 1 (9.1%) Male: 1 (9.1%); Female: 0 (%)	Nil
	2015-2016	Total: 3 (23.1%) Male: 2 (15.4%); Female: 1 (7.7%)	Total: 2 ⁽²⁾ Male: 2; Female: 0 (%)	Total: 1 (50%) Male: 1 (50%); Female: 0 (%)	Total: 2 (20%) Male: 1 (10%); Female: 1 (10%)	Nil
	2014-2015	Nil	Nil	Nil	Nil	Nil
	2013-2014	Total: 1 (7.7%) Male: 0; Female: 1 (7.7%)	Nil	Total: 1 (100%) Male: 1 (100%); Female: 0 (%)	Nil	Nil
Note:						
(2) For School of Communication, there is no academic staff on continuous appointment in 2015-2016						
(5)	<p><i>Promotion</i></p> <p>The College has established policies and guidelines to consider the promotion cases. All promotion cases will first be considered by each School-level Review Committee and then further reviewed by the College-level Review Committee. If a staff member is not satisfied with the result, he/she may lodge an appeal to the Chairman of the College Council, via the President, with justification provided, within two weeks from the date he/she is informed of the result.</p>					

	<p><i>Retirement</i></p> <p>Subject to the College's development needs, recommendations of the Dean of School and Head of Department and mutual agreement between the School/Department and staff member, the re-engagement application will first be considered by School-level and then by College-level Review Committees and the staff member will be offered on contract terms for one to three years beyond his/her retirement age.</p>
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Annex 18

[The following information was provided by College of Professional and Continuing Education, the Hong Kong Polytechnic University]

College of Professional and Continuing Education ("CPCE"),
the Hong Kong Polytechnic University

(1)	<p>The prevailing retirement age for academic staff is 60. Subject to staffing needs, academic staff at Lecturer I level or above with outstanding performance may be recommended by the Unit Staffing Committee in their Unit for extending their appointments beyond the age of 60 for one to two years initially with no change to their existing employment terms. Their appointments may be further extended up to the age of 65. As for academic staff who are granted approval to continue to serve beyond 65, they would normally be given "part-time" or "temporary full-time" contracts, to be reviewed for renewal on a year-by-year basis.</p>																														
(2)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><i>Academic year</i></th> <th style="text-align: center;"><i>Highest retirement age</i></th> <th style="text-align: center;"><i>Median age at retirement</i></th> <th style="text-align: center;"><i>Lowest retirement age</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2017-2018</td> <td>Male: 62; Female: 60</td> <td>Male: 62; Female: 60</td> <td>Male: 62; Female: 60</td> </tr> <tr> <td style="text-align: center;">2016-2017</td> <td>Male: 61; Female: 60</td> <td>Male: 60.5; Female: 60</td> <td>Male: 60; Female: 60</td> </tr> <tr> <td style="text-align: center;">2015-2016</td> <td>Male: 69; Female: NA</td> <td>Male: 65.5; Female: NA</td> <td>Male: 62; Female: NA</td> </tr> <tr> <td style="text-align: center;">2014-2015</td> <td colspan="3">No academic staff retired in this year.</td> </tr> <tr> <td style="text-align: center;">2013-2014</td> <td>Male: 62; Female: NA</td> <td>Male: 62; Female: NA</td> <td>Male: 62; Female: NA</td> </tr> <tr> <td></td> <td colspan="3">No female academic staff retired in this year.</td> </tr> </tbody> </table> <p>Note:</p> <p>There is no faculty/school under CPCE's organizational structure. The above table presents the figures of CPCE as a whole. In general, CPCE academic staff are relatively young and there was only a very small number of staff, especially female staff, who reached the retirement age in the past years.</p>			<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>	2017-2018	Male: 62; Female: 60	Male: 62; Female: 60	Male: 62; Female: 60	2016-2017	Male: 61; Female: 60	Male: 60.5; Female: 60	Male: 60; Female: 60	2015-2016	Male: 69; Female: NA	Male: 65.5; Female: NA	Male: 62; Female: NA	2014-2015	No academic staff retired in this year.			2013-2014	Male: 62; Female: NA	Male: 62; Female: NA	Male: 62; Female: NA		No female academic staff retired in this year.		
<i>Academic year</i>	<i>Highest retirement age</i>	<i>Median age at retirement</i>	<i>Lowest retirement age</i>																												
2017-2018	Male: 62; Female: 60	Male: 62; Female: 60	Male: 62; Female: 60																												
2016-2017	Male: 61; Female: 60	Male: 60.5; Female: 60	Male: 60; Female: 60																												
2015-2016	Male: 69; Female: NA	Male: 65.5; Female: NA	Male: 62; Female: NA																												
2014-2015	No academic staff retired in this year.																														
2013-2014	Male: 62; Female: NA	Male: 62; Female: NA	Male: 62; Female: NA																												
	No female academic staff retired in this year.																														

(3)	<i>Academic year</i>	<i>The outflow number of tenured academic staff and the percentage to the total number of tenured academic staff</i>	
	2017-2018	Male: 4 (2.07%)	Female: 5 (2.59%)
	2016-2017	Male: 4 (1.99%)	Female: 3 (1.49%)
	2015-2016	Male: 2 (1.01%)	Female: 2 (1.01%)
	2014-2015	Male: 2 (1.05%)	Female: 1 (0.52%)
	2013-2014	Male: 2 (1.07%)	Female: 2 (1.07%)
<p>Note:</p> <p>% in the bracket indicates the percentage of outflow number of tenured academic staff to the total number of tenured academic staff.</p>			
(4)	<i>Academic year</i>	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of tenured academic staff</i>	
	2017-2018	Male: [0](0%)	Female: [0](0%)
	2016-2017	Male: [0](0%)	Female: [0](0%)
	2015-2016	Male: [1](0.5%)	Female: [0](0%)
	2014-2015	Male: [0](0%)	Female: [0](0%)
	2013-2014	Male: [2](1.07%)	Female: [0](0%)
<p>Note:</p> <p>There is no Associate Professor post in CPCE. The above table refers to staff at Principal Lecturer level or above. New academic staff will normally be appointed on contract terms initially.</p>			
(5)	<p>Academic staff's performance is assessed by a comprehensive staff appraisal system annually with inputs from committees at both the Unit and College level.</p> <p>Unit Staffing Committee makes recommendations in respect of staffing requirements in the Unit. It recommends shortlist of candidates for promotion posts for approval authority's endorsement. Interviews for promotions posts are conducted by a standing selection panel at College level for the approval authority's decision.</p> <p>Recommendations for extending the appointment of academic staff beyond the normal retirement age of 60 are made by the respective Unit Staffing Committee in the Unit for the approving authority's consideration.</p> <p>There is an established set of policy procedures for handling appeals to human resources decisions. A Review Committee will be convened to review the appeal.</p>		

Annex 19

[The following information was provided by HKU SPACE Po Leung Kuk Stanley Ho Community College]

HKU SPACE Po Leung Kuk Stanley Ho Community College ("HPSHCC")

(1)	HPSHCC has not set any prevailing retirement age for academic staff. Currently, HPSHCC does not have any policies to extend the service of academic staff beyond their retirement age.
(2)	A majority of the academic staff is in the age between 30s and 40s. No one left due to retirement.
(3)	Not applicable to HPSHCC.
(4)	Not applicable to HPSHCC.

Annex 20

[The following information was provided by School for Higher and Professional Education, Vocational Training Council]

School for Higher and Professional Education,
Vocational Training Council

(1)	<p>The prevailing retirement age for academic staff of School for Higher and Professional Education (SHAPE) is 60.</p> <p>Consideration of the further employment of employees, regardless of ranks, will be based on the following criteria:</p> <ul style="list-style-type: none"> (a) There is an operational need to retain the services of the existing employee; (b) There is difficulty in recruiting staff in that particular post; (c) The employee has demonstrated good conduct, performance, competence and expertise in his/her work; (d) The extension of service would not cause any promotion blockage to eligible staff in the lower ranks; and (e) The employee seeking further employment is physically fit to continue employment. <p>Extension of service will be for a period of normally one year with one renewal. However, for teaching staff, extension of service will normally be up to the end of an academic year for preventing the disruption to the teaching of courses.</p>
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(2)	During the past five academic years, teaching staff had not yet reached the normal retirement age.	
(3)	<i>Academic year</i>	<i>The outflow number of tenured academic staff and the percentage to the total number of tenured academic staff</i>
	2017-2018	-
	2016-2017	-
	2015-2016	-
	2014-2015	Male: 1 (25%); Female: NA (NA)
	2013-2014	-
(4)	<i>Academic year</i>	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff</i>
	2017-2018	-
	2016-2017	-
	2015-2016	-
	2014-2015	-
	2013-2014	Male: 1 (4.35%); Female: NA (NA)
(5)	The Vocational Training Council ("VTC") is committed to developing, promoting and maintaining a policy of equality of opportunity which creates an environment in which staff, students or any other persons who have dealings with VTC are treated equitably irrespective of their sex, disability, race, marital status, pregnancy, family status, or sexual orientation. The Council does not tolerate any unlawful acts of discrimination, harassment, vilification or victimization. All staff should be proactive in helping to eliminate such unlawful acts.	

Annex 21

[The following information was provided by Technological and Higher Education Institute of Hong Kong, Vocational Training Council]

Technological and Higher Education Institute of Hong Kong,
Vocational Training Council

(1)	The prevailing retirement age for academic staff of Technological and Higher Education Institute of Hong Kong ("THEi") is 60.
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	<p>Consideration of the further employment of employees, regardless of ranks, will be based on the following criteria:</p> <p>(a) There is an operational need to retain the services of the existing employee;</p> <p>(b) There is difficulty in recruiting staff in that particular post;</p> <p>(c) The employee has demonstrated good conduct, performance, competence and expertise in his/her work;</p> <p>(d) The extension of service would not cause any promotion blockage to eligible staff in the lower ranks; and</p> <p>(e) The employee seeking further employment is physically fit to continue employment.</p> <p>Extension of service will be for a period of normally one year with one renewal. However, for teaching staff, extension of service will normally be up to the end of an academic year for preventing the disruption to the teaching of courses.</p>																		
(2)	<table border="1"> <thead> <tr> <th data-bbox="272 1010 480 1361" rowspan="2"><i>Academic year</i></th> <th colspan="4" data-bbox="480 1010 1410 1122"><i>The highest retirement age, median age at retirement and the lowest retirement age</i></th> </tr> <tr> <th data-bbox="480 1122 711 1361"><i>Faculty of Design and Environment</i></th> <th data-bbox="711 1122 938 1361"><i>Faculty of Management and Hospitality</i></th> <th data-bbox="938 1122 1166 1361"><i>Faculty of Science and Technology</i></th> <th data-bbox="1166 1122 1410 1361"><i>School of General Education and Languages</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="272 1361 480 2049">2017-2018</td> <td data-bbox="480 1361 711 2049"> Highest retirement age Male: 60.5; Female: NA Median age at retirement Male: 60.5; Female: NA Lowest retirement age Male: 60.5; Female: NA </td> <td data-bbox="711 1361 938 2049"> Highest retirement age Male: 69.8; Female: NA Median age at retirement Male: 69.2; Female: NA Lowest retirement age Male: 68.6; Female: NA </td> <td data-bbox="938 1361 1166 2049"> Highest retirement age Male: 63.9; Female: NA Median age at retirement Male: 63.9; Female: NA Lowest retirement age Male: 63.9; Female: NA </td> <td data-bbox="1166 1361 1410 2049">-</td> </tr> </tbody> </table>					<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>				<i>Faculty of Design and Environment</i>	<i>Faculty of Management and Hospitality</i>	<i>Faculty of Science and Technology</i>	<i>School of General Education and Languages</i>	2017-2018	Highest retirement age Male: 60.5; Female: NA Median age at retirement Male: 60.5; Female: NA Lowest retirement age Male: 60.5; Female: NA	Highest retirement age Male: 69.8; Female: NA Median age at retirement Male: 69.2; Female: NA Lowest retirement age Male: 68.6; Female: NA	Highest retirement age Male: 63.9; Female: NA Median age at retirement Male: 63.9; Female: NA Lowest retirement age Male: 63.9; Female: NA	-
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	<i>Faculty of Design and Environment</i>	<i>Faculty of Management and Hospitality</i>	<i>Faculty of Science and Technology</i>	<i>School of General Education and Languages</i>
2016-2017	-	-	<p>Highest retirement age Male: 72.7; Female: NA</p> <p>Median age at retirement Male: 72.7; Female: NA</p> <p>Lowest retirement age Male: 72.7; Female: NA</p>	-
2015-2016	-	<p>Highest retirement age Male: 64.8; Female: NA</p> <p>Median age at retirement Male: 64.8; Female: NA</p> <p>Lowest retirement age Male: 64.8; Female: NA</p>	<p>Highest retirement age Male: 64.9; Female: NA</p> <p>Median age at retirement Male: 63.8; Female: NA</p> <p>Lowest retirement age Male: 62.6; Female: NA</p>	-
2014-2015	-	-	-	-

	<i>Academic year</i>	<i>The highest retirement age, median age at retirement and the lowest retirement age</i>			
		<i>Faculty of Design and Environment</i>	<i>Faculty of Management and Hospitality</i>	<i>Faculty of Science and Technology</i>	<i>School of General Education and Languages</i>
	2013-2014	-	-	-	Highest retirement age Male: NA; Female: 60.6 Median age at retirement Male: NA; Female: 60.6 Lowest retirement age Male: NA; Female: 60.6
(3)	All THEi staff are employed in contract terms, no appointment is on tenure terms.				
(4)	<i>Academic year</i>	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff</i>			
		<i>Faculty of Design and Environment</i>	<i>Faculty of Management and Hospitality</i>	<i>Faculty of Science and Technology</i>	<i>School of General Education and Languages</i>
	2017-2018	-	-	Male: 1 (1.17%); Female: 1 (1.60%)	-
	2016-2017	-	-	Male: 1 (1.20%); Female: NA (NA)	-

<i>Academic year</i>	<i>The intake number of senior academic staff (associate professor or above) and the percentage to the total number of academic staff</i>			
	<i>Faculty of Design and Environment</i>	<i>Faculty of Management and Hospitality</i>	<i>Faculty of Science and Technology</i>	<i>School of General Education and Languages</i>
2015-2016	Male: 1 (1.28%); Female: 2 (3.88%)	-	Male: 1 (1.28%); Female: NA (NA)	-
2014-2015	-	-	Male: 2 (3.15%); Female: NA (NA)	-
2013-2014	-	Male: 3 (6.82%); Female: NA (NA)	Male: 2 (4.55%); Female: NA (NA)	Male: 1 (2.27%); Female: NA (NA)
(5)	The Vocational Training Council ("VTC") is committed to developing, promoting and maintaining a policy of equality of opportunity which creates an environment in which staff, students or any other persons who have dealings with VTC are treated equitably irrespective of their sex, disability, race, marital status, pregnancy, family status, or sexual orientation. The Council does not tolerate any unlawful acts of discrimination, harassment, vilification or victimization. All staff should be proactive in helping to eliminate such unlawful acts.			

Leave deduction arrangements for civil servants working under the six-day work week mode

16. **DR ELIZABETH QUAT** (in Chinese): *President, a civil servants' trade union has relayed to me that under the existing requirement, when staff members take leave for one week, those who work under the six-day work week mode will have six days deducted from their annual leave balance, whereas their counterparts who work under the five-day work week mode will have five days*

deducted. In March last year, the union proposed that the Leisure and Cultural Services Department ("LCSD") implement, for staff of the various grades in the Department working under the six-day work week mode, the following trial scheme: staff members who are absent from work for seven days in a duty cycle will be subject to annual leave deduction of five days instead of six days ("the trial scheme"). In this connection, will the Government inform this Council:

- (1) of the reasons why LCSD has not yet implemented the trial scheme after considering it for more than one year;*
- (2) whether it has studied the feasibility of the trial scheme; if so, of the study outcome (including the implementation difficulties, and the workload implications on staff);*
- (3) whether LCSD will implement the trial scheme first for the Amenities Assistant grade staff for a period of one year, and extend the scheme, after it has been proved to work, to cover other grades; if so, of the details and timetable; if not, the reasons for that;*
- (4) as some trade unions have relayed that the Civil Service Bureau has set out a number of pre-conditions for LCSD to implement the trial scheme, of the relevant details; and*
- (5) as the Hong Kong Police Force ("HKPF") (i) introduced in December 2015 a similar trial scheme, (ii) has since January this year been testing the implications of the relevant leave deduction arrangement on the department, and (iii) is updating its e-leave system for implementing the said arrangement, whether LCSD has assessed if its e-leave system can dovetail with the implementation of the trial scheme; if it has assessed and the outcome is in the negative, of the details and whether it has any solution; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, as regards the various parts of the question, after consulting the Leisure and Cultural Services Department ("LCSD") and the Civil Service Bureau, my reply is as follows:

(1), (2) and (4)

LCSD understands the concern of officers working on a non-five day week work pattern on their Leave Deduction Arrangements ("LDA"). The Civil Service Bureau earlier invited all departments that had not fully implemented five-day week (including LCSD) to explore the feasibility of revising LDA for staff on non-five day work week pattern, but all LDA proposals should comply with the related basic principles, i.e. (a) no reduction in the conditioned hours of service of individual staff; (b) no additional manpower and no reduction in the level of service to public; and (c) existing rules governing leave remain intact.

LCSD has conducted initial review on the operation of service units/venues under its purview. Given that the department manages a variety and large number of venues, and different venues have staff of different grades, with varying establishment, conditioned hours of work, job nature and shift patterns, LCSD needs more time to devise a pilot scheme that complies with the relevant basic principles. Careful consideration has also to be given to various aspects in order not to affect public service. LCSD has yet to formulate a feasible pilot scheme of revised LDA for officers on non-five day week work pattern. Besides, the Electronic Leave Application and Processing System ("ELAPS") currently used by the department cannot process revised LDA. It is envisaged that manual processing and calculation of such "leave deduction" will involve additional workload and may lead to problems on leave record management. LCSD considers it necessary to duly address the issues mentioned above before proposing any pilot scheme.

(3) LCSD understands the concerns of individual grades/staff unions on the progress of the revised LDA but the feasibility of implementing a pilot scheme of revised LDA is subject to consideration in multiple perspectives. The department will continue examining the feasibility of implementing a pilot scheme of revised LDA and relevant issues. A concrete trial plan and its timetable are not available at this stage.

- (5) As mentioned in the reply to part (1) of the question, ELAPS currently used by the department cannot process revised LDA. LCSD will continue examining the feasibility of implementing a pilot scheme of revised LDA and other relevant issues. At this stage, there is no plan to update ELAPS or develop a new system to cater for revised LDA.

Promoting opening up of data

17. **MR CHARLES PETER MOK** (in Chinese): *President, it has been reported that Hong Kong was ranked the 24th, a ranking lagging substantially behind those of Taiwan, Japan and Singapore, in the Global Open Data Index published last year by the Open Knowledge Foundation in the United Kingdom ("UK"). Hong Kong even scored zero in areas of open data for the company register and for land ownership. There are views that Hong Kong needs to catch up expeditiously in respect of opening up data. On the other hand, it is mentioned in this year's Policy Address that the Government has firmed up the policy and measures on opening up government data, and required all government departments to formulate and publish their annual open data plans ("annual plans") by the end of this year. In this connection, will the Government inform this Council:*

- (1) *whether it will provide additional manpower and resources to the various bureaux/government departments for execution of the annual plans;*
- (2) *whether it took into consideration perspectives such as information security, personal privacy and government revenue when it formulated the policy on opening up data, and how it will determine the extent of opening up various types of data;*
- (3) *whether it will, by making reference to the relevant practices in the UK and Canada, draw up an "open government licence" to stipulate (i) that the Government is the copyright owner of the datasets concerned, and (ii) the rights and obligations of the users of the datasets, so as to facilitate the extensive use of the datasets;*

- (4) *whether it will, by making reference to the practices in other jurisdictions, (i) formulate open data lists for the Chief Executive's Office, the offices of the various Secretaries of Departments and Directors of Bureaux, as well as the various bureaux and government departments, and (ii) determine the extent of opening and reusing the data concerned;*
- (5) *whether it will add the following government datasets to the lists of government data to be opened up so that members of the public can use such data free of charge: (i) the Company Register, (ii) the Land Register, (iii) the Business Register, (iv) the register of vehicles, (v) bankruptcy and compulsory winding-up records, (vi) birth/death records and (vii) marriage records; if so, of the details and the timetable; if not, the reasons for that;*
- (6) *whether it will put in place the relevant performance indicators and feedback mechanisms to ensure continuous improvement in the quality of government data being opened up;*
- (7) *whether it will review the requests for access to government information previously made by members of the public, in order to gauge the public's demand for the various types of data, and establish a mechanism for receiving and handling the public's requests for access to datasets;*
- (8) *whether it has plans to promote the opening up of data among the various District Councils, public bodies, universities and non-profit-making organizations, and issue codes of best practices to them;*
- (9) *whether it will, in collaboration with public and private organizations, examine the obstacles hindering the opening up of data, and establish a platform to facilitate data sharing, with a view to promoting data sharing among various sectors in an equal, mutually-beneficial and safe manner; and*
- (10) *whether it will adopt measures (e.g. providing relevant teaching materials and organizing competitions on application development) to step up efforts to promote the use of those data opened up, so as to encourage the industry to use such data to develop various applications and tools?*

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Chinese): President, in September 2018, the Office of the Government Chief Information Officer ("OGCIO") issued guidelines to all government bureaux and departments ("B/Ds") on the new open data policy and implementation measures. B/Ds are required to progressively open up their data under the "data.gov.hk" portal for free use by the public, and formulate and publish their annual open data plans on their websites every year. Their first annual open data plan should be published by end 2018.

After consulting the relevant B/Ds, our reply to the various parts of the question is as follows:

- (1) B/Ds will formulate and implement their annual open data plans having regard to their manpower and resources. OGCIO will render the necessary technical and financial support to individual B/Ds for enhancing their departmental information technology systems for releasing relevant datasets.
- (2) In formulating their annual open data plans, B/Ds will take into account factors such as information security, personal privacy and financial implications to the Government, in addition to the needs of the public and the industry, and ensure that the opening up of data complies with relevant ordinances such as the Personal Data (Privacy) Ordinance (Cap. 486). B/Ds should in principle open up their data for free use by the public as far as possible.
- (3) and (4)

In formulating the new open data policy and relevant measures, we have made reference to the experience of other countries and regions, as well as relevant international reports and studies such as the analysis of the Global Open Data Index. The new policy requires B/Ds to release datasets in machine-readable format and with timely updates.

According to the existing terms and conditions in using the "data.gov.hk" portal, members of the public are allowed to browse, download, distribute, reproduce, print and hyperlink such data, on a

free-of-charge basis, for both commercial and non-commercial uses, on the condition that they have to state clearly the data source in all copies and acknowledge the intellectual property rights of the Government.

- (5) Regarding the suggestion to upload full information on the seven registers or records raised in this question to the "data.gov.hk" portal, the response from relevant B/Ds is as follows:

Items (i) and (v): Company Register and Bankruptcy and Compulsory Winding-up Records

The Companies Registry and the Official Receiver's Office provide company search service and bankruptcy and compulsory winding-up search services respectively to the public in accordance with the relevant legislation. To prevent improper use of personal data obtained via the search services, the Companies Registry and the Official Receiver's Office require users to state the purposes of conducting the searches, in accordance with the recommendations made in the Privacy Commissioner's Report on Survey of Public Registers Maintained by Government and Public Bodies in July 2015.

Item (ii): Land Registers

At present, members of the public can either access through Internet or visit the Land Registry's Customer Centre and the New Territories Search Offices to conduct searches of land registers and place order for copies of land records for properties anywhere in the territory after paying the fees stipulated in the Land Registration Fees Regulations (Cap. 128B).

Item (iii): Business Register

According to the Inland Revenue Department ("IRD"), the public can enquire the business registration number of a business free of charge through the Online Business Registration Number Enquiry services via the GovHK portal <www.gov.hk>. IRD is planning to include from mid-2019 onwards the monthly number of newly registered businesses in the lists of government data to be opened up.

Item (iv): Register of Vehicles

According to the Transport Department ("TD"), information and data contained in the Register of Vehicles involve personal data of registered vehicle owners. Such information should only be used for traffic and transport matters. Currently, pursuant to regulation 4 of the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E), residents can make application to TD for Certificates of Particulars of Motor Vehicles online, by post or in person at TD's licensing offices. Upon payment of a prescribed fee, residents can obtain information on individual vehicles as listed out in the Register of Vehicles.

Items (vi) and (vii): Birth/Death Records and Marriage Records

Currently, members of the public may access the figures of registration of births, deaths and marriages in Hong Kong on the website of the Immigration Department ("ImmD"). ImmD is actively considering inclusion of such figures in the lists of government data to be opened up.

(6) and (7)

Under the new open data policy, B/Ds will take into account the views and suggestions of the public on their annual open data plans. Besides, OGCIO will play a coordinating role to collect the annual open data plans of B/Ds, and provide a full list under the "data.gov.hk" portal for soliciting views and suggestions from the public.

(8) Apart from opening up more government data, B/Ds are required to encourage public organizations (e.g. district councils, universities and non-profit-making organizations) and private enterprises to open up their data related to public facilities or with high degree of public interest, and include relevant specific measures in their annual open data plans.

(9) and (10)

OGCIO will collaborate with public and private organizations through various channels, such as seminars and competitions, to promote open data and discuss the associated challenges and

problems. For example, OGCIO organized the Data. One App Competition in 2014, and also supported industry organizations to organize Smart City Datathon 2018 in October 2018 to encourage various sectors to develop innovative application solutions using the open data on the "data.gov.hk" portal.

Security issues relating to metal gates of public rental housing units

18. **MS ALICE MAK** (in Chinese): *President, I have received complaints from a number of tenants of public rental housing ("PRH") alleging that quite a number of PRH units have been broken into and burgled by thieves because the metal gates of such unites had security vulnerabilities. However, the Housing Department has not actively arranged improvement works for the metal gates. In this connection, will the Government inform this Council:*

- (1) *of the number of burglaries of PRH units in various PRH estates in the past three years;*
- (2) *of (i) the number of complaints received by the authorities about metal gates of PRH units having security vulnerabilities, and (ii) the number of metal gates of PRH units for which improvement works were carried out by the authorities, in the past three years (with a breakdown by estates);*
- (3) *of the types of metal gates installed for new PRH units by the authorities in the past three years and, among them, the respective types of metal gates (i) with complaints received about their having security vulnerabilities and (ii) the units to which they were fitted experienced a higher incidence of burglary;*
- (4) *as the authorities announced in 2014 that old-type see-through collapsible gates of more than 170 000 PRH units would be replaced in the five years starting 2015-2016, of the progress of the work; whether the authorities have regularly reviewed the security level of the metal gates (including the new-type metal gates) of all PRH units in Hong Kong and carried out improvement works for the metal gates with security vulnerabilities; if so, of the time of the last review, as well as its outcome and the follow-up work; and*

- (5) *whether the authorities will carry out improvement works for the metal gates with security vulnerabilities which have been provided for PRH units and for units which were sold under the Tenants Purchase Scheme, and bear the relevant repair and maintenance costs in future; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my consolidated reply to various parts of the question raised by Ms Alice MAK is as follows.

The Hong Kong Housing Authority ("HA") has all along been attaching great importance to the security of Public Rental Housing ("PRH") estates. HA has put in place a number of security facilities, such as installing security gates with password locks at the entrances of ground floor lobbies and fire escape staircases of buildings, and providing 24-hour guard services, CCTV and telecom systems inside the lifts and at the main entrance of the buildings which are monitored by the tower guards stationed at the ground floor lobbies.

HA also places great emphasis on the training of guards. Guards are required to carry out visitors' registration at the entrances of ground floor lobbies at PRH buildings. Guard control rooms also arrange for guards and building supervisors to patrol the buildings and provide them with necessary support. Furthermore, HA collects feedback from tenants and disseminates messages about anti-theft through the Estate Management Advisory Committees. When necessary, assistance from Police will be sought.

Tenants' cooperation is crucial for achieving good security. In this regard, HA periodically reminds tenants to close their main doors when leaving their flats, not to disclose the passwords of the entrance gates of ground floor lobbies to outsiders other than their family members, etc. Under safe condition, tenants are advised to notify the estate management office ("EMO") or the guards immediately whenever suspicious or unknown persons are found loitering in the building premises.

Upon receiving reports on burglary, staff of EMO will provide appropriate assistance to the tenant. However, HA has not maintained consolidated statistics on burglary cases concerning PRH units.

In light of the problem that the old-type see-through collapsible gates require frequent maintenance due to ageing, HA has launched a programme to replace such gates in about 170 000 PRH units from 2015-2016 onwards. This five-year programme is expected to be completed in 2019-2020. Up to October 2018, HA has replaced the metal gates of about 70% of such PRH units (about 120 000 units) under the programme.

Other types of metal gates in PRH estates have been performing well in general. Hence, HA has no plan to replace them. New PRH units completed in the past three years are installed with sliding metal gates.

Tenants of PRH estates (including HA tenants in Tenants Purchase Scheme ("TPS") estates) may contact EMO in case they have any problem relating to the maintenance of the metal gates of their units. EMO will deploy staff for on-site checking and follow-up. HA will take up the maintenance costs of the metal gates, arising from normal wear and tear. Flat owners are responsible for the maintenance cost of the metal gates of sold flats in TPS estates.

HA has not maintained statistics on complaints cases about metal gates of PRH units.

Pilot Scheme for Arbitration on Land Premium

19. **MR TONY TSE** (in Chinese): *President, it is learnt that it is not uncommon for lease modification/land exchange applications dragging on for years as a consensus over the amount of land premium cannot be reached between land owners and the Lands Department ("LandsD"). In view of the above, the Government introduced the Pilot Scheme for Arbitration on Land Premium ("the Pilot Scheme") in October 2014. The Government may invite lease modification/land exchange applicants ("the applicants") to participate in the Pilot Scheme whereby the land premium issue in respect of their applications may be settled through arbitration. In this connection, will the Government inform this Council:*

- (1) *of the criteria adopted by LandsD for determining whether or not to invite an applicant to participate in the Pilot Scheme;*

- (2) *of the respective numbers of lease modification/land exchange applications that have been received and handled by LandsD since October 2014 and, among them:*
- (i) *the number of cases in which the applicants were invited to participate in the Pilot Scheme; among such cases, the respective numbers of cases in which the invitation was accepted by the applicants, arbitrations are being/have been conducted, and arbitrations were concluded; the arbitration time taken for those cases in which arbitrations were concluded, and the amount of public expenditure concerned; the number of cases in which applicants who had declined such invitations subsequently reached a consensus with LandsD over the amount of land premium, as well as the respective shortest, longest and average time taken for negotiations in respect of such cases; and*
 - (ii) *the number of cases in which the applicants had not been invited to participate in the Pilot Scheme but they reached a consensus with LandsD over the amount of land premium, as well as the respective shortest, longest and average time taken for negotiations in respect of such cases;*
- (3) *whether it has reviewed the effectiveness of the Pilot Scheme; if so, of the anticipated completion time;*
- (4) *as there have been views that the subject to be arbitrated under the Pilot Scheme being confined to the amount of land premium has rendered the Pilot Scheme unattractive, whether the Government will explore expanding the scope of the subjects to be arbitrated under the Scheme; and*
- (5) *whether it will review the method for calculating the amount of land premium, and take into consideration the values of the existing structures erected on the relevant land lots and the economic activities thereon, as well as the expenses need to be incurred for demolishing the structures thereon; if not, of the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Pilot Scheme for Arbitration on Land Premium ("Pilot Scheme") introduced in October 2014 aims to provide an additional avenue for both the applicant ("Applicant") in lease modification/land exchange cases and Lands Department ("LandsD") to expedite the conclusion of land premium negotiations. The arbitration mechanism allows an independent and impartial third party to adjudicate the premium payable based on the arbitration terms and conditions agreeable to both sides, which in turn would help speed up land supply for housing and other uses.

My reply to various parts of the questions is as follows:

- (1) After substantive exchanges of views of the Applicant and the Government, generally speaking, after at least two appeals submitted by the Applicant for the land premium and no agreement can still be reached, either the Applicant or the Government may propose to settle the premium negotiation by arbitration. LandsD will adopt certain criteria in according priority to cases, such as:
 - (a) higher priority to "high yield" cases in terms of net increase in flat number (e.g. not less than 200) or net gain in non-residential GFA (e.g. not less than 20 000 sq m);
 - (b) higher priority to cases with a wider premium gap; and
 - (c) higher priority to cases with fewer issues in dispute or with relatively straightforward disputes.

Both parties have to consent before arbitration can be used for adjudicating the premium payable.

- (2) Since October 2014 until end of September 2018, LandsD received a total of 218 valid application cases for lease modification and land exchange. During the same period, premia were agreed for a total of 396 cases, including cases for technical modification resulting in no increase in residential or other floor area (the application cases received were not necessarily the same as the cases agreed during the period). The cases handled during the period include:

- (i) a total of 32 invitations were issued by LandsD to the Applicants (involving 16 developments, some of which were invited more than once at different junctures) to settle premium negotiations through arbitration under the Pilot Scheme. Among those 16 developments, one case proceeded to arbitration and was concluded in December 2015. In that particular case, it took about 11 weeks from the formation of the Arbitral Tribunal to the issue of the final award. The Government incurred expenditure of around \$1.3 million (including the Government's share of the arbitration fees and professional expenses), excluding in-house manpower and resources deployed.

For the other 15 developments, there were two cases in which the Applicants had agreed in principle to proceed with arbitration, but eventually decided to accept the land premium proposed by LandsD through the normal premium negotiation mechanism before proceeding to arbitration. Therefore, arbitration was not necessary. In respect of the remaining 13 developments of which the Applicants declined the invitations, seven of them subsequently settled the premium figure with the Government through the normal premium negotiation mechanism. The shortest and the longest negotiation time spans for the concerned cases were two years and 10 years respectively, with a median of four years. At present, Applicants in four remaining cases have chosen to continue to negotiate the land premium with LandsD, while and the Applicants in the two other remaining cases withdrew their lease modification or land exchange applications.

Separately, LandsD has received one application for arbitration which did not meet the policy objective of increasing land supply, and hence the application has been declined. Subsequently, that case was settled through normal premium negotiation procedures.

- (ii) Since October 2014, 386 cases (mostly not meeting the "two appeals" criteria and/or involving technical modification resulting in no increase of residential or other floor area) were

not invited to participate in the Pilot Scheme, but the Applicants of these cases reached a consensus on the land premium amount with LandsD. According to available information, the shortest and longest negotiation time spans for those cases were three months and eight years respectively, with a median of 1.5 years.

- (3) Given the limited number of completed arbitration case and general support from stakeholders to retain the arbitration route, the Government announced on 19 October 2018 that the Pilot Scheme will be extended for two years until 23 October 2020. We note stakeholders' concerns over the absence of an upper limit for the arbitral award being a disincentive for potential applicants, as well as calls for relaxing the thresholds for triggering arbitration, etc. We are now exploring possible refinements to the detailed implementation arrangements, and will consult relevant professionals and stakeholders at an appropriate time, with a view to encouraging arbitration applications during the extension period so that both the Government and stakeholders may gain more experience through actual cases.
- (4) The scope of the Pilot Scheme focuses on the amount of premium, and does not cover disputes on policy and lease interpretation matters. The ambit of the Arbitral Tribunal does not include settling disagreements over the established principles in premium assessment, which are fundamental issues with policy and sector-wide ramifications. If an Applicant disagrees on lease interpretation, that is a legal matter which should be addressed by way of legal avenues.
- (5) In general, for lease modification (or land exchange) involving development and redevelopment projects, the premium will be equivalent to the difference between the full market value of the cleared site under the original lease conditions as compared with under the proposed new conditions as at the time of valuation. In assessing the value of the cleared site, the different conditions under the original lease and the proposed new lease, the development forms and parameters permissible under the prevailing planning and building restrictions as well as the property market and the overall

economy will be taken into account. The demolition cost of existing buildings will be included as part of the redevelopment cost. We consider that the land premium assessment approach as adopted by the Government has been working effectively over the years, and that the established valuation principles are fair and reasonable.

Capability of seawalls and breakwaters to withstand winds and waves

20. **MS YUNG HOI-YAN** (in Chinese): *President, during the onslaught of super typhoon Mangkhut in Hong Kong in September this year, the coastal areas (including Hong Kong Island East near Heng Fa Chuen, Shek O, South Horizons, Sha Tin, Tseung Kwan O, Sai Kung and Sha Tau Kok) suffered severe flooding and quite a number of facilities (including roads, piers and bridges) there were damaged. Such situations have given rise to doubts over the capability of existing seawalls and breakwaters to withstand winds and waves. In this connection, will the Government inform this Council:*

- (1) *whether it has assessed the correlation between the serious damage to the facilities along the seafront of Tseung Kwan O South during the onslaught of Mangkhut and the capability of the seawall there to withstand winds and waves; if so, of the outcome and follow-up measures; if not, the reasons for that;*
- (2) *of the design standards adopted for the existing seawalls and breakwaters; when such standards were formulated, and the date on which such standards were last updated; and*
- (3) *whether it will conduct a comprehensive review of the design standards for the construction of seawalls and breakwaters so as to strengthen the capability of such facilities to withstand winds and waves; if so, of the details and timetable; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, the geographical position of Hong Kong makes it susceptible to weather-related threats such as tropical cyclone, rainstorm and storm surge. In particular, some low-lying coastal or windy locations are vulnerable to seawater inundation caused by extreme storm surges and/or huge waves, and consequential damage to facilities situated near the seaside. As climate change goes drastic, threats*

induced by extreme weathers are expected to be more frequent and severe. The Government takes the topic of climate change seriously, and established in April 2016 the Steering Committee on Climate Change under the chairmanship of the Chief Secretary. Besides, the Civil Engineering and Development Department ("CEDD") has established the Climate Change Working Group on Infrastructure to coordinate the work among various works departments on tackling climate change, actively conduct relevant studies, align design standards, and uplift the resilience of major public infrastructures.

Having consulted relevant departments, I provide below a consolidated reply to the three parts of Ms YUNG's question:

- (1) During the passage of a typhoon, waves approaching shores may even overtop seawalls. On 16 September 2018, the maximum sustained winds near the centre of Mangkhut was 195 km/hr, higher than the same of 1962's Wanda, 1971's Rose and last year's Hato (which were all 185 km/hr), thus intensifying the severity of overtopping waves. As a result, some low-lying coastal or windy locations were exposed to threats of seawater inundation, causing damage to some facilities at the seaside.

As far as the southern seaside of Tseung Kwan O is concerned, during the passage of Mangkhut, huge waves rolled up by strong winds overtopped the seawall, inundated the promenade and waterfront park, and caused damage to some facilities at the seaside. Nevertheless, the structural integrity of the seawalls has not been severely affected by wave attack of the Super Typhoon Mangkhut. The relevant seawall structure has complied with the design standards set out in the Port Works Design Manual published between 2002 and 2004.

- (2) The Civil Engineering Department ("CED") published the Port Works Manual in 1992 to provide general technical and application guidance for engineering professionals on the design, construction and maintenance of marine structures in Hong Kong. In 2002 to 2004, CED published the Port Works Design Manual. The manual is divided into five sections covering design guidelines that are generally applicable to various types of marine works as well as the specific design guidelines for piers, dolphins, reclamation, seawalls,

breakwaters and beaches. In view of the potential impact on marine facilities in Hong Kong due to climate change, CEDD⁽¹⁾ updated the Port Works Design Manual in January 2018, incorporating projections of rise in mean sea levels and increase in wind speed due to climate change. CEDD will continue to make reference to the latest forecast on climate change, and to collect updated weather data. In collaboration with the Hong Kong Observatory in monitoring the latest situation, CEDD will review and update the relevant design standards set out in the Port Works Design Manual in a timely manner in order to enhance the resilience of marine facilities against wave impacts.

- (3) CEDD will commission a consultancy study for a period of 18 to 24 months to conduct a comprehensive review of the low-lying coastal and windy locations, and to carry out relevant investigations on storm surge and wave, so as to assess the impacts of extreme weather. Based on the outcomes of the study, the Government will review if it is necessary to update the relevant design standards set out in the Port Works Design Manual, and will formulate appropriate protection measures, including options of improvement works and management measures, to strengthen the resilience to wave impacts at the coastal areas. The Government will carry out a multipronged assessment on the suggestions of flood prevention strategy to identify long-term solutions to the problems caused by huge waves.

- (1) The former Civil Engineering Department and the former Territory Development Department merged into the Civil Engineering and Development Department in 2004.

Support for small and medium enterprises

21. **MR JIMMY NG** (in Chinese): *President, the results of a study reveal that small and medium enterprises ("SMEs") have been faced with the problem of labour costs rising incessantly since the implementation of the Statutory Minimum Wage ("SMW") regime in May 2011. The profit ratio of SMEs was 2.7 percentage points lower than that of all enterprises in 2011, and such gap gradually widened to 6.7 percentage points in 2016. Regarding the support for SMEs, will the Government inform this Council:*

- (1) *whether it knows the respective profit ratios, in each year from 2011 to 2017, of SMEs belonging to the following five industries: (i) import/export trade and wholesale, (ii) social and personal services, (iii) professional and business services, (iv) retail, and (v) accommodation and food services; whether it has studied the impacts of the rise in labour costs on the profitability of SMEs belonging to these industries; if so, of the outcome;*
- (2) *as a survey's findings have revealed that the business support most wanted by SMEs from the Government is the introduction of one-off relief measures (such as exemption from payments of business registration fees and other levies), whether the Government will roll out measures in response to such a request; if so, of the details; if not, the reasons for that;*
- (3) *given that both the number of applications received for, and the number of SME beneficiaries of, the SME Loan Guarantee Scheme and the SME Export Marketing Fund have been on the decline over the past few years, of the measures to be put in place by the Government in the coming year to enhance these initiatives, so as to encourage SMEs to make applications; and*
- (4) *whether it will consider afresh extending the geographical scope for the subsidy of the Enterprise Support Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales from the current coverage of the Mainland and the member states of the Association of Southeast Asian Nations to encompass all the countries and regions along the Belt and Road; if so, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, having consulted the Office of the Government Economist, the Financial Services and the Treasury Bureau, and the Trade and Industry Department, my reply to the four parts of the question is provided below:

- (1) Data on the profit ratio of small and medium enterprises ("SMEs") (only including enterprises with employees) by selected industries from 2011 to 2016 (latest available data) are set out at Annex.

The Government has all along paid close attention to the business situation of various industries, in particular SMEs. Generally speaking, an increase in labour costs would exert greater pressure on the operation of labour-intensive sectors. Nevertheless, profit ratio of enterprises actually depends on a host of external factors (such as external economic environment) and internal ones. Apart from compensation of employees, business situation of the relevant sectors, costs of goods and changes in other operating expenses also matter.

- (2) When considering and formulating relief or concessionary measures, the Government takes into account the overall economic situation, the Government's fiscal position, the needs of various sectors in the community and relevant policies in a holistic way. The 2018-2019 Budget proposed a series of concessionary measures, including reduction of profits tax and rates concession, from which many SMEs have benefited. In addition, the Government has implemented the two-tiered profits tax rates regime with effect from the year of assessment 2018-2019, lowering the rate by half to 8.25% for the first \$2 million of assessable profits for qualifying enterprises. This new measure can provide tax relief to SMEs.

The Government will continue to closely monitor the global economic situation and its impact on Hong Kong's economy.

- (3) Under the SME Loan Guarantee Scheme ("SGS"), the Government provides up to 50% loan guarantee to SMEs to help them secure loans from the participating lending institutions for acquiring business installations and equipment or as general working capital. Since its launch in 2001 and up to the end of September 2018, 31 405 applications have been approved, involving a guarantee amount of about \$25.6 billion and benefiting over 16 000 SMEs. The number of applications received in the third quarter of 2018 (221 applications) has increased by 19% as compared to the same period last year.

The SME Export Marketing Fund ("EMF") aims to encourage SMEs to expand to markets outside Hong Kong by providing financial

assistance to SMEs for participation in export promotion activities. Since its inception in 2001 and up to the end of September 2018, the EMF has granted some \$3.3 billion benefiting over 47 000 enterprises. To strengthen the support to SMEs for exploring new markets and new business opportunities, the Government has advanced the launch of the enhancement measures to EMF to 1 August 2018, including doubling the cumulative funding ceiling per SME and the maximum funding per application to \$400,000 and \$100,000 respectively. Upon the launch of the enhancement measures, the number of applications received by EMF in August and September (1 609 applications) has increased by 20% as compared to the same period last year.

We will continue to closely monitor and review the operations of SGS and EMF from time to time, and will make adjustments where necessary to assist SMEs in obtaining financing and expanding their markets outside Hong Kong.

- (4) To further assist enterprises in developing markets, the Government has advanced the launch of the enhancement measures to the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund") to 1 August 2018, including the launch of the ASEAN Programme under the BUD Fund to provide funding support to non-listed Hong Kong enterprises in carrying out projects that aim to enhance their competitiveness and further business development in the ASEAN markets. We have also advanced the launch of enhancement measures to the Mainland Programme under the BUD Fund, including doubling the cumulative funding ceiling per enterprise to \$1 million, and relaxing the current restriction on the maximum number of approved projects, so as to strengthen support to SMEs. The trade responded positively to the enhancement measures. As at 30 September 2018, the ASEAN Programme received 75 applications; and the enhanced Mainland Programme received 273 applications in the third quarter, representing a substantial increase of 58% as compared to the last quarter.

We will maintain liaison with the trade, learn from the operational experiences of the ASEAN Programme and review the operations of

the BUD Fund from time to time, including the geographical coverage of its funding support, taking into account the changing market and economic situation as well as feedback from the trade. We will make adjustments where necessary so as to cater to the needs of enterprises.

Besides, there is no geographical limitation under EMF, and SMEs may make use of the funding to conduct export promotion activities that aim at countries along the Belt and Road.

Annex

SMEs⁽¹⁾—Profit ratio⁽²⁾ analysed by selected industries
(only including enterprises with employees) (2011 to 2016)

<i>SMEs in selected industries</i> ⁽³⁾	<i>Profit ratio</i>					
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Import/export trade and wholesale	6.6%	6.2%	5.7%	5.8%	5.8%	4.8%
Professional and business services	10.5%	8.8%	10.2%	11.1%	9.4%	9.4%
Retail	4.5%	3.7%	3.8%	3.9%	3.4%	3.2%
Accommodation ⁽⁴⁾ and food service activities	3.3%	3.9%	4.6%	4.6%	4.1%	3.8%
SMEs in all industries	12.3%	9.8%	10.9%	12.6%	13.1%	12.3%

Notes :

- (1) In this table, SMEs refer to those enterprises with fewer than 50 persons engaged.
- (2) Earnings before tax ratio (abbreviated as profit ratio) refers to ratio of profit before deducting tax; gain/loss on disposal of property, machinery and equipment; bad debts/write-off; provisions; etc.; to business receipts.
- (3) Data for the social and personal services industry are not released.
- (4) Accommodation services cover hotels, guesthouses, boarding houses and other enterprises providing short-term accommodation.

Data source: Annual Survey of Economic Activities, Census and Statistics Department.

Home Ownership Scheme flats allocated for purchase by White Form applicants

22. **MR WU CHI-WAI** (in Chinese): *President, it has been reported that an overwhelming response has been received for each sale exercise for Home Ownership Scheme ("HOS") flats since the sale was resumed in 2014 by the authorities. At present, the ratio of the quota of HOS flats allocated to White Form ("WF") applicants to the quota for Green Form ("GF") applicants is 50:50. However, the number of WF applicants is many times higher than that of GF applicants. Some WF applicants who have applied for purchasing HOS flats for several times but in vain feel discouraged. In this connection, will the Government inform this Council:*

- (1) *as the authorities decided in January this year to regularize the Green Form Subsidised Home Ownership Scheme, those eligible for GF status will have a greater chance of acquiring homes than before, whether the authorities will, in future, consider raising the ratio of HOS flats allocated to WF applicants; if so, of the details; if not, the reasons for that;*
- (2) *whether the authorities have kept information on the numbers of previous attempts made by applicants for purchasing HOS flats; if so, of the highest number of unsuccessful attempts made by an individual applicant so far; if not, whether the authorities will consider keeping such information; and*
- (3) *whether the authorities will consider, when putting up HOS flats for sale in future, increasing the chance of success in a ballot for those WF applicants who have been unsuccessful consecutively for a number of times; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): *President, the Government has been striving to consummate the housing ladder by providing subsidized sale flats, including Home Ownership Scheme ("HOS") flats, to help low to middle-income families to achieve home ownership. My reply to Mr WU Chi-wai's questions is as follows:*

- (1) In line with established practice, prior to the launching of each HOS sale exercise, the Hong Kong Housing Authority ("HA") will draw up the sales arrangements, including the quota between Green Form ("GF") and White Form ("WF") applicants, having regard to prevailing circumstances.

The quota between GF and WF applicants has varied over the years, with the GF portion ranging from 50% to 80%. HA resumed sale of HOS flats in 2014. The quota between GF and WF applicants was 60:40 for Sale of HOS Flats 2014, and changed to 50:50 for Sale of HOS Flats 2016 to Sale of HOS Flats 2018. Any remaining quota from the GF will be re-allocated to the WF queue, and vice versa.

In determining the quota allocation between GF and WF applicants for Sale of HOS Flats 2018, HA has taken into account the Subsidised Housing Committee ("SHC")'s decision to regularise the Green Form Subsidised Home Ownership Scheme ("GSH"). The next GSH project will be launched in end-2018, providing more home ownership opportunities for GF applicants. SHC has also endorsed the launching of the White Form Secondary market Scheme ("WSM") regularly. The 2018 WSM, with a quota of 2 500, provides WF buyers an additional avenue for home ownership. Balancing the home ownership aspirations between GF and WF buyers, the quota allocation between GF and WF applicants was maintained at 50:50.

HA will continue to consider all relevant factors when determining the quota allocation between GF and WF applicants in future.

- (2) HA does not have records on the number of previous attempts made by applicants in purchasing HOS flats. The survey findings for Sale of HOS Flats 2016 conducted last year contain information on whether successful buyers had applied for the Sale of HOS Flats 2014. The relevant information has been uploaded onto HA's web page, and is extracted at Annex for Members' reference.

The Housing Department will review the information kept/compiled as and when necessary.

- (3) As mentioned above, prior to launching each HOS sale exercise, HA will formulate the relevant arrangements, including the applicants' order of priority for flat selection. Since the resumption of HOS in 2014, HA accorded priority to certain categories of applicants, including applicants affected by the Government's clearance programme(s), applicants with elderly members and family applicants.

In determining the priority of flat selection for different categories of applicants, HA has to consider how to allocate limited resources to those with most pressing needs. Since the number of HOS flats put up for sale under each exercise is fixed, giving priority to certain categories of applicants means a lower priority for other categories.

Annex

Whether successful buyers of Sale of HOS Flats 2016 had applied for the Sale of HOS Flats 2014

<i>Whether the buyer had applied for Sale of HOS Flats 2014</i>	<i>Type of successful buyers</i>		<i>Total</i>
	<i>GF</i>	<i>WF</i>	
Yes	38%	53%	48%
No	62%	47%	52%
Total	100%	100%	100%

Note:

Extracted from Paper No. SHC 66/2017—"Major findings of the Survey on Applicants of the Sale of Home Ownership Scheme Flats 2016" of the SHC of the Hong Kong Housing Authority.

MEMBER'S MOTION

PRESIDENT (in Cantonese): Debate on motion with no legislative effect.

Motion of Thanks. Ms Starry LEE will move this motion. Mr WU Chi-wai, Ms Claudia MO, Dr Fernando CHEUNG, Dr KWOK Ka-ki, Mr Andrew WAN, Mr Kenneth LEUNG and Mr Gary FAN wish to move amendments to the motion.

The debate on the motion is divided into five sessions. I have accepted the recommendations of the House Committee on the time limits for speeches in the debate.

Each Member, including the mover of the motion and movers of the amendments to the motion, may speak in any of the five debate sessions but he/she may only speak once in each session. The total speaking time limit for each Member is 30 minutes.

In each debate session, I will first call upon those Members who wish to speak to speak. After Members have spoken, if necessary, I will suspend the meeting for 10 minutes for the relevant public officers to prepare their response. Only public officers may speak when the Council resumes.

If public officers consider the suspension of meeting not necessary, I will invite them to respond right after Members have spoken. After the public officers have spoken, the debate session will come to a close.

After the five debate sessions have ended, Ms Starry LEE may speak on the amendments. I will then call upon Members to move amendments.

After the amendments have been dealt with, Ms Starry LEE may reply. Finally, Members will vote on the original motion or the motion as amended.

The debate on this motion will last for three days. Today's debate will be suspended at about 10:00 pm. The debate for tomorrow will start at 9:00 am and be suspended at about 10:00 pm. The debate for the day after tomorrow will also start at 9:00 am. I will adjourn the meeting after conclusion of the business on the Agenda or at around 10:00 pm.

I now call upon Ms Starry LEE to speak and move the motion.

MOTION OF THANKS

MS STARRY LEE (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion "That this Council thanks the Chief Executive for her Address" in accordance with the traditional practice and the Rules of Procedure of the Legislative Council. The Motion of Thanks does not take any direction. It is intended only for the Legislative Council to exercise the power to "receive and debate the policy addresses of the Chief Executive" as stipulated in the Basic Law.

The Policy Address is an important document for the Chief Executive to explain the Government's key initiatives of administration in the coming year. The public in general has high expectations on the Policy Address. In particular, they hope that the Government can deal with pressing social and livelihood issues such as land and housing. The Policy Address just presented is the second Policy Address of the Chief Executive. It gives a detailed account of the Government's vision and initiatives in various policy areas. It fully reflects the determination of the current-term Government in handling social and livelihood issues, especially in respect of land and housing.

As Chairman of the House Committee, certainly I am very much concerned about the relationship between the executive and the legislature. I am very pleased to see that the Chief Executive, as in the past, stressed in this Policy Address that the Government of the Hong Kong Special Administrative Region ("SAR") respects the function of the Legislative Council to exercise checks and balances on the executive authorities. The Chief Executive has also set an example. Since the last legislative year, she has been attending numerous Chief Executive's Question Times, in addition to the Chief Executive's Question and Answer ("Q&A") Sessions, to directly answered Members' questions on different issues of concern to the community. I hope that Secretaries of Departments and Directors of Bureaux can also attend more Legislative Council meetings and other committee meetings of the Legislative Council to communicate with Members and enhance the Government's accountability.

Another important communication channel between the executive and the legislature is the regular meeting between me and Deputy Chairman of the House Committee and the Chief Secretary for Administration after the regular meeting of House Committee. When I met with the Chief Secretary for Administration for the first time after I was re-elected as Chairman of the House Committee, I stressed that I and the Deputy Chairman will continue to play a bridging role in this legislative year and strive to promote the executive-legislature relationship.

The Chief Secretary also stated that he and the Government team will work to maintain communication and interaction with Members with the utmost sincerity and to make concerted efforts to serve the public. I hope that there will be more smooth cooperation between the Administration and the legislature so that the Legislative Council can play a greater monitoring role on behalf of the public.

At the House Committee meeting held last week, Members expressed dissatisfaction at the response of public officers to questions raised by Members in the Legislative Council meetings and committee meetings. They thought that the public officers had not fully responded to Members' questions and the quality of the replies in need of improvement. I have immediately conveyed the views of Members to the Chief Secretary for Administration. The Chief Secretary also promised to fully investigate the cases referred to in the questions and would urge the relevant departments to make every effort to provide the information and data requested by Members. I hope that the Administration will respond to Members' concerns as soon as possible.

The scrutiny of bills is also an important task of the Legislative Council. According to the legislative programme presented by the Administration to the Legislative Council this year, the Legislative Council will have to scrutinize 22 bills, including the National Anthem Bill as well as the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 which was gazetted on 2 November. It can thus be seen that in the coming year, the Legislative Council will have a very heavy workload in terms of bill scrutiny.

The Chief Executive has proposed 244 new measures in the Policy Address, covering a very wide range of subjects. Apart from the land and housing supply which is the focus of community discussion, measures in education, labour, health care services and welfare which are closely related to the public are also included. Since the presentation of the Policy Address, we have heard many different voices from the community on certain new policy directions and measures such as the Lantau Tomorrow Vision. Although I think that the direction of this reclamation programme is correct, it is understandable that the community has doubts about it because of the huge resource input needed and its impact on the environment. The Government must do a good job of explaining to the public so as to dispel the doubts of all parties.

I expect that during the three-day debate sessions, Members will actively express their views on various new initiatives and even make criticisms. This I believe the Administration will understand. Legislative Council Members have set the goal of upholding the interests of the community as a whole and striving for the rights and interests of Hong Kong people, whether they are returned by

functional constituencies or directly elected through geographical constituencies and they are fully aware of the aspirations of their voters. I sincerely hope that the Chief Executive and the Policy Bureaux will listen carefully to the views raised by Members as well as the aspirations voiced by various stakeholders and different sectors of the community. We will endeavour to seek a consensus so that the measures which are conducive to social and economic development and improvement of people's livelihood can be implemented early.

President, the Chief Executive has laid particular stress on rising to challenges and striving ahead in her Policy Address. I certainly hope that her vision of "building a better Hong Kong" can be realized at an early date. I also believe that if we can set a common goal, Legislative Council Members are willing to join hands with the Government to move forward together and strive for the collective interests of Hong Kong in the spirit of seeking common ground while reserving differences.

With these remarks, President, I beg to move.

Ms Starry LEE moved the following motion: (Translation)

"That this Council thanks the Chief Executive for her address."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Starry LEE be passed.

PRESIDENT (in Cantonese): Council will conduct a joint debate on the motion and the amendments.

We now proceed to the first debate session. The debate theme is "Diversified Economy".

This session covers the following 10 policy areas: Public Finance; Commerce and Industry; Economic Development; Belt and Road; Guangdong-Hong Kong-Macao Greater Bay Area; Financial Affairs; Maritime and Aviation; Professional Services; Innovation and Technology; and Creative Industries.

Members who wish to speak in this session will please press the "Request to speak" button.

MR KENNETH LEUNG (in Cantonese): President, I am going to express my views on the Policy Address in regard to economic development, financial affairs and public finance.

Let us take a look at the 2018 Policy Address first. Actually we should read not only this year's Policy Address, as the governance philosophy, policy directions and policy agenda are all a continuation of those in 2017. We can note from the more detailed 2018 Policy Agenda that many policy areas are carried forward from 2017 or even earlier years.

For a start, I would talk about my criticisms of the governance philosophy. First, we can see the overall philosophy, but we do not know what progress has been made for each policy initiative and direction. Though we can learn from the Policy Agenda whether there are new measures for certain initiatives and the bureaux responsible for taking forward such measures, it is not simple and easy for us to see clearly the stage which each policy initiative announced has reached. In the interest of enhancing Hong Kong's overall quality of governance, I hope the Government can account for the progress of each initiative in one or two sentences in next year's Policy Agenda or other documents, telling us the progress made and the difficulties encountered. Certainly, I also hope the responsible Policy Secretaries will have more relevant information in hand so as to let Members and the public at large have a grasp of the progress of each policy initiative.

Meanwhile, I have to commend in the first place the Secretary for Financial Services and the Treasury and the Secretary for Commerce and Economic Development for their efforts made in the past year. I also agree with the direction and philosophy set out in the Policy Address in general. That said, I do have some opinions on economic development and financial affairs which can be categorized into four aspects. The first one is about Hong Kong's framework of statutory regulation and business ethics. I must point out that Hong Kong's legislation regulating economic activities and financial development as well as the regulatory approach are very much backward. I note from page 25 of the Policy Agenda that the Government has proposed quite a number of directions of law reform, including studying the implementation of a new statutory corporate rescue procedure and the study on law reform for introducing a limited partnership regime. Despite this, President, such law reform exercises have been late for not just two or three years. I can tell you that such work has been belated for almost 20 years. Many common law jurisdictions have already

implemented a limited partnership regime for years. A corporate rescue procedure can create more opportunities for the professional sectors on the one hand, while a lot of companies or enterprises can undergo restructuring and continue to operate instead of being wound up on the other.

Apart from the aforesaid legislation which can facilitate Hong Kong's economic activities, those legislation protecting the rights of local investors or the public are indeed very much outdated. Simply, several incidents involving the leakage of privacy data have arisen recently, and the Personal Data (Privacy) Ordinance ("PDPO") is gravely outdated in respect of the electronic transactions domain. PDPO does not stipulate a penalty mechanism, nor does it prescribe a time limit for notification by organizations. I believe it is time to conduct a comprehensive review of this law which has been implemented for 20-odd years.

The Policy Address takes an innovative approach, encompassing innovation and technology as well as financial innovation, in promoting economic development, to which I agree. With regard to Hong Kong's statutory regulatory structure, a large number of subsidiary legislation or regulatory regimes have to be revamped in addition to making legislative amendments. The Listing Rules enforced by the Hong Kong Exchanges and Clearing Limited is an example, particularly the disclosure on environmental, social and governance issues. Following the reform of the Listing Rules two years ago, every listed company is required to make disclosure on environmental, social or governance issues, otherwise the listed company or enterprise has to account for such non-disclosure. Yet, for the sake of keeping abreast of the global trends and developments, and to strengthen assumption of social responsibilities by enterprises, I consider that the disclosure of environmental, social and governance issues should be made mandatory. This certainly calls for a consultation, and I hope the Government can launch a consultation in adherence to the principles of corporate governance.

What is more, I learnt from page 25 of the Policy Agenda that the Government will request the Independent Commission Against Corruption to launch a training campaign on integrity and business ethics for the insurance industry, or to enhance the industry standard in such aspects. I cannot help asking, do problems of integrity and business ethics exist only in the insurance industry? Do the integrity and business ethics of the financial, banking or other financial services industries in Hong Kong meet international standards? I

would certainly be happy if the Policy Secretaries can answer "yes" at once, but if the answer is "no", I think efforts in promoting business ethics and integrity in Hong Kong should not be confined to the insurance industry.

Second, efforts in promoting economic and financial development should not be limited to merely making legislative amendments quietly, since enterprises worldwide intent on making investments in Hong Kong would not know what is happening here. I wish to point out that despite Hong Kong's fruitful achievements in this aspect, we have failed to package, promote and publicize these achievements. Let me cite a simple example. A number of agencies are responsible for promoting the development of Hong Kong economy and the financial services industry, including InvestHK, the Hong Kong Economic and Trade Offices ("ETOs"), the Hong Kong Trade Development Council as well as the Hong Kong Financial Services Development Council ("FSDC"). All of them are tasked with the responsibilities or duties to launch publicity or promotional activities, but what is the division of labour among them? Is there excessive overlapping in resource deployment? If a bank intends to set up a branch in Hong Kong, should it contact InvestHK, the relevant ETO, FSDC or even the Hong Kong Monetary Authority? How are their responsibilities divided? Is there any overlapping in resource deployment? Can some sort of rationalization be made? Do these agencies maintain close liaison and communication with one another? This is not merely my criticism of them, in fact the problem was also revealed when a delegation of the Legislative Council conducted a duty visit to England and Scotland in September. We found it very strange and shocking that members of their International Trade Committee knew nothing about some of Hong Kong's very important policies, such as the "super tax concession" offered for research and development expenditure, and they had only scanty knowledge of Hong Kong's "one country, two systems" principle. Such examples abound. I hope the relevant agencies can establish a closer relationship among themselves and strengthen their communication in the future.

Let me cite another similar example. This past Monday, the authorities introduced to and brief the Panel on Financial Affairs on a very important piece of legislation. It is related to the legislative proposal of providing profits tax exemption to offshore and onshore funds. This legislative proposal can in fact promote the buoyant development of the fund industry, and more funds will become available to start-up enterprises in Hong Kong.

During a legislative amendment exercise on the Inland Revenue Ordinance ("IRO") of the same nature carried out two years ago, Mr Charles Peter MOK and I repeatedly enquired with the Government about the ground for not offering the same exemption to onshore funds as in the case of offshore funds. The Government finally submitted such a reform proposal to the Legislative Council upon request by the European Union ("EU") for reform of IRO to render it up-to-date and to keep abreast of the global trends. But the point is the proposal per se will have very significant positive impacts on Hong Kong's innovation and technology industry, and also promise ample opportunities for the professional services sectors. Yet, the Government has never made publicity efforts on these reasons but instead explained that the legislative amendment is carried out to meet EU's request. It is really a most negative and passive rationale. Why do the authorities not send out positive messages to investors interested in making investments in Hong Kong?

Speaking of professional services, I also agree with the measures for promoting and supporting arbitration and professional services (including the accounting industry) as proposed by the Chief Executive in the Policy Address, including the injection of \$300 million into the Financial Reporting Council as seed capital. I hope the Government will use most of the seed capital to finance the expenditure of the industry or the stakeholders.

Third, I would like to talk about the external relations of Hong Kong as an open economy. Article 151 of the Basic Law stipulates that Hong Kong may on its own conclude agreements with foreign states or regions in eight fields, namely the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields, as well as joining international organizations. Given that the international situation is now overshadowed by gloom amid heightened risks of a trade war—of course, some people have remarked in these few days that the risks would cool down and this might be a strategy of the United States due to the midterm elections—we should never treat it lightly as the curtain has yet been lifted and the worst scenario has yet to come.

How should Hong Kong cope with an era full of uncertainties? The only way out for Hong Kong, being an open international city, is to strengthen its ties, exchanges and trade with other countries and economies. I hope the Government will step up its efforts in concluding comprehensive free trade agreements with advanced economies. I certainly have heard that the United Kingdom might enter into such an agreement with Hong Kong after Brexit.

Other international agreements, such as agreements on mutual recognition of funds, will be greatly conducive to the development of Hong Kong's financial or fund industries as well. As far as I know, the United Kingdom has signed such an agreement with Hong Kong.

Undoubtedly, comprehensive avoidance of double taxation agreements ("CDTAs") are of course a very important tool for attracting investors. I am so glad that CDTAs recently signed with India and Finland respectively have been submitted to a subcommittee for scrutiny.

Surely, I have noticed some media reports regarding the multilateral economic cooperation among Hong Kong and other countries and the possibilities for Hong Kong to join certain international economic organizations. For instance, I have read from the *Sankei News* dated 23 October that the Chief Executive held a very positive view on Hong Kong's entry into the Regional Comprehensive Economic Partnership ("RCEP"). Apart from RCEP, I would not rule out the possibility of Hong Kong, being a unique economy under the principle of "one country, two systems", joining other economic cooperation organizations, including the Trans-Pacific Partnership which might no longer cover the United States now. This is what Hong Kong, as a special administrative region under the principle of "one country, two systems", can and should do.

Lastly, I would like to talk about public finance. When talking about Hong Kong's public finance, we must certainly not forget the concept of achieving a fiscal balance in the long term as laid down in Article 107 of the Basic Law. Mentioning public finance, I cannot help thinking of the Lantau Tomorrow programme which is, of course, merely a concept. Some members of the public estimate that expenditures as much as \$400 billion to \$1,500 billion will have to be made. There are certainly a lot of speculations. Yet, I have to point out that we might have overlooked a document released in March 2014 by the Working Group on Long-Term Fiscal Planning under the Financial Services and the Treasury Bureau. While the underlying assumptions therein might be somewhat outdated, the document presented a very detailed and objective analysis in terms of metrology.

We should make several points clear to the SAR Government. Hong Kong's labour force has already reached its peak in 2018, and its declining trend in the future will not be stabilized until 2030. Meanwhile, Hong Kong's

recurrent expenditures on education, health care and social welfare have been rising continuously, of course, to meet society's aspirations, which is indeed necessary. In retrospect, Hong Kong ran into fiscal deficits for four consecutive years during the four to five years from 2000 to 2004, of course it was during the international financial crisis. Hong Kong's reserves saw a decrease totalling \$172.9 billion in the four years for which fiscal deficits were recorded. Therefore, we should be extremely cautious when considering the Lantau Tomorrow programme. Neither should we take for granted that Hong Kong will achieve an economic growth of 5% every year. It is extremely unrealistic to think so.

President, I so submit in this session. I will speak again in other sessions.

MR CHARLES PETER MOK (in Cantonese): President, in this session we will discuss diversified economy. I am glad to see in this Chamber "diversified" Directors of Bureaux—one of them left just now—and this is important, because the policies under discussion do involve a diversity of departments and require their full cooperation, and I, therefore, hope to share my views with several Directors of Bureaux. I am certainly most concerned about the development of the innovation and technology industries—the Secretary has returned now—Of the eight major directions put forward by the Chief Executive in the 2017 Policy Address last year, some have yet been realized whereas some are, in my view, making rather slow progress. I will explain them later.

This year, the Government has further injected some \$20 billion mostly into making long-term investment on research and development ("R&D") and re-industrialization. But as the industries have been saying in recent years, the injection of funds alone is not enough. Sometimes we may habitually say that how many billions of dollars are injected by the Policy Address or Budget this year or a total of over \$100 billion has been injected for three years, etc. But on the one hand, the amounts of these injections are indeed inadequate and policy support is also required in parallel, while on the other, these injections are only money set aside, and it is not the case that \$100 billion is spent, for this sum of money is reserved for future use. Therefore, it remains a distant solution not to the pressing problem. To frontline practitioners and enterprises that are struggling for survival in the industries, we can see that the assistance provided to them, whether instantly or in the short term, is far from adequate. We cannot

just look to long-term initiatives. We should also create a better environment for them in the short term.

Over the past few years, despite the Government's injection of such a large amount of money out of the public coffers for the innovation and technology policies, which has added up to over \$100 billion with this year's injection of \$28 billion, KPIs (Key Performance Indicators) are still lacking, thus making it difficult to gauge the effectiveness. The share of the local innovation and technology industries in the Gross Domestic Product only increased slightly from 0.6% in 2008 to 0.7% in 2016, while the employees hired in the industries account for less than 1% of the total workforce. Such a rate of increase is, in our view, far from enough.

In respect of promoting smart city development, opening up data and using products and services of the local industries and start-ups, despite the industries' long-standing call for enhanced measures and this Policy Address having made some slow progress, I hope that the relevant efforts can be stepped up. I have consistently heard calls from various sectors and members of the industries on the Government to greatly increase the vigour of its support for in-service education, for the work being carried out in this respect is really inadequate. In respect of upgrading the standard of local technology talents, what has been done is also far from adequate. Likewise, the efforts made at reviewing outdated legislation and removing restrictions and regulations are inadequate, and I will come back to this point later.

The first point I wish to talk about is the support for local talents in pursuing further education. Despite the introduction of the Technology Talent Scheme and the Postdoctoral Hub Programme by the Government during the past year, it is inadequate to purely rely on the admission of talents from outside Hong Kong. Many members of the industries and even people from foreign or Mainland enterprises have said that we cannot rely on this measure alone to resolve the problem. However, the initiatives taken by the Government so far to enhance or increase the support for in-service training for the technology talents in the local information technology sector overall are indeed not adequate, and no mention is made in this Policy Address either. And, to carry the point a bit further, regarding technology education in the context of STEM (Science, Technology, Engineering, Mathematics), no measure is proposed to increase the provision of new policy support at the school level, nor is there any mention of providing training for civil servants to upgrade their abilities in technology

application as consistently proposed by us before. The efforts made in these respects are inadequate. What the Civil Service Bureau has been providing are still old and existing courses and this is clearly inadequate and will be of limited help to training technology talents and even to the digital transformation within the Government.

Coming back to the immigration schemes for technology talents and the Postdoctoral Hub Programme, we can see that the Postdoctoral Hub Programme has been well received. Quite a large number of enterprises have submitted applications. This is good as it can be helpful to doctoral students who graduated in Hong Kong, including Hongkongers and even those who come from the Mainland or overseas to study in Hong Kong. In the past, they had to leave Hong Kong if they could not land a job but now, since we need these talents, we should provide an environment in which they will be incentivized to stay in Hong Kong. This is a good thing. But we have to look at it from the perspective of resource utilization. A monthly allowance of \$32,000 is provided for a maximum period of 24 months. Let us do some calculation. How much are we talking about here? If a monthly allowance of some \$30,000 is provided for each person, it will add up to over \$600,000 two years down the line. I do not oppose this measure, and I even support it as I consider it a good thing because as I said just now, this can create new job opportunities for these doctoral degree holders and will be helpful to the enterprises concerned in engaging in R&D.

Having said that, what we must consider is this: People who are now watching the live broadcast of this meeting on television or via the Internet, like me, can have a subsidy of only \$20,000 under the Continuing Education Fund in a lifetime. Let us do some calculation here. It is equivalent to the government subsidy for a doctoral graduate for a fortnight or so. Why can the Government's investment in talents be so disproportionate? Many local people in Hong Kong need more support. The Government cannot give it to them and adopts instead a most rudimentary and most backward broad-brush approach of giving each person a subsidy of \$20,000 in a lifetime. What is more, President, of this lifetime subsidy of \$20,000 for each person, the increase of \$10,000 proposed in the Budget—the lifetime subsidy used to be \$10,000 for each person and now it is increased to \$20,000 for each person in a lifetime—this increase of \$10,000 cannot be used until next year. Why has the Government done so little and acted so tardily in this respect?

Let us take a look at our competitors, such as Singapore. They have invested heavily in digital training and over the past three years, 370 000 citizens have been incentivized to participate in training, with close to 48% of the workforce taking up in-service training. These training programmes focus on upgrading the competitiveness for future technologies and work practices. They have set the target of 20 000 public officers having undergone training in data science by 2023 and also partnered with institutes of higher learning and provided an online learning platform to offer 2 500 courses to public officers.

The Singaporean Government announced in June that according to the Digital Government Blueprint, 20 000 public officers will undergo training in data analytics, which doubles the previous target of 10 000, and over 4 000 public officers have already received training. This is very important because we often find that civil servants responsible for policy formulation and implementation in Hong Kong do not have sufficient knowledge in this respect, so how can they lead the relevant effort? How can they take forward the digital transformation of the Government effectively?

In July this year, the Civil Service College Singapore announced that it had entered into a partnership with Udemy, the world's largest online learning platform—Singapore has no qualms about cooperation with overseas companies and better still, they even work with online content providers and in this regard, I think Hong Kong is relatively conservative—to provide 2 500 distant learning courses for public officers in Singapore, with topics relating to data analytics, leadership, design thinking, management, etc, which are indeed helpful to policymaking in future. In this connection, I hope the Government can be more proactive, instead of knowing only to resume land for housing production, such as resuming the site of the Vocational Training Council in Kwun Tong for housing production, and the Government has all along adopted only the old approach. Why is it so? It should not be so.

On the other hand, with regard to STEM and science education, this is really an area where relatively less or even the least progress has been made among the eight major areas proposed by the Chief Executive last year. Where do talents come from? This has all along been a problem faced by the innovation and technology industries or many other sectors. But it is a fact that from what we have seen, the student intake of the engineering and technology disciplines (especially engineering) remains unsatisfactory on a sustained basis.

While it is impossible for me to discuss this issue in detail here, I hope the Government will really review the whole education system, including the examination systems, the curriculum planning for primary and secondary education, etc, rather than doing such minor patch-up work as making a provision of \$200,000. For instance, a secondary school is originally allocated \$200,000 but when we made a few more comments, the Government will say next year that a provision of \$400,000 will be made to the school. This is not in any way a solution to the problem. Again, the Government knows only to provide funding and this cannot in any way solve the problem.

Another very important point is that the obsolete legislation should be updated to facilitate the application of innovation and technology. In last year's Policy Address, I very much appreciated the Chief Executive using such wording as "taking up the role of a facilitator" or "removing red tape", wording used by us before to criticize the Government. This showed that the Government was aware of this need and so, it dared to use such wording. But it has now been a year and we have seen that while it may take a longer time to deal with these issues, just as many departments have sometimes told us, we really cannot afford this continual wait, lest we would only fall behind others. For example, the technologies for sharing economy and even many policies on technology and transport are very backward indeed. We have seen improvement made in some areas recently, such as financial technology, perhaps because we actually face very strong international competition and so, work has to be carried out more expeditiously. As for transport, some people may ask if we are even suggesting a comparison with the transport authorities in Singapore or overseas countries. But if we do not make any comparison, we will remain stagnant, and this is not going to lead us anywhere.

In August, Mr Alvin YEUNG and I visited the United States where we met with representatives of some foreign companies. Coincidentally they all told us that they very much wished to pursue more development in Hong Kong and that they very much wished to increase their investment and take on more employees, but they asked if it would be possible for the policies of the Hong Kong Government to be more forward-looking. To be forward-looking means more than playing catch-up. It is also necessary to maintain a level playing field, rather than shielding the local vested interest groups, or else innovation would be forever beyond our reach. The relevant areas include short-time accommodation, autonomous driving, e-hailing service or financial technology.

If the regulator is unwilling to embrace innovation and impose a ban on new technologies across the board or waver in its policies, how would the investors be bold enough to come to Hong Kong for development? Given those examples of mistakes made in the past or examples of the problems involved, when the people whom we met in foreign countries smiled and told us that they did not wish to follow the footsteps of Uber, tell me, is that not most undesirable? How can we still ask their companies to make investment in Hong Kong?

For example, at the meeting of the Bills Committee on Hotel and Guesthouse Accommodation (Amendment) Bill 2018 yesterday, I was really a bit angry. From what we have seen, it seems that the Government is not removing red tape but reinforcing the restrictions. I think sometimes it is even better for the Government to not introduce any amendment, because whenever it does, it simply imposes a ban on everything across the board. Clearly the Audit Commission has already said that a new category should be introduced to address this type of accommodation but the Government refused to do so. What is more, this issue has been under review for five years. It has been reviewed for five years since the fire in December 2013 but still, the Government has been dealing with the old problems while the new problems can be dealt with only after the old ones are settled. If work is carried out at such a pace, how can we compete with others? This is why I got a bit worked up.

Another example is electronic sports or e-sports. To promote e-sports, it takes more than investing \$100 million in Cyberport. Many enterprises have often told us that they were driven out of industrial buildings, and when they wished to apply for a licence for carrying on electronic games operations, they were told to apply for an amusement game centre licence. But when they wanted to apply for an amusement game centre licence, they were told that their business had nothing to do with amusement games and so on and so forth. As a result, the Police may occasionally visit their premises to conduct inspections. How can this be acceptable? Not all the Directors of Bureaux are in the Chamber now, and this issue is under the purview of the Home Affairs Bureau. This approach is unacceptable. Therefore, I very much hope that the relevant Directors of Bureaux, especially the Secretary for Innovation and Technology, should really work harder in this respect. The other departments should really be cooperative. Their collaboration with each other is really necessary, just as the Chief Executive said in the Policy Address, and I am saying this also to the Chief Executive.

I said earlier on that we need to have KPIs in place. When I came into touch with the governments of various cities in the United States or some organizations in the United Kingdom, they told me that when it comes to opening up data or other policies on innovation, it is, in many cases, actually appropriate for the Government to conduct trials of small-scale programmes, and I have seen the Government doing this more often recently, which is good. I understand that the Government will introduce new policies on open data at the end of this year. I hope that it will not consider it adequate to only request the departments to make pledges on their own initiative as regards the extent to which they are willing to carry out work this year or next year or in the year after next. In fact, sometimes the Government should use a reward approach and does not necessarily have to adopt a punitive approach, so that the departments will be willing to take one step forward. I hope that the Government can come up with more effective policies, so that the departments will be willing to do it. The provision of training, which I mentioned just now, can play a certain part because many departments do not quite understand it, thinking that it is a tall task or considerable resources are required. They may not have a good understanding and may be concerned about whether they would become targets of criticisms after divulging so much information and when other people would know too much about them. Many departments do hold such views but after proper training, they will have a better understanding and will not feel apprehensive anymore.

Next, President, I wish to talk about the increase of funding for R&D. First of all, I am very glad to see the enactment of legislation on enhanced tax reduction this year. This will be of some help but as we know, some small and medium enterprises may not necessarily benefit from it immediately. However, I think a bigger problem is that I have received complaints from many enterprises, saying that it is still difficult to lodge applications with individual funding schemes and that red tape is rather common, or that they were not informed of the reasons for their applications being rejected and therefore, they have no idea as to how improvement should be made. This still seems to be the case when they lodge applications with, for instance, the Enterprise Support Scheme. I hope that the Government will not consider it adequate by only making huge provisions to universities or major international institutes for conducting scientific research.

Besides, in this Policy Address it is mentioned that a new Government procurement policy will be introduced in April next year, that is, in the next fiscal year. This, we welcome, and I understand that many members of the industries

wish to find out more details about it. But as to the arrangements before April, or regarding some major projects of a large scale being tendered now, including projects under the ambit of Secretary Frank CHAN, I have really seen that the Government has still adopted the old criteria, such as the requirement that the lowest bid wins or the tenderer must have a lot of local or international experience, which has precluded participation of some local enterprises as a result. We have still seen these examples recently. Of course, the Government can implement the new procurement policy only in the next fiscal year but problems may still arise in the interim and this again makes me wonder whether we should ask the Government to slow down for the time being and carry out some of the work only in April next year, but I do not want to do so.

I understand that the new approach has been adopted on a trial basis for invitation of tenders for some projects of the Office of the Government Chief Information Officer ("OGCIO"). Why are the practices adopted by the departments not consistent? Granting the opportunity, I hope to talk to the Secretary about this. I think this is indeed a big problem because in future when tenders are invited for some major projects, such as the operation of parking meters, many local enterprises may be deterred by these issues, thinking that they will not have a chance to take part in the tender exercises.

Moreover, I would like to further talk about the opening up of data. As I mentioned earlier, OGCIO will introduce new guidelines or practices at the end of this year, but I have to say something about real-time arrival information mentioned in the Policy Address. This is still under discussion by the MTR Corporation Limited and the franchised bus operators. I understand that the Government is intent on implementing it and has clearly stated that it will be implemented but the more specific requirements and a timetable have yet been provided. Yet, the Government is going to provide funding for setting up this system for green minibuses. I understand that the Government hopes to motivate the green minibus operators to do so, and then obligate the other corporations to do the same. But I think, in that case, the Government should clearly tell us what it is going to do to deal with the other corporations.

Talking about this point, I wish to point out that the opening up of data will involve other issues, especially in respect of information security and privacy protection. Privacy protection aside, in recent years we have seen that the problem has a lot to do with cyber security and information security. We have seen that problems emerged after the launch of many systems, such as the Faster

Payment System. We have also reminded the regulators continuously that in the light of the many new initiatives to be launched in future, it is imperative to carry out risk management properly, rather than finding out loopholes only subsequently. In fact, if we think about it in greater depth, there is no reason for the regulators not discovering the problem beforehand. I hope that they will seriously carry out the monitoring work beforehand.

Furthermore, recently we have seen more than one major airline being plagued by these problems, reflecting that the Personal Data (Privacy) Ordinance often discussed lately is outdated, and I will not go into the details here. But actually the Government has said that a review is necessary and so, actions should be taken expeditiously to this end. It is because the enterprises in Hong Kong are regulated not only by the laws of Hong Kong. When their practices are beyond the regulation of the laws of Hong Kong but if they can be reined in by international laws, the Hong Kong enterprises will be considered outdated in terms of both perception and compliance, and this will, in turn, undermine the international competitiveness of the Hong Kong enterprises.

In respect of computer security and information security, I very much hope that the Government can be more aggressive in this area of work. For instance, some information sharing platforms can be set up under OGCIO to take forward more aggressive initiatives, and this may again have to do with the training of talents I mentioned at the outset because talents are indeed lacking. For example, Singapore experienced a problem early this year when a significant amount of data was stolen from the hospital system. But right after this incident, they have stepped up the training of talents and even injected resources amounting to hundreds of million dollars into setting up a centre to coordinate efforts amongst all ASEAN country members for training talents in information security, and also invited international hackers to try to attack their systems. This can actually kill two birds with one stone. First, they can try exposing their systems to attacks by the so-called ethical hackers, in order to test the security of the systems; and second, they can also train their own ethical hackers locally. This is very important because if they are not well versed in these operations, it would be impossible to effectively fend off attacks. In this connection, I hope the Government can make consideration more aggressively.

Lastly, in respect of smart city, a proposal put forward by me before is mentioned in this Policy Address, that is, the City I&T Grand Challenge. Its objective is to invite various sectors of the community to propose

technology-based solutions to tackle issues related to the people's livelihood or other aspects. Prize money or subsidies will be offered to enable the solutions selected to be adopted in public organizations for application. I think this is very good, but I hope that the process and the vetting and approval procedures can be fair and open in the future, and efforts should also be made to facilitate extensive participation of the industries as a whole, instead of skewing in favour of some organizations.

In recent years we have been mentioning some projects, and let me cite another example. Recently we have conducted some overseas visits and indeed we have seen the need to enhance our international connection in the innovation and technology domain. I recall that during the Hong Kong FinTech Week last week, we heard the Invest Hong Kong ("InvestHK") say that greater efforts would be made to invite accelerators in the international technology industry to come to Hong Kong, rather than aiming at start-ups only. This is good. But the relevant work has to be carried out comprehensively and stepped up in many aspects. For instance, during our visits to the United Kingdom and the United States in summer, we were told by both foreign enterprises and government officials in the international community that the publicity work carried out by the Hong Kong Government in overseas countries is far from adequate. We have also reflected these views to the government departments there in the hope that work can be stepped up in this regard. Meanwhile, we have also noticed that the current international economic conditions, in particular, are very complicated with a lot of risks, and the United States-China trade war will take toll not only on the global economy. It is very likely that the economic growth in the Mainland will be gradually affected, too.

Therefore, Hong Kong must strengthen its connection with the international community in ways proposed by Members and also those consistently suggested by us to the Government. Although the Government has done some work, we hope that it can do more, such as concluding free trade agreements internationally, and it should most basically promote the good sides of Hong Kong to the international community, stressing our existing advantages, in order to attract overseas companies to Hong Kong. InvestHK also often mentions some of our advantages, such as the rule of law, "one country, two systems", etc, which are indeed most important. Recently, we have seen the Government of the United States taking actions against the technology industry in the Mainland or imposing embargoes. I do not wish to see Hong Kong being affected. In this connection, while it is necessary for us to cooperate with

various constituents of "one country" and engage in R&D in collaboration with them for our innovation and technology development, we must exercise caution in various aspects, such as the legal system, and so on. We must stress to the overseas governments the rule of law and "two systems" upheld by us. Otherwise, I would feel gravely concerned that Hong Kong would be unnecessarily implicated.

Lastly, as I have a little speaking time left, I wish to say a few words about digital infrastructure. We are very concerned about the digital infrastructure in Hong Kong, especially 5G services. As we can see from this Policy Address, apart from providing new radio spectrum, the Government will take the initiative to open up 1 000 government premises and roof-tops for installation of base stations. We have put questions to the Government in this respect before and found that insofar as government facilities are concerned, it takes 30 months on average to install a base station. It is good that the Government has now said that it will open up these places in advance but we hope that firstly, the Government must clearly study with the industries to ascertain whether these locations can meet their needs; and secondly, as many members of the industries have conveyed to me, the Government should not merely focus on 5G services since it has all along been talking about 5G services only. Regarding 4G or other services currently in use, or even services provided by IOT or Internet of Things as mentioned by some people, these services are all legitimately licensed, and even though they are not 5G services, there is actually a need for them. Therefore, the Government should pay attention not only to 5G services. Even though this is how it is written in the Policy Address, I hope the Government will really apply greater flexibility in handling this issue.

President, I so submit.

MR CHAN CHUN-YING (in Cantonese): President, the economic performance of Hong Kong has been stable so far this year, but the biggest uncertainty before us is the trade dispute between China and the United States stirred up by the latter. Since the end of September, the United States has imposed tariffs on more than US\$200 billion worth of Chinese imports. The United States President Donald TRUMP has threatened an additional US\$267 billion of tariffs, i.e. all Chinese products imported into the United States, if his meeting with President XI this month fails to reach any agreement. Although the situation has eased somewhat in these few days, the trade conflict may escalate. As Hong

Kong cannot be spared in this conflict, we must prepare for the bleak and chilly winter of an economic downturn likely to be caused by the trade war between China and the United States.

The Chief Executive's Policy Address was presented in this context. There are not many new initiatives for the financial services. The relevant measures are mainly to consolidate Hong Kong's current status as an international financial centre and a global offshore Renminbi business hub, and to grasp the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") and the Belt and Road Initiative.

In the face of an uncertain environment, as far as the financial services industry is concerned, Hong Kong should explore a more diversified market, create a better business environment and leverage on the opportunities brought forth by the Greater Bay Area, in particular to vigorously develop cross-border financial services. The population of the Greater Bay Area is close to 70 million and the GDP is US\$150 billion. With the commissioning of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge ("HZMB") in recent months, the links between the Mainland and Hong Kong have been strengthened further. The cross-border financial services industry should not miss out on these opportunities. The industry should enhance the alignment between the financial markets in the Mainland and Hong Kong in respect of cross-border attestation service for account opening, cross-border mortgage, cross-border personal wealth management, cross-border mutual recognition for the insurance industry, and so on.

With regard to cross-border attestation service for account opening, Hong Kong residents now face difficulties in opening accounts with Mainland banks. According to the Mainland regulatory requirements, if a customer wants to open a personal bank account with a Mainland bank, he has to visit a particular branch or business unit of the bank in person to complete the account opening procedure. A particular branch or business unit of the opening bank shall not request a branch or business unit of other banks or other institutions to handle the account opening procedure on behalf of the opening bank. However, against the background of facilitating cross-border business and living in the Greater Bay Area, appropriate policy adjustments or measures should be introduced to facilitate the implementation of cross-border attestation service for account opening, as long as risk prevention measures are taken.

Second, we come to cross-border mortgage. We find that cross-border living and working is quite inconvenient as the Greater Bay Area is currently divided into three different banking markets as per administrative region. By rough estimation, there are more than 500 000 Hong Kong residents living in Guangdong currently. Their demand for consumption and home ownership are huge. Hong Kong residents have been finding it difficult in applying for personal credit or mortgage loans in Guangdong. However, in recent years in Hengqin of Zhuhai, Hong Kong and Macao residents purchasing properties there are allowed to apply for loans from abroad, and the funds can be inwardly remitted for their use. If this policy on cross-border mortgage loan can be extended to the whole Pearl River Delta Region, Hong Kong's pressing housing needs will be alleviated.

Third, in terms of cross-border personal wealth management, Hong Kong is now a global asset management centre. In 2017, Hong Kong's asset and wealth management business reached US\$310 million. However, Guangdong residents are not able to purchase Hong Kong's wealth management products direct. Such data is sufficient proof of the development potential of cross-border personal wealth management. We can consider establishing a closed-end cross-border wealth management channel to meet the needs of Mainland residents and facilitate Hong Kong residents living in the Mainland on a permanent basis.

Fourth, in respect of cross-border mutual recognition for the insurance industry, we see that many Mainland residents have taken out insurance policies in Hong Kong in recent years. However, as there is no overseas settlement mechanism for the insurance industry, it is quite difficult for them to pay premiums for new policies or to pay renewal premiums. It is also troublesome to handle cross-border claims and deliver after-sales services. With the commissioning of HZMB, motor insurance for drivers travelling among the three places also becomes very complicated. In fact, the Government may consider taking charge of coordination in dealing with cross-border mutual recognition for the insurance industry, cross-border sales and collection of premiums on behalf of outside insurers under the framework of the Greater Bay Area.

President, the Chief Executive stated in the Policy Address that the Government has adopted a five-pronged approach in facilitating development of financial technology ("Fintech"), namely promotion, facilitation, regulation, talents and funding. I am very grateful to the Hong Kong Monetary Authority ("HKMA") for its efforts at launching the Faster Payment System in September

as scheduled to link banks and stored-value payment facilities. The public only needs to use a mobile phone number or an email address as account proxy for the payee to make real-time money transfer anytime and anywhere. A common QR code standard was also launched in September, with which merchants and customers alike can make retail payments across different e-wallets. It has significantly improved the standard of Hong Kong in respect of electronic payment and mobile payment systems. However, security always come first in the pursuit of convenience and speed. The Government should enhance regulation on the use of personal data and identity verification and strengthen inspection on system security before Fintech products are launched, so that people can use Fintech products and enjoy the convenience brought by Fintech products with ease and peace of mind.

HKMA expects that the first batch of virtual banking licences can be issued at the end of this year or early the next. It is expected to add new impetus to the banking industry in Hong Kong and help implement financial inclusion more effectively. The Open Application Programming Interface framework for the banking industry will also allow access by third-party service providers and their access should offer options of innovative financial services to members of the public.

Fintech in Hong Kong has a good foundation and development prospects. As stated by the Financial Secretary some time ago, we have brought together more than 250 Fintech companies in Cyberport, engaging in businesses that include big data, blockchain and mobile payments. In fact, the Pearl River Delta is also an important region of science and technology. Shenzhen is even considered "China's Silicon Valley". The cities in the Greater Bay Area are all actively recruiting Fintech talents.

The Hong Kong Government must formulate corresponding policies to encourage and promote Fintech in Hong Kong, so that the Fintech companies can offer competitive terms to potential talents including remuneration packages, accommodation, working environment, education for children and medical insurance to attract such talents to set foot in Hong Kong.

Very often we emphasize the need for talents in the domains of innovation and technology. In fact, the financial industry also needs talents. In the 2018-2019 Budget, the Financial Secretary proposed the establishment of an Academy of Finance in Hong Kong to train talents in the financial services industry. In response, HKMA took forward this initiative quickly and stated that

the Academy would nurture senior management personnel for the banking industry. However, given that all businesses are competing for talents, should HKMA not extend the target groups to basic rank employees and middle-level talents? In addition, measures such as tax concessions to encourage self-education, admission schemes for talents and professionals, and more practical financial courses in tertiary institutions are also worth consideration for allocation of additional resources. I hope that HKMA and relevant government authorities will pay great attention to them.

Infrastructure is important. For the financial industry, a better business environment means good financial infrastructure, among other things. Now when financial institutions provide products or services to clients, they have to follow a Know Your Client ("KYC") due diligence procedure. HKMA is currently working with the banking industry to prepare a Know-your-customer Utility ("KYCU") which is a central database. At present, this is still a commercial operation, unlike in Singapore where it is a government-run facility. I believe KYCU of the financial industry will soon enter the electronic era, so when we are talking about the next stage of KYCU or even eKYCU, the Government should take the lead in funding the infrastructure because, after all, almost all the most important and reliable data of the people are held by the Government.

Lastly, President, I would like to talk about my views on the offsetting arrangement of the Mandatory Provident Fund ("MPF") System from the perspective of economy and business. For start-ups and small technology companies, MPF accounts for an important part of their operating cost that they have to bear. Years ago, the Government hoped that the industry would support the MPF System and so proposed the offsetting mechanism, allowing employers to offset the long service payment or severance payment with the accrued benefits derived from the employer's contributions. Eighteen years have passed since MPF was introduced in 2000 and we have heard divergent views from the community. The labour sector holds that MPF is meant to provide for retirement whereas the long services and severance payments are used to cope with the urgent needs of the unemployed people upon dismissal by their employers. Therefore the two should not be confused. Meanwhile, the business sector reiterates that offsetting long service and severance payments with MPF contributions is a long-standing practice. It was precisely because at that time the Government agreed that there were some overlapping between long

service and severance payments and MPF, the offsetting arrangement was put in place so that employers need not bear double expenses. Therefore, the abolition of the offsetting arrangement would defeat the original intention of setting up MPF, violate the spirit of contract and also renege on the promise made by the Government to the business sector when it introduced MPF. In order to resolve the disputes, the current-term Government has finally come up with a solution to the issue of abolition of offsetting which was announced in the Policy Address.

In order to abolish the offsetting arrangement, the Government has proposed in the Policy Address to enhance the government subsidy scheme for enterprises that need to pay long service and severance payments. The subsidy period will be extended significantly to 25 years from 12 years proposed originally. The financial commitment of the entire government subsidy scheme will also be increased from the originally proposed \$17.2 billion to \$29.3 billion. I support these two enhancements. Of course, it would be better if the Government could provide support for a longer subsidy period and make a larger financial commitment. Generally speaking, a 25-year period would be enough to cover the normal life cycle of many businesses. For a worker, 25 years means the prime of his working life. In any case, I believe the subsidy scheme launched by this Government will be able to help the enterprises, strike a balance between the interest of the business sector and the labour sector, solve the MPF offsetting arrangement which has beleaguered micro, small and medium enterprises for years in particular, and also facilitate the sustained operation of local businesses and encourage employees to concentrate on their work. Despite the mainstream opinion being in favour of the Government's initiative as I know, there are views in the community asking for fine-tuning of the initiative. Therefore, the Administration should also heed good advice readily and consider accepting constructive suggestions such as making fine-tuning like extending the subsidy period and increasing the total financial commitment. The Government should fully consider the historical reasons, make due commitments and implement these initiatives as soon as possible.

President, my remarks have focused mainly on the economic and financial measures that have been or should be covered in the Policy Address. As the focus of this year's Policy Address is on the land supply problem in Hong Kong, I will speak again in the fourth debate session on "livable city" and make a relevant financial analysis of it.

Thank you, President.

MS STARRY LEE (in Cantonese): President, the Chief Executive has presented the second Policy Address within her term of office, entitled "Striving Ahead Rekindling Hope". The comments of the Democratic Alliance for the Betterment of Hong Kong ("DAB") on the Policy Address are "Depiction of the future with commendable determination; Listen carefully and act with good reasons". Overall, the highlights of the Policy Address are outlining the blueprint of future land supply, focusing on land development and improving the home ownership ladder. DAB supports all of these.

In fact, the public generally expect the current-term Government to do more in land development, so that they can see the Government's determination and boldness in increasing land supply. Land development and the implementation of other policy details will meet with many challenges in the process such as conflicts with people with vested interests and opposition by the opposition camp for the sake of opposition. It will also need to cater to the concerns of many stakeholders affected, especially fishermen and environmentalists. Therefore, the Government must listen carefully and act with good reasons to win the approval of the general public.

Apart from the land and housing issues, the Policy Address has also taken on board a number of suggestions made by DAB, including the incorporation of Chinese medicine into the health care system in Hong Kong, as well as the provision of subsidized outpatient services and inpatient services in the planned Chinese medicine hospital and 18 Chinese Medicine Centres operating under a tripartite model. This is a major breakthrough in the development of Chinese medicine in the many years of administration by the Government.

In people's livelihood issues, many proposals from DAB have been accepted, including extension of the statutory maternity leave from the current 10 weeks to 14 weeks; extension of the coverage of the Old Age Living Allowance to the two provinces of Guangdong and Fujian which will benefit more elderly persons who choose to reside in their hometowns. New support measures have also been introduced to enhance child care services and to strengthen support services for persons with disabilities, ex-mental patients and the ethnic minorities. There are also measures including launching a \$2.5 billion Lift Modernisation Subsidy Scheme; construction of public markets in different places including Tung Chung town centre; extension of the retirement age of civil servants and the commencement of the Grade Structure Review on the Disciplined Services. All of these policies are recognized and being striven for by us for many years.

President, let me first talk about the key issue of this Policy Address—Lantau Tomorrow. This programme of reclamation and land creation

has induced widespread discussions in the community. DAB agrees that the problem of land shortage in Hong Kong is very serious because we require a lot of land for economic development, housing and transport, elderly service and cultural and recreational activities for the public. The initiative of Lantau Tomorrow is about off-shore land reclamation and is worthy of recognition.

President, I must emphasize that reclamation has never been a scourge, rather it has been a major factor of Hong Kong's success. Hong Kong has developed from a small fishing village to a cosmopolitan city. We face the land shortage problem all the time. If the Government had not reclaimed land back then, we would not have Central, Wan Chai today, let alone new towns such as Sha Tin, Tseung Kwan O and Tung Chung.

As at 2016, about 7 000 hectares of land in Hong Kong were formed by reclamation, representing 25% of the built-up area. Such reclaimed land accommodates about 27% of Hong Kong's total population and 70% of its commercial activities. However, as we all know, the area of land reclaimed has dropped sharply in the last two decades due to various reasons, causing the land supply for housing and other uses to seriously lag behind demand in recent years. As a result, the land and housing problem has become one of the most deep-rooted conflicts in Hong Kong.

Certainly, public awareness of environmental protection has been heightened, and the community has grown more concerned about the impact of reclamation on ecology than ever before. However, the technologies of reclamation have been constantly improving. As long as it is planned carefully, the impact of reclamation on marine ecology could be minimized. As some commentaries said, Europe attaches importance to environmental protection. However, earlier in Denmark, a new infrastructure and housing plan was announced with the core project being building an artificial island in capital Copenhagen, providing homes to tens of thousands of people.

President, looking around our neighbours, there have been massive reclamations in many places and countries. The success and development of Singapore also depends very much on land reclamation with more than 100 sq km reclaimed over the years and a further 50 sq km to be reclaimed in the next 10 years. The value and benefits created by reclamation for Singapore and the neighboring Macao are obvious to all.

President, looking back at the past, Hong Kong has missed many opportunities of land development over a long period of time. I have thought

over and over again that if we had not given up the "85 000" housing construction target during that time, if we had not given up on making land because of the financial turmoil, and if the Government has land in reserve, the land and housing problem would not have grown to be so grave today and the grievances of young people and the middle class who cannot buy a home would not be so strong. Therefore, President, we must learn the lessons and should not continue to waste time and engage in discussion without decision on the issue of land development; otherwise, we should feel remorseful in the face of the young people and those on the public rental housing ("PRH") waiting list.

President, Lantau Tomorrow involves land reclamation and the estimated expenditure is several hundred billion dollars. People are worried about whether the programme will be cost-effective, whether it is worthwhile, will there be cost overruns, as well as the Government's capability of monitoring the project. All of these are absolutely understandable and also worries that must be addressed by the Government.

President, altogether I have five key worries and requests that I hope the Government must deal with in taking forward the policies.

First, it is about the scale of reclamation. The Government has responded to this instantly. They will first work on a reclamation project of 1 000 hectares and work on the rest if it is needed. We support this phased approach as it is in line with the reality.

The second worry is that the reclamation project is too costly. Does it worth it? Is it cost-effective? I believe the Government must respond carefully to such worries and concerns. Hong Kong is an externally-oriented economy, if our economy turns bad, can we cope?

The third request is the Government's ability to control cost. President, in recent years, we have seen cost overruns in infrastructure projects. The public have no choice but to accept them. Will the Government learn from these bitter experiences and try to reform the tendering and cost monitoring mechanism? The Government must give a pertinent reply to this point. Otherwise, the confidence of the public and the Legislative Council in the Government's ability to take forward infrastructure investments will be seriously affected. It will also make it easier for people to take advantage of it to exaggerate costs, thus causing unnecessary opposition.

The fourth request is to properly deal with those stakeholders who would be adversely affected by reclamation, especially the fishermen. So far, the

fishermen have put forward many policy requirements for supporting sustainable development, however we can only hear some noises or even nothing at all with no specific measures seen. On the contrary, government policies launched one after another have indeed restricted their room for survival and made them feel very worried.

The fifth is certainly to do a proper environmental impact assessment to minimize the impact on the ecological environment. Many people cherish the natural environment in Hong Kong and they are extremely reluctant to see the environment being affected. Therefore, in the course of land reclamation, the Government must deal with the issue properly by responding to public worries about how the impact of the programme on the ecology can be minimized, so that public concerns can be allayed.

President, the Government must respond to our concerns. However, some people with ulterior motives demonize Lantau Tomorrow. Some of them exaggerate the reclamation cost. Some have even tried to create conflicts between Hong Kong and the Mainland by escalating the issue to a higher plane of principle and exaggerated that all the reserves in Hong Kong would be depleted. This statement is obviously misleading and these people are opposing for the sake of opposition.

For one thing, the artificial island construction project will last about 20 years, so the average expenditure will be about tens of billions of dollars per annum. Compared to the current yearly spending on infrastructure projects and the Government's enormous reserves, it is indeed not the case that we cannot cope. There is even no question of depleting all the reserves. For another, we must not just focus on spending and do not look at the income. Creating land itself will create enormous value, and also there will be commercial and other benefits to be brought about by reclamation. Even if the economy turns bad later and the Government does not have so much income as before, the fact is that the reclamation project is to be carried out in phases. If somebody should jump out in the first instance to claim that all of the reserves will be depleted without knowing the details and then oppose the reclamation, I will consider them harbouring ulterior motives and opposing for the sake of opposition by exaggerating the reclamation cost.

President, I have seen some other people inflating the issue out of proportions. They are trying to create conflicts between Hong Kong and the Mainland and querying this reclamation project as being intended to accommodate "new Hongkongers". In fact, they are creating conflicts. Going

by this logic, they may also oppose all the other housing options as well. Therefore, President, I think that some of the discussions on Lantau Tomorrow have become political or populist manipulations with the aim of inciting resentful sentiments.

President, demonizing land reclamation actually means pulling the leg of the Government again. In fact, when people come to think about this, they should be smart enough to realize that if Hong Kong continues to be bothered by the housing and land problems long term, people's grievances will continue to accumulate and the development of society will become stagnant. Then who are going to suffer and who are going to benefit? President, Lantau Tomorrow is about long-term land supply, so the Government has to make long-term considerations. Nonetheless, the Government needs to urgently resolve pressing issues of the people as well. Therefore, the community actually hopes that the Government will come up with some short- and medium-term land supply options to meet their housing needs.

President, apart from Lantau Tomorrow, there are other proposals on land development in the Policy Address, e.g. resumption of idle sites, optimizing the use of industrial estates, brownfield sites in the New Territories, agricultural land and redevelopment of old districts. I will leave these to other Members to talk about in other relevant sessions. Redevelopment of old districts is also a major solution to the housing problem and this is also an aspiration of the public. Unfortunately, the Government failed to take a comprehensive approach to this for some time in the past. With the mode of development of single-block buildings, the Government just acquired buildings one by one, failing to take care of the overall planning of the whole district, nor could it improve the environment of the old districts more effectively.

In the meanwhile, the public also hopes that the Government can start the redevelopment of ageing estates. However, the Policy Address has not mentioned this in detail. I also hope that the Government will respond to this in the relevant debate session.

President, the DAB Members will express their views on other parts of the Policy Address in other sessions. Overall, DAB supports the Motion of Thanks on the Policy Address and will vote against the amendments. We also hope that the Chief Executive and her team will rise to challenges, act quickly especially on resolving land issues and cease to hold discussions without making decisions.

President, I so submit.

MR MARTIN LIAO (in Cantonese): President, from a small fishing village to a vibrant cosmopolitan city, Hong Kong has earned its success through a great deal of struggles and hardships. Today, Hong Kong also faces an important turning point, a critical period of imminent changes. At the historical intersection between the 40th anniversary of reform and opening up of the country and the introduction of a new round of reform and opening up policies, the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative both offer Hong Kong unprecedented opportunities, which will enable us to accomplish the diversification and upgrading of our economy through integration with the regional economy. However, in this course, Hong Kong faces many internal and external challenges. For example, internally, are there adequate complementary measures in terms of land, industry, talent and policies? Externally, how do we tackle the fluctuating external economy and the long-lasting United States-China trade conflict? Therefore, when the Chief Executive was holding consultation on the Policy Address earlier, I made many different recommendations to her. Among them, I especially mentioned that the Special Administrative Region ("SAR") Government must adopt a holistic perspective and more groundbreaking and new thinking to formulate policies and measures, while drumming up enough boldness to seize the opportunities of implementing such policies and initiatives, so as to steadily lead various sectors to capitalize on the new opportunities and enable all people in Hong Kong to share the fruits. At the time, I mentioned such areas as identifying land to solve the shortage of land and housing, supporting local small and medium enterprises ("SMEs") in coping with the United States-China trade conflict, planning policies and measures that dovetail with the Greater Bay Area development, as well as proactively developing Hong Kong into an international innovation and technology centre. In the Policy Address, there are many positive and proactive responses to my recommendations, which I welcome. However, given the time limit of the debate, I do not intend to repeat and expound on them one by one here.

President, in this session, I would like to focus my discussion on the most critical problem in Hong Kong currently: land supply. Hong Kong has long been plagued by this problem, which has significant implications on the economic and social development of the territory. It is not only a livelihood issue of concern to the people, but also a policy area in the Policy Address that accentuates the new thinking of the Government.

President, analogous to a problem that strangles Hong Kong society, land shortage has become the greatest bottleneck of our advance in development. Land shortage pushes up rentals and business operation costs, severely undermining the overall competitiveness of Hong Kong. Even the six industries where Hong Kong enjoys clear advantages and the four pillar industries also lack room for business expansion, the outcome of which is certainly the development of various industries being impeded, not to mention achieving economic diversification and enabling young people to pursue their dreams on the strength of their own talent. Land shortage is also unfavourable to attracting overseas enterprises and talent to Hong Kong for driving our development. As the Chief Executive has stated, cross-boundary big enterprises and scientific research institutes have often expressed their wish to pursue development in Hong Kong. And their prime concern is the availability of land for development, to which she can only helplessly reply "no".

The lack of land has also posed obstacles for young people aspiring to start-ups, resulting in high rentals and indirectly leading to the general conflict and hostility between employers and employees in micro, small and medium enterprises. The rentals of offices in Central, Hong Kong have topped the world in three consecutive years. In Asia, Hong Kong is also the city where expatriates bear the highest rentals. If we do not solve this problem against all odds today, but still wish to promote economic diversification, encourage young people to start their own businesses, attract international organizations to Hong Kong, attract international top talent to Hong Kong, capitalize on the opportunities brought by the Greater Bay Area development, etc., then all such wishes will remain empty talk and we will only gain half the result with double the effort. Moreover, land shortage has a crucial bearing on the healthy development of the property market, asset prices and investment in the financial market, and is closely linked to whether the general public can live in pence and work with contentment.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

The distorted and high property prices have given rise to tens of thousands of subdivided units and nano flats. Consequently, nowadays the mass grass roots and middle class have long been suffering from high rentals and mortgage payments, and living in a cramped, narrow and even very dangerous environment,

which also affects the healthy growth of the next generation. Over 200 000 households of subdivided unit residents live in tiny flats with per capita space of only 56.5 sq ft. Children do not have even a desk for doing homework and revision. The waiting time for public rental housing ("PRH") has repeatedly hit record highs, and the average waiting time at present is 5.3 years. For the middle class who want to purchase properties, winning in the ballot drawing for the Home Ownership Scheme is betting against the odds of winning the Mark Six lottery.

Moreover, residential care homes for the elderly ("RCHEs") in Hong Kong are also very crowded, with per capita living space not even reaching 6.5 sq m, and there has been a serious shortage of residential places for years. Tens of thousands of elderly persons have to wait for two to three years, with 10% to 20% of them not being allocated places before death. In the light of the population ageing "tsunami" hitting Hong Kong 10 years later, now the Secretary for Labour and Welfare has to literally fight for every inch of land so as to find land to build RCHEs, exhausting every means possible. All of these are deplorable. It shows that society at large eagerly looks forward to the eradication of land shortage, which is a bottleneck of urban development, and to a solution to the pressing problem.

Since the reunification, many terms of government have all had the determination to properly tackle the land problem. Yet due to various reasons, including a lack of consensus in society, their efforts have met with difficulties over the years. If, today, we really want to capitalize on the opportunities brought by the Greater Bay Area development and enable the general public to live in peace and work with contentment, the Chief Executive and SAR officials must adopt new thinking and remain fully committed and resolute to break the persistent quagmire that can be regarded to be one step forward and two steps backward. In fact, the Policy Address this year is not lacking in bold and new thinking in terms of the land policy, including allocating more land sites to development of public housing and reviewing the public/private split of long-term housing supply. These are consistent with the recommendations I made to the Chief Executive. Of course, I hope the Chief Executive will be even bolder, in response to the grass roots' keen demand for housing, as to consider immediately adjusting the public/private split of the future ten-year housing supply between 2018-2019 and 2019-2020 to 7:3 temporarily.

Furthermore, the Land Sharing Pilot Scheme announced in the Policy Address is similar to the public-private-partnership development scheme for

agricultural land in the New Territories proposed by me. Other relevant measures presented in the Policy Address, such as reactivating the revitalization scheme for industrial buildings to increase the supply of transitional housing, allocating land to the Hong Kong Housing Society for redevelopment of aged PRH estates, and inviting the Urban Renewal Authority to conduct a study on the redevelopment of sites under the Civil Servants' Co-operative Building Society Scheme, all indicate the considerable deliberation the Government has made to break away from the previous bureaucratic confine, which is worthy of people's recognition. As regards the most attention drawing centrepiece of the land policy, it must be the Lantau Tomorrow Vision—the land production and reclamation project of the largest scale ever in the history of Hong Kong.

Deputy President, I attach great importance to the Government's effort at adopting new thinking to solve the problem of land shortage. However, today in the Chamber, I wish to add one point: to solve the land problem, the Government's bold and new thinking alone does not suffice; society in general must embrace a liberal attitude, an open mind and an awareness of the overall situation to strike success. Should society and the public not spend the time on sorting out the truth, but only randomly follow the tones of some slogan-like or stances-come-first reasons for opposition and willingly let their hands be tied by the old mindset and distrust, I am afraid the outcome will only be the entire society continuing to be ensnared in the quagmire and abyss which have persisted for years, failing to make even a small step forward amid much bickering. Deputy President, it is worrisome that such a tendency is taking shape right now. As the Lantau Tomorrow Vision has received widespread compliment, some individuals and organizations have been ceaselessly mounting strong opposition, trying to employ every means possible to create public fear, with a view to putting pressure on the Council. They even wish to turn down and negative the funding application for the preliminary study the Government has not yet proposed, in an apparent attempt to nip the entire plan in the bud so that society cannot even think about it. Such a situation indeed makes many people feel very helpless and enraged.

Deputy President, I consider that the Lantau Tomorrow Vision should absolutely become the focus of attention and discussion in society, not because many people have misunderstandings and doubts about it and so have made criticisms and attacks of it, but because the Vision carries strategic value for the future development of Hong Kong, to the benefit of every Hongkonger and every generation of Hongkongers. Actually, we need only raise and broaden our

vision to realize that the concept of Lantau Tomorrow is founded on the needs of the new era and positioned from the perspective of the overall regional development. As everyone is fervently exploring how Hong Kong can leverage on the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") to scale new heights, the Lantau Tomorrow Vision will not only provide an effective solution to the local land shortage problem, but also serve as a most desirable and appropriate stronghold for Hong Kong's development in the Greater Bay Area. At the same time, it can rationalize our development in various aspects, such as economy, society and livelihood, further laying a good foundation for Hong Kong to rise to the next pedestal.

Deputy President, as the development of the Greater Bay Area is still at its initial stage currently, the governments of the three cities are all sparing no effort in implementing various infrastructure projects with a view to building the economic network to tap the Greater Bay Area. Subsequent to the Guangdong-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), which has just been commissioned, has further activated the high speed transport network of the entire Greater Bay Area, connecting Hong Kong to the express link passage in Pearl River East and providing easy access to the hinterland of the processing industry in West Guangdong area. In addition, as a corridor, HZMB will usher in a new era for the synergized development of nearby regions, including an East Lantau core zone, the Macau New Urban Zone and a Zhuhai Hengqin core zone. HZMB is, at the same time, an international land and sea passage facing countries of the Association of Southeast Asian Nations, adequately offering itself as an important strategic hub and stronghold for the Belt and Road Initiative.

Deputy President, the location of the Lantau Tomorrow Vision is at such a strategic spot. The HZMB Hong Kong Port is situated on Lantau Island, Hong Kong, adjacent to the Hong Kong International Airport that is within five hours' flying time of half of the world's population, making Lantau Island the "Double Gateway" towards the world and the Greater Bay Area, completely in keeping with Hong Kong's long-standing advantage of "facing the world and leveraging on the Motherland".

Deputy President, in the Greater Bay Area, Hong Kong still needs to further consolidate our status as the international financial, trade and maritime centres, develop into an international innovation and technology centre and establish ourselves as a centre for international legal and dispute resolution

services in the Asia-Pacific Region. To this end, various industrial and commercial sectors, SMEs and young people are all anxious to try their chances. Nonetheless, given the current land shortage, how can we find more land for various trades and industries to expand their business and operation and for young people to start their own businesses and seek development? How can we find more liveable space and suitable accommodation to attract overseas talent to Hong Kong? The Lantau Tomorrow Vision will set up a new Core Business District ("CBD"), providing a direct solution to such problems. And such a CBD can closely follow the development of the bigger market in the Greater Bay Area.

According to the Government's vision, the 1 000-hectare artificial island on Kau Yi Chau alone can already provide over 40 million sq ft of commercial floor space, almost equal to another Central. Such a new CBD, via transport networks such as newly built roads and railways, can connect with the conventional CBD in Central, while synergizing with Lantau Island, the "airport city", that embodies high value-added logistics and exhibition and trading services. It is a self-evident advantage. Meanwhile, the Lantau Tomorrow Vision can also materialize the long-standing planning and vision of the Government to unleash the development potential of Lantau Island so that it can become a hotspot for ecotourism, recreation, leisure and entertainment. As per the initial estimation by the Government, the Lantau Tomorrow Vision can create 340 000 jobs in total. The project of the artificial island on Kau Yi Chau, where the third CBD will be located, alone can provide 200 000 high value-added jobs. Over the years, society has been urging the Government to achieve economic diversification and create more middle-to-top tier jobs in Hong Kong so as to enhance upward social mobility. The Lantau Tomorrow Vision is exactly one of the roadmaps to realize such goals, offering prospects and hopes to various industrial and commercial sectors and young people, and thus undoubtedly worthy of our support.

It is equally important that the Lantau Tomorrow Vision will supply large expanses of land to solve the housing shortage, benefiting the grass roots, the middle class and young professionals alike. The authorities envisage that, from 2032 onwards, the Lantau Tomorrow Vision will supply, in phases, 260 000 to 400 000 residential units, housing a population of 700 000 to 1 000 000. Among them, the Government has undertaken to provide affordable public housing, for which 80% to 90% of local households are eligible to apply. Given the public/private split of public housing of 7:3, the remaining land for housing can

also be used to provide a quality living environment to increase the home ownership or property replacement options for the middle class and enhance the incentives that attract overseas elites to Hong Kong. After the housing shortage is alleviated, the positive effects will hopefully spread across Hong Kong so that healthier development of the property market will resume, thereby empowering people to change their living environment. Given the ample supply of housing for the grass roots, subdivided units of poor conditions will then be eliminated. When there is an abundant supply of affordable properties, people can realize their dreams of home ownership and better living.

In addition, the Lantau Tomorrow Vision presents the opportunity for Hong Kong to rationalize its transport infrastructure, improve urban accessibility and relieve the existing structural traffic congestion in New Territories West. The artificial island on Kau Yi Chau is only 10 km from the CBD in Central and, after the completion of expressway and railway connections, a journey between the two districts will only take 10 minutes. Come to imagine that by then there will be an uninterrupted trunk road from Hong Kong Island to the new CBD on Lantau Island, connecting to HZMB and then areas in Pearl River West such as Zhuhai, Macao and Nansha, and even the Greater Bay Area as a whole. The Lantau Tomorrow Vision also encompasses construction of road and railway infrastructure which will connect with Sunny Bay and South Tuen Mun and link to the entire West Rail Line system. It can thus reverse the pedestrian flow of the West Rail Line at Yuen Long Station, relieving the congestion of traffic between New Territories West and urban areas. The authorities have stated that, without the reclamation project on Kau Yi Chau, such roads will not be planned because infrastructure is planned and constructed on a need basis. All of these are conducive to enhancing the economic benefits of Hong Kong and so merit our support.

Furthermore, the Lantau Tomorrow Vision creates the opportunity conducive to the development of low-carbon economy and a sustainable society. Deputy President, despite the Government's determination to develop an environmentally-friendly and smart city, the progress has been extremely slow, one of the reasons for which being the incompatibility of established urban design, infrastructure and systems. According to the Government's design, starting from holistic urban planning, the brand new artificial island will adopt general use of renewable energy, highly energy efficient technologies and an eco-friendly mode of transport, with a view to achieving carbon neutrality and zero carbon footprint. Such a large-scale testing ground is very progressive in the context of Hong Kong and also worthy of our support. With success

achieved in the future, the relevant experience can be applied to other areas appropriately.

Deputy President, in view of the profound and significance of the Lantau Tomorrow Vision, now we ought to concern ourselves with the detailed study of this idea to ensure such a vision of the Government is truly feasible and beneficial to the people. At the same time, the Government must meticulously plan all details, including the financing arrangements, how the layout of the new CBD can better facilitate SMEs in capitalizing on the new opportunities brought by the Greater Bay Area development, the detailed distribution of public and private housing on the artificial island, the types and number of public housing units and what advanced technology and planning will be adopted in the construction works to afford appropriate protection to the ecological environment in the vicinity. Besides, in the protracted construction period spanning 20 to 30 years and across several terms of Government, the incumbent Government should properly take forward the implementation roadmap as formulated, carry out proper risk management and implement the necessary ancillary policies or measures, so as to achieve various goals of the Vision.

However, as I have just pointed out, some individuals and organizations seem to have not particularly paid attention to the aforementioned merits of the Lantau Tomorrow Vision, but only focused on voicing different concerns. In this connection, the Government and some scholars and experts have one after another made targeted responses and explanations, which I will not repeat in detail here. Nevertheless, I wish to remind people that they ought to keep a clear mind and engage in more independent thinking to distinguish concerns that truly worth their serious consideration from those that are just some monologues uttered by the speakers.

The Government has already made it clear that the Lantau Tomorrow Vision carries flexibility and will be implemented in phases as per need. The cost will be spread over 10 to 20 years and the annual expenditure will be a dozen billion dollars, totally within the annual government infrastructure budget, which Hong Kong can afford. Moreover, a number of leaders of various industries and scholars have estimated that revenue from land sale alone can more than enough meet the construction costs of the Lantau Tomorrow Vision, not taking into account the job opportunities and other economic benefits generated by the artificial island.

However, some opponents still continue to advertise that the Lantau Tomorrow Vision, with its lavish scale, will empty the coffers. Past experience already bears testimony to the fact that, compared to development of brownfield sites, construction of artificial islands is far simpler and quicker to implement. Development of brownfield sites is indeed easier said than done, often sparking off considerable controversies. Various procedures, ranging from public consultation, rezoning of land use, land resumption, clearance, compensation to rehousing, are rather time-consuming. The North East New Territories development, which had been under discussion for over 10 years in society, was finally approved in the Legislative Council against all odds. Yet, to date, the land resumption procedure has not yet commenced, let alone the construction works, but some opponents have persistently proposed that brownfield sites be developed first. Deputy President, what is their intention? Of course, such opponents will not tell the public that, unless forcible land resumption be performed, to develop brownfield sites, the Government must first have sufficient land reserve so that it has strong enough bargaining power to recover such privately-owned brownfield sites. If not, the Government will only be led by the nose and lose its initiative. Then it will only be more difficult to execute the development of brownfield sites, which cannot be achieved solely by chanting the simple slogan "brownfield sites first".

Moreover, some opponents have continually promoted the message that the Lantau Tomorrow Vision "destroys the ecological environment" and is an "perverse act". Their actions disregard the fact that the successes of major infrastructure projects, such as the 1 000-hectare artificial island of the airport in Chek Lap Kok, have demonstrated the competence of the authorities in delivering such sizeable projects in the past. In view of climate change, the authorities have undertaken that, with regard to the Lantau Tomorrow Vision, proper risk management and scientific and technical assessments will be carried out and the impact on the ecological environment will be contained at the acceptable and the lowest levels.

Certainly, now society has doubts or misunderstandings about the Lantau Tomorrow Vision. I consider it necessary for the Government to devote more efforts to giving the general public in-depth and wide-ranging explanations and reasons. As regards the professional and technical aspects, the Government also needs to provide more in-depth and sufficient grounds and information so that the public can clearly distinguish right from wrong. The relevant publicity and promotion should also be simple and easy to understand for the sake of public understanding. Disputes and conflicts always attract more public attention and

naturally receive more media coverage, thus some arguments are prone to being exaggerated or highlighted. However, Deputy President, I hold that the more truth is debated, the clearer it becomes. The most important thing is we can look at this programme from a scientific and rational perspective.

In the global context, many places, out of their own developmental needs, have chosen to build artificial islands, and their experiences of success can be good reference for us. For example, in the vicinity of Hong Kong, Singapore and Macao, which also face a land shortage, have long executed large-scale reclamation projects for land production. Through reclamation, Singapore has increased its land area by 24% (13 800 hectares), thereby accomplishing major infrastructure such as the Marina Bay Financial Centre, Changi Airport and Jurong Industrial Park. Reclamation projects in Macao, spanning 10 years, have increased its land area by 160% (1 900 hectares), greatly strengthening its status as an entertainment and leisure centre. Reclamation works in both places are all strategic projects that have enabled the upgrading and transformation of the local economies.

Deputy President, let us broaden our vision. It is reported that the Netherlands, geographically plagued by the rising sea level, while already having the largest artificial island in the world, Flevopolder, which size is 97 000 hectares, also continues to build artificial islands for development and housing. The latest development project is to construct another 80-hectare artificial island near Amsterdam. Moreover, brand new and bold ideas have emerged for artificial island projects internationally. Recently, an energy company has proposed the construction of an artificial island in the North Sea to house a wind farm, which will supply electricity to the neighbouring six countries, namely the Netherlands, the United Kingdom, Belgium, Norway, Germany and Denmark.

In Hong Kong, land production by reclamation has all along been an important source of land supply. Approximately 7 000 hectares of land in total has been acquired accumulatively through reclamation, accounting for one fourth of our developed land area and accommodating 70% of our commercial activities and close to 30% of the population, the Hong Kong International Airport and the West Kowloon Cultural District. Large-scale reclamation projects have almost come to a halt only in the past 10 years. Today, the HKSAR Government has proposed an artificial island project out of the need for housing and economic development. Why only in Hong Kong has an artificial island project become an unrealistic idea that should not even be given any thought?

Deputy President, without any doubt, many details in the planning of the Lantau Tomorrow Vision are pending confirmation and optimization. However, as I have pointed out in the early part of my speech, its merits are evident. Anyone can engage in sabotage, but at any rate, I am willing to lend them my ear. If today some people oppose the Policy Address because they oppose the Lantau Tomorrow Vision, will such opponents please offer an alternative proposal that would adequately solve the land shortage problem I have just mentioned in the short, medium and long terms for our consideration. If the opponents wish to completely ruin the chance for the implementation of the Lantau Tomorrow Vision, regardless of their reasons, they are in effect shattering the hopes of the grass roots who are now merely dwelling in narrow bedspaces in subdivided units, the hopes of children who yearn to have a desk for revision, the hopes of the middle class who long for home ownership, the hopes of young people who desire upward mobility and the hopes of Hong Kong to accomplish economic diversification and capitalize on the opportunities brought by the Greater Bay Area development.

Deputy President, the Lantau Tomorrow Vision will bring Hongkongers bona fide advantages. It cannot be regarded as the only means to realize the hopes of Hongkongers, but it is a highly effective, appropriate and practicable means.

Deputy President, as regards the Lantau Tomorrow Vision, we should consider significant public interests, our next generations and the future of Hong Kong. In conclusion, I support the motion proposed by the Chairman of the House Committee. I so submit.

DR KWOK KA-KI (in Cantonese): Deputy President, having heard the Deputy to the National People's Congress ("NPC"), Mr Martin LIAO, speak, a revelation dawned on me. I realized why the Lantau Tomorrow Vision ("the Vision") has to be implemented. He kept talking about the Greater Bay Area and in fact, the whole Lantau Tomorrow Vision project will be implemented with the Greater Bay Area in mind.

Just now, the Deputy President talked about how the authorities had solving the housing problem of the public in mind but has she woken up? It takes two to three decades to build the artificial islands but at present, there are 270 000 applications for public rental housing, 90 000 subdivided units and

210 000 people living in subdivided units in Hong Kong. Is she telling these people to wait for two to three decades to move to the artificial islands mentioned in the Vision? Mr Martin LIAO made it even clearer, saying that in fact, the most important thing there is the Core Business District, pointing out that it would give people from all cities on the west bank of the Pearl River, that is, the Greater Bay Area, a place of settlement. What kind of lie is this? Have we not been deceived by them enough?

All people in the pro-establishment camp, in particular, those in the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB"), will turn left when the Government tells them to and turn right when the Government tells them to. In 2002, Michael SUEN deployed his nine strokes and imposed a moratorium on the construction of Home Ownership Scheme ("HOS") flats. They, as members of the Executive Council, supported the measure. When the Government proposed resuming the construction of HOS flats, they also supported the measure. In fact, there is no need to listen to their views. On all matters, so long as the Government says that they have to be done, these people would also say the same. However, the party getting the worst deal is Hong Kong people.

The Vision now under discussion proposes to reclaim 1 700 hectares of land, very much similar to the proposal put forward by Our Hong Kong Foundation. This is tantamount to giving Mr Stanley WONG, Chairman of the Task Force on Land Supply, many slaps on his face. He said that consultations had to be carried out on reclamations for over 1 000 hectares of land but now, the Government just does not bother to pay him any attention. How much money will be cost? According to the estimates made by the public, based on current market prices, the cost of construction will be as high as \$500 billion to \$1,000 billion; moreover, this figure will likely be exceeded. In view of the fact that all infrastructure projects run into cost overruns in Hong Kong, it is nothing extraordinary if the cost exceeds \$1,000 billion. How much is \$1,000 billion? It is equal to each Hong Kong resident paying \$130,000. Is this done for the public? Is this not going too far?

We have just conducted a public opinion survey in which over 3 000 people were interviewed. The great majority of the respondents held that the right measures to take include invoking the Land Resumption Ordinance ("LRO") to resume land owned by property developers and use it to build public housing, to use the 900 hectares of land reserved for the construction of small houses to

build public housing, resuming the 172 hectares of land occupied by the golf course in Fanling and use it for the construction of public housing, making good use of brownfield sites, and so on. These options received double the support from respondents compared to that for artificial islands. More than 69% of the public are concerned that the Vision may lead to repeated cost overruns and exhaust Hong Kong's reserves.

Has public opinion ever been heeded? Of course, there is no need to. Why should the pro-establishment camp? Here, there are the functional constituencies and there is also the backing from "Grandpa", and when we learnt that even the overseas edition of *People's Daily* came out to voice support for the construction of artificial islands at East Lantau, we know what this is all about. Basically, this is a political infrastructure project.

Hong Kong is short of land and starting from 2002, Carrie LAM has successively served as the Permanent Secretary for Development, the Secretary for Development and the Chief Secretary for Administration for more than a decade and all along, she said that this reality could not be changed—it was the same Government—so does she mean she did not play any part in halting the construction of HOS flats and the development of land for over a decade? Have the senior government officials not played any part? Of course, the buck is now passed to other people. Although the Government pursues a high land price policy, it denies doing so. However, if the prices offered are not high enough, it would not sell its land. Each land sale puts only a little bit of land up for sale, just like squeezing out a little bit of toothpaste. Is this not high land price policy?

However, it does not matter and I have to expose the Government's lie. The Vision is implemented not for the sake of Hong Kong people because this plan has to do with the population in the future. As we all know, the population now stands at 7.4 million and by 2046, it will reach 8.22 million, then decreases afterwards. At present, the land at the disposal of the Government can be used to build 600 000 units. On the basis of there being 2.8 people in each household, 1.7 million people can be housed. In that case, who is the housing under the Vision intended for? It can house 1.1 million people, so are those people Hongkongers? Of course not. If the Government earnestly makes good use of the existing brownfield sites, the existing land reserved for the construction of small houses and the 1 000 hectares of idle land owned by property developers, the problem can already be solved, yet it says it cannot solve the problems related

to brownfield sites, and that it cannot invoke LRO, so on, and so forth. However, in 2014, it is also by invoking LRO that we were able to build public housing in Area 54, Tuen Mun.

Carrie LAM and this Government is extremely despicable. Of course, there is also the pro-establishment camp to play convoy for her. We can see that at present, there are many dark clouds hanging over Hong Kong. We all know that in the economic domain, there are concerns over the trade war between China and the United States, so how can we put all the eggs in a basket and expend all the reserves on one single project? There are many ways to develop land and there is no need to take such great risks. Brownfield sites are not used, the land reserved for the construction of small houses is not used and nothing else is done, yet it is said that a mirage-like project should be pursued. Why? Because that place is close to the Greater Bay Area. Mr Martin LIAO made it very clear just now: Connect it to the Hong Kong-Zhuhai-Macao Bridge. In fact, that place is not intended for Hong Kong people. Is this the political mission of NPC Deputies, the pro-establishment camp and DAB? Certainly, this is their mission.

We can see that in fact, there is no need to be concerned about the well-being of the public. As we all know, it will take one to two decades to implement the Vision, so do people nowadays have to wait one to two decades? Then, some people talked about land sales—those academics are really awesome—using the present method for their calculation, the land price is \$10,000 per square foot and add to this the building costs and profit, the units near East Lantau in the future will cost \$20,000 per square foot. Young people nowadays are told to move there but the units near East Lantau in the future will cost \$20,000 per square foot. How can the present method be used for calculation? Are you on the wrong medication? At present, young people are already feeling very miserable. It is already difficult for them to find an abode, yet you even want them to pursue this mirage-like course of action, opting for what is difficult rather than easy, so I think the Government's wrongdoing is unforgivable because all along, it has been lying. This is a "prodigal" island. I have made this point very clear because it will use up our remaining savings.

As we all know, good times do not last forever. The difficulties facing Hong Kong may be great. However, if reclamation is carried out, after the first barrel of sand is dumped, there is no turning back, so why take such a great risk? In the past, most of the reclamation projects in Hong Kong were conducted near-shore, so the infrastructure, roads and a lot of complementary facilities can

already be found nearby, the risks and costs were relatively speaking low and residents' needs could also be met. However, we are now talking about a project on a wide expanse of the sea and 1 700 hectares of land will be reclaimed for that matter. This is really over the top.

Now I understand what "Striving Ahead Rekindling Hope" advocated by Carrie LAM means: "Striving ahead" means that even if we exhaust all the reserves such that the young people of this generation, and even their next generation, will be burdened with the debt, she will still strive ahead because this is a political mission. As we all know, XI Jinping let her walk in the front, so if she undertakes this political mission related to the Greater Bay Area obediently. Fortune will be on her side and that is the best proof; as to "rekindling hope", indeed, great hope has been rekindled but the hope rekindled is that of state-owned enterprises and construction companies—the \$1,000 billion will make them so fat that they cannot even pull up their socks—and that of Chinese cities waiting to sell sea sand. In addition, there are the real estate developers. They are all represented in the Our Hong Kong Foundation. This time, fortune is on their side. Create land by reclamation and continue to sell land. Given all that talk about economic development, have we not had enough of all this?

For many years, it is precisely due to the short-sightedness of the Government and its sole focus on encouraging property speculation in Hong Kong that various industries have been unable to develop well. The costs related to properties are very high but the Government has not dealt with them. In fact, the land prices of the future East Lantau Metropolis will be even higher. Given the high costs, of course, land prices have to be set higher; otherwise, how can the costs be recovered? This being so, how can land prices be low? How can rents be inexpensive? How can operating costs in Hong Kong be low? What kind of rationale is this? In fact, there is no need for any rationale, it would do just to bulldoze one's way through.

We have to understand how degenerated the Legislative Council is nowadays. Before the relevant papers had been submitted, the Chairman of the Finance Committee already said that he was prepared to let the Government's funding application get through and that people opposing it would be condemned by history. This society is rotten to the core and with the pro-Government camp and pro-establishment camp clearing the way, many things running counter to public opinion and even deeds that will make generation after generation of people regret can continue to be done. However, I hope the public can hear this

clearly: Such irresponsible and rash decisions will make us regret, generation after generation. The Vision is a lie, a scam that will squander Hong Kong's family fortune. We have many land development options but in respect of each of them, the Government says they would not work and even land used by the rich to play golf cannot be taken away. What kind of rationale is this? The land hoarded by real estate developers and the land reserved for the construction of small houses cannot be used either. What kind of rationale is this? Only reclaiming a wide expanse of the sea is the best option. Mr Martin LIAO even made a threat, saying that if the artificial islands under the Vision are not built, the railways for the public will not be built either. Ridiculous! Instead of building roads to let residents of northwest New Territories travel to the urban areas direct, they will be made to do so via the artificial islands, thus making a detour. What kind of rationale is this?

The Legislative Council nowadays, the political situation in Hong Kong, the Chief Executive and the Government could not get any worse. When people waiting to move into public housing have to wait 5.3 years and the waiting time for public housing has hit an all-time high, the Government is not discussing with you how to solve the problem in earnest. I once visited a resident of my district who lives in a subdivided unit. His family of four live in a dwelling with an area of 150 sq ft and after learning about the Vision, he rolled his eyes upwards. He is now 40 years old and his eldest child is 12 years old. Are you telling them to move into public housing only three decades later? The Vision is precisely intended for two to three decades later. Have you not cheated them enough? The Government is despicable but the pro-establishment camp and pro-Government camp egging the Government on are even more despicable!

I so submit.

MR JIMMY NG (in Cantonese): Deputy President, this year's Policy Address, written by the Chief Executive herself with an assiduous effort, was eventually released last month, and it was highly commended by the community. Now a month has passed. Honourable colleagues and I follow the convention of debating and voting on the Motion of Thanks on the Policy Address, which may also be seen as an endorsement by the legislature of the executive in some sense.

I recall that before the reunification, Motions of Thanks were more often than not passed without a hitch as a matter of ritual. Regrettably, with the

increasingly radical political wrestling in the Council in recent years, certain people have often made use of Motions of Thanks to vent their political grievances to the neglect of objective and rational discussions on the specific initiatives outlined in policy addresses. I do not think a hostile mentality will contribute to fostering a better executive-legislature relationship.

This year's Policy Address covers such a wide array of areas as governance of the Government, housing and land, economic development, nurturing talent, welfare and people's livelihood, urban environment and youth development, with more than 240 new initiatives proposed. In addition to the formulation of a series of specific measures associated with issues of general public concern, it has set out the strategic directions and implementation plans for promoting innovation and technology, seizing the opportunities presented by national development, etc., which are all conducive to strengthening the competitiveness of Hong Kong and promoting long-term socio-economic development. Moreover, as the Chief Executive is the hands-on type who exerts assiduous efforts on all fronts, we should give her a "like".

Deputy President, if I were to use a single word to comment on this year's Policy Address, I would say "listen". As we all know, "listen" is an integral part of the new style of governance of the current-term Government. Hence, as shown by this year's Policy Address, the Chief Executive has listened carefully to the series of recommendations made by members of the industrial and commercial sectors, including me and the Chinese Manufacturers' Association of Hong Kong ("CMA") I represent, most of which have received constructive and positive feedback from the Government. Mencius, who epitomized people-oriented thinking, said "Heaven sees as my people see; heaven hears as my people hear", highlighting the utmost importance of people's hearts and minds to policymaking in administration. It is indeed commendable that the Government attaches great importance to the industry aspirations and adopts an open and pragmatic style of governance. Let me try to offer an elaboration in the following six areas:

First, the Chief Executive has proposed in the Policy Address the allocation of \$28 billion for university research, re-industrialization, application of technology in public services, fostering of an enabling environment for innovation and technology, etc., including launching a \$2-billion Re-industrialization Funding Scheme and allocating an additional \$2 billion to building manufacturing facilities in industrial estates for the dedicated advanced

manufacturing sector, which are rather specific. The industry is heartened by such measures, which will effectively address the inadequacies in the application and integration of innovation and technology in Hong Kong.

According to the Census and Statistics Department of Hong Kong, the contribution of the manufacturing industry to the Gross Domestic Product shrank from 23.8% in the 1980s to about 1.1% in 2017, while that of the service industry, on the contrary, rose to more than 92%, with about 85.3% of the workforce engaged in it. The increasing uniformity of the industrial structure will give rise to a myriad of social problems, such as soaring property prices and rentals, structural unemployment and disparity between the rich and the poor. In this connection, CMA always maintains that expediting Hong Kong's re-industrialization is the only way to further consolidate our economic foundation and promote diversification of industries, whereas innovation and technology and industrial development must thrive together, not at the expense of each other. While the achievement of the SAR Government in promoting innovation and technology in recent years is evident to all, the overall progress of Hong Kong's re-industrialization remains rather slow. The most pressing task for the Government is to formulate a long-term and clear macro industrial policy, thereby providing comprehensive integrated ancillary measures for the manufacturing and related industries, including providing tax, skill, talent and market support.

Speaking of talent, while this Policy Address has proposed providing better training for local information technology talent, there is apparently room for improvement in support of the "STEM" (Science, Technology, Engineering and Mathematics) and "STEAM" (Science, Technology, Engineering, Arts and Mathematics) education afforded the younger generation. Moreover, those advanced countries which attach great importance to scientific research have currently been burying themselves in the development of blockchain or the application of encryption, but it is a pity that the Policy Address has said little about it. Furthermore, the Government is still vague on such issues as reviewing obsolete legislation and removing various restrictions in respect of, for example—I wonder if I should give it publicity by naming it—Uber or Airbnb. I urge the Government to waste no time in drawing up a remedial plan, and I also hope the Policy Innovation and Co-ordination Office can enhance its coordination and expeditiously identify the areas in need of review.

Second, on the support for small and medium-sized enterprises ("SMEs"), I notice that this year's Policy Address has proposed extending the special

concessionary measures under the SME Financing Guarantee Scheme to end of June 2019, reducing the annual guarantee fee rate by 50%, increasing the maximum facility amount to \$15 million and lengthening the maximum guarantee period from the current five years to seven years, in order to further relieve the financing burden of enterprises. Nevertheless, with the intensifying trade war between China and the United States, banks have become increasingly tight-fisted when extending loans to SMEs. We may call it prudence, if not anxiety. When a manufacturer gets an order and makes a loan application to a bank, on the one hand, the bank may, given the latest regulatory requirements, request way too much information that it is difficult to prepare, while on the other, be fearful that the loan if granted to the Hong Kong manufacturer will become bad debt if it is unable to recover the outstanding payment in case of default on the customer's part amid the escalating trade war.

Given the limited liquidity of SMEs, failure to obtain a loan within a short period of time will most probably affect their cash flow and even result in a loss of orders, which is a pity indeed. I hope the Government can seriously re-launch the Special Loan Guarantee Scheme to help creditworthy local SMEs secure timely provision of loans to meet liquidity needs, with the Government acting as the guarantor.

Deputy President, a storm is brewing. Facing the escalating trade conflicts between China and the United States, the impact on SMEs in Hong Kong sandwiched between the world's two largest economies cannot be taken lightly. I have no crystal ball on hand to foretell the worst-case scenario, but one thing is certain: The ensuing adverse impact will definitely surface gradually next year. Days ago, the International Monetary Fund ("IMF") adjusted downwards its estimates of global economic growth for the first time in two years, demonstrating growing uncertainty and pessimism about the global economy. Seeing diminishing profits, enterprises may consider layoffs a quick fix. In the medium to long term, it may trigger waves of closures of manufacturers or layoffs, thereby pushing up the unemployment rate in Hong Kong with a knock-on effect on the economy as a whole.

I wish to stress that the SAR Government seems unable to grasp the full picture of the difficulties faced by SMEs, particularly the enormous pressure exerted on the business sector by the abolition of the Mandatory Provident Fund ("MPF") offsetting mechanism. New arrangements have been mentioned in the Policy Address, including extending the period of subsidy to employers or

increasing the amount of subsidy, and such proposals are actually an improvement compared to the previous proposals of the Government. But in some measure, the pressure currently faced by the business sector, such as all sorts of rising costs or the economic downturn, is indeed a bomb for SMEs. For this reason, I hope the Government will change its habitual practice of bargaining with the business sector. Particularly in the face of the unforeseeable negative market sentiments in the future, is it appropriate for the Government to adopt a hasty approach to the abolition of the MPF offsetting mechanism, regardless of the consequences?

Third, the trade war has created an atmosphere of insecurity among all. Exporters, particularly SMEs, in Hong Kong must undergo transformation and upgrading, allow flexibility in deploying production lines and expedite access to such emerging markets as countries of the Association of Southeast Asian Nations ("ASEAN"), so as to spread business risks. Over the past decade, ASEAN has been growing fast. It has become a region with a Gross Domestic Product of US\$2.76 trillion, as the sixth largest economy in the world. A report projected an annual average growth rate of 5% for ASEAN in the future, and by 2030, it may become the fourth largest economy in the world. I think the Government should assist Hong Kong enterprises in extending their network of production bases to ASEAN, while tapping its retail markets with enormous potential.

On 1 August this year, the Government launched the brand new ASEAN Programme of the BUD Fund (Dedicated Fund on Branding, Upgrading and Domestic Sales), providing funding to individual enterprises with a cumulative ceiling of \$1 million to assist them in tapping the ASEAN markets. I believe such enterprises can develop the ASEAN markets early and reduce business risks by making good use of the fund. As to other support from the Government for Hong Kong enterprises, I believe the Government may further relax the restrictions on the funding for marketing and exhibitions provided to enterprises, adjust the dollar-for-dollar matching basis of funding and assist Hong Kong enterprises in tapping the markets of other countries. Certainly, some other SMEs are planning to relocate their factories to the Southeast Asian region. Given the longer investment period, the Government may study ways to offer support over a longer period of time. Certainly, the ideal approach would be for the Hong Kong Trade Development Council to take the lead in setting up industrial parks in the ASEAN region where a complete industry chain may be formed because production requires more than the equipment delivered. Hong

Kong enterprises will be incentivized to relocate to those regions only with the presence of supplies upstream and ancillary facilities downstream.

Fourth, tapping the domestic consumption market is the way out for SMEs in Hong Kong. As stated in the keynote speech delivered by Mr XI Jinping, President of the People's Republic of China, at the inauguration of the first China International Import Expo ("Import Expo"), China will unswervingly follow a win-win strategy of opening up, and continue to strive for further opening up and expand the scope for imports through such measures as stimulating the potential for increased imports, lowering tariffs, broadening market access for foreign investment and fostering a world-class business environment. I think boosting domestic consumption is a good direction for the Chinese market because exports are sluggish due to the current trade war between China and the United States. With the introduction of measures to continue to unleash the potential of the Mainland market and promote the growth of people's income, people's spending power will be increased, which will definitely boost the Mainland economy, and a number of Hong Kong manufacturers will also benefit from the further opening up of the Mainland market. I look forward to more preferential policies and measures to assist foreign enterprises introduced on the Mainland, so that local manufacturers may take this opportunity to find more room for development on the Mainland.

In the light of the new national landscape formed by its further opening up, Hong Kong should leverage on its competitive edge under "one country, two systems", give play to its unique role as an international metropolis and create a two-way platform for the Mainland to "go global" and "attract foreign investment". If the production model of Hong Kong's traditional manufacturing industry is characterized as "front shop, back factory", the prevailing direction of development should be a "front-end research and back-end manufacture" model. For example, the Loop is situated at the border between Shenzhen and Hong Kong. The Hong Kong Government may make use of such a geographical location to give full play to its strength by leveraging on the advantage of "one country" and the convenience of "two systems", while Hong Kong enterprises may implement the "Original Brand Manufacturer" ("OBM") model in the region. Hong Kong enterprises may conduct research and development of new products in the Loop, with protection of intellectual property rights under the laws of Hong Kong. Such products will then be put into mass production in Mainland cities and eventually launched on the Mainland or international market via Hong Kong. That is absolutely a good thing.

Enjoying a unique geographical advantage, Hong Kong has been fully supporting and participating in the reform and opening up for development of the country over the past four decades. In the days ahead, Hong Kong will continue to serve as a link, promoting the establishment of an east-west think tank, credit rating agencies and risk assessment agencies, facilitating coordination among dispute resolution mechanisms for joint publication of risk estimates and performance assessment reports of the Belt and Road Initiative, and motivating large-scale multinational groups and SMEs to actively participate in the Belt and Road development.

Fifth, CMA welcomes the reactivation of the revitalization scheme for industrial buildings as stated in the Policy Address. The new scheme has introduced such policies as wholesale conversion of industrial buildings for transitional housing use and relaxing the waiver application concerning the operation of cultural and creative industries in such buildings. We may say that the Government has responded positively to advice on the policy on revitalizing industrial buildings, which is welcomed by the industry. In my view, old industrial buildings are valuable social resources of Hong Kong, which play a special economic role. The new set of policies on revitalizing industrial buildings will, by supporting and encouraging the regeneration and redevelopment of industrial buildings, help release and optimize the use of land resources, as well as encouraging further investment in industrial buildings by owners, thereby providing re-industrialization, the creative industries and SMEs with room for development. But it seems that the Government has made no mention of boosting the supply of industrial land, which makes me somewhat worried because with the cessation of the revitalization measures, how are we going to have industrial land for promoting re-industrialization? Hence, I hope the Government can further give it some serious thought.

Sixth, the latest survey by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong has found that the overall rating from members of the public for the Policy Address is 52.8 points, just above the passing mark. However, the dissatisfaction rate with "housing and land supply" is the highest among members of the public, hitting as high as 33.9%, while the satisfaction rate is just 29%. In view of this, the Policy Address has proposed the forward-looking Lantau Tomorrow Vision programme to carry out reclamation of nearly 1 700 hectares of land off Lantau for the development of the Aerotropolis and the third Core Business District ("CBD"), which strikes a chord with me. I consider that the development of Lantau must hinge on the

idea of industry-driven development, which should be carried out not simply for the purpose of addressing the housing and population problems. In the absence of a clear positioning for industries to drive the development of Lantau by industries, the proposal for developing a CBD alone will not offer a genuine solution to the issue of Lantau development. Given that Hong Kong enjoys the strengths and potential for development into an international innovation and technology hub, and Lantau is precisely situated at the forefront of the Guangdong-Hong Kong-Macao Greater Bay Area, I hope the authorities will conduct a feasibility study on and expeditiously put forward a concrete plan for attracting international new industries of innovation and technology to establish their bases on Lantau and the future artificial islands.

In recent years, whenever major infrastructure projects were to be implemented, they would surely meet with noise in society and often be dubbed "white elephant" projects. This, coupled with the cost overruns and delay of some works projects, which are no longer news, has made them even more vulnerable to criticisms and groundless accusations. Hence, if the Government wishes to remove the false impression among the public that major infrastructure is tantamount to "white elephant", in addition to proper works planning and financial arrangement beforehand, it must also enhance site supervision and above all, public relations and publicity. Only then can we help members of the public step out of the myth of "white elephant infrastructure" and ensure the proper use of public money, thereby using infrastructure as an investment in our future.

Lastly, I wish to particularly point out that President XI used a metaphor at the Import Expo, comparing the Chinese economy to "an ocean" which "would never be upset by storms", while Chief Executive Carrie LAM said in the conclusion of the Policy Address that she "believed that our country would continue to provide staunch support for Hong Kong". I think in the medium-to-long term, Hong Kong should strive to pursue the development of a diversified economy and tap emerging markets, and the only path forward is integration into the overall national development. Meanwhile, I also believe that facing the tall challenges that may come along the way in the future, as long as Hong Kong, a small economy, is backed by the mighty Motherland, it can definitely forge ahead against all odds.

With these remarks, Deputy President, I support the Motion of Thanks.

MR CHRISTOPHER CHEUNG (in Cantonese): Deputy President, I very much appreciate this Policy Address entitled "Striving Ahead Rekindling Hope" presented some time ago by Chief Executive Carrie LAM. I appreciate it in that she dared to be innovative by boldly proposing the Lantau Tomorrow Vision, which can be compared to the Rose Garden Project many years back, and she also mentioned how we can enhance our participation in the Greater Bay Area development plan before us now, making preparations in the nearer term and drawing up plans for the future. It also shows the courage to make commitments and demonstrates the boldness of vision, not to mention its enriched contents with over 200 new initiatives introduced altogether.

Before I speak further on these two projects, I wish to express some of my personal views on the current development of the economic conditions and in particular, what Hong Kong should do and react when being caught in the middle of the trade war between China and the United States, because every manoeuvre of the United States-China trade war will have a far-reaching impact on the economic prospects of Hong Kong.

In the evening of last Thursday, the President of the United States changed the tough stance adopted by him previously and took the initiative to invite the Chinese President, XI Jinping, to a telephone conversation. Subsequently he wrote in a Twitter post that the conversation was mainly about United States-China trade and that the conversation had moved on nicely and helped promote a meeting between the leaders of the two countries at the Group of Twenty ("G20") Summit to be held at the end of this month. This produced some sort of a thawing effect on the near-frozen United States-China relationship recently and instantly boosted investor confidence, sending the Hang Sang Index up by 1 000-odd points on the same day.

Certainly, I sincerely hope that at their meeting during the Summit the two leaders can turn disputes into business opportunities, opposition into cooperation, and hostility into harmony, bringing a ray of hope for the trade war to end early. However, Donald TRUMP is a man of capricious disposition. No one can say for sure that there will not be changes after the midterm elections. So, all we can do for the time being is to listen to his words and watch his deeds, and while we are cautiously optimistic that the trade war will gradually recede, it is also

necessary to remain highly vigilant at the same time. As the upward trend of the interest rates continues in the United States, which will result in a large amount of capital flowing out of the emerging markets, the future conditions are set to become more volatile. In the event of the broadening of the scope of damages done to the real economy, the business environment of enterprises would be worsened while the unemployment rate would rise. A domino effect would likely be produced, and with a series of consequences to follow one after another, it would be possible that another financial crisis would be triggered as a result.

Some time ago, in a Question and Answer Session of the Chief Executive, I asked the Chief Executive how she would step up efforts to cope with the outbreak of a financial crisis because we must always be prepared for unpredictable circumstances. We need to maintain vigilance in times of peace and start planning early, in order to minimize the scope of impact or the affected areas.

We hope that Financial Secretary Paul CHAN can play a greater role in cushioning off a possible financial crisis, particularly through the Financial Leaders Forum led by the Financial Secretary himself, members of which include four heavy weight Executive Council Members from the financial industry, namely, Mr Bernard CHAN, Mrs Laura CHA, Mr CHOW Chung-kong and Mr Joseph YAM, as well as prominent members of the financial and monetary sectors. We hope that they can closely cooperate among themselves and make greater efforts to review the latest contingency measures to ensure local and national financial safety.

As for the Chief Executive, a task force under her leadership can be set up to regularly conduct assessments on the latest developments of the trade war at the macro policy level and having regard to the overall situation. Members of this task force can include the relevant Secretaries of Department and Directors of Bureaux, members of economic and financial departments and institutions, experts and scholars, as well as representatives from the business sector. Sandbox drills can be carried out and studies conducted on various short-, medium- and long-term contingency measures to minimize the impact of the trade war on Hong Kong.

Besides, I very much agree that our status as a separate customs territory conferred on us by the Basic Law should be persistently upheld. We should cry out against injustice. Once the United States imposes any unfair trade rules or unreasonable tariffs on us because of its trade war with our Motherland, we must argue strongly against them on just grounds and reassert Hong Kong's status as a customs territory separate from the Mainland. It is necessary to properly build "firewalls" to prevent Hong Kong from being affected innocently by the trade war.

Certainly, being a special administrative region of the Motherland, we should, where possible, fulfil our obligations by making use of our ties and networks overseas to mediate the trade disputes between China and the United States, thereby reducing unnecessary frictions and hence striving for a win-win position for the Motherland and Hong Kong.

Another point is that we have to turn our role from passive to active and proactively explore new markets. I have noticed that the Secretary for Commerce and Economic Development, Edward YAU, has worked very hard since the outbreak of the trade war in conducting overseas visits frequently to promote free trade in Hong Kong and promptly introducing a number of measures to provide support for small and medium enterprises. And recently, while assisting with the promotional and publicity campaigns for Hong Kong in Tokyo, the Chief Executive, bearing in mind our role as a participant in the Greater Bay Area, made an introduction to Japanese investors, calling on them to make use of Hong Kong as a platform for making investments in the Greater Bay Area in the financial, technology, legal services or innovation industries. I think the Government can carry out more of this type of work, such as stepping up promotion among Association of Southeast Asian Nations ("ASEAN") countries or fostering partnership with other surrounding countries in opening up markets along the Belt and Road, with a view to making a greater contribution.

Deputy President, following the successive commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, as well as the commissioning of the Liantang Boundary Control Point later, the network between Hong Kong and the Greater Bay Area will allow greater accessibility and their relationship will only become

closer. While we certainly should work to achieve "unimpeded trade" and "people-to-people bond", we must not lose sight of the fact that Hong Kong can play a leading role in respect of financial services.

I hope that the high-level Steering Committee for the Development of the Greater Bay Area to be set up chaired by the Chief Executive can lobby the Central Authorities to lower the threshold for the small and medium securities dealers in Hong Kong to set up branch offices in the Greater Bay Area, and provide support to Hong Kong securities dealers in promoting Hong Kong's international financial market in the Greater Bay Area because since the abolition of the minimum brokerage commission rule and the provision of securities trading services by banks, the room for the operation of small and medium securities dealers has been greatly narrowed and their operation has become increasingly difficult. In recent years, to cope with the development of financial technology, they also need to plough in additional resources for computer technology. Coupled with increasingly more new regulations and laws introduced one after another by the Securities and Futures Commission, the cost of compliance of securities dealers has increased substantially. Yet, the Government has introduced no measure to clearly support these small and medium securities dealers which have all along been working silently to make contribution to the financial market in Hong Kong.

Deputy President, I wish to point out that the small and medium securities dealers are not asking the Government to provide subsidies for them, which is, after all, not in line with the principle of free market in Hong Kong. All that we are asking for is to stand on our own feet. We hope that the Government can help us improve the operational environment, so that we can identify a new direction of development. In this connection, in tandem with Hong Kong's involvement in the development of the Greater Bay Area, we hope that the Government of the Hong Kong Special Administrative Region can support us and help us strive to extend our scope of business to the Greater Bay Area, so that with our experiences in overcoming a number of global financial crises, our knowledge of risk management in international financial markets and financial crises, and our good corporate governance, we can provide professional services to the Mainland investors. For example, apart from lobbying support for our participation in trading through the Southbound Trading Link, the Government

should also work to enable us to provide professional advice on asset management for residents and enterprises in the Greater Bay Area, listing and financing for enterprises in the Greater Bay Area, and also cross-border investment and mergers.

I believe it is only through the creation of a platform for financial cooperation in the Greater Bay Area whereby Hong Kong can give better play to its role as an offshore Renminbi ("RMB") business centre and provide various cross-border RMB services in the Greater Bay Area that the Greater Bay Area can spread its wings to the full and soar to new heights to achieve more robust and greater development. Hong Kong can also enhance its role in acting as a bridge for enterprises in the Greater Bay Area to develop beyond the country into the international community. This will enable more international resources to be channelled into the Greater Bay Area and new opportunities for development will hence be brought into it.

Deputy President, next I would like to express my views on Lantau Tomorrow. As I said earlier, this project will ultimately cover 1 700 hectares in scale. This is indeed a bit shocking because no one would have expected that the Chief Executive would come up with this huge, pioneering idea. As a matter of fact, without sufficient land resources, how can development be possible in future? But some pan-democratic Members have been spreading rumours everywhere, making people worry that reclamation would exhaust the Government's fiscal reserves and once the "predators" come again to attack the financial market of Hong Kong, it would be difficult for us to fight them, as people still have a vivid memory of the havoc wrought by the Asian financial turmoil in 1997 and the financial tsunami in 2008. However, I think these public concerns about Lantau Tomorrow reflect certain misconceptions which must be clarified in order to set the record straight.

First, the cost of Lantau Tomorrow is not as expensive as it is rumoured to be. The Secretary for Development, Michael WONG, already clarified that the cost per square foot is \$1,300 to \$1,400, which means about \$130 billion to \$140 billion for 1 000 hectares, not as much as \$500 billion or even \$1,000 billion as it is rumoured.

Second, the works will definitely be implemented in phases. It is not the case that all 1 700 hectares will be reclaimed in one go, still less that hundreds of billion dollars would have to be spent in one go, hence exhausting the coffers.

Third, after reclamation, other than using the land so formed for public housing construction to alleviate the demand for housing among the grass roots, the commercial and private housing sites are precious and valuable. They can be put to auction, so that apart from achieving cost recovery, they can also generate a handsome amount of revenue to the Treasury and should not constitute any financial burden for the Government.

Yesterday, 38 economists from eight tertiary institutions in Hong Kong issued a joint statement in support of Lantau Tomorrow. They pointed out that the cost of reclamation would be lower than that of resuming brownfield sites and farmland, and they also projected that the commercial and residential sites on the artificial islands could generate land sale proceeds amounting to at least \$840 billion for the Government and so, it would be an ideal investment. We hope that when discussing the issue of reclamation, we can listen more to the views of experts who take a neutral stance. We should not be emotional; nor should we be instigated to dance to the tune of other people. Rather, we should be pragmatic and analyse the issue based on statistics and reasons.

Therefore, I agree that the Government should provide more details to the public and give a detailed account of the cost-effectiveness to be achieved, in order to boost the confidence of Hongkongers in the future, just as the Rose Garden Project did back then. The Government should present the actual statistics to explain to the public the benefits to be brought to them, in order to seek people's understanding and support, rather than providing ammunition for the opposition to stir up troubles and blindly put up objection to reclamation.

The view that the option of reclamation is proposed to benefit the Mainland consortiums is even causing division in society. Quite on the contrary, as a member of the World Trade Organization ("WTO"), Hong Kong is required to follow the WTO agreement and award contracts on the principle of fairness, which means that companies from all places can take part in the tender exercises and so, there is actually no question of bias.

Deputy President, the shortage of land and housing has become a stumbling block impeding the development of Hong Kong. Young people have long complained about the high property prices and this has caused dissatisfaction among them towards society. If we do not break away from the old rut and establish new practices to make changes boldly, it would be even more difficult for the next generation to fulfil their dream of home ownership, and as property prices persistently stand on the high side, society will only be further divided. Had we not carried out reclamation, would there have been these new towns of Sha Tin and Tseung Kwan O today? Would Hong Kong have achieved its present-day development? We have seen that while Singapore was originally just half as large as Hong Kong in size, they have precisely carried out ongoing reclamation works to facilitate their development. So far, the reclaimed area already accounts for nearly a quarter of the original area, and I heard that lately they are still making plans for more extensive reclamation projects.

As I said earlier, following the completion of a number of cross-border infrastructure and under the concept of "one-hour living circle", we can extend the entire hinterland to cover the whole Greater Bay Area, and as Lantau Tomorrow will geographically link up the Hong Kong Island with Lantau, residents living on the artificial islands can be provided with diversified employment opportunities.

Therefore, I would advise the opposition camp against opposing for the sake of opposition. When the bold and daring Chief Executive has put forward this major plan of Lantau Tomorrow in an effort to substantially increase our land reserve for the benefit of the next generation, she should be given recognition and support. If no drastic reform is carried out to address the land and housing problems in Hong Kong, the development of Hong Kong would remain stagnant and our competitiveness would also shrink over time. I hope that Lantau Tomorrow, like the Rose Garden Project back in those years, will lay a solid foundation for the future prosperity of Hong Kong.

With these remarks, I support Ms Starry LEE's Motion of Thanks on the Policy Address and oppose all the amendments to it. Thank you.

MRS REGINA IP (in Cantonese): Deputy President, the Chief Executive's 2018 Policy Address is very comprehensive content-wise, covering issues ranging from governance, relationship between the Central Government and the Special Administrative Region ("SAR"), land, housing, economy, people's livelihood to city management, etc.

As the Chief Executive pointed out, the Policy Address runs to roughly 40 000 words in which as many as 260 initiatives have been proposed. The Chief Executive's assiduous effort really merits our thanks. Yet, the Lantau Tomorrow Vision has been presented as a focal point of the Policy Address, that is, the centrepiece of the whole Policy Address. The Government might have slipped up on its strategies regarding an infrastructure project of such a large scale, making it the focus for the opposition camp to voice objection, therefore giving rise to some protests against the programme. Hong Kong society has been enjoying some quiet days over the past year or so, it is such a pity that the Lantau Tomorrow Vision has aroused quite a lot of protests.

Nevertheless, we should not write off the importance of reclamation because of those protests. Let us take a look at some objective data. Data provided by the Task Force on Land Supply clearly reveal that 3 000 hectares of land were created through reclamation between 1985 and 2000, but only 690 hectares of land were reclaimed over the subsequent 15-year period between 2001 and 2015. Not only has the area of land created decreased sharply, the development of new towns has also been slowed down.

The moratorium in the past 10-odd years since the reunification, coupled with the slowing down of the development of land and new towns, has led to the severe shortage of land and housing that Hong Kong now faces. The history of Hong Kong tells us that reclamation is undeniably the most effective means to increase land supply which should not be given up due to some misunderstandings in society.

I have met many young people and come to know that they have doubts about the initiative. First of all, according to forecasts, our population will be 8.2 million in 2046 but only 7.7 million in 2066. What is the point of carrying out large-scale reclamation works to provide land for nearly 1 million people to live in? Mr Martin LIAO and many Members who rose to speak pointed out earlier that the blunders, cost overruns, delays or construction scandals associated with Hong Kong's large-scale infrastructure projects implemented over the past

10-odd years have undermined the confidence of many members of the public in such large-scale infrastructure projects. Public confidence in the second "rose garden" is far weaker than that in the first one.

Having said that, I find the panic currently induced by some people in society really unnecessary. Rightly as in the clarification made by the Chief Executive soon after she had presented the Policy Address, only 1 000 hectares of land would be reclaimed in the first phase. Besides, we should all know that the funding process will take a long time and it might span over at least 11 to 14 years. The first step of the Government is to present a funding proposal to the Finance Committee next year for the conduct of a preliminary feasibility study, which will only cost \$200 million to \$300 million. That is to say, an expenditure of only \$300 million at most will be incurred for the first phase, and we should all know that such a feasibility study report would not be completed in a short period of time, for it takes a rather long time to finish. Let me cite an example. The feasibility report on brownfield sites has yet to be completed after almost two years. Therefore, in implementing the first phase of the Lantau Tomorrow Vision, it will take at least three years to complete the feasibility report, no matter the area to be reclaimed is 1 000 hectares, 1 700 hectares, 2 000 hectares or 4 000 hectares. In other words, even if we wish to dump money down the drain, it will not happen in the next three to five years, so the panic currently created is unnecessary. I hope the Government, when making a response, can tell the public that people with ulterior motives are indeed creating panic by alleging that the Government will use up our reserves of thousands of billion dollars which we have striven hard to accumulate. This is certainly not the case.

In my view, there is an actual need for Hong Kong to carry out large-scale reclamation despite that there might not be a drastic increase in population. First, it is necessary to provide better living space to our people. In the long run, we have no reason to tolerate the plight of young people having to purchase flats of only 90 sq ft which are as small as a parking space. We must improve our living space. Apart from housing, land is also needed for constructing more community facilities. Many Honourable colleagues in this Council have also pointed out that we need more residential care homes for the elderly, child care centres, markets, libraries, municipal complexes, amenity and community buildings and parking spaces which are all in shortage. Therefore, we should advocate reclamation.

However, it will take 20 to 30 years to realize the Lantau Tomorrow Vision. Some economists have also remarked that the programme could not be accomplished in the next five to 10 years. Given this, I suggest the SAR Government not to slacken its efforts in other reclamation options. In fact, the Task Force on Land Supply has made recommendations on six potential reclamation sites, namely Ma Liu Shui, Lung Kwu Tan, Sunny Bay, Tsing Yi, extension of the Tung Chung New Town and Siu Ho Wan. Deputy President, Nam Tong located to the south of Tseung Kwan O, as proposed by our party, can even be another potential reclamation site. Developments there will not block the views of Lohas Park while the transport needs of the district can be met by extending the MTR Tseung Kwan O Line. The aforesaid suggestions are worthy of consideration. I have an even bolder idea—as Mr Martin LIAO said just now, we should think out of the box for the sake of Hong Kong's long-term development—the New People's Party raised with the Chief Executive during our meeting with her on 1 August this question. Why does the Government not follow the example of Macao of seeking approval from the Central Government for carrying out reclamation in waters outside Hong Kong (i.e. in Mainland waters)?

Although many people have told me that quite a number of people in the Mainland think that there is so much land not yet developed in Hong Kong, with the New Territories being lush green but left idle for conservation and agricultural rehabilitation, why should we set eyes on their land and sea? Some people have told me that the Mainland people have this kind of opinions. To my understanding, Guishan Island, a location proposed by me, has also been picked by other cities in the Pearl River Delta.

Anyhow, Deputy President, you should also understand that the development of the Greater Bay Area is not only about enhancing the level of economic development of the entire Greater Bay Area through the cooperation of a city cluster, keen competition also exists among cities in the Greater Bay Area. For instance, a headline of today's *Hong Kong Economic Journal* has reported Shenzhen's efforts at promoting Qianhai in the hope of taking over Hong Kong's transshipment business, fully aware of the difficulties encountered by the Kwai Tsing Container Terminals such as the lack of land for expansion, shortage of labour and high prices. The volume of Hong Kong's container re-exports is approximately 20 million TEUs at present. I believe Secretary SO should also know that Hong Kong's international ranking will drop to the seventh place in this year, and a further decline might be seen under the influences of the trade war

between China and the United States. In fact, many Mainland cities in the Pearl River Delta have long been eyeing Hong Kong's business, intent on snatching our transshipment business. It is said that Shenzhen has plans to build a multinational freight consolidation centre based on the "Qianhai model" in the Qianhai free trade zone for engaging in international transshipment as well as regional imports and exports.

In view of this, the SAR Government should not treat it lightly indeed. Apart from doing minor patch-up work to assist in the development of the existing container terminals, such as the sharing of facilities proposed by some scholars, it should think out of the box. For instance, consideration can be given to seeking approval from the Central Government for carrying out reclamation along the islands at appropriate locations in the waters of the Greater Bay Area to enable relocation of the container terminals. This will not only release a prime site of 300-odd hectares at the waterfront of Kwai Chung, but also seize the opportunity to build container terminals which are truly modernized, digitalized and automated to compete with other container terminals in the Pearl River Delta and even the most advanced ones in the world. I hope the Government can consider these measures.

Meanwhile, I notice that the Chief Executive has deployed a great deal of resources to resolve social problems in both the 2017 Policy Address and this year's Policy Address. According to the data I have on hand, the recurrent and non-recurrent expenditures have increased by \$7.76 billion and \$65.4 billion respectively in the 2017 Policy Address, while the recurrent and non-recurrent expenditures have increased by \$5.133 billion and \$68.26 billion respectively in the 2018 Policy Address. Certainly, some of the expenditures will not be incurred very soon, such as the sum of \$30 billion set aside by the Chief Executive for abolishing the offsetting mechanism of the Mandatory Provident Fund System as well as the considerable amount of resources allocated to the development of science and technology. Speaking of this, I must commend the Chief Executive for her commitment of resources to fostering the development of science and technology. Such efforts are on the right track, and many members of the industry have also relayed to me that the Government has been more flexible now such that they can obtain more resources for development.

Nonetheless, given the considerable amount of resources deployed in the two policy addresses, I bet Secretary Dr Raymond SO needs not gaze into a

crystal ball to know that there will definitely be a fall in government revenue next year. It is because the Government has withdrawn the sale of many sites—not only the sale of nine sites at Kai Tak has been withdrawn, a prime site on Man Fuk Road was not sold due to the unsatisfactory bids. Coupled with the slow-down in transactions of the property market and a bearish market in stocks, the revenue from stamp duty will decrease. We recorded a huge surplus of \$140 billion in the previous year, but it will be impossible to achieve this in the next. Under such circumstances, I really hope the Government can be vigilant in peace time and think about the means, in terms of resources and financial or monetary measures, at its disposal to cope with an economic crisis if the conflicts between China and the United States persist, which is highly probable the case, and therefore lead to global economic risks in the coming year. It is rather disappointing that the Chief Executive has been silent on the United States-China trade conflict in the Policy Address.

While I am speaking here, a lot of websites have pointed out that as expected, the Democratic Party has taken control of the House of Representatives in the United States midterm elections, whereas the Republican Party still controls the Senate, so it is now in the state of "a house divided". Nevertheless, no matter what the results of the United States midterm elections are, or even Donald TRUMP retires from his Presidency after a few years, I reckon that the conflicts between China and the United States will persist. I believe quite a number of scholars now present in this Chamber, including Secretary Dr SO and Secretary YANG who are both learned scholars, are also aware that John MEARSHEIMER of the University of Chicago, a well-known American scholar in international relations, wrote about "China's Unpeaceful Rise" as early as 10 years ago, predicting that China would rise not peacefully, thereby posing threats to the United States. In fact, the former US Secretary of State Hillary CLINTON was the first person to put forward the new thoughts during Barack OBAMA's terms as the United States President, and she also advocated the proposition of "pivot to Asia" and rebalance.

In other words, with our country's continuous development, Western countries led by the United States will wish to continue to contain or even suppress the rise of our country by all means. This will persist and Hong Kong will inevitably suffer the resultant repercussions. In view of this, I would like to remind the Government once again that while money is needed to resolve a great deal of problems and even though the Government might be able to resolve some problems with money, sometimes fundamental ills like the quality of education

might not be resolved by lavish spending. Therefore, the Government must manage public finance prudently.

Next, I wish to talk about the Belt and Road Initiative and the development of the Greater Bay Area. Regarding the development of the Belt and Road Initiative, we notice that Singapore ... Singapore enjoys no geographical advantage like that of Hong Kong as it is neither the southern gate to China nor a part of our country. As a result, Singapore tried to tie up its development with that of China by all means possible, in the hope of sharing the bonus brought about by China's development. The China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity ("Demonstration Initiative") is the latest cooperation project between the two countries, under which a "Southern Transport Corridor" will be established. This initiative is said to be proposed by Prime Minister LEE Hsien-loong to President XI Jinping, and it is now being implemented at full steam. The Belt and Road Initiative involves the development of a vast number of new ports—Secretary Nicholas W YANG must be very clear about that—such as the Gwadar Port in Pakistan and the Chabahar Port in Iran developed by India. The "Southern Transport Corridor" seeks to serve as a route integrating road and air transport for shipment of goods to Singapore via Gansu, Sichuan, Yunnan and ports in Guangxi.

Fortunately, Hong Kong will not lag behind others as Hutchison Logistics Limited—I do not intend to give it publicity—but this Hong Kong company has reached an agreement with Singapore for strategic cooperation under which some of the shipping business will be relocated to Hong Kong. In addition, I notice that Singapore has developed its first cross-boundary Global eTrade platform under the Demonstration Initiative, that is, the development of an electronic trade platform linking the Association of Southeast Asian Nations ("ASEAN") and China by applying blockchain technology to gain connection with the "Digital Silk Road" under China's Belt and Road Initiative. To be precise, the Singaporean company Global eTrade Services provided on 20 July of this year the first cross-boundary trade platform based on blockchain technology, connecting ASEAN countries and China's "Digital Silk Road". Secretary, what is Hong Kong doing? I have asked Secretary Nicholas W YANG in the past that while I noticed the Hong Kong Monetary Authority had provided two platforms applying blockchain technology, which departments of the SAR Government had commenced trial runs of providing new platforms applying blockchain technology to facilitate the provision of services, such as health care services? I understand that Secretary Nicholas W YANG is now fully stretched in taking

forward projects such as digital ID, eID and the cloud of the Government. I hope the Secretary can, when making his response, provide us with more information and tell us the progress made and whether he will encourage government departments to enhance their services by using blockchain technology, such as engaging one or two departments to launch a voluntary trial project? These are some of my expectations about the development of science and technology.

Lastly, I would like to talk about small and medium-sized enterprises ("SMEs"). I notice that the Chief Executive has mentioned a lot about how to assist the shipping and logistics industry in the Policy Address. Yet, if we read it carefully, we would find that many of the initiatives only seek to support the financial industry and large enterprises. For instance, using tax measures to promote the ship leasing business in Hong Kong and providing tax reliefs to promote the development of marine insurance all relate to the financial services. Assisting shipowners in nurturing talents has also been mentioned and, of course, it is necessary. We understand that shipping is a high value-added industry, its value-added on a per capita basis is very high though not many employees are involved. However, apart from these large enterprises and the financial industry, it is impossible to relocate many elements of the shipping and logistics industry, the terminals are just an example. I mentioned earlier that the Government should consider how to move the terminals away from the urban area and build truly modernized, digitalized and automated terminals in the long run. In addition to the terminals, there are many logistics services related to them—such as container yards, parking lots and warehouses, which the Secretary should know very well—which cannot be relocated. Even though they are not services with a very high value-added, they are employing quite a large number of people. It is useless to these SMEs if the authorities tell them that the authorities have entered into a free trade agreement with Maldives or Georgia. It is also useless to them if the authorities say that the authorities can assist them in obtaining loans from the Hong Kong Export Credit Insurance Corporation. Apart from the shortage of labour and wage increases, SMEs also face the shrinkage in business arising from the trade war presently.

Recently, I made an inspection visit to the Kwai Chung Container Terminals and discovered that it was much quieter there than before, indicating sluggish business. Under such circumstances, if the Government continues to adhere to the principle of awarding contracts to bidders offering the highest bids

in tendering, or if it launches tenders afresh every several years to invite bids, the business costs of such SMEs will be increased, rendering their survival difficult. As a matter of fact, apart from SMEs engaging in container logistics, other SMEs in Hong Kong, just like SMEs around the world, face tremendous challenges arising from global economic integration and development of technology. Therefore, I really hope the Government will consider measures other than providing credit guarantees to assist SMEs in lowering their business costs as well as employing and retaining talents so that they can continue to survive in the intense international competition. I believe the many Bureau Directors now present in this Chamber should clearly know that SMEs account for over 90% of the enterprises in Hong Kong and, in the event that the vitality of SMEs cannot be maintained, a great many wage earners in Hong Kong will be affected whereas Hong Kong's wealth gap will be widened as well.

MR TONY TSE (in Cantonese): Deputy President, first of all, I will give a brief overall response to the Policy Address of this year. In the past few years, Hong Kong has experienced political strifes and filibusterings in the Legislative Council, and we have run into a standstill in many aspects of development. Gradually, we are being caught up and overtaken by competitors in the region and some Mainland cities, and we might even be marginalized. Chief Executive Carrie LAM set the theme of "Striving Ahead Rekindling Hope" for the Policy Address in the year to come. She emphasized that the Government should "deliberate, then determine and then act". I think it is most timely and appropriate, and also coincides with the election slogan of "Move on" used in my election campaign.

In my election platform and also my proposals submitted earlier on in respect of the Chief Executive's Policy Address, I proposed to increase the supply of land and housing with a comprehensive and multi-pronged approach. The different measures include raising the ratio of subsidized housing to private housing to 7:3 and reclamation outside the Victoria Harbour, so that we can increase land supply in the long term. The Policy Address has given a very positive response with initiatives including the Lantau Tomorrow Vision which will greatly help the development of Hong Kong in the coming decades as well as the construction of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"). Therefore, I will vote in favour of this Motion of Thanks.

However, the traffic and transportation issue, about which my sector and myself are very much concerned, has not been given enough mention in the Policy Address. Also, mention has not been made enough of the planning, construction and management of Hong Kong as a smart city, a livable city suitable for employment and tourism. In the fourth debate session on the Motion of Thanks, I will speak on these issues in detail.

Coming back to the theme of this session which is about diversified economy, the Policy Address emphasizes that the Administration should play the role of a facilitator and that it should exercise the function of "government-to-government" liaison to assist Hong Kong in seizing the opportunities brought about by the Belt and Road Initiative and the construction of the Greater Bay Area by the State. I strongly support all of these in principle.

For those who still insist that Hong Kong should continue the positive non-intervention policy adopted by the former British-Hong Kong colonial government, I hope that they will look at the United States Government who claims itself to be most supportive of freedom and democracy. What is Donald TRUMP doing? He is starting trade wars all over the world, mandating hefty tariffs on imports, imposing sanctions, and also using diplomatic and military means to force other countries to open up their markets, buy American goods and give American businesses preferential treatment.

Certainly, I am not asking the SAR Government to follow the example of the United States Government. But then, can we be more proactive? Can we do more? Can we be more efficient? Taking the Government's procurement policy as an example, as mentioned by Mrs Regina IP with regard to tendering for public works projects, can we cease to award the contract to the lowest bidder? Can we give higher priority to local enterprises without violating the Agreement on Government Procurement of the World Trade Organization? Please help Hong Kong people.

The Policy Address proposes to assist the professional service sector to seize the opportunities brought about by the Belt and Road Initiative, but I cannot see any new measures. With regard to the Greater Bay Area, the Chief Executive announced in her Policy Address the establishment of a high-level Steering Committee for the Development of the Greater Bay Area, with her as the

chairperson and its membership comprising all Secretaries of Department and Directors of Bureau. I hope that in terms of policy, it can help in coordinating and promoting the initiatives, and that the Commissioner for the Development of the Greater Bay Area can be appointed as soon as possible.

In respect of the Greater Bay Area Development Office to be established within the Government, I believe that in the nine Guangdong cities within the Greater Bay Area, Economic and Trade Offices should also be set up and endowed with more manpower, so that we can more directly help those Hong Kong people who intend to go there or who are already working, having started up businesses, living or studying there.

Some professional bodies have conveyed to me that every time the Government goes to the Mainland to discuss with the Mainland authorities issues such as opening up markets and mutual recognition of professions, they will invite in a high-profile manner professional institutes to give information and opinions before they go. But then what has the Government really discussed with the ministries and commissions in the Mainland? Do the participants really understand the difficulties and aspirations of the Hong Kong professions? What are the results of the discussions with the Mainland authorities? Does the other side accept the suggestions of Hong Kong professions? For what reasons if they accept or do not accept such suggestions? The Government does not come back to us on these. The professional sectors would have to make their own enquiries and the professional institutes even have to ask the Mainland authorities direct about the results of the negotiations.

Of course, I agree that many issues which involve policies and regulations should be handled between governments. However, can representatives from relevant professional bodies be allowed to attend certain meetings together with you? The Chief Executive set out in her election manifesto her desire to connect with Hong Kong people. Should the relevant government officials also not be able to connect with the professional sectors and professionals of Hong Kong?

I would also like to suggest the Government to encourage Hong Kong people, especially the young professionals, to deepen their understanding of the Mainland and to take part in the development of the country. In recent years,

the Administration has launched many programmes to help Hong Kong young people to study and participate in internship or exchange programmes in the Mainland, but can more measures be introduced to help them? Taking the China International Import Expo, which has just been inaugurated in Shanghai, as an example, can the Government provide facilitation and assistance and even organize deputations of Hong Kong young people to go there to gain an experience? Deputy President, I so submit.

MR WU CHI-WAI (in Cantonese): Deputy President, the Policy Address this year covers several major topics. One of them concerns the future economic development of Hong Kong, which includes such issues as the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") and what countermeasures Hong Kong has amid the trade war between China and the United States. Another major topic is the Lantau Tomorrow Vision. In this session, I wish to focus on the economic development of Hong Kong while also taking this opportunity to explain the amendment I have proposed and present the views of the Democratic Party on the One-way Permit ("OWP") Scheme. As for the Lantau Tomorrow programme, Mr Andrew WAN will move an amendment on behalf of the Democratic Party, and I will also express my views on it later on.

As a start, I wish to talk about the Greater Bay Area development. In recent years, I have been reiterating a point in this Council time and again that, if Hong Kong wishes to develop innovation and technology and diversify its economic development, it is vital to retain talents; if Hong Kong wishes to enter the next wave of economic transformation, we also have to count on them acting as a driving force. Take the Greater Bay Area as an example, the Government of Hong Kong should by no means stand on the sidelines. What does that mean? It means Hong Kong should never bury itself in its own endeavours and oblivion to the development of our neighbouring regions, lest we really will be marginalized. That said, neither should Hong Kong be thinking of nothing but being planned and focusing solely on integration with the Mainland, giving no consideration to how best the Greater Bay Area development can be leveraged to consolidate Hong Kong's unique advantages and drive the next wave of economic transformation. Hence, I have been stressing always that Hong Kong should

replace its passivity with proactivity, taking advantage of State policies to beef up its economy, perpetuate its leading position and maintain its role as the Mainland's window to the outside world. I find this vitally important.

For all the talk about how enormous in scale and how bright in prospect the Greater Bay Area development would be as expounded by quite a few Honourable colleagues, I still have to ask one question at the end of the day: How long can Hong Kong enjoy this favourable environment if the city fails to transform its economy?

A few weeks ago, The Hong Kong University of Science and Technology ("HKUST") announced that it would, at the invitation of the Government of Guangzhou Municipality, set up a new campus in Guangzhou within three years with a special focus on such cutting-edge technologies as artificial intelligence and big data. HKUST President made it clear that the new campus will be funded by the Guangzhou Municipal Government and primarily admit postgraduate students, which number is expected to reach 5 000 ultimately. In recent years, the Special Administrative Region ("SAR") Government has been exerting enormous efforts and spending hundreds and millions of dollars of public money to roll out various initiatives in the professed hope of pooling talent. But the number of talent nurtured in such ways is limited with some schemes, such as the Technology Talent Admission Scheme, attracting a less than positive response. The Guangzhou Municipal Government, in contrast, has succeeded in drawing HKUST to set up a campus in Guangzhou and nurture talent numbering 5 000. It is thus evident that, compared with the Government of Hong Kong, the governments of our neighbouring regions are bolder and more ambitious in nurturing and battling for talent, so much so that they often put forward extremely favourable measures to lure talent and research institutions in Hong Kong to land in their territories.

As I have asked in this Council before, is the Government aware that the battle for talent has become a global trend? How should the SAR Government respond in this global trend if it is to be successful in seizing talents and making them stay in Hong Kong? At a time when the Guangzhou Municipal Government is spending a colossal sum of money in the battle for talent, the SAR Government, in contrast, is telling us every day that Hong Kong people should look for new opportunities in the Greater Bay Area.

As a matter of fact, having been casting their sights around the world all along, those talented Hongkongers, instead of staying put in the territory, are willing to have a go in whatever place that has room for economic development and favourable conditions to offer without any prompting from the Government. Does the Government appreciate that its more important role and mission lie in ensuring Hong Kong's ability to cope with the economic landscape of our neighbouring regions and overcome the pressure arising from the battle for talent? The fact that HKUST would rather head north, setting up a campus in Guangzhou and developing a research university there says volumes about Chief Executive Carrie LAM's vision and boldness. In my opinion, she focuses on nothing but connecting with President XI Jinping, forgetting her fight for Hong Kong.

The Government often positions Hong Kong as a "super-connector" and talent hub. It is undeniable that under the Greater Bay Area integration, some highly specialized professionals, talented individuals and certain industries can continue to benefit. However, what impacts will such a development model have on the economic landscape of Hong Kong in the future? Other cities and regions ended up with their economies hollowed out as a result, will Hong Kong prove the exception to the rule, managing to avoid the same fate? If, instead of having this landscape figured out, we do nothing but preaching single-mindedly to the people of Hong Kong about making a living in the Greater Bay Area, what will become of Hong Kong in the future? If the SAR Government fails to grasp the situation and respond to it, even those national policies that initially benefit Hong Kong people could turn out to be slow poisons that gradually hollow out the economy of Hong Kong. While some people will certainly thrive tremendously, the majority public staying in Hong Kong who are less able would probably fall victim to such national policies without benefiting from the Greater Bay Area development.

Hence, should the SAR Government not, as a responsible government, formulate a holistic strategy to address the issue of talent competition? Is it not in the best interest of Hong Kong people for the Government to review this mentality of taking a free ride on national policies? There is another serious problem with this free-ride mentality. Many Honourable colleagues talk all the time about striving for the implementation of various preferential policies that provide convenience for Hong Kong people living on the Mainland, such as requesting tax concessions be granted to Hong Kong people working on the Mainland, encouraging scientific research talent in Hong Kong to go north for

work, or striving for enabled use of Hong Kong payment facilities on the Mainland. While taking no issue with these ideas, I wonder what holistic economic strategy the SAR Government uses as the basis as it exerts all of its strength to strive for these benefits and concessions.

Come to think about this. In the battle for talent, Hong Kong's competition is not confined to the other nine municipalities in the Greater Bay Area, but it also comes from Taiwan, Malaysia, Thailand and Southeast Asia, the governments of which have offered concessionary terms to lure talent. Will the Government encourage Hong Kong people to live in those places as well, I wonder? No. In the final analysis, it is only by figuring out where our own interests lie can we get to grips with the economic landscape of Hong Kong.

In the incident of HKUST setting up a Guangzhou campus, it is clear that once Mainland provinces and municipalities decided to compete with Hong Kong for talent and tap Hong Kong talent for their own purposes, they will use every possible means and offer all manners of policy concessions in a bid to meet the talent's needs. This is the kind of landscape and situation arising from the talent competition among cities.

So, I think the SAR Government should stop dedicating all of its energy to striving for the so-called concessions from our neighbouring cities. Rather, Hong Kong should first do our own part properly. What does that mean? It means Hong Kong should follow the footsteps of other cities, endeavouring to boost our soft and hard power while nurturing home-grown talent, with a view to attracting overseas talent to Hong Kong to work for our society. It is only by doing so that we can reshape the landscape of our economic development.

The second issue I wish to talk about is the power to vet and approve One-way Permit ("OWP") applications. The Greater Bay Area development I mentioned just now or the Lantau Tomorrow Vision have aroused widespread suspicions in society. Despite its insistence that these schemes are beneficial to the future of Hong Kong and well thought-out in design, the Government has failed to dispel Hong Kong people's doubts. This comes down to the core problem—the problem of trust.

One type of criticism stems precisely from the problems caused by OWPs. For instance, the Government keeps urging Hong Kong people to integrate into the Greater Bay Area; meanwhile, there are 150 OWP holders and other

Mainlanders—through the Quality Migrant Admission Scheme—coming to Hong Kong every day. It would be inevitable for people to wonder why, instead of giving Hong Kong people priority in seeking opportunities in Hong Kong, the Government is saving those opportunities in Hong Kong for imported talent.

I find it necessary for the SAR Government to state its case in detail so that members of the public can understand how the importation of talent can drive the society and economy of Hong Kong in further development and transformation, and in turn restore their confidence in the Government. Otherwise, the Government's incessant preaching of the concept of Hong Kong as a super-connector or hub will not help dispel those doubts. And there is this view that, in such circumstances, it would be pointless for the Government to build subsidized housing regardless of the volume, since all subsidized housing would be taken up by new immigrants.

Based on this logic, as long as the OWP problem remains not addressed, the Government should refrain from improving health care and education or tackling other social issues, for such improvements, presumably, will invariably benefit some new immigrants. The Democratic Party finds such arguments objectionable.

That said, while disagreeing with those arguments, we cannot turn a blind eye to all sorts of concerns caused by the OWP Scheme. I think the SAR Government should review the OWP Scheme, striving for the power to vet and approve applications as necessary with a view to plugging the loophole of the Scheme and weeding out cases where Mainland immigrants come to Hong Kong through various backdoors for reasons other than family reunion.

What is the merit of reclaiming the power to vet and approve applications? The merit lies in restoring our confidence in the vetting and approval mechanism of OWPs, a mechanism in which the public have no faith or trust. Every time I put forth this proposal in the past, the Government invariably replied: "WU Chi-wai, you are wrong. According to the interpretation of the relevant provision of the Basic Law by the Standing Committee of the National People's Congress ("NPCSC"), Hong Kong cannot reclaim the vetting and approving power over the OWP Scheme." However, let me quote the relevant interpretation by NPCSC—to which I hope the Secretary can listen carefully: "For entry into the Hong Kong Special Administrative Region, people from other parts of China must apply for approval' mean as follows: People from all provinces, autonomous regions, or municipalities directly under the Central

Government, including those persons of Chinese nationality born outside Hong Kong of Hong Kong permanent residents, who wish to enter the Hong Kong Special Administrative Region for whatever reason, must apply to the relevant authorities of their residential districts for approval in accordance with the relevant national laws and administrative regulations, and must hold valid documents issued by the relevant authorities before they can enter the Hong Kong Special Administrative Region."

This passage states clearly that whether a compatriot applying for entry into Hong Kong will be granted an OWP or not is ultimately subject to the approval of the Mainland authorities. In any case, the approval power rests with the public security authorities of the Mainland. But let us not forget that in terms of lodging applications and vetting the qualification of applicants, can Hong Kong take the initiative, such as having applications lodged in Hong Kong by the Hong Kong family members of the applicants? This is similar to the existing schemes for attracting quality migrants or professionals to Hong Kong, in which applications are vetted, approved and agreed upon by the Hong Kong Government and then sent to the public security authorities of the Mainland, which will complete the approval process for applicants to come to Hong Kong.

Article 22 of the Basic Law stipulates that the number of persons who enter the Hong Kong SAR for the purpose of settlement shall be determined by the competent authorities of the Central People's Government after consulting the SAR Government. In respect of consulting the SAR Government, can the Mainland authorities institutionalize this power by, for instance, requiring OWP applicants to lodge their applications in Hong Kong and to produce the relevant documentary proof to the Immigration Department? This will facilitate the SAR Government in learning about the attributes of the prospective new arrivals, such as their quality, demographics and needs, at an early stage, unlike the existing situation where, with the admission policy operating very much like a free-range chicken barn, cases of new arrivals can be dealt with only in an ad hoc manner.

Hence, I refrained from using the phrase "reclaiming the power to vet and approve" in my amendment, opting for "striving for the power of Hong Kong to vet and approve" instead. It is, in other words, a mid-way proposal where a checkpoint for processing applications is set up in the process, allowing our compatriots on the Mainland who need to come to Hong Kong to lodge applications in Hong Kong—similar to the way in which the talent schemes operate—or through their spouses in Hong Kong. Qualified and compliant

applications would be sent to the Mainland authorities for examination, which approval must be obtained before the successful applicants can come to Hong Kong.

To restore Hong Kong people's trust in the Government on the one hand and provide the Government with more data for the formulation of a population policy on the other, it is crucial for Hong Kong to strive for the power to vet and approve OWP applications. I hope the SAR Government can understand that if they cannot bring themselves even to voice their demands and vigorously present their case, how can the Hong Kong public restore their trust in the Government?

Lastly, I wish to talk about how Hong Kong should cope as the trade war between China and the United States rages on. Specifically, how Hong Kong can maintain its unique features by bolstering "one country, two systems". The Government has constantly stressed for some time now that various practical measures are already in place to mitigate the impacts of the trade war on Hong Kong. For example, the Government has further improved the SME Financing Guarantee Scheme, and the Hong Kong Trade Development Council ("HKTDC") has launched a study on the impacts of the trade war on manufacturers. While I certainly think that these measures will help somewhat, they are trivial by nature and not up to the task of turning the crisis arising from the trade war into an opportunity and exploring the possibilities of Hong Kong's economic transformation.

For instance, the Commerce and Economic Development Bureau has told a Panel of the Legislative Council that HKTDC would help Hong Kong businesses to relocate their production bases on the Mainland to Southeast Asia. I was really puzzled. If the SAR Government has the resources to help Hong Kong businesses to relocate to places in Southeast Asia, why does it not make an effort to help the appropriate production lines to move back to Hong Kong? Is it not a better way to complement the re-industrialization policy which Secretary Nicholas W YANG so often emphasized? In addressing the relevant problem, has the secretary concerned formulated a policy to attract manufacturers with higher added value and technology content in their production to return to Hong Kong by providing various concessions?

As I pointed out during my discussion on the Greater Bay Area development just now, apart from using public funds to help certain manufactures to grow in other places, and in turn serve the economies there, should the

Government not use public funds to enhance—I stress—enhance the economy of Hong Kong, and promote the economic diversification and transformation of Hong Kong?

Certainly, the bigger issue is how, amid the trade war between China and the United States, the Government should cope in order to develop Hong Kong's advantages and serve the city as well as its people?

As a matter of fact, the Democratic Party and many other Honourable colleagues of the pan-democratic camp have pointed out that, in the midst of the United States-China trade war, we must more than ever hold fast to "one country, two systems", making clear to the international community that Hong Kong is different from the Mainland. And it seems that the Mainland Government is beginning to appreciate this point. In a recent meeting with his leadership team, WANG Zhimin, Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, requested the cadres in Hong Kong to learn and realize the spirit of General Secretary XI's important directives, one of which being vigorously pursuing the innovation of systems and mechanisms of the Greater Bay Area development under the condition of "one country, two systems, three separate customs territories". One of these three separate customs territories obviously refers to Hong Kong's special status as a separate customs territory. And Hong Kong's special status as a separate customs territory is based not just on "one country, two systems", but more importantly, on the way in which the international community views Hong Kong—can Hong Kong safeguard the principles that should be safeguarded under "one country, two systems", namely, freedom of information, freedom of the press, freedom of speech and "a high degree of autonomy"?

Hence, I implore the SAR Government to take a hard look at its governance policy at the period just past and see whether it is overemphasizing "one country" at the expense of "two systems", creating a crisis of confidence among the international community and Hong Kong people, who question whether Hong Kong's "one country, two systems" can be free from "being bent or distorted".

Lastly, I wish to add that the core of "one country, two systems" lies in Hong Kong's democracy, freedom and rule of law. Under the Basic Law, the Chief Executive and the Legislative Council should ultimately be selected by universal suffrage. The term of the incumbent Government will end in 2022. If Carrie LAM is sincere in fulfilling her constitutional responsibility of

democratic elections through universal suffrage under the Basic Law, she should launch the relevant consultation work early next year.

(THE PRESIDENT resumed the Chair)

Having talked on the Greater Bay Area development and the issue of OWPs just now, I will turn to the Lantau Tomorrow programme in the debate sessions later on. In fact, public scepticism of these projects largely stems in essence from their distrust in the Government. How should this public distrust in the Government be resolved? If people do not trust the Government, every newly launched policy—however beneficial to the future of Hong Kong the Government claims it would be—will arouse all manner of suspicions spawned by such distrust. The more deep-rooted problem is that, without the mandate through election by universal suffrage, the public are naturally inclined to distrust the Government. Hence, in my view, it is imperative for us to implement universal suffrage, whether for the sake of enhancing credibility of the Government and improving government administration, or maintaining the confidence of the international community in "one country, two systems". As the key to our future, implementing universal suffrage will allow Hong Kong to play the role of China's important "window" to the outside world under the structure of "one country, two systems, three separate customs territories" and make significant contribution.

However, in this year's Policy Address, Carrie LAM stressed that she "cannot ignore the reality and rashly embark on political reform". The Democratic Party finds such an attitude utterly unacceptable. From our point of view, it is the Government which is ignoring the reality and making no attempt to resolve the deep-rooted conflicts in Hong Kong.

As the final note, I wish to point out that we can certainly see, from this year's Policy Address, the Government responding to some of the aspirations of the Democratic Party on issues concerning people's livelihood, including our proposals for waiving the tolls charged on buses for using government tunnels, strengthening primary health care services and conducting a study on allowing owners of sale flats under the Home Ownership Scheme with premium not yet paid to let out their flats. However, the various measures notwithstanding, we do not see the presentation of a clear blueprint in terms of a direction of administration by the Government. While we certainly appreciate that the

aforementioned measures will help ease some of the livelihood problems presently faced by the people, the SAR Government fails to respond properly to the longer-term and more deep-seated problems, namely, problems relating to the governance of Hong Kong, diversification of our economic development and how Hong Kong should cope in the midst of the trade war between China and the United States. For that reason, the Democratic Party will vote against this Policy Address.

There is another important reason for our negative vote: the way in which the Government put forward the Lantau Tomorrow Vision was a flagrant violation of procedural justice, and the Government has shown a propensity for bullying the weak and fearing the strong regarding the resumption of brownfield sites, an issue of equal concern to the public. Such an approach will not help restore public confidence and their trust in the Government, nor will it convince them that the government proposals for developing more land and expanding our land reserves will ultimately benefit the Hong Kong public and resolve the social conflicts of Hong Kong. Hence, I hope the SAR Government can listen carefully to appreciate the stance of the Democratic Party. We will vote against this Motion of Thanks for this Policy Address.

MR ALVIN YEUNG (in Cantonese): President, the Policy Address of this year is titled "Striving Ahead Rekindling Hope". It is an important document, which may be called a magnum opus, stating policies affecting the people of Hong Kong. Hence, it should be given a beautiful and impressive title to reflect the assiduous effort of the Chief Executive. Unfortunately, as we go through this magnum opus page by page, we notice that its content does not tally with the title on the cover. In other words, the assiduous effort made can only successfully bring forth the four-word title. If I were to draft a title for this Policy Address, I would consider "Defending the Red Line Rekindling Public Discontent" more pertinent.

President, I will now make a collective speech on the following areas concerning the rule of law and human rights, public finance, economic development, innovation and technology and poverty alleviation and assistance for the disadvantaged. I will explain and set out the reasons why the Civic Party opposes the Motion of Thanks this time around, hoping the public will appreciate our good intention.

First, I would like to talk about the "red line". A year or so ago, the people of Hong Kong had never come across the term "red line". But since these two words, "red line", appeared in Hong Kong, we became aware in a short time that these "red lines" are all around us. "Hong Kong independence" is stepping on the "red line", "self-determination" is stepping on the "red line" and providing a venue for discussions may also be stepping on the "red line". What kind of monster has swallowed up the promises of "Hong Kong people ruling Hong Kong" and "a high degree of autonomy" enshrined in the Basic Law and the freedom of speech protected under the Basic Law? Which is bigger and wider, the Basic Law or the "red line" claimed by the Communist Party of China?

In the part about human rights in the Policy Address, the Chief Executive mentions the desire to develop the culture and values of inclusiveness, mutual respect and non-discrimination towards people with different sexual orientations and transgenders. The Civic Party gives this our full support. However, this culture of inclusiveness, mutual respect and non-discrimination is needed not only in the handling of gender issues. On various social issues, particularly controversial political issues, Hong Kong must have this inclusiveness. In mentioning the enactment of legislation for Article 23 of the Basic Law, the Chief Executive points out that the Secretary for Security's application of the Societies Ordinance bears strong testimony to the SAR Government not turning a blind eye to acts attempting to secede from the country and endangering national security. Yet, this also proves that the SAR Government has violently set a "red line" for the freedom of speech in Hong Kong. The newest victim of this "red line" is Victor MALLET, the former Vice-President of the Foreign Correspondents' Club, as mentioned in the motion discussed by this Council last week. Worse still, when a member of the public mentioned the power of vetting and approving applications for One-way Permit in a radio programme, we heard Chief Executive Carry LAM confuse the subject of One-way Permit with national sovereignty. Will this issue become a "red line" tomorrow?

Not only that the number of these "red lines" is increasing, their range grows increasingly broader. Some people are regarded as stepping on the "red line" when they advocate different political stances, while some are regarded as stepping on the "red line" when they provide a forum for rational discussion. Issues which are not regarded as a "red line" today may have a "red line" drawn under them tomorrow. No one can tell. Some people may consider themselves behaving well and have never stepped on the "red lines", yet, sorry, they may find themselves falling into the "red-line" zone tomorrow. Will this governance

practice cause the people of Hong Kong to live in fear and trepidation? Is this what the Chief Executive means by rekindling hope for the people of Hong Kong?

President, all along, the people of Hong Kong, as well as the international community, have been immensely proud of the spirit of the rule of law in Hong Kong. Yet, how should we define a society where the spirit of the rule of law is upheld? For sensitive issues in politics, the Government simply alleges that certain people are stepping on the "red lines" but stops short of offering any legal basis. It then orders these people to "shut up" and deprives them of their political rights for life. Should this be regarded as a society where the rule of law prevails? At one time, the authorities claim that it has to act according to the law, yet at another time, it imposes these "red lines" as an act of intimidation, using public powers and administrative measures to suppress dissidents. In no circumstances should these actions be taken in a society upholding the rule of law. After all, the legal basis of these so-called "red lines" has never been made known. Regarding the "red lines" mentioned by the Government, I believe most of the people of Hong Kong have no idea how the "red lines" are defined and on what criteria they are drawn. There is a big question mark over the possible difference between the criteria adopted by the Government and the established values and political stances we uphold. President, are these actions in the interest of Hong Kong long term?

We hope that under the protection of the Basic Law, the human rights to which we are entitled, as well as the core values we support and advocate, will not be eroded by this "red line" gradually. It is stipulated unequivocally in Article 43 of the Basic Law that, "The Chief Executive of the Hong Kong Special Administrative Region shall be the head of the Hong Kong Special Administrative Region and shall represent the Region." To many people of Hong Kong, Article 43 of the Basic Law means that the Chief Executive should defend the fundamental values and interests of the people of Hong Kong. We do not wish to see the Government of the current term taking the lead to violate Article 43 of the Basic Law, sabotaging the basic trust of the people of Hong Kong in the Chief Executive defending as a matter of course the fundamental interests of the people of Hong Kong.

President, with these loads of questions and lengthy remarks, I simply hope the Government will be fully aware that Hong Kong's superior international image and position originate from "one country, two systems" and Hong Kong

not being an ordinary coastal city of China, which is the advantage of "two systems" under "one country, two systems". The incident of Victor MALLET speaks volumes about the considerable queries and misgivings the international community have about the SAR Government in treating journalists. This also explains why the media in Japan had posed repeated questions about the incident of Victor MALLET to the Chief Executive during her visit to Japan some time ago. The world is watching Hong Kong all the time to see what is happening here. All along, Hong Kong is a place for business and all are welcome to do business here. Honestly, Hong Kong needs to move forward and we must leverage on our Motherland, yet it is crystal clear that Hong Kong cannot rely on China solely. According to the Economic Freedom of the World 2018 Annual Report published by the Fraser Institute of Canada, Hong Kong is ranked as the freest economy in the world. Yet, the report has also expressed grave concern about Hong Kong's superior position in the rule of law, pointing out that Hong Kong may lose its top position in economic freedom once it backslides in the rule of law. President, business is not merely about money. Had all businessmen around the world been solely concerned about money, they would not have come to Hong Kong but flooded into the Mainland for gold mining, and Hong Kong would not have the opportunity to continue to serve its role as a gateway. As for the reasons concerned, I believe government officials and accountability officials of the SAR Government in the Chamber today definitely know these all too well.

President, talking about business, we must mention the impact of the United States-China trade war on Hong Kong. As mentioned earlier, Hong Kong has been an open market since its inception, where trading may be carried out by people of all nationalities and free movement of goods from all countries is allowed. Free and fair trade is the key to our success. We may also say that Hong Kong as a founding member of the World Trade Organization has always regarded the promotion of free and fair trade a mission of Hong Kong, and we should practise what we preach to demonstrate to the world what is free and fair trade.

Unfortunately, with the rise of unilateral protectionism in the United States, Hong Kong will inevitably suffer. This spring, Donald TRUMP, the President of the United States, announced the imposition of tariffs on steel and aluminum imports from a majority of countries around the world. Though steel and aluminum industries are not the major industries of Hong Kong, our re-export trade will be affected in some measure. Yet, given Hong Kong's constant support of free trade and the United States' tremendous trade surplus against

Hong Kong, it is baffling that the United States should impose penalty tariffs on Hong Kong. Officials of the SAR Government and Members from the opposition have made strenuous efforts in the United States to persuade government officials of the United States to offer concessions to Hong Kong and not to make Hong Kong the target of the trade war. Yet, why can we not get such concessions despite our persistent attempt to convince the United States with reasons? It reflects that the United States may not fully understand the situation in Hong Kong.

I would like to take this opportunity to also point out that this is the loudest alarm to us. The United States is the second largest trading partner of Hong Kong, yet it disregards the effort Hong Kong has made in promoting free trade over the years. As a matter of fact, the United States should definitely assume great responsibility, yet does it mean that the SAR Government has no part to play? It is clear that the United States is punishing Hong Kong. Yet, we worry that the United States may be punishing Hong Kong as it considers Hong Kong looks increasingly like an ordinary city of China. Hence, the SAR Government must stress to the international community, particularly our major economic partners and trade partners, as soon as possible that Hong Kong remains an independent economy practising 100% market economy under "one country, two systems". Of course, this is the duties of overseas Hong Kong offices. Yet, the senior echelon of the SAR Government is obliged to make a vigorous effort to reiterate to overseas countries that this will remain unchanged. We are also duty-bound to prove to the world that democracy, freedom, human rights and the rule of law in Hong Kong remain stable and healthy, that the SAR Government will consider the situation and circumstances independently in the formulation of policies with a view to ensuring the true realization of "Hong Kong people ruling Hong Kong" and "high degree of autonomy", so that "two systems" will not disappear as a result of "one country". I hope officials of the SAR Government will distinctly remember this point.

President, it is mentioned in this Policy Address that Hong Kong is making a proactive effort to identify business opportunities overseas. We fully agree that this is the right direction. The global trade environment is extremely uncertain now. We cannot put all our eggs in one basket or excessively rely on one or two trade partners, and I believe officials of the SAR Government know this full well. Hong Kong must act proactively to establish closer trade relations with more countries. However, I worry that the SAR Government's repetitive acts of drawing "red lines" to undermine the rule of law and suppressing the voice

of civil society will eventually ruin the business of Hong Kong and put our trade partners off, thereby ruining the foundation of Hong Kong little by little. When the spirit of equality before the law, the attribute of fair and seen to be fair, is no longer found in Hong Kong, how can we convince others that Hong Kong will continue to uphold free and fair trade?

We do not wish to see Hong Kong turn into a society implementing crony capitalism where dignitaries have exclusive access to business opportunities. We do not wish to see ordinary people deprived of free access to business opportunities in Hong Kong. Worse still, we worry that overseas enterprises will leave Hong Kong for the embrace of our competitors in the region when they consider Hong Kong no longer a paradise. We worry that if Hong Kong continues with this self-destructive act of ruining our foundation, overseas investors will take to heart what they see. They will not inform the authorities in advance but will leave quietly. One day, when we find that we are left with empty offices, it may already be too late.

When it comes to seeking business opportunities, innovation and technology is definitely the best option today. For two years in a row, the Chief Executive has devoted considerable length of the Policy Address to innovation and technology and lavished large sums of money on it, which is definitely showing support for the policies of the State. It is true that the Chief Executive has done a lot this time around. Yet, at issue is that Hong Kong has started late in innovation and technology development and we must make a vigorous effort at catching up. Can we catch up with Taiwan and Singapore by mere monetary injections? Let me cite an example which is close to us. President, at the meeting of the Bills Committee on Hotel and Guesthouse Accommodation (Amendment) Bill 2018 held yesterday, I asked the Administration that given the claim of the Chief Executive to remove hurdles in major policies on innovation and technology, why amendments in the Hotel and Guesthouse Accommodation (Amendment) Bill 2018 ("the Bill") seem to be increasing the stringency. Upon the passage of the Bill, not only the survival of newly emerged modes of operation will be stifled, existing licensed hotels and guesthouses may also become unlawful. Is the Bill presented by the Government running counter to the authorities' claim of removing hurdles and embracing new technology?

The authorities often talk about removing hurdles. In the policy address last year, it was also mentioned that existing legislation should be reviewed to remove obsolete provisions impeding the development of innovation and

technology. Yet, a year has passed, we have not yet seen any bills seeking to remove hurdles for the industry and Hong Kong presented to the Legislative Council for scrutiny. As for the Bill I just mentioned, the consultation period lasted as long as four years. President, one feature of innovation and technology is rapid changes. If the SAR Government does not act swiftly and boldly in reviewing obsolete legislation, I wonder how many years we have to wait to get closer to Singapore to actually see its tail lights. While the authorities talk about removing hurdles for the relevant policies, more stringent provisions are added in the actual legislative amendment. After all, is the Government worried about opposition from people with vested interests? We are not saying that amendments to laws must open all the gates to all development in innovation and technology. Yet, if the amendments give people the impression that the Government is siding with people with vested interests rather than making an effort to coordinate and balance the interests of various sides, are Chief Executive Carrie LAM's proposed initiatives to tie in with the State policies and innovation and technology superficial and empty talk?

President, there is another point of worry to me. The development of innovation and technology is a necessary cause, and it is what we should do to support the State. Yet, is Hong Kong capable of keeping pace with the State? I have communicated with members from various trades and their comments focus on two main concerns: talents and business environment. Of course, it is not that Hong Kong does not have talents nurtured locally. Yet, these talents will usually leave Hong Kong granted the opportunity, and most of them will go to the Silicon Valley. Indeed, they are found all over the world, and some may be snatched by Singapore while some may settle in Shenzhen. These talents may not stay in Hong Kong. Why? Because they do not see any prospect staying here. By now, the innovation and technology industry may consider there is room for development in Hong Kong, they are thus willing to take root here and recruit talents from overseas to work here. However, for some small companies, which are not tenants of the Science Park or Cyberport, it will be extremely complicated and troublesome for their employees to apply for work visas, and the application which takes a long time may end up unsuccessful. Moreover, the Governments of Mainland, Taiwan and Singapore will visit the Silicon Valley in the United States, the hall of innovation and technology, every year to recruit talents to work in their places. Has Hong Kong done that? Talents do not drop from heaven. We have to scramble for talents with places around the world. If we manage to get them to work here, we have to provide

superior conditions in various aspects to retain them. Apart from money, money and money, can we provide the good environment to convince talents who are looking for decent conditions to stay?

Another core issue, President, is the business environment. In a free market, the Government certainly should minimize its intervention, and we understand this point. But, does it mean that the Government can do nothing in assisting local technology enterprises? For instance, government departments may give priority to products and services of local technology enterprises in procurement, which will truly be greatly helpful to these enterprises in entering the international market.

This summer, Mr Charles Peter MOK and I paid a duty visit to the Silicon Valley, and we heard of the story of a Hongkonger who engaged in information technology ("IT") development there. During the early days of his business, he participated in the pitching exercises of government departments with the telecommunication product developed by his company. All the representatives of government departments had expressed great appreciation of his communications product. They asked about the details of the product and considered the product very helpful to them. In the end, the government official asked if he had accepted any job from the Government before, or whether his product had won the acceptance of any government departments. He told them that he had and it was the Government of Shenzhen Municipality. The government official of Hong Kong then told him that he was asking whether his product had been acquired by any department of the Hong Kong Government. In other words, if the product has never been procured by any department of the Hong Kong Government, that product will have no way to be procured by departments of the Hong Kong Government. Is this logic not baffling? Nonetheless, President, this is a true story. Eventually, this innovation and technology company which used to station in Hong Kong moved to the Silicon Valley. Certainly, this company which has moved from Hong Kong to the Silicon Valley has achieved extremely good development now. When he considers expanding his business, identifying locations for the setting up of R&D centres, he no longer considers Hong Kong an option. He told me he would consider New Zealand for the place was more suitable for them and it would be easier to recruit talents there. I believe Secretary Nicolas YANG must have lots of opportunities to communicate with different innovation and technology talents from Hong Kong and the latter must have poured out their discontents to

Secretary Nicolas YANG. I just hope that the SAR Government will seize the opportunities and time to attract talents left for overseas to return to Hong Kong. The only way that can truly help these made-in-Hong Kong talents is to reform the procurement policy in Hong Kong.

President, the two points just mentioned are merely core concerns. There are definitely many other peripheral concerns scattered around the core, revealing to us that the Government may have missed the target in promoting development of innovation and technology. For instance, a major bank has already set up a task force to identify IT experts in the community for co-working spaces. The task force will assess whether the innovation and technology products they developed will have market and make worthwhile investment, and then offers financing to them. Such work should be the duty of the Government. The Government should identify potential talents and remove hurdles for them in the community rather than leaving the job to the Science Park and the Cyberport. We wish the Government will push beyond these two comfort zones. It should act beyond the existing boundaries it set for itself and implement practical measures to provide opportunities, space and policies for these talents. Only by doing so will Hong Kong attain true development in innovation and technology.

The Government has mentioned developing Hong Kong into a smart city. In this connection, I have to point out that the Government must complete the infrastructure for 5G networks as soon as possible on the one hand. On the other hand, it should stop insisting on doing everything on its own. In respect of removing hurdles, apart from the Amendment Bill mentioned just now, the Government must open up various kinds of data. The Chief Executive is talking about vigorous development in innovation and technology. Hence, at the request of the Chief Executive, various departments have to submit their "assignments". Certain departments earnestly hope to improve their services through the application of technology. Take the Buildings Department as an example. It will introduce a new testing method for the investigation of water leakage and seepage in buildings, which may be of great help to handling seepage complaints in future. Yet, for the innovation and technology project proposed in the application of the Civil Engineering and Development, it is about developing a smartphone application to provide information on smart mobility and sustainable leisure and recreational activities in Lantau Island, which purpose is to provide information on transport and leisure and recreational activities for residents and visitors of Lantau Island. President, should the Government use public money to develop this type of Apps? In fact, if the authorities can really

open up the data, the data on recreational facilities and traffic condition, many people in the community will develop this type of Apps. The Government should not spend public money on the development of these Apps.

After all, we have to move forward by adopting a two-pronged approach, with the Government and the community advancing together, in order to promote innovation and technology and build a smart city. If it is just the Chief Executive keeps talking and the departments continue to act on their own, despite the public money spent, we will only see red tape and talents drain continue, large international technology enterprises prefer doing business in other places than in Hong Kong and our innovation and technology industries will always be 20 to 30 years behind others.

Next, I would like to talk about poverty alleviation, assistance to the disadvantaged and elderly care. In the Policy Address, the Chief Executive points out that the unemployment rate in Hong Kong is 2.8%. Right, Hong Kong is close to full employment, yet the population of working poverty is as large as 920 000. Due to the rate of minimum wage and the outsourcing of elementary jobs, the grass roots and low-skilled workers and their families can only earn a meagre living, unable to enjoy quality life in Hong Kong, this affluent society. Moreover, they cannot provide their children with choices of extracurricular learning and activities. As a result, children of low-income families cannot start at the same starting line of children of other families, and they will fall into the vicious cycle of intergenerational poverty.

Some people may ask: The Government has the Working Family Allowance ("WFA") Scheme in place for them, has it not? In fact, those who have applied for the allowance will tell you that the application procedures are extremely complicated, the progress of the vetting and approval of allowance is very slow and the amount of allowance provided is a drop in a bucket. These factors explain why not many people are interested in applying for the allowance. I may tell Members the relevant figures. Among the 920 000 population in working poverty, only 45 000 people have applied for the allowance. We hope the Government will conduct a comprehensive review of WFA and concurrently consider helping grass-roots families in meeting their basic needs. Only by adopting this two-pronged approach can the Government offer effective assistance to people in need.

As for the grass-roots and low-skilled workers, apart from earning a living through employment, they indeed have the right to improve their financial status through starting their own businesses. Hence, in addition to policies on bazaars, the Civic Party considers that the Government should set up a Startup Support Fund for Community Economy for grass-roots startups and organizations, so as to facilitate the development of community economy and support the grass roots to help themselves and one another.

In connection with elderly care, the Policy Address mentions that an additional 2 000 places for home care and community care and an additional 1 000 vouchers for Community Care Service will be provided next year. Undeniably, the policy of according priority to the provision of home care and community care is a sustainable direction for elderly care. But the prerequisite is that a sufficient quota for such services must be provided. Nonetheless, President, is the present quota sufficient? As at December 2017, there are 5 630 elderly persons waiting for home care and community care services, and the average waiting time is 13 months. When the self-care ability of elderly persons deteriorated to the state requiring residence in residential care homes or care and attention homes for the elderly, they will have to wait even longer, as the waiting lists are as long as 31 000 persons and 6 000 persons respectively. President, to put it bluntly, will these elderly people live long enough to be allocated a place?

Insofar as the elderly people who have contributed quietly to Hong Kong, this Policy Address gives people the impression that the elderly are nobodies. We do not see the Government giving them any attention. The Civic Party once again urges the Government to accept our proposal for increasing the target of subsidized care-and-attention home places significantly, providing at least 6 360 residential care places for the elderly every year, so as to reduce the number of applicants on the waiting list within the target of six years. Hence, the elderly can truly enjoy stability and secure support in their old age.

In addition to leading a peaceful life, we also hope that the elderly can approach death with dignity. It is proposed in the Policy Address that the Food and Health Bureau will consult the public on arrangements of "advance directives" and the relevant "end-of-life care". Yet, the Civic Party considers it insufficient to conduct consultation in only the medical aspect for end-of-life care, as the tripartite cooperation of the medical sector, welfare sector and legal sector is required for the effective implementation of hospice services. During

the discussion on the budget last year, we proposed the setting up of a dedicated agency for "enduring powers of attorney" in the form of "special needs trust", so that by means of legal documents, complemented with medical and welfare support, the elderly and their families may discuss and draw up individual end-of-life care plans, and the elderly may spend their twilight years without worries.

Lastly, we must talk about the most controversial plan of "top priority" in the Policy Address this year, the Lantau Tomorrow programme. When the Hong Kong community has expressed great worries about and considerable opposition to near-shore reclamation, the Chief Executive suddenly puts forth the grandiose Lantau Tomorrow programme involving large-scale reclamation for the construction of artificial islands. Some time ago, Carrie LAM said that "a government official who seeks no complement is always courageous". Is the present case a manifestation of this mindset? We do not know. But this is such a large-scale programme, where there are justifications both supporting and opposing it. Even if the justifications are presented in this Council, Honourable colleagues may not be able to convince the other side. In this connection, I would like to ask the SAR Government two questions. First, does Hong Kong now face a land problem or population problem? As we are receiving 150 new arrivals every day under the One-way Permit Scheme at present, for whom is the new land created and is there really a pressing need to do so? In the long run, does Hong Kong have the capacity to receive 150 new arrivals into the population every day? In respect of this, has the Government ever thought about this and has it ever tried to convince the people of Hong Kong?

Second, the Government considers the resumption of brownfield sites and small house sites extremely difficult. Though this may be the case, I cannot but ask: Will the reclamation project be easier and less expensive than the resumption of brownfield sites, small house sites and the golf course site? In any case, if the Lantau Tomorrow programme can eventually be implemented and artificial islands constructed successfully, the 1 700 hectares of newly reclaimed land will reach its full capacity one day. May I ask the Government whether it will still consider the resumption of brownfield sites and small house sites difficult and that those sites are untouchable by then? If that is the case, does it mean that the Government will have to carry out reclamation around the outlying islands, such as Lamma Tomorrow, Tung Lung Tomorrow and Po Toi Tomorrow, and so on? Carrie LAM has not given answers to any of these questions to the people of Hong Kong this time around. She has failed to convince the people of Hong

Kong that we have to take such a great risk. Why do we have to take the financial risk and environmental risk of such magnitude by dumping the reserve accumulated over generations into the construction of artificial islands?

President, after all, the governance of the SAR Government as a whole hinges on the trust of the people of Hong Kong in the SAR Government and whether the Government can convince the people of Hong Kong that every action it takes is in the interest of the people of Hong Kong. Regrettably, over the years, we have seen that, more often than not, the SAR Government would turn towards Beijing and turn away from the people of Hong Kong. Is the Government really protecting the interests of, and speaking and working for the people of Hong Kong? Most of the time, the acts of the Government have aroused serious doubts about these, and the answers to these questions may even be in the negative.

I have raised certain most controversial issues of late in my speech just now. I worry that if the authorities fail to address this issue of trust effectively in the system, failing to restore the confidence of the people of Hong Kong in the Government, and that if the SAR Government cannot convince the people of Hong Kong in terms of its governance that it has no hidden agenda in the acts it does, the distrust will continue, and no matter how many good deeds the Government introduces, they will be queried.

In this connection, it is after all related to constitutional reform. We do not see the SAR Government of the current term showing any determination to take forward the constitutional reform. Neither have we seen the Government of the current term taking any positive actions to create the conditions and prepare the soil for implementing constitutional reform in Hong Kong. The Government of the current term seems to consider that focusing merely on livelihood issues is the effective solution to the deep-rooted conflicts in Hong Kong. I only wish to point out that sweeping the problems under the carpet will not make the problems disappear. On the contrary, these problems will accumulate in volume and eventually the carpet will be too small to cover all of them.

In the Policy Address, the Chief Executive says that she wishes to bring hopes to the people of Hong Kong. I believe she may sincerely hope that she will set a positive direction for the people of Hong Kong, so that they do not have to worry too much. Yet, I wonder if government officials attending today's

meeting know that emigration has become a common discussion topic among well-off middle-class families in Hong Kong. Even for the less well-off, they will try to settle in or emigrate to countries other than Western countries. Many people who have the means to leave do not have to let the SAR Government know that they are leaving. They will not be included in the figures of emigration of the SAR Government, for these people have already acquired foreign nationalities. Initially, they are willing to return to Hong Kong and regard Hong Kong their home. They got married, and they have children and jobs in Hong Kong. I know three families which decided to leave in the past year. They chose to uproot their homes, resign from their work, sell their properties and then leave this place where they were brought up for good with their families. President, what is the problem? Is it a matter of hope, or is it their personal problems?

As these capable persons leave Hong Kong, what kind of city will Hong Kong eventually become? The 21st century is an era of talent scramble. As we talk about innovation and technology, how can we pursue development in innovation and technology if we do not have the talents? If we do not bring hopes to the people of Hong Kong and if we cannot retain capable persons, Hong Kong will eventually be reduced to a second-grade city, failing to maintain our competitiveness. If the SAR Government does not tackle the problem at root and reform the system, and if it keeps evading the discussion of constitutional reform, the SAR Government can in no way bring hopes to the people of Hong Kong. I hope the SAR Government will think about this in depth.

On behalf of the Civic Party, I so submit.

MR JEREMY TAM (in Cantonese): President, I will speak on the "Maritime and Aviation" policy area specifically.

As far as this policy area is concerned, there is a measure in the Policy Address that I think worth discussing. It is the Maritime and Aviation Training Fund ("the Fund"). First of all, I have to make a declaration, that I am an employee of an airline company and am involved in the training of employees in this industry. As announced in the Policy Address, the Government will inject \$200 million into the Fund. I would like to point out that this should be a good initiative. However, if you look at the training programmes and the eligibility

under the Fund, you will find that it is actually "a confined market shared by all existing participants". What does it mean? It means that the applicant must be a serving employee in the maritime and aviation services industry before he can apply for funding. Just as our party chief Mr Alvin YEUNG has pointed out, when we discuss the competition for talents, we should not just consider the race between Hong Kong and other places. In fact, the maritime and aviation services industry is competing for talents with other industries. Therefore, I suggest opening the Fund to applicants who are not engaged in the maritime and aviation services industry in order to attract some new talents to join the industry. Otherwise, it is just a "confined market" and will not be of great help to the industry, in particular with the construction of the third runway in the future, it will be more difficult for us to secure the talents we need. This is my first observation.

Second, in terms of volume of freight, Hong Kong still ranks the first in the world. Nevertheless, how are we going to strengthen our aviation services? It must be noted that about two or three years later, a new requirement will be implemented in the international airfreight industry, that is, all air cargoes must be X-ray examined for security reasons whilst the current practice is random checking. If the X-ray examination is to be done on a 100% basis, what will be the difficulty? Currently, there is no X-ray machine that can scan all cargoes on one whole pallet, or more accurately, there is no X-ray machine in the market that can meet the requirement of the US Federal Aviation Administration ("FAA") to do the 100% X-ray checking. Then how can we do the 100% examination? The answer is we have to break up the pallets of cargoes and convey the cargoes through the common machine one by one. At present in Hong Kong, if you have an urgent packet for shipment by air, you can have a cut-off time of two to three hours before the take-off of the aircraft. Once the new requirement is imposed all over the world, Hong Kong will have to face the problem of not being able to meet such a request at such a short notice. Of course, some people may say that this does not matter. This requirement will be implemented not only in Hong Kong, it will also be implemented globally. All places will have to face the same problem. The cut-off time for air cargoes will be extended to four to five hours from two hours before the take-off of the aircraft. The whole world will have to face the same problem, then what is the problem?

President, the problem can be very big. In the Mainland, 100% X-ray examination has been implemented whereas Hong Kong is exempted from this

requirement for the time being. At present, Hong Kong has an advantage over the neighbouring airports in the Mainland, especially Shenzhen airport or Guangzhou airport. Our advantage is that our air cargoes are exempted from the 100% X-ray examination, so that we can provide faster freight services. In future, after the implementation of the requirement in Hong Kong, we will lose our competitive edge, subject to the same restriction as other airports. What should we do then? I know that both the Government and the Airport Authority Hong Kong ("AA") are trying to find such an X-ray machine so that the cargoes on a pallet as a whole can be quickly examined in bulk. This is the first point.

Second, I hope that the Government will look for places to do the so-called pre-screening. Perhaps I should not say pre-screening or I should put it in another way, that is, to undergo offsite screening. Offsite screening will not be carried out at the airport, but possibly in other parts of Hong Kong, no matter it is Sunny Bay or Tuen Mun. When the screening before delivery is finished, the cargoes will be transported directly to the airport ready for shipment by air. I absolutely believe that the relevant authorities of the SAR Government should have considered such a feasibility, but I hope the Administration will raise this issue to a higher level and face it squarely. Otherwise, we would run the risk of losing our world number one ranking in freight volume.

AA plays a very important role in this issue. But what kind of work is AA doing currently? AA is working on the development of the SKYCITY which is just another shopping mall and buy up the remaining shares of the AsiaWorld-Expo so that the Hong Kong Government and AA together will own all the shares of the AsiaWorld-Expo as AA intends to develop the AsiaWorld-Expo. AA was also invited to give advice on the development of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port to see how it could be developed into a so-called airport city with commercial elements. I feel a little bit confused. Is it an airport authority or a "Commercial Authority"? I think AA is digressing from its core business and doing more and more of these non-core business. I wonder whether it has followed up properly the problem faced by the industry mentioned by me just now.

Why am I saying this? Members may also notice that in 2017, AA announced that it would allocate \$3 billion to building an Intermodal Transfer Terminal ("ITT"). The purpose is to facilitate the opening of the Hong

Kong-Zhuhai-Macao Bridge ("HZMB"). ITT will obviate the need for air passengers arriving or departing via HZMB to clear immigration formalities in Hong Kong in the middle of their journey, providing more convenience for passengers. The idea is good, but what seems strange is that it was announced in 2017. HZMB has been completed and commissioned this year, but when will this ITT be completed? It is 2022. To my surprise, this supporting facility lags behind the commissioning of HZMB by four years. What has happened? Let us set aside the question of whether Legislative Council Members are for or against it, but say in terms of logic, there is no way that AA would have postponed it by such a long time. AA should have started the project four or five years ago, so that ITT could be put into service immediately upon the commissioning of HZMB. Why is the whole thing in a lag?

For that reason, I raise the aforesaid question about the aviation industry because I am worried that AA seems to be very enthusiastic about the non-core businesses, but for the core business like dealing with and solving the problems faced by the industry, there are a lot of inadequacies. This makes me feel a little bit concerned for the current aviation industry in Hong Kong, in particular when the requirement of all the cargoes to be screened by X-ray machines on a 100% basis will be implemented two or three years later. By that time, the airfreight efficiency of the Hong Kong International Airport will be affected. I so submit.

MR KENNETH LAU (in Cantonese): President, I rise to speak in support of the Motion of Thanks on the Policy Address delivered by the Chief Executive. This is the second Policy Address of Chief Executive Carrie LAM. Overall, the Policy Address carries on Mrs LAM's bold, pragmatic and proactive new governance mindset in that it introduces a series of new measures to increase land and housing supply, promote sustainable economic development, assist small and medium enterprises, enhance social welfare and strengthen youth development.

President, Hong Kong has essentially achieved full employment at present, with the unemployment rate standing at only 2.8%, a record low in 20 years. Nevertheless, the emergence of global protectionism and the uncertainties arising from the United States-China trade war bring about a lot of latent concerns to Hong Kong as an open economy.

The export merchandise trade value from Hong Kong to the United States from January to September this year amounted to \$264 billion, accounting for 8.6% of the total export value. The deterioration of the trade war will deal a heavy blow to the local export, retail, transport and logistics industries.

Although the recently released economic data was not terrible, the business sector (in particular the sourcing and import and export industries) can already feel an evident "shrinking" in the external economy. Sentiments in the property market have turned pessimistic and the transaction volume of first-hand and second-hand private residential properties has plummeted. Cases of deposit forfeiture have begun to appear. Meanwhile, most private uncompleted residential properties put up for sale two to three years ago will be ready for possession and occupation in the second half of this year. According to statistics by the media, more than 14 000 new units in Tseung Kwan O, Tsuen Wan and Kai Tak will be ready for possession in the second half of this year, representing the largest scale of occupation in recent years.

According to the real estate sector, property prices are estimated to drop 20% to 30% in future, which is not a small adjustment. Recent fluctuations in the stock market, coupled with the rise in mortgage interest rates, induced concerns about the recurrence of the Asian financial crisis in 1998 when property prices dropped 30% to 50% in general and the unemployment rate was high. As a result, many homeowners were unable to service the debts incurred and many properties became negative equities. Many homeowners were, thus, forced to sell their properties and saw their lifetime savings go down the drain, giving rise to social issues and even family tragedies.

The domino effect triggered by various factors, such as uncertainties over the trade war, fluctuations in the stock market and downturn of sentiments in the property market can have a serious impact on the economy and people's livelihood. Nevertheless, the Policy Address did not discuss at great length how Hong Kong should respond to the trade war. The Government did not provide any actual information on the trade status and forecasts, nor did it formulate a comprehensive corresponding strategy. Concrete measures in response to the trade war to support industries other than manufacturing, such as the logistics, tourism and retail industries, were also nowhere to be seen. May I know what the Government intends to do about it and whether it is prepared for the worst case scenario?

Insofar as economic development is concerned, the Government is determined to develop innovation and technology ("I&T") into a new impetus driving our economy. On top of the \$500 billion earmarked in the 2018 Budget, this year's Policy Address announced an additional \$28 billion for the promotion of I&T development in Hong Kong upstream, midstream, and downstream.

The eight major areas for I&T development outlined by the Chief Executive were implemented progressively. For instance, the Policy Innovation and Co-ordination Office is reviewing outdated legislation which hinders I&T development. Clear timetables have already been drawn up in some areas. For example, the InnoCell and the Data Technology Hub at Tseung Kwan O Industrial Estate will be completed in 2020; the Hong Kong-Shenzhen I&T Park at the Lok Ma Chau Loop will provide the first batch of land parcels for superstructure development in 2021; government departments will formulate their annual open data plans by the end of this year. It takes time for these measures to operate before any result can be seen. So, it is premature to comment on whether they are successful or there is still room for improvement.

However, it is certain that the current-term Government attaches great importance to I&T development, having injected a total of about \$80 billion to this end. Given the substantial investment, I am more concerned about what evaluation mechanism is in place for measuring the effectiveness of the policy. The mechanism can include setting various quantitative indicators and collecting data from high-quality I&T professions and overseas venture capital funds, in order to have a clearer picture of the activeness of I&T enterprises, research and talents in Hong Kong. Unfortunately, the Government seems not very keen on setting relevant indicators and there was no such mention in the Policy Address. I hope the Administration will formulate a sustainable inventory mechanism for promoting I&T while reviewing its effectiveness, so as to ensure effective use of resources.

Apart from the economy, the two major subjects in focus in this year's Policy Address are: first, the abolition of the offsetting mechanism of the Mandatory Provident Fund ("MPF") System; second, the Lantau Tomorrow Vision programme, both of which have aroused extensive discussion and concern in society.

First of all, I would like to talk about the new proposal for the abolition of the MPF offsetting mechanism under which the subsidy has been substantially

increased to \$29.3 billion and the period of subsidization has been extended to 25 years. The MPF System has been in operation for 18 years. Wage earners consider the offsetting mechanism an erosion of their retirement protection, while employers see it as a prerequisite for their support of the introduction of MPF back then. Hence, the abolition of the offsetting mechanism has always been a highly controversial issue.

According to the statistics of the Mandatory Provident Fund Schemes Authority, the total amount of severance and long service payments offsetting claims by employers last year amounted to \$4.3 billion, while the accumulated amount of claims by employers since the introduction of MPF until the end of 2017 was \$36.5 billion.

There have always been voices in society demanding the complete abolition of the MPF offsetting mechanism. Under the proposal of the previous-term Government, the base of severance payment calculation was lowered from two thirds to half a month of the monthly salary. The Government would also subsidize part of the severance and long service payments over 10 years. Unfortunately, the proposal was accepted by neither employers nor employees. The current-term Government continued to look for a solution and held discussions with employers and employees thereafter, before an ultimate proposal with a heavier subsidy was announced by the Chief Executive in the Policy Address this year.

To the business sector, the new proposal is indeed a big step forward compared to the initial one. It provides greater support to owners of micro, small- and medium-sized enterprises, while offering better retirement protection to about 4 million wage earners in Hong Kong. It can resolve the dispute between employers and employees over the years and create a win-win situation, and it also shows that the current-term Government is capable of and determined in facing and solving the problems.

The Lantau Tomorrow Vision programme is another subject with far-reaching impacts. The Government proposed a phased reclamation near Kau Yi Chau and Hei Ling Chau for the construction of artificial islands with a total area of about 1 700 hectares in an effort to address the shortage of land and housing which has been plaguing Hong Kong for a long time.

The artificial islands are expected to provide land for building 260 000 to 400 000 residential units. These units, with 70% being public housing, could accommodate a population of 700 000 to 1 100 000. The artificial islands will also bring new dimensions of development to the commercial and industrial sectors, as well as creating 340 000 job opportunities.

The New Territories Heung Yee Kuk ("HYK") has all along supported the Government in conducting land reclamation in order to provide more land for housing construction and promote Hong Kong's long-term economic growth. I believe the Lantau Tomorrow Vision programme will definitely foster the development in Lantau and New Territories West.

I have raised supplementary questions in the Panel on Development and at Council meetings on whether the land transport alignment set out in the Lantau Tomorrow Vision should be fine-tuned as, according to the preliminary planning, the transport alignment runs towards Discovery Bay, which is significantly different from the consultation results of the Lantau Development Advisory Committee and "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" a few years ago. The land transport alignment under discussion back then connected Hei Ling Chau with Tung Chung, passing through Mui Wo and Lantau South. It linked up the North and South of Lantau, and connected Lantau to New Territories West and various districts, in order to cater for the needs of residents in Lantau South and Mui Wo.

The number of residents and visitors in Lantau South is much greater than that in Discovery Bay. According to the data tabled to the Islands District Council by the Government, Lantau will need to receive up to 30 million to 50 million visitors by 2023. Overcrowding in Lantau on holidays is not uncommon. After the recent commissioning of the Hong Kong-Zhuhai-Macao Bridge, the Tung Chung bus terminus is so crowded that it is on the edge of collapse. It is expected that the number of visitors on Lantau will only increase.

Although the Government has stated clearly that the planning of Lantau would follow the "development in the north, conservation for the south" principle, we must not focus on conservation only and ignore local traffic load and residents' needs. A number of major trunk roads on Lantau, including Tung Chung Road, South Lantau Road, Tai O Road and Keung Shan Road, were built in the 1950s to 1960s with only minor repairs done over the years. Therefore, it

is definitely necessary to include a link-up road between Mui Wo and Tung Chung in the planning of the Lantau Tomorrow Vision. I trust the Government will have time and room to optimize the planning and eventually deliver a proposal satisfactory to all parties that kindles the hopes of Hong Kong people.

Apart from the Lantau Tomorrow reclamation project, the Policy Address also mentioned reclamation in Lung Kwu Tan, Tuen Mun, including new development areas at the re-planned River Trade Terminal and Lung Kwu Tan.

President, I must make a declaration, that I am an indigenous inhabitant of the New Territories and a representative of Lung Kwu Tan Village. I own properties in Lung Kwu Tan.

Surrounded by mountains on three sides and facing the sea, Lung Kwu Tan Village has a pleasant environment. However, currently, there are power plants, steel mills, landfills and an ash lagoon to the North and South of the village. If the sea over there is reclaimed, the area will be trapped and surrounded by industrial activities on three sides. The Government intends to obtain a maximum of 250 hectares of land by reclamation in Lung Kwu Tan. However, according to the feasibility study report, the land reclaimed there can be used for specific industrial purposes or brownfield operations only as it is unsuitable for human habitation. The Government has indicated earlier on that, with the existing advanced reclamation technology, pollution and ecological damages will not be caused. But I would like to emphasize that reclamation is not only about the process. We must also consider whether the use of the reclaimed land will seriously affect residents. Currently, there are more than 1 000 households living in Lung Kwu Tan whose needs and demands must not be ignored. Therefore, when developing Lung Kwu Tan, the Government should introduce corresponding policies to, for example, enhance the environment in the area, improve external traffic and even consider the need to identify land for village construction, so as to minimize the negative impacts of reclamation on the villagers.

Hong Kong's success over the years was sustained by reclamation which provided us the land for building new towns, financial districts and the new airport, etc. I reiterate that HYK holds no objection to reclamation. We hope the Government can build more public housing to accommodate people in need. However, if the reclaimed land will be used for storage of pollutants which will

affect neighbouring residential areas, then we must think twice. I urge the Government to actively consider fine-tuning the reclamation site in Lung Kwu Tan. For example, reclamation can be conducted deeper into Lung Kwu Tan, that is, at Nim Wan near Tsang Tsui, between Ha Pak Nai and Tsang Tsui. That location overlooks She Kou, Shenzhen and is far away from residential settlements. It is already reclaimed as a landfill and a dumping site, so the impact thus caused will be relatively minor. The Government should conduct a feasibility study on reclamation at Tsang Tsui before deciding the future of Lung Kwu Tan.

A highlight of the rural policies proposed in the Policy Address is relaxing the height restriction of solar power installations on the rooftops of village houses to 2.5 m. I am glad that the Government has taken heed of public views so that villagers can participate in the promotion of renewable energy whilst retaining the space on their rooftops. This policy receives the recognition and support of many villagers.

Nevertheless, rural residents have always been a neglected group. The primitiveness of rural infrastructure became apparent in the wake of super typhoon Mangkhut in September which caused water and power cuts and transport disruptions in many villages. After the hitting of Mangkhut, 21 villages experienced water cuts; 15 villages experienced power cuts. Among them, Ap Chau was out of water supply for 10 days; Tin Fu Tsai in Tuen Mun was out of power supply for six days; some village houses were flooded by sea water or crushed by collapsed trees. Villagers did not see rainbow after the rain but tumbling down of their homes, collapsed trees and garbage piling up in the village in the elements which can lead to hygiene problems.

In face of global warming, weather conditions become increasingly abnormal. Hong Kong may have to face the attack of stronger typhoons in future. Yet, rural infrastructure is so fragile. I really cannot see how the rural areas can achieve sustainable development.

President, the Government introduced the Rural Planning and Improvement Strategy Minor Works Programme as early as before 2000, which allowed land resumption. Works scale and benefits thus became more significant. However, the programme was later replaced by the Rural Public Works Programme which does not involve any land resumption, hence the slow progress

of rural infrastructure renewal. Last year, I asked the Government in a written question whether it would re-launch the programme. Unfortunately, the reply was not as villagers desired and the infrastructure has not improved at all.

The Government has indeed made a lot of efforts in conserving the ecology in rural areas. For example, it has earmarked \$1 billion for establishing a Countryside Conservation Office in order to conserve Lai Chi Wo and Sha Lo Tung with high ecological values. However, it has not made much effort in conserving humanities and history. Many remote villages are actually rich in historical and cultural heritage. If the Government does not revitalize them, it will be meaningless to conserve them after the villages have become empty.

I hope the Government will appreciate that the difficulty faced by villages is primitive infrastructure. Outdated infrastructure cannot attract the young generation to move back to the villages and the land is thus wasted. Villages will eventually become history and abandoned houses will become the homes of weeds and insects.

President, I would summarize the Policy Address this year as "proactive and prescribing the right remedy". Among the 8 million people in Hong Kong, everyone has different positions, views and demands. There are 8 million aspirations or demands among 8 million people. The Government certainly cannot satisfy each and every one of them. However, it is duty-bound to proactively and pragmatically kindle the hopes of most of them and lead everyone to move forward. Therefore, I will support the Motion of Thanks proposed by Ms Starry LEE.

I so submit. Thank you.

MR GARY FAN (in Cantonese): President, I speak to elucidate my reasons for opposing the Motion of Thanks, and I will vote against it. The Policy Address delivered by Carrie LAM this time around is in gist squandering money on "white elephant" infrastructure projects but being tight-fisted in measures conducive to improving people's livelihood. And it also transfers wealth to "red capital" and continues to favour real estate hegemony. For these reasons, I cannot vote for the Motion of Thanks.

As for the section about diversified economy, it only sets out policies Carrie LAM introduced to give particular support to the Guangdong-Hong Kong-Macao Bay Area ("the Greater Bay Area"), including projects on the Belt and Road Initiative, the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), and so on. These projects are burning the fiscal reserve of Hong Kong continuously. The fiscal reserve, the hard-earned money of the people of Hong Kong, is not used properly to improve people's livelihood, including buying back the Link Real Estate Investment Trust ("Link REIT") and the introduction of universal retirement protection, and so on.

In the Policy Address, it is pointed out that at the end of last year, the SAR Government signed the relevant documents with the National Development and Reform Commission, so as to support Hong Kong's full participation in and contribution to the Belt and Road Initiative through the 26 collaboration measures. Moreover, Financial Secretary Paul CHAN has mentioned in his blog article that the Hong Kong Monetary Authority ("HKMA") should explore cooperation with some state-owned enterprises to jointly identify attractive overseas projects with stable returns, and to consider investing in these projects as equity investors, so that Hong Kong may become a financing centre for infrastructure projects under the Belt and Road Initiative and serve the country.

Yet, we know that Hong Kong is now facing the trade war between the United States and China. By imposing heavy tariffs on goods from China, the United States is de facto sabotaging the Belt and Road Initiative, which foreshadows potential crises on multiple fronts in the economy of China. Nonetheless, the Government abruptly ventures to have HKMA to explore cooperation with state-owned enterprises at this juncture. The move cannot but beg queries about it trying to use the reserve in HKMA to help Mainland China to resolve its financial crisis and invest in the Belt and Road Initiative.

Furthermore, we can see clearly that nearly all cross-border infrastructure projects carried out in recent years are not cost-effective, as the authorities have not considered the projects from the perspective of the people of Hong Kong. In the case of XRL, which costs close to \$100 billion, it has commenced operation for a month or so. The Chief Secretary for Administration once commented that infrastructure projects of every era might have been criticized as "white elephant" projects, a waste of public money and bringing more harm than benefits, and he said that reality speaks louder than words. What is the reality? Has Carrie

LAM noticed that? Has Matthew CHEUNG noticed that? According to the estimate of the Government in 2009, the patronage of XRL would reach 99 000 passenger trips, and it would generate economic benefits of \$85 billion within 50 years to offset the construction cost. Yet, the reality after the commissioning of the XRL is exhibited before the eyes of the people Hong Kong by the media. At the initial stage of commissioning, the daily patronage was only 50 000 passenger trips, a huge discrepancy between the reality and the estimate of the Government, and that is all the difference in the world.

The more significant difference lies in patronage. According to the estimate of the Government, among the 99 000 passengers arriving at Hong Kong every day, 70 000 of them will be Hong Kong residents. Yet, as the figures after commission indicate, among the 46 500 passengers taking XRL, only around 10 000 passengers are Hong Kong residents, which is 84% lower than the estimate. It is evident that XRL is not built for the people of Hong Kong. Hence, when Chief Secretary Matthew CHEUNG said reality spoke louder than words, he was slapping his own face.

The section on diversified economy in the Policy Address also covers other content, including the Greater Bay Area, transport infrastructure, cross-border infrastructure and HZMB which has just commenced operation. How much have we spent on HZMB? The SAR Government has spent over \$110 billion. The money has been paid, yet how about the benefits? In the past Sunday, I believe Members must have seen from the media how residents in Tung Chung were affected by the flocks of visitors swamping in after the opening of HZMB. In terms of daily life, residents have to queue up for the purchase of daily necessities and powdered formula as well as meals at local restaurants. The mass transit system came to a halt due to congestion. Definitely, this should mainly be attributed to the 20 000 tourists coming to Hong Kong on unknown tours, making the number of Mainland tourists arriving far exceeding the registered number.

In fact, some time ago, when the Neo Democrats met with the Chief Executive to present proposals on the Policy Address, we pointed out that the policy on "L visa" (China Tourist Visa) had already been altered by the Mainland. After the alteration, "L visa" holders may enter Hong Kong directly through Shenzhen or various airports in the Mainland, which has de facto changed the arrangement under the Individual Visit Scheme ("IVS") where entry into Hong Kong is restricted to 40-odd municipalities and cities. In view of the situation in

Tung Chung, what will the Government do? Regarding the potential problems relating to such cross-border infrastructure as HZMB, have these problems been predicted in the Policy Address and what supportive measures will the authorities implement to address these problems? Has the Government negotiated with the Mainland Government, requiring that changes to the policy on "L visa" should be avoided to ensure that residents from cities not covered by IVS must enter Hong Kong by joining group tours and to prohibit the practice of "one-visitor tour" for visiting Hong Kong? What has the Government done in this connection?

The fall of Tung Chung does not mean that the traffic flow of HZMB meets the estimate. The daily average traffic throughput of the Bridge is merely around 2 600 vehicles, which is much lower than the estimated target of 9 200 vehicles. According to the average toll of \$250 per vehicle, it will only generate \$7.3 billion in a year. Based on the calculation of the academics of a research centre studying issues related to Hong Kong, Zhuhai and Macao, it will take 70 years for Hong Kong to recover the cost. A few years later, HZMB will face competition in the Mainland arising from the Humen Second Bridge and Shenzhen-Zhongshan Link. I am afraid we can hardly recover the cost in 70 years, yet the life span of HZMB is only 120 years. Since the Government fails to provide adequate ancillary facilities in its planning and it has not done the planning from the perspective of the people of Hong Kong, we are left to face the present situation in Tung Chung. Members from the pro-establishment camp and the pro-Government camp, now in this Chamber, who have voted for the construction of HZMB should bear the blame.

Moreover, in paragraph 96 of the Policy Address, it is mentioned that, "With the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the new land boundary control point at Liantang/Heung Yuen Wai, a one-hour living circle encompassing Guangdong, Hong Kong and Macao is basically formed. Since last year, the Central Government has introduced a series of measures to provide facilitation for Hong Kong people living, working and studying in the Mainland". This cannot but prompt the people of Hong Kong to suspect that the SAR Government is now attempting to change the demographic structure of Hong Kong at root. In gist, this is population replacement. On the one hand, senior government officials, the pro-establishment camp and the pro-Government camp encourage Hong Kong residents to spend their twilight years in the Mainland and to make home purchase, to work and live in the Greater Bay Area. On the other hand, the

systems and cross-border infrastructure established are encouraging Mainlanders to purchase properties and settle in Hong Kong. Such a practice is population replacement.

Definitely, the Lantau Tomorrow programme, as mentioned by a number of Members in their speeches today, is another population replacement project on a greater scale. Hong Kong is now facing low population growth and low birth rate. According to the population projections of the Census and Statistics Department, Hong Kong's population will increase to a peak of 8.22 million in 2043 and then decline to 7.2 million in 2066. The SAR Government of the previous term proposed the reclamation of 1 000 hectares of land for the creation of artificial islands in the Central Waters to house a population of 400 000 to 700 000. Why would the Lantau Tomorrow programme proposed by Chief Executive Carrie LAM of the current term require the reclamation of 1 700 hectares, and why would the population to be housed increase significantly to 700 000 to 1 million? Where does the 1 million or so population come from? What is the basis of that projection of the Government? In this connection, for the many years after the handover, the SAR Government has never put forth a population blueprint to substantiate the future development of Hong Kong. Now, without the provision of financial estimate and construction costs, the Chief Executive pushes through the Lantau Tomorrow artificial islands reclamation programme in the Policy Address, this really makes the people of Hong Kong angry. We see that the SAR Government is just looking to the North. Given the pandering attitude of Carrie LAM, the housing problem faced by the people of Hong Kong, that is the land problem she claims she is most concerned, has not been solved.

The Government says that the land sales for private housing will offset the reclamation cost of \$1 000 billion, yet Members have to think over the policy of high land prices now adopted by the Government. If real estate developers purchase the sites at high prices as the Government says, at what prices will they sell the flats constructed on these sites to the public and will these flats be affordable to the public? If so, will the problem of high property prices in Hong Kong remain unsolved after 20 or 30 years? The answer is obvious.

As pointed out by Carrie LAM and Our Hong Kong Foundation, the Lantau Tomorrow programme seeks to solve the housing crisis we are now facing. Yet, if the Government plans to recover the costs through the sale of

land, we know that the ratio of public rental housing will definitely be lowered. Besides, the first batch of public rental housing is expected to be completed by 2032, which is too distant to address the existing problems concerning accommodation, housing and land in Hong Kong. Hence, this programme cannot help the people of Hong Kong, the grass roots in particular, to secure accommodation.

Moreover, the Lantau Tomorrow artificial islands are structures built against Heaven's will. In the past decade, climate change has accelerated global warming, and Hong Kong also faces the threat of rising sea level. The construction of artificial islands in the middle of the sea, not to mention the scale of the artificial islands, will pose a potential risk of isolation on islands when Hong Kong is struck by violent storms and rainstorms, and the safety of the public will be affected. In January this year, the State Oceanic Administration announced the prohibition of reclamation which will damage the marine ecosystem, does not involve people's livelihood and is for commercial and estate development. Against this background, the SAR Government acts the opposite by launching the reclamation of 1 700 hectares for the construction of the Lantau Tomorrow artificial islands by paying an astronomical cost, emptying the coffers and exhausting the fiscal reserve.

Many Members would ask: Does it mean the authorities cannot even conduct a study on this? Let us ask ourselves honestly, in the past 10 years or so, among the large-scale infrastructure projects for which the SAR Government had conducted studies, which project was eventually dropped? None of them. On the contrary, the SAR Government and Members of the Legislative Council from the pro-establishment camp will take the projects forward as money has already been spent. Regarding the construction of artificial islands in the middle of the sea by reclamation, it will require the support of transport infrastructure which involves the construction of seven transport infrastructure projects of a scale comparable to the Shatin to Central Link, such as tunnels and bridges. The construction of any single one of the projects will be of no value, and once any of these projects starts, we are on a road of no return, and the commencement of these projects will take toll on the fiscal reserve of Hong Kong. Hence, for the development of Hong Kong in the next 20 to 30 years, this programme of constructing artificial islands by reclamation should not be passed. For this reason, I cannot vote for the Motion of Thanks.

Certainly, many people will ask whether we can put forth an alternative plan. We definitely have an alternative plan. Yet, whenever we come to this discussion, Members from the pro-establishment camp will criticize us of failing to offer an alternative plan. Actually, how would there not be alternative plans? The Task Force on Land Supply ("the Task Force") just published the results of the public engagement exercise with over 3 000 participants yesterday. It is stated clearly that brownfield sites of 1 200 hectares is one of the options. How can these sites be used? Moreover, there are 19 sites used by the Chinese People's Liberation Army Hong Kong Garrison ("HK Garrison"), and one of these sites of 2 200 hectares in Castle Peak is used as a firing range. This 2 200-hectare site is larger in scale than the 1 700-hectares of land created on the artificial islands by reclamation. If the authorities can allocate half of the area of this firing range, it will be adequate to address the housing and land problems mentioned by the Government.

Hence, in view of the livelihood issues now faced by the people of Hong Kong, the consideration of the Government is the most politicized. As for the pro-establishment camp and the pro-Government camp, they just keep banging the drums and shouting slogans: "Artificial islands are good, artificial islands are fantastic, artificial islands are fabulous". They continue to turn a blind eye to the long-standing problems in Hong Kong, the problems of land hoarding by real estate developers, monopoly on land, brownfields left idle, small house sites locked, idle government land being hidden, acute speculation of property and disparity in land distribution. Yet, these are the real problems the Chief Executive, the Government and the legislature should tackle. Hence, the Lantau Tomorrow programme is not the solution by any means.

One of the Governors of Our Hong Kong Foundation, LAU Ping-cheung, says that there is no problem for Hong Kong to pursue the Lantau Tomorrow programme, for the SAR Government is rich. Yet, we consider that the money should be spent properly, such as on people's livelihood, education and health care. Members may notice from the news that the waiting time at the Accident and Emergency Department at the Prince of Wales Hospital was eight hours yesterday. It is eight hours of waiting. Who will deal with this problem? Has Carrie LAM put forth proper measures in the Policy Address? This is why the popularity rating of the Government remains low and that of Carrie LAM dropped drastically, hitting a record low since she took office, after the announcement of the Policy Address.

Hence, President, I will not support the Motion of Thanks, and I will propose an amendment to the motion. I will give a detailed account of the content of my amendment in the second session, including the buying back of Link REIT, implementation of universal retirement protection and the taking back of the power of vetting and approving One-way Permits.

MR CHAN KIN-POR (in Cantonese): President, in the world of the opposition camp, there are only difficulties and crises but no opportunities and hopes. Their so-called alternatives which have been implemented for more than 10 years have taken us to nowhere but a dead alley. However, they still ask us to go down such a route to run into trouble. It has not been enough having run into troubles for more than 10 years. They ask us not to be innovative and not to think up anything new. If we were to be led by the nose by the opposition camp, we would be marking time, not making any achievement at all. Those 200 000 people who are living in subdivided units are very poor and hopeless. Those 270 000 people who hope to live in public housing units and those 200 000 people who aspire to buying a Home Ownership Scheme unit also have no hope. Nevertheless, I am not going to discuss these issues today. It is only because I have heard some outrageous speeches that I cannot help but say a few words first. I will save my detailed comments for the fourth session.

Let me focus on the part of finance now. The latest Policy Address is entitled "Striving Ahead Rekindling Hope". The Chief Executive explained that it is time for the Government to "deliberate, then determine and then act". If we keep on wasting time, which is something the opposition camp likes to do, those households and grass-roots workers living in the crowded and poor environment will have to suffer further. I think this analysis points to the root cause of the current situation in Hong Kong, i.e. the opposition camp think that "something said is something done" and "difficulties are the answer". Then, they will say: do not do anything for there will be crises. After that, they will accuse the Government of not doing well and do not allow the Government to introduce new measures. The opposition camp will only continue to make criticisms, which are nutrients for their survival. In fact, they are not doing justice to themselves or anybody because they have found means for their own living, but not those for solving the problems of Hong Kong, and they have even generated more problems. If they continue to advance specious arguments,

cause the public to misunderstand the Government and refuse to support the right approach, then we will never solve the problems. How can they bear to see this?

In the Policy Address, many innovative ideas are explored to seek solutions to problems so as to "Rekindle Hope" for the people. I really believe that if we can act on determinations after deliberation, then the wishes of Hong Kong people will come true and everybody can live in peace and work with contentment.

I would like to focus on the concerns of the insurance sector. This Policy Address has talked about the development of the insurance industry and proposed to offer tax reliefs to promote the development of marine insurance and underwriting of specialty risks in Hong Kong. In addition, the Government will make relevant legislative amendments to allow the formation of special purpose vehicles in Hong Kong specifically for issuing insurance-linked securities such as catastrophe insurance with a view to enriching the risk management tools available in the Hong Kong market. These measures aim to strengthen Hong Kong's status as an international insurance hub and promote the competitiveness of Hong Kong's insurance industry. It also proves that the Government is aware of the problem. The insurance sector warmly welcomes the measures. I believe the sector will develop related businesses actively and seriously. However, if we wish to revive the insurance industry and make Hong Kong an international hub, there is still a lot more to be done indeed.

Honestly, over the past 10 years, Hong Kong has gradually lost its status as an international insurance centre. Many international reinsurers and international brokerage companies have moved their headquarters to Singapore. The Government is now actively rebuilding the status of Hong Kong as an insurance hub. This is certainly a right step, but we face many difficulties actually. The life insurance business has been developing very well in Hong Kong whilst the general insurance business remains stagnant mainly because the latter has always been setting their eyes on the local market. Now we need to tap international opportunities including marine insurance, catastrophe insurance, captive insurance, and the insurance opportunities in the Greater Bay Area and the Belt and Road. All of these are international business which requires a large number of insurance experts and talents with the ability and experience to handle mega works projects and specialty risks. Since Hong Kong has been focusing

its attention locally for many years, we lack such talents. Therefore, first of all, we need to attract the right talents to come here in order to rebuild the status of Hong Kong as an insurance hub.

If we wish to make it a success, must first of all attract a large number of international insurance companies, insurance brokerage companies and reinsurance companies to set up their regional headquarters in Hong Kong. These companies will bring various international insurance professionals to Hong Kong, in this way we can beef up the insurance business of Hong Kong. However, it is not easy to attract international insurance companies to Hong Kong. Our competitors will not hesitate to compete for business opportunities and solicit international insurance institutions to set up regional headquarters in their countries with extremely generous terms. Under such circumstances, we have lost several international insurance companies which have relocated elsewhere out of Hong Kong. The worst case is that they will take with them the businesses as well as the talents when they move out. As a result, our international insurance business is contracting.

Therefore, we should learn from the examples of success of other countries such as Singapore, and the same goes to the reclamation project. In order to attract international insurance companies to set up regional headquarters in Hong Kong, we should take a proactive attitude and offer more financial incentives, not just in terms of tax incentives, but also with other concessionary schemes or the so-called tailor-made measures. If the regional headquarters are able to make a specific contribution to Hong Kong, such as creating a certain number of jobs or attracting a certain number of talents, the Government will offer them preferential terms to attract them to Hong Kong. We must have a tailor-made package before we can win against our competitors, because the latter will exhaust all sorts of means to attract them.

In addition, we must step up efforts to nurture fresh blood for the local insurance industry. Now, we do have a succession gap especially in such professional areas as underwriting, claims, compliance review, etc., and all these have a shortage of talents. All of us are very worried that if we do not train up enough new talents, the future development of the insurance industry will be affected seriously. The three-year pilot programme to enhance talent training for the insurance sector launched by the Government in 2016 will come to an end in a few months. I hope that the Government will review the programme and

consider converting it into a regular programme, so as to ensure that we will have sufficient talents in Hong Kong to face the challenges ahead.

Just now, many Members criticized that everything in the Policy Address which is related to the Greater Bay Area is bad because the purpose of the Greater Bay Area is to allow the influx of Mainlanders into Hong Kong. However, I think this criticism is indeed not fair because it is still a huge business opportunity. It is their own problem if they do not fight for themselves but prefer to stay in the cramped living space in Hong Kong. However, time or society will not wait for you; it will move on and on. No matter how they are shouting loudly, uttering a lot of empty words and trying to advocate "localism", I am afraid we cannot buck the trend of integration into the Greater Bay Area. This is inevitable and also the only way to provide more opportunities for young people in Hong Kong. However, should those young people only spend time on surfing on the Internet, criticizing everything or just focusing on the meaningless stories on the Internet, they are certainly dead ducks. Whether or not the Greater Bay Area is there, they will only go down a dead alley. If they wish to climb up the social ladder, they must enhance their own competitiveness and work hard to win opportunities.

In fact, the insurance sector has great expectations of the Greater Bay Area. We have made some suggestions earlier, including the launching of "Medical Insurance" in the Greater Bay Area so that we can sell qualified medical and critical illness insurance products to residents of the Greater Bay Area via the Internet. The project can serve multiple purposes. It can help the Hong Kong insurance industry tap the Greater Bay Area market and develop a new model of business cooperation between Guangdong and Hong Kong. Also, it can help to promote insurance technology. We have made another suggestion, too. As we have already sold 1.7 million insurance policies to the Mainlanders, we think that it is necessary to set up a service centre in the Greater Bay Area to provide one-stop services for the insured on the Mainland so that they can easily make declarations, lodge claims, process claims and pay premiums, etc. At present, the Greater Bay Area is still under planning, so we hope that the Government can follow up on our suggestions. Although these suggestions are most innovative, I believe that they will greatly benefit the development of Hong Kong and also create a large number of employment opportunities. Therefore, I hope the Government can endeavour to strive for it.

In addition, it is noteworthy that the Government is looking into new measures to provide more help to those suffering from injuries at work as mentioned in the Policy Address. The Government is considering the provision of timely and well coordinated treatment and rehabilitation services for injured workers through private medical services to speed up workers' recovery and facilitate their early return to work. I am happy to see this decision made by the Government. In fact, we are the main advocate behind the initiative as we have been advocating the same idea for many years. In 2011, together with the Department of Orthopaedics & Traumatology of The Chinese University of Hong Kong, we launched the Multidisciplinary Orthopaedics Rehabilitation Empowerment ("MORE") programme, with private orthopaedic surgeons rather than government surgeons providing treatment. We had 200 injured workers participating in the pilot programme, with orthopaedic surgeons acting as coordinators to conduct early intervention such as MRI (magnetic resonance) and other tests for the workers and arrange for the patients to receive other specialist treatments. The results of the programme were remarkable. All the workers had their sick leave period reduced by half on average, say, for workers who expected to take one year of sick leave, all of them were able to return to work in an average of six months. As a result, employers, employees and society stand to benefit at the same time. Therefore, the approach adopted by the Government currently is a move in the right direction, for it uses a new way to deal with an old problem. I also hope that in the future, a public work injury rehabilitation centre will be developed in Hong Kong for public use. I have also conveyed to the Government many times my wish that the Government will continue to move in this direction, so that we can really bring the greatest benefit to the workers. When the workers suffer injuries at work, their income will be reduced and their families will also be hurt. If we can assist them in returning to work as early as possible, it is really a great help to them and their families. Therefore, I hope the Government will continue to work hard on this.

I so submit. Thank you.

MS YUNG HOI-YAN (in Cantonese): President, the Chief Executive mentioned in the Policy Address that "the development of the Greater Bay Area will bring Hong Kong new areas of economic growth and the opportunity to enlarge the living environment of Hong Kong residents. With the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the HZMB and the new land boundary control point at Liantang/Heung Yuen

Wai, a one-hour living circle encompassing Guangdong, Hong Kong and Macao is basically formed".

It is undeniable that with the commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), the time required to travel between Hong Kong and the Mainland has been shortened significantly. For many professionals who need to work in the Mainland, or for businessmen who are doing business in the Mainland, these two infrastructure items really save them a lot of time. However, I hope that the Government will also consider the needs of Hong Kong people. The ordinary citizens, especially those living near these ports or such infrastructure, may not be able to benefit directly from the convenience brought by the "one-hour living circle". In fact they have to bear the brunt of a lot of the so-called "side effects", that is, the impact due to the increase in people flow. I have some opinions on the planning of transportation routes.

Last Sunday, as many as 100 000 passenger trips were recorded at HZMB. There was a long queue waiting for bus Route No. B6 which runs between Tung Chung and the Bridge port. The area was really crowded with a lot of environmental hygiene, road congestion and other problems causing widespread discontent among residents. In fact, before the commissioning of these large-scale infrastructure projects, the Government should have done a better job of planning and provision of ancillary transport facilities to avoid affecting the lives of nearby residents. In this regard, I hope that the Government will seriously deal with the aforementioned problems as soon as possible.

Another problem is that HZMB seems to be far away from New Territories East, but it is certainly not because some airport bus routes may be redirected to run past HZMB. This will have a certain impact on the residents living in New Territories East, who will have to suffer the even longer journey which is already very long before the redirection. Therefore, I hope that the Government will consider providing other support measures and facilities before launching or constructing these large-scale facilities, so that the living of the citizens will not be affected.

Second, I would like to talk about sharing economy. In the 2017 Policy Address, the Chief Executive put forward a number of policy directions on innovation and technology. One of them is to "review existing legislation and

regulations, so as to remove outdated provisions that impede the development of innovation and technology". The Policy Address pointed out, "With the rapid advancement in technology, new economic models such as the sharing economy are becoming increasingly popular in the Mainland and overseas cities in recent years, leading to the emergence of many new economic activities". The Chief Executive also stated that she "will ask the 'Policy Innovation and Co-ordination Unit' to be established to work with all bureaux to proactively review the policies and legislation within their policy purview to bring them up to date and 'remove red tape' in order to foster the development of a new economy".

Reviewing the work done by the Government with respect to innovation and technology from 2017 to 2018, of course, the Policy Innovation and Co-ordination Office ("PICO") was set up in March this year. However, it appears that not much about 'removing red tape' and also not much about sharing economy is mentioned in its work plan. In the past few months, PICO has only conducted two visits and published a report (that is, "A Study on Family Impact Assessment in Hong Kong: A Checklist Approach" conducted by the University of Hong Kong as commissioned by the PICO). I hope that in the coming year or days to come, PICO will redouble its effort to remove red tape in order to foster the development of new economic activities.

We note that the Chief Executive has suggested that the Government should play the role of a "facilitator" more effectively and that the Government will continue to roll out business facilitation measures, to reduce the cost of new economic sectors and remove red tape for various industries. I would like to cite two examples with which everyone of us is familiar. The first one is Gobee.bike and the second is Uber.

Gobee.bike had been operating in Hong Kong for less than a year and a half before it closed down. All of its bicycles were locked and could not be used anymore. As for the deposit, people felt deeply helpless because they could not get back their deposits. After all, what are the views of the Government on this new business model of sharing economy such as Gobee.bike? Had Gobee.bike had discussions with the Transport Department ("TD") before coming to Hong Kong? I know that it did have discussions with TD. Then, what were the results of those discussions with TD? Had there been any assessment of the impact on Hong Kong and Hong Kong people? We know that the Gobee.bike model did provide convenience to the public. At the same time, we do not have any supporting measures and facilities in Hong Kong regarding transportation, such as bicycle anchors or parking spaces for bicycles. Also, we have made no

full consideration of the impact on the public. In this regard, the Government should have forward-looking measures to cope with the impact of these new economic activities.

Many Honourable colleagues have also mentioned Uber today. I mention Uber as an example, but I do not mean to do advertising for this company actually. This online car hailing service is operating in the grey area of the law. In a judgment on a relevant case, the Judge pointed out that public policies should take into account major technological breakthroughs and legislation should be up-to-date to make sure that while the public can be afforded better protection, the development of innovative technologies and new industries will not be stifled, so that the market will also have opportunities to undergo upgrading and transformation.

The Mainland has legalized the online car hailing service platform and formulated the corresponding Regulation on Online Taxi Booking Business Operations and Services. It requires the taxis to be registered and the drivers shall have certain years of driving experience and driving licences, etc. The Mainland authorities also encourage the traditional taxi trade to establish a comprehensive information system for evaluating their services and to upgrade and transform the trade using Internet technology and cashless payment methods.

Compared to the developments on the Mainland, we can see that Hong Kong currently does not have any corresponding policy or measure for Uber or similar types of new economic activities. As a result, Hong Kong people will suffer after all. Why did an accident happen with casualties resulted when some people were travelling in a car hailed an online? How to deal with it? Now, of course, the case should be left to the Court. However, I think that the Government should study ways to support these new economic activities in terms of policy, and formulate corresponding policies to deal with the problems or impacts brought about by these new economic activities. Even if the Government opposes it, it should explain its opposition. I think these impacts will affect some of the existing old economic activities in Hong Kong, including the taxi trade. How can the Government achieve a "win-win" situation? We should not ignore the impacts of the new economy on the traditional industries and make sure that their interests are protected. At the same time, the online car hailing service or other forms of new services should not be banned in a "broad-brush" manner. This is an issue the Government should study well.

President, the Government has been keen to develop Hong Kong into a smart city. However, this still seems to be empty talk or just a vision with no actual results seen. Google Hong Kong released the "Smarter Digital City Whitepaper" in October this year. Its findings showed that only 30% of the local residents consider Hong Kong a smart city. Respondents in general think that the Government has not invested enough resources to transform Hong Kong into a smart city.

Secretary Frank CHAN is present today. I would like to take the opportunity to talk more about the traffic problem which is of concern to the public. The Smart City Blueprint for Hong Kong ("the Blueprint") was released by the Government last year. The Blueprint talks about the collection and provision of different transportation data, but there is no provision of more effective measures and long-term plans to resolve the problems of traffic congestion and inadequate parking spaces. In fact, many places around the world are using technologies such as artificial intelligence, the Internet of Things and the Global Positioning System ("GPS") to establish an efficient and convenient integrated traffic management system to alleviate congestion on roads. I hope that the Government will cease to work behind closed doors, but have more communication with society and experts to better understand the daily needs of Hong Kong people and make good use of technology to enhance the living environment and quality of the public.

It is also mentioned in the Policy Address that the Government plans to allocate an additional \$500 million to further promoting the use of technology by various departments to deliver better services to the public. Battered by super typhoon "Mangkhut", traffic in Hong Kong had come to a halt. MTR services were disrupted, bus services were interrupted due to blockage of roads, and there was a lot of work to be done in the aftermath. I believe the Government needs to use technology to enhance our measures and capability to tackle problems during and after typhoons in respect of implementation of transport support measures and dissemination of traffic information.

Apart from the traffic problems I mentioned just now, I think we also need to enhance our information technology in legal services to provide better services of legal aid to those unrepresented litigants and the public.

Secretary Nicholas YANG is also present today. I would also like to discuss the initiative of promoting e-sports in Hong Kong. In the Policy Address this year, this initiative of promoting e-sports in Hong Kong is put forward once again. I am happy to see that the Government has accepted the recommendations of mine and the game industry and attached importance to the development potential of e-sports. It has allocated \$100 million to promotion of development of the e-sports industry. In addition, the Cyberport will provide a competition venue for e-sports and support talent nurturing. I hope the Government will consult the sector more on the use of the funds and enable more people in the industry to benefit. In fact, the industry and I have been fighting for resources from the Government and requesting the Administration to formulate policies and measures to cope with the development of the game and e-sports industry in Hong Kong and to provide appropriate assistance in such aspects as financing, talent training, product development, marketing and sales so as to promote e-sports development in a comprehensive manner.

It is a good thing that the Government is willing to commit more resources to innovation and technology ("I&T"). However, the measures and programmes implemented by it such as the funding of projects under the Innovation and Technology Fund ("ITF") and the funding support to start-ups in the Hong Kong Science Park and the Cyberport are still old-fashioned without responding to the feedback from the industry on past measures. The sector reflected that the application procedures of ITF were complicated, the threshold was too high and the criteria for approval were very strict. As a result, only a few companies could see their applications approved. Because of this, ITF has failed to achieve the best results to let more local SMEs and start-ups in the I&T industry benefit. I hope that the Government can step up efforts to support local I&T enterprises. Apart from providing funds, a platform should be established to enable these I&T start-ups to commercialize their scientific research results, with a view to fostering the sustainable development of the industry. The Government should also expedite its review of the existing regulations so as to amend or remove outdated provisions that impede the development of I&T and to create a favourable I&T environment.

I so submit.

MR YIU SI-WING (in Cantonese): President, the Chief Executive has presented her second Policy Address in her term of office. Overall, I agree that this Policy Address is more comprehensive than the last one. It has made quite a lot of efforts at livelihood issues such as land development, housing, health care, welfare and education, with forward-looking and practical proposals. In respect of the tourism industry, the Policy Address has also made an elaboration in paragraphs 122 to 124, part of which has accepted the suggestions made by me earlier, thus showing the Government's concern for the tourism industry.

The tourism industry is a burgeoning industry, one of the four significant economic pillars of Hong Kong. In the planning of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), Hong Kong is one of the key components rich in tourism resources with unique characteristics in the region. Hence, if we can seize the opportunities properly, we will be able to pursue development with such opportunities and seek further opportunities in the course. Take the Hong Kong-Zhuhai-Macao Bridge ("HZMB") and the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") which were commissioned in the past months as examples. They are important transport infrastructure projects which can promote Hong Kong's economic link with the Mainland and Macao, strengthen Hong Kong's position as an international metropolis and provide people with convenience. At the same time, they are important tourism resources with significant effects on the development of Hong Kong's tourism industry. Certainly, everything has its merits and demerits. On the first Sunday after the commissioning on 24 October, HZMB was already used by some 70 000 people. On the following Sunday, it even broke the record with some 100 000 users, exceeding our estimation. The main reason is that travel agencies in different cities on the Mainland have recently used HZMB as a selling point, attracting Mainland visitors under the Individual Visit Scheme or in tour groups, thus creating a bandwagon effect. A number of problems were exposed on these two Sundays. They include inadequate frequency of cross-boundary shuttle buses and lack of manpower of the Immigration Department during the peak period, causing visitors to wait for an excessively long time; too many Mainland visitors gathering in Tung Chung, affecting the residents' everyday life; a number of Mainland travel agencies leading tour groups to Hong Kong direct without referring such groups to Hong Kong travel agencies for reception, arousing suspicions of unlicensed operation and unlicensed tourist guides, etc. In this regard, the authorities immediately communicated with the industry and adopted contingency measures, thereby relieving the traffic problem for the moment. Recently, they have also been looking for ways to resolve the other

problems. I hope the concerted efforts of various parties will bear fruit, thus preventing Hong Kong's image from being tarnished and pre-empting public grievances.

The Hong Kong Section of XRL, commissioned at the end of September, can help attract overnight visitors with high spending power from cities within the reach of a journey time of three to five hours to Hong Kong. The people of Hong Kong will also have more options when they travel to the Mainland. Recently, heeding the views of the tourism industry, the MTR Corporation Limited has adjusted the arrangements of reservation and issue of tickets, offering greater convenience. Travel agencies will enhance efforts in ticketing, packaging of tourism products and promotion arrangements. As members of the public and visitors understand and know more about XRL, I believe the sales of XRL tickets will gradually rise and reach the expected target. The completion of HZMB and XRL also facilitates the design of more "multi-destination" tourism products by the Hong Kong tourism sector to attract more visitors from overseas, making the sources of visitors to Hong Kong more internationalized. Following the commissioning of the Tuen Mun-Chek Lap Kok Link and completion of the third runway, internal and external sea, land and air transport facilities on Lantau Island will become more comprehensive, playing a more significant role in the economy and tourism industry of Hong Kong.

President, while the tourism industry enjoys a lot of opportunities, it also faces many challenges. Firstly, the opening of the United States-China trade war will definitely affect the global and Mainland economies. A stronger US dollar will weaken visitors' consumer sentiments. We have seen that the recent growth in total retail sales value is far short of expectation. The Hong Kong Tourism Board ("HKTB") anticipates that a sustained trade war will certainly have an adverse impact on the local tourism industry. In the past year, despite the resumption of growth of the tourism industry, the proportion of overseas visitors remained low, accounting for less than 22% of the total number of arrivals from January to September, and overnight visitors accounted for less than 46% of the total. Hence, there are still a lot of things we must do.

Secondly, Hong Kong currently faces challenges from other cities in the region. Take the convention and exhibition ("C&E") industry as an example. Many first-tier Mainland cities have embarked on expanding C&E venues. For example, the C&E space in the National Exhibition and Conference Centre in Shanghai and Phase 1 of the Shenzhen International Convention and Exhibition

Center, which will be commissioned in the first quarter of 2019, respectively reach 500 000 sq m. The C&E venues in Guangzhou are also greater in number and size than those in Hong Kong. Hong Kong, on the contrary, has a serious lack of C&E venues. According to information of the Hong Kong Exhibition and Convention Industry Association, the number of large-scale trade exhibitions and consumer fairs have plateaued in Hong Kong since 2015. In 2017, the Hong Kong Convention and Exhibition Centre in Wan Chai and AsiaWorld-Expo at the airport turned down 60-odd reservations due to capacity constraints. As pointed out in a consultancy study commissioned by the Government, the average unmet demand for C&E venues in Hong Kong will reach 133 000 sq m by 2028, thus showing immense pressure for such venues in Hong Kong.

Thirdly, regarding the transport problem, in the past, the Hong Kong International Airport was Mainland visitors' first choice for transit to various major overseas cities. Yet the main airports in first-tier Mainland cities have rapidly developed and proactively opened more international routes, directly undermining the role of the Hong Kong airport as a transit point. As shown by information, in 2016, the Beijing Capital International Airport, Shanghai Hongqiao International Airport and the Guangzhou Baiyun International Airport provided a total of 341 international routes, more than the 220 provided by Hong Kong. Consequently, the proportion of Mainland visitors in passenger throughput of the Hong Kong airport has dropped in recent years, currently standing only at around 20%. Now the Three Runway System of the Hong Kong International Airport will not come into full service until 2024. In other words, while facing continuous expansion of neighbouring airports, Hong Kong will not be able to resolve the problem of limited aircraft movements until 2024. In the next few years, a number of international flights may give up Hong Kong and fly to other Mainland cities owing to limited aircraft movements at the Hong Kong airport.

Fourthly, regarding tourist attractions, neighbouring cities have proactively developed new projects. For example, new hotels and entertainment venues have been built one after another in Macao over these few years. Ocean Kingdom, a new theme park, has been completed at Hengqin, Zhuhai in recent years. Proactively consolidating its natural resources, Qingyuan, Guangdong will launch projects of forest and wetland parks. Now Hong Kong still mainly relies on traditional tourist spots without any novel large-scale leisure or entertainment projects engaged in the market in recent years, thus failing to enhance its appeal as a tourist city. Moreover, although Hong Kong has injected

a lot of resources into conservation of culture, antiquities and monuments, as well as the environment, such resources are under the charge of different government departments. For example, the Development Bureau is responsible for restoration of antiquities and monuments. The Environmental Protection Department is responsible for rural conservation. The Leisure and Cultural Services Department is responsible for country parks, hiking trails, etc. Each of the departments has specific tasks and objectives which mainly focus on conservation, but such efforts in Hong Kong are inadequate in optimizing these precious tourism resources to create a synergy effect. As such, Hong Kong's appeal in tourism will only be deficient.

The tourism industry in Hong Kong is facing various kinds of uncertainties. I hope the Government will, upholding a proactive attitude, continue to support the development of the tourism industry. First of all, I hope the Government will show more care for micro, small and medium-sized enterprises ("MSMEs"). Given the United States-China trade war, we will encounter a series of uncertainties. In addition, now we see that MSMEs are facing such measures as the Mandatory Provident Fund offsetting arrangement, increase in paternity and maternity leave, etc. These measures are beneficial to employees, but I hope the Government can pay more attention to the situation of MSMEs because these measures will have direct impacts on them. I hope that in the Budget which will be presented shortly, the Government will roll out more relief measures for MSMEs (including the tourism sector), such as waiver of licence fees, increase in subsidy, etc.

As regards C&E venues mentioned by me just now, I expect the Government to expedite the redevelopment of the sites of the three government towers in Wan Chai North and the fire station on Harbour Road, so as to increase the supply of C&E and hotel sites. As the Airport Authority Hong Kong has successfully acquired the private stake in AsiaWorld-Expo, the Government should expedite the study on the development of Phase 2 of AsiaWorld-Expo to complement HZMB so that it can bring us more opportunities in the future.

In respect of airport services, I hope that before the completion of the third runway, the Government will, on the premise of ensuring aviation safety, appropriately increase the number of aircraft movements and parking stands at the Hong Kong International Airport so as to meet the demands of airlines as far as possible. At the same time, it should freeze the aircraft parking charges in order to encourage more airlines to establish base in Hong Kong.

Regarding the promotion of cultural, green and eco-tourism, since HZMB and the Hong Kong Section of XRL have successively come into service, quite a number of Mainland visitors have revisited Hong Kong. This time we saw that many Guangdong visitors went to Tung Chung from HZMB and then headed back. Since they had been to Hong Kong before and considered that there were not too many interesting places in Hong Kong, they left on the same day. We can provide them with different choices of in-depth tours. In my view, this is worthy of thorough consideration and promotion.

I have recently visited Sham Shui Po. The person-in-charge of a soybean product factory told me that since the commissioning of the two major infrastructural facilities, coupled with the promotion by HKTB, an increasing number of Mainland and overseas visitors have been attracted, thereby rejuvenating the lethargic old areas in Sham Shui Po and bringing a lot of business to the small stalls. Hence, if Hong Kong can capitalize on its uniqueness in local culture, green tourism and eco-tourism, it will absolutely be able to increase the tourism elements and effectively divert visitors with different needs. However, as I said just now, these resources, under the charge of different Policy Bureaux, cannot bring forth any synergy effect. If we solely depend on the efforts of an individual Policy Bureau, for example, the Commerce and Economic Development Bureau, I think such efforts will be ineffective. For this reason, I hope the Government can, as it did last year, continue to assign the Financial Secretary to convene a high-level tourism coordination meeting to coordinate the resources on various fronts, examine how best to enhance Hong Kong's tourism competitiveness in the region, and at the same time launch competitive and appealing projects through inter-departmental collaboration. I hope the authorities can listen more to the views of the tourism sector, foster and maintain Hong Kong's competitiveness in the region more effectively, and introduce tourism products with special features.

While traditional tourist attractions are losing their edge, I agree that the Government should embark on planning reclamation at Sunny Bay. It should also optimize the use of the Kai Tak Tourism Node and the Phase 2 site of Hong Kong Disneyland to develop landmark tourist attractions with greater characteristics. What I said just now are existing projects, but we also should provide more novel leisure and entertainment facilities with additional elements like other places. The Hong Kong Ocean Park ("Ocean Park") already has a history of 41 years. Facing competition from similar theme parks in the region, it inevitably gives people an impression of ageing. I hope the Government will

support Ocean Park—a funding of \$300 million was proposed in this financial year, but I do not think this is sufficient to resolve the problem of Ocean Park giving people such an impression. For this reason, I hope that Ocean Park can be replanned and repositioned, and the Government will allocate more resources to conducting a preliminary study to enable the old park to display new charms.

As the two infrastructural facilities, namely, XRL and HZMB, have been commissioned and the Liantang/Heung Yuen Wai Boundary Control Point will be completed soon, we can say that opportunities abound in Hong Kong. With regard to raising the proportion of overseas visitors, the Government should strengthen cooperation with Guangdong and Macao, and formulate preferential policies under the concept of the Greater Bay Area. Such policies include providing visa-free access and special passageways for tour groups, and proactively promoting "multi-destination" tourism through such an edge. I am very glad to see that recently, in the "Hong Kong Week" hosted by the Special Administrative Region ("SAR") Government in Tokyo, HKTB promoted the unique travel experience of "multi-destination" tourism in the hope of attracting more Japanese to travel to Hong Kong. This should be a good initiative, but strangely, the opposition camp unreasonably accused the SAR Government of "boot-licking" and betraying the interests of Hongkongers. Such work was originally conducive to the economy and tourism industry of Hong Kong. Moreover, the "multi-destination" tourism product has already been launched for 10-odd years. Yet it was unreasonably politicized. In my view, even if the opposition camp wishes to piggyback on something, they should see clearly what is actually happening. They should not piggyback on anything at will. Such an act is detrimental to the tourism industry and economy of Hong Kong.

President, the Policy Address mentioned the wish for the Legislative Council to pass the Travel Industry Bill in the near future. I am the Chairman of the Bills Committee concerned. After the hard work of one and a half years and a total of 19 meetings, the scrutiny work of the Bills Committee has been completed. Once the Bill is read the Third time and passed by the Legislative Council, the proposal of establishing a Travel Industry Authority ("TIA") can be implemented to perfect the regulatory regime for travel agencies and further protect consumers. The Government has proposed the establishment of TIA in response to public aspirations and those of the tourism sector. I believe the majority of travel agencies in Hong Kong are law-abiding, compliant with rules and regulations. They certainly support the Government's reasonable regulation in accordance with the law. However, now we see that the authorities only

focus on regulating licensed operators, but they have not made their best effort to combat unlicensed travel agencies, guesthouses, tourist guides, etc. We find this disappointing. At present, the Travel Agents Registry is the licensing authority for travel agencies, but without any law enforcement power, it can only refer the relevant intelligence to the Police for follow-up, thereby affecting efficiency. Among the suspected cases referred by the Registry to the Police for investigation in the past several years, there were very few convictions, accounting for only 5% of the total number of complaints. We hope that upon establishment, TIA can have a dedicated enforcement team well versed in the relevant laws to turn around the existing passive situation, imposing heavier penalties on unlicensed travel agencies and tourist guides and eliminating unscrupulous operation.

Coincidentally, to protect the legitimate rights and interests of hotels and licensed guesthouses, reduce the impact of unlicensed guesthouses on residential units and ensure the safety of visitors staying in guesthouses, the Government has just introduced a proposal for amending the existing Hotel and Guesthouse Accommodation Ordinance, with a view to enhancing the regulation of guesthouses. The Bills Committee on Hotel and Guesthouse Accommodation (Amendment) Bill 2018 just held its first meeting this Tuesday. I hope that with the efforts of members of the Bills Committee, the Bill will be passed smoothly so that the regulation of the whole tourism industry in Hong Kong can achieve further development.

President, I so submit.

MS CLAUDIA MO (in Cantonese): Ironically, while the Policy Address uses the blue hue of a blue sky as the theme colour, Carrie LAM is precisely acting perversely. She runs the risk of violating the Basic Law. Article 108 of the Basic Law states clearly that the HKSAR Government should keep expenditure within the limits of revenues, avoid deficits, and strive to achieve a fiscal balance. However, she is squandering lavishing. She talks about \$1,000 billion with a poker face, and she has never denied it. I do not know whether Carrie LAM is trying to make use of the development of artificial islands off East Lantau to stimulate the public and ferment another umbrella revolution so that she can say that we now have the right social atmosphere to go for the enactment of legislation to implement Article 23.

She also knows that it is hugely controversial. For this reason, yesterday we saw 38 lecturers who are teaching economics in universities say that this is a good project, a good social investment and that reclaiming land to build the artificial islands is a good initiative. Basically, they said that from land sales alone, we could recoup the cost which would be something over \$800 billion. Will it really be something over \$800 billion. It turns out that the initial total investment cost calculated by them is only \$500 billion. These are no convincing figures and very rough estimations made by them. Even the Government is not denying that it would cost \$1,000 billion, yet they are halving it. Nowadays, all the infrastructure projects or the "white elephant" projects in Hong Kong always incur cost overruns, yet we are talking about a time frame of 20 to 30 years and they said arbitrarily that the total cost is \$500 billion. What kind of economics scholars are they?

Second, their philosophy is also questionable. Because of the high cost, the land must be sold at a high price in order to recover the cost and then the Government can make a profit and the land sale be deemed a success. However, real estate developers will have to recover the cost as well after buying the lands. As we all know, "the fleece comes off the sheep's back", thus they will be passing all of these onto the property buyers. Does this not mean pushing up the property prices all the time? Will this high land price policy be perpetuated in Hong Kong? For the flats on the artificial islands, it is said that public housing will account for 70% of the housing units. These are public housing, and public rental housing. Accordingly, who will live there and who can afford them? This idea is really very strange. As we all know, we always focus on the location insofar as the property market goes. The reclamation site in issue currently is not in Central, or not even in Fanling, but near Kau Yi Chau. Today, many Hong Kong people still have to look in the map to locate the whereabouts of Kau Yi Chau. Will people really scramble for land lots in Kau Yi Chau? Will money flow into the public coffers? They may say, "Don't worry, the Chinese institutions will buy them definitely." It is certainly like that.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

In all this talk about housing development, we know who stands to benefit. Companies such as "XX Construction" or "China XX" will be the first parties to benefit. Almost over half of our major works contracts are awarded to those construction companies with "red" capital. This has already given people the

impression of collusion between business and the Government. Apart from the companies undertaking these projects, companies buying land are also enterprises with "red" capital. However, if they are allowed to totally control the lifeblood of the property market, we would be finished. Those "economists" have also mentioned that if Hong Kong really falls into a long-term economic crisis, we can slow down construction. What does it mean? They have every corner covered in presenting their views. With a crystal ball in hand, only what they say counts. But their claim about the reclamation programme being a very good investment plan is totally incredible. They said that the opponents (including of course Members from the democratic camp) are making populist remarks and opposing for the sake of opposition. However, they were also speaking emotionally. What they have written is indeed a kind of expression of emotions, a manifestation of excitement induced by proximity to people with power.

Let me tell you that the Hong Kong Government released this voluminous "Report of the Working Group on Long-Term Fiscal Planning" in March 2014. What was it about? Let me cut the long story short. It warned us about the future trend of Hong Kong's real Gross Domestic Product ("GDP"). From 2016 to 2041, it would be on a rapid downtrend. Please take a close look at this information which is available on the Internet for public access. Basically, the figures were moving downward. This working group comprised not only government officials, but also learned people in Hong Kong including eminent personalities in the economics and financial sectors. They had made the following predictions: If the service level of the Government remains the same, we will see a budget deficit by 2029; if the economy gets worse, we will have a budget deficit by 2024; and if the economy is hit, we will have the crisis of seeing a budget deficit at any time or immediately.

We can see Members from the pro-establishment camp, those who like to make flattering remarks and the pro-Government Members say in fear and trepidation that they are worried about the impact of the trade conflict between China and the United States. They do not know what to do and ask the Government to keep a close watch on it. On the one hand, they said just now that the Government should be prudent on spending. Yet on the other, they said that they would spend \$1,000 billion on reclamation. Of course, they dare not spell out the figure. However, they will say "money is no object", and probably "sky's the limit", spend whatever you like, and even if it exceeds a reasonable level, it does not matter.

The "Report of the Working Group on Long-Term Fiscal Planning" released by the Hong Kong Government also pointed out that the Hong Kong Government (of course, LEUNG Chun-ying was the Chief Executive then) must control expenditure to avoid structural deficits. The Working Group urged the Government to control expenditure and not to be excessively "generous". What were the reasons? The Report explained how the Government could maintain service levels tracking historical trends (there were historical trends to follow based on population growth or changes in service nature). The answer was that Hong Kong's GDP must grow by 5.4% every year, which is more than 5%. In 2017, a year of peace and prosperity, what was the GDP growth in Hong Kong? Go back and see clearly, it was only 3.7%. How can it be maintained? However, those economics scholars said that if there is an economic crisis, we can slow down the construction. They are so hypocritical.

The project we are currently discussing was originally called "East Lantau Metropolis". Many people are still talking about the "Metropolis". In fact, its name has already been changed, only that people are not aware of it. Thinking herself clever, Carrie LAM renamed it the Lantau Tomorrow Vision. She thinks that it will become a marvellous project with a new name. Vision also means hallucination. The former German Chancellor Schmidt had a famous saying: "anyone having a vision should see the doctor", that is, if you have hallucination, you should see the doctor. Don't you talk about vision.

Carrie LAM made an allusion to the "Rose Garden Project" back then in an attempt to boast about this initiative of hers. Actually, she reminded me that from 1989 to 1990, Hong Kong people were very sad due to the 4 June incident. The colonial government thought that people's confidence could be restored with the launch of the "Rose Garden Project". However, it was precisely Beijing which made the strongest criticism at that time. I was a reporter with a news agency then. As information technology was still backward at that time, I felt very upset every day when I was translating the commentaries of *Wen Wei Po*. Beijing kept making criticisms and using very vicious wording. Finally, an agreement was reached with the United Kingdom. The latter was required not to exhaust Hong Kong's reserves but to have at least \$25 billion in fiscal reserves earmarked for Hong Kong after 1997. It was only \$25 billion while we are talking about \$1,000 billion now. What kind of world we are in now?

I also know that there is this claim that Carrie LAM intends to carry out reclamation in the central waters, so that, first of all, she can circumvent the

judicial process with no fear of being challenged in a judicial review, and also avoid the lengthy legal procedures involved in resumption of land. Secondly, maybe this is to avoid political disputes, so that LI Ka-shing or other large real estate developers will not be dissatisfied with her. Also, there may be some other unknown reasons including dissatisfaction of residents who say that reclamation in front of them will block the sea view. She thinks that these two reasons are very important. However, first of all, how can she avoid politics? This is certainly a political issue. First, she proposes such a programme to benefit the construction companies with "red" capital, and then the Mainland real estate developers will put in tenders, backed by the national coffers, trying to compete for lands in Kau Yi Chau. Assuming that the value of the land in Kau Yi Chau is \$60 billion, as they are very rich and determined to win, they may put in a bid of \$80 billion. What kind of world is this?

Please take a careful look at the prevailing housing problem which is really a pressing issue. However, even those "economics scholars" said that it will take two to three decades to implement the programme, how can that be an immediate solution to the pressing problem. Are you going to tell those Hong Kong people living in the subdivided units in Sham Shui Po with a living space of only 50 sq ft per person and those residents who can only buy micro-units of 90 sq ft that they may be able to move to Kau Yi Chau 10 or 20 years later? Is it like that? I think you must be out of your mind.

Therefore, you must remember that we vow to exert every effort to vote against this project of artificial islands at East Lantau. Hong Kong people are not automatic teller machines!

IR DR LO WAI-KWOK (in Cantonese): Deputy President, the Chief Executive, Mrs Carrie LAM, has presented the second Policy Address in her term, responding to different aspirations of various sectors of the community and introducing a series of new measures for increasing land and housing supply, developing innovation and technology, facilitating Hong Kong's integration into the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), improving social welfare and the people's livelihood, and promoting youth development. The Policy Address has taken on board the 100-odd proposals put forward by the Business and Professionals Alliance for Hong Kong ("BPA") some time ago, including formation of land through reclamation, enhancement of the SME Financing Guarantee Scheme,

development of private agricultural land through public-private partnership, making provisions for establishing a fund for repairs of lifts, and so on. These measures have focused on addressing the current needs of catering to the people's livelihood, while making plans for the future and injecting momentum for growth of the long-term development of Hong Kong. It is, overall, pragmatic and proactive, and is well-received and supported by the mainstream public opinions in society. Having said that, we think that the Government of the Hong Kong Special Administrative Region ("SAR") still needs to speed up its work to expeditiously implement these policy measures, so as to benefit the general public early and make proper preparations for the various challenges ahead.

Deputy President, faced with the emergence of trade protectionism and intensifying trade disputes between China and the United States, coupled with a fresh round of interest rate hike, the global economic and trade developments are under tremendous downside pressure. Hong Kong as an externally oriented economy will inevitably suffer impact of various degrees. The uncertainties in the international political and economic situations and complexities of the trade war may wreak havoc comparable to the destructions caused by super typhoon Mangkhut. In view of this, the SAR Government should remain vigilant before a crisis arises and adopt various precautionary measures for society. Prior assessments should be made on the possible impacts brought about by various external factors on different trades and industries in Hong Kong and comprehensive strategies should be drawn up accordingly to provide various kinds of support in, for instance, financing, opening up markets, and reducing trade risks for industries and businesses as well as the professional sectors, helping them make preparations for the ever changing external economic environment and in particular, it is necessary to enhance the resilience of small, medium and micro enterprises against attacks from outside Hong Kong, thereby maintaining the stability of the economy and the employment market locally. However, the coverage on this respect in the Policy Address is indeed inadequate.

Deputy President, typhoon precautions are at most just stopgap measures. In the medium-to-long term, it is all the more necessary for Hong Kong to open up new opportunities of development. Many members of the industrial, business and professional sectors have kept a close interest in the State's Belt and Road Initiative and the new opportunities that the development of the Greater Bay Area will bring to Hong Kong. It is pointed out in the Policy Address this year that the SAR Government has adopted some concrete measures.

At the end of last year, the SAR Government and the National Development and Reform Commission signed the Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative, establishing Hong Kong's pivotal position in the promotion of the Belt and Road Initiative by leveraging our strengths to meet the country's needs. The Arrangement covers six key areas in which Hong Kong have distinctive strengths, namely, finance and investment, infrastructure and maritime services, economic and trade facilitation and cooperation, people-to-people bond, taking forward the development of the Greater Bay Area, and enhancing collaboration in project interfacing and dispute resolution services.

In June this year, the first Belt and Road Joint Conference was held in Beijing, establishing Hong Kong's unique and direct high-level communication mechanism with relevant Mainland Authorities. In the meantime, the Commerce and Economic Development Bureau plays a leading and coordinating role in promoting the Belt and Road Initiative in the Government, and is in the process of recruiting the Commissioner for Belt and Road.

On 15 August this year, the first plenary meeting of the leading group for the development of the Greater Bay Area was convened by the Vice Premier of the State Council, HAN Zheng. The Chief Executive is a member of the leading group. On the part of the SAR Government, a high-level Steering Committee for the Development of the Greater Bay Area, with the Chief Executive being the chairperson, will be established. The Constitutional and Mainland Affairs Bureau will also set up a Greater Bay Area Development Office and appoint a Commissioner for the Development of the Greater Bay Area. I hope that the Government will expeditiously seek funding and create the relevant posts to actively take forward the relevant work.

Certainly, as emphasized by Chief Executive Carrie LAM, we should be committed to establishing Hong Kong as the prime platform and a key link for the Belt and Road Initiative. Efforts should be made to enhance policy coordination while making use of Hong Kong's position as the professional services hub to promote partnership and collaboration with the Mainland and Belt and Road related countries and regions. I think Hong Kong should strive to continuously leverage our unique advantages in professional aspects, such as its role as an international transport hub, strengths in scientific research, market experiences,

law and arbitration, infrastructure, testing and certification, and so on, to take forward initiatives on various fronts.

The SAR Government must step up its efforts in promoting Hong Kong's development into an international innovation and technology hub. In May this year, President XI Jinping explicitly rendered his support to Hong Kong developing into an international innovation and technology hub. This was followed by an announcement made in the Mainland on measures allowing cross-boundary remittance of national science and technology funding. In her Policy Address the Chief Executive announced that further to the \$50 billion earmarked in last year's Budget, an additional \$28 billion will be allocated for university research, re-industrialization, application of technology in public services and fostering of an enabling environment for innovation and technology, etc., which is undoubtedly welcomed by the technology industry. The Government should readily heed constructive advice and streamline the application procedures of various funding schemes to avoid cumbersome formalities which would otherwise dampen the desire of submitting applications for these funds.

At the meeting of the Legislative Council on 5 July this year, Members discussed the motion on "Expediting the promotion of smart city development" sponsored by me. The original motion and the five amendments to it were passed, showing that Members from different political parties and groupings all recognized the importance of this topic. I am glad to see that the Chief Executive will allocate \$500 million to promoting smart city development. Meanwhile, I hope that the Government will speed up work in opening up government resources and data, implement smart city measures in various new development areas, set Key Performance Indicators ("KPIs") for the various projects proposed in the Smart City Blueprint for Hong Kong, and expedite the implementation of the Wi-Fi Connected City Programme.

I think Hong Kong should embrace a broader ambition and vision by actively giving play to our advantages in such areas as the internationalization of technological research and development, and take part in the development of the Greater Bay Area into an international innovation and technology hub. Efforts can be made to enhance the research and application of information technologies, such as artificial intelligence, mobile communications, Internet of Things, blockchain, etc, in the region, and also establish a sharing platform for big data and in particular, facilitate the mutual access of systems for verification of

electronic identities and electronic payment, thereby promoting the development of a smart city cluster in the Greater Bay Area. Besides, through the introduction of measures, such as tax concessions, after negotiation with cities in the region, we should expedite the development of the innovation and technology industries, attract more venture capital and technological service industries, foster incubation of start-ups of patented technologies, and apply, transform and perfect the intellectual property rights regime, so as to establish a market with demand for and supply of innovative technologies and products, and pool creative and technology talents in the market. In the meantime, we should expedite the development of an innovation and technology park in the Lok Ma Chau Loop to enhance cooperation between Shenzhen and Hong Kong in innovation and technology. To this end, the Guangdong, Hong Kong and Macao Governments should set up a committee on technology and innovation for the Greater Bay Area to pool representatives from the Governments, industry, academia and research sector in the region and coordinate their exchange and cooperation in technology.

Deputy President, we also have to strive to develop Hong Kong into an international arbitration centre for the Belt and Road. As the Belt and Road Initiative focuses on the promotion of connectivity of infrastructure facilities among Belt and Road countries and regions as well as cooperation among the industries, it is expected that a large number of business, trade and engineering contracts will arise, and the proper settlement of disputes that may arise will thus become a necessity. The professional services in Hong Kong, such as engineering and legal services, are on a par with the international community. We have an abundant reserve of professionals and talents, and a good reputation in arbitration services worldwide. Hong Kong is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The awards made in Hong Kong are recognized and enforceable in 150 countries and regions. In this connection, in March this year, the first proposal that I made in my capacity as a member of the National Committee of the Chinese People's Political Consultative Conference was mainly to explore ways to facilitate cooperation between Hong Kong and the Mainland in setting up an international dispute resolution mechanism and developing Hong Kong into a Belt and Road international arbitration centre, which is also helpful to the relevant industries in the Greater Bay Area in participating in the Belt and Road Initiative.

I am glad to hear the Chief Executive say that the SAR Government has set up a task force to explore the establishment of a credible and neutral Belt and Road dispute resolution organization in Hong Kong to provide parties from all

over the world with one-stop dispute resolution services, signifying the first step made in this direction.

Moreover, we have to promote early and pilot programmes in the Greater Bay Area for the professional engineering services of Hong Kong. In April, Mr Tony TSE and I jointly wrote to the State Ministry of Housing and Urban-Rural Development, proposing that the restrictions on Hong Kong-funded construction and engineering enterprises participating in construction and development projects in the Mainland be further relaxed. The Ministry replied that they will actively consider lifting some of the restrictions and that the specific arrangements will be coordinated and implemented in accordance with the prescribed procedures under the framework of CEPA (Mainland and Hong Kong Closer Economic Partnership Arrangement). I think the SAR Government should assist the industries in actively following up the implementation by, firstly, striving to expand the scope of works undertaken by Hong Kong-funded construction and engineering enterprises in the Greater Bay Area and negotiation should be conducted expeditiously on amendment of the relevant provisions under the CEPA framework accordingly. Meanwhile, the Government should also encourage collaboration between Hong Kong and Mainland enterprises in bidding for large-scale national and multinational projects.

Deputy President, the Government can also leverage Hong Kong's advantage in another professional service for development into a regional testing and certification centre. I have to make a declaration, that I am the Chairman of the Hong Kong Quality Assurance Agency and this is also why I fully understand that testing and certification are conducive to the development of the Greater Bay Area in various aspects, such as the development into an international innovation and technology hub, an advanced global manufacturing base and an international supply chain management centre, and even the development of financial and professional services, which all require more conformity assessment services. With our unique advantage of articulation with the international community, Hong Kong can introduce more new international standards, such as those relating to cyber security and corruption prevention systems, and develop more new professional services, such as assessment services for eco-friendly practices, recovery of materials, etc. I expect the SAR Government to forge greater cooperation with cities in the region, in order to align the various standards as well as testing and certification services in the Greater Bay Area with those in the international community.

Cross-boundary infrastructure projects should be another key area of collaboration between Hong Kong and the Mainland. The other day I had the honour of witnessing the commissioning of the Hong Kong-Zhuhai-Macao Bridge. Attaining international state-of-the-art standards in design and construction, the Bridge showcases unprecedented cooperation among three places under two systems for a project of collaborative innovation. The Bridge links up the eastern and western parts of the Pearl River Delta. Coupled with the commissioning of the Hong Kong section of the Guangdong-Shenzhen-Hong Kong Express Rail Link that connects with the whole country, Guangdong, Hong Kong and Macao should, in future, put emphasis on improving the connectivity of cross-boundary infrastructure, facilitating the integrated and optimal utilization of airports, ports, railways and bridges in the region, while removing regulations and restrictions in cross-boundary customs clearance, taxation, personnel, capital flow, etc, and improving various support measures, in order to expedite promotion of the development of the Greater Bay Area and regional cooperation for the Belt and Road. Hence, we can further integrate into the development of the country in a better way and achieve connectivity in terms of infrastructure which will, in turn, bring about reciprocal economic benefits and strengthen people-to-people bond.

All in all, the SAR Government must take stock of the prevailing circumstances and adopt an innovative mindset to create for Hong Kong greater room for development. In the meantime, it should effectively utilize the fiscal surplus by injecting adequate resources into society and facilitating the growth of various trades and industries and improvement of the people's livelihood, so that the various strata in society can cope with different kinds of challenges and live in peace and work with contentment, and this can also create more opportunities of upward movement for the new generation.

Deputy President, my colleagues in BPA and I support the original motion proposed by you in the capacity of Chairman of the House Committee. As for the amendments proposed by the several non-establishment Members, they are no more than presentations of political positions and in particular, what they said about the Lantau Tomorrow Vision are all inconclusive, untrue statements that are no more than an emotional show of political stance. It is difficult for us to agree with them, still less rendering them our support. I will express my views in detail in the fourth debate session. Deputy President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, this is the second Policy Address presented by Chief Executive Carrie LAM in her term. The title "Striving Ahead Rekindling Hope" is used to continue to show her "fighting" spirit of daring to rise to challenges and resolve difficulties by making certain decisions which are exceptionally forward-looking and conducive to the long-term development of Hong Kong. She also has the courage to make the decision on the Lantau Tomorrow reclamation programme. I speak in support of the Motion of Thanks today. First, I would like to talk about the reasons for showing appreciation for the Chief Executive's Policy Address today and my comments on the Policy Address as a whole from a relatively macroscopic perspective.

The Policy Address this year has taken on board a number of proposals put forth by the Business and Professionals Alliance for Hong Kong and the Kowloon West New Dynamic to which I belong, as well as the many proposals proposed by me during the motion debates over the years. Some of the proposals were put forth 10 years ago, but clear progress is made only this year. First, in May 2008, I put forth proposals on the planning of West Kowloon to the then incumbent Secretary for Development, who is now the Chief Executive. Many of the proposals are related to "water taxi" services, land transport and waterfront development. As for the planning of West Kowloon, I proposed motions in 2010 and 2011, urging society as a whole to participate in the planning of West Kowloon and the Government to allocate funding for improvement of the water quality of the Victoria Harbour. In these two aspects, it can be likened to sharpening a sword for ten years. This is the year 2018, so it is exactly 10 years since 2008. The Chief Executive has mentioned clearly in the Policy Address the urban parks and harbourfront planning in West Kowloon. The Policy Address has also included the proposal I put forth in 2011 when the ferry service between Hung Hom and Central was abolished, and the Chief Executive has specifically accepted the concept of "water taxi". In fact, this concept will not merely benefit individual districts but Hong Kong as a whole. Back then, the proposal was founded on the vision to connect economy, tourism, planning and industrial and commerce, identifying ways to receive overseas tourists arriving at Hong Kong upon the completion of the Kai Tak Cruise Terminal, so that the popular ferry service did not have to be cancelled and the residents there might take the ferry to Hong Kong Island during peak hours. After seven years, a clear answer is given in the Policy Address this year.

Moreover, in a motion I moved in 2016, I mentioned that many residents in the old districts felt disturbed by the fire safety compliance order. The Chief Executive allocated \$2 billion for this purpose in the Policy Address last year,

directly responding to the livelihood needs we mentioned in the motion debate. In June 2018, at the Chief Executive's Question and Answer Session, I mentioned to her the rise in the number of cases involving lift breakdowns and that I found the situation persisted during my visits to various districts. I wished the authorities would allocate \$2 billion to handling issues relating to lift safety independently. Then, in the Policy Address this year, she allocated \$2.5 billion to launch of the Lift Modernization Subsidy Scheme.

I think the Chief Executive has been decisive in addressing livelihood issues. If she is convinced, she is a Chief Executive of action. In view of the several arrangements mentioned just now, I consider the Policy Address this year worthy of support, and I will strongly support it. I recall that when I met with her in 2008, she expressed enthusiasm in harbourfront development and said we had the dream of developing a promenade along the harbourfront in West Kowloon and Hong Kong. Later, when she took up office as the Chief Secretary for Administration, she was no longer responsible for harbourfront planning, and we had to strive for such development through various Policy Bureaux at that time. It transpires that harbourfront planning also involves the Transport and Housing Bureau. Secretary Frank CHAN is here in the Chamber. He was certainly not in that capacity back then. As for water quality, it is related to environmental protection. Since the planning involves the marine economic benefits, it falls under the scope of industry and commerce, which is the purview of Secretary Edward YAU. Naturally, labour is another related aspect as it may involve the employment of workers.

I now realize that for certain large-scale plans with a vision, inter-bureau efforts are required for implementation. I have to express my gratitude to her here for she still remembers this subject after assuming office as the Chief Executive. I recall that she visited the locations concerned on the following day and discussed with us the revitalization of the derelict Hung Hom Ferry Pier to generate economic benefits. We also proposed the collaboration of public and private resources in promoting the development. Hence, I think the present planning is an extremely positive development direction. Besides, the planning will actually bring more opportunities and help people's livelihood.

(THE PRESIDENT resumed the Chair)

In the various debates on policy addresses, I have frequently expressed my discontent with education for attention not being given to Liberal Studies. She

has undertaken in her manifesto that the grading approach for Liberal Studies will be refined. I did read her manifesto, and I wrote an article specifically on this issue at the time. It is good that Secretary Patrick NIP is in the Chamber now, as some of the content of Liberal Studies may need to be addressed at the inter-bureau level. Yet, after mentioning the issue a number of times, I notice that Secretary Kevin YEUNG has thought up some initial ideas, and I can see a ray of hope, for he has mentioned that an official review of the examination and teaching approach of Liberal Studies will be commenced. I think this is a great step forward.

We are in a time of diversified economy, what are the problems faced by Hong Kong? Many Honourable colleagues have done analyses of problems arising from trade between the United States and China. I try to consider how best Hong Kong may cope with this financial storm, which we consider comparable to super typhoon Mangkhut, from the perspectives of people's livelihood, politics and education. Recently, Jin Yong passed away. In his famous novel "The Smiling, Proud Wanderer" (笑傲江湖), there is this character called LI Mo-chou (李莫愁)(sic)¹. I would like to tell the Chief Executive that: "You need to worry". We really have to worry about the economy. We have to be well prepared for an extremely difficult time lest we repeat the mistake we made in weathering typhoon Mangkhut. In respect of typhoon Mangkhut, I would say that the Government made a good start but failed to finish well. Hence, in view of the approaching financial storm, I hope the authorities will learn a lesson from the experience in weathering typhoon Mangkhut. Regarding the comprehensive safety precautions for typhoon Mangkhut carried out by the Government, I think it deserves extra merits.

Last year, during my stay in Louisiana of the United States, I noticed that when the neighbouring Texas State was hit by a super typhoon, many residents were reluctant to leave their home. Since they did not feel the strength of the typhoon, they were unwilling to evacuate despite the repeated calls made by the government. Will investors and residents of Hong Kong act the same way? How can we take precautionary measures without triggering fear? In this connection, I hope the authorities will take precautionary measures as in the case it prepared for typhoon Mangkhut. Yet, as for the relief work in the aftermath,

¹ Translator's note: The surname of "LI Mo-chou" is a pun with the Chinese character "你" (meaning "You"), whereas the first name "Mo-chou" carries the meaning of "need not worry".

we should by all means avoid the chaos that occurred in the wake of typhoon Mangkhut, which aroused widespread public discontent. The public transport system suffered heavy damage and debris was found all over the territory. In view of this, I have visited a number of districts to inspect the situation. Eventually, members of the public turned their commendations into criticisms. The Government did win some credits earlier, yet what it has lost in politics in the end outweigh the credits earned. When it comes to the economy, we hope that we will not meet the same fate. We hope that from the precautionary measures to the recovery work in the aftermath, as in the case of typhoon, the Government will perform well to win applauses.

A research centre on knowledge competence and district development under the Shanghai Jiao Tong University started a study on knowledge competence in Asia Pacific in 2010. According to a report published by the centre on 30 October 2018, Hong Kong has dropped to the fourth position. The report mentions the high investment cost and exorbitant rent in Hong Kong, and the inability to retain talents, particularly talents in innovation and technology. I listened attentively to Mr WU Chi-wai's speech just now, and he included this issue in the scope of education. In fact, I agree in some measure that Hong Kong can hardly retain talents. I have been teaching in a university for over 20 years. I have seen extremely outstanding and brilliant talents in technology and humanities, yet they eventually left Hong Kong. Certainly, we see that WANG Tao ("汪滔"), the most famous talent in drone development and a graduate of The Hong Kong University of Science and Technology, has settled in Shenzhen. We know that Hong Kong has failed to retain him. Yet, many talents in humanities also consider the mechanism adopted by universities in Hong Kong indifferent to them, for they will be granted subsidies upon application if they study in other places. Members may think of YANG Xiang-zhong ("楊向中"), an overseas Chinese who left Hebei for the United States at the age of 17. He was very creative and the United States treasures him. Though he suffered from a serious illness, he had been granted research funds many times and he considered this heart-warming. Does Hong Kong have this atmosphere to retain these high-end talents, making them feel that they are most welcome to stay in Hong Kong?

I know that there is some sort of xenophobia in Hong Kong. Due to the lack of confidence, any person with a Mainland background will be rejected. Many Chinese who returned after studying overseas have told me that though they have been working in Hong Kong for a dozen of years, and that they regard Hong Kong their home and set up their families here, they are not regarded as a

member of Hong Kong. This is our failure in retaining talents. If we are to promote the development of diversified economy, we need these talents from around the world. If we use our body as an analogy, we need both input and output in the movement of talents. We cannot only keep our local talents in their "comfort zone". Our young people should also go global to venture into new horizons. At the same time, we should include talents who are willing to come to and stay in Hong Kong. In this connection, the Government and the Policy Bureau should do some soft promotion in education, should they not? For I think if Hong Kong fails to do a good job in this aspect, it will give people the impression that we are not sincere and we do not need to retain talents.

Last year, we approved the allocation of \$10 billion to the Innovation and Technology Fund, and an additional \$50 billion this year. Yet, personnel in universities and many technology talents have told me that the approved funding of \$50 billion will not be very helpful to them. Since the application and approval procedures are very complicated, lengthy and extremely difficult, they may not receive the subsidies by the time their creative ideas have lost their competitiveness and are no longer novel.

In September this year, I visited a centre on clean energy in Tsinghua University. They introduced to me the big data analytics and the artificial intelligence analytics, which are really impressive. Hong Kong is really lagging behind others. If we cannot train our own talents immediately, we have to recruit talents, yet we fail to recruit adequate manpower. In this connection, the Central Policy Unit—now renamed Policy Innovation and Co-ordination Office has not made any achievements. In this respect, should the authorities not work harder to make some achievements?

The attempt to attract talents, which I mentioned just now, should seek to make the pie bigger. When these talents start their businesses in Hong Kong and when they make good development, it will naturally generate more opportunities and expand the economy chain. Yet, insofar as precautionary work is concerned, I recall that I first joined the Legislative Council in 2008, and when I review the first speech I made on the Policy Address in October that year, I notice that I talked about the financial tsunami at the time and the allocation of \$100 billion by the Government as provision for the guarantee coverage. Back then, the arrangement swiftly offered relief to small and medium enterprises. I think what we need to do now is to prevent enterprises from closing down, and the number of closures should better be minimized. Since the closure of

enterprises will result in unemployment, and if employees lose their jobs, they will be unable to make mortgage repayments and this will give rise to the negative equity asset problem.

As I always say, if the public cannot purchase their first flat, they may at most resort to protest. The protest in 2003 should not merely be attributed to the opposition to legislation for Article 23 of the Basic Law, but also the emergence of a large number of negative equity asset cases and SARS. Besides, the negative equity asset problem may prompt people to attempt suicide by burning charcoal. Given the series of consequences resulting from the closure of enterprises, the Government cannot focus on addressing livelihood issues even if it wishes to do so, and this will develop into a political crisis. Hence, I think the Government should consider setting aside funding for such purpose. As the authorities allocated \$100 billion back then, so taking into account inflation and the significant growth in the number of technology companies, will the authorities generously make a provision of \$300 billion? This is for precautionary work, a firewall, just like the authorities urging the public to put masking tape on their windows before typhoon Mangkhut struck Hong Kong as a protection measure. I think the precautionary measures will instill a sense of security and remind the public to be prepared for probably a long battle.

Next, I will talk about the Lantau Tomorrow programme. As for land shortage in Hong Kong, I will not repeat the points for many people have already talked about them. Some people say that the size of existing private flats is even smaller than the size of a prison cell, which is inhumane. Hence, the authorities should stop granting approval for the construction of private flats of 100-odd sq ft. In my opinion, the construction of public housing must be the leading trend, as the number of "snails without a shell" is great, and there are a lot of homeless in Shum Shui Po. It is true that we face a housing problem presently. By 2031, the proportion of the elderly in the population of Hong Kong will reach 30%. Adding to this the desire of young people to purchase their first flat, the construction of public housing is really necessary. Yet, we should not focus on this point solely, for in the long run, we should spend only when necessary, and I agree that we should have faith.

In summer, I went on a cruise and played a VR (virtual reality) game. Three to four players each put on their virtual reality gear. Players had to go through many canyons following the track as guided during the game. Some people dared not go ahead out of fear which is psychological, but for those who

had the courage to proceed forward, they could finish the game. This is a psychological barrier.

Ms Claudia MO said earlier that it was a political issue. She is right in saying that, and I consider the opposition views definitely involve political factors in a great measure. In fact, a certain batch of people in Hong Kong does not want to draw close to the Mainland. How can we address this political factor? I think we can only turn our eyes to the greater public interest, and that the programme will bring us a vision and hope. Since the authorities expect that the programme will provide 260 000 to 460 000 residential units, housing 700 000 to 1.1 million people, I think the vision is worthy of support.

As to the question of whether support should be rendered to the programme, she mentioned illusion just now. Yet, I do not think that we should perceive the issue with negative emotions, especially so for the young people. In fact, I think this is also applicable to the subject Liberal Studies, and we should not focus on criticisms and spread negative emotions. More often than not, a positive attitude will lead to success. Certainly, I agree that the programme should be taken forward step by step and we should not approve the funding in one go. We should act in the light of the actual situation, as in the cases of the reclamation of Sha Tin and Tsuen Wan back then. Had Tsuen Wan not been created out of reclamation, I would not have the opportunity to pursue studies, and the young people who grew up in Tsuen Wan would not have the opportunity to attain the achievement they have made today. The development of Sha Tin is also excellent, as it has provided the environment for the growth of a large group of young people who used to live in subdivided flats in their teenage years where the living conditions were undesirable.

If we do not make the attempt now, by 2030 when the elderly population increases, should they all go to residential care homes for the elderly? Of course, I hope that the overall planning will be taken forward step by step, and that extensive consultation will be conducted to gauge views on the planning for different age groups, different industries and housing. I think Lantau Tomorrow is a common vision which we should build together. We do not have to speak ill of the programme now. We should not allege that the programme is collusion with the Mainland and that it is to provide accommodation for Mainlanders as Hong Kong's population at the time will not be large enough to take up such a large area. I take a 100% exception to this remark.

My grandfather came to Hong Kong when he was 17. He was a new arrival back then, yet he settled down and three generations of his family have now made Hong Kong their home. I trust that apart from the indigenous villagers represented by Mr Kenneth LAU, the previous generations of many people in Hong Kong used to be new arrivals and were dubbed as "Mainlanders" also. I think we should not look at it this way. In fact, these new arrivals, provided that they enter Hong Kong legally which means they are not illegal migrants or illegal immigrants, will bring new impetus and new lives to our planning, for we are facing a labour shortage. More often than not, new arrivals are mainly grass roots—there are also intellectuals—who are prepared to engage in trades requiring physical strength and strenuous labour, such as security services, dish-washing services and the construction industry which is caught in a serious manpower shortage. I think we should be open-minded and have foresight in treating the population comprising of these people.

Lantau Tomorrow now under discussion is the vision for the next decade, two decades and three decades. A veteran member from the pan-democratic camp, Martin LEE, said he regretted not accepting the "CHA-CHA proposal" 30 years ago, or else universal suffrage would have been implemented now. Absolutely, I do not want the greater public interest be overwhelmed by political fear. If all of you try to instill fear in a lot of members of the public, causing them to oppose the programme and the Government does not implement the programme as a result of such pressure, I am afraid we will be remorseful in facing the next generation 30 years later when we are old.

Certainly, I dare not say that we will encounter no difficulties, for it is natural that difficulties will arise in the implementation of such a large programme. Hence, I am saying that the programme should be taken forward step by step. I think we should examine the expenditure every time we are about to take a step forward. We propose the programme as a whole to tell the people of Hong Kong that we are just trying to catch up now, and if we want to overtake others, we must have long-term planning in various aspects such as housing, development and economy. Hence, I support the Lantau Tomorrow programme. On the whole, I support the Motion of Thanks. As for the other aspects, I will talk about them later in other sessions.

President, I so submit.

MR WONG TING-KWONG (in Cantonese): President, Donald TRUMP, the President of the United States, and President XI Jinping had a telephone conversation last week, instilling hope in the market for a favourable turn of the United States-China trade conflict. The stock market which had been highly volatile previously therefore made a relatively strong rebound. Yet, with a comprehensive analysis, the United States-China trade conflict will not come to an end that easily, and it is estimated that the conflict will persist over a rather long period of time.

The United States-China trade conflict has already caused impacts on the growth of Hong Kong's exports. In the event that China and the United States cannot reach an agreement and consensus smoothly in the short run, the United States will further expand the punitive measure of imposing tariffs on Chinese products. It is believed that the impacts on Hong Kong's overall economy will emerge immediately.

As manufacturers were busy with replenishing stock and making deliveries in the past period—they hastened to make deliveries to counter difficulties such as an increase in costs brought about by the trade war—the small and medium-sized enterprises ("SMEs") in Hong Kong have yet to experience the pains of the trade war. But I reckon that the impacts will emerge gradually in this quarter or the next, which will manifest in an overall reduction of orders and even withdrawal of orders. It is because the goods demanded by American clients will be affected by the sharp increase in tariffs, obligating them to switch to places of production unaffected, but quite a large number of SMEs do not have production facilities in these places. Hence, a vast number of Hong Kong manufacturers will suffer from sluggish business, leading to cash-flow problems, shrinkage in turnover and even layoffs and closure. I am really worried about these lagged impacts.

The United States-China trade conflict will have implications on the global financial market as well as trade and investment activities. The stability of Hong Kong's banking system and financial market will also be undermined due to the credit and liquidity risks in case the problem further deteriorates. Hence, it is estimated that Hong Kong's various economic sectors will be battered in varying degrees amidst the United States-China trade conflict.

People's livelihood will be affected in times of weak economic performance. In fact, recently Hong Kong's property market has slackened distinctly due to factors such as the trade conflict and the interest rate hike.

President, we cannot see in this Policy Address what effective measures the authorities have worked out in the context of the United States-China trade conflict to counter or mitigate our imminent predicament. Even if a fund was established to undergo a "blood transfusion" for this, I think the problems cannot be resolved at root by means of a "blood transfusion". What is more, SMEs do not know when the harsh time will end and, as a matter of fact, the Government cannot undergo a "blood transfusion" for SMEs long term. To get out of the plight, I think the authorities should start from "blood formation", which entails two steps. First, the authorities can implement facilitation measures in a more proactive manner by providing financial assistance through funds to assist Hong Kong trades and industries in accessing the domestic market on the Mainland, with a view to offsetting the reliance on exports to the United States. Second, they should expedite the development of emerging markets in developing countries, such as those in Africa and Latin America. However, Hong Kong only has scanty knowledge of the laws, business environment, customs, living needs, humanities and languages of these emerging markets, or even know nothing about them.

How can the Government help the trades and industries? The SAR Government can take the initiative to organize seminars and briefings and invite officials or entrepreneurs of those countries to come to Hong Kong and introduce their relevant conditions and provide the latest information to Hong Kong businessmen. Moreover, when the time is ripe, the authorities can take the lead to organize inspection visits to these places through the Hong Kong Trade Development Council ("HKTDC"), before which the authorities should engage in effective and substantive communication with the relevant governments or enterprises of these regions and countries. Given that the Government currently has a specialized programme in place to assist the professional services sector and related organizations in organizing inspection visits, I therefore consider it necessary for the authorities to provide subsidies of a similar nature to the industrial and business sectors with a view to lowering the costs of micro, small and medium-sized enterprises ("MSMEs") in respect of inspection visits, so as to facilitate their business development. I envisage that agencies such as HKTDC will discuss and coordinate with the relevant parties when organizing inspection visits to attract more MSMEs to participate by lowering the costs of such visits.

President, the Democratic Alliance for the Betterment and Progress of Hong Kong holds that as Hong Kong is China's window to the world and an international financial centre, the SAR Government should go through thick and thin together with our country while proactively mapping out a plan to cope with

the impacts brought about by the trade conflict. Under the new round of reform and opening up policies implemented by the State, Hong Kong should adopt a multi-pronged approach in promoting the development of innovation and technology ("I&T"), and to interface with the competitive edge of high-end manufacturing in Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), endeavouring to establish a complete industrial chain for building an international I&T centre. Meanwhile, Hong Kong should strengthen its investment and collaboration in overseas markets to tie in with the new model of international cooperation implemented by the State. Efforts should be made at exploring new economic and trade markets of countries of the Association of Southeast Asian Nations and those along the Belt and Road, such that enterprises and talents of Hong Kong and the Mainland can be helped in their pursuit of development in countries along the Belt and Road and overseas. Insofar as finance is concerned, Hong Kong should further strengthen its status as an international financial centre while capitalizing on its edge as an international financial centre and in related professional services. Connectivity with the financial and capital markets in the Mainland should be further enhanced whereas facilitation should be extended to Mainland enterprises (including those in the Greater Bay Area of the Pearl River Delta) in "going global", so as to assist in the State's new round of expediting the opening up of markets and making concerted efforts to explore new development opportunities.

To sum up, under the structural effects brought about by the United States-China trade conflict, Hong Kong should proactively work out its direction of industrial transfer and economic restructuring to cope with the new situations. We should also adjust our functions and roles in the national or even the global industrial chain in the future for the sake of enhancing Hong Kong's external competitiveness in the medium and long terms.

Having finished with the part on the United States-China trade war, I wish to talk about a hot topic of this year's Policy Address—the Lantau Tomorrow, a programme for constructing artificial islands. The Policy Address has put forward the Lantau Tomorrow Vision under which 1 700 hectares of land in total will be reclaimed for the construction of artificial islands, with the cost estimate being \$500 billion preliminarily. The Development Bureau will seek funding approval for conducting a preliminary study in the first or second quarter of the next year, and the study will mainly examine the reclamation project in the waters near Kau Yi Chau. Although the programme is controversial, I support it, in the hope that the land and housing problems can thus be resolved. Resolving the

housing problem is the most important task of the current-term Government. Compared with other plans, the reclamation projects under the Lantau Tomorrow Vision are a more thorough solution to the housing problem in the long term, while the socio-economic problems caused by high property prices can also be resolved. I notice that negative voices about reclamation are dominant in society currently. Thousands of people staged a protest soon after the reclamation plan was espoused in the Policy Address, and some of them even claimed that the Government had forced them to take to the streets. I really wish to know how many of them are now living in subdivided units and facing the plight of high rents, cramped living space and poor living conditions such that their children have to do homework and dine on their bed? If there are, I wish to know why they still oppose increasing land supply? If there are not, they do not even have the right to protest.

Many dissenting voices are mistaking the partial for the overall, claiming that reclamation is tantamount to dumping money down the drain. However, land can be created through reclamation, do they know that land has a price? Land sales will bring revenue and according to the estimates made by some professionals, reclamation at East Lantau can create 1 700 hectares of land and it will bring proceeds from land sale of some \$580 billion even by the most conservative estimate, and that equals to a revenue of about \$50 billion to \$60 billion per annum over a period of 10 years. In fact, reclamation is an investment instead of an expenditure. Some people are also worried that reclamation will have environmental impacts, yet I believe environmental issues can be addressed properly in the course of social development. With a sound economy, we can allocate more resources to environmental efforts and strike a balance between the two by all means. Therefore, there might not necessarily be conflicts between development and environmental protection.

There are also views pointing out that reclamation is not the only option and we should first look for existing sites suitable for development by all means, such as developing brownfield sites, invoking the Lands Resumption Ordinance ("the Ordinance") to resume land in the New Territories, or even resorting to the sites used by the Hong Kong Garrison of the Chinese People's Liberation Army ("HK Garrison"). I wonder if they are aware that the SAR Government cannot touch the HK Garrison sites. Nonetheless, the Government was at one time criticized for "scrambling for land blindly" to construct standalone buildings. On the other hand, even if we invoke the Ordinance to force the villagers to move out, in fact not every land lot is suitable for housing development.

Comprehensive urban planning is required, otherwise the development will be criticized for lacking in infrastructure facilities and living facilities so that residents are forced to become "pioneers", and so on. As a matter of fact, it is not as easy as it looks to invoke the Ordinance for land resumption as this might induce judicial reviews whereas there stands the chance of losing the lawsuit, and the loss may outweigh the gain in the end. In this connection, the Government must adopt a multi-pronged approach in meeting Hong Kong's demand for land. The key point is that the Government should build up a land reserve to enhance its bargaining power when resuming private land so that it can have the say. Otherwise it will be led by the nose by real estate developers and will not be able to regain the initiative in land development.

Honestly, reclamation is like far water that cannot put out a fire close to home. But at least we have to make a start. Making the first move today is very important to formulating comprehensive land planning for the next generation to provide them with a comfortable and good living environment. If we sit back and do nothing, what will happen to those people do not have a flat to live in nowadays 20 years down the line? Looking into the future, will their offspring have a flat to live in if we do nothing?

Apart from residential sites, commercial sites cannot be overlooked as far as economic development is concerned. Hong Kong is now in lack of Grade A offices and there are problems of undersupply and high rentals of shops. These are the long-standing problems faced by the business sector. It is thus hoped that commercial sites can be provided through reclamation to ease the demand. According to a study report on the supply of commercial sites, the potential supply of commercial sites currently held by the Government that can be put up for sale is approximately 20.1 million sq ft, which can only meet the demand for 10 years. My concern is that the supply of Grade A offices in Hong Kong shows an increasing reliance on the land put up for sale by the Government, whereas private redevelopment projects are seldom seen. I am worried that the Government will not have sufficient commercial sites for sale in the future, and consider that in addition to putting the 20.1 million sq ft of land up for sale expeditiously, the Government should also reserve for commercial use part of the land derived from reclamation and the development of brownfield sites, with a view to providing commercial sites with a floor area of approximately 2 million sq ft every year. I hope the Government can pay more attention to this respect.

On the other hand, diversified development has been the emphasis of the tourism industry in recent years in attracting tourists from different countries and regions for in-depth travel in Hong Kong. Yet, tourists from the Mainland remain to be the major pillar of Hong Kong's tourism industry. The commissioning in succession of large-scale infrastructure linking up with the Mainland, including the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") at West Kowloon and the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), has attracted many tourists to visit Hong Kong and Hongkongers to visit the Mainland. In particular, the number of inbound and outbound passengers in the past few weekends after the commissioning of HZMB is recorded at over 100 000, exceeding the Government's estimate of 60 000 at most. While the opposition camp has been criticizing the two infrastructure projects as "white elephants", a member of the Sha Tin District Council from the democratic camp has also been incentivized to immediately organize a tour for visiting the two infrastructure items in one go. The promotional slogan is "HZMB, depart from Hong Kong; XRL at West Kowloon, direct to Hong Kong" and the tour fare is \$999. From this we can see how popular these two infrastructure items are.

Some teething problems were encountered in the operation of these infrastructure items during the initial phase, such as traffic arrangements not being well thought out as well as overcrowding at supermarkets, restaurants and Citygate caused by a large number of tourists. Despite the fact that the industry is striving to look for ways of improvement, it is believed that time is needed for transition, adaptation and adjustment. I hope that a solution can be worked out as soon as possible, thereby enabling the tourism industry to capitalize on these infrastructure items in tandem with its enhanced regulation. The tourism industry can then seize the opportunity to introduce more travel products, facilitating its continuous and healthy development in the long run.

What is more, with more tourists coming to Hong Kong for in-depth travel, there are greater chances of them using public facilities such as public swimming pools, libraries, museums and country parks together with Hongkongers. We have to resolve the problems thus caused. The authorities should pay more attention to this respect, or do a proper job of regulation of urban facilities in advance.

President, I shall stop here in this session, and I would consider expressing my views again on other aspects. Thank you, President. I so submit.

MR JEFFREY LAM (in Cantonese): President, no one knows how long the trade war between China and the United States will last, but it is certain that all businesses will be affected. As China and the United States are two most important trade markets of Hong Kong, many Hong Kong companies engaging in the re-export trade rely on the orders of these two places to earn a living. Many friends in the business and industrial sectors have set up factories in the Mainland and also export products to the United States. The lists of goods that are subject to tariffs as released by the two countries can be said to be all-encompassing, ranging from raw materials to finished products and from agricultural and fisheries products to electronic products. All of these products are affected. With such uncertainties, a lot of buyers are waiting on the sidelines and holding back from placing orders until the situation becomes clear.

President, as early as more than half a year ago, it was reported that Donald TRUMP wanted to restart the "Section 301 investigation". I reminded the Government then not to take it lightly. After that, the trade war became reality. Whenever I had the opportunity, I would express to the Chief Executive and relevant officials, especially Secretary Edward YAU, the situation facing the business sector. I also suggested to him the measures that could help SMEs. The Government also quickly introduced measures to support the industrial and commercial sectors in coping with the trade war. To this, I wish to express my gratitude here. The Commerce and Economic Development Bureau had responded to some of our appeals before the Policy Address was presented. For example, the Hong Kong Export Credit Insurance Corporation lowered the premiums for Small Business Policy holders and for Small Business Policy holders with credit limits on American buyers, each credit limit has been raised. Even though not much on trade was mentioned by the Chief Executive in the Policy Address, some of the measures had already been put in place before the presentation of the Policy Address. I trust the Government will continue to closely monitor the development of the situation. I also hope that Secretary Edward YAU will listen more to the views of SMEs and the business sector to see how best the business sector, especially SMEs, can be helped in meeting the challenges in the next few months.

The trade disputes provoked by the United States have disrupted the order of global free trade and even violated the principle of open market. During this extraordinary period, I hope the Government can introduce extraordinary measures such as re-launching the Special Loan Guarantee Scheme ("SpGS") as well as waiving some of the business registration fees or other charges. These

could help SMEs in some measure. Referring to SpGS, I remember during the financial tsunami back then, financial institutions were severely hit, market confidence melted down and banks dared not grant loans. I still feel nervous when recalling these situations. At that time, President Andrew LEUNG and I made a proposal to the Government and come up with this Scheme together with the Government officials. Under SpGS, the Government provided a total loan guarantee commitment of \$100 billion. The banks were then emboldened to approve loans with the Government's backing. As a result, SMEs were given the life buoy, having money to do business. Within a very short period of time, the whole market was revitalized. Even the then US Secretary of the Treasury had come here to learn from us, and we also heard many praises from foreign governments as well. This Scheme did save a lot of companies and maintain the livelihood of a great number of families. Moreover, it had a very low default rate and is still remembered today.

President, if the trade war continues, not only will the enterprises be affected, even the livelihood of the public may be affected. In the worst-case scenario, some companies might close by the end of the year and their employees might also lose their means of living. If you can keep the companies, you can keep the jobs. Given that the business environment has been suffering from multiple impacts, I urge the Government to apply a lenient hand in introducing policies and measures related to the cost of doing business and implement them in an orderly fashion.

President, the trade war has posed difficulties to the business sector which very often needs more liquidity to meet the cashflow requirements. At the same time, due to increasing market uncertainties and the gradual rise in interest rates, banks have become more prudent and even tightened credit for customers. This may lead to a liquidity crunch for enterprises. If the banks become more prudent and slower in approving loans, SMEs will find it more difficult to deal with cashflow problems. I definitely hope that the Government will relaunch SpGS and also enhance the protection under the SME Financing Guarantee Scheme as soon as possible, including raising the loan amount, lengthening the loan guarantee period and reducing the premium.

Meanwhile, the Hong Kong Monetary Authority ("HKMA") has introduced many counter-cyclical measures in recent years. It has lowered the loan-to-value ("LTV") ratio for properties many times, with the maximum LTV ratio applicable to commercial and industrial property being 40%, which has

really made life difficult for companies. Under the trade war, money is needed every minute. Such a low LTV ratio will exert a lot of pressure on the liquidity of enterprises. Therefore, a few days ago, I asked the Chief Executive of HKMA, Mr Norman CHAN, to raise the LTV ratio. He replied that he needed to "monitor the development". I hope that he can act after monitoring instead of further monitoring for another few months. Please do not just look at SMEs in Hong Kong crying out for help without taking any action.

President, talking about the LTV ratio, we have to deal with the anti-speculation "curb measures" of the property market. In the Policy Address, solutions are proposed to address the housing problem. It is right to greatly increase land supply in Hong Kong including the Lantau Tomorrow Vision programme, such that we can have more land for building different kinds of housing. During this period, with the interest rate hikes in the United States, an increased supply of first-hand properties, impact on the overall economy by the external environment, as well as the drop of stock market from a high level, more and more people have begun to believe that the property market is poised for a change.

The "curb measures" and counter-cyclical measures launched by HKMA back then are meant to cope with speculations in the property market and to assure stability of the financial system. Now, the property market has fewer transactions with property prices starting to drop, and the Chief Executive has also put forward proposals to increase land supply. Should not consideration be given to withdrawing the "curb measures"? I believe that the time has come. The "curb measures" are extraordinary measures employed in an extraordinary time and eventually these should be adjusted or even abolished altogether. The Government would need to come up with a withdrawal plan, lest it could not respond accordingly when the time actually comes.

Since the introduction of the "curb measures", property prices have kept rising and some people even think that the "curb measures" are the culprit causing them unable to buy their first homes. As property prices have started falling presently, we should review some of the measures, e.g. the new doubled ad valorem stamp duty ("DSD") which makes those people who wish for flat replacement feel very distressed. At the current property price level, it is difficult for them to pay an additional 15% of the property price. After paying DSD, they have to wait until their original flats are sold to get back their 15%. Then, how could the ordinary citizens have over \$1 million at their disposal. In

fact, currently many families have been unable to flat replacement, causing a cooling down of the second-hand property market which is unfavorable to the healthy development of the property market.

President, we have been suggesting that the payment of DSD be postponed by 10 months, that is, when homeowners have not sold their original properties. After they have moved into their new homes, they will be able to sell the original properties in the secondary market, thus offering more choices in the secondary market. If we let the property market regulate itself, it will be of great help to those who would like to buy their first homes.

President, there are measures in the Policy Address to support the business sector in tapping new markets. We also have an edge under "one country, two systems". Leveraging these and moving in the main direction of promotion of the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") by the State, Hong Kong economy will be able to gather growth momentum. As stated in the Policy Address, with the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the HongKong-Zhuhai-Macao Bridge ("HZMB"), as well as the new land boundary control point at Liantang/Heung Yuen Wai to be opened soon, a one-hour living circle encompassing Guangdong, Hong Kong and Macao is basically formed. For Hong Kong people, there will be more choices in working and living in the Mainland. The Greater Bay Area has huge demands and offers a lot of opportunities. However, Hong Kong people have concerns about working in the Greater Bay Area. One of the concerns is the new tax regime instituted in the Mainland. Hong Kong people worry that if income tax is to be levied on a worldwide basis, the impact will be very great. In recent months, we have relayed our views to the Government and various departments in the Mainland on a number of occasions. We are confident that the authorities will suitably address the taxation concern of Hong Kong people. This will also help the integration of Hong Kong people in the Greater Bay Area enormously.

President, we have enjoyed sustained economic growth for the past few years. However, in the face of a number of negative factors, we are worried that the economy may weaken next year. Therefore, I urge the Government to monitor the situation closely, remove restrictions where necessary and render more support where it is due.

President, I so submit.

MR MICHAEL TIEN (in Cantonese): President, I would like to state my views and expectations in response to the Policy Address in one go.

On the day when the Policy Address was presented, I sang high praises of it not because this Policy Address is perfect but because I see that the Government is committed to doing solid work, willing to touch some thorny issues, unlike some people in the past who created problems and conflicts. On issues that are closely related to the people's lot, such as the redistribution of traffic among the three harbour crossings, it is normal and inevitable for public views to be polarized, though some of the views are deliberately meant to cause divisions in society. There is nothing wrong under the sky originally; only the stupid people are courting troubles for themselves. The saying that "It is a shame for an official to avoid responsibilities" should apply to the former, not the latter. Even though I do not approve of certain policy proposals, when the Government is willing to put them forward, we can provide input and this is still better than engaging in never-ending brawls over some political issues to which there are no answers.

For starters, I wish to talk about the parts that we in the Roundtable support.

First, the Land Sharing Pilot Scheme (commonly known as public-private partnership). The Government has chosen the easier way and evaded the crucial issues, using the word "sharing" to name everything after the trend. Simply enough, we in the Roundtable spent some three months setting up many street counters and basically, according to the public views conveyed to us direct, the public considered public-private partnership a faster, less disputable solution to the problem, thus obviating the hassles of legal proceedings, but caution still needs to be exercised to ensure that the relevant conditions and various aspects are not biased. This is very clear. Back then we proposed to the Government that developers should allocate 70% of the increased floor area to public housing or subsidized housing development. The Policy Address has now proposed that the percentage will be 60% to 70% and this, we think, is consistent with our proposal.

Second, regarding the ratio of public housing to private housing for land supply in future, we have all along considered that it should be 6:4, which means 60% for public housing and 40% for private housing. But back then, we did not take into account the introduction of "Starter Homes" for Hong Kong residents or

other subsidized housing products. Now we can see that there may be increasingly more subsidized housing products in the future and if the property prices rise continuously, this ratio may not be adequate. If subsidies are granted at another level on top of the existing projects, we consider that, taking into account the overall public housing system, inclusive of all subsidized housing schemes, a share of 70% for public housing will have our support.

Concerning the principle of using industrial buildings for housing purposes, last year I proposed to the Development Bureau the conversion of industrial buildings into residential units because frankly speaking, if these tenants are told to move out, they do not know where they can go. If the law is not enforced, there are concerns about the dangers of living in those units, but if the law is enforced, they really have no idea where they can find dwellings. The idea now is that after the industrial buildings are converted into residential units, there can be intervention from non-government organizations ("NGOs") and the rent will be subject to regulation. Years back I had the opportunity to visit subdivided units on the rooftop of an industrial building. For one thing, the fire exits were undesirable and dangerous; and for another, the rent was not cheap at all. Yet, the tenants were forced to rent these units and live there, for that would still be better than sleeping on the street. Back then the Government said that these units would be eliminated but it has been all talk but no action, so where can they move to? What options are provided by the Government to rehouse them? To truly resolve the problem, they should be allowed to live there continuously. Apart from addressing the safety concerns properly, the rent must not be pitched at a "predatory" level. They live in those units merely as a transitional arrangement while waiting for public rental housing. On the problem of multiple ownership, the last-term Government said that nothing could be done to it and now it is said that something can be done. I think the Chief Executive has really responded to public aspirations.

Next, I wish to talk about home-based child carers. Many people who are watching or listening to the live broadcast of this meeting now probably may not know this term very well. Actually there are now many dual-income families, which means families in which both parents work. So, their children who may be studying in primary schools or kindergartens need to be picked up from school, but how can their working parents pick them up after school? So, these parents have asked for assistance from the schools, hoping that the schools could allow their children to stay behind after class and provide their children with after-school care service. In this connection, I have striven for this service for

quite a long time and eventually met quite considerable resistance from the schools, because the schools would have to extend the opening hours and then many of their staff members would have to stay behind, while teachers are worried about many problems, such as the administrative work so generated, and so on. The existing home-based child care service actually can play a role because many retired elderly are still very willing to lend a hand and they also have the ability to help taking care of these children. The problem now is that this service is not in plentiful supply because of the very low incentive payments which are far lower than the minimum wage.

Last year, I said that I would endorse the Budget on several conditions, and if the Financial Secretary promised to fulfil these conditions, I would support the passage of the Budget. But eventually he did not promise to do so and therefore, I did not cast any vote. One of these conditions was about home-based child carers. He had the money to give a cash handout in excess of \$10 billion. Why could he not set up a fund for home-based child care service? He did not do so back then. Now, the Government has undertaken to do it and this, I very much welcome. Of course, the premise is that the working parents hope that the home-based child carers, after picking up their children from school, can also take their children to the carers' home, so that the parents can go to the carers' homes to pick them up after work. As for the transport fares thus incurred, I think the parents can pay at their own expense but I hope the Government can also consider the question of insurance coverage for the journeys involved and also whether the hourly rate can cover the transport expenses incurred in picking up the children from school. I think these issues can be followed up.

Regarding the offsetting arrangement under the Mandatory Provident Fund ("MPF") System, President, back in those years when the Government introduced MPF, it was stated clearly in the agreement with the business sector that the offsetting arrangement would only be a transitional arrangement. That was already two decades ago. Now that it can be abolished this year and this, I think, is most reasonable. The Government has kept increasing the commitment made for this purpose and it is willing to make greater commitments. Both parties to the Labour Advisory Board ("LAB") have also indicated support for the abolition. For those people who said that LAB should be respected insofar as paternity leave is concerned, should they not also respect LAB on this issue? Or do they show their respect selectively, turning to it when in need of help and ignoring it once their purpose has been served? Frankly speaking, even though I am an employer myself, I do not mind abolishing the MPF offsetting arrangement

at all, and I think the Government does not necessarily have to be financially involved in it so heavily. I think employers should make commitments required of them and after all, the transitional period has already spanned two decades.

I fully support the proposals made in the Policy Address in relation to the judicial aspect, because I trust only the Court. As Members know, irrespective of the issue at stake, I will invariably demand that an investigation be conducted by an independent Judge. I think everyone, including everyone in the community and everyone in the Fire Services Department, should respect the Court. Members can review the several serious incidents that occurred in the past, such as the marine disaster off Lamma Island, cost overruns of the Express Rail Link and the incident of lead-contaminated water, and they will note that in all of these cases, an investigation was conducted by an independent investigation committee led by a Judge and the results were all accepted by the public. We may disagree with the judgment, but have those people who criticized the Judge ever read the judgment? Do they know the rationale of it? If they have not read the judgment, what exactly do they oppose? The Court of Final Appeal has stated that it neither supports nor accepts the violent acts of these young people. It absolutely does not support or accept these acts. As it is clearly written in the judgment, the reasons for meting out a light sentence were that there was no similar precedent to draw reference from and the new sentencing criteria were not applicable to old cases. The Court has also emphasized that the use of violence is obvious in this type of cases and that if a similar situation is involved in any future cases, the Court would definitely mete out heavy penalties. I wonder if those critics of the Judge have heard this part of the judgment.

As regards the splitting of the Transport and Housing Bureau, it is regrettable that the Secretary for Transport and Housing is not in the Chamber as I very much wish that he can listen to this part of my speech here. The Policy Address has proposed that the Transport and Housing Bureau be split into two Policy Bureaux and this, I definitely support. Why? Have Members not heard of the air traffic management system, the third runway at the airport, the marine disaster off the Lamma Island, cost overruns of the Express Rail Link, cost overruns of the Shatin-to-Central Link which has no finalized date of commissioning, the scandal of the cutting of steel reinforcement bars, the incidents of settlement, the breakdown of four MTR lines at the same time, the sequels to typhoon Mangkhut, the confusion arising from the commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), redistribution of traffic among the three harbour crossings, electronic road pricing, and bus accidents?

Members, is there a day when you open a newspaper and do not see the name of Frank CHAN? The issues that I have just mentioned all fall under the charge of the Transport and Housing Bureau and therefore, the split is absolutely necessary, and it is better to do the split earlier than later.

Having said that, how should the issue of railways be addressed under the new structure? I think the structure of the Railway Development Office is extremely important because the Policy Address has mentioned the development of the fifth cross-harbour railway which I have all along championed. At present, under the Transport and Housing Bureau there is a Highways Department ("HyD"), and under HyD there is a Railway Development Office ("RDO"). RDO reports to HyD and then HyD reports to the Secretary for Transport and Housing. So how can he cope? After the split, if implemented, RDO can be upgraded to become a department and this way, the supervisory work can be enhanced. From the news that I read in the past couple of days, I learnt that the Chief Executive had said that the priority of this matter would be kind of low and that it would be necessary to attend to other matters first. I beg to differ. Effective tools are the prerequisites to success. Without an effective structure, how can the problem be resolved? I hope the Chief Executive will think twice.

With regard to elderly dental assistance, the eligible age limit will be lowered from 70 to 65. I have striven for this cause for a very long time, not because it so happens that I am of this age now. As a matter of fact, from the age of 65, it is often the case that our teeth will have started to degenerate sometimes to the extent that the joy of eating can really be spoiled. The \$2,000-worth health care vouchers provided to the elderly currently are not of much help. Under this dental assistance programme, the elderly can be granted an allowance of \$15,000 which should be enough to meet the cost of a full set of dentures. It is heartening to learn that the Chief Executive has heeded good advice and lowered the age limit to 65.

In respect of reclamation at Sunny Bay, as many people know, during the past year I have been vigorously promoting the development of a multi-purpose venue for holding road events, or a multi-purpose motor racing circuit, in Sunny Bay, and Members should have heard the reasons for it many times. I wish to talk about it from another angle today. After studying many places around the world, I have not found a place where air passengers who have disembarked at an international airport can arrive at an international motor racing circuit, a world-class theme park and a casino city within a one-hour drive. In fact, this

would not be achieved without the development of the third airport runway and HZMB. We will invest \$150 billion on the development of the third runway and HZMB has just been completed. With the development of a motor racing circuit, any person from places around the world arriving at Chap Lap Kok Airport of Hong Kong can reach these three destinations within a one-hour drive after arrival in the territory, and this absolutely can upgrade the status of Hong Kong to become a very special tourism city. The Chief Executive has said in this Policy Address that Sunny Bay will be developed into a leisure and entertainment node, where mega-scale activities as well as international competition events will be held. It seems that the development of a multi-purpose motor racing circuit that I have proposed can meet these purposes. The Secretary for Development also said previously that consideration could be given to this proposal. I hope that it can really come true.

These are the parts that I appreciate. Next, I will talk about the parts with which I disagree.

With regard to the redistribution of traffic among the three harbour crossings—the Secretary is not in the Chamber now—actually I very much appreciate the Chief Executive being willing to touch on this issue. The redistribution of traffic among the three harbour crossings is actually a dead knot to Hong Kong, and I have reservations about the present proposal. In fact, on the question of traffic redistribution among the Cross Harbour Tunnel ("CHT"), the Eastern Harbour Crossing ("EHC") and the Western Harbour Crossing ("WHC"), basically I absolutely support the direction of lowering the tolls of WHC and increasing those of CHT and EHC. Let us not deceive ourselves anymore, for this can truly upgrade the overall productivity of Hong Kong. But the problem is that the combined toll of all three harbour crossings which total is \$115 at present, is proposed to be increased to \$130 in future because the Government believes the consultant's view that if a private car has to pay \$5 more for each journey, disregarding which tunnel it is, the driver may choose not to drive but take a bus or MTR instead. Some experts whom I know have told me that to drivers of private cars, \$5 absolutely will not change their habit. They said that \$5 cannot make a driver turn to another tunnel instead of the one originally used by him; nor can it make him switch to other modes of transport. This is really impossible without a toll increase of \$20 or \$30. The problem is that as the Government is going to increase the total toll from \$115 to \$130 but will continue to use the current proportions as the basis, the rates of increase in the tolls of CHT and EHC are, therefore, too high and this is considered

unreasonable by the drivers because the tolls have doubled. Therefore, I already told the Secretary that I have yet decided how I will vote. If he is willing to lower the total toll from \$130 to \$115 and make downward adjustments proportionally, I will immediately vote for the motion. But if he refused to lower the tolls, I have yet decided how I am going to vote.

The second area which I consider not quite acceptable is the proposals on the education front. Prof Michael SANDEL has written a book entitled *What Money Can't Buy*. President, in my view, money cannot buy good education. Of course, we still need money for everything. The policies on education proposed in the Policy Address are costly. I very much appreciate the parts that money can buy. But for the parts that money cannot buy, I do not see any of them in the Policy Address.

An example is the improvement of the English standard of students. Hong Kong is an international metropolis but for seven or eight years in a row, the Policy Address has completely forgotten "English standard" and made no mention of it at all. I used to draw attention to this issue every year but always to no avail and so, I have given up and stopped mentioning it anymore. Shortly after Carrie LAM was elected, I had a meeting with her and she asked me what should be done to upgrade the English standard of students. I told her that the key to improving the English standard is to cultivate an interest in English among children at a tender age. To kindle an interest in English, we can make use of quality story books, and expatriate teachers can be engaged to talk to the children and communicate with them in English every day, so that English can be integrated into their daily life. After the children have developed an interest in English, they will use it gradually. But now, emphasis is put solely on promoting reading, as if suggesting that the more English books one reads, the more readily one can speak and read in English. This is not true. It has to be a people-led process.

Another example is homework. The Policy Address has not proposed any practical action in this respect despite making mention of it. In Singapore, it has now been suggested that examinations be reduced. Members, it is Singapore that I am talking about, and as we all know, Singapore is notorious for mandating many examinations and yet, a suggestion has now been mooted for a reduction of examinations. How about Hong Kong? Will this be taken into consideration? Recently, I have proposed a motion in the Panel on Education, and all Members supported that the Government should conduct studies on a new examination and assessment system for nurturing and assessing students' creativity and problem

solving skills. President, nowadays it is the case all over the world that examinations are basically intended to test students' knowledge and memory, but all the answers can now be found with a few glides on the mobile phone. What are not tested in examinations are problem solving skills and creativity.

Recently, a scholar from Stanford University came to Hong Kong to give a speech on education nowadays. He agreed that the most important things cannot be tested in examinations. Then I said to him, "It is good that you know it, but will Stanford University not consider the SAT scores? Will you not consider these results in the admission of students?" He replied that it would be difficult not to take these results into consideration. So, this is again empty talk. Secretary, how regrettable it is. I made all the preparations for you just now to help lobbying for the split of your Bureau as soon as possible. It is because the news every day has to do with him, though actually he did not play any part in it. It is all because these subjects covering the sea, land and aviation under his charge are indeed fraught with calamities.

I will now talk about law enforcement technology. I definitely agree with this. Yet, may I ask Members if they know how many yellow box junctions there are in Hong Kong? President, I think you definitely do not know that. Let me tell you all. There are 1 600 yellow box junctions. Secretary, how many policemen do we need to deploy to keep watch on these 1 600 road junctions to ensure that vehicles enter the yellow box area only when it is clear of vehicles? In view of the inadequate manpower in the Police, closed circuit televisions ("CCTV") should be installed. Though CCTVs have been installed now, they are used by the Transport and Housing Bureau for monitoring traffic flow. The recordings of these CCTVs cannot be used for prosecution purposes, for the faces of drivers and licence plates cannot be seen from the recordings. I then proposed to the Police responsible for law enforcement that high resolution CCTVs be installed for prosecution purposes. Secretary, do you know how they responded to my question? They said that they were only responsible for execution and that issues concerning funding applications should be addressed to Secretary Frank CHAN. I am not sure if I should ask Secretary Frank CHAN, for I recall that when I approached the Secretary last time, he told me I should contact the Police. But now the Police tell me to contact the Secretary. I have not yet made it clear for the time being.

Yet, we can imagine how much police manpower has been wasted in the course. Illegal parking at bus stops is an example. Buses are forced to stop in the middle of the road. As for low-floor buses carrying wheelchair users, which

should pick up and drop off passengers close to the curb of pavements, bus drivers are forced to drop off wheelchair users on the road as they cannot stop at bus stops, whereas wheelchair users will need others' assistance to get onto the pavement. It is really ironic. No policeman attends to these cases. How many policemen are needed to handle these cases? Hence, when the authorities talk about the application of technology in law enforcement, I do not know what it is all about.

Recently, the Police said that video cameras have been installed for the purpose of initiating prosecution. I think this is a waste of police manpower, just kind of putting on a show. To record cases of illegal parking, a dozen to 20 police officers took part in the ambush operation lasting for two hours, and it seems that only three people were arrested. Is it worth the while? Why do the authorities not use automated facilities? Hence, I hope the Government will address this issue in the Policy Address next year. Otherwise, it should say that it is "using low technology in law enforcement to develop a non-smart city".

Lastly, I would like to take this opportunity to respond to certain misunderstandings and queries of outsiders. First, the "main course" of this year is the artificial island reclamation programme. This project has aroused a raging controversy. Some argue about the justifications of the project, some argue about the reclamation area and some argue about the use of the land reclaimed. I find the allegation of "emptying our coffers and exhausting our fiscal reserve" the most terrifying. In fact, the land created by reclamation will not be given away as gifts, and the expenditure incurred will not be paid in one go. Nowadays, we can pay in instalments even for the purchase of an iPhone. Since the expenditure concerned will be paid in phases over a dozen of years, how will this empty our coffers? Are they saying that Hong Kong will not have any tax revenue in the next 20 years?

According to the calculations of many people, the authorities may recover the cost from land sales in the future. I have also done some rough calculations, and I note that the authorities will recover not only the cost of land creation but also the cost for the construction of the railway connecting New Territories in the project. I am now working on some figures which will be made public upon completion later as a source of reference. I will host a press conference later, and may I implore members of the media to show support and come to see the presentation of the detailed figures. The figures will include income from land sales, basis of calculation, length of railway, number of railway stations, cost per kilometer and the calculation methods for underground and underwater sections,

and so on. According to my calculations, we can have the best of both worlds. In addition to a free railway, we will also have a highway passing through Lantau Island to connect Route 11 to Hong Kong Island West, as this will also be included. The project will provide land for the construction of public housing and private housing of various sizes. According to my calculations, there will also be revenue amounting to approximately \$1,000 billion. Basically, at the expense of 1 000 hectares of waters, we will get a free railway, a free highway directly connecting Siu Lam and Hong Kong Island West and \$1,000 billion cash income in return, whereas the land for the construction of 100 000 public rental housing flats has yet to be included. I will provide the information later.

Moreover, some people query whether the Government has done enough in economic development. In fact, how should we define "enough"? Many people in the community need help, including students, the elderly, the middle class and patients. I come from the business sector, yet I also wish to ask the business sector in what ways should the Government offer assistance to be considered as having done enough. Last year, the authorities already invested tens of billions of dollars to promote development in innovation and technology, two major infrastructure projects have come into operation, and large-scale projects in the Loop area and the Greater Bay Area will be coming on stream. President, you are also a businessman, hence you should know that the merit of capitalism is that everybody has the opportunity to bring his or her talents into play. Hong Kong is an economy of extreme capitalism, whereas the role of the Government is to create a favourable environment. Hence, if too much is mentioned in the Policy Address, the Government is imposing too much control, handling creativity development on the one hand and productivity on the other.

President, in conclusion, I would like to quote the lyrics of a song sung by Xiao Zhao (小昭), a character in the novel *The Heavenly Sword and Dragon Saber* ("倚天屠龍記") written by Ji Yong (金庸). Ji Yong also quoted that before: "The sun rises and sets, the moon waxes and wanes. The earth is lower in the Southeast, the heaven is higher in the Northwest, and wholeness does not exist even for the earth and the heaven" ("日盈昃，月滿虧蝕。地下東南，天高西北，天地尚無完體"). What profound insight. In gist, I guess it means nothing is perfect. None of the policies on earth is perfect, and none of the policy addresses is perfect. Hence, I hope the Government will humble itself to listen to the constructive views of outsiders.

Lastly, I wonder if Members have noticed that the many policies proposed in the Policy Address this year share a common feature, that is, issues which the

Government of the previous term considered "insoluble and impracticable" are considered "soluble" by the "good fighter" today. I cannot but admire her for that. Everything can be done in this world if a person sets his or her mind on it.

President, I so submit my major views. Thank you.

MR HOLDEN CHOW (in Cantonese): President, with the commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), Tung Chung swarmed with people in the past weekend. As a District Council member there and a Legislative Council Member, I am deeply concerned about this. Mr Frank CHAN is present today. I have been bothering him every day, in the hope that he can respond to the aspirations of the residents in the community and try to divert the tourists as soon as possible. In fact, our several aspirations are very simple. People simply want the B6 bus stop relocated away from the residential areas; more cross-boundary through buses be deployed to divert passengers to all districts in the territory; and coaches be provided at the HKBCF to carry tourists to different tourism attractions and shopping areas. They hope that the authorities will try to divert the travellers so as to reduce the pressure on the Tung Chung community. I hope that Mr Frank CHAN can hear these opinions. This is the most urgent task which certainly includes cracking down on illegal tour groups from the Mainland. We hope the Mainland authorities can help to crack down on illegal tour groups and further regulate them, so that those regulated tour groups can be provided with proper arrangements and also cross-boundary vehicles or coaches to pick them up, then the tourists can be diverted to different districts of Hong Kong. I think the authorities must take into account arrangements in Tung Chung, care for the needs of the community and ease the pressure on the district. Since Mr Frank CHAN is here, I must request him time and again to handle the matter.

President, the theme of this debate session is "Diversified Economy". Insofar as diversified economic development is concerned, I have been advocating the development of different industries in Hong Kong. We call the property industry and the financial industry which we have been talking about in the past as the traditional industries. Since becoming a Member of the Legislative Council, I have been very much concerned about the high value-added shipping industry and I hope that we can help to promote its development. I am very glad that in this year's Policy Address, a series of measures are proposed for upgrading the high value-added maritime services.

In the past two years, I have made a number of proposals to the Government. I have urged the Government to use the resources of the overseas Hong Kong Economic and Trade Offices ("ETOs") to provide overseas shipowners with timely services so that their ships which are registered in Hong Kong can set sail from overseas ports as soon as possible. Another suggestion is to suitably remove restrictions and regulations restraining the marine insurance industry. I am very pleased to note that the Government has made a proactive response and adopted some suggestions, including setting up Regional Desks of the Hong Kong Shipping Registry ("HKSR") in selected ETOs and Mainland Offices and Liaison Units to render more direct and prompt support to shipowners at the ports concerned. This measure has been spelt out in the Policy Address.

At the same time, I am very grateful to the SAR Government for making a commitment in writing that it will study streamlining regulation to promote the development of the marine insurance industry. If Members have paid attention to this matter, they will know that I have been raising questions in this regard. For example, in the past when some marine insurance institutions submitted annual reports to the relevant regulatory authorities, the reports were returned and required to be redone even if there was just one typo. I call this an over-kill. Then how can we encourage the businesses to seek greater development here? I am very glad that the SAR Government has listened to this opinion and given a response.

Looking ahead, I hope that the authorities can proactively look into amending the existing legislation to facilitate the implementation of measures including delegation of the power of the Director of Marine to sign certificates of exemption to controlling officers at the next rank in the Department to further enhance efficiency, and strengthening of around-the-clock support, coordination and certification services provided to locally registered vessels by the Marine Department. In fact, the Director of Marine has all along been the only person who can issue these certification documents. If any overseas vessel registered in Hong Kong runs into problems without Hong Kong waters, it can only wait for the Director of Marine to handle it. This is not necessarily the most efficient arrangement. Therefore, we request that the power of signing certificates of exemption be delegated to other controlling officers so that more people can help address the relevant matters so as to further improve efficiency. The more efficient it is, the better it can attract shipowners to register their vessels in Hong Kong and then use more of Hong Kong's value-added services, including arbitration and marine insurance. In this way, our economic development will be promoted.

Meanwhile, President, the Financial Services Development Council, Hong Kong ("FSDC") released a research report earlier which sets out a series of key recommendations for developing a significant maritime leasing industry in Hong Kong. This followed the report issued by FSDC in 2017 which recommended the Government to consider providing tax concessions to Hong Kong marine insurers. As stated in this latest report, in order to encourage the growth of shipping and maritime-related support and management services, the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") expects the Government to apply a similar measure of halving the tax rate applicable to the aircraft leasing industry to the marine industry as well. The Government should actively look into the provision of tax concessions to marine services, ship management and shipping-related services. The Government may also consider reducing the profits tax to a certain tax rate to promote the further development of the high value-added shipping industry in Hong Kong.

President, regarding consumer protection, I am very glad to hear the Government propose earlier this year introducing legislation to require traders to provide a cooling-off period in certain service contracts. Previously, the arrangement of a cooling-off period has been imposed on the contracts of some financial product services, and this will now be extended to cover more areas. We welcome the Government's response in this regard. In fact, in recent years, there have been cases in which consumers felt aggrieved at being pressurized or forced into making purchases of services which involved large contract sums or long contract term unwillingly by salespersons of certain trades such as fitness centres or beauty salons who employ aggressive sales tactics.

As far as fitness centres are concerned, I have provided assistance to a victim. I am very glad to learn that after the victim accompanied by me had reported the case to the Customs and Excise Department ("C&ED"), the latter quickly conducted an appropriate investigation and follow-up. The victim informed me later that C&ED had made arrests and prosecutions. It was also reported in the newspapers earlier. I thank C&ED for dealing with the case seriously. Also, I thank the relevant departments for their cooperation. This has done justice to the victim and is also a step forward in assisting aggrieved persons.

President, with heightened public awareness of the issue of unfair trade practices and undesirable sales practices, the number of complaints received continue to rise. We hope that the relevant departments can work together and

take matching measures especially to increase the manpower and resources of C&ED for enforcing the Trade Descriptions Ordinance ("TDO").

Last year, we asked in the Legislative Council a written question on the manpower arrangement in respect of enforcement of TDO by C&ED. We found that the manpower for implementing TDO has not increased or changed in the past three years. In view of the rising number of enforcement cases and heightening public awareness, we think that the relevant department should increase its manpower so that it can have sufficient manpower resources to further combat unfair business activities.

President, regarding the cooling-off period I mentioned earlier, if the authorities should really deal with the cooling-off period in detail later, I would like to draw Members' attention to the views of the beauty industry. In the past, we have contacted some people in the industry. They all expressed their hope that the authorities can take into account the operational difficulties they will be facing in the implementation of the arrangement of the cooling-off period. It will also bring about problems if the industry cannot run their business due to the implementation of the cooling-off period. For that reason, I hope the authorities can carefully listen to the views of the beauty industry when drawing up the details of the contractual cooling-off period and strike a balance.

President, I would also like to take this opportunity to talk about the arrangements in respect of the Kai Tak Cruise Terminal ("KTCT"). I am pleased to see that the number of cruise liner calls at KTCT had gradually increased from just 9 in 2013 to nearly 190 in 2017. I think that the gradual increase in the number of calls indicates that we can successfully attract cruise liners to Hong Kong. But this is not enough. As I often say, the Government should invigorate KTCT. I think that we should continue to upgrade the ancillary facilities of KTCT. If KTCT is simply run on a function-based mode with most of the infrastructure built to be used only for customs clearance or supporting purposes and remain not opened for other uses such as retail and entertainment, I feel that it is really a waste of the place. It is just useless.

As there are still many areas in KTCT that can be converted into retail facilities such as shopping malls, I think the Government should be determined to respond to our demand and implement the conversion, so that KTCT can be truly invigorated. After all, it will be best for the passengers arriving at KTCT to take the opportunity to do spending there, then the place can be invigorated. I also

hope that the Government can speedily launch the water taxis and sightseeing services with KTCT as the starting point, boost the number of tourists and Hong Kong people gathering there, and enhance the development and operation of KTCT, thus really invigorating KTCT.

President, I would also like to take this opportunity to talk about the development of sharing economy. In order to usher in the new economic era led by innovation and technology, Hong Kong is also fully geared up for the development of high technologies and diversified economy. DAB has prepared a proposal on the development of sharing economy earlier. I have also suggested the Government to instruct all departments to research into sharing economy and formulate corresponding measures, including the establishment of a sharing economy committee. The committee will comprise representatives from the Government, various industries and scholars who will examine which industries should be regulated under the sharing economy. If an industry is defined as a new industry in the operation mode of sharing economy, new regulatory measures for the new industry shall be formulated. This should be more effective in coping with the development of sharing economy and meeting the needs of new industries emerging every day, without being fossilized.

President, I shall stop here for the session, and I shall speak again in the subsequent session. I so submit.

MR FRANKIE YICK (in Cantonese): President, the World Economic Forum has recently released the Global Competitiveness Report 2018. Hong Kong has dropped from the sixth to the seventh place in the overall competitiveness rankings among 140 economies. Notwithstanding only a drop of one place, Members who care to pay attention to it will find out that neighbouring cities are rapidly developing and Hong Kong has indeed dropped into a lag. Therefore, Hong Kong must catch up immediately, otherwise we will only keep declining.

The theme of the Policy Address by the Chief Executive is "Striving ahead Rekindling Hope". To seize opportunities and enable Hong Kong to move towards a brighter future, the Chief Executive has demonstrated her unwavering confidence and courage to rise to challenges, but I hope other government departments can all have the same determination. As I once stated in the Council, in the Dedicated Chapter on Hong Kong and Macao in the National 13th Five-Year Plan, the State expresses clear support for Hong Kong in leveraging

our unique advantages and consolidating and enhancing our status as international financial, transportation and trade centres, and even the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area, as advocated by the Central Authorities, will also bring new business opportunities to the freight and logistics industry. However, whether Hong Kong can seize such opportunities hinges on whether the Special Administrative Region ("SAR") Government has the determination to create a favourable business environment and introduce complementary policies for the benefit of the sectors.

As a matter of fact, to grasp new business opportunities, the governments of our neighbouring cities have introduced proactive and aggressive measures. For example, Nansha, Guangzhou announced a series of measures in November last year to attract liners to berth at its port with monetary incentives, while the Shenzhen Municipal Government has also endeavoured and published the action plan for promoting the expeditious development of the Shenzhen Port. The action plan seeks to not only improve the existing port infrastructure, but also incentivize investment from enterprises through financial incentives. The SAR Government should learn from their examples.

There is the view that the maritime sector in Hong Kong should steer towards high value-added development. Accordingly, the Policy Address also presents a number of measures to support the development of high value-added maritime services, such as using tax measures to foster ship leasing business in Hong Kong. This measure, which has been advocated by the Liberal Party over the past few years, is the same as the recommendation that the Government should provide a tax concession for maritime and ship leasing management made in the Maritime Leasing Paper released by the Hong Kong Financial Services Development Council ("FSDC") in May.

As regards other proposed measures, such as provision of tax reliefs to promote the business of marine insurance and exploring facilitation measures to encourage more maritime-related businesses to develop in Hong Kong, the Liberal Party welcomes any measure that can attract more shipowners, ship management companies and commodity traders to station in Hong Kong. However, the Liberal Party still hopes that the Government can upgrade the Hong Kong Maritime and Port Board into a statutory maritime body. This proposal by us happens to coincide with the recommendation of upgrading the Hong Kong Maritime and Port Board or creating a centralized Maritime Office made in the FSDC Paper.

It is estimated that the international port ranking of Hong Kong will drop further by two places this year from the fifth to the seventh place, behind Busan, South Korea and Guangzhou port. The maritime sector has a close relationship with the freight industry. For this reason, I consider that the Government must continue to introduce new policies to support the development of the freight industry. In particular, after the commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB") and the completion of the Liantang/Heung Yuen Wai Boundary Control Point and the three-runway system of the airport one after another, more new opportunities will be presented to the logistics industries of Hong Kong.

As regards the freight industry, the inland and maritime cargo volumes have both shown signs of decline in the first seven months of this year. It is not unrelated to the escalating United States-China trade war. Contrarily, the air cargo volume has risen, instead of dropping. It has increased by 5.4% compared with that in the same period last year. It is estimated that the total air cargo volume this year will still be more than 5 million tonnes. There is the view that such growth in air cargo is attributed to the consignment of certain goods before the United States imposed the new tariffs on China. But judging from the persistent growth of air cargo volume in the past five years, there has been a keen demand for air freight services. Therefore, I hope the three-runway system of the airport can be completed as soon as possible to increase the movement capacity of the Hong Kong airport to cater for the market demands.

As regards exploring the feasibility of redeveloping the Air Mail Centre at the Hong Kong International Airport, as suggested in the Policy Address, to cope with the increased demand brought by e-commerce, the Liberal Party hopes that the project can be carried out expeditiously to support the booming growth of e-commerce.

On the subject of air freight, the International Civil Aviation Organization has confirmed that starting from June 2021, unless a consignor is approved as a "validated" Known Consignor, all cargo it consigns will be subject to 100% security screening. At present, the Hong Kong International Airport handles 8 000 tonnes of export goods every day, but only some 10% of such goods are subject to X-ray screening. To avoid slowing down the air freight process as a result of satisfying the requirement of 100% security screening, and thus causing disastrous effects on the logistics chain as a whole, I hope the Government will, in the coming less than three years, get prepared as soon as possible for the 100%

security screening of all air cargoes, including installing additional cargo X-ray screening systems inside and outside the airport. Moreover, as currently over 90% of export goods consigned via the airport originate from Southern China on the Mainland, the Government should also consider extending the validation scheme of Known Consignors to Mainland manufacturers, so as to reduce the pressure generated by the requirement that goods from the Mainland must undergo security screening in Hong Kong.

The logistics industry has long been beset with the shortage of land for development. Every time I made a speech in the debate on the Motion of Thanks, I would raise this point. In recent years, in the light of the flourishing development of e-commerce and online shopping, especially high-value fresh food and medicines which have become hot items of online trading, the demand for cold storage and room temperature storage has increased, but there is a lack of land for the development of such storage in the market. Though the Government announced as early as in 2014 that 10 hectares of land in Tuen Mun West had been earmarked for logistics development, it was not until May this year, four years after that, that the Government finally put 3.1 hectares of land in the market for sale through competitive bidding. Given the exceedingly slow provision of land by the Government, excessive demand, coupled with the fact that the Government still only awards bids to the highest bidder, has further pushed up land costs, which are eventually translated into high rentals. Such double impact greatly undermines the competitiveness of the Hong Kong logistics industry.

To solve the shortage of land for logistics development, the Government should waste no time and expeditiously put on the market for sale the remaining 6 hectares of land in Tuen Mun West and other land sites intended for logistics development, including the New Development Areas in Hung Shui Kiu and Yuen Long South, as well as the topside of the boundary crossing facilities island of HZMB. Moreover, the Government should draw reference from the strategies employed by neighbouring competitors to reserve some land on the sites intended for logistics development for construction of government storage, which will be let at affordable rates to the trade so as to support the sustainable development of the local logistics industry.

In addition, the Government has been rolling out land sites for short-term tenancy ("STT") to cope with the trade's demand for land. As STT sites are also offered to the market by a "highest-bidder-wins" competitive bidding approach,

land costs have continued to climb, pushing the land costs and rentals for the logistics industry to soar. As a result, the Liberal Party hopes the Government can drum up the resolve to reform the arrangements of STT so as to support the development of the trade and enhance the competitiveness of the local logistics industry.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

To seize the opportunities, the SAR Government should strive to remove obstacles impeding the growth of the logistics industry. The Liberal Party supports the Government's eventual decision to commission independent professionals to conduct a feasibility study on relaxation of the height limit of the Tsing Ma Bridge. Given the increasingly large size of ocean-going vessels, if the height limit of the Tsing Ma Bridge cannot be relaxed, sizable ocean-going vessels will then be forced to give up berthing at Hong Kong. The shipping industry has been plagued by the problem of the height limit of the Tsing Ma Bridge for quite some time. I hope the independent professionals commissioned by the Government can speed up the study.

Furthermore, the Government also must resolve the pilotage arrangement in Mirs Bay to prevent liner companies from not berthing at Port of Yantian and Kwai Tsing Port, Hong Kong due to double charging of pilotage dues on the Mainland and in Hong Kong. In the event of the Government's failure to solve the problems in time, if international ocean-going vessels stop using Hong Kong as a transit point, it will deal a severe blow to the freight industry of Hong Kong. And the status of Hong Kong as a maritime and logistics hub, which have been built on years of endeavours, will be in jeopardy.

The important role of land-based cross-boundary transport is vital to the success of the shipping and logistics industries. Following the opening of HZMB, there is a greater demand for cross-boundary drivers. However, the cross-boundary driver trade in Hong Kong faces succession and ageing problems. It is estimated that close to 70% of the drivers are over 50 years of age. Moreover, the Mainland authorities require that drivers aged 50 and above are not eligible for licence examination and set the age limit of renewal of container truck driving licenses at 60 years, aggravating the shortage of cross-boundary container truck drivers. Despite the new business opportunities brought by the opening of

HZMB to the freight industry of Hong Kong, it will be difficult for Hong Kong to benefit from it given the shortage of cross-boundary container truck drivers.

As a matter of fact, since President XI Jinping remarked on 1 July last year during his visit in Hong Kong that the Central Authorities would actively consider the introduction of measures to facilitate the development of Hong Kong people on the Mainland, the Traffic Management Bureau of Guangdong Province has announced that Hong Kong residents are no longer required to submit proof of address when applying for Mainland driving licences in Guangdong Province, and the State Council has also announced the removal of the requirement for people from Hong Kong to apply for employment permits. After attending the meeting of the leading group for the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Chief Executive stated that Hong Kong people can apply for Mainland residence permits. All of these bear testimony to the fact that, under "one country, two systems", any facilitation measure conducive to promoting the integration between the Mainland and Hong Kong can be considered for implementation. To promote cross-boundary freight between the Mainland and Hong Kong and to support the development of the Guangdong-Hong Kong-Macao Greater Bay Area, I have written to the Central Authorities to this end and hope that the Government can assist in making a request to the Mainland authorities for the relaxation of restrictions on the eligibility of cross-boundary drivers.

Apart from the four pillar industries of Hong Kong, I would also like to discuss the development of other supporting industries, such as ship repairs which supports the maritime operation of Hong Kong, vehicle repairs which supports the road transport industry and cargo handling which is a key element in the logistics chain. Nevertheless, these industries, which face problems of succession and high operational costs presently, are gradually declining. In this connection, the Government must discern the overall situation and provide such industries with policy-backed support for their sustainable development, such as reviewing the policy on STT sites, reserving dedicated sites and allowing longer tenancy tenures, with a view to lowering rentals, thus supporting the sustainable development of such indispensable industries.

Over 90% of the freight and logistics operators in Hong Kong are micro, small and medium enterprises ("MSMEs"). However, in recent years, the SAR Government has repeatedly introduced a number of labour welfare policies, such as increasing the paternity leave to five days, which has just been passed recently;

raising the statutory minimum wage rate from \$34.5 to \$37.5 in May next year; abolishing the offsetting arrangement of the Mandatory Provident Fund System, which is currently under discussion; increasing the maternity leave, aligning the number of labour holidays with that of public holidays, which is pending study; and standard working hours. Employers certainly appreciate the importance of employees to enterprises, but the many labour welfare measures introduced by the Government within a short period of time will undoubtedly place an enormous financial burden on enterprises, aggravating the plight of companies, particularly MSMEs, in the present difficult environment. In fact, the current United States-China trade war will inevitably affect the local freight and logistics industry. The industry has become pessimistic about the business environment next year, and yet the Government has been adding to the operational costs of enterprises, eventually only forcing some enterprises to close down or make layoffs. The Liberal Party considers that, at this stage, the authorities should minimize the introduction of measures that increase operational costs so as to give MSMEs some breathing space to weather the harsh times.

Deputy President, in this debate session, I shall stop here.

MR LEUNG CHE-CHEUNG (in Cantonese): Deputy President, the Policy Address this year is rich in content, evidenced by the very fact that dozens of new initiatives have been proposed. I therefore wish to state my strong support for this Policy Address.

The Policy Address is titled "Striving Ahead Rekindling Hope". What hope is there for Hong Kong? I believe this Policy Address of the Chief Executive has really brought us some new hope. But what makes hope for Hong Kong? If the opposition camp always opposes and rejects everything, we can hardly see any hope for Hong Kong. Hence, while we should listen to opposing views, we must insist on doing the right thing and make a difference. Only then can there be hope for Hong Kong.

The theme of this session is "Diversified Economy". I wish to express some views on the land development of Hong Kong, Lantau Tomorrow proposed by the Chief Executive, etc. Hong Kong's men and women enjoy the longest life expectancy in the world. In addition to natural population growth and the increasing prevalence of marriages between Mainlanders and Hong Kong residents in recent years, new arrivals coming to Hong Kong for family reunion

have aggravated the problem of land shortage that has been plaguing Hong Kong for decades. Facing the imminent and foreseeable shortage of land, the Government has proposed the creation of artificial islands by reclamation in the waters off Kau Yi Chau i.e. the programme named Lantau Tomorrow, so as to produce a large area of land in one go. It can not only address people's housing problems, but also bring them more job opportunities. And through economic integration with the Greater Bay Area, Hong Kong will also be presented with new opportunities of economic development.

As we all know, rentals of not only housing but also offices are exorbitant in Hong Kong. With a shortage of land, how can such issues be resolved? In the British-Hong Kong era, to cope with population growth and in response to the problem of land shortage, the Government carried out reclamation of land and development of new towns in Hong Kong. The several large new towns in the East, South, West and North of Hong Kong, including Tsuen Wan, Sha Tin, Tai Po, Tuen Mun and Tseung Kwan O, were developed through reclamation. The Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") has been advocating a multi-pronged land development approach to address the land, housing and economic problems that have been plaguing Hong Kong for a long time. I consider reclamation on an appropriate scale a better option than others, whereas bulldozing the existing golf course level is short-sighted. Situated at prime locations, the racecourses also cover a vast area. Should we then also resume them for housing development? There have been long-standing criticisms in the community of the lack of world-class sports facilities and venues in Hong Kong. Cutting down the number of existing recreational venues for housing development is nothing more than a drop in the bucket, which is simply not the ultimate correct solution. As for brownfield and agricultural sites, given that land resources are very precious in Hong Kong, there is barely any land left idle. Most of the sites, except those acquired and held by developers for eventual development, are used by the logistics and recycling industries. Resumption of such private land involves the livelihood and rehousing of and compensation for those engaged in the industries, and they also demand "no relocation" and "no demolition".

Reclamation of land has minimal impact on the current land planning and residents in the vicinity of the existing sites. If someone asks what will be most affected by reclamation, the answer will be fishermen living on the sea and the marine ecology. For this reason, the Government must listen carefully to the views of Mr Steven HO of this Council.

Deputy President, the population in Northwest New Territories will increase from 1.1 million people in 2011 to 1.5 million people by 2031, representing a growth of 400 000 people. In fact, new flats in Tuen Mun and Yuen Long have been put on sale one after another over the past few years, leading to population growth in both districts. At present, passengers have difficulties boarding trains on the West Rail Line at both Kam Sheung Road Station and Tsuen Wan West Station during peak hours. This, coupled with the new development in Hung Shui Kiu, Yuen Long South and Kam Tin South under planning, has made the problem of additional traffic load even more pressing. Funding for a feasibility study on Route 11 has just been approved by the Legislative Council. As its construction will definitely not be completed in a decade, building more urban railway lines is also a most urgent task.

Since the Government proposed in the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" the creation of islands by reclamation in the waters near Kau Yi Chau, DAB has been calling for the construction of, to tie in with the creation of artificial islands, a railway connecting Northwest New Territories and Hong Kong Island West via such islands. Announcing the vision of Lantau Tomorrow in the Policy Address this time around, the Chief Executive has eventually given a clear account of the implementation of the Western Coastal Rail Link and Corridor connecting Northwest New Territories and Hong Kong Island West. The creation of artificial islands is indispensable to implementing the construction of the Western Coastal Rail Link and Corridor. I hope the Government will commence the preliminary works as soon as possible. If the project can commence a year earlier, the inadequacy of ancillary transport facilities in Northwest New Territories and residents' employment issues can be addressed a year earlier.

Shaped by a grand vision, Lantau Tomorrow has proposed, in addition to the artificial islands connecting to the transport network of Northwest New Territories, a number of long-term transport connectivity plans which include roads and railways running through Lantau. For some 20 years, Lantau residents have been fighting for a north-south link with the construction of roads and railways, so that a road link connecting Hei Ling Chau and Tung Chung via Mui Wo and South Lantau may be built, as it will boost the tourism development of Mui Wo and South Lantau. Hence, if the construction of this road link can be taken forward, it will benefit residents of Mui Wo and the outlying islands. Nevertheless, the current long-term transport connectivity plans of Lantau Tomorrow have overlooked the needs of residents of South Lantau, and the

alignment of the transport route under planning can hardly benefit residents of Mui Wo.

The plans also cover Tai O of West Lantau, but it is similarly left out in the cold. As for Peng Chau, which will find itself surrounded by the artificial islands, it is nowhere to be seen in the vision programme for the time being. But the creation of such artificial islands will definitely have some impact on the neighbouring Peng Chau. Will the development of Peng Chau proceed concurrently, so as to bring more employment opportunities to this small island and boost its capability of economic development? Or will this small island become abandoned? The Government must expeditiously present the relevant details.

There have indeed been lots of controversies and views surrounding the Lantau Tomorrow programme in the community. The Government must present more details to allay concerns from all sides, thereby enabling members of the public to get the whole picture, seeing the good and bad of reclamation for Hong Kong.

On economic development, I think there is also one thing that has implications on the economy of Hong Kong overall. As we all know, there is currently a lack of support in caring for newborn babies. The Policy Address this year has put forward the proposal for improving the existing manning ratios for workers serving in child care centres. The manning ratios for qualified child care workers serving in day child care centres in 2019-2020 will be improved. The manning ratio for care services will be enhanced from the existing 1:8 to 1:6 for children aged 0 to under 2, while that for children aged 2 to under 3 will be brought down from the existing 1:14 to 1:11. Such additional manpower can undoubtedly raise service quality, so that children will be better taken care of.

However, we are aware that such an enhancement measure to increase the manning ratios has brought us back to the 1976 level only. I met with some social welfare organizations earlier, and they also pointed out that the manning ratios for child care services in Hong Kong was not only regressing, but also lagging far behind other overseas places. Take the Asian region as an example. Even if the manning ratio for care services for children aged 0 to under 2 is enhanced to 1:6 in Hong Kong, it still lags behind the ratio of 1:3 in South Korea and the ratio of 1:5 in Singapore. The Government may consider it somewhat difficult to please the social welfare organizations, but those Honourable

colleagues who need to take care of children all know that children aged 0 to under 2 are very energetic, often putting their hands into their mouths, and to prevent them from falling, round-the-clock care is necessary. For this reason, I eagerly support the proposal of the organizations for bringing down the manning ratios for child care services, so that carers can be more focused. Otherwise the service quality can hardly be improved with one carer having to take care of 6 to 8 children of the same age.

The Government should set out the staffing ratios for various stages to cater for the needs of children at different months of age, such as by drawing reference from the practice of South Korea to set the staffing ratio for care services for children aged 0 to under 2 at 1:3, children aged 1 to 2 at 1:4, and older children aged 2 to 3 at 1:8. Meanwhile, the authorities must draw up long-term training programmes accordingly and provide adequate child care manpower in accordance with the proposed schedule. Why do I have to speak on this now instead of leaving it to the third session? The absence of adequate and proper child care support for working parents will aggravate the shortage of manpower in Hong Kong in the future. If working parents are no longer able to go out to work as they have to take care of their children, Hong Kong economy will be significantly affected. Hence, I consider the effective delivery of services by child care centres a vital measure for the promotion of continuous economic development of Hong Kong.

Furthermore, apart from increasing the manning ratios, I am also aware of the need to identify locations for setting up child care centres. In fact, Lantau Tomorrow is precisely the best approach for us to acquire land, yet it is criticized by some as "dumping money into the sea", much to the anguish of us who wish to do more to support the future development of Hong Kong. Recently, I have visited Xiongan New Area in Hebei with some members of the National Committee of the Chinese People's Political Consultative Conference. There are three points in the future development plan of the city which merit our consideration:

First, Xiongan New Area will become a pollution-free area, which is vastly different from those cities commonly affected by "urban diseases" nowadays. With the elimination of "urban diseases", the area will be free of pollution or traffic congestion, with an efficient transport network that makes every corner of the city directly accessible and a living sphere shared by members of the public. That is why we consider that it may serve as reference for Lantau Tomorrow.

Second, we should have a genuine vision, knowing that the city will offer an ideal living environment in the future. Can the Government make people see that such a city will be created under Lantau Tomorrow? The Government has provided far too little information about this. We all wonder if we should move and settle there in the future, and it is even unknown as to whether we can really do so. Some say that it will be two or three decades away, but it seems not the case because as stated in the Policy Address, units will be available for intake in 2033. But it seems the Government has yet to give a clear account of this. I think the Government really needs to present such details. Even if the Chief Executive makes a bid to "rekindle hope", we still do not see the "hope" as she pledges. While it is claimed to be three decades away, is it really so?

The third point which, in our view, merits consideration is that it will become an area combining environmental protection and conservation, offering an ideal living environment. Can our future new city achieve the ratio of 7:3 as in Xiongan New Area, i.e. with 70% of its area mainly dedicated to conservation and water bodies, while the remaining 30% dedicated to employment, accommodation and commerce? It is actually necessary for the Government to explain and tell people more about the details of such development and the future new city. Only then can we believe that Lantau Tomorrow will truly create a place where we can call home. At present, I consider it necessary for the Government to present more details and do more explaining, so as to make this future new city more widely known to the public.

Deputy President, I will stop here for the time being and speak again in the second session. Thank you.

MR CHUNG KWOK-PAN (in Cantonese): In regard to economic development, many Honourable colleagues have referred to the trade war or expressed concerns about the economy in the coming year. The Liberal Party has pointed out that in terms of economic development, this Policy Address is the worst over the years. Why? On behalf of the Liberal Party, Mr Frankie YICK stated some reasons just now. First, what will happen next year amid the looming trade war? Everybody is expecting a very bad situation. Mr Vincent LO, Chairman of the Hong Kong Trade Development Council ("TDC"), also said two days ago that he reckoned many companies will close down in the first quarter of next year. Even the TDC Chairman has such anticipations. Then what the SMEs have experienced first hand are really bone chilling. In the first quarter of next year,

there might not be orders for the export companies. Then the second quarter will be the divine moment, and we will know how many companies will run into difficulties. Everybody can imagine how severe the situation will be next year, but we only see two small paragraphs in the Policy Address on the trade war which only said that "we must closely monitor upcoming changes in the economic environment". Everybody can say that. But what are you going to do after closely monitoring it? My feeling is that the Government does not have any sense of crisis, so I am greatly disappointed.

As Mr Frankie YICK also mentioned, there will be problems with the logistics sector on top of the problem with the export sector, and then consumption will dwindle, and next the catering and retail industries will be affected. The catering industry has already felt the impact. In the past, towards the end of the year or around the time of spring gatherings, there must always be full bookings of banquet by manufacturers and enterprises. Now the enterprises are cutting down on their budget for banquets. They may cut the number of banquet tables from ten previously to two only now, and they may choose banquets priced at \$5,000 per table now instead of \$8,000 previously. The catering industry has already felt the enormous impact in the future. Although the Government has said that it will closely monitor the issue, what is it going to do next? Of course, I am also very grateful to Secretary Edward YAU for visiting Washington in the United States to do some lobbying. The most important thing is that the United States must not impose sanctions on Hong Kong, because Hong Kong is a member of the World Trade Organization and a separate customs territory, operating its own independent economy. Therefore, I hope that the United States Government will not impose sanctions on Hong Kong.

However, even if the United States does not impose sanctions on Hong Kong, Hong Kong will be affected as we have a lot of investment and production activities in China. Therefore, TDC also pointed out earlier that the trade war would have an impact on Hong Kong's Gross Domestic Product ("GDP") and the extent will be 1%. But I dare say it must be greater than this. Why? Because many manufacturers have their production in the Mainland and will export goods from the Mainland direct, rather than shipping the goods back to Hong Kong for re-export. Hence, such volume will not be counted as part of Hong Kong exports. Therefore, the impact is really inestimable and it will not just be 1%.

Of course, the Government has done some preparatory work, such as introducing measures related to the Hong Kong Export Credit Insurance Corporation ("HKECIC") or the SME Financing Guarantee Scheme. It can be said that they are just better than nothing. If you do not have any export business, what is the point of taking out export insurance? If you do not have any business or export business at all, what is the use of taking out export insurance? However, the SME Financing Guarantee Scheme would be useful. Nevertheless, I hope that the Government especially the Hong Kong Monetary Authority ("HKMA") will ask the banks to lend a helping hand and to really extend loans to SMEs. Based on my experience, despite the banks knowing that there is the SME Financing Guarantee Scheme, they do not extend loans anyhow. There are many examples of this and we do not need to talk about them here.

Therefore, the Government has responded in the right way, but it is not enough. Of course, the Secretary has been working hard and bustling around to negotiate free trade agreements, and even plans to set up Hong Kong Economic and Trade Offices ("ETOs") in different places such as Thailand and Dubai. All these jobs should achieve some effects, but I hold that these are only distant solutions that could not provide prompt remedy in the face of an imminent danger. Nevertheless, these tasks must be undertaken, and we will see achievements in the medium and long terms. In particular, the signing of free trade agreements is good for Hong Kong. However, why do we not negotiate with the large economies first, instead of putting resources into small economies such as the Maldives which has a population of just over 200 000? Regardless of the outcome of the negotiations, it is only a market with a population of just over 200 000. Another example is Bahrain, even though Bahrain has a bit of influence in the Middle East.

Why do we not choose the former Trans-Pacific Partnership Agreement ("TPP")? It is much larger. Although the United States subsequently withdrew from it, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") has been signed. Indeed, the SAR Government should get in touch with it because at least 10 countries are included in it, and these countries and markets have always been our trading partners. For example, if we can negotiate and reach an agreement with the ten ASEAN countries, it will benefit us greatly because we can become partners with ten countries. Also, through CPTPP, we can partner with more than 10 countries, so I expect the SAR government to consider contacting this organization and joining the Agreement.

Besides, currently US\$200 billion worth of products shipped to the United States are subject to tariffs. If Donald TRUMP and President XI fail to reach a comprehensive consensus in the negotiation at the end of November, another \$270 billion worth of products would be taxed, that means a total of US\$500 billion worth of products would be slapped on tariffs. By then, I cannot imagine how big the impact will be on Hong Kong as many of our industrial products are manufactured in the Mainland.

I have talked with the Trade and Industry Department about the possibility of moving the production processes of textile goods back to Hong Kong. Everybody considered that it is possible. By the same token, can we discuss with the relevant trade associations about the definition of the Certificate of Hong Kong Origin with respect to other industrial products such as electronics, toys, watches and clocks, jewellery, footwear, etc.? In general, the ratio is set at 30%. If some of the procedures are moved back to Hong Kong, then the Certificate of Hong Kong Origin can be obtained. In this way, the products are considered made in Hong Kong and we can export them. In that case, there will be a number of advantages.

First, industries will return to Hong Kong and this will facilitate re-industrialization. Then, we will not be affected by the trade war between China and the United States and will not be subject to tariffs. We can develop new industries as well. Of course, people will ask, "Can we afford the cost?" "Will companies actually return?" There is no need to worry. When the Government formulates and introduces policies, businessmen will naturally evaluate their own situation and consider whether they will invest in new machines and automation to speed up product development and production. They will make plans on their own, whereas the most important thing is to have policies in place for their consideration. Hence, is there no way out? I think we can change the crisis into an opportunity. In this way, it may be possible to incentivize some enterprises to return and invest in automatic manufacturing processes, so that we can promote re-industrialization and realize the return of industries to Hong Kong.

As far as economic development is concerned, the last point I wish to make is that we have to admire our State. Back in March or April, when we just heard news of the trade war and a lot of people did not believe that it would happen, yet

the Central Authorities had already made preparations. What had it done? In the past two days, the China International Import Expo ("CIIE") was held in Shanghai. Within such a short time, they managed to organize such a large-scale trade fair, inviting more than 3 000 companies from more than 170 countries to participate in the Expo in Shanghai. We really have to admire the capabilities of our State. I hope this will help Hong Kong companies, because the opening up of the China market will eventually make it easier for companies to enter the domestic market and this will definitely benefit Hong Kong.

Therefore, I hope that the SAR Government can help Hong Kong enterprises to get more exhibition space to showcase their products in the next CIIE, so as to tap the China market instead of relying on the traditional Western markets. This also proves that even though the situation is difficult, there are still a lot of things that can be done, and done in the short term, rather than the few words in the Policy Address.

Thank you, Deputy President. I so submit.

DR JUNIUS HO (in Cantonese): Deputy President, the current trade war between China and the United States has cast a deep shadow over our road ahead. But no matter what, we have to stand firm. It is not the first time Hong Kong faces such a financial turmoil. In the past international financial tsunami, we remained rock-steady. All kinds of challenges and difficult conditions will only forge us into stronger souls.

I do not wish to stray too far away. Take the stock market on 12 February 2016 as an example. The Hang Seng Index on that day was 18 319, whereas that today is 26 147. Compared with 33 154 on 26 January this year, it has indeed dropped about 22%. Nevertheless, I do not believe the stock market will go up permanently. What goes up will come down. Hence, such an adjustment will take place sooner or later with prices coming down along with the general trend. But after all, people will forget the past. Not afraid of burning their fingers, they will press on. Therefore, in my view, although the Policy Address did not particularly mention what strategies Hong Kong has in the face of the United States-China trade war, Mr CHUNG Kwok-pan needs not be so

worried. In fact, even the Motherland with so many learned minds is still currently working out a way, let alone Hong Kong. In a nutshell, meet all changes by remaining unchanged. Tomorrow will be a better day.

Deputy President, the 2018 Policy Address presented by the Chief Executive last month is entitled "Striving Ahead Rekindling Hope". I would like to quantify this title and share it with Members, from my experience. There are two points we must know. First, now the Hong Kong-Zhuhai-Macao Bridge has already been commissioned. I have used it twice, finding it very good. The first time was 24 October. I have told Secretary Frank CHAN about it, too. After dining, I set off from Sheraton Hotel in Zhuhai to return to Hong Kong to attend the Legislative Council meeting on Wednesday. A "one-hour living circle" is indeed possible. It only took me 55 minutes to return to Hong Kong, during which there was absolutely no speeding. On the Mainland, the car travelled at 80 kph and 100 kph, and after returning to Hong Kong, it travelled at a slower speed of 50 kph. I was able to finish customs clearance and return to Hong Kong in 55 minutes. This road can really enable a "one-hour living circle" for us. Hong Kong's mobility, resources, talents, land, etc. have suddenly become extensive. Suddenly, I seemed to see a ray of hope. More people, irrespective of age, can lead a more convenient life. When elderly people travel outside or go out at weekends, they can reach their destinations with no need to travel a long distance. Young people also have room for upward movement. Even though the property price is much higher now, it is still worthwhile.

Last Sunday I had a meeting on the Mainland. Recently, there has been a lot of business to which I need to attend there, and I will go to Zhuhai to attend meetings on the next several Sundays. It turns out that holding a meeting on the Mainland—Hongkongers should note this point because our rents are really expensive—the meeting was held in Lu Yu Tea House on the Mainland. There were 15 of us, having tea of good quality for three hours, and it cost only RMB280. If we hire a venue in Hong Kong, the charge per head will be higher than this price. That means we can have one more option. We can stay in Hong Kong for work. We can also go to Zhuhai to seek opportunities of development. As such, we can stand to benefit direct and live with greater convenience.

I do not think we should be so short-sighted. Ms Claudia MO said it will take 70 years to recover the money we are going to spend now. But even if it will take 70 years, so what? This is not personal business. Rather, it is business at the district level. It is an infrastructural project. No one said we need an immediate payback. This is the work which the Government should do. Will it actually take 70 years to recover the cost? I am not so pessimistic. As long as Secretary Frank CHAN slightly relaxes the requirements, the time can be shortened. As stated by the Governor of Guangdong Province, they welcome everyone from Hong Kong. Similarly, our present quota of 5 000 is really too small. Quotas should be granted expeditiously. At least they should be made available for application by people in need and approved at discretion so that there is no need to wait for another quota of 5 000 to be granted next time. What I mean is, as long as we move forward and let some people take this road first, we will be able to make progress.

In fact, I admire Mr Gordon WU on this front. With his pioneering and prophetic wisdom, he knew that according to China's route of development, it would definitely be hugely profitable to develop a highway between Hong Kong and Shenzhen. At that time when he did this, he was ridiculed by other people who claimed that given the capricious political changes and confusing legal system in China, there would be great trouble in land resumption. To their surprise, in less than 20 years, he has already reaped a hefty profit. Back then, other people said he would definitely suffer a deficit, but now he has made an enormous profit. What does it mean? We should have this kind of pioneering wisdom and be confident in ourselves. Moreover, we have to walk our talk, advancing forward with a pioneering spirit.

Hence, I appreciate Secretary Frank CHAN enormously. He has to bear a lot of judgmental look and harsh verbal attacks—I will back him up. He needs not be afraid—in a word, he should stay calm and say to himself in good conscience: What I am doing is for the good of Hong Kong. During this period, he will be scolded by many people, but we just need a resolute and courageous leader with pioneering and prophetic vision to open up a new path for us.

Let me recap a little history. Back then, there was the slogan "MTR—A Railway For You". During the construction of the Mass Transit Railway ("MTR") on Nathan Road in the 1970s and 1980s, open excavation was carried out along the entire road, thus causing all the shops to be enclosed. Some

people thus changed the slogan from "MTR—A Railway For You" to "MTR—A Railway Enclosing You". So, there are always people holding opposite views, hurling such unsparing criticisms that the other party will lose all his confidence and absolutely wonder if he is just like that. However, as long as he is doing a good deed, there is no need to worry. "Even if nobody sees your good deed, God knows it."

The Hong Kong-Zhuhai-Macao Bridge ("HZMB") is a great piece of work the construction of which has taken 10 years. Today it has been completed. Does the opposition camp dare use it? First, they dare not admit that they were wrong. Second, they refuse to face the reality and accept this glorious achievement now. Third, they will continue to criticize the work to be done in the next step as a mere "white elephant". The officials and the Chief Executive should, as stated in the present Policy Address, strive ahead and rekindle hope. If the helmsman does not have confidence and hope in himself, who will be willing to follow him? Hence, we must hang on. Their curses and criticisms are our driving force. Our achievement must be greater and more remarkable than theirs.

Speaking of Lantau Tomorrow, many people have sarcastically described it as "Catastrophe Tomorrow". Leaving aside whether it will be catastrophic tomorrow, if no work is carried out, a catastrophe will readily come today because hundreds of thousands of people are waiting for allocation of public housing units. This morning someone proposed again taking back the power of vetting and approving applications for the daily quota of 150 One-way Permits. I oppose it. Given their refusal to import talents, the existing quota of 150 is precisely one of the ways to alleviate the problem with the demand for and supply of manpower in Hong Kong. Even though it is not up to me to make the decision, I believe our officials have such wisdom to persuade the Mainland Government or vetting authorities in Guangdong Province. They can point out Hong Kong's wish to import a certain number of talents and negotiate whether the policy can be slightly adjusted. If we have candid discussions with the Mainland, willing to explore the matter boldly, we will certainly be benefited.

Do I support the reclamation project of 1 700 hectares under Lantau Tomorrow? In principle, I am inclined to support reclamation, but not for such a big area. Where does land come from? From dry land, and reclamation is only a stopgap.

Let me do some arithmetic with Members. How large is the total area of 1 700 hectares? It is 170 million sq ft. If the present compensation for a Class A site, which is \$1,000 per square foot, is used in the calculation, then the total amount is \$170 billion. The merit is that the problem of 1 200 hectares of brownfield sites can be resolved immediately, and there can also be 500 hectares of agricultural land. After fixing these land problems, instant results can be achieved. Land will become readily available. There will be no need to wait for 13 years until 2032 for the first family to move to the centre of the sea and become "new town dwellers" in the middle of the sea.

Hence, how should we weigh the pros and cons between the two? Reclamation is something to be done, but I hope the scale will be given due consideration. In view of insufficient land for use in Hong Kong in the future, it is inevitable to continue reclamation, but we can adopt a two-pronged approach. Removal of hills and reclamation are the basics. How should we proceed with these? The beautiful North Lantau should be used for development, and South Lantau for construction of residential units, thereby developing the 150 sq km (15 000 hectares) of land on the whole Lantau Island in an orderly and planned manner, running the whole island in the mode of Discovery Bay.

I have heard the following saying to this effect: "Shenzhen is developing in the mode of Hong Kong; Guangzhou, the mode of Shenzhen; and the whole country, the mode of Guangzhou". Eventually, China has indeed developed in a mode similar to that of Guangzhou across the whole country. In 1978, the policy of reform and opening up began. In 1983, everywhere in Shenzhen was still clouded in dust, but today Shenzhen has already surpassed Hong Kong. Now Hong Kong may indeed be way behind it, but we need not be afraid. We must move forward staunchly.

What should we do then? Lantau deserves the best development. On part of the 15 000 hectares of land, some hills should be removed, coupled with reclamation. Then Lantau should develop in the mode of Discovery Bay, thereby properly providing young people with room for upward mobility. The golden dragon has already swam to Chek Lap Kok, connecting Hong Kong with the Mainland. It only takes an hour or 55 minutes to travel between the two places. This is real data obtained from my personal experience. Development of the whole West Lantau is inevitable. However, if the Government heads for somewhere faraway rather than nearby, pursuing something abstract rather than

concrete, throwing everything tangible into the sea, it will definitely invite a lot of criticisms, but few will come from me. I support reclamation. However, a two-pronged approach should be adopted to build a gorgeous Lantau Island. If I were to develop Lantau—it is not that I wish to apply for this job. Secretary for Development Michael WONG has been doing a good job—first, it is necessary to build an island-wide road around the entire Lantau Island, then a tunnel connecting the two sides like the existing tunnel between Aberdeen and Causeway Bay. There must be a tunnel linking up the South and the North, and a beautiful road around the island. Let us look at how beautiful HZMB is! When I saw it, I felt happy and impressed. The staff of Radio Television Hong Kong interviewed me on the day it was commissioned and travelled to HZMB with me. Turning myself into an enthusiastic promoter, I said it really was a good thing, a benevolent policy. A decade ago, the Government was so heavily reproached that it became a bit holed up. But 10 years on, today it can stand up proudly and triumphantly.

How should Lantau be developed? Half of the land should be used for developing a quality living environment in which the property price is affordable to young people. I also hope they can move to the Peak or Mid-levels, but the per-square-foot price is tens of thousands of dollars. Who can afford it? If the property price on Lantau Island is only \$10,000-odd per square foot and quality living can be provided, I consider this my dream life. I will no longer need to live in a "nano flat".

The practice of land resumption is often criticized as slow. It takes 12 years to convert a potential site into a disposed one, since it is necessary to haggle with the landowner. However, according to the Lands Resumption Ordinance, the land must be returned to the Government in three months actually. Most strident disputes are claims about inadequate compensation from the Government. If the Government makes compensation today at \$1,000 per square foot as I said just now, the total amount for 170 million sq ft of land is only \$170 billion. But people will never feel satisfied. Even if they receive \$1,000 per square foot as compensation, they will still consider the Government ripping them off. What should be done? Such a large payment will still be regarded as inadequate. Do not be afraid to use the old tactics. What matters most is the Government's willingness to try a most classic and effective method of the past. It is called Letter B entitlement, under which the Government will give landowners land bonds. In this way, there will be a win-win situation between landowners and

the Government. The Government should not merely pay money because money may depreciate. If the Government offers landowners land bonds, the landowners can make their decision based on the price. Moreover, if they wish to pursue development on other land lots later, they can exchange the bonds with the Government for land. I have proposed it in the Legislative Council no less than four times. The Government must consider using Letter B. In the past, the Government used Letter B because there was a lack of funds. It could not but sign an instrument, stating that it owed the landowner a site. The landowner could later exchange it for money or land. It was similar to the programme hosted by WU Cheong-chiu which we watched when we were children. The audience were asked whether they wanted a money prize or a gift. If they wanted the former, they would be given cash, and the latter, a gift. Before 1997, landowners in Hong Kong could receive either money or Letter B. I think this approach is worthy of deep consideration. It can be given second thoughts.

In my opinion, the route of development to be taken now definitely lies in the West. The Western Corridor, HZMB and even the place currently holding the greatest land reserve are all situated in the West. That place is called Lantau, the area of which is double that of Hong Kong Island. Some people hold that exploration of Lantau will damage the environment of the country parks. It cannot be touched. But who says it cannot be touched? Vested with such a power, the Government does not touch it, thus neglecting the need of development. Let us take a look. The Hong Kong Island, with an area of 70 sq km, has developed so splendidly. Places like Pokfulam are still full of green attractions with country parks and reservoirs. Development has concentrated only in Central and Causeway Bay. The area of Lantau is double that of Hong Kong Island, but it is left unused. Is this not tantamount to rendering it useless? We already have such favourable conditions, but we lack the courage to take action. Deputy President, so much for my speech here today. All in all, regarding the Chief Executive's Policy Address entitled "Striving Ahead Rekindling Hope", I encourage the Government to act boldly and drastically, advancing towards Lantau. Thank you, Deputy President.

MR MA FUNG-KWOK (in Cantonese): Deputy President, due to the shortage of land, property prices in Hong Kong have all along stood high; young people have no hope of purchasing their own homes; the waiting time for public housing has repeatedly reached record highs; the rents of subdivided units are rising; and

the living area is dwindling. The sports, performing arts, culture and publication sector that I represent is also plagued by the lack of land and space which hinders its development. Identifying land and exploring new space is the only way to solve the shortage of land and space in the long term.

In her Policy Address, the Chief Executive put forward the Lantau Tomorrow Vision which proposed reclamation near Kau Yi Chau for the construction of artificial islands with a total area of about 1 700 hectares. The land can become a new town housing 1.1 million people or the third core business district in Hong Kong. The project injects new investment and impetus into future economic development and fundamentally resolves the shortage of land in Hong Kong.

Deputy President, reviewing the history of Hong Kong's development, reclamation has always been the main source of land supply. New towns in Hong Kong provide accommodation for more than 3.5 million people. Most of the new towns, including Kwun Tong, Tsuen Wan, Sha Tin, Tuen Mun, Tseung Kwan O and Tung Chung, were developed on reclaimed land. The old and new airports were also built on reclaimed land. From 1985 to 2000, Hong Kong gained 3 000 hectares of land by reclamation. Unfortunately, during the 15 years from 2001 to 2015, the area of reclaimed land was greatly reduced to 690 hectares, leading to the shortage of land nowadays. Recently, I have watched a short video which opposes reclamation. In the video, two children and their father expressed their worries about the impact of reclamation, sitting at the waterfront reclaimed through from. The image was quite ironic indeed. Deputy President, this Chamber and the neighbouring Central Government Offices are situated on reclaimed land, so are the business districts of Wan Chai, Central and West Kowloon. I believe many Honourable colleagues live on reclaimed land. Without reclamation, today's Hong Kong would not exist. Therefore, it is absolutely vexatious to claim that reclamation is a damnable option.

Of course, reclamation should not be the only option. As pointed out by many people, reclamation will not be necessary if brownfield sites, farmland and idle Government land can be fully utilized. However, resumption of brownfield sites and farmland is not an easy option either. Brownfield sites are already serving purposes indispensable to society, such as storage for containers, vehicle repairs and maintenance and waste treatment. If the Government has to resume

and develop these sites, it must also identify sites to relocate these indispensable operations. How can they be relocated if there is no additional space?

Undoubtedly, the Government is duty-bound to make good use of our precious land resources. I am not entirely satisfied with the way relevant government departments utilize idle sites and vacant school premises. There should be enormous room for improvement in this regard. However, even if the Government makes more efficient use of these sites, it will increase only the utilization density of the existing sites, while the actual space and land supply in Hong Kong will remain unchanged.

As the largest infrastructure and development plan of the Government, the Lantau Tomorrow Vision will inevitably give rise to controversies. The cost of the programme is the primary concern of society. Without a detailed budget and assessment, the cost, be it \$500 billion or \$1000 billion, is not a small amount. Therefore, the worries of the public are understandable. However, that does not mean the Government is dumping money into the sea. Reclamation is an important investment that serves to meet social needs. The reclaimed land is a valuable asset which may be used for public housing and social facilities construction, as well as boosting our economy. A conservative estimate made by Honourable colleagues indicated that the project can generate more than \$600 billion of proceeds from land sales. Besides, as the development period of the project is relatively long, the cost may be apportioned over the years. It is, therefore, not financially unaffordable. The economic benefits and employment opportunities that the project can bring about are beyond our estimation.

Moreover, under the reclamation programme, a large supply of land is expected to enter the market, developers will thus sell or develop their land as soon as possible. There will be a greater incentive for them to do so and the Government will have a stronger bargaining power in resuming the land at a more reasonable price for development. In this way, the Government will regain the initiative of land development.

(THE PRESIDENT resumed the Chair)

As for other concerns in society, such as the environmental impact of the reclamation, or that the programme cannot provide an immediate solution to the imminent problem, I think we have to wait for the Government to announce the

specific details of the programme and carry out relevant studies. On the contrary, opposition slogans claiming that the Lantau Tomorrow Vision aims at satisfying new arrivals holding One-way Permits, or even accusing it of flattering the Central Authorities, are a far cry from the objective reality and of no help to resolving the land issues in Hong Kong.

President, I support the Government increasing the land reserve through various means, including reclamation. In order to increase land supply, I think the Government should concurrently consider other options, such as resuming brownfields and farmland and making full use of idle sites. The Lantau Tomorrow Vision is still a rather conceptual proposal pending refinement and further discussions. It is extremely irresponsible to make unfounded speculations and allegations of the programme at this stage and sidestep the fact that Hong Kong has a serious shortage of land. This kind of view and attitude are doing a disservice to our next generation.

President, I would like to talk about other issues related to infrastructure. I very much welcome the recent commissioning of two important infrastructure items, namely the Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge. I think they will greatly promote the communication, connection, cooperation, economic development and non-governmental exchanges between the two places. I have used the bridge twice in the past week and found it fairly convenient and efficient. The only shortcoming is that the traffic volume of the bridge was rather low. The problem is not the lack of users but the fact that people who need to use it are not yet authorized to do so. To date, I am still not permitted to drive to the Mainland or Macao. I had the impression that I was the only person renting the entire bridge when I travelled through it. I hope the Government can meet the expectations of the Central Authorities by better managing and using the bridge, so that the Greater Bay Area and the "one-hour living circle" can be realized, the living space of Hong Kong people expanded and our economy developed.

Next, President, I would like to speak on the creative industries. First, I wish to talk about the film industry. I have to make a declaration first, that I am the Chairman of the Film Development Council.

Much to our regret, Mr Raymond CHOW, a veteran of the Hong Kong film industry, has passed away recently. The pioneers who have participated in the 30 golden years of the film industry are leaving us one after another. Mr CHOW, who devoted his life to the Hong Kong film industry, had injected

new ideas and discovered new faces and materials for Hong Kong films. He contributed enormously to the glory of Hong Kong films in the 1970s and 1980s. Unfortunately, the Hong Kong film industry has gradually gone downhill since the late 1990s. The annual production volume has dropped from more than 200 films at its peak to 40 to 50 films only in recent years.

In order to support the local film industry, the Government set up the Film Development Fund ("FDF") in 1999 and the Film Development Council to boost local film production, nurture production talents, promote the local film brand and build up its audience. As a matter of fact, FDF provided financial assistance to some small- and mid-budget film productions and supported a certain volume of film productions. Outstanding works among them include the recently released *Men On The Dragon*, which was very well received with box office proceeds of more than \$15 million. Films produced under the First Feature Film Initiative ("FFFI") introduced in 2013, such as *Mad World* and *Weeds on Fire*, have received extensive public compliments and provided opportunities for new blood of the film industry to showcase their talents.

The Government announced the injection of an additional \$200 million into FFFI in 2015. Three years down the line, the Government has responded once again to the demands of the industry and mine by injecting a generous amount of \$1 billion into FFFI, so as to strengthen its support and input for the film industry. I, of course, very much welcome this measure. In order to boost the production volume of local films, the scope of FDF will be expanded to cover mid-budget films and the number of winning teams and the prize sponsorship under the enhanced FFFI will be increased. Prior to this, the production budget under FFFI was very tight. Despite the participation and support on a pro bono basis of many actors, staff and members of the industry for the purpose of nurturing successors, long-term dependence on pro bono support by FFFI cannot lead the industry towards a healthy direction of development. The Government identified the problem in a timely manner and increased the sponsorship so that winning teams can have more resources to give full play to their creativity, and that both front stage and back stage staff involved in the productions can be reasonably rewarded. In this way, FFFI will be able to walk farther long term.

However, we cannot and should not rely solely on government support to promote the local film industry and increase local film production. It is more important to build up confidence among investors so that they see Hong Kong as a film production base. It is also essential to strengthen the support for film

post-production and post-production technology innovation, so that post-production processes will be relocated back to Hong Kong to lay a solid foundation for the future development of the film industry.

Meanwhile, the Government has to strive for more liberal access of Hong Kong films to the Mainland market. The television and film industry in the Mainland has flourished upon entering the new millennium. Box office proceeds have increased by more than 15 times in 10 years from RMB 3.3 billion in 2007 to RMB 55.9 billion in 2017, repeatedly hitting record highs. Against this background, investors will naturally shift their focus to the abundant opportunities in the Mainland market. Hong Kong films are regarded as overseas productions since the reunification. While there is no quota limiting their entry into the Mainland market, import must be centrally arranged by the China Film Group Corporation and there are still many barriers in terms of censorship, filming and screening. Co-production films are regarded as domestic productions under certain conditions. For example, Mainland actors must account for at least one third of the total number of actors in the film, and the plot or the leading roles must be related to the Mainland, etc. Hence, story creation and local actors are subject to some constraints.

(There was interference with the broadcasting system in the Chamber)

PRESIDENT (in Cantonese): Mr MA, please put your mobile phone away.

MR MA FUNG-KWOK (in Cantonese): I do not have any mobile phone on me.

(There was interference with the broadcasting system in the Chamber)

PRESIDENT (in Cantonese): Will staff members please remove any mobile phone nearby.

MR MA FUNG-KWOK (in Cantonese): Subjected to various restrictions, it is difficult for Hong Kong films to turn the corner by riding on the rapid development of the Mainland film industry. On the contrary, many film productions, especially large-scale ones, tend to shift to the Mainland and focus

on the huge Mainland market. Upon comparison, the scale and volume of local film productions are gradually shrinking. Hence, many local film talents have chosen to seek opportunities northwards, resulting in a succession problem. As a fundamental measure to boost production volume, the Government should remove the barriers faced by the local film industry, so as to expand the market of Hong Kong films to beyond 7 million people; and provide greater business opportunities to attract more investors to invest in Hong Kong film productions. The Chief Executive stated in the Policy Address that discussions would be made with relevant the Central Government in order to facilitate Mainland-Hong Kong co-productions and entry of Hong Kong productions into the Mainland market. I would be delighted to see progress on this front and look forward to hearing some good news for the industry.

The local publishing industry, which is another important element of the creativity industries, also faces barriers in entering the Mainland market presently. I hope the Government will also discuss with the Mainland authorities on how to further simplify the approval and import procedures for local books entering the Mainland, so as to facilitate the local publishing industry.

Actually, apart from the measure to promote reading which may be marginally relevant to the publishing industry, there is next to no support for the publishing industry in the Policy Address this year. The Chief Executive undertook to study the introduction of Public Lending Right in her manifesto, but there is no mention of it in the Policy Address. It is understood that although discussions have been made between the Government and the industry on Public Lending Right, the progress has been extremely slow and substantial work and arrangement are yet to be seen. I hope the Government will respond to the demands of local authors and the publishing industry expeditiously without any delay by implementing this important measure to incentivize creativity, support the local publishing industry and promote the local creative industries.

Thank you, President.

PRESIDENT (in Cantonese): I will invite the five public officers to speak. On the basis of the 15-minute speaking time for each officer, they may speak for up to a total of 90 minutes.

FINANCIAL SECRETARY (in Cantonese): President, I now speak in my capacities as Acting Financial Secretary and Secretary for Financial Services and the Treasury. Before all else, we thank the Chairman of the House Committee for proposing the Motion of Thanks in respect of the Chief Executive's 2018 Policy Address ("the Policy Address"), thereby allowing the Government to fully listen to Members' comments and views on the Policy Address. I also thank Members for their speeches just now.

Under the theme of "Striving Ahead Rekindling Hope", the Chief Executive has proposed in this year's Policy Address a series of initiatives covering different areas such as economic development, land and housing, transport, education, labour welfare, medical and health services, etc. All fully reflecting the determination of the Special Administrative Region Government to continue to strive for economic development and improve the people's livelihood. In compiling the Budget next year, the Financial Secretary will provide financial resources correspondingly so that various initiatives can commence expeditiously and benefit members of the public as soon as possible.

President, in the following speech, I will briefly talk about Hong Kong's latest economic situation, economic outlook and some directions for economic development in the future.

Let me start with the latest economic situation. Benefited from the global economic situation, Hong Kong economy saw a strong growth of 4% in the first half of this year. Economic activities maintained solid expansion in the third quarter. Merchandise exports increased by 9% year on year in value terms in the third quarter, the growth being more or less the same as that in the second quarter. Backed by a steady demand for local consumption and obvious increase in the number of inbound visitors, retail sales have grown 5.1% over a year earlier. However, impacts of unfavourable factors such as the trade tensions between China and the United States, the interest rate hike in the United States, stock market corrections, etc. on Hong Kong economy have gradually surfaced. The findings of business tendency surveys conducted by different organizations in recent months indicate that the business atmosphere has turned cautious. The growth in exports of goods and retail sales also slowed down in September.

Regarding the property market, affected by the latest developments such as increased unfavourable external factors and upward adjustment of interest rates by local banks, the property market has slightly cooled down since August. Transactions have quieted down and property prices fallen. The monthly average number of sale and purchase agreements for residential property from August to October this year has dropped to about 4 200, obviously lower than 5 700 in the first seven months this year. After the drop of 0.1% in August, overall property prices further dropped 1.4% in September. As indicated by the latest information, property prices stayed soft in October, and secondary market transactions have quieted down.

In the labour market, the unemployment rate in recent months stood at 2.8%, the lowest level in the past 20 years. Total employment continued to grow steadily. In general, people's income has improved in real terms.

Concerning the prices of goods, the average underlying inflation rate was 2.5% in the first nine months this year, slightly higher than the annual rate of 1.7% last year. Following the robust growth of the economy over the past year or so, local costs have increased. Coupled with the impact of the previous increase in fresh-letting residential rentals, there may be slight upward pressure on the inflation rate in the rest of this year.

Regarding the economic outlook, despite the continuous expansion of the global economy this year, the momentum has recently shown signs of slowing down. Various major economies have gradually shown mixed performance.

The Mainland economy performed soundly with a total year-on-year growth of 6.7% in the first three quarters of this year. The American economy which continues to be stimulated by the expansionary fiscal policy has grown visibly faster this year. Meanwhile, despite the continuous expansion of the economies in the Euro area and Japan, the growth rate was slower than that of last year. The economies of other emerging markets in Asia have, in general, expanded solidly, but manufacturing and trading activities in the region began to show mixed performance in September. Last month, the International Monetary Fund lowered the projected growth of the global economy for this year and next year from 3.9% to 3.7%, emphasizing the worsening downside risks in the economic outlook.

At present, what is most worrying is the rise in trade protectionism. This year, the United States has adopted unilateralism, triggering trade conflicts, dealing a blow to trading entities around the world and posing an enormous threat to the global economy. Undoubtedly, escalating trade tensions between China and the United States will directly affect Hong Kong economy through the trading channels. At the same time, economic and trade conflicts between the two largest economies in the world will certainly bring adverse effects to the global economic atmosphere, causing reduction in investments and making the financial market more volatile, thus affecting the economic activities in Hong Kong on various fronts.

Facing the present situation, the Government has all along maintained close communication with the industries and adopted various countermeasures to assist the industries in developing markets and diverting risks. The Government will continue to keep a close watch on the development of the situation and roll out measures to support the industries in a timely manner.

Meanwhile, the further tightened financial condition of the advanced economies is also a key factor for the downside risks to the global economy. Since the end of 2015, the Federal Reserve of the United States has raised the interest rate eight times, adding that there will be successive rate hikes in the future. In early October, Jerome POWELL, Chairman of the Federal Reserve, said it was possible that the future policy rate would be higher than the long-term neutral rate, implying that there was still much room for raising the interest rate. According to the present market anticipation, the probability of a Federal Reserve rate hike in December is about 70%. In the Euro area, as the local deflation risk has reduced, the European Central Bank cut the monthly net asset purchases by half last month and planned to end the Asset Purchase Programme at the end of this year.

In addition, we must pay attention to the situation of some of the emerging markets. Interest rate hikes in the United States and a stronger US dollar, coupled with escalating trade tensions, have brought pressure of outflow of funds to bear on emerging markets. In the past few months, financial markets of some economies with weaker fundamentals have experienced severe turbulence. The Argentine and Turkish currencies have drastically depreciated this year, while those in some Asian emerging economies have also been subjected to varying degrees of pressure, thus posing a threat to the stability of global finance and economy. We must heighten our vigilance.

Under the linked exchange rate system, Hong Kong's interest rates are bound to rise in tandem with those in the United States. In September, the prime rate was raised by the banks for the first time in 12 years, marking the end of the period of ultra-low interest rates. Normalization of the American monetary policy is expected to continue. We believe Hong Kong's interest rates will continue to go upward. The impacts on Hong Kong economy and asset prices warrant close observation.

There are other underlying threats in the external environment faced by us, ranging from the Brexit negotiations, controversy over the budget proposal of Italy, to geopolitical risks in places around the world, particularly the tense geopolitical situation in the Middle East. The impacts on international oil price movements and investment sentiments must also be given due attention.

In a nutshell, Hong Kong is facing a most challenging external environment. In the light of the actual situation since the beginning of the year, Hong Kong economy is expected to reach an annual growth of 3% to 4% this year. The Government will announce figures of the third quarter economic growth and the latest economic and inflation forecasts for 2018 next Friday (16 November).

Next, I will briefly explain the Government's work in the promotion of diversification of economic development.

President, the Policy Address this year is the best illustration of our determination to develop new areas of economic growth. We are resolved to aptly seize the boundless opportunities brought by the national Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"). The Government will exert its best as a "facilitator" and "promoter", seizing the opportunities to capitalize on Hong Kong's strengths to serve the country's needs, and proactively forge liaison with the world to explore greater business opportunities.

Facing external uncertainties, the Government will continue to employ a multi-pronged strategy, giving play to Hong Kong's unique edges under "one country, two systems" to tap more opportunities and divert market risks for enterprises. This includes continued efforts to proactively enter into free trade agreements and investment agreements with suitable trading partners, expand the network of overseas economic and trade offices, and attract foreign investors to establish their base in Hong Kong. In respect of the Belt and Road construction,

the current-term Government has proactively implemented various measures, determined to establish Hong Kong as the prime platform and key link providing diversified financing and professional services for the Belt and Road construction. Moreover, the Greater Bay Area development will create new areas of growth for the future economic development of Hong Kong. In particular, it will stimulate the development in two areas, namely, innovation and technology, and financial and professional services. The Government will strive for policy innovation and breakthroughs jointly with the relevant Mainland authorities to assist the industries in developing business in the Greater Bay Area.

Furthermore, the Government will seek to continuously enrich the content of CEPA (i.e. the Mainland and Hong Kong Closer Economic Partnership Arrangement) with the Ministry of Commerce and implement CEPA properly. To reinforce the advantages of the convention and exhibition industry, the Government will continue to actively increase the supply of convention and exhibition venues and facilities. Regarding the tourism industry, the Government will promote the development of the tourism industry in the direction of diversification and attracting high value-added overnight visitors, work at full steam to implement the Development Blueprint for Hong Kong's Tourism Industry promulgated last year, and seize the opportunities brought about by the commissioning of cross-boundary transport infrastructure such as the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge.

As regards financial services, we remain committed to enhancing Hong Kong's position and competitiveness as an international financial centre, an asset and wealth management centre in the Asia-Pacific Region, as well as an insurance hub in the region. We will seize the development opportunities brought forth by the Belt and Road construction and in the Greater Bay Area, deepen Hong Kong's financial cooperation with the Mainland and mutual financial market access between the two places, enhance Hong Kong's position as a major financing platform as well as a financial services hub for Mainland and overseas enterprises, and promote the development of green finance and financial technology. Besides, in response to changes in the global and regional political and economic situations, we will keep reviewing, and strengthen where necessary, the risk protection, resilience and fundraising capacity of Hong Kong's financial system, so as to ensure normal and smooth operation of the financial system. To this end, we will proactively enhance the supervisory system and implement relevant international regulatory standards.

In respect of shipping, we will continuously upgrade the infrastructure and ancillary facilities of the Hong Kong International Airport as well as its passenger and cargo handling capacity, and continue to expand Hong Kong's aviation network to reinforce Hong Kong's status as an international aviation hub. At the same time, the Hong Kong International Airport will perform its strategic role as a gateway in the development of Lantau Island. As regards the maritime sector, we will focus on the development of high value-added maritime services, especially ship finance, marine insurance, etc.

Innovation and technology ("I&T") continues to be a focus area in the Policy Address. For this reason, the Government has injected a large amount of resources into the development of I&T. Apart from more than \$50 billion earmarked in this year's Budget for I&T development, this Policy Address has set aside an additional \$28 billion for such work as university research, re-industrialization, application of technologies in public services and enhancing the atmosphere of I&T. It fully demonstrates the importance attached by the Government and its commitment to I&T development.

The Government's procurement practice is also one of its directions for the development of I&T. As announced by the Chief Executive in the Policy Address, the Government will introduce a pro-innovation government procurement policy in April next year. The purpose of the new policy is to create a more favourable environment to encourage government departments to adopt more pro-innovation proposals in the procurement process, and facilitate the participation of start-ups and small and medium-sized enterprises ("SMEs") in government procurement.

Under the new policy, government procurements will lay greater stress on quality assessment. The technical weighting in tender assessment will be raised such that tenders with innovative suggestions will stand a better chance of winning government contracts. The Government will also enhance exchanges with the sector and dissemination of procurement information to assist start-ups and SMEs engaged in I&T in participating in government procurement. The Financial Services and the Treasury Bureau is drawing up the details jointly with the relevant Policy Bureaux and departments, with a view to facilitating the launch of the new procurement policy by various departments starting from April next year.

In respect of the creative industries, pursuant to the blueprint set out by the Chief Executive in the Policy Address last year, this year the Policy Address has proposed an injection of \$1 billion into the Film Development Fund to support further development of the Hong Kong film industry in four broad directions, namely, nurturing talent, enhancing local production, market expansion and building audience.

As always, the Government will make proactive and timely injections of resources to comprehensively take forward various initiatives in the Policy Address benefiting the public. We will allocate resources in a strategic and forward-looking manner according to the priority of the policy initiatives, and continue to uphold the principles of fiscal prudence and spending money where it is due, so as to preserve the sustainability of public finance.

Sound public finance is crucially important to Hong Kong. Recently, the global economy is full of uncertainties. Despite Hong Kong's presently strong economic fundamentals, we cannot lower our guard. We must continue to pay close attention to changes in the external environment and keep adequate fiscal reserves for taking countermeasures where necessary. Hence, we will seek to maintain Hong Kong's fiscal stability and ensure optimal use of public resources, with a view to making timely responses to the aspirations of society and members of the public.

President, the four Directors of Bureaux will elaborate on the work in such domains as economic development, commerce and industry, I&T, professional services, shipping, and Hong Kong's participation in the Belt and Road Initiative and the Greater Bay Area development. Moreover, just now various Members expressed their views on Lantau Tomorrow. In this connection, the Secretary for Development will give a detailed response in the fourth debate session.

With these remarks, President, I implore Members to support this year's Policy Address.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, Members, I wish first of all to thank the 28 or so Members who have spoken on the economy, the Policy Address and this Motion of Thanks. Among them, over half mentioned that we are now facing a crisis brought forth by the trade war between China and the United States. The Government

appreciates and subscribes to Members' concerns, worries and advices on certain matters that must be addressed carefully, and we will pay attention and respond to them proactively. Among the many Members who have commented on our approach to the trade dispute between China and the United States, Mr CHUNG Kwok-pan was perhaps more rash than most in his judgment, stating that with the Policy Address making no more than a passing reference to the problem, the Government seemed to have taken the dispute too lightly. I feel obliged to respond to such rash remarks, which dismiss the efforts made by the Government and other organizations at this problem. The Legislative Council or its various committees have held many discussions on this issue, while the Financial Secretary, other colleagues and myself have from time to time given responses in respect of the problem over the past months. Since the beginning of this year, we have had a dozen of meetings with a dozen of trade associations across the territory, gauging the views of their affiliated associations across dozens of trades and industries which they represent. Individual Members, as representatives of their respective constituencies, also invited us directly for talks and discussions. In making those remarks, Mr CHUNG Kwok-pan perhaps also overlooked the discussions initiated by a department under my purview—the Trade and Industry Department—on the issue of origin concerning all the industries, including the textiles and garment industry which is represented by Mr CHUNG Kwok-pan. While the textiles and garment industry is not affected by the current trade war, we held discussions on it in respect of the issue of origin nonetheless, for we believe that the legality of origin must be safeguarded jealously.

President, we certainly appreciate the concern of many Members about the impacts of the trade war—which is one of the more serious challenges confronting us in recent years—on the economy of Hong Kong. I think the Policy Address has managed to convey an important message, that while Hong Kong is blessed with robust fundamentals, a unique edge and immense opportunities, we are confronted with huge challenges and the uncertainties and impacts brought forth by the trade dispute between China and the United States. By describing the Hong Kong economy as robustly based, I am referring to the fact—one that has also been highlighted in the Policy Address—that Hong Kong remains an open economy firmly committed to free trade, and that we will maintain whenever possible the elements that make Hong Kong a competitive economic city. These qualities of Hong Kong are internationally recognized—by our trading partners, international organizations, think tanks, etc.—and must be maintained on a continued basis.

Second, when we talk about the unique edge of Hong Kong, we are referring to the difference between Hong Kong and other Mainland cities in respect of, among others, constitutional systems: Articles 116 and 151 of the Basic Law enable Hong Kong, by using the name "Hong Kong, China" and as a separate customs and trade territory, to become a member of the World Trade Organization ("WTO"). Such a unique edge is also based on the difference between us and our other competitors, which includes our robust fundamentals which I enumerated just now. It is imperative for us to continue to entrench and maintain such an edge.

As regards the immense opportunities presented to Hong Kong, some of them are global, borne out, for example, by the globalization of the world economy, which we see as an opportunity. We emphasize innovation and technology, regarding it as an economic drive. The development of "Industry 4.0", much discussed around the world at the moment, will bring forth some opportunities as well. And there are the global demands for talent and high-end services and the trend of using soft power as a means of competition, which will likewise present Hong Kong with opportunities. However, none of those will bring forth opportunities as immense as those presented by the two major initiatives at the moment—the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") development and the Belt and Road Initiative. This is true not just because the two initiatives are policies implemented by the State, but also because the reform and opening up of our country since 1978 and its accession to WTO—thus taking its place in the community of world trade—17 years ago have brought not just new opportunities to Hong Kong but also actual benefits to the city which overall economy has been positioned for such developments.

Even with robust fundamentals, a unique edge and immense opportunities, Hong Kong is now facing huge challenges. Such challenges lie in whether the rules of international trade will backtrack, become less open or be tightened as a result of the trade dispute incited by the United States. They also involve whether the dispute between China and the United States will intensify and persist, or take a turn for the better—or worse—in the short term. In the absence of a crystal ball, it would be difficult to foresee the situation in a few months' or a year's time. That is not to say we are not making preparations though. It is, however, impractical to expect the Policy Address to prescribe the solution to every problem, a fact to which I am sure Members will agree. That said, we will

discuss this problem with the sectors on an ongoing basis. In the period just past, we have rolled out various measures to reinforce Hong Kong's edge and opportunities on the one hand, and sharpen that edge in response to the outlook and challenges on the other.

The countermeasures put in place by the Government focus on tackling the problem at root, boosting our competitiveness and expanding markets, while short-term or immediate policies have been rolled out to help the relevant sectors, some of which were announced before this Policy Address—for example, in the Budget early this year and the Policy Address of last year—including measures to reduce operating costs and remove regulations and restrictions as many Members have mentioned. The tax relief measures announced in last year's Policy Address and implemented in April seek precisely to reduce the operating costs of businesses. Late last year, we signed a Free Trade Agreement ("FTA") with the Association of Southeast Asian Nations ("ASEAN") which would take effect next year and bring about the progressive reduction of customs duties on goods originating from Hong Kong, facilitating our export trade. We also proactively provide assistance for the affected trades, especially those relating to export. Short-term measures include rolling out export-related insurance, the details of which I will not repeat here; medium- to long-term measures include improving the SME Financing Guarantee Scheme, a proposal from Members which we have taken on board to forestall cash crunch or closures of businesses, by raising the amount of guarantee, reducing repayment and extending the period of repayment. These measures were adopted on the one hand to address the relevant problems, and on the other to respond to the aspirations of the sectors voiced in the discussions over the last few months. We have also adopted some timely measures, including injecting \$2.5 billion into two funds for small and medium enterprises ("SMEs") to help them develop overseas markets, upgrade and restructure operations, and build up brands. We have injected fresh funds into those two schemes and advanced them for SMEs' application. The Dedicated Fund on Branding, Upgrading and Domestic Sales, which helps businesses to upgrade and restructure their operations as well as develop brands not just on the Mainland but the 10 ASEAN member states as well, has received some 70 applications over the past few months. The topped-up SME Export Marketing Fund has received 270 applications this year, an increase from the 170 or so applications last year. These measures have precisely taken on board the suggestions of some Members to promote domestic sales as a countermeasure.

At the government to government or international trade level, we have also adopted some measures to develop markets, including forging FTAs as Members have mentioned. These agreements are crucial to developing markets on the one hand and lowering customs duties on the other. Apart from targeting bigger markets, such as the 10 ASEAN member states with which we signed an FTA lately, or the vast market of Australia which is negotiating with us for an agreement, we also target some representative or strategic economies, such as Georgia, with which we have signed an FTA recently to establish an economic link with this most open region in Central Asia.

A Member mentioned that at a time like this, it was imperative for us to take the initiative to step up overseas promotion and publicity. We cannot agree more. Apart from enhancing the network of overseas Economic and Trade Offices ("ETOs"), we also tied up, in overseas publicity events in the past, with different organizations related to the various sectors of Hong Kong, including notably the Hong Kong Trade Development Council ("HKTDC"), the Hong Kong Tourism Board ("HKTB") and the local ETO. Such publicity events—such as the one held in Japan last week—cover numerous interested organizations, extending even to some professional organizations. For instance, architects were invited to take part in the promotion events in Japan. Besides, ETOs and InvestHK under the Commerce and Economic Development Bureau serve, as a matter of fact, not just the Commerce and Economic Development Bureau, but all other Policy Bureaux as well, doing overseas promotion on areas spanning from education to creative industries and technology. We are increasingly emphasizing a tie-up between the Government and organizations outside the Government, especially in the case of overseas publicity. At a high-level meeting early this year, the Chief Executive discussed the possibility of collaboration between the aforementioned organizations and such big statutory bodies as the Hong Kong Exchanges and Clearing Limited, the Airport Authority Hong Kong, the MTR Corporation Limited and the University Grants Committee to promote Hong Kong in all dimensions overseas.

Lastly, as I said just now, in respect of grasping opportunities, the State's Belt and Road Initiative and the Greater Bay Area development have given Hong Kong more room to thrive, not just in terms of external trade but also affording many professional services sectors business opportunities. It is even more important for Hong Kong to make the best of these opportunities.

There were also questions of whether the Belt and Road Initiative would only encourage enterprises to venture outside Hong Kong. As I already pointed

out in the Legislative Council before, we see a business opportunity arising from the large-scale projects under the Belt and Road Initiative: the relevant contractual formalities and trade negotiations of such projects are likely to take place in Hong Kong if the projects themselves are established in Hong Kong, which would create more professional services opportunities for Hong Kong. Recently, we provided support for a dozen professional bodies through the Professional Services Advancement Support Scheme to facilitate their regular discussions with the 1 000-plus members of the Hong Kong Chinese Enterprise Associations, with a view to promoting collaboration between professional bodies of Hong Kong and enterprises on the Mainland, including central state-owned enterprises, state-owned enterprises and private enterprises. We are convinced that a win-win situation will be achieved through such collaboration.

As for other aspects, President, the Acting Financial Secretary spoke at length just now on tourism, convention and exhibition, creative industries, consumer protection, etc., so I will make no repetition here. Instead, I wish to take this opportunity to conclude my remarks with our country's China International Import Expo ("CIIE") held in Shanghai a few days ago as mentioned by a Member just now.

Hong Kong had actively participated in this CIIE, for we felt that as our country opened its door and engaged in reciprocal international trade, not only would our country be benefited, Hong Kong would also be benefited, so too would the world market thanks to the resultant multi-win situation. We brought along more than 160 enterprises, HKTDC, HKTB and various trade associations to take part in the expo, organizing several seminars on the theme "Hong Kong's Experience for International Trade". "Hong Kong In", our theme for this CIIE, fully reflects Hong Kong's long-standing role in economic development as not just our country's gateway for import and export, but also a gateway for our country's enterprises to access the international market. It also represents Hong Kong in its advancement in all of its commercial qualities and its stride kept abreast of the times, a place where mainstream industries are reinforced while professional services sectors are given more opportunities. Against the backdrop of a reversal in international trade and an unstable environment, Hong Kong will continue to maintain its aforementioned edges, forging its way forward with industry and rising to the challenges ahead.

I so submit, and support the motion. Thank you, President.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, in this debate session on "Diversified Economy", 16 Members have mentioned in their speeches the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") and measures that facilitate Hong Kong people in their development on the Mainland. I wish to respond specifically to these issues.

Being one of the physical manifestations of the further deepening of economic reform and opening up of our country, the development of the Greater Bay Area has now been upgraded to the level of national development strategy.

Joining a meeting of the Guangdong delegation during the National People's Congress in March this year, President XI Jinping highlighted the need of Guangdong to capitalize on the opportunities arising from the Greater Bay Area by working closely with Hong Kong and Macao, in order to create a world-class Bay Area and an integrated world city.

The opportunities arising from the development of the Greater Bay Area for Hong Kong are mainly two-fold: first, the Greater Bay Area can facilitate the economy of Hong Kong in its search for new areas of growth and diversified development of the economy and industries; second, by turning into a quality living area and a vast hinterland of Hong Kong, the Greater Bay Area can enlarge the living space of Hong Kong residents.

The leaders of the Central Government have repeatedly made clear on different occasions that in taking forward the development of the Greater Bay Area, we should strictly adhere to the framework of "one country, two systems" staying committed to the basis of "one country" while leveraging the benefits of "two systems". Compared with other bay areas in the world, the Greater Bay Area is uniquely characterized by "one country, two systems", in which lie its potentials as well as the challenges in taking forward the development of the Greater Bay Area. We need to take forward the development of the Greater Bay Area with a new mindset and from the perspective of regional development, striving for policy breakthrough and innovation.

Some Members including Mr WU Chi-wai voiced scepticism and concern about the development of the Greater Bay Area. I have listened to them carefully and wish to respond to four points. First, the Greater Bay Area comprises nine municipalities in Guangdong Province and the two Special Administrative Regions ("SARs") of Hong Kong and Macao. Hence, Hong

Kong is in the Greater Bay Area, and Hong Kong people who stay and pursue development here are also contributing to the Greater Bay Area. Second, instead of telling people every day to pursue development in the Greater Bay Area, the Hong Kong Special Administrative Region ("HKSAR") Government merely highlights the unique development opportunities in the Greater Bay Area which deserve efforts on our part—including those of our young people—to understand, explore and discover, and then make a decision we see fit. Third, in promoting the State's development strategy in respect of the Greater Bay Area, Hong Kong is playing an active role in national development, instead of being just a mere connector. Fourth, given the inevitable competition among cities, it is certainly necessary for us to enhance our competitiveness, step up our strength in hardware and software, and lure and retain talent. While the Policy Address has set out numerous measures to achieve these ends, we should also set our sights beyond Hong Kong, focusing on regional economic development and making the pie bigger with a view to achieving mutual benefits.

The top-tier design of the development of the Greater Bay Area involves the setting up of a leading group for the development of the Greater Bay Area led by the Vice Premier of the State Council, Mr HAN Zheng. In August this year, the Chief Executive attended the first plenary meeting of the leading group in Beijing. This is the first time that the Chief Executives of Hong Kong and Macao SARs attended a meeting at central leadership level as members, highlighting the importance the Central Government attaches to the role of the two SARs in the Greater Bay Area. We will make good use of the Chief Executive's membership of the leading group to strive for the Central Government's support for the promotion of innovation in systems and mechanisms in the various areas of cooperation, leveraging Hong Kong's advantages in meeting the country's need.

As a matter of fact, since the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area in July last year, the HKSAR Government has been taking forward the development work of the Greater Bay Area in a pragmatic manner, pressing ahead with the development under the framework of "one country, two systems" and grasping the opportunities arising from this important development strategy of the State, particularly those pertaining to the development of an international technology and innovation centre and the promotion of unhindered and speedy flows of people, goods, capital and information within the Greater Bay Area.

To facilitate the development of Hong Kong people on the Mainland, particularly in the Greater Bay Area, the relevant Central Government departments has progressively introduced a series of concrete measures over the past year to assist Hong Kong people studying, working, starting a business and living on the Mainland. These measures include installing automatic ticket vending and issuing machines to read and verify Home Visit Re-entry Permits at train stations frequented by Hong Kong people, allowing the people of Hong Kong and Macao working on the Mainland to join the Housing Provident Fund and removing the requirement for Hong Kong and Macao residents working on the Mainland to apply for employment permits. In August this year, the Central Government announced the Regulations for Application of Residence Permit for Hong Kong, Macao and Taiwan Residents, making it possible for Hong Kong residents living on the Mainland who meet the relevant criteria to apply for residence permits. A residence permit holder is entitled to enjoy, in accordance with the law, three categories of rights, six basic public services and nine facilitation measures on the Mainland, which will meet the daily living needs of Hong Kong people in such areas as employment, education, medical care, travel and financial services on the Mainland.

In April this year, four Panels of the Legislative Council jointly conducted a duty visit of the Greater Bay Area, making stops in five of its municipalities. During the tour, the delegation gained first-hand understanding of the development of the Greater Bay Area through visiting various high-technology and start-up enterprises, as well as meeting and exchanging views with representatives of the local governments. Members of different political parties and groupings who have participated in the visit will surely agree that the development of the Greater Bay Area will afford Hong Kong development opportunities.

To further implement the efforts in taking forward the development of the Greater Bay Area in an proactive manner, the HKSAR Government attaches great importance to the support rendered to promoting the development of the Greater Bay Area. Hence, it was set out in this year's Policy Address that the Chief Executive would establish a high-level Steering Committee for the Development of the Greater Bay Area ("the Steering Committee"), with herself as the chairperson and its membership comprising all Secretaries of Department and Directors of Bureau. The Steering Committee will be responsible for formulating strategic goals, policy measures and concrete work plans and

assuming the role of overall coordination in relation to the HKSAR's participation in the development of the Greater Bay Area. The Steering Committee has convened already.

Meanwhile, the Constitutional and Mainland Affairs Bureau will expeditiously set up a Greater Bay Area Development Office, which will involve shortly submitting a proposal to the Establishment Subcommittee and the Finance Committee for creating the post of Commissioner for the Development of the Greater Bay Area who will be charged with the responsibilities of assisting the Steering Committee and, specifically, coordinating the HKSAR's actual implementation work in taking forward the development of the Greater Bay Area.

By presenting new major opportunities to Hong Kong, the Greater Bay Area will play a pivotal role in the future development of Hong Kong. Moreover, with the commissioning of large-scale cross-boundary infrastructure projects, including the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the land boundary control point at Liantang/Hueng Yuen Wai, a one-hour living circle encompassing Guangdong, Hong Kong and Macao is basically formed, giving the people and enterprises of Hong Kong strong incentives and far greater convenience in pursuing development on the Mainland. The HKSAR Government will seize each and every opportunity to refine, deepen and optimize the work in regard to the development of the Greater Bay Area, while striving for the introduction of more measures to facilitate Hong Kong people, such that the enterprises and talent of Hong Kong, especially the young people among them, can be helped to appreciate and grasp the unique opportunities arising on the Mainland, particularly from the development of the Greater Bay Area.

Finally, President, in response to the recent data leakage incident of an airline as mentioned by Mr Kenneth LEUNG and Mr Charles Peter MOK, the Government is highly concerned about the incident. At present, the Office of the Privacy Commissioner for Personal Data ("PCPD") has decided to initiate a compliance check under section 38(b) of the Personal Data (Privacy) Ordinance ("PDPO"). The Government will closely follow the development of the incident. The incident reflects that PDPO has room for amendment and improvement. The HKSAR Government will jointly review with PCPD the relevant requirements and penalties of PDPO, and carefully consider, among

other things, how data protection and the notification arrangement could be enhanced.

With these remarks, President, I implore Members to support this year's Policy Address.

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Cantonese): President, I thank Honourable Members for their valuable opinions on the development of innovation and technology ("I&T") in Hong Kong.

The eight major areas of I&T development outlined in the Policy Address last year were widely recognized by society and the sector. The Government has subsequently implemented a number of policies and achieved good results. We are glad to see that the I&T ecosystem in Hong Kong has been enhanced significantly in the last two years. We will definitely keep up the efforts at maintaining this positive momentum for I&T development.

I will now give a concise response to the remarks made by a number of Members.

Re-industrialization has good prospects in Hong Kong. It will not only improve the economic structure and bring in research and development ("R&D") investments, but also provide diversified employment opportunities for I&T talents. A typical example of re-industrialization is the environmentally-friendly yarn production line recently opened in the Tai Po Industrial Estate, which has gained recognition from various sectors.

To further expedite re-industrialization, we will launch a \$2 billion Re-industrialization Funding Scheme to subsidize manufacturers, on a matching basis, to set up smart production lines in Hong Kong. Moreover, we suggest an additional allocation of \$2 billion to the Hong Kong Science and Technology Parks Corporation for building manufacturing facilities required by dedicated advanced manufacturing sectors in the industrial estates. The proposal since announcement has been positively received by the industrial sector, including major industrial associations and chambers of commerce. I hope the "Made in Hong Kong" brand will scale new heights through re-industrialization.

Hong Kong is strong in scientific research. Scientific research teams of universities and R&D centres have repeatedly achieved outstanding results in international competitions. Therefore, the Policy Address proposed to, on the existing basis, step up efforts in promoting R&D, technology transfer and realization of R&D findings. We propose to double the funding ceiling for Technology Transfer Offices of dedicated universities, Technology Start-up Support Scheme for Universities, State Key Laboratories and Hong Kong branches of the Chinese National Engineering Research Centre, thereby unleashing our strengths in scientific research and promoting commercialization of R&D findings.

Quite many Members are concerned about the development of smart city in Hong Kong, in particular the progress of open data. The Innovation and Technology Bureau is actively taking forward three digital infrastructure projects, including the provision of electronic identity ("eID") for all Hong Kong residents free of charge from mid-2020. Good progress has been made in this regard. Insofar as open data is concerned, we have firmed up a new policy on opening up government data in September this year, under which all government departments are required to formulate and publish their annual open data plans by end of this year, in order to enhance the transparency of open data process. The measure is considered a step forward in the right direction and generally supported by society.

Members of the sector have conveyed to me that start-ups and small- and medium-sized enterprise ("SMEs") in Hong Kong lack opportunities to introduce their innovative products and solutions to government departments. I agree that the Government should provide more scenarios to apply local I&T. For this reason, the Office of the Government Chief Information Officer will set up the Smart Government Innovation Lab in 2019. It will invite the industry to submit Information Technology proposals and product suggestions for various public services and specific issues, and facilitate the trials and technology testing of suitable solutions in collaboration with relevant government departments, so as to create more business opportunities for local start-ups and SMEs.

In addition, we plan to introduce artificial intelligence and chatbot functions in the GovHK portal in 2019 to facilitate the public in searching and using e-Government services, while chatbot functions will also be introduced to the 1823 service. With the full adoption of eID upon its implementation, it is expected that by mid-2021, the general public will be able to use eID in about 100

e-Government services via their computers or smartphones, and submit almost all 3 000 government forms electronically.

To encourage the application of technology within the Government, we rolled out the TechConnect (Block Vote) in the middle of last year to provide funding support to projects that can improve the efficiency of public services and departmental operations. Since its introduction, the programme was well received by various departments and has supported over 40 technology projects proposed by various government departments. To further drive the adoption of technology by government departments, we proposed to allocate an additional \$500 million to the Block Vote, in order to support more technology projects.

Apart from using technology within the Government, we also wish to create a fervid I&T atmosphere in the community. The Policy Address proposed to allocate \$500 million for organizing City I&T Grand Challenge which will openly invite various sectors to put forward I&T solutions to tackle issues closely related to our daily lives, so as to inspire the innovative thinking of society. In addition to prize money, solutions selected will have the opportunity to be tried out in suitable public organizations for application and refinement.

President, the Policy Address this year put forward a number of targeted measures to support upstream, midstream and downstream I&T development. It has actively responded to the demands of the I&T sector and Members. Here, I would like to thank Members for their support and valuable suggestions on I&T development. The Government will make every effort to implement these measures in collaboration with the sector and other stakeholders, so as to develop Hong Kong into a competitive international I&T hub.

With these remarks, I implore Members to support the Policy Address this year and the Government's efforts at I&T. Thank you, President.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, first of all, I would like to thank Members for their views. Regarding the transport issues raised by some Members in their speeches just now, I will give a consolidated response in the fourth session. I am now going to focus on the policy areas concerning the maritime and aviation services industries. Hong Kong is renowned for being an international aviation hub, international maritime

centre and regional logistics hub. The substantial achievements we have made in the relevant development over the years are founded not only on our premier geographical location, unique institutional strengths and extensive experience in international trade and commerce, but it is also attributed to the State's strong support for Hong Kong in reinforcing and enhancing our status as an international maritime centre, especially in the Dedicated Chapter on Hong Kong and Macao in the "13-5 Plan" (i.e. the Dedicated Chapter on Hong Kong and Macao in the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China). Looking ahead, the SAR Government will continue to enhance our competitiveness in aviation and maritime services through various means, and to foster the development of high value-added aviation, maritime and logistics businesses.

Earlier some Members mentioned the contribution of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") as well as the maritime and aviation industries to Hong Kong's economic development. President, I would like to make a comprehensive yet concise response on the development of the aviation and maritime industries. The Hong Kong International Airport ("HKIA") ranked first in the world in terms of freight volume for eight years in a row and continued to be ranked among the top three positions in the world in terms of international passenger throughput. In the first three quarters of this year, the freight volume, passenger throughput and flight movements have continued to record an increase. To consolidate Hong Kong's position as an international aviation hub and to cope with the ever-increasing traffic flow of HKIA, we will continue to enhance the infrastructure and ancillary facilities of HKIA. At the same time, we will also bring into play HKIA's strategic role in Hong Kong's long-term development.

On the front of enhancing the passenger and freight handling capacities of the airport, we will actively assist the Airport Authority Hong Kong ("AA") in the development of the three-runway system. The three-runway system project will take about eight years to complete, and it is estimated that the whole project will be completed in 2024. Before the commissioning of the three-runway system, we need to maximize the capacity of the current two-runway system and upgrade airport facilities so as to cope with the air traffic demand in the next few years. In this connection, the Civil Aviation Department will study and apply the latest air traffic management technologies, and AA will also actively take forward the midfield development project.

Benefiting from the formal commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), HKIA located on Lantau will become a "Double Gateway" to the world and the Greater Bay Area. In order to maximize the synergy effect of HZMB and HKIA as well as facilitating the citizens of and travellers to and from the three places, we will continue to assist AA in upgrading its intermodal interchange facilities and make use of the new transport infrastructure in the Greater Bay Area to enhance Hong Kong's leading status as an international aviation and freight hub. AA awarded the tender for the development of a premium logistics warehouse in Kwo Lo Wan in June this year to seize the opportunities arising from cross-boundary e-commerce and high value-added logistics services, with a view to creating a cluster of aviation-related businesses with high economic efficiency and diversified employment opportunities on Lantau.

In the meantime, we will continue to support AA in implementing the SKYCITY development project which encompasses retail, dining and entertainment in a dedicated area. The SKYCITY project is of strategic importance to the economic and social development of Lantau and Hong Kong. The SKYCITY project would take the overall strategic planning into account, including the planning of the three-runway system, the study on the options of topside development at the Hong Kong Boundary Crossing Facilities Island of HZMB, and future development of the AsiaWorld-Expo, etc. The aim of the project is to maximize the advantages and economic benefits of Lantau as an "Aerotropolis".

Concerning the maritime industry, Hong Kong's port, shipping and maritime services sector has all along been driving our economic development. With more than 90% of the freight volume to and from Hong Kong shipped on water at present, it is evident that maritime transport is a major pillar of our trading and logistics industries. Hong Kong has a long maritime tradition and is an important hub port in the region. The Hong Kong port is among the busiest container ports in the world. While Mr Frankie YICK remarked earlier that our freight volume might drop as a result of competition and the trade conflicts between China and the United States, the Hong Kong port handled over 20 million TEUs last year, which is comparable to the figures of some major and important ports in Europe and even those around the world. Hong Kong is, at the same time, a gathering place for shipowners, and the shipowners and maritime management companies owned and managed a sizeable fleet. As of the end of

2017, members of the Hong Kong Shipowners Association owned and managed over 2 200 vessels with a total tonnage of over 180 million tonnes, accounting for almost 10% of the deadweight tonnage of the world's merchant fleet.

In addition, the maritime services cluster in Hong Kong is booming, providing diversified maritime services such as ship finance, maritime insurance, maritime law and arbitration, ship management and ship agency, etc. There are currently over 800 shipping-related companies operating in Hong Kong, providing a full range of quality high value-added maritime services to shipping companies around the world.

At a meeting of the Panel on Economic Development some time ago, I was glad to know that members generally supported the initiatives of developing the maritime industry as proposed in the Policy Address. The maritime industry is susceptible to external economic factors and has to face keen competition. Therefore, we have to fully leverage Hong Kong's existing edge and solid foundation in maritime services to continue to promote Hong Kong's economic growth through focusing on the development of high value-added maritime services and seizing the opportunities brought forth by the State's Belt and Road Initiative and the Greater Bay Area development. The following is my concise response to the views raised by Mr Frankie YICK on the initiatives proposed in the Policy Address to support and promote the sustained development of the maritime industry, especially when the industry now faces challenges arising from the United States-China trade disputes.

First, in regard to value-added maritime services, as I mentioned during the Panel meeting, ship finance, marine insurance and maritime arbitration services are potential businesses that Hong Kong can further develop. In particular, the economic contribution of ship finance in 2014 to 2016 showed an average growth of 12% per annum, which is higher than the 5% growth of the maritime services industry as a whole. In a research report titled the "Maritime Leasing Paper" published by the Hong Kong Financial Services Development Council, it is estimated that, in the future, the capital expenditure required for new building vessels globally is approximately US\$80 billion to US\$100 billion every year, reflecting the increasing demand for ship finance. Ship leasing is a new business model of ship finance with growing prevalence and presents great development potentials. With a view to attracting more ship finance companies to establish their presence in Hong Kong and developing Hong Kong into a ship

leasing centre in the Asia-Pacific Region, we have commissioned the Maritime and Port Development Committee of the Hong Kong Maritime and Port Board to set up a task force to study the details of using tax measures to foster ship leasing business. It is expected that the study will be completed in the second half of next year.

We also notice that the maritime sector has suggested that additional measures should be implemented to attract more commercial principals of the maritime industry (such as shipowners and ship operators) to make Hong Kong their operations base. We understand that these commercial principals are an important element contributing to the booming growth of the maritime sector, but we need to further examine the proposal given that they are engaged in a wide range of businesses.

Second, in facilitating the maritime industry, the Hong Kong Shipping Registry ("HKSR") has all along been providing quality services to shipowners in Hong Kong and those around the world. To keep abreast of the latest developments in the international maritime industry, we will set up regional desks of HKSR in selected overseas Economic and Trade Offices and Mainland Offices and Liaison Units in phases, for instance in Shanghai, Tokyo, Singapore, London and San Francisco. This initiative aims at strengthening regulation and enhancing the quality of Hong Kong registered ships to render more direct and prompt support to shipowners at the ports concerned, and stepping up the promotion of Hong Kong's ship registration services overseas and in the Mainland.

Some Members also mentioned the tight manpower supply situation in Hong Kong whereas the problem exists in all trades and industries. With a view to supporting the human resources development of the maritime and aviation industries, the Government will inject HK\$200 million into the Maritime and Aviation Training Fund ("MATF") established in 2014 to attract more young people to join the maritime and aviation industries and to enhance the overall level of professionalism of practitioners of the sectors. As a matter of fact, MATF has benefited over 6 300 students and in-service practitioners since its establishment. We believe the latest injection will provide MATF with adequate resources for the timely implementation of more improvement measures, new training and incentive schemes so as to nurture talents for the two industries in a more comprehensive and diversified manner.

Some Members have mentioned the demand for land by port development and the logistics industry. In fact, the Government has been maintaining close communication with the industries and has spared no effort in providing land resources for their use. To maintain the competitiveness of the Hong Kong port, the Government will continue to take forward in phases the various recommendations made in the review of the use of port back-up land near the Kwai Tsing Container Terminals. In this connection, we have completed the preparatory work for making available three port back-up sites of about 7.8 hectares for use by the Kwai Tsing Container Terminals. We are also liaising with the terminal operators concerned on the leases, with a view to releasing the sites as soon as practicable so as to expand the terminal yard space to enhance the cargo handling efficiency of the Terminals. Moreover, we are conducting studies to explore the feasibility of developing multi-storey port back-up facilities at two sites in Kwai Tsing District, so that more land can be released to support port operations. The studies are expected to be completed in 2019. Therefore, we are striving to take forward measures targeting the issues of concern expressed by Mr YICK just now.

In facilitating the development of high value-added third-party logistics services, we sold a site of 3.17 hectares in Area 49 of Tuen Mun for modern logistics uses in May this year. We will continue to work with relevant departments to identify suitable land for the development of modern logistics facilities.

President, the Government has determination and is fully committed to fostering the development of Hong Kong's aviation, maritime and logistics industries. We hope the relevant initiatives can give impetus to their sustained advancement. With these remarks, President, I appeal to Members to support the Motion of Thanks. Thank you, President.

PRESIDENT (in Cantonese): The first debate session ends.

PRESIDENT (in Cantonese): We now proceed to the second debate session. The debate themes are "Quality Education, Manpower Training and Connecting with Young People".

This session covers the following three policy areas: Human Resources; Education; and Youth.

Members who wish to speak in this session will please press the "Request to speak" button.

MR SHIU KA-CHUN (in Cantonese): President, like the Policy Address last year, the 2018 Policy Address puts "Connecting with Young People" in Chapter VIII and generally speaking, the proposals are the same as those of last year. In the ensuing speech, I will express my views on the Government's approach to "Connecting with Young People".

In the past, youth was regarded as a stage between childhood and adulthood and this stage is often regarded as "not yet mature" and even a "tempestuous period" full of agitation and restlessness. Under such an analysis of young people, the Government did not always have to use high-pressure tactics to suppress the over-the-board behaviour of young people, sometimes, it also adopted a conciliatory approach to control young people's thinking, behaviour and values in the name of assisting them, so as to bring them into the ruts of the Government. At the same time, the thinking, behaviour and values foreign to the established order were regarded as dangerous and must be controlled.

In fact, the SAR Government has long since adopted this kind of conciliatory approach and continually tried to find ways to introduce national education and education on the Basic Law. The problem with such an approach of governance is that on the one hand, the Government wants young people to assume responsibility for the future of society; but on the other, it does not give young people any say. Even if young people are allowed to participate, often, the extent of participation does not point towards equal rights, civil rights, and so on, for young people. Young people are not given any power but are asked to assume responsibility. When their thinking is in discord with that of the Government, the responsibility is shifted to young people and they are called "waste youth".

Apparently, the current-term Government is very concerned about young people, their concerns for education, career pursuit and home ownership and wants to encourage their participation in politics as well as public policy

discussion and debate. This Government established the Youth Development Commission to promote youth development; injected funds into the Youth Development Fund to help young people start up businesses and introduced the Pilot Member Self-recommendation Scheme for Youth to let more young people join the Government's advisory bodies, but all of these measures are implemented in an authoritarian, if not totalitarian, political atmosphere. Against a background of one-party dictatorship, stepped-up surveillance and control and governance designed to maintain stability, with the State endeavouring to suppress the voices of discontent of the public; implemented against a background of collusion between plutocrats and the Government, who are unwilling and unable to truly improve public livelihood, the Government, in adopting such a conciliatory policy, actually seeks to enhance its public acceptance, play down the widespread discontent in society as a conflict between generations and further play it down as merely the discontent of young people with the regime, so as to evade the problem of the Government not being able to truly resolve the polarization of resources and power.

What is the greatest difference between an authoritarian government and a totalitarian one? The difference lies in the fact that the former still needs public acceptance and still attempts to coax the public by making all sorts of undeliverable promises. Addressing the concerns about education, career pursuit and home ownership and encouraging young people's participation in politics as well as public policy discussion and debate are the tactics of an authoritarian government to coax young people. The Policy Address stresses repeatedly that young people will be assisted in developing their career and upward mobility and in the Policy Address, the Government keeps stressing the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Great Bay Area") and the Belt and Road Initiative and even markets the Lantau Tomorrow Vision programme claimed to rekindle the public's hope of living in peace and working with contentment, all in an attempt to coax young people, telling them to focus on future development and by making young people believe in a better future and raising their hope, ensure the acceptance of the present regime. Worst of all and most despicable of all, the Government never delivers on these promises of hope. Chief Executive Carrie LAM used such phrases as "make best use of opportunities" and "develop the economy" but these phrases have never served to improve the people's lot.

Since the reunification, the Gross Domestic Product ("GDP") has been on the increase and even if we use the last five years alone as the basis for calculation, the GDP has seen a cumulative increase of 22.5%. However, the total number of people living in poverty did not decrease but has remained at 1.3 million people, that is, one in every five people live in poverty. Even after the intervention of policy initiatives, the number of people living in poverty still exceeds 900 000 and it includes 300 000 elderly people and 180 000 children. In 2016, the monthly average household income in the first decile group was only \$3,000, a decrease of \$1,100 compared to 1997; in contrast, the monthly average household income in the 10th decile group was \$134,600, an increase of 55.6% compared to 1997. How many times is the average income of households in the 10th decile group to those of first decile group? 44.9 times. Is this not astonishing? Very much so. What development was seen in Hong Kong in the past two decades? I believe I need not enumerate them but it is certain that making the best use of opportunities and developing the economy have not improved the people's lot. The current-term Government continues to develop "white elephants" and tell young people to believe that the Greater Bay Area, the Belt and Road Initiative and the Lantau Tomorrow Vision will enable them to live in peace and work with contentment. If this is not deception, what is it?

To be forthright, an authoritarian government has to seek recourse to various types of false hopes to conceal the problem of the polarization of resources and power in Hong Kong society that leads to great hardship for the public and "education, career pursuit and home ownership" actually outlines the development ladder for young people favoured by an authoritarian government and at present, this is also the only development ladder defining the development of the capitalist economy in Hong Kong. Young people have to continue to make money to buy a flat, then spend 30 years or even longer to pay off the mortgage continuously and continue to support the "real estate hegemony". Under such an analysis of young people, the Government is only concerned about how to make young people participate in this system of economic development. Learning is designed for finding a good job and developing one's career in the future. With a stable income, one can lead a stable life. What is the problem with such a way of governance? The problem lies in the fact that the Government regards youth development as the tool for economic development, regards young people as economic animals and has never considered the expectations of young people for their lives. Young people are subordinate to economic development and their prices are their worth. Their market value is all the worth they have.

President, an academic once put forward the concept of post-materialism, which is relative to materialism. Materialism is the pursuit of personal materialistic gratification, whereas post-materialism values autonomy, self-worth and such non-materialistic values as a human touch, the environment, history, democracy, and so on. The "concerns about education, career pursuit and home ownership" mentioned by the Government precisely exposes the thinking and way of administration of the vested interests in Hong Kong presently. The myriad ways of life of young people are reduced to this kind of limited life development ladder called "concerns about education, career pursuit and home ownership", which has totally failed to respond to the changes of the times and the aspirations of young people.

Politically, on the one hand, the Government proposed encouraging young people to participate in politics as well as public policy discussion and debate; but on the other, the authoritarian Government keeps suppressing and even eliminating all opposition activities in politics. On public policy discussion and debate, we have heard the doctrine of "seven things one cannot talk about": one, do not talk about universal values; two, do not talk about the freedom of the press; three, do not talk about civil society; four, do not talk about civil rights; five, do not talk about the historical errors of the Communist Party of China; six, do not talk about crony capitalism and seven, do not talk about judicial independence. However, you may think that these rules are applicable only to the Mainland but not Hong Kong. In fact, there are also such rules in Hong Kong, that is, do not talk about self-determination. In the future, maybe one cannot talk about "autonomy" and even talking about "self" will be forbidden.

President, in this term of the Legislative Council, six Legislative Council Members were disqualified by the Court and if the age standard under the Government's Member Self-recommendation Scheme for Youth is adopted, that is, if 18 to 35 years of age is adopted as the standard, three of them belong to this age group, including Nathan LAW, YAU Wai-ching and Sixtus LEUNG. Earlier on, an academic analysed the data of the 2016 Legislative Council Election and the voting preferences of young people. It was pointed out that the younger the voters, the more likely they will vote for the pro-democracy camp in the election and young people in particular show a penchant for the localist and self-determination groups. In contrast, older people are more inclined to vote for the pro-establishment camp. What does this tell us? It tells us that most of the six disqualified Members, apart from being young people themselves, were

also elected by young people. The ruling of disqualification was like a slap on the face of the Government. Before increasing the channels for young people to participate in politics as well as public policy discussion and debate, the opportunities for young people to participate in politics were eliminated, and so were the opportunities for young people to choose their own representatives. Against such a background, any talk of concern for young people and youth participation is, frankly, only a kind of slogan and symbolic participation and in reality, it is a kind of political participation, discussion and public policy debate fraught with "red lines" that no one dares step beyond.

Young people have taken to the streets to take part in various social movements. In recent years, quite a number of young people were sentenced to imprisonment for participation in social movements but the Government has not explored in depth the reasons for young people's discontent with the Government. This is the cover of the Kowloon Disturbances 1966: Report of Commission of Inquiry ("the Report"). The Kowloon disturbances of 1966 had a profound impact on the historical development and youth development in Hong Kong. However, even the colonial Government at that time saw it fit to prepare the Report to explore the causes, in the hope of adopting a more systematic and thoroughgoing approach in dealing with the issue, but what about the Hong Kong Government? In the face of the riots involving young people, it just kept taking suppressive measures without gaining an understanding of the causes. Quite the contrary, it keeps using the law as a tool for ruling and degrades the rule of law into rule by law, using the law to intimidate young people at every turn and recently, it even invoked the law to ban the Hong Kong National Party. Under authoritarian rule, the powerful and privileged have already monopolized the political and economic powers, seized control of various types of social resources and the power of discussion and analysis, as well as formulating a very narrow direction of youth development and very restricted policies or legislation related to young people. President, this is "Anyone"—any young person in Hong Kong—and in their eyes, there is only money, money, money and all around them, there are "red lines", "red lines" and "red lines", so all of them have become men and women barred behind red lines.

We know that there are three manifestations of totalitarianism: One, cultural life and public participation are increasingly curtailed and made subservient to material interests; two, the law is increasingly transformed into a tool for rulers and three, lies are prevalent, society is riven and social movements become further fragmented. Individuals, in the face of limited prospect,

gradually become cynical, nihilistic and withdraw from public life. Having regard to the three aforementioned manifestations, it can be said that Hong Kong is actually not far from totalitarian rule at all.

President, "A nation will prosper when its young people thrive. A nation will be full of hope and have a bright future when its younger generation have ideals, abilities, and a sense of responsibility." These comments were made by President XI Jinping. However, under the authoritarian rule in Hong Kong, if young people are deficient, the country is deficient and if young people are weak, the country is weak. Although young people have ideals, abilities and a sense of responsibility, due to more and more "red lines" and lies, it is difficult for the country to have a future and the hope for its people is also at risk.

President, I so submit.

PRESIDENT (in Cantonese): I will invite the four public officers to speak. On the basis of the 15-minute speaking time for each officer, they may speak for up to a total of 60 minutes.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the current-term Government attaches great importance to youth development and their upward mobility and nurturing talent. This debate session on the Motion of Thanks covers human resources, education and youth, which are three crucial issues. First of all, I would like to thank those Members who have just spoken for their valuable suggestions. Next, I will focus my responses on the two areas of human resources and youth, and other Directors of Bureaux will speak in detail on the areas under their purview.

Challenges to and opportunities for human resources

The openness, freedom and competitiveness of the economy of Hong Kong have always been our pride. The current-term Government, apart from striving to expand the room for growth of the traditional industries in which we enjoy advantages, is also committed to developing new areas of economic growth, so as to drive the development of Hong Kong as a high value-added and diversified economy.

As a highly externally-oriented economy, Hong Kong now faces challenges such as the fluctuations of the global economy, the rise of protectionism and the rapid restructuring of the economy brought by technological development. Other than staying vigilant against the major trends of the global economy, we must also strengthen our own economy to prepare for cushioning external impacts.

At the same time, major strategic developments such as the National 13th Five-year Plan, the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area will also bring unlimited opportunities for our economic development so that Hong Kong can fully capitalize on its unique edges to pursue greater business opportunities.

We strongly believe that manpower is the key element in Hong Kong's forward development. To firmly grasp the future development opportunities, we must ensure an adequate manpower supply and provision of relevant support measures. The Chief Executive states in the Policy Address that manpower is currently one of the two major bottlenecks in Hong Kong's economic development. Hong Kong is a small economy lacking in natural resources and so manpower has all along been the cornerstone of our success. However, in recent years, Hong Kong's manpower has been facing serious challenges in terms of both quality and quantity.

In terms of quality, under the impact of population ageing, the overall workforce in Hong Kong is expected to start shrinking from 2022, when the economic growth overall will inevitably be affected. And now, individual trades face an apparent manpower shortage and recruitment difficulties.

In terms of quantity, following the globe-sweeping wave of innovation and technology, the local workforce needs to constantly upgrade and strengthen their knowledge and skills so as to stand firm amid the economic restructuring. Meanwhile, skill mismatch prevails in the existing workforce where some emerging industries lack local talent to support their development.

Human Resources Planning Commission commencing work

In the face of the aforementioned challenges, we ought to make forward-looking manpower planning. As a matter of fact, the current-term Government attaches great importance to enhancing and optimizing our human

resources to cater for the evolving development needs of Hong Kong and maintain Hong Kong's overall economic competitiveness. To this end, we delivered the pledge made by the Chief Executive in the Policy Address last year by setting up the Human Resources Planning Commission ("the Commission") chaired by the Chief Secretary for Administration in April this year. Playing the role of "facilitator", the Commission will consolidate the resources and strengths of the Government and various sectors, coordinate the policies and measures on human resources in a holistic manner and promote the further development of Hong Kong as a high value-added and diversified economy.

The Commission has proactively commenced its work. Three meetings have been held to examine the manpower situation of various industries and the opportunities and challenges presented for them, and explore strategies for nurturing talent, unleashing the potential of the local workforce and attracting outside talent. Moreover, the Commission will consolidate more relevant data, analyses and studies relating to human resources, as well as information on human resources development in various trades and industries, with a view to building a one-stop information platform to provide more useful reference to assist people in making choices regarding career, avenues for further studies and development pathways.

I wish to highlight three measures presented in the Policy Address to attract outside talent and nurture talent. These measures have undergone in-depth discussion by the Commission and have been rolled out successively in the past few months.

(a) Talent List

Recruitment of outside talent has all along been the most direct and effective way to satisfy the enormous demand of the local market, especially the emerging industries, of talent. Amid the global trend of competition for talent, Hong Kong is obliged to attract top talent from various parts of the world to Hong Kong in a more proactive and focused manner.

For this reason, the Government promulgated the first Talent List in August this year, which covers 11 specific professions needed most for Hong Kong's economic development. Under the existing

Quality Migrant Admission Scheme, eligible applicants will be awarded additional bonus points under the General Points Test so as to enjoy immigration facilitation. The Government is now promoting the Talent List with the theme "Hong Kong.Talent Hub-Unlimited Opportunities", in the hope that the Talent List will enhance our competitive advantages in attracting international talent, creating cluster effects and stimulating the development of local talent.

(b) Technology Talent Admission Scheme

Apart from attracting outside talent on a macro scale, our human resources planning also has to dovetail with the development of different industries, particularly the domain of innovation and technology being vigorously promoted by the Government.

In this connection, the Government launched the Technology Talent Admission Scheme in June this year. The Scheme allocates quotas to technology companies covered by the Hong Kong Science and Technology Parks Corporation and the Cyberport so that they can recruit specific technology talent to Hong Kong for research and development ("R&D") through streamlined and shortened procedures.

It is noteworthy that the Scheme carries a requirement of employing additional local talent, with a view to, while recruiting outside talent to cope with the manpower shortage in the short run, creating synergy with local talent, thereby building a favourable environment long term to enhance the quality and supply of local technology talent.

(c) Technology Talent Scheme

To further nurture and bring together more technology talent, the Government has also earmarked \$500 million in the Innovation and Technology Fund and commenced the five-year Technology Talent Scheme in August this year. The Scheme comprises two initiatives: the Postdoctoral Hub Programme and the Reindustrialization and Technology Training Programme. The former provides funding

support to eligible technology companies to recruit up to two postdoctoral talents for R&D work and the latter subsidizes local companies on a 2:1 matching basis to train their staff in advanced technologies.

These two initiatives on technology talent will complement each other to enlarge the local innovation and technology talent pool, supporting Hong Kong in further promoting the development of innovation and technology.

Pooling together talent is conducive to the development of various industries, whereas comprehensive human resources planning also helps young people appreciate the prospects of various trades and industries and pursue appropriate education and training so as to give full play to their strengths in different fields and increase their upward mobility. It is indeed closely linked to the efforts at youth development to which the current-term Government gives equal attention.

Youth development

Youth development is one of the priority areas of work of the current-term Government. The goal of the current-term Government is that our young people are committed and responsible and embrace positive thinking, while also having a sense of national identity, a love for Hong Kong and an international vision. We will strive to do our best in youth development work by addressing their concerns about education, career pursuit and home ownership, and encouraging their participation in politics as well as public policy discussion and debate. In so doing, the younger generation will see hope and opportunities for upward mobility. In the past year, the Government implemented a number of policies and measures to address their concerns in the three aforementioned areas and encourage their participation in the same.

The Youth Development Commission ("the Commission") chaired by the Chief Secretary for Administration was established in April this year and has pinned down the following three broad directions for its future work: (1) assisting in young people's selection of suitable study pathways; (2) facilitating young people's career development and promoting their upward mobility; and (3) strengthening communication channels with young people. The Government has reserved \$10 billion to support the Commission's work and announced in the

Policy Address that \$500 million will be first allocated to implementing a series of programmes and measures in support of the aforesaid directions.

In the dedicated chapter "Connecting with Young People" in the Policy Address, emphasis is placed on, in particular, creativity and innovation. We expect to open up a new world for Hong Kong youth to bring their creativity and potential into play. In fact, we put our creative mind to the test in the past year and introduced a series of new programmes and measures which provided more opportunities for young people to pursue development in different aspects. For example, the Pilot Member Self-recommendation Scheme launched last year successfully attracted a group of young people who are passionate about serving the community to take part in governmental work. After the Scheme had been regularized, a total of 1 500 eligible applications were received in the first round of application, considerably more than the 1 100-odd applications received under the Pilot Scheme. The response was really encouraging. A number of new initiatives, such as the Space Sharing Scheme for Youth introduced also last year, the Pilot Scheme on Corporate Summer Internship on the Mainland and Overseas, various Thematic Youth Internship Programmes and "Be a Government Official for a Day", all help young people broaden their horizons and explore diversified development opportunities.

In the third meeting of the Commission held at the end of October, we briefed members on the various new measures presented in the Policy Address. The members agreed with the Government's overall vision and direction in promoting youth development and, through a multi-pronged approach, understanding young people's thoughts. Youth development is a multi-faceted issue, involving collaboration across bureaux, sectors, professions and even generations. We will work closely with the Commission to meticulously study and implement various new initiatives.

Some Members have expressed concern about assisting young people in launching business start-ups and pursuing employment in Hong Kong and the Greater Bay Area. As regards youth innovation and entrepreneurship, we hope that young people can aim high and explore opportunities beyond Hong Kong. The Policy Address proposes a new programme under the Youth Development Fund ("YDF") to subsidize Hong Kong non-government organizations to provide young people starting their businesses in Hong Kong and other cities of the Greater Bay Area with start-up support and incubation services which best meet their needs, and review the subsidizing criteria of the Entrepreneurship Matching Fund under the existing YDF, so as to further help Hong Kong youth, including

those starting their businesses in the Greater Bay Area, meet their initial funding needs. In the third meeting of the Commission that has just been held, members agreed that the development of the Guangdong-Hong Kong-Macao Greater Bay Area could enable Hong Kong's young people to grasp more opportunities. The relevant task force under the Commission will conduct a review of YDF, including consulting youth entrepreneurs and relevant stakeholders to better understand their views on the operation of YDF. We will thoroughly consider the needs of youth entrepreneurs to provide support that better meets their needs. The long-term goal is to build a sustainable ecosystem that supports the innovation and entrepreneurship of Hong Kong youth, thereby promoting their upward movement and helping them realize their dreams.

Conclusion

President, to enable Hong Kong to seize opportunities and drive the forward movement of the economy, the current-term Government will continue its endeavours to tackle the current manpower bottleneck through a multi-pronged approach. The Chief Secretary for Administration will continue to lead the relevant commissions to properly perform their work on human resources planning and youth development, and maintain close liaison with various Policy Bureaux and stakeholders of various sectors, with a view to ensuring that human resources of Hong Kong meet the needs of economic development, society and the market and creating the space for Hong Kong youth to realize their dreams.

With these remarks, President, I implore Members to support the Policy Address 2018. Thank you.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President and Honourable Members, as stated by the Acting Chief Secretary for Administration just now, youth development is one of the priorities of the current-term Government. We aim to nurture in the younger generation a sense of national identity, an affection for Hong Kong and an international perspective. At its third meeting recently held, the Youth Development Commission offered valuable opinions about the new schemes proposed in the Policy Address, particularly in relation to supporting young people's career development and life planning. We will continue to work with the Commission in proactively implementing the new measures.

The Home Affairs Bureau has all along been supportive of youth innovation and entrepreneurship. Specific measures include the Youth Development Fund ("YDF") established in 2016 and the Space Sharing Scheme for Youth introduced last year. During our daily interactions with young entrepreneurs, quite a number of them have relayed to us that besides building up a solid footing in Hong Kong, they also seek to pursue business development and seek more business opportunities in the Mainland. We hope to enhance our support for youth innovation and entrepreneurship in Hong Kong and other cities of the Greater Bay Area based on the experience gained.

We are aware that starting a business is risky in nature. This, coupled with our young people's lack of knowledge about the innovation and entrepreneurship policies, entrepreneurial bases of the Greater Bay Area, etc., has undoubtedly made it more difficult for them to start a business. As mentioned by the Acting Chief Secretary for Administration just now, the Government will introduce a new scheme through YDF to provide Hong Kong young people starting their business in Hong Kong and other cities of the Greater Bay Area with start-up support which better meets their needs. To understand more effectively the aspects of the entrepreneurial ecosystem in the Greater Bay Area where our young people would require enhanced support from the Government and the non-governmental organization ("NGO") sector in order to help take forward the review of YDF, the Hong Kong United Youth Association ("HKUYA") will launch a pilot scheme with its own resources. HKUYA is currently identifying several entrepreneurial bases in the Greater Bay Area suitable for aspiring Hong Kong youth entrepreneurs to join the pilot scheme. A series of concessionary measures associated with business start-up will also be offered to lower the threshold cost so as to facilitate those young people who are interested in the Greater Bay Area in establishing footing in these entrepreneurial bases. HKUYA will also, by adopting approaches familiar to Hong Kong young people, coordinate publicity activities and establish a service platform to provide them with ongoing start-up support and incubation services which best meet their needs, and assist them in coping with the difficulties encountered in starting their business in the Mainland, thereby reducing the associated risks. In fact, since the presentation of the Policy Address, quite a number of enthusiastic local NGOs have indicated to us their willingness to join the pilot scheme, offering support for Hong Kong youth innovation and entrepreneurship in the Greater Bay Area with their own resources. We are heartened by that. The Commission expects that the review of YDF covering an analysis of various pilot schemes and modes will be completed in the first quarter of next year. To facilitate the review process,

interested local organizations may wish to contact us by end of this month to share their experience of the pilot scheme with us for pooling of collective wisdom.

Over the past year, the Government has rolled out a number of initiatives to encourage participation of young people in policy discussion and debate. Just now, the Acting Chief Secretary for Administration has also mentioned that since the launch of the Pilot Member Self-recommendation Scheme for Youth, the response has been most encouraging. Moreover, we have also been actively inviting young people who are passionate about serving the community to retain their personal particulars in the Central Personality Index ("CPI") database. Through implementation of the Self-recommendation Scheme, we expect that the number of young people in the CPI database will significantly increase from around 900 before the launch of the Pilot Member Self-recommendation Scheme for Youth to around 2 700 at present, thereby facilitating the bureaux and departments in considering appointing more young people to their advisory committees. We will continue to create a favourable environment for young people to participate in advisory committees of different bureaux to engage in public policy deliberation.

Furthermore, we will continue to take forward and enhance various youth development programmes. In particular, more internship opportunities in the Mainland, the Belt and Road countries and other parts of the world will be provided for young people, so as to enable their understanding of the prevailing economic, social and cultural landscape at the national and international levels, which will assist their future career planning and personal development goal setting.

Successful promotion of youth development hinges on active participation of stakeholders from various sectors. Looking ahead, we will continue to work closely with the Commission on Youth and relevant sectors of the community in enhancing exchanges and interactions with young people. I welcome valuable suggestions on youth development work from Honourable Members on an ongoing basis, so that we may improve progressively and connect with young people to build our future together.

Thank you, President.

SECRETARY FOR EDUCATION (in Cantonese): President, I would like to thank Members for expressing their views on education issues in the Policy Address in the first and second debate sessions. The Government places strong emphasis on education and seeks to create a stable, caring, inspiring and satisfying teaching and learning environment for students, teachers, parents and principals. The objective of our education policy is to develop the future generations into quality citizens with a sense of social responsibility, a sense of national identity, a love for Hong Kong and an international perspective.

The current-term Government already increased the recurrent education expenditure by \$3.6 billion right after its inception. The measure benefited the whole educational system and was well received by the school sector. We understand that resources can resolve only some of the problems faced by the education sector now. Therefore, the Education Bureau has set up a number of task forces for undertaking in-depth studies on various education issues by upholding the principle of "professional led active listening". It is hoped that some long-term and comprehensive measures will be worked out so as to enhance the quality of education. Two of these task forces have completed their work and the Government has agreed to take forward progressively the recommendations made by them.

The education-related initiatives set out in the 2018 Policy Address aim at further enhancing the quality of education in Hong Kong and addressing the aspirations of the school sector. The initiatives also put the pledge of "we should treat our teachers nicely" into practice, and some of them have even responded to the recommendations or preliminary views put forward by the various task forces. The new initiatives will entail an additional recurrent expenditure of \$4.7 billion, fully reflecting the Government's determination to invest in education.

In this connection, the implementation in one go the all-graduate teaching force policy in public-sector primary and secondary schools, involving more than 9 400 Certificate Master posts and an additional funding of about \$1.5 billion per year, has earned the support of the school sector in general. Meanwhile, in tandem with the full implementation of whole-day schooling and the all-graduate teaching force policy in primary schools, the Government will earmark a recurrent allocation of \$500 million to rationalize the salaries for principals and vice-principals and to improve manpower at the middle management level in

primary schools. The Task Force on Professional Development of Teachers will continue to explore the relevant arrangements with the school sector and submit to the Government its recommendations in this regard later.

Another important initiative is the new recurrent Life-wide Learning Grant with an annual provision of about \$900 million. The Grant will support public-sector schools and schools under the Direct Subsidy Scheme ("DSS") to take forward, on the present foundation, life-wide learning with enhanced efforts through organizing more out-of-classroom experiential learning activities in various curriculum areas such as the humanities, STEM education, physical and aesthetic development, moral and civic education. Activities such as field trips, exchanges outside Hong Kong and workplace experience can enable students to learn in real-life contexts, broaden their horizons and foster their whole-person development. It will also enhance students' motivation in learning and promote self-directed learning, help them develop positive values and attitudes, enhance their spirit to serve and sense of responsibility, and foster positive thinking and good character.

In respect of catering to students with special educational needs ("SEN"), starting from the 2019-2020 school year, we will implement a series of measures to support SEN students with an additional funding of \$800 million each year. Such measures include restructuring the Learning Support Grant, the additional resources provided for public-sector ordinary schools under the Intensive Remedial Teaching Programme and Integrated Education Programme; upgrading the special educational needs coordinator post in schools with comparatively large number of SEN students; extending the Enhanced School-based Educational Psychology Service; and strengthening school-based speech therapy services, etc. Moreover, we will provide additional resources to public-sector ordinary schools under a three-tiered structure according to the number of non-Chinese speaking SEN students admitted, with a view to assisting these schools in beefing up the support for the students concerned to help them adapt to different learning stages and integrate into school life.

I notice that some Members have raised concerns about how the Education Bureau measures the effectiveness of resources input and the policies implemented. Under the existing mechanism, the Education Bureau has specific targets and desired effect for each and every measure implemented. According to the school-based management policy, the schools' incorporated management

committee, principal and middle management are responsible for assessing the effectiveness of learning and teaching, and evaluating at the end of each school year the effectiveness of work plans and various tasks undertaken in the preceding year. They will then work out the work plans for the next year and formulate the school development plan, taking into account the school's situations and the students' learning needs. The school development plans, annual school plans and school reports should be endorsed by the incorporated management committee and uploaded onto the school's website for stakeholders' reference. The Education Bureau will review the performance of schools across the territory in various aspects, and support the self-evaluation of schools through external evaluation to provide feasible recommendations on improvement so as to promote the schools' sustained development. Moreover, we will draw reference from students' performance in assessments such as the Hong Kong Diploma of Secondary Education ("HKDSE") Examination, Territory-wide System Assessment and Programme for International Student Assessment for evaluating the overall standard of students in Hong Kong. Generally speaking, the Education Bureau will conduct timely review of the implementation of various new policies as and when necessary to ensure the efficient use of resources.

Some Members commented on the curriculum in the previous session, covering STEM, languages and Liberal Studies. The Task Force on Review of School Curriculum is now engaging in in-depth deliberations on issues related to curriculum development and collecting views extensively. It is hoped that some problems currently encountered in the implementation of school curriculum can be ironed out, such as the tight arrangement of the senior secondary curriculum and the lack of diversification in students' learning areas. We should therefore create room to allow students to take different subjects according to their own interests and abilities. There are also opinions about university admission placing an excessive emphasis on the four core subjects and HKDSE results whereas students' talents in other aspects are neglected. In addition, the Task Force is concerned with how the school curricula at primary and secondary levels can be more forward-looking in enhancing students' capacity to learn and instill in them the values and qualities desired for students of the 21st century to cope with the development and needs of society. Students should also develop positive values and attitudes at a young age, and have a clear understanding of their life orientation as early as possible. The Task Force will consider how best to further strengthen STEM education to nurture mathematical and scientific research talents and talents with innovative minds for Hong Kong. The Task Force expects to engage the key stakeholders for further consultation in the

middle of next year, and it will make directional recommendations to the Government by the end of next year. By then, the Government will consider the recommendations carefully. Recommendations related to individual subjects will be referred to the Curriculum Development Council and other relevant bodies for careful consideration and follow-up, with a view to improving the curricula at primary and secondary levels and their implementation.

In this session, Mr SHIU has raised some queries about the Government's implementation of national education and Basic Law education. I have to point out that it is necessary to implement national education. We hope the young people can get to know our country through national education so they can learn to respect and love our country while cultivating sentiments towards our country and nation. The Basic Law has clearly stipulated the relationship between the country and Hong Kong, the system and operation of the Hong Kong Special Administrative Region ("HKSAR"), as well as the rights and obligations of Hong Kong people in the HKSAR. The Government is obliged to promote Basic Law education in schools to make sure that our young people have an accurate understanding of it.

Some Members were also concerned about the language standard of our students. I must reiterate that Hong Kong's language policy is to develop biliterate and trilingual fluencies, which is also our advantage. With Hong Kong being an international city, our students should be biliterate and trilingual to enable us to maintain Hong Kong's existing edge and embrace the opportunities arising from globalization. We will continue to implement appropriate measures to upgrade our students' language standard.

We share Members' concerns about students' learning pressure and the problems of over-drilling which might be induced by the assessment system. Yet, assessments should not be confined to written tests and examinations. We encourage schools to formulate a suitable school-based assessment and homework policy for evaluating students' learning progress with a diversified assessment model. Students should be given timely and quality feedback for them to make improvement for the sake of enhancing the effectiveness of learning. We will continue to enhance teachers' assessment literacy through organizing various professional training programmes. In respect of homework, the Education Bureau always stresses to schools and school sponsoring bodies through different channels the importance of quality over quantity of homework. We are delighted to see more schools designing meaningful and interesting

homework based on school contexts and student abilities as well as allowing more room and time for students to develop their personal interests. I suggest that instead of assigning homework involving mechanical copying or drilling for long holidays such as the Christmas and Lunar New Year holidays, schools should encourage students to engage themselves in reading and to participate in life-wide learning activities, or to take part in social services. Students can then enjoy the pleasure in the course of knowledge pursuit and experiential learning. The Education Bureau will communicate with the representatives of the schools and school sponsoring bodies on the details of the suggestion.

With regard to the extension of maternity leave, the Education Bureau intends to implement the new arrangement of extending the maternity leave to 14 weeks in aided schools, DSS schools, caput schools and kindergartens. However, it takes time for us to work out the implementation details. It is also necessary for us to communicate with the school sector on such implementation details. The Education Bureau hopes to announce the details to schools by the end of this year.

President, the Government's determination to provide quality education is beyond all doubt. I wish to extend my gratitude again to Members for their valuable views expressed in these two sessions. The Education Bureau will continue to listen to the voices of teachers, students and parents, refine our policies proactively and inject more resources into areas that need additional provision. We wish to join hands with all of you in taking forward the various education-related initiatives set out in the Policy Address, and working together to enhance the quality of education in Hong Kong.

With these remarks, President, I implore Members to support the Motion of Thanks moved by Ms Starry LEE.

Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, concerning the debate in this session, there is only one point to which I need to respond briefly.

In respect of the changes in the decile group with the lowest household income—i.e. the bottom 10%—and the comparison with the decile group with the

highest household income that Mr SHIU Ka-chun quoted from us earlier on, I hope Mr SHIU or Members will be aware that when we look at statistics, instead of focusing on statistical changes alone, we should take note of the changing variables behind them.

In the past 10 to 20 years, more and more households in the decile group with the lowest household income were those without any income from work, mainly comprising households of "elderly singletons" or "elderly doubletons". Given the absence of some material information in such household surveys, deviations would arise in the analysis. For instance, in our interviews with the elderly, many of them would not provide details of the social benefits they had received as their income. Let me give another example. Such household expenses as the rentals or wages for foreign domestic helpers paid for them by family members not living together with them would not be reflected in the income of those households either. For this reason, the analysis done on the basis of the demographic changes in this group in the past 10 to 20 years would easily lead to deviations. It will be more proper for our analysis to also cover the income distribution of economically active households.

I may quote another set of figures to compare some changes in the past with that in recent years. If we look at full-time employees in the lowest decile group, from June to August this year, their average monthly employment earnings rose by a cumulative 56.6% compared with that in the pre-Statutory Minimum Wage period in 2011, outpacing the cumulative increase of 34.1% for that of all full-time employees over the same period. This has clearly reflected a shrinking disparity in income in Hong Kong.

I see that Mr CHUNG Kwok-pan is present. Perhaps he might wish to express his views on importation of foreign labour. But he did not talk about such issues. Perhaps he will elaborate on them in the next session.

President, in the first session earlier on, Members also spoke on some issues relating to labour and welfare policies. I will listen to the speeches of other Members before making a consolidated response in the next debate session. I hope Members will support the Motion of Thanks for the Policy Address this year.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9:00 am tomorrow.

Suspended accordingly at 9:27 pm.