

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 27 March 2024

The Council met at Eleven o'clock

## MEMBERS PRESENT

THE PRESIDENT

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, GBM, GBS, JP

THE HONOURABLE TOMMY CHEUNG YU-YAN, GBM, GBS, JP

THE HONOURABLE JEFFREY LAM KIN-FUNG, GBM, GBS, JP

THE HONOURABLE STARRY LEE WAI-KING, GBS, JP

THE HONOURABLE CHAN HAK-KAN, SBS, JP

THE HONOURABLE CHAN KIN-POR, GBS, JP

PROF THE HONOURABLE PRISCILLA LEUNG MEI-FUN, SBS, JP

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, GBM, GBS, JP

THE HONOURABLE PAUL TSE WAI-CHUN, JP

THE HONOURABLE MICHAEL TIEN PUK-SUN, BBS, JP

THE HONOURABLE STEVEN HO CHUN-YIN, BBS, JP

THE HONOURABLE FRANKIE YICK CHI-MING, GBS, JP

THE HONOURABLE MA FUNG-KWOK, GBS, JP

THE HONOURABLE CHAN HAN-PAN, BBS, JP

THE HONOURABLE KWOK WAI-KEUNG, JP

THE HONOURABLE ELIZABETH QUAT, SBS, JP

IR DR THE HONOURABLE LO WAI-KWOK, GBS, MH, JP

THE HONOURABLE JIMMY NG WING-KA, BBS, JP

DR THE HONOURABLE JUNIUS HO KWAN-YIU, BBS, JP

THE HONOURABLE HOLDEN CHOW HO-DING, JP

THE HONOURABLE SHIU KA-FAI, JP

THE HONOURABLE YUNG HOI-YAN, JP

THE HONOURABLE CHAN CHUN-YING, JP

THE HONOURABLE LUK CHUNG-HUNG, JP

THE HONOURABLE LAU KWOK-FAN, MH, JP

THE HONOURABLE KENNETH LAU IP-KEUNG, SBS, MH, JP

THE HONOURABLE VINCENT CHENG WING-SHUN, MH, JP

THE HONOURABLE TONY TSE WAI-CHUEN, BBS, JP

THE HONOURABLE DOREEN KONG YUK-FOON

THE HONOURABLE CHU KWOK-KEUNG

THE HONOURABLE STANLEY LI SAI-WING, MH, JP

DR THE HONOURABLE HOEY SIMON LEE, MH, JP

THE HONOURABLE ROBERT LEE WAI-WANG

THE HONOURABLE DOMINIC LEE TSZ-KING

IR THE HONOURABLE LEE CHUN-KEUNG, JP

DR THE HONOURABLE TIK CHI-YUEN, SBS, JP

THE HONOURABLE STANLEY NG CHAU-PEI, SBS, JP

DR THE HONOURABLE JOHNNY NG KIT-CHONG, MH, JP

THE HONOURABLE CHAU SIU-CHUNG

DR THE HONOURABLE CHOW MAN-KONG

DR THE HONOURABLE DAVID LAM TZIT-YUEN

THE HONOURABLE LAM CHUN-SING

THE HONOURABLE LAM SO-WAI

THE HONOURABLE NIXIE LAM LAM

DR THE HONOURABLE DENNIS LAM SHUN-CHIU, JP

THE HONOURABLE LAM SAN-KEUNG, JP

THE HONOURABLE ANDREW LAM SIU-LO, SBS, JP

THE HONOURABLE DUNCAN CHIU

THE HONOURABLE YIU PAK-LEUNG, MH, JP

DR THE HONOURABLE WENDY HONG WEN

THE HONOURABLE DENNIS LEUNG TSZ-WING, MH

THE HONOURABLE LEUNG MAN-KWONG, MH

THE HONOURABLE EDWARD LEUNG HEI

THE HONOURABLE KENNETH LEUNG YUK-WAI, JP

THE HONOURABLE CHAN YUET-MING, MH

THE HONOURABLE ROCK CHEN CHUNG-NIN, SBS, JP

THE HONOURABLE CHAN PUI-LEUNG

THE HONOURABLE CHAN YUNG, BBS, JP

THE HONOURABLE SUNNY TAN

THE HONOURABLE JUDY CHAN KAPUI, MH, JP

THE HONOURABLE MAGGIE CHAN MAN-KI, MH, JP

IR THE HONOURABLE CHAN SIU-HUNG, JP

THE HONOURABLE CHAN HOI-YAN

THE HONOURABLE JOEPHY CHAN WING-YAN

THE HONOURABLE CHAN HOK-FUNG, MH, JP

IR THE HONOURABLE GARY ZHANG XINYU

THE HONOURABLE LILLIAN KWOK LING-LAI

THE HONOURABLE BENSON LUK HON-MAN

DR THE HONOURABLE KENNEDY WONG YING-HO, BBS, JP

THE HONOURABLE EDMUND WONG CHUN-SEK

THE HONOURABLE KINGSLEY WONG KWOK, BBS, JP

THE HONOURABLE YANG WING-KIT

REVD CANON THE HONOURABLE PETER DOUGLAS KOON HO-MING,  
BBS, JP

THE HONOURABLE TANG FEI, MH

THE HONOURABLE TANG KA-PIU, BBS, JP

THE HONOURABLE LAI TUNG-KWOK, GBS, IDSM, JP

PROF THE HONOURABLE LAU CHI-PANG, BBS, JP

THE HONOURABLE KENNETH FOK KAI-KONG, JP

THE HONOURABLE LOUIS LOONG HON-BIU

DR THE HONOURABLE NGAN MAN-YU

THE HONOURABLE CARMEN KAN WAI-MUN

DR THE HONOURABLE TAN YUEHENG, JP

DR THE HONOURABLE SO CHEUNG-WING, SBS, JP

THE HONOURABLE YIM KONG

THE HONOURABLE ADRIAN PEDRO HO KING-HONG

THE HONOURABLE SHANG HAILONG

PROF THE HONOURABLE CHAN WING-KWONG

PROF THE HONOURABLE WILLIAM WONG KAM-FAI, MH

## **MEMBER ABSENT**

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, GBS, JP

## **PUBLIC OFFICERS ATTENDING**

THE HONOURABLE CHRISTOPHER HUI CHING-YU, GBS, JP  
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

DR BERNARD CHAN PAK-LI, JP  
UNDER SECRETARY FOR COMMERCE AND ECONOMIC  
DEVELOPMENT, AND  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE LAM SAI-HUNG, GBS, JP  
SECRETARY FOR TRANSPORT AND LOGISTICS

THE HONOURABLE WINNIE HO, JP  
SECRETARY FOR HOUSING

PROF THE HONOURABLE SUN DONG, JP  
SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY

THE HONOURABLE CHRIS SUN YUK-HAN, JP  
SECRETARY FOR LABOUR AND WELFARE

MR CLEMENT WOO KIN-MAN, MH, JP  
UNDER SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

DR LIBBY LEE HA-YUN, JP  
UNDER SECRETARY FOR HEALTH

## **CLERKS IN ATTENDANCE**

MR KENNETH CHEN WEI-ON, SBS, SECRETARY GENERAL

MS DORA WAI, DEPUTY SECRETARY GENERAL

MS MIRANDA HON, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

**LAYING OF PAPERS ON THE TABLE OF THE COUNCIL**

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

Subsidiary Legislation	<i>Legal Notice No.</i>
Building (Administration) (Amendment) Regulation 2021 (Commencement) Notice 2024.....	33 of 2024
Lifts and Escalators Ordinance (Commencement) Notice 2024.....	34 of 2024

**Other Papers**

Quality Education Fund  
Financial Statements for the year ended 31 August 2023 (including Report of the Director of Audit)

Research Endowment Fund  
Financial Statements for the year ended 31 August 2023 (including Report of the Director of Audit)

HKSAR Government Scholarship Fund  
Financial Statements for the year ended 31 August 2023 (including Report of the Director of Audit)

Self-financing Post-secondary Education Fund  
Financial Statements for the year ended 31 August 2023 (including Report of the Director of Audit)

The Lord Wilson Heritage Trust  
Annual Report 2022-23 (including Financial Report and Honorary Auditor's Report)

Report No. 6/2024 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

**ORAL ANSWERS TO QUESTIONS**

**PRESIDENT** (in Cantonese): Questions. First question.

**Devices for enhancing the traffic safety of taxis**

1. **MR LUK CHUNG-HUNG** (in Cantonese): *Some members of the taxi trade are of the view that installing closed-circuit television cameras and dash cameras in taxi compartments will be conducive to deterring “black taxis”, reducing disputes between passengers and drivers, and strengthening the safeguard for traffic safety. However, it is learnt that the installation and maintenance of such devices involve certain expenses, and as the Government has not provided the trade with financial assistance, the installation of such devices has not been popular yet. In this connection, will the Government inform this Council:*

- (1) *whether it will consider modelling on the practices of the Mainland and Macao to make it mandatory for all taxis to install a central cloud-based camera system, and stipulate that the relevant footages are restricted to the access of authorized persons only in handling complaints or traffic accidents, and can be adduced as evidence in court where necessary; if it will consider, of the timetable, and whether it will provide the trade with financial assistance; if it will not consider, the reasons for that;*
- (2) *as the Government proposed in July last year that all fleet taxis would have to be installed with traffic safety-related devices (such as dash cameras, global positioning system and safety devices that monitored drivers’ driving performance), of the authorities’ measures in place to encourage the installation of the same type of devices in non-fleet taxis; and*
- (3) *whether it will discuss with the insurance trade the provision of concessionary premiums for taxis installed with in-vehicle camera systems and dash cameras, so as to further increase the incentives of vehicle owners for installing such devices; if so, of the details; if not, the reasons for that?*



**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese):  
President, after consulting the Financial Services and the Treasury Bureau, the reply to Mr LUK Chung-hung's question is as follows:

The Government has all along been highly concerned about taxi services, and has introduced a number of measures to encourage the trade to enhance service quality and driving safety of taxis, thereby strengthening the protection of passengers and other road users.

(1) and (2)

In response to the views of the community that the Government should strengthen the regulation of taxi services, the Government has earlier reviewed the overall taxi operation and management, and put forward a series of measures to enhance the personalized point-to-point transport services and promote the healthy development of the taxi trade in the long run. These measures include introducing a taxi fleet regime, as well as a Taxi-Driver-Offence Points System and a two-tier penalty system for certain taxi-driver-related offences that are of a more serious nature. The relevant Bills were passed by the Legislative Council ("LegCo") in December last year. With the relevant legislation coming into force, various new measures have been implemented in phases with a view to enhancing the overall safety standard and service quality of taxis.

Among the aforesaid measures, the taxi fleet regime is a new licensing regime, under which taxi owners may assemble existing taxis and apply to the Transport Department ("TD") for a Taxi Fleet Licence. TD will regulate the operation and management of the taxi fleets through licence conditions, and specify the devices to be installed on the fleet taxis, including dash cameras, closed-circuit television systems, and technological devices relating to the enhancement of driving safety, so as to improve driving safety and service standards of fleet taxis. TD is actively carrying out the preparatory work and plans to invite the trade to apply for Taxi Fleet Licences in April this year, so that fleet taxis may commence operation as soon as possible. We believe that fleet taxis would set a leading and exemplary role in the trade, thereby encouraging non-fleet taxis to have similar devices

installed. Meanwhile, the introduction of the taxi fleet regime will also foster healthy competition in the trade and gradually change the trade's ecology through market evolution.

Apart from the taxi fleet regime, the Government has been encouraging the trade to make good use of technology to improve taxi driving safety. For example, the Government launched the \$1 billion Smart Traffic Fund (“the Fund”) to provide funding support to local enterprises or organizations for conducting researches and applications of vehicle-related innovation and technology. As of today, the Fund has approved three projects relating to taxi driving safety, including the trial of installing driving safety monitoring systems in taxis to monitor the driving condition and behaviour of drivers, and to issue alerts to remind the drivers when necessary. We will continue to support the study of relevant technological applications and provide appropriate assistance in the process.

TD will continue to make use of different channels to remind taxi drivers to comply with the law, and pay attention to road safety and service quality. At the same time, TD will work with the Police to raise taxi drivers' awareness of driving safety and combat malpractices of black sheep in the trade by means of law enforcement, publicity and education. To enhance safety and quality of taxi services, since 1 October 2020, all applicants for a full taxi driving licence must attend and complete a taxi driver pre-service course and obtain a course certificate within a specified period of time, in addition to passing the relevant test, before they can be issued with a full driving licence. Such course helps increase taxi drivers' awareness of driving safety and equip them with knowledge of passenger service and skills in customer service. We believe that the package of measures mentioned above is conducive to improving taxi safety and quality, thereby offering better protection for passengers and enhancing their riding experience.

During the earlier discussion of the taxi-related Bills at the LegCo Bills Committee meetings, some Members advised that the Government should consider mandating the installation of a central cloud-based camera system in all taxi compartments, so as to facilitate

the retrieval of relevant video files by law enforcement authorities as objective corroborative evidence to protect the interests of both drivers and passengers in case of disputes, and help improve the driving safety of taxis. In view of the above, the Government has commenced a study earlier this year to explore the feasibility of such recommendation and other related matters. We plan to consult the taxi trade within this year with a view to reaching a consensus on whether this mandatory measure should be implemented.

- (3) The Government supports the taxi trade in taking appropriate measures to enhance its safety standard and management quality, thereby reducing the risk associated with underwriting taxi insurance at source. If taxi owners or companies install and use cameras, safety monitoring devices and dash cameras in their taxis, and provide full records to insurers when making insurance claims, this may facilitate insurers' risk differentiation for making underwriting decisions and setting premium levels for individual policies more accurately.

To this end, all parties concerned have been in close communication and collaboration. Relevant bureaux and departments, together with the Insurance Authority, met with LegCo Members and representatives of the insurance industry earlier to discuss the use of technology to reduce the risks associated with taxi traffic accidents with a view to easing the burden of insurance premium on the taxi trade.

We note that some insurance companies have already been offering discounts on insurance premiums and lower deductibles, etc., for taxis equipped with driving safety devices. However, the insurance industry reflected that not many taxis have accepted such offers, and submission of inaccurate or insufficient information and records was also observed. The Government will continue to engage with all parties and encourage the taxi trade to step up their efforts in enhancing driving safety and reducing the risk of taxi accidents at source, so as to foster the long-term and sustainable development of both the taxi trade and taxi insurance industry. Thank you, President.

**MR LUK CHUNG-HUNG** (in Cantonese): *President, first of all, I welcome the Secretary's reply that the Government will, within this year, actively consult the trade and study the introduction of legislation to mandate the installation of dash cameras and cloud-based cameras. In fact, various countries and regions around the world (including the Mainland, i.e. our nation, Macao, Australia, Canada, the United States and New Zealand) have similar practices. I certainly hope to see the implementation as soon as possible.*

*My supplementary question is as follows: The Government has expressed its hope to gradually enhance the standard of the trade through the introduction of the taxi fleet regime. However, based on the feedback we have heard, the trade's response to taxi fleets has not been very positive, possibly due to concerns about the high investment required, uncertainty about potential high income, and various unclear factors. I would like to ask whether the Government will legislate to regulate taxi fleets if the response is less than ideal or if they do not achieve significant results. Currently, the problem is that "the black dog gets the food while the white dog takes the blame". A few unscrupulous black sheep—"black taxis"—are disrupting the normal taxi ecology, resulting in a reduction in the income of honest taxi drivers. Will the legislative process be expedited to require the installation of dash cameras so as to achieve a "win-win" effect in terms of combating "black taxis", improving services, minimizing complaints, and improving safety for both passengers and drivers? Is there a specific timeline for this?*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President, and I also thank Mr LUK for his supplementary question. What Mr LUK said is correct. Many places have video recording systems similar to the one mentioned by Mr LUK, and the installation of such systems is mandatory in some places, for example, in Macao and Shenzhen. In Australia, Vancouver and Toronto in Canada, San Francisco and New Zealand, the installation and use of in-vehicle cameras in taxis are mandatory. However, in other places, such as Singapore, England and Wales, no such mandatory requirements are imposed by the local governments. Of course, each place may have its own unique circumstances, and we will take into account various aspects in our study to determine if mandatory installation is necessary and, if so, how it should be implemented. We will follow up on this matter accordingly.

Mr LUK mentioned the participation in the taxi fleets. As I mentioned in the main reply, we will start inviting applications from the trade in April. I think we should first observe the response of the trade. It would be premature to act on the request just made by Mr LUK based on the assumption of a poor response from the trade today. We will monitor the situation and study the best approach to elevate the standard of the taxi trade. Thank you, President.

**MR CHAN HAN-PAN** (in Cantonese): *President, it has always been the policy of the Government to gradually change the trade's ecology through market evolution. In fact, this approach has given rise to the present ecology of the trade. The Government's persistent attitude seems to be one of allowing the trade to live its own life, which has resulted in occasional disruption of market order by a small number of lawless elements and the accused prevalence of these "black taxis" in the trade. Apart from impacting the ecology and image of the taxi trade, it sometimes even tarnishes Hong Kong's international reputation.*

*My question is, although the Government has stated its view to wait for the introduction of taxi fleets, and these fleets will be required to install cameras, which seems reasonable, why does it not implement the mandatory installation of dash cameras concurrently with the introduction of the fleet regime? In fact, both the trade and LegCo support the Secretary, yet the Government appears hesitant. Why can the Government not expedite the mandatory installation of dash cameras in all taxis to safeguard the interests of all members of the public? What exactly is the Government concerned about?*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President, and I also thank Mr CHAN for his supplementary question. I understand that everyone highly values the quality of taxi services, and I have previously addressed similar questions regarding taxi fleets. In the Bills Committee concerned, we have already engaged in thorough discussions on this matter.

In my main reply, I have also pointed out that we have commenced a study and will consult the trade on the feasibility of the mandatory measure and other related matters within this year, with a view to reaching a consensus. Mr CHAN represents some members of the trade, and if they think it is not difficult to reach a consensus, I hope that during our consultation, we can successfully achieve the consensus as mentioned by Mr CHAN. That is what I aspire to accomplish.

In fact, as we explore the feasibility of implementing this mandatory measure, we need to review a number of issues, including the current mode of operation of Hong Kong taxis, whether the relevant measure can safeguard the privacy of taxi drivers and passengers, the installation and ongoing maintenance costs of the devices, data transmission expenses, etc. We have a series of considerations that require careful study. Please rest assured that we will consult the trade within this year. Thank you, President.

**MR EDWARD LEUNG** (in Cantonese): *Thank you, President. We often come across instances where taxi drivers uploaded video clips online of personal moments in taxi compartments, which seriously affected the privacy of passengers. In the future, with the introduction of taxi fleets, more taxis will have dash cameras installed. However, the current issue we face is that these uploaded clips require victims to lodge complaints before the Office of the Privacy Commissioner for Personal Data can take action. In this connection, could our laws be adjusted in the future so that victims do not need to file complaints and relevant authorities can enforce the law once these clips are uploaded online? This would significantly combat the current rampant uploading of video clips of personal moments in taxi compartments. By the time these clips are uploaded and complaints are made by the victims, the damage has already been done. Therefore, I hope the Administration can consider this suggestion. Thank you, President.*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President, and I also thank Mr LEUNG for his supplementary question. We attach great importance to the privacy concerns associated with dash cameras. In fact, several years ago, the Privacy Commissioner for Personal Data already issued certain guidelines to the taxi trade on the installation of dash cameras in taxi compartments.

The issue mentioned by the Honourable Member earlier has broader implications and concerns how enforcement should be conducted. I have heard the Member's opinion, and will definitely discuss it with the relevant departments and the Privacy Commissioner for Personal Data to study the feasibility from a legal perspective. Thank you, President.

**DR JUNIUS HO** (in Cantonese): *Does the Secretary understand the concepts of “new quality productive forces” and “high speed and efficient services”? He has been babbling for more than two minutes, but Mr CHAN has already made it clear that the trade supports him, Members support him and the community supports him. He just kept on babbling for two minutes without giving a clear response like “Yes, we must do it, and we will work together to achieve it” ...*

**PRESIDENT** (in Cantonese): Dr Junius HO, please raise your supplementary question.

**DR JUNIUS HO** (in Cantonese): *My supplementary question is: Can the Secretary speed up the process and enhance efficiency so that the measures can be implemented as soon as possible? As the Secretary, he should have no problem in walking the talk in a decisive manner. Thank you.*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President, and I also thank Dr HO for his supplementary question. I understand that we will be discussing new quality productive forces later, so I would like to leave some room for further discussion on that.

As the Secretary, I believe it is essential for any policy to be supported by reasonable research. If I, as the Secretary, decide to do something without proper research backing it up, I believe it would be rather hasty. In my main reply, I have already mentioned that we will engage in discussions with the trade within this year. In my earlier reply, I also said that I would be very glad if Mr CHAN can achieve consensus within the trade. However, the issue is that we need to conduct policy research to ensure that my policies are well-founded. That is what I believe should be done. Thank you, President.

**MR ADRIAN PEDRO HO** (in Cantonese): *Thank you, President. When it comes to traffic safety of taxis, we need to mention the ageing of taxi drivers, which poses a challenge for the taxi trade in Hong Kong. Last May, in reply to a question raised by a Member, the Government mentioned that as at early March last year, more than 1 700 persons aged 80 or above were holding valid taxi driving licences, and nearly 30 000 persons aged 60 to 69 were holding such licences. In*

*order to enhance traffic safety of taxis and reduce the number of accidents, apart from installing safety devices in taxis, has the Government conducted any study on introducing or adjusting the existing measures to require aged holders of taxi driving licences to meet specific physical requirements? Thank you, President.*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President, and I also thank Mr HO for his supplementary question. Regarding licence holders, we came to LegCo in May last year to consult the Council on the Medical Examination Certificate. Since the middle of last year, we have also consulted the relevant organizations and the trade to finalize specific proposals in this regard. Subsequently, we sought input from the medical sector on the content of the medical examination and asked the sector what items should be included. We will submit the relevant amendment proposals to LegCo within this year, with a view to proposing legislative amendments in respect of the medical examination for aged driving licence holders. Thank you, President.

**PRESIDENT** (in Cantonese): Second question.

### **Special Scheme on Privately Owned Sites for Welfare Uses**

2. **MR ANDREW LAM** (in Cantonese): *President, the Labour and Welfare Bureau and the Social Welfare Department launched the Special Scheme on Privately Owned Sites for Welfare Uses (“the Special Sites Scheme”) in September 2013 to encourage non-governmental organizations to better utilize their own sites, through expansion, redevelopment or new development, to provide or increase those welfare facilities considered by the Government as being in acute demand. However, in the reply to a question raised by a Member of this Council on 29 March last year, the Government indicated that as at early March last year, only six projects under the Special Sites Scheme had been completed and put into service, representing a completion rate of just about 8%. In this connection, will the Government inform this Council:*

- (1) *of the latest progress of various projects under the Special Sites Scheme; whether it has set specific targets for expediting the progress of the projects; if so, of the details; if not, whether it will set relevant targets;*



- (2) *whether it will set up a regular collaboration and coordination mechanism among the government departments involved in the processing of applications for the Special Sites Scheme, as well as actively promote the Special Sites Scheme and take the initiative to provide assistance for applicant organizations; and*
- (3) *whether it has considered, after the submission of applications by organizations expressing an interest in taking part in the Special Sites Scheme, providing them with basic information about the sites concerned (e.g. land lease conditions, site planning, as well as traffic and noise restrictions) as early as possible, so as to assist them in commencing planning expeditiously and providing the most appropriate welfare facilities; if so, of the details?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the Government has all along been adopting a multi-pronged approach with long, medium and short-term strategies to identify suitable sites or premises for the provision of welfare services to meet their acute demand.

As a long-term strategy, the Government has incorporated the population-based planning ratios in the Hong Kong Planning Standards and Guidelines in respect of subvented elderly service facilities, child care facilities and rehabilitation facilities, with a view to reserving necessary sites and space for these facilities early in the planning process of new and redeveloped areas.

As regards the medium-term strategy, the Social Welfare Department (“SWD”) has been maintaining close contact with relevant government departments to identify suitable sites in the development or redevelopment of public housing estates and urban renewal projects for providing welfare facilities. The Government also endeavours to increase the provision of welfare facilities as appropriate through the Land Sale Programmes and the Special Scheme on Privately Owned Sites for Welfare Uses (“the Scheme”). In addition, we will make the best use of available government accommodation including vacant school premises and explore whether they are suitable for conversion into welfare facilities.

As a short-term strategy, SWD, with the assistance of the Government Property Agency, has been striving to identify suitable premises for purchase through different channels for the provision of welfare facilities.

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

- (1) The Government implemented Phase One and Phase Two of the Scheme in September 2013 and April 2019 respectively, with a view to encouraging non-governmental organizations (“NGOs”) to make better use of their sites through expansion, redevelopment or new development to provide or increase welfare facilities in acute demand. Out of the 88 project proposals received under Phase One and Phase Two of the Scheme, 23 proposals, which could not proceed further due to various reasons (including site constraints), had been withdrawn by the applicant organizations or removed from the Scheme. As at end-February 2024, 6 projects had been completed and commenced service, 2 projects had entered the construction stage, 10 projects were at the stage of detailed design, and 22 projects were at the stage of technical feasibility study (“TFS”). The remaining 25 projects are still at the project formulation and preliminary planning stage, and SWD will consider supporting the respective NGOs to proceed with TFS having regard to the actual progress of individual projects.

The implementation of projects under the Scheme by NGOs would be affected by various factors, including the restrictions of the surrounding environment of the sites concerned, the provision of communal and transport facilities, requirements prescribed in the land lease, restrictions stipulated in the outline zoning plan (“OZP”), outcome of local consultations, etc. The development progress also depends on whether the applicant organizations will revise the project proposals during the process or require more time to prepare the relevant documents and the requisite information for submission. As NGOs are generally not specialized in development projects, they may need more time to complete the relevant procedures in the planning process. In view that the time needed to take forward individual projects may vary due to planning and development restrictions of the sites, technical problems, NGOs’ own factors, etc, we do not consider it appropriate to set targets for the projects under the Scheme.

- (2) To facilitate and coordinate the implementation of projects under the Scheme, SWD has been providing one-stop assistance to the applicant organizations throughout the planning and development process, and

has devised various guidelines and templates for the preparation of funding applications and tender documents for NGOs' reference. SWD has been maintaining close contact with relevant government departments, including the Architectural Services Department, Lands Department ("LandsD"), Planning Department ("PlanD") and Buildings Department ("BD") to provide assistance and coordination to NGOs regarding issues involved in individual projects, including amendment to OZP, obtaining planning permission and lease modification. To further assist the applicant organizations in pressing ahead with their projects, SWD has proactively invited each of the NGOs participating in the Scheme for a meeting between December 2022 and May 2023 to review and discuss the progress of their projects. In addition, the Director of Social Welfare has convened an interdepartmental meeting in September 2023 with representatives from various departments specializing in planning, land administration, traffic and environment matters, etc to strengthen the coordination among government departments and NGOs and to facilitate the applicant organizations in tackling technical problems of their individual projects during the planning stage. SWD will continue to take the initiative to arrange for NGOs to meet with the government departments concerned having regard to the circumstances of individual projects so as to expedite their implementation.

- (3) To enable the applicant organizations to take note of the potential restrictions of their project proposals as early as possible, SWD will invite relevant government departments, including PlanD, LandsD, BD, the Transport Department, the Environmental Protection Department, etc, to provide initial comments on the project proposals after reaching a consensus with NGOs on project details such as development parameters, type of services and number of service places to be provided. The comments from the departments (including restrictions on land lease, land use planning, traffic, etc) will be consolidated and conveyed to NGOs for reference. The consultants engaged by NGOs will then conduct TFS on the projects and submit various technical assessments (including traffic, noise, drainage impact assessments, etc) to relevant government departments for approval. The consultants will also assist NGOs in dealing with technical and other relevant issues, including amendment to OZP,

obtaining planning permission and lease modification, in order to take forward the projects. Thank you, President.

**MR ANDREW LAM** (in Cantonese): *Thank you, President. In fact, the Secretary has conveyed a very clear message in his main reply that the Government has all along been striving to identify more sites for the construction of social welfare facilities. When the Scheme was implemented in two phases in 2013 and 2019 respectively, a total of 88 project proposals were received, reflecting an overwhelming response. However, out of the 65 projects taken forward, the progress is extremely slow, with 22 still being under preliminary study and 25 under preliminary planning. Notwithstanding this, the Secretary still does not consider it appropriate to set specific targets for the reason that they are not profit-making projects launched by private developers. From the perspective of land use and resource utilization, since the Government has not set any specific targets, has it conducted a serious review to streamline its internal workflow so as to help expedite the projects or even take a more proactive role in the overall process to promote—rather than assisting—the early completion of such projects, thereby minimizing the difficulties encountered in identifying sites for other social welfare projects? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I very much agree with the view of Mr LAM. In fact, we are all very concerned about the situation. Therefore, as Members can see, we have mentioned in the main reply that some time ago, SWD proactively invited each of the NGOs participating in the Scheme for a discussion, and the Director of Social Welfare personally chaired an interdepartmental meeting, with a view to streamlining the workflow within the Government.

To put it simply, if these organizations are required to deal with the issues on their own, they may have to engage in a lot of correspondence with each relevant department, which may lengthen the processing time. We hope that with SWD acting as an intermediary to provide one-stop services, these exchanges of correspondence can be minimized through face-to-face resolution, thereby reducing the time taken by the Government to deal with such matters.

However, the fact is that the projects undertaken by different organizations exhibit variations. As we all know, for most of the time, given the uniqueness of

each organization, their projects may not only seek to provide social welfare facilities. Instead, some of the newly-built areas may have been planned for religious and other uses, making the overall design more complicated and time-consuming. Yet, I believe that our past successes will enable us to compress the process as much as possible, so as to expedite the progress in future. Thank you, President.

**DR TIK CHI-YUEN** (in Cantonese): *Thank you, President. As Members have mentioned just now, the Scheme has been implemented for 10 years. Of course, I welcome and appreciate the efforts that the new Director has made since her assumption of office to discuss with each of the organizations how to tackle their problems, but in terms of actual effect, I do not see any significant progress. A year ago, when we asked the Government about the progress, the reply was that six projects had been completed and commenced service. Today, the number of completed projects is still six, and almost 90% of the projects are still under discussion, project formulation or study. As Dr Junius HO put it, it is still at the “babbling” stage, that is, the Government’s work is not seen to be making significant progress, which seems to contradict the Chief Executive’s frequent statement of “enhancing speed, efficiency, quantity and quality”.*

*Can the Secretary tell me today what further measures are in place? Can the Secretary tell me, from his point of view and observation, how many projects can really be implemented and commence service in the next three years? How many of these projects will achieve achievements in the next three years?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Dr TIK for his supplementary question. We are very anxious too. We have been doing our best to assist the organizations in completing their projects expeditiously. But we all understand that all development projects have to comply with the existing statutory requirements, including those in respect of planning, land administration, drainage, traffic, noise, etc.

We are making an all-out effort within our capacity to assist organizations in tackling practical technical problems, but the organizations themselves need to cooperate with us, including clarifying project details. Organizations should consider carefully if they have plans to add other items or self-finance certain items. Great progress has been made over the past year, with organizations clarifying the

specific details of their projects so that the projects can enter the TFS stage expeditiously. However, we all understand that these large-scale projects cannot be completed in a short period of time, say one or two years. We hope that our work can help expedite the overall progress. Thank you, President.

**PRESIDENT** (in Cantonese): Dr TIK Chi-yuen, which part of your supplementary question has not been answered?

**DR TIK CHI-YUEN** (in Cantonese): *President, in fact, my supplementary question is very simple. Will there be any achievements in the next three years?*

**PRESIDENT** (in Cantonese): Secretary, do you have anything to add?

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, there will be some achievements in the next three years, but the number of projects to be completed is subject to various factors. As some of those factors are beyond the Government's control, it is difficult for me to set specific targets at this moment. But I can say that we all share the same view of enhancing speed and efficiency as soon as possible. Thank you, President.

**MR STANLEY LI** (in Cantonese): *Thank you, President. President, as social welfare organizations are specialized in the provision of welfare services, they may find it difficult to make plans for the establishment of welfare facilities. Even the Labour and Welfare Bureau and SWD, which provide support for them, do not have relevant professional teams to provide professional advice in this regard. Just now, some of my colleagues expressed concern about this situation in their speeches. The same occurs when social welfare organizations have to plan for the construction of transitional housing. Yet, the Housing Bureau has set up a task force to assist NGOs in planning for the construction of such housing.*

*I would like to ask the Secretary—as I remember the Secretary previously mentioned that reference could be made to the relevant practice—whether the Bureau will consider setting up a task force specializing in liaison with different departments, so as to assist relevant NGOs in liaising with PlanD, LandsD, the*

*Transport Department and other departments? If NGOs have to liaise with so many departments on their own, it will be brain-racking for them. If the authorities can set up a task force and engage consultancy firms to assist them, the situation will be greatly improved. President, as I remember the Secretary previously mentioned that reference could be made to the relevant practice, I wonder if this is feasible?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr Stanley LI for his suggestion. This is precisely the work that SWD is currently undertaking. As Members may have noticed, SWD has proactively invited all relevant NGOs for a meeting, and the Director personally chaired an interdepartmental meeting in September last year, all were arranged precisely for the relevant purpose. We hope that any project which has entered a more concrete stage, including those at the planning stage, can be facilitated as much as possible by SWD's coordination, so that organizations can discuss with the relevant departments face-to-face to address problems expeditiously, thus compressing the process as much as possible. To our understanding, most of the problems faced by organizations during the planning process are technical in nature. It is hoped that SWD's coordination will render assistance to NGOs. Thank you, President.

**MS DOREEN KONG** (in Cantonese): *President, some social welfare organizations told me that they were not always clearly informed of all the standards and requirements at the outset. Sometimes, after their revision of a standard or a plan, they would be informed by different departments of some additional requirements, resulting in significant time consumption at each stage.*

*May I ask whether the Secretary will consider strengthening communication among various departments at the commencement of the projects by setting up a coordination group to liaise with the relevant organizations on the requirements and technologies of the projects in advance, so as to avoid unnecessary time wastage? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Ms KONG for her suggestion. In fact, this is precisely what SWD has been doing over the past two years. We have discussed with many organizations and listened to their respective views.

To put it simply, as Ms KONG has said, the organizations opined that during their discussion with different departments, each of them has its own requirements, and since the organizations have no expertise in this respect and do not have a thorough understanding of the entire planning and construction process, the required time often tends to be prolonged. Therefore, we hope that with SWD acting as an intermediary or providing one-stop services to coordinate interdepartmental collaboration, we can address their needs in this regard, including defining the relevant parameters at an early stage. However, it is also necessary for the organizations to get involved and consider carefully what they want, so as to avoid adding subsequent details from time to time during the implementation of the projects, complicating the whole process. I think we have gained valuable experience. It is hoped that in future, through SWD's coordination, cooperation among departments and concerted efforts of organizations, the relevant work can be done expeditiously and effectively. Thank you, President.

**MR TONY TSE** (in Cantonese): *Thank you, President. President and Secretary, in fact, we all know that empty plans are useless. If they are ineffective or fail to achieve results, no one will be satisfied.*

*In fact, I am pleased that under the leadership of the Secretary, colleagues have been working proactively over the past two years. President, it is also mentioned in the main reply that the authorities will no longer be like in the past, that is, when an organization submitted a project proposal that could not proceed further, the authorities would simply leave it to the organization to deal with it on its own. Now, the authorities will at least assist in coordinating efforts with various departments, and it is hoped that there will be some achievements in this regard. Otherwise, there will be a risk of encountering a situation similar to that of other schemes, such as the Incentive Scheme to Encourage Provision of Residential Care Homes for the Elderly Premises in New Private Developments, where only one project has been completed in 20 years. In comparison, six projects have been completed under the Scheme, which is not too bad.*

*President, what I would like to ask is, as the Secretary has just said that the authorities are also very concerned about the progress of the projects but consider it difficult to set targets for the reasons explained just now, in that case, have the authorities established a defined time frame (e.g. two or three years) for transferring a project in lack of progress to a senior colleague for review? This*



*mechanism aims to determine whether the sluggish progress is due to lackadaisical behaviour on the part of frontline colleagues or if there are genuine underlying issues. Will there be such a mechanism? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr Tony TSE for his suggestion. We have already had such a practice in place. Let me cite an example. Some time ago, the reason why SWD invited various NGOs for a meeting was to obtain the base figures first and ask them about the progress of their discussion and their upcoming plans, so as to grasp the basic parameters. Once the organizations have a clear plan, we will immediately invite relevant departments for comments and see if a basic plan can be drawn up. Then, we can proceed to complete the projects expeditiously.

As the Member has said, in the future, if any of these projects have failed to make progress over a prolonged period, our colleagues, especially the senior ones, will take the initiative to review the situation to see whether the problems stem from the organizations themselves or additional time is necessary for their communication with government departments. Coordination will then be provided if necessary. In fact, the simplest way is to seek clarification from the relevant departments and organizations face-to-face so as to minimize the time and processes involved, expediting the completion of projects. Thank you, President.

**PROF CHAN WING-KWONG** (in Cantonese): *Thank you, President. To meet the acute demand for social welfare facilities, apart from encouraging NGOs to make better use of their sites through expansion, redevelopment or new development under the Scheme, the Bureau has in fact another scheme, which is the allocation of \$20 billion in 2019-2020 for the purchase of private premises to improve social welfare facilities, and \$789 million in 2023-2024 for the relevant work. As the year of 2023-2024 has almost come to an end, what is the progress of this year? Thank you.*

**PRESIDENT** (in Cantonese): Prof CHAN Wing-kwong, your supplementary question differs from the theme of the main question.

Secretary, can you give a brief reply?

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): Yes, thank you, President. I have the relevant information at hand. As at 29 February 2024, SWD has incurred about \$240 million in actual expenditure on the “purchase of welfare premises” under the Capital Works Reserve Fund, which is the \$20 billion project mentioned by Mr CHAN just now, covering the payment for five premises, two of which are located in Sham Shui Po District, and the remaining three are located in Central and Western District, Eastern District and Kwun Tong District respectively. Thank you, President.

**REVD CANON PETER DOUGLAS KOON** (in Cantonese): *Thank you, President. President, first of all, I do not think there is any problem with the Department. As far as I know, the Department has been working very hard and the problem lies in the coordination among various departments.*

*The Secretary has just said that organizations may not have the assistance of professionals for most of the time. I do not entirely agree with this point because I know that many large organizations have their own professional teams to deal with the relevant matters. The problem is still that different departments keep passing the buck. President, the progress of other projects, such as transitional housing or Light Public Housing, is indeed very fast. I believe that the progress depends on the Government’s attitude, i.e. its view on the projects.*

*President, my supplementary question is: Will the Bureau consider elevating the Scheme to a higher level, or will it be led by the Bureau or even the Financial Secretary, so that the projects which have been dragged on for 10 years after 10 years can be implemented expeditiously?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Revd Canon KOON. I can see why Members compare the Scheme with transitional housing, but I think there is one difference between the two. The objective of transitional housing is simple and clear, that is, to build transitional housing. By contrast, each and every project under the Scheme has its own objective, varying from the provision of elderly services, services for the disabled, to children’s services. In the process, organizations often wish to reserve part of the floor space for their own use, such as for religious purposes or other self-financing welfare services. Moreover, as the sites may vary in shape, the projects may become more complicated.

However, I would like to emphasize that government departments are willing to assist in collaboration to the fullest extent possible. From our observation, the actual challenges encountered by organizations are predominantly technical and have nothing to do with either policies or willingness. They are purely technical in nature. In this situation, the provision of one-stop centralized collaboration services by SWD is in fact sufficient. Even if the Scheme is elevated to a higher level to deal with the issues of policy or willingness, it has been very clear about how we should deal with these challenges. Given that all we need to resolve are merely technical issues, it would be better to coordinate through SWD to seek resolution as far as possible, so as to expedite the implementation of the projects. Thank you, President.

**PRESIDENT** (in Cantonese): Third question.

### **Measures that support carers**

3. **MR STANLEY LI** (in Cantonese): *President, it has been reported that at the end of January this year, two tragedies of committing suicide occurred in Hong Kong involving carers who were suspected to have been unable to bear the pressure of taking care of their family members on a long-term basis. In this connection, will the Government inform this Council:*

- (1) *given that the 24-hour Designated Hotline for Carer Support 182 183, operated by a charitable organization commissioned by the Social Welfare Department, commenced operation in September last year, of the average number of cases currently handled by the hotline per day; whether the service operator has categorized the requests for assistance; if so, of the categories concerned;*
- (2) *as the 2023 Policy Address has announced that about 140 residential care homes for the elderly (“RCHEs”) participating in the Enhanced Bought Place Scheme and about 190 service units participating in the Community Care Service Voucher Scheme for the Elderly will provide day respite services for care-receiving individuals when there are vacant residential care places or service places, of the average numbers of RCHEs and service units which provided respite service places per month since the introduction of the measure, and the*

*number of care-receiving individuals who received respite care services as a result; and*

- (3) *given that the Census and Statistics Department conducted a survey from 2019 to 2020 on persons with disabilities and chronic diseases and collected information on their carers, whether the Government will consider conducting the relevant survey again shortly, so as to assist society in grasping the number of carers and their living profile; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, carers play an important role in building a caring and inclusive society by assisting elderly persons to age in place and persons with disabilities to live in the community. Carers are often physically and mentally exhausted in coping with their daily lives while shouldering caring responsibilities. The Government understands the carers' situation and cares about their needs. Therefore, various support measures are in place for carers of elderly persons and persons with disabilities, including financial assistance, care skills training, counselling and emotional support, etc. At the same time, personal care, home cleaning, rehabilitation training and respite services are also provided to the elderly and persons with disabilities so as to relieve the pressure of carers.

In the 2022 and 2023 Policy Addresses, the Government announced and is progressively implementing a series of measures to support carers of elderly persons and persons with disabilities through a multi-pronged approach. My consolidated reply to Mr Stanley LI's question is as follows:

- (1) The Government launched the 24-hour Designated Hotline for Carer Support ("Carer Hotline") 182 183 in September 2023, providing instant consultation and counselling, outreaching, emergency support, service referrals, etc.; assisting carers to connect with respite service; as well as providing transport subsidy for needy service users to receive respite service. More information on the nature of calls received by the Carer Hotline as at 29 February 2024, is set out in Annex. In fact, up to the middle of this month, i.e. mid-March, the Carer Hotline has received over 14 600 calls, with an average of over 80 calls per day. Among the calls received, about 35% and 24% were related to seeking emotional counselling and enquiries about

community support services respectively, while caring problems and financial problems accounted for about 15% and 7% respectively. The rest included health and housing problems as well as requests for respite services. Moreover, there have been 17 cases where the Carer Hotline provided crisis intervention through outreaching service, so as to address the immediate needs of carers/families, thereby relieving their pressure.

- (2) Since December 2023, the Social Welfare Department (“SWD”) has been requesting 135 private residential care homes for the elderly (“RCHEs”) under the Enhanced Bought Place Scheme (“EBPS”) to utilize designated residential respite places subsidized by the Government to provide day respite services for elderly persons in need. The above-mentioned private RCHEs are situated in various districts across the territory, including densely populated developed areas with more elderly residents. Elderly persons can access Government-subsidized day respite services in the vicinity, and their carers can take short breaks or attend to personal matters. Needy elderly persons can directly receive subsidized day respite services without the need for case referrals or passing a means test. The new measure was introduced in December last year, and about 20 elderly persons have been served in the three months till February this year. We believe that more needy elderly persons and their carers can benefit when residents know RCHEs nearby are providing subsidized day respite services.

To further support carers, the Government will continue to expand the network of day respite services for the elderly. From the fourth quarter this year, we will invite 175 service providers participating in the Community Care Service Voucher Scheme for the Elderly to provide subsidized day respite services for the elderly in need.

At the same time, 57 subvented Day Care Centres/Units for the Elderly continue to provide 268 designated day respite service places. On average, there were around 120 attendances per day last year. Taking into account the above two new measures utilizing the service capacity of private/self-financing service units, the number of service points of subsidized day respite services for the elderly will expand to 367 to cover all districts in Hong Kong.

- (3) Following the release of the results in 2021 on persons with disabilities and chronic diseases and their carers in the “Special Topics Report No. 63—Persons with disabilities and chronic diseases”, the Census and Statistics Department (“C&SD”) released in 2023 the “2021 Population Census—Thematic Report: Older Persons”, which provided statistical results on elderly persons aged 60 and above who had long-term care needs and their carers, and thereby providing useful data for the Government’s formulation of relevant policies.

We have been in contact with C&SD regarding the plan to continue to collect information on people in need of long-term care and their carers in the 2026 Population Census, and will expand the application of relevant questions in the 2026 Population Census to cover all persons aged 15 and above who require long-term care for their daily living, regardless of the reasons (such as disability or old age) for their need of care. In other words, the next survey will be larger in scale and cover a wider population. The sample size will be about six times of the survey in 2020, covering around 300 000 households. More comprehensive, detailed and reliable data will therefore be provided.

The Government is actively implementing the three-year Care the Carers Campaign in collaboration with non-governmental organizations (“NGOs”) and district organizations, to promote carer support, encourage mutual help in the community and create a carer-friendly environment. We will continue to publicize and promote the Care the Carers Campaign, the Information Gateway for Carers and the Carer Hotline through various channels, with a view to providing immediate and targeted assistance to needy carers.

In 2024-2025, we will continue to render full support to carers through measures, such as continuous expansion of the respite service network and promotion of territory-wide publicity campaigns; enhancing peer support services and preparing to set up four additional Parents/Relatives Resource Centres for carers of those in mental recovery; injecting an additional \$1 billion into the Innovative and Technology Fund for Application in Elderly and Rehabilitation Care; and setting up 21 designated teams to support special school leavers and their

carers. We will also continue to work closely with our partners in different sectors to continuously enhance the support for carers. Thank you, President.

Annex

Nature of calls handled by the Carer Hotline  
(up to 29 February 2024)

Nature of calls	Number of calls
Emotional problem	4 332
Enquiry on community support service	3 093
Caring problem	1 976
Financial problem	1 027
Health problem	578
Mental health problem	543
Enquiry on residential service	427
Request for respite service	412
Family relationship problem	242
Housing/Accommodation problem	145
Others	182
<b>Total</b>	<b>12 957</b>

**MR STANLEY LI** (in Cantonese): *Thank you, President. In the last oral question, we discussed the scheme on privately owned sites for welfare uses, and there is room for improvement indeed. This question is about carers. Having listened to the Secretary's reply just now, I am grateful to the Bureau and the Department for the tremendous work they have done for carers, from increasing subsidies for carers to launching the Carer Hotline and setting up an online information platform. They have made significant efforts.*

*Here is my supplementary question. As mentioned in the main reply, the Carer Hotline has received over 10 000 calls since its launch, addressing mainly emotional problems. Considering that there were more than 4 000 calls concerning emotional problems, accounting for almost one-third of the calls received, I would like to ask whether these carers, after hanging up the phone, have*

*been referred to other NGOs for follow-up support. Have they found any relief? It is evident that certain past tragedies in society were, to some extent, caused by carers' emotional problems which led to undesirable thoughts. Therefore, I am more concerned about how the Bureau and SWD will provide support to these carers in addressing their emotional problems, given that most of the callers fall into this category. Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr Stanley LI for his supplementary question. According to the statistics compiled since the launch of the Carer Hotline, as Mr LEE has said, about one-third of calls were about emotional problems. When do the carers usually call? They usually call in the dead of night or after work, driven by various reasons. Among these 30% of calls, which are emotion-related, if our social workers consider the cases relatively minor, they will provide the carers with instant counselling. For most of the time, the carers will feel better after telling their problems. However, for more serious cases, we will refer the carers to the relevant government departments or NGOs to provide them with professional assistance. We will continue to monitor efforts in this area and strive to assist the carers in need to the best of our abilities. Thank you, President.

**DR TIK CHI-YUEN** (in Cantonese): *Thank you, President. Regarding the 24-hour Carer Hotline, which was set up in September and manned by social workers, I can say that it is quite a success as it has received over 14 000 calls in just six months. However, I can also say that it is a failure. Why do I say so? It is because many carers and carer groups have recently reflected to me that the Carer Hotline may have sometimes failed to provide them with concrete assistance.*

*As far as I understand it, a myriad of needs was involved in those 14 000 calls. In my opinion, the current scope of the 24-hour service mainly focuses on the provision of respite services, emotional support and other emergency support services. Yet, many other needs of carers cannot be met due to insufficient services. For example, if carers are not well-off ...*

**PRESIDENT** (in Cantonese): Dr TIK Chi-yuen, please raise your supplementary question.



**DR TIK CHI-YUEN** (in Cantonese): *Okay, I will now raise my supplementary question. Currently, many services for carers in Hong Kong are “attached” to other services. For example, as mentioned yesterday, while the Care Teams provide carer services, these services are also available in the District Health Centres (“DHCs”) and the Elderly Centres. Will the Government consider integrating all the existing carer services and promoting a few key services systematically to address the deficiency in carer services? If a more holistic approach is taken in the planning of carer services, carers will have a stronger motivation to seek assistance. They will also be well aware of where to access the necessary services. Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, as Dr TIK said, the Carer Hotline, 182 183, is in place to facilitate access of services to carers. However, if carers wish to obtain more information, they may visit our Information Gateway for Carers (<carers.hk>), which gathers information on all subvented, self-paid and semi-subvented services in Hong Kong and is regularly updated for the convenience of carers. All sorts of additional information, be it about activities, services or caring techniques, can be obtained through the Information Gateway for Carers. The two of them are complementary to each other. While the Carer Hotline, 182 183, aims to provide carers with instant services via a simple phone call, carers may visit the regularly updated website <carers.hk> with their computers or mobile phones to seek additional information. This website is a collaborative effort between the Government and the Hong Kong Shue Yan University, providing a wealth of information since its launch. In addition to carers, social workers and professionals are also encouraged to visit this website. Thank you, President.

**MR LAM CHUN-SING** (in Cantonese): *Thank you, President. Working carers are in fact in a more difficult situation. Despite the availability of day respite services for the elderly as mentioned by the Secretary in his reply, working carers find it difficult to take leaves frequently to accompany their elderly family members to follow-up consultations and treatments. If employers can offer flexible work arrangements, it would be of great help to these carers. In this connection, will the Government consider introducing more specific measures, such as tax incentives, to encourage employers to provide flexible work arrangements for carers? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr LAM Chun-sing for his supplementary question. When reaching out to carers, we have observed that working carers struggle to balance their work with the responsibilities of caring for their family members who are often elderly persons or persons with disabilities. In fact, many employers in Hong Kong have demonstrated consideration by offering benefits exceeding the statutory requirements. In the latest Good Employer Charter that we are currently taking forward, there are many supportive employers who provide a lot of extra assistance to employees. For instance, some of them allow their employees with a carer role to take temporary leaves from work in order to accompany their family members to medical appointments or follow-ups, or to attend to the special care needs of family members at home. I believe many employers are willing to do the same. Through the Government's promotion and joint efforts with employers, we hope that an increasing number of employers in Hong Kong will be willing to provide greater flexibility in work arrangements to help carers balance their work and family responsibilities. Thank you, President.

**MS LAM SO-WAI** (in Cantonese): *Thank you, President. There is no denying that measures and services in support of carers have been enhanced over the year. We should appreciate and commend such efforts. Yet, when it comes to elderly care services, due to the long-standing shortage of care staff at RCHEs and in community care services, family members are often required to act as carers. Therefore, the assistance of carers is important for both the community and RCHEs, but carers generally lack professional care knowledge.*

*The Government plans to build a joint-user complex in Area 67 of Tseung Kwan O to provide social services such as a parent resource centre and a DHC. I would like to propose an idea in line with my advocacy for government-medical-social collaboration. Can the Government designate a small place in Area 67 of Tseung Kwan O to build the first one-stop carer resource and support centre in Hong Kong? For example, we can set up a coffee corner where carers can unwind with a cup of coffee or herbal tea, taking a break to relieve their pressure. Besides, the centre can provide caregiving and health information, equipping carers with diverse professional knowledge. This would become a space for carers to relieve their stress. I hope the Secretary can consider this idea again because some social welfare organizations in the community have discussed it with me time and again, hoping that the Labour and Welfare Bureau will face up to the problem of carers. Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Ms LAM So-wai for her suggestion. In fact, carers can make good use of many of our existing centres. As Members are aware, for the elderly, we have over 200 District Elderly Community Centres (“DECCs”) and Neighbourhood Elderly Centres. For people suffering from mental distress, we have 24 Integrated Community Centres for Mental Wellness. We have also established some District Support Centres for Persons with Disabilities and Parents/Relatives Resource Centres. There are already hundreds of centres in place to assist carers.

The word “carers” covers a wide range of people. For those who care for the elderly, they may seek assistance from our Elderly Centres or DECCs to see how we can help. On the other hand, those who care for persons with disabilities or in mental recovery may have different needs. If carers reach us out through the aforesaid centres, we believe our support services can yield better outcomes. Thank you, President.

**MR LAI TUNG-KWOK** (in Cantonese): *Thank you, President. My supplementary question concerns part (2) of the Secretary’s main reply. The Secretary has mentioned in his reply that more than 100 local private RCHEs under EBPS currently provide day respite services, which sounds promising at first glance. However, the figures provided by the Secretary indicate that only about 20 persons used this service in the span of three months. Even the number of users is approximate. Has the Bureau really attached importance to this initiative? If the answer is affirmative, what is the reason behind the low number of users? Is it due to inadequate demand or insufficient publicity resulting in a lack of public awareness about the service? Is it because of the locations or service hours of the relevant RCHEs? Or are there any other reasons for the low number of users? Has the Secretary looked into the reasons for this? If he has, what can be done to increase the number of service users? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr LAI Tung-kwok for his supplementary question. As a matter of fact, day respite services have been offered for many years, with a consistent utilization rate of around 50%. A 50% utilization rate does not imply that carers do not need respite services. As we all know, many carers do need respite services. Yet, after personally engaging with a large number of carers, I have come to understand that they harbour various concerns when selecting respite services. They are

concerned about, first, the trustworthiness of service units; second, the suitability of the centres; and third, the accessibility of service locations. In view of their concerns, it is our job to give them a helping hand.

What is our current approach? Of course, the existing day respite services will remain in place and EBPS will be put to good use. Under EBPS, there are 135 private RCHEs conveniently located throughout the territory. Given the accessibility of these RCHEs to carers, we aim to leverage these existing resources to provide additional respite services. Later by the fourth quarter, we will have another 175 centres joining the league, including both private and subvented organizations offering community care voucher services. Our approach remains unchanged. We aim to provide carers with convenient services in nearby locations and gradually build their confidence through the Carer Hotline, 182 183, and the aforesaid website.

Noting that 20 people have used the service in question since its launch over the past three months, and if I am asked to comment on its effectiveness, I would say it is acceptable because at least some people are willing to use it. However, given the fact that carers are riddled with concerns, we should help them adapt to this service step by step. What we can do is, first, to expand the network by adding new service points and; second, to make things convenient for carers. How can we make things convenient? We encourage them to promptly call the Carer Hotline at 182 183 whenever needed. This will enable our social workers to arrange the necessary services for them. For carers in financial difficulties, we will provide them with taxi fare subsidies to ensure immediate respite services, relieving them from pressure. Thank you, President.

**MS JUDY CHAN** (in Cantonese): *President, I do not quite agree with the reply given by the Secretary just now. According to him, the utilization rate of day respite services is generally around 50%. However, after looking up the relevant information, I found that regarding the 268 day respite service places provided by subvented day care centres for the elderly, there were over 10 000 attendances recorded within a three-month period. On the other hand, private RCHEs under EBPS provide 179 day respite service places, with only a minor difference of a few dozen places, yet only 20 people have used the service. What are the reasons for this stark contrast? What exactly is the problem? Apart from low public awareness, are there any differences between subvented and private day respite services?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, we should always respect the choice of carers as to which type of respite services they prefer. As Members may be aware, the respite services provided in private RCHEs under EBPS are newly introduced to offer an alternative for carers. We believe that, after the introduction of these services, our publicity and promotional efforts will raise the service awareness among carers, leading to an increase in users. However, the number of service users will still rest with the decisions of the carers. The Government's role is only to provide service points and units as far as practicable to offer choices. Thank you, President.

**PRESIDENT** (in Cantonese): Fourth question.

### **Repair works for road surfaces**

4. **MR LAM SAN-KEUNG** (in Cantonese): *President, I have received complaints from members of the public about the poor conditions of road surfaces in various districts. After repeated inspections recently, it is found that the situation is very serious, and instances such as cracked and uneven road surfaces abound, seriously affecting the safety of road users. In this connection, will the Government inform this Council:*

- (1) *of the number of complaints received by the Highways Department ("HyD") about the poor conditions of road surfaces in the past year;*
- (2) *of the criteria adopted by the authorities for determining whether road surfaces are in need of repair, and the average number of days intervening between the discovery of problems and the completion of repairs; and*
- (3) *whether HyD has recorded the road sections which are more susceptible to damage for the purpose of stepping up inspections; if HyD has, whether HyD can provide the detailed distribution of such road sections; if HyD has not, of the reasons for that?*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): President, the Highways Department (“HyD”) is responsible for the maintenance and repair of public roads and ancillary road facilities under its purview. HyD engages road maintenance contractors through term contracts to carry out regular inspections and maintenance works to keep the roads in a serviceable condition while safeguarding the safety of road users.

To provide quality road maintenance services to the public, HyD has been striving to use innovative technology and digitize workflow in the maintenance of public roads. In particular, HyD will start adopting an artificial intelligence system in the middle of this year to automatically identify road cracks and other road defects, such as faded road markings, through analysing photos of road surfaces collected during inspections, so as to arrange for appropriate maintenance works. HyD will also use small unmanned aircraft to survey the condition of highway structures (including bridges and internal structure of tunnels) and slopes which are difficult to reach to enhance the efficiency and safety of inspection work.

Furthermore, HyD will launch a vehicle-mounted mobile laser scanning and imaging system from the end of this year to early next year. The system can accurately record the undulations of the road surface and identify potholes, thereby assisting in road maintenance work.

In addition, HyD has implemented the Digital Road Maintenance Management System since end-2022 to digitize the inspection and supervision processes so as to enable HyD’s staff to manage the road inspection and maintenance work carried out by its road maintenance contractors in a more efficient manner. The system is currently in use in six road maintenance contracts and the target is to digitize most of the inspection and supervision processes of all road maintenance contracts within 2024.

In consultation with HyD, the reply to the various parts of Mr LAM’s question is as follows:

- (1) In 2023, HyD received about 3 400 cases of damages on the surface of public roads requiring repair.
- (2) Common types of road defects include potholes, cracks and rutting. Apart from regular inspections of all public roads in Hong Kong to identify damages that pose danger or inconvenience to the public, HyD also receives reports from the public on defects in road surfaces

or ancillary road facilities. For damages that may cause road safety problems (for example, accidents may occur when vehicles hit potholes at high speed), HyD will arrange contractors to carry out repairs as soon as possible. HyD will, in accordance with its performance pledge, complete the repair of potholes within 48 hours upon receipt of reports.

For other damages that do not pose immediate danger to road safety (such as cracks and rutting), HyD will formulate appropriate plans and schedules for repair and maintenance having regard to factors such as wear and tear of the roads, traffic flow and the surrounding environment, as well as the inconvenience that may be caused to the public (such as arranging for temporary traffic diversion measures involved in the repair works). For example, larger-scale and preventive road resurfacing works will be carried out at an appropriate juncture to further improve the overall condition of the road surface.

The time required for different road maintenance works varies. HyD will flexibly adjust the processing time having regard to the factors such as circumstances of the case, the scope of repairs required and site constraints, so as to ensure prompt completion of the road maintenance works concerned. According to the works records, all repair works for potholes could be completed within 24 hours in the past year.

- (3) According to HyD's records, road sections with more damage are generally located on expressways which are busier, or at junctions of carriageways, in front of stop lines at traffic lights, near bus stops, etc. HyD has been paying special attention to these road sections. Upon discovery of defects during regular inspections or upon receipt of reports from the public, HyD will promptly arrange for temporary repair works. It will also prioritize the arrangement and completion of large-scale resurfacing works for these road sections, taking into account the various factors mentioned in Part (2) of the reply. Taking 2023 as an example, HyD has completed resurfacing works for some road sections of Fanling Highway, Island Eastern Corridor, San Tin Highway, Lung Cheung Road, Kwun Tong Bypass, Repulse Bay Road, Tai Tam Road, etc., which have more defects. Thank you, President.

**MR LAM SAN-KEUNG** (in Cantonese): *President, I already asked the Government a question about uneven road surfaces two years ago, and the Government also said at the time that it would conduct regular inspections and repairs. In its reply this time around, the Government says that it will formulate plans and schedules for repair and maintenance, while also drawing on digital equipment and small unmanned aircraft to detect road surface cracking.*

*The situation captured in the two photos I am holding has already existed for several years. One of the photos was taken in Kam Tin, showing crocodile cracking on the road surface. The other photo was taken in Tai Hang, depicting a road surface with many “messy scars” after repair. Besides, a road section off Hung Hom Police Station near Princess Margaret Road Flyover in Ho Man Tin bound for the Cross Harbour Tunnel has likewise shown some damage, posing danger to passing vehicles on that road section.*

*I am not saying that only the aforesaid three road sections in Hong Kong have suffered from such damage; rather, I wish to say that many road sections in the 18 districts of Hong Kong have invariably suffered from such damage. May I ask the Secretary what is meant by “appropriate plans and schedules for repair and maintenance”? The damage on the several road sections mentioned above has existed for a prolonged period. When is it an appropriate moment to conduct repair?*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thanks to the President and also to Mr LAM for his supplementary question. As I said in the main reply, in the case of those potholes that pose immediate danger or greater hazards, HyD’s performance pledge is to complete their repair within 48 hours. The relevant repair works may be of a temporary nature because we need time to make major traffic diversion arrangements. Depending on the circumstances of the road section involved, our handling may also vary. As mentioned in the main reply, we were basically able to complete temporary repair works for potholes within 24 hours last year. As for general cracks or undulations on road surfaces, our handling will have to depend on the extent of such cracks or undulations.

I will ask my colleagues to follow up on the road sections mentioned by Mr LAM just now. Speaking of Princess Margaret Road with which I am more familiar, for example, the surface of that particular road section is laid with concrete, if I remember correctly. There are generally two types of road surfaces: asphalt road surfaces (or bituminous road surfaces) and concrete road surfaces.



Potholes in general develop less often on concrete road surfaces, and their formation usually takes place after pouring rains because heavy rainwater may wash away road surface materials. This will in turn give rise to potholes. Without immediate repair, such potholes may expand as the road surface loosens. This is why we will deal with them immediately.

While cracking or fracturing on concrete road surfaces may not pose an immediate danger, we will pay attention to wide cracks and those which cause greater undulations on road surfaces. If cracking develops to a certain extent, we will arrange for repair works.

The above are our overall arrangements. Repair works involve many other departments, and we will take safety as our very basis. Thank you, President.

**MR LEUNG MAN-KWONG** (in Cantonese): *Thank you, President. As we understand it, roads should include pavements, so it follows that road users certainly include pedestrians as well.*

*As far as I can see, the main reply centres around the repair and maintenance of roads for motor vehicles. The best arrangement is, of course, to entrust HyD with the management of all pavements in the community as handling will be the easiest. However, in reality, the management of certain pavements involves other departments because such pavements are, for example, planted with trees or located in areas within the purview of those departments. This explains the importance of interdepartmental collaboration in the formulation of resurfacing plans and schedules.*

*I wish to take this opportunity to follow up on the issue of pavement repair and maintenance. In the case of those pavements which I have just mentioned, their surfaces are mainly laid with eco-pavers at present. But with the passage of time, pavements in busy districts are prone to developing depressions or potholes owing to the loss of sand and soil underneath. This is why I often hear cases of people being tripped over or spraining their ankles. When it comes to interdepartmental collaboration as I mentioned just now, I wish to ask the Secretary whether any new technologies are available as an aid to enhancing the inspection of pavement conditions. Besides, have the relevant departments applied any new techniques or new technologies in laying pavements, so as to reduce wear and tear and repair frequency? Thank you, President.*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thank you, President. Mr LEUNG's supplementary question consists of two parts. The first part is about interdepartmental collaboration, and the second part is about the availability of new technologies or methods for reducing damage to pavements. Both are good questions.

When it comes to interdepartmental collaboration, most pavement repair works rest with HyD at present, unless other circumstances are involved. The case of pavements planted with trees as mentioned by the Honourable Member may be slightly different because the Leisure and Cultural Services Department ("LCSD"), for example, may be involved. Nevertheless, I agree that interdepartmental collaboration is very important, and HyD will maintain close contact with the relevant departments such as LCSD.

As Honourable Members all know, swelling may occur on pavement surfaces owing to the growth of trees, and this is just common. Depending on the circumstances of individual cases, we will adopt different handling approaches. If the pavement involved is relatively wide, we will fence off the swelling on that pavement and remind passers-by to make a detour. Our handling approach must depend on the actual circumstances of the case. However, collaboration among various departments has remained smooth.

Speaking of paving blocks, Honourable Members may remember that in the past, pavement surfaces were basically laid with concrete only, but since two or three decades ago, HyD has begun to avoid laying pavement surfaces with concrete if feasible because paving blocks give a better look to pavement surfaces. Besides, as Honourable Members may know, various underground facilities are installed underneath pavements. If pavement surfaces are laid with concrete, it is necessary to dig up the pavement every time in order to repair those underground facilities afterwards. This is actually not conducive to environmentalism. In addition, even after repair works are completed, stretches of excavation marks will be left on pavement surfaces. For these reasons, laying pavement surfaces with concrete is not a desirable option, and this explains why we have switched to the extensive use of paving blocks for two or three decades.

As rightly said by the Honourable Member, the laying of paving blocks requires a higher level of workmanship, and the pattern of paving blocks is prone to shifting after installation under the impact of environmental factors. We must

admit this, honestly. In this regard, apart from stepping up inspection, HyD will also explore the availability of technologies that can improve the durability of paving blocks. We are making continued efforts in this regard. Thank you, President.

**IR DR LO WAI-KWOK** (in Cantonese): *President, road works of a diverse nature are very frequent in Hong Kong. Works projects ranging from general road maintenance works, traffic improvement works to road widening works are all necessary in one way or another, but they have often been criticized for their prolonged process. In the case of the road widening works on Tai Po Road near Sha Tin New Town Plaza, for example, the project has already spanned several years, but it has not been completed yet.*

*As told by some contractors, one reason for the prolonged process of road works projects is the requirement of multiple vetting and approval, and it has led to their piecemeal commencement. May I ask whether the Secretary will review the relevant procedures and relax the requirements, with a view to increasing project speed and efficiency?*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thanks to the President and also to Ir Dr LO for his supplementary question. Generally speaking, if improvement works are to be undertaken on busy roads in urban districts ... The road works project mentioned by Ir Dr LO a moment ago does not involve any repair works as such; it is rather a massive project with a funding amount of some \$2 billion. The conduct of works on existing roads, as in the example of the Tai Po Road works project mentioned by Ir Dr LO, is actually very complicated because the section of Tai Po Road near Sha Tin New Town Plaza and also the road leading from Sha Tin Rural Committee Road into Pai Tau Village are very important road junctions in the district, and they are also located near a bus terminus. When it comes to such works projects, we will set up a coordination group under the project and include representatives from the relevant departments. HyD or the Civil Engineering and Development Department as the department in charge will coordinate other departments such as the Transport Department and the Police and even bus companies as it is necessary to ensure that buses have enough room for negotiating a turn. In addition, the works project also involves various underground facilities as those underground facilities must likewise be modified in the course of the road surface works. All this is way more complicated than Honourable Members can imagine.

In contrast, the reclamation project for developing the Kau Yi Chau Artificial Islands in the future and also the reclamation project in Tung Chung East now underway are relatively less complicated. Speaking of the reclamation project in Tung Chung East, for example, the reclamation area of 130 ha is basically without any underground facilities. Such works projects are relatively simple. But in the case of road improvement works projects, we must also take account of traffic needs as motorists may still have to route via the road section concerned during these few years. As it is necessary to also take account of traffic needs, the works project is relatively complicated.

I can assure Honourable Members that we will examine our central coordination arrangement to see whether there is any room for enhancement and speeding things up. This is my requirement of my colleagues, and we will also undertake our work in this direction. Thank you, President.

**MR EDMUND WONG** (in Cantonese): *Thank you, President. President, the questions raised by Mr LAM San-keung and other Members just now are relevant to the issue under discussion. Earlier on, a road section in Central suffered from subsidence. After coordination by Mr CHAN Hok-fung, a District Council member of the local district, the authorities conducted urgent repair works and completed the repair within 24 hours. Regarding the pedestrian crossing facilities as mentioned by Mr LEUNG just now, many people have invariably complained about subsidence in areas with pedestrian crossing facilities such as zebra crossings, saying that they may sprain their ankles as a result.*

*The photo in my hand shows a pothole measuring 1 m long x 1 m wide. Upon the authorities' completion of urgent repair works, another pothole of 2 m long x 2 m wide was found on a road section just three metres away. But in the process of repairing the first pothole by pouring concrete into it, the authorities did not deal with the other pothole at the same time—probably because I reported the presence of only one pothole without the other at the time—so they had to undertake repair works on two separate occasions.*

*Upon seeing the close proximity of those two potholes in need of repair, I once asked someone who knew much about this. He replied that the sand and soil underneath might have been washed away due to underground water pipe ruptures, thus causing the subsidence. I believe this is not an isolated case, and many various districts have probably suffered from road subsidence for similar reasons.*

*Apart from undertaking haphazard repair works for road surfaces, various departments such as the Drainage Services Department and the Water Supplies Department must enhance mutual cooperation, so as to improve overall road conditions. The problem mentioned above precisely took place on the road section just opposite my office building. As far as I can see, that particular road section suffers from subsidence once every two years. When underground sand and soil are washed away and loosened, will any problems arise in the long run? Thank you, President.*

**SECRETARY FOR TRANSPORT AND LOGISTICS** (in Cantonese): Thanks to the President and also to Mr WONG for his supplementary question. As can be seen from the photo, the pothole in the road section concerned is large. As I said in my earlier reply, road surface conditions are often subject to the impact of various environmental factors. For example, the loss of road surface materials caused by pouring rains or damages to underground facilities (perhaps water pipe ruptures) may affect road surfaces. We attach a great deal of importance to all this.

Even though the pothole is large, we will not immediately proceed with the arrangement of large-scale enclosure for extensive repair because so doing is time-consuming. How will we handle it? Our term contractor will begin with a temporary repair. As concrete is a troublesome material, in the sense that it takes a longer time to set, we will lay asphalt in most cases for localized repair. That way, we may be able to reopen the relevant road section very promptly (probably a couple of hours later) for use by pedestrians or motorists again. Nevertheless, this is merely the first step. If we see the need later on, we will further discuss whether any extensive repair that requires a long time should be conducted.

Please allow me to speak for one more minute. Mr WONG asked whether the massive installation of underground pipelines underneath road surfaces would pose any danger in the future. In our new town planning these days, we will avoid the massive installation of pipelines as far as possible. Instead, we will adopt the approach of building common utility tunnels for the centralized installation of various underground pipelines at a specific location deep down below the road surface, so as to avoid road subsidence resulting from damages to individual underground facilities. At present, we adopt this approach for new town development as a means to reduce future repair needs. Thank you, President.

**PRESIDENT** (in Cantonese): Fifth question.

### **Developing new quality productive forces**

5. **MS STARRY LEE** (in Cantonese): *President, “new quality productive forces”, as the buzzword of this year’s “two sessions”, were first mentioned by the General Secretary of the Communist Party of China Central Committee (“the General Secretary”) during his study tour to Heilongjiang last year. The General Secretary pointed out that technological and innovative resources should be consolidated to lead the development of strategic emerging and future-oriented industries, and expedite the formation of new quality productive forces. In addition, during this year’s two sessions, the General Secretary called for focusing on high-quality development as the top priority, with new quality productive forces being developed according to local conditions, and the Premier of the State Council stated in the Report on the Work of the Government that the Chinese Government will continue to fully, faithfully, and resolutely implement the policy of “one country, two systems”, under which the people of Hong Kong administer Hong Kong with a high degree of autonomy, remain committed to law-based governance in Hong Kong and ensure that Hong Kong is administered by patriots, and support Hong Kong in growing its economy, improving the lives of its people, and participating in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) by leveraging its distinctive strengths and features, so as to ensure that Hong Kong can better integrate itself into China’s overall development and maintain long-term prosperity and stability. In this connection, will the Government inform this Council:*

- (1) *of the plans in place to leverage Hong Kong’s unique strengths according to local conditions, with a view to stepping up efforts to promote the development of new quality productive forces; and*
- (2) *of the plans in place to assist various trades and industries in developing new quality productive forces during their participation in the GBA development, so as to better integrate into the country’s overall development?*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): President, “new quality productive forces” refer to productivity led by technological innovation that breaks away from the traditional mode of economic growth and development pathway. Adding technological content to productivity, it has the characteristics of high-end technology, high efficiency as well as high quality and quantity. Driven by innovation, the key to “new quality productive forces” lies in quality with the ultimate goal of advancing productivity.

President XI Jinping proposed in September last year the idea of developing “new quality productive forces”. “Striving to modernize the industrial system and developing ‘new quality productive forces’ at a faster pace” is listed as the major task in the Report on the Work of the Government this year. Developing “new quality productive forces” at a faster pace will provide a more favourable environment and more room for the deeper and broader growth of innovation and technology (“I&T”) in Hong Kong. Regarding the question raised by Ms Starry LEE, having coordinated with the Constitutional and Mainland Affairs Bureau, my consolidated reply to various parts of the question is as follows:

Taking into account Hong Kong’s social and economic situations and its unique strengths, the development of “new quality productive forces” in Hong Kong is to effectively support the formation of a new real economy with Hong Kong’s advantages, realize “new industrialization” and inject new impetus into Hong Kong’s high-quality economic development. The Hong Kong Innovation and Technology Development Blueprint (“the Blueprint”) promulgated by the Government at the end of 2022 provides a clear development path and systematic strategic plan from the perspective of top-level planning to promote the development of I&T in Hong Kong with a view to accelerating the formation and development of “new quality productive forces” with Hong Kong’s competitive edge, thereby strengthening new development momentum. Promoting the comprehensive development of upstream, midstream and downstream sectors to form an extensive I&T ecosystem chain is the key to developing “new quality productive forces”.

In order to implement the industry development plans set out in the Blueprint, we have strengthened the Government’s organizational structure by creating the post of Commissioner for Industry (Innovation and Technology), which is dedicated to overseeing the strategy of “new industrialization”. Also,

the New Industrialisation Development Office established under the Innovation, Technology and Industry Bureau, led by the Commissioner for Industry (Innovation and Technology), adopts an industry-oriented approach to promote “new industrialization”, so as to empower the development of Hong Kong in terms of quality and quantity.

To support the development of I&T in Hong Kong, thereby accelerating the formation and development of “new quality productive forces”, the Government has introduced and implemented a number of policies and measures in recent years to consolidate and enhance our strengths and capabilities in basic research and development (“R&D”), and at the same time accelerate the transformation of outstanding R&D results and their application to specific industries, so as to continuously create new value and support the high-quality development of the new real economy. In the process, collaboration with the Mainland, especially the Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (“the Greater Bay Area”), is indispensable in various aspects.

With regard to the upstream sectors, the Government has launched various measures to support basic research. We make use of the Innovation and Technology Fund (“ITF”) to provide funding support for local universities and research institutes to carry out various R&D projects. As at January 2024, a total of 472 R&D projects involving funding of over \$1.2 billion have been approved for collaboration with organizations in the Greater Bay Area or other Mainland regions. Moreover, the Government has earmarked \$10 billion for supporting research on life and health technology, \$3 billion for supporting basic research on frontier technology, and \$3 billion for launching the Artificial Intelligence (“AI”) Subsidy Scheme to support local universities, R&D organizations and enterprises to make the best use of the supercomputing power of the AI Supercomputing Centre so as to promote R&D.

Regarding the midstream sectors, we launched the \$10 billion Research, Academic and Industry Sectors One-plus Scheme last year to provide funding support in the form of matching grants to university R&D teams for the transformation of R&D outcomes. The scheme has attracted the active participation of many enterprises in the Greater Bay Area, making use of the resources and strengths of Hong Kong and the Greater Bay Area to jointly promote technology implementation and commercialization. Furthermore, we will



establish the Hong Kong Microelectronics Research and Development Institute within this year and set up pilot lines to assist start-ups and small and medium-sized enterprises to conduct trial production. At the same time, ITF will continue to provide funding support for R&D teams from designated local universities to set up I&T solutions.

As for the downstream sectors, we will focus on supporting the development of technology industries with a competitive edge and strategic significance, such as life and health technology, AI and data science, and advanced manufacturing and new energy technology, with a view to promoting “new industrialization” in Hong Kong. We will launch the \$10 billion New Industrialisation Acceleration Scheme this year to provide matching grants for strategic enterprises (including Mainland enterprises) to set up new smart manufacturing facilities in Hong Kong. At the same time, we will continue to support the upgrading and transformation of traditional industries through I&T to achieve smart manufacturing by enhancing the New Industrialisation Funding Scheme so as to strengthen our efforts in assisting local manufacturers to shift to high value-added production and smart manufacturing. The relevant enhancement measures were implemented in early January of this year.

The SAR Government will proactively encourage various sectors of the community to actively develop “new quality productive forces” during their participation in the development of the Greater Bay Area, including supporting the local I&T sector to visit the Mainland (especially the Mainland cities in the Greater Bay Area) and participate in technology exchange so as to keep up with the latest development of “new quality productive forces” in the Mainland. We are dedicated to achieving the construction of a more comprehensive and globally competitive I&T industry chain by joining hands with the Mainland cities in the Greater Bay Area through coordinated development and concerted efforts. Also, we will continue to adhere to the development directions and strategies set out in the Blueprint. By making use of Hong Kong’s unique advantages, we will pool together global innovation resources to accelerate the formation of “new quality productive forces” and promote the development of “new industrialization”, leading Hong Kong to realize its vision of becoming an international I&T centre, thereby contributing to the country’s high-quality development.

**MS STARRY LEE** (in Cantonese): *President, as the term suggests, “new quality productive forces” refer to innovative and high-quality productivity, which, of course, involves the essence of many innovative technologies. I would like to thank the Secretary for providing a very detailed account of the current-term Government’s efforts in I&T development just now. Regarding the Bureau’s work, I am particularly concerned about the development of the Loop. In my view, the Loop will serve as a demonstration area for “new quality productive forces” and I&T in the future. Besides, the State Council has issued the Development Plan for the Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation and Cooperation Zone (“the Shenzhen Park”). However, I think innovation resources should encompass several major aspects such as cross-boundary use of bio-samples, approval and clinical trials of innovative drugs, cross-boundary capital and data flow, as well as facilitation measures for talents.*

*I understand that the Bureau is making great efforts to promote the development of the Loop. Would the Secretary explain how the development of the Loop is connected to that of “new quality productive forces”?*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): I am grateful to Ms LEE for her supplementary question. The Loop is not only one of the four platforms of cooperation in the Greater Bay Area, but also a key focus of the current-term SAR Government in developing the I&T industry. The development of the Loop has been elevated to the national level, and the development of Hong Kong is closely related to that of our country. That is why Hong Kong needs to actively align with national policies while capitalizing on its unique strengths, with a view to providing impetus to the economy of Hong Kong and our country. The development of the Loop precisely exemplifies this approach.

In fact, the current-term SAR Government is formulating plans for the development of the Loop. As mentioned in this year’s Budget, the SAR Government will announce the development plan for the Hong Kong-Shenzhen Innovation and Technology Park in the Loop (“the Hong Kong Park”) this year. Early this year, we established a steering committee for the Hong Kong Park, led by Chief Executive John LEE. The innovative companies in the Shenzhen Park

have stepped up their efforts over the past year, putting in considerable work in investment attraction and the development of the park. One of their key focuses is to pool I&T resources from around the world, with the aim of leveraging high-quality development and high-end technology to achieve high-quality technological breakthroughs in the park, which will, in turn, empower the development of the relevant industries. This precisely serves as a concrete example of how our efforts are concentrated on pursuing high-quality development in a specific area. Thank you.

**MR KINGSLEY WONG** (in Cantonese): *Thank you, President. The development of “new quality productive forces” in Hong Kong requires the support of talents from our country, including high-skilled talents. In response to the national initiative for high-quality development and the promotion of “new quality productive forces”, the All-China Federation of Trade Unions has conducted a survey on the situation and demand for high-skilled talents. The survey results have revealed a demand for 80 million high-skilled talents, while the current national supply stands at just 60 million, resulting in a shortfall of 20 million. Therefore, in the future, the Mainland will attach great importance to vocational education in order to accelerate the nurturing of more high-skilled talents.*

*My supplementary question is: How many high-skilled talents are needed for the development of “new quality productive forces” in Hong Kong? How can we ensure that sufficient high-skilled talents are nurtured?*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): I would like to thank Mr WONG for his supplementary question. According to the relevant information in the Blueprint, our goal is to significantly increase the number of frontline R&D personnel in Hong Kong from the current 40 000-odd to no fewer than 100 000 in the next few years, i.e. by around 2030. I specifically refer to truly high-quality R&D personnel. As for technical personnel contributing to high-quality economic development and participating in high-quality industries in Hong Kong, we reckon that the future demand will reach hundreds of thousands. Over the past year, thanks to the concerted efforts of the entire SAR Government, considerable work has been done to attract talents, resulting in the admission of 100 000 professionals to Hong Kong. Nearly half of

them were admitted under the new Top Talent Pass Scheme, while the previous talent admission schemes are gradually taking effect.

While we continue to attract talents from all over the world, I fully agree with Mr WONG that we should significantly step up our efforts to nurture local talents. In fact, this year we have increased our commitment to scientific research and science education across various levels, including higher education and basic education, and the relevant initiatives include curriculum enhancements. Besides, I am aware that some vocational and professional education and training providers in Hong Kong have also strengthened their efforts to nurture local professionals. Moreover, some universities of applied sciences have been established in Hong Kong and given official names this year. We believe that in the future, we will not only bring in talents, but also focus on local initiatives, continuing to enhance talent nurturing from basic education to university education. With a series of initiatives in place, I am convinced and confident that there will be more and more talents in Hong Kong in the times ahead.

**MR KENNETH LAU** (in Cantonese): *President, the Report on the Work of the Government delivered at this year's "two sessions" mentions the development of "new quality productive forces" and highlights 10-odd industries and sectors, including new energy vehicles, low-altitude economy, quantum technology, big data and AI. Regarding low-altitude economy, Shenzhen has rapidly emerged as a hub for the development of low-altitude economy in our country. Besides, the Implementation Plan for the Innovative Development of Low-altitude Economic Industry in Yantian District (2023-2025) was launched in October 2023.*

*In order to make a head start on fostering low-altitude economy, will the Hong Kong Government collaborate with Yantian District, i.e. the third circle in "Twin Cities, Three Circles", to develop low-altitude economy? If it will, what are the details? If not, what are the details?*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): In the report delivered at the recently concluded "two sessions", it is proposed to adopt a region-specific approach for the development of "new quality productive forces", having regard to local conditions and where permitted by

policies. We have considered Hong Kong's comparative strengths and the overall national policy position on the promotion of "new quality productive forces", and have conducted extensive studies. As outlined in the Blueprint, Hong Kong will focus on the development of technology industries with strategic significance, such as life and health technology, AI and data science, and advanced manufacturing and energy technology, in a bid to promote "new industrialization" locally. These areas are not determined arbitrarily, but are identified based on a combination of factors, including Hong Kong's current situation, strengths, future direction of industrial development, international participation, and industrial layout.

The country has recently proposed the development of low-altitude economy, which is a brilliant initiative. To my understanding, the relevant Policy Bureaux of SAR are also conducting relevant studies. If Hong Kong is to pursue such development, first of all, what are our technological advantages? Besides, what are the bottlenecks in the current airspace management policy? Such issues need to be considered. Overall, I believe that Hong Kong, as part of our country, is willing to fully cooperate with and support our country's major development strategies. Thank you.

**MS ELIZABETH QUAT** (in Cantonese): *President, low-altitude economy is one of the "new quality productive forces" that the country has specified as a key area of development. Our neighbouring city, Shenzhen, formulated development plans long ago, while Guangzhou will soon launch air taxis according to an established timetable. Based on what the Secretary has just said, it appears to me that he does not see the need for the development of low-altitude economy in Hong Kong. However, DJI, the Mainland's leading enterprise in the low-altitude economic sector, embarked on its R&D endeavours in Hong Kong. It seems that Hong Kong has yet to commence any studies or planning for the development of low-altitude economy, particularly in terms of R&D, pilot airspaces and application scenarios.*

*May I ask whether the Government has any specific plans for developing a low-altitude economy, especially to serve as a new economic model, a new industry and a new engine for growth?*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): As I have mentioned just now, the relevant government departments are conducting studies on low-altitude economy. I have never stated that Hong Kong will not pursue the development of low-altitude economy. I urge Ms QUAT to correct her question. What I have said is merely that a region-specific approach should be adopted for such development in Hong Kong. As a matter of fact, Hong Kong has not been slow to embark on R&D endeavours, for example, in the field of flying robots. Over two decades ago, I applied to undertake an R&D project on flying robots. Flying robots were the subject of the first project funded by the Innovation and Technology Commission (“ITC”) in Hong Kong more than two decades ago, and it was me who made the application. However, due to various reasons, we did not continue with the project afterwards. Nonetheless, Hong Kong has made some progress in R&D on indoor flying robots. For instance, the City University of Hong Kong, where I used to teach, is doing quite well in R&D on indoor micro flying robots. An ITC-funded project concerning the utilization of flying robots for inspections in tunnels has also achieved some success. Yet, it is fair to say that R&D on outdoor flying robots is still in its early stages in Hong Kong. Anyway, the development of low-altitude economy is a prevailing trend in our country. As our country pursues such development, what should Hong Kong do? How can Hong Kong align itself with the country’s development? The SAR Government is now considering the direction in this regard.

**MR ROCK CHEN** (in Cantonese): *President, “new quality productive forces” should be developed according to local conditions. Thus, I would like to ask the Government: How can Hong Kong leverage and maximize its advantages as a highly international city to pool global and local I&T resources, thereby promoting the development of the various industries mentioned by the Secretary just now and expediting the formation of “new quality productive forces”? Thank you.*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): In my view, Hong Kong is our country’s important window and most open city, and its role as our country’s gateway to the world will be further strengthened rather than weakened. As a bridge connecting the Mainland and the rest of the world, Hong Kong should continue to attract enterprises and investment,

bringing I&T resources from all over the world, both within and outside our country, to Hong Kong. These I&T resources include talents, capital and technology. We also hope that Hong Kong will serve as an important springboard for Mainland enterprises to go global. Therefore, we propose that Hong Kong play the role of “super-connector” or “super value-adder” to help our country attract foreign investment and go global, with a view to exploring more new opportunities for itself and our country.

Specifically, as far as Hong Kong’s roles are concerned, I think it should not only maintain its status as four traditional centres, including an international financial centre, an international trade centre and an international shipping centre, but also establish emerging centres, such as an international I&T centre and a centre for international cultural exchange. During the development, particularly of an international I&T centre, which falls within the expertise of our Bureau, I opine Hong Kong should continue to play a significant role in utilizing global resources to facilitate our country’s development of “new quality productive forces”. Take the InnoHK research centre as an example. While Hong Kong’s strength lies in original innovation, including the invention of disruptive technologies, the InnoHK research centre, in essence, aims to enhance global I&T collaboration, thereby enabling Hong Kong to play its role as a “super-connector”.

**MR SUNNY TAN** (in Cantonese): *Thank you, President. Taking some distinguished traditional enterprises in the textiles and clothing industry as an example, they not only have considerable influence on multinational supply chains, but also endeavour to embrace new ideas such as innovative technologies, driving the upgrading and transformation of their industry in order to keep up with the times. I believe there are tremendous opportunities and potential for developing “new quality productive forces” in both traditional and emerging industries.*

*May I ask about the Government’s future measures or policies to promote the development of “new quality productive forces” in traditional industries according to local conditions? For example, will the Government enhance funding schemes to attract more Mainland and foreign enterprises to establish R&D centres or micro-factories in Hong Kong? This would expedite the formation of “new quality productive forces” while assisting such enterprises to use Hong Kong as a springboard to explore the Belt and Road markets, thereby*

*strengthening Hong Kong's leading position in multinational supply chain management.*

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Putonghua): In fact, the several examples just cited by Mr TAN are our key development directions. It is indeed crucial to establish key development directions. A case in point is OpenAI. After the launch of its generative AI products, its value has tripled to nearly US\$100 billion in under a year. This is a very successful case.

Therefore, Hong Kong should find a path suitable for its development, venture into previously uncharted territory, and engage in endeavours beneficial to our country. This is why we have previously identified three major areas. Firstly, life and health technology. Hong Kong possesses a solid foundation and great originality in this field, which facilitates the formation of its I&T ecosystem. Secondly, Hong Kong should develop AI and data science. We have advantages in these fields, including data resources, and we are building our computing power. More importantly, we are able to attract resources from all over the world. Given that AI development has become a world trend, Hong Kong will closely follow this direction and gradually introduce a number of measures this year. Thirdly, we should develop advanced manufacturing and new energy technology. What does “advanced manufacturing” mean? Let me provide an example. Why do we aim to develop the third-generation semiconductors? At present, a complete industry ecosystem has not yet been established, and eight-inch automotive-grade semiconductor technology is the world's most advanced technology. We will establish the Hong Kong Microelectronics Research and Development Institute this year, and one of its major initiatives will be to set up two pilot lines. With a focal approach, these lines will focus on eight-inch automotive-grade third-generation semiconductor chips. This is a prime example of “new quality productive forces”. Moreover, we need to achieve breakthroughs in new energy technology and green technology. Only then can we use science to guide innovation and innovation to drive development, thereby achieving high-quality development.

**PRESIDENT** (in Cantonese): Last question seeking an oral reply.



**Care services for dementia patients**

6. **MS DOREEN KONG** (in Cantonese): *President, according to the statistics of the Hospital Authority (“HA”), there were around 79 400 patients with dementia in Hong Kong receiving treatment in HA in 2020. In addition, according to the forecast of a study, in 2039, among persons aged 60 and above, 333 000 will suffer from dementia. In this connection, will the Government inform this Council:*

- (1) *of the latest number of persons diagnosed with dementia, together with a breakdown and percentage by the channel where the diagnosis was confirmed (i.e. private and public healthcare systems), age and gender;*
- (2) *whether it has compiled statistics and evaluated the effectiveness in respect of the demand of dementia patients for care services and resource allocation; if so, whether it will plan and improve the relevant services on the basis of the evaluation outcomes, such as formulating long-term support policies and plans for care services for patients at the early, intermediate and late stages of dementia, as well as re-launching territory-wide awareness campaigns on dementia; and*
- (3) *as it is learnt that currently, many residential care homes (“RCHs”) adopt a “restraint” approach to restrict the activities of elderly persons with dementia, whether the authorities have put in place measures to reduce the adoption of such care approach by RCHs, and whether the authorities have plans to promote to RCHs the “restraint-free” care concept for elderly persons and to assist RCHs in improving their facilities to facilitate the implementation of such care concept?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): *President, in consultation with the Health Bureau (“HKB”), I reply to the Member’s question as follows:*

- (1) The number of patients diagnosed with dementia and receiving treatment in the Hospital Authority (“HA”) in 2022, with a breakdown by age and sex, is at Annex I. HA does not keep the number of patients who obtained diagnosis in the private healthcare system.
- (2) Dementia is a disease caused by a decline in brain functions due to neurological changes. At present, there is no cure for dementia. Patients can slow down the degenerative process of the brain and alleviate the symptoms with medical and non-medical support (e.g. reminiscence, multi-sensory and cognitive training). Except for dementia patients at a severe stage or those requiring medical care due to serious complications, patients in general can continue living at home and receive different community care and support services according to their needs, so as to maintain their quality of life and alleviate their carers’ burden.

Dementia patients commonly suffer from multiple chronic diseases such as hypertension, diabetes mellitus, cardiovascular diseases, as well as physical deterioration (such as memory loss, falls and incontinence). To flexibly deploy resources, HA will refer patients to different specialist outpatient clinics of HA, including medicine, geriatric, psychogeriatric and memory clinics, according to their needs, allowing patients to receive joint consultation and treatment. For example, the geriatric team provides services to dementia patients suffering from other geriatric conditions, while the psychogeriatric team is responsible for supporting dementia patients experiencing severe comorbid emotional or behavioural symptoms.

As dementia patients often require services from different specialist outpatient clinics, the health expenditure arising from the provision of treatment and care services to dementia patients cannot be separately quantified, or to conduct statistical and effectiveness evaluation on resources allocation. The cost incurred for the medical services provided by HA to patients aged 65 or above in the past three years is at Annex II.

In addition to the above medical services, the Government implements different measures to support patients with dementia:

*Supporting elderly persons with dementia*

HHB (formerly the Food and Health Bureau) and the Social Welfare Department (“SWD”) implemented the Dementia Community Support Scheme (“the Scheme”) as a pilot scheme in February 2017, to provide cross-sectoral and multi-disciplinary support services to elderly persons with mild or moderate dementia and their carers. HA is responsible for identifying and referring suitable patients with dementia to District Elderly Community Centres (“DECCs”), as well as designing and reviewing in collaboration with DECCs individual care plans (“ICPs”) for the patients concerned. DECCs arrange activities and services for participants based on their needs according to the agreed ICPs, with a view to improving their cognitive ability, knowledge of home safety, self-care ability, physical functioning and social skills, etc. The Scheme has been made permanent since February 2019 and expanded to all seven HA clusters and 41 DECCs in the territory, and can serve over 2 000 elderly persons each year.

SWD provides the Dementia Supplement to eligible elderly service units to strengthen their care of and support for elderly persons with dementia, such as employing additional professional staff (including occupational therapists, nurses and social workers) or purchasing relevant professional services, and organizing training programmes for them.

*Public education*

SWD launched a territory-wide public education programme titled the Dementia Friendly Community Campaign (“the Campaign”) from September 2018 to March 2023 to enhance the public’s understanding of dementia and encourage members of the public to support and care about persons with dementia and their carers. The Campaign received positive feedback and support from different sectors of the community during the period. Relevant service units will continue to promote messages of caring for dementia and organize activities

supporting dementia patients and their carers. SWD will review the need for organizing a similar territory-wide public education campaign in a timely manner.

In addition, the Department of Health has been providing the latest health information on dementia through various channels, including the Elderly Health Service website, the Elderly Health Information Hotline, an education kit for elderly carers, online videos, media interviews, the Elderly Health Service Newsletter and health talks, to enhance public understanding of the disease and provide family members and carers of dementia patients with practical skills and insights to manage the disease. Furthermore, HA has been implementing various health promotion activities, including organizing educational talks and publishing pamphlets, to raise community awareness of dementia.

#### *Harnessing gerontechnology*

Through the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care (“the Fund”), the Government subsidizes eligible elderly and rehabilitation service units to procure, rent and trial technology products. Products covered under the Fund include technology products aiding the improvement of users’ cognitive ability, such as smart projectors with interactive games which can improve users’ cognitive and responsive abilities, delaying the deterioration of dementia symptoms. The Government will inject an additional \$1 billion into the Fund this financial year, and expand its scope to cover gerontechnology products suitable for household use.

- (3) The Code of Practice for Residential Care Homes (Elderly Persons) (“the Code of Practice”) provides guidelines on the use of restraint and care for dementia elderly persons. The Code of Practice stipulates that residential care homes for the elderly (“RCHEs”) should avoid using restraint. The use of restraint should only be considered when all other alternative attempts are ineffective or in case of emergency and when the well-being of the resident and/or other residents is imperilled. RCHEs should consult healthcare professionals and

relevant professional practitioners and take appropriate measures in providing needed care to dementia residents.

SWD regularly organizes workshops on care knowledge for RCHE staff. Topics include understanding dementia, providing care to dementia elderly persons and the use of restraint.

## Annex I

Number of dementia patients receiving treatment in HA in 2022  
(breakdown by age and sex) (provisional figures)

Sex	Age Group <sup>2</sup>	Number of patients <sup>4</sup>	Percentage to total (%)
Male	Below 65	4 100	5%
	65 or above	26 800	32%
	Sub-total <sup>3</sup>	30 900	37%
Female	Below 65	4 300	5%
	65 or above	48 900	58%
	Sub-total <sup>3</sup>	53 200	63%
Both sexes <sup>3</sup>	Below 65	8 400	10%
	65 or above	75 700	90%
Total <sup>3</sup>		84 100	100%

1. Figures are rounded to the nearest hundred.
2. Age groups are calculated based on age as at 30 June of the respective year.
3. Individual figures may not add up to the total due to rounding and the inclusion of unknown age groups.
4. The statistics for 2022 are provisional figures due to the possibility of changes after further updates of clinical summaries and pathology reports.

## Remark:

In view of the COVID-19 epidemic outbreak in Hong Kong in early 2020, HA has adjusted its services to cope with the outbreak. This should be taken into consideration when comparing the service capacity of HA in previous years. With the subsiding of the local COVID-19 epidemic situation and cessation of anti-epidemic measures in early 2023, HA has been gradually resuming the provision of all of its public healthcare services to tie in with the Government's normalcy measures.

## Annex II

Cost of medical services provided by HA to patients aged 65 or above from  
2022-2023 to 2024-2025

	2022-2023 (Actual) (\$ million)	2023-2024 (Revised estimates) (\$ million)	2024-2025 (Projected) (\$ million)
Cost of medical services provided by HA to patients aged 65 or above	47,298.5	50,625.1	52,641.0

## Remark:

HA does not maintain statistics on the cost of individual patients. The cost of service provision to patients aged 65 or above is calculated from the average cost of major types of care/services provided by HA and the actual (or projected) service usage of patients aged 65 or above from 2022-2023 to 2024-2025.

The cost of services includes direct staff costs incurred from providing services to patients (e.g. doctors, nurses and allied health professionals); expenditure incurred for various clinical support services (e.g. anaesthesia and operating theatres, pharmacy, diagnostic radiology and pathology tests) and other operating expenditure (e.g. patient meals, utility expenses and repair and maintenance of medical equipment).

In view of the COVID-19 epidemic outbreak in Hong Kong in early 2020, HA has adjusted its services to cope with the outbreak. This should be taken into consideration when comparing the service capacity of HA in previous years. With the subsiding of the local COVID-19 epidemic situation and cessation of anti-epidemic measures in early 2023, HA has been gradually resuming the provision of all of its public healthcare services to tie in with the Government's normalcy measures. As the costing information for 2022-2023 has reflected the impact of the epidemic outbreak on costs (if any), the costing information for different years may not be directly comparable.

**MS DOREEN KONG** (in Cantonese): *President, I am disappointed that the relevant authorities have not kept comprehensive and detailed statistics on dementia, nor have they implemented targeted measures for dementia prevention, detection and treatment for the large population of patients and citizens. Dementia is more of a healthcare issue than a welfare issue. Secretary, thank you for your hard work.*

*As mentioned in part (2) of the main reply, HA provides a number of specialist outpatient clinic services, including geriatrics. However, these services are not relevant to the long-term policies and plans that I have asked about. May I ask the Secretary what long-term strategies and specific timetables the Government has in place for the care of dementia patients? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, as a matter of fact, as clearly stated in the main reply and as mentioned by Ms KONG, medical-social collaboration is necessary for addressing dementia-related issues. HA is the primary provider of public services. We believe that an overwhelming majority of elderly persons diagnosed with dementia in Hong Kong (dementia mainly affects older people) are currently receiving care services from HA. Additionally, while hospitals will certainly provide services tailored to the needs and other health conditions of dementia patients after diagnosis, community support is equally important for them.

In fact, as Members can see, we are making full use of our existing community network, which includes over 200 Elderly Centres, various day care centres and home-based services. As Members all know, we provide home-based services to elderly persons in need, many of whom are dementia patients, including nursing care, meal delivery, cleaning and rehabilitation services. The wide range of services is designed to provide appropriate support to families in need.

However, I concur with Ms KONG's view. With the ageing of the population, dementia will pose a significant challenge. While it is certainly the Government's duty to address this challenge, we hope to make concerted efforts with the community, particularly in enhancing public understanding of dementia. Our aim is to identify the disease at an early stage and offer timely assistance to patients, thereby delaying the progression and deterioration of symptoms. Thank you, President.

**DR DAVID LAM** (in Cantonese): *Thank you, President. As mentioned earlier by the Secretary, dementia patients, who often suffer from multiple chronic diseases, are required to attend separate follow-up appointments at different specialist outpatient clinics in public hospitals. Has the Government considered a systematic approach to examining and consolidating their visits for various*

*conditions in order to reduce the frequency of separate specialist appointments, or even to refer them to community-based family doctors for the provision of better care? Thank you.*

**UNDER SECRETARY FOR HEALTH** (in Cantonese): Thank you, President. I thank Dr LAM for his view. In fact, as rightly pointed out by Dr LAM, many elderly persons (not limited to dementia patients) suffer from multiple chronic diseases. In view of this, HA is currently integrating its services. It is hoped that patients will not have to visit different specialist outpatient clinics for the treatment of different conditions, but instead, they can have their appointments consolidated into a single visit.

However, in certain cases, especially those involving more severe dementia, patients may not be able to rely solely on primary healthcare clinics in the community for treatment. In such cases, HA's specialists will continue to provide services to these patients.

**DR SO CHEUNG-WING** (in Cantonese): *President, Ms Doreen KONG has mentioned in her question that by 2039, 333 000 people aged 60 and above will suffer from dementia in Hong Kong. This is a horrifying trend. Nevertheless, 2039 is still 15 years away. As the saying goes: "Prevention is better than cure." I would like to ask the Government what plans and concrete measures are in place to support and assist the whole community in the prevention of dementia, and how much resources will be allocated to ensure the sustained effectiveness of the preventive measures. Thank you.*

**PRESIDENT** (in Cantonese): Which public officer will give a reply? Under Secretary for Health, please reply.

**UNDER SECRETARY FOR HEALTH** (in Cantonese): Thank you, President. I thank Dr SO for his supplementary question. In fact, we must understand that dementia is a condition caused by neurological changes that lead to the abnormal decline of overall brain functions. Currently, scientists have not yet identified the exact cause of these neurological changes. While some theories suggest a possible genetic association, this only applies to a negligible fraction of patients.



Therefore, no specific methods have been found to prevent dementia through medication or procedures at present. So far, we have only identified certain high-risk factors that are more likely to lead to dementia, such as an unhealthy lifestyle characterized by lack of exercise, poor sleep quality, high consumption of red meat without vegetables and smoking. We have found that these high-risk factors increase the likelihood of developing dementia.

This explains precisely why, as Ms KONG has just mentioned, we have not conducted any check-ups or screenings. From a public health perspective, particularly based on the recommendations of the World Health Organization (WHO), for a large-scale screening to be conducted, it is imperative that we have a thorough understanding of the underlying causes of relevant diseases and the availability of effective treatment methods. As the Secretary has just mentioned, there is no cure for dementia at present, and the so-called “treatment”, which includes medical and non-medical approaches, can only slow down the degenerative process of the brain. A number of studies suggest that medications or other treatment methods can only slow down the degenerative process for 6 to 18 months, and there is no way to reverse or stop the process. Therefore, taking into account a host of factors, it is crucial to strengthen medical-social collaboration to provide support for patients and their carers at home. Thank you, President.

**DR NGAN MAN-YU** (in Cantonese): *Thank you, President. I would like to ask the Government whether it would consider arranging for the District Health Centres (“DHCs”) and DECCs to jointly address dementia-related issues of elderly persons. Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Dr NGAN for the supplementary question. As Dr NGAN is aware, DECCs have already been providing dementia-related services. As I have pointed out in the main reply, the Scheme provides services through the 41 existing DECCs. Of course, DHCs are also currently available. We will continue to examine how resources can be better utilized in order to optimize the use of these two types of centres. Although they may have different focuses, both types of centres share the same goal of assisting our senior citizens to the best of their ability by providing services to dementia patients. Thank you, President.

**MS ELIZABETH QUAT** (in Cantonese): *Thank you, President. The majority of dementia patients suffer from Alzheimer’s disease (“AD”). The Secretary has just made a very good point. Early detection allows doctors to intervene in advance and provide better services to slow down brain degeneration and relieve symptoms. This is very important for the patient’s families.*

*Currently, Hong Kong possesses a world-leading international research technology in AD detection. A research team at The Hong Kong University of Science and Technology has successfully developed a technology which enables early detection of AD with a single drop of blood, and the disease can be successfully detected 5 to 10 years before the onset of symptoms, with an accuracy rate of over 96%. The technology is now in commercial use. If this technology is widely applied to the elderly, it will be possible to detect potential AD cases 5 to 10 years in advance. In this connection, I would like to ask the Government a question. This scientific research outcome of Hong Kong is internationally renowned. In view of Hong Kong’s ageing population, does HA (or our Government) have any plans to introduce this testing service and launch a screening programme so that elderly persons can be informed of their condition at an earlier stage and receive better treatment and relief services?*

**UNDER SECRETARY FOR HEALTH** (in Cantonese): Thank you, President. I thank Ms QUAT for the supplementary question. It is a very good supplementary question which is also of great concern to us. A chemical laboratory test has been conducted in Hong Kong, resulting in the development of a technology that enables early detection of AD in patients. However, similar to our previous response regarding available treatment options for patients exhibiting AD symptoms, there are actually no effective treatments for AD. The most effective way may be a change in lifestyle, including the high-risk habits that we have just mentioned, such as smoking, drinking, poor sleep quality, lack of exercise, and eating large amounts of red meat but no vegetables. I therefore believe that HA will take into account a number of factors when considering whether to introduce the test, including cost-effectiveness, clinical benefits, and the safety and efficacy of the technology. I understand that HA is proactively exploring the introduction of the test.

That said, even with the introduction of the test, it may still be necessary to formulate clinical guidelines to specify which patients can benefit from the testing service. However, as I said just now, even if we know in advance that we might

develop dementia, the best thing we can do is what we should do whether we are sick or not, which is to maintain a good and healthy lifestyle. Thank you, President.

**MR ANDREW LAM** (in Cantonese): *Thank you, President. According to the Under Secretary, there is actually no cure for dementia. However, I am pleased to hear that the Government has been promoting measures to slow down the progression of the disease. Yet, apart from concerns about physical health, dementia patients, their carers and family members will also face problems in life other than physical problems, including how to care for the patients around them in the future, how their family members will care for themselves and how to deal with their assets.*

*Back to the same old question again. From my understanding, an Honourable colleague also raised a question on this matter in the middle of last year. While the number of dementia patients has been rising rapidly, the implementation and promotion of the “three instruments of peace” remains slow. I would like to know whether the Government has any better ways to familiarize dementia patients and their family members with the “three instruments of peace” and provide early assistance in planning their future lives. Thank you, President.*

**PRESIDENT** (in Cantonese): Which official will reply? Secretary for Labour and Welfare, please reply.

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr LAM for the supplementary question. I also recall that a Member raised a question about the “three instruments of peace”. Whatever they are called, the “three instruments of peace” are aimed at helping elderly persons (including elderly dementia patients) make advance directives and give a clear indication of their preferences on certain matters before they become incapacitated. What the Government can do is to step up publicity as widely as possible to familiarize them with the “three instruments of peace”. While the Government cannot compel them to sign any related documents, it can carry out effective publicity. In my opinion, the publicity work should not be confined to the making of the “three instruments of peace”. As Mr LAM has said, while dementia patients are no doubt unfortunate, it is their carers who are under greater pressure and in need of assistance. A question on the support for carers has also been raised just now.

We note that carers often feel distressed because dementia patients behave like children who need round-the-clock care, but the carers themselves may also face emotional difficulties. We need to give carers our full support, including setting up the Dedicated Hotline for Carer Support 182 183 and the Information Gateway for Carers to enhance their understanding of caring techniques. With our concerted efforts, we hope that we can do better in meeting the challenges ahead. Thank you, President.

**MR TANG KA-PIU** (in Cantonese): *Thank you, President. An Honourable colleague has just mentioned that Hong Kong has successfully developed a blood testing technology with a reliability rate of 80% to 90%. Test results are available within three days, and the actual cost is \$7,000. However, thanks to economies of scale, I believe the cost will come down as more people use the service.*

*I would like to ask the Under Secretary to clarify what she has just touched on HA's plan to introduce the test. May I ask what the scale of the programme will be? When will it be implemented? Which types of patients or persons will be prioritized under the programme? Thank you.*

**UNDER SECRETARY FOR HEALTH** (in Cantonese): Thank you, President. Thank you, Mr TANG. As I mentioned earlier, HA would consider other factors, including clinical benefits, the safety and efficacy of the technology, the availability of manpower and expertise, and the capacity and technical adaptability of the laboratory concerned. HA has put in place a regular review mechanism for all new tests. As I have just mentioned, even if early detection is available, we need to be able to offer patients effective treatment to make the test meaningful. However, as there is currently no medication that can cure the disease at its root, the most effective approach may simply be lifestyle changes. Therefore, HA needs to examine the cost-effectiveness of the test to determine which types of patients can benefit most from the introduction of the test in order to maximize cost-effectiveness. I believe there will be a thorough discussion within HA. Thank you, President.

**PRESIDENT** (in Cantonese): The question session ends here.

**WRITTEN ANSWERS TO QUESTIONS****Implementing sex education**

7. **MS JUDY CHAN** (in Chinese): *It is learnt that instead of teaching sex education as an independent subject, the Government has all along integrated the various related topics into relevant subjects, and allowed secondary and primary schools to devise school-based curricula on their own and decide on their principles and teaching modes in respect of implementing sex education. Nevertheless, a survey has found that a very large proportion of secondary schools do not have time for teaching sex education because the curriculum schedule is too tight, and the level of sex knowledge among young people in Hong Kong has been persistently unsatisfactory over the years. In this connection, will the Government inform this Council:*

- (1) *of the learning and teaching resources produced by the Education Bureau over the past three years in support of the implementation of sex education in schools;*
- (2) *whether it has plans to review the current situation of the implementation of sex education and specify the lesson time for sex education, with a view to enhancing the level of sex knowledge among young people; if so, of the details; if not, the reasons for that;*
- (3) *whether it has plans to update the Guidelines on Sex Education in Schools compiled in 1997 and adopt the Guidelines afresh; if so, of the details; if not, the reasons for that; and*
- (4) *as there are views that information related to sex education available online varies, and that secondary and primary students have difficulty in differentiating the authenticity of such information, whether the Government will consider stepping up promotional efforts on sex education outside schools, so as to provide them with bona fide information; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Education** on 27 March 2024 is in **Appendix 1**.

## Promoting the development of artificial intelligence

8. **DR JOHNNY NG** (in Chinese): *The Financial Secretary indicated in the Budget delivered last month that the first phase facility of the Artificial Intelligence (“AI”) Supercomputing Centre (“AISC”) in Cyberport was expected to start operating within this year at the earliest, and the computing power of AISC was expected to reach 3 000 petaFLOPS by early 2026 at the soonest, with the scale of such power being equivalent to the capacity of processing nearly 10 billion images in one hour. In addition, the Government will allocate \$3 billion for the launch of a three-year AI Subsidy Scheme to support universities, research institutes and enterprises to, among others, leverage AISC’s computing power and strengthen the cyber security and data protection of AISC. Regarding promoting the development of AI, will the Government inform this Council:*

- (1) *as the Financial Secretary has indicated in the 2023-2024 Budget that \$3 billion will be earmarked to promote the development of facilities in relation to AI, quantum technology, etc., and attract leading innovation and technology (“I&T”) talents, research teams and enterprises from the Mainland and overseas to Hong Kong, thereby promoting cross-sectoral research cooperation, how the aforesaid funding was used in the past year, and whether it has assessed the effectiveness of the relevant work, including the number of world-class I&T enterprises, talents as well as research and development projects attracted to Hong Kong, and their names in a list (set out in a table);*
- (2) *given that the projected computing power of AISC can only reach 3 000 petaFLOPS, while some experts estimate that the demand for supercomputing capacity in Hong Kong will rapidly increase to 15 000 petaFLOPS within the next few years and the computing power of AISC can hardly be expected to cope with such demand, whether the authorities have formulated corresponding plans in advance to tie in with the rapid development of I&T in Hong Kong, such as setting up additional supercomputing centres;*
- (3) *whether it has assessed if the provision of \$3 billion for implementing the AI Subsidy Scheme is adequate, and whether the authorities will provide additional funding in a timely manner as appropriate; and*

- (4) *given the changes in geopolitical situation, many regions have imposed trade restrictions on China in recent years in respect of technology items (e.g. the passage of the CHIPS and Science Act of 2022 by the United States (“US”) which strictly restricts the export of chips to chip companies in China, as well as the tightening of restrictions on investment in specified technology areas by the US last year), whether the Government has assessed if Hong Kong’s relevant technology trade and AI technology development have been affected as a result, and whether it has implemented corresponding counter measures, so as to maintain its own advantages while integrating into the overall development of the country?*

The written reply provided by the **Secretary for Innovation, Technology and Industry** on 27 March 2024 is in **Appendix 1**.

### **Developing “headquarters economy”**

9. **MR MARTIN LIAO** (in Chinese): *The Chief Executive indicated in the 2023 Policy Address that “headquarters economy” will be developed. Nonetheless, it has been reported that the number of multinational companies with regional headquarters (“RHQs”) set up in Hong Kong last year has decreased by 75 to 1 336 as compared with that of the year before last, and some companies have relocated their RHQs from Hong Kong to Singapore. In this connection, will the Government inform this Council:*

- (1) *given that the number of multinational companies with RHQs set up in Hong Kong has recorded a drop continuously despite Hong Kong’s full resumption of normal travel last year, whether the authorities will approach those companies that have withdrawn from Hong Kong to look into the reasons for their withdrawal; if so, of the details;*
- (2) *given that the Government indicated in the 2023 Policy Address that it will explore with the relevant Central authorities measures to facilitate Mainland enterprises in setting up RHQs in Hong Kong, such as arrangements for investments relating to capital account, of the details and implementation timetable of the relevant measures;*

- (3) *given that there are views that Hong Kong’s low tax rates and free flow of information are ranked as important factors for enterprises in choosing to set up offices in Hong Kong, but according to a research publication of the Legislative Council Secretariat, some enterprises find that the favourableness of the relevant factors has been weakened, and there are also views pointing out that upon the introduction of the global minimum tax proposal, tax concession is not the only consideration of enterprises in choosing to set up offices in Hong Kong, whether the Government has considered formulating medium and long-term planning for developing headquarters economy, as well as rolling out complementary incentive measures in respect of land, talent, innovation and technology, children’s education, etc.; if so, of the details; and*
- (4) *given that there are views pointing out that the Government’s definition of RHQs is not comprehensive enough as some smaller-sized RHQs covered by the definition have limited contribution to the economy of Hong Kong, whether the Government will consider reviewing the existing criteria in defining RHQs, including the capital size of the enterprises concerned, the size of their RHQs in Hong Kong, etc.; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Commerce and Economic Development** on 27 March 2024 is in **Appendix 1**.

### **Neighbourhood Support Child Care Project**

10. **REVD CANON PETER DOUGLAS KOON** (in Chinese): *The Neighbourhood Support Child Care Project (“the Care Project”) aims to provide families in need of support with a flexible form of day child care service at the neighbourhood level, including centre-based care service and home-based child care service provided by home-based child carers (“HCCs”). In this connection, will the Government inform this Council:*



- (1) *of the current number of service centres under the Care Project, as well as the following information on various service centres: (i) the utilization rate, (ii) the minimum number of places, (iii) the number of children served, and (iv) the number of applications waiting for the service;*
- (2) *of the respective current numbers of HCCs providing care service at their own residences and other suitable places as approved by the operators, as well as their average service hours, together with a breakdown by District Council district;*
- (3) *whether it has compiled statistics on the respective numbers of accidents causing injuries to HCCs and children since the implementation of the Care Project; if so, of the details; if not, the reasons for that, and whether it will consider compiling such statistics;*
- (4) *as there are views that HCCs are unevenly distributed across the territory, whether the authorities will review the relevant reasons and establish a database, so that the manpower of HCCs can be deployed to districts with demand; if so, of the details; if not, the reasons for that;*
- (5) *whether it will consider discussing with the operators of the Care Project the extension of service hours of the service centres, so as to better meet the needs of dual-income parents (especially those from grass-roots families who need to work longer hours) with newborns to children up to the age of nine; if so, of the details; if not, the reasons for that;*
- (6) *as there are views that HCCs provide some sort of “volunteer” service, and that the persons concerned can become HCCs upon completion of only a few hours of basic briefing and training provided by the operators, resulting in varying service quality, whether the Government will consider promoting professionalism in the development of HCCs, such as by introducing systematic and more comprehensive training programmes and assessment mechanism, setting up an enrolment and registration system, as well as providing on-the-job retraining and value-added programmes; if so, of the details; if not, the reasons for that; and*

- (7) *whether it will consider setting up a comprehensive monitoring mechanism for HCCs, such as by conducting random checks on the operators, requiring the operators to regularly assess the performance of HCCs, imposing stringent penalties on non-compliant HCCs, setting up a transparent complaint and feedback system, as well as conducting questionnaire surveys on service users; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Labour and Welfare** on 27 March 2024 is in **Appendix 1**.

### **District Health Centres and District Health Centre Expresses**

11. **MR CHAN PUI-LEUNG** (in Chinese): *Regarding District Health Centres (“DHCs”) and interim “District Health Centre Expresses” (“DHCEs”), will the Government inform this Council:*

- (1) *of (i) the values of the operation service contracts for various DHCs and DHCEs, and (ii) the respective information on the primary and secondary disease prevention service outputs of such DHCs and DHCEs in the past year (set out in Table 1);*

*Table 1*

<i>DHC/DHCE</i>	<i>(i)</i>	<i>(ii)</i>			
		<i>Primary prevention service output target</i>	<i>Actual primary prevention service output</i>	<i>Secondary prevention service output target</i>	<i>Actual secondary prevention service output</i>

- (2) *of the respective manpower of various DHCs and DHCEs in each of the past three financial years (set out in tables of the same format as Table 2);*

Table 2

Name of DHC/DHCE: \_\_\_\_\_

	2020-2021	2021-2022	2022-2023
<i>DHC/DHCE</i>			
<i>Contractual manpower requirement</i>			
<i>Strength</i>			
<i>Target attainment percentage</i>			
<i>Care and Service Department (if applicable)</i>			
<i>Contractual manpower requirement</i>			
<i>Strength</i>			
<i>Target attainment percentage</i>			
<i>Administration and Finance Department (if applicable)</i>			
<i>Contractual manpower requirement</i>			
<i>Strength</i>			
<i>Target attainment percentage</i>			

- (3) *how the authorities deal with situations of failure of the operators concerned to meet service contract requirements (including failure to meet the relevant service output and manpower requirements); whether the authorities will step up efforts in monitoring the enforcement situation of the relevant contractual terms; if not, of the reasons for that; and*
- (4) *as some members of the public have relayed that they do not quite understand the services provided by DHCs, and they consider that the relevant publicity channels are homogeneous and tend to focus on people in the age group of 45 or above, whether the authorities will step up publicity and education targeting people in the younger age*

*group (i.e. people aged 44 or below); if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Health** on 27 March 2024 is in **Appendix 1**.

### **Access control systems of public housing estates**

12. **MR YANG WING-KIT** (in Chinese): *It is learnt that at present, the Hong Kong Housing Authority (“HA”) and the Hong Kong Housing Society (“HS”) have installed metal gates and combination lock systems for the main entrances, side entrances and staircases of the blocks of their respective public housing estates (“PHEs”) and rental estates, while individual estates have adopted Octopus card or smart card access control systems. In this connection, will the Government inform this Council:*

- (1) in respect of (i) PHEs using combination lock systems as access control systems and (ii) PHEs adopting Octopus card or smart card access control systems, of the installation costs of such systems of HA, and their operating expenses in each of past three years; whether the Government knows the relevant figures for the rental estates under HS;*
- (2) of the PHEs under HA which have adopted Octopus card or smart card access control systems, and the reasons for adopting such systems (set out by PHE); whether the Government knows the relevant information of the rental estates under HS; and*
- (3) whether it will consider adopting Octopus card or smart card access control systems in newly completed PHEs and using such systems in place of the combination lock systems in phases for all PHEs in Hong Kong, so as to enhance the management efficiency of the access control systems; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Housing** on 27 March 2024 is in **Appendix 1**.

**Alzheimer's disease**

13. **MS ELIZABETH QUAT** (in Chinese): *There are views that with the worsening of population ageing in Hong Kong, the number of patients with dementia (especially Alzheimer's disease ("AD")) may continue to increase. In addition, some surveys conducted in recent years have pointed out that there is a downward trend of AD patients' ages, and early screening can effectively prevent and delay the disease, help patients maintain a healthy life as well as effectively reduce the burden on patients' families and the resources invested by society. In this connection, will the Government inform this Council:*

- (1) *of the number of confirmed AD patients in Hong Kong in the past five years, with a breakdown by age group and gender; the percentages of the numbers of AD patients in different age groups in their respective populations;*
- (2) *whether it has compiled statistics on the medical expenses incurred by the Government on the provision of services such as treatment and nursing care to each AD patient on average each year; if so, of a breakdown by expenditure item;*
- (3) *given that the current means of diagnosing AD include clinical trial and observation, conducting magnetic resonance imaging and harvesting bone marrow for testing, and it is learnt that a local research team has successfully developed a simple and effective blood test technology that can accurately detect early-stage AD, whether the Government will study the inclusion of such blood test in the scope of routine testing of public hospitals to shorten the time required for diagnosing AD;*
- (4) *as there are views that the general public do not have sufficient awareness of AD and are prone to mistake the relevant symptoms as mere normal ageing phenomena and ignore them, resulting in patients missing the timing for early treatment, of the Government's plans to step up publicity and education to strengthen public awareness of AD; and*

- (5) *of the measures in place to step up efforts to promote AD-related work on testing, scientific research on drugs and the transformation of scientific research achievements, as well as the details of such measures?*

The written reply provided by the **Secretary for Health** on 27 March 2024 is in **Appendix 1**.

### **Repair and maintenance of public rental housing**

14. **MR CHAN HAK-KAN** (in Chinese): *The Hong Kong Housing Authority (“HA”) provides various repair services for its public rental housing (“PRH”) through different programmes, including the Total Maintenance Scheme (“TMS”) (i.e. proactively inspecting the in-flat conditions of PRH units aged 10 years or above and providing comprehensive repair services), and the Comprehensive Structural Investigation Programme (“CSIP”) (i.e. conducting detailed inspections of PRH estates that are approaching or over 40 years of age to ascertain whether the buildings are structurally safe, and assessing the repair programmes required for sustaining the buildings concerned for 15 years or more and their cost effectiveness). In this connection, will the Government inform this Council:*

- (1) *of the average (i) actual inspection costs and (ii) repair costs of the PRH units for which TMS was completed in each of the past five financial years, and set out in the table below a breakdown by the age of the buildings concerned;*

Age of building		Financial year				
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Above 10 years to fewer than 20 years	(i)					
	(ii)					
20 years to fewer than 30 years	(i)					
	(ii)					
30 years or above	(i)					
	(ii)					

- (2) *in respect of the PRH estates for which inspections and repairs were completed under CSIP in the past five financial years, of the average repair expenditure for each unit;*
- (3) *in respect of the PRH estates for which the second cycle of CSIP has been completed, whether it has assessed if the buildings concerned can be sustained in good condition for 15 years or more after undergoing the relevant works, and if the cost effectiveness of the relevant works can meet expectations; and*
- (4) *in respect of the three PRH estates for which redevelopment was recently completed (i.e. Shek Kip Mei Estate Phases 3, 6 and 7, Tung Tau Estate Phase 8, as well as Pak Tin Estate Phases 7, 8 and 11), of the respective average costs of the redevelopment works (including demolition, land formation and foundation works) for each unit in each of the estates?*

The written reply provided by the **Secretary for Housing** on 27 March 2024 is in **Appendix 1**.

### **Structural safety of school premises**

15. **MS LILLIAN KWOK** (in Chinese): *It has been reported that as at the end of January this year, at least 14 schools have not complied with statutory notices for mandatory building inspection before the specified time frames, and some of those schools have still not complied with the relevant statutory notices for mandatory building inspection even after more than 10 years since their expiry. In this connection, will the Government inform this Council:*

- (1) *of the number of schools in Hong Kong with their premises already undergone the prescribed inspection under the Mandatory Building Inspection Scheme (“MBIS”) in the past 10 years; among them, the number of school premises for which prescribed repair was required upon such inspections, together with a breakdown by the current progress of such repair works (namely repair works completed, repair works in progress, and repair works currently under coordination);*

- (2) *whether the authorities have initiated prosecution procedures against the schools that have not complied with the statutory notices for mandatory building inspection before the specified time frames; if so, of the details;*
- (3) *whether the authorities will provide schools with additional support in respect of the prescribed inspection and repair works under MBIS, such as reviewing and streamlining the application procedures for the relevant subsidy schemes for aided schools; if so, of the details; if not, the reasons for that; and*
- (4) *whether the authorities have received requests for assistance from schools relating to structural safety issues of their premises; if so, of the details?*

The written reply provided by the **Secretary for Development** on 27 March 2024 is in **Appendix 1**.

### **Participating government departments of “1823”**

16. **DR NGAN MAN-YU** (in Chinese): *There are views that at present, “1823” is responsible for handling enquiries, compliments and suggestions made by members of the public for 23 participating government departments. Compared with the structure of over 60 policy bureaux/government departments (“B/Ds”) in the entire Government, the number and proportion of B/Ds participating in 1823 are obviously on the low side, and the enquiries and views of many members of the public are still unable to be conveyed to the relevant B/Ds through such one-stop service. In this connection, will the Government inform this Council:*

- (1) *of the principles or criteria based on which the Government determines which B/Ds need to join 1823, and the unit whose decisions are final; when the relevant principles or criteria were drawn up;*
- (2) *of the mechanism or procedures for B/Ds to join 1823;*



- (3) *of the number of cases received by 1823 which were outside its service scope (such as cases involving non-participating B/Ds) in each of the past five years, with a breakdown by B/D;*
- (4) *as it is learnt that there were a total of 21 participating government departments of 1823 in 2011, with the present number being 23, of the reasons why only two government departments newly joined 1823 in the past 12 years;*
- (5) *whether it has reviewed if B/Ds not participating in 1823 need to join 1823; if it has, of the time when the last review was conducted and the details of the relevant work; and*
- (6) *whether it has plans to increase the number of participating B/Ds of 1823; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Innovation, Technology and Industry** on 27 March 2024 is in **Appendix 1**.

### **Developing electric vertical take-off and landing technology**

17. **MR YIM KONG** (in Chinese): *In the Report on the Work of the Government released early this month, the Premier of the State Council has pointed out that the major government tasks for 2024 include actively fostering low-altitude economy as a new growth engine. There are views that electric vertical take-off and landing (“eVTOL”) technology can be widely applied in the field of low-altitude economy. Under the backdrop of the increasingly prominent problems of traffic congestion and environmental pollution, eVTOL technology is of important market value to the development of rapid transport in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) and in-depth tourism in Hong Kong, the promotion of the development of low-altitude tourism economy in Hong Kong, and the development of related innovation and technology (“I&T”) industries. In this connection, will the Government inform this Council:*

- (1) *whether the authorities have formulated a vision plan for promoting the development of I&T industries with eVTOL technology as the core; if so, of the details; if not, the reasons for that;*

- (2) *whether the authorities can actively consider making the development of eVTOL technology one of the major industries when developing I&T industries in the Northern Metropolis and encourage enterprises to develop eVTOL technology, so that the development of eVTOL technology will become an industry in which Hong Kong has a competitive edge; and*
- (3) *as it is learnt that eVTOL technology has been upgraded in the direction from manned driving to unmanned driving, whether the authorities will encourage the trade to expeditiously apply eVTOL technology to high-end business and dedicated travel routes in GBA?*

The written reply provided by the **Secretary for Innovation, Technology and Industry** on 27 March 2024 is in **Appendix 1**.

### **Consolidating Hong Kong's position as an art trading centre**

18. **MR JEFFREY LAM** (in Chinese): *Hong Kong enjoys the country's support for developing into an East-meets-West centre for international cultural exchange. There are views pointing out that Hong Kong, being located at the centre of Asia and benefiting from financial, legal and logistical advantages, together with its low rates of import and export taxes on artworks, is one of the major art trading centres in the world. In this connection, will the Government inform this Council:*

- (1) *whether it knows the current total numbers of auction houses, galleries and art galleries in Hong Kong that are respectively internationally-based, Mainland-based and locally-based;*
- (2) *whether it has compiled statistics on the number of relevant auctions held in Hong Kong (both online and offline) in each of the past five years;*
- (3) *of the total import and export values of (i) artworks, (ii) collectors' pieces and (iii) antiques, as well as their respective percentages in the total external trade value in each of the past five years;*

- (4) *of the contribution made to the Gross Domestic Product by the trading of artworks, collectors' pieces and antiques, as well as the number of jobs created, in the past five years; and*
- (5) *whether the authorities have put in place measures to support the staging of arts exhibitions and the establishment of operations by more auction houses in Hong Kong, so as to seize the opportunities of the growing art market and consolidate Hong Kong's position as Asia's art trading hub?*

The written reply provided by the **Secretary for Culture, Sports and Tourism** on 27 March 2024 is in **Appendix 1**.

### **Operation of funds under the Government**

19. **MRS REGINA IP** (in Chinese): *It is learnt that currently, a number of different funds established under the SAR Government are operating in the form of seed capital fund, and the investment returns are used to support the specific purposes of those funds. In this connection, will the Government inform this Council:*

- (1) *of the respective current surplus positions of individual funds;*
- (2) *whether various policy bureaux have set target rates of investment return for the funds under their purviews; if so, of the details and the respective actual rates of investment return of individual funds in the past five years; if not, the reasons for that, and whether relevant strategies will be formulated in the future;*
- (3) *in respect of individual funds, (i) the investment managers engaged and (ii) the respective percentages of money placed with the Hong Kong Monetary Authority, foreign investment companies and local investment companies among the capitals;*
- (4) *of the criteria adopted by the Government for engaging investment managers for those funds; and*

- (5) *when signing contracts with investment managers, whether the Government has included terms allowing the Government to dismiss those managers who do not meet the target rates of investment return; if so, of the details; if not, the reasons for that, and whether relevant terms will be included in the future?*

The written reply provided by the **Secretary for Financial Services and the Treasury** on 27 March 2024 is in **Appendix 1**.

### **Barrier-free taxis**

20. **MS NIXIE LAM** (in Chinese): *Regarding barrier-free taxis, will the Government inform this Council:*

- (1) *of the respective numbers and percentages of urban, New Territories and Lantau barrier-free taxis in Hong Kong at present;*
- (2) *as it has been reported that electric wheelchairs are relatively large in size and not all barrier-free taxis are electric wheelchair accessible, whether the authorities have kept the number of barrier-free taxis which are electric wheelchair accessible; if so, of the details; if not, the reasons for that;*
- (3) *as the 2023 Policy Address proposed that \$50 million would be earmarked to subsidize the trade to purchase wheelchair accessible electric taxis, of the support measures apart from such subsidy the Government has introduced to the taxi trade and drivers respectively to promote the popularization of barrier-free taxis; whether it will draw up a timetable for increasing the number of barrier-free taxis; if so, of the details; if not, the reasons for that;*
- (4) *as there are views that, in the light of the road conditions and topography of Hong Kong, the models of barrier-free taxis which allow wheelchair users to directly board and alight from them via their rear ends are more suitable for use in Hong Kong, but the existing taxi models available in the community are unable to cater*

*for the needs of wheelchair users, whether the Government will strike a balance between road safety and the travel needs of wheelchair users, and consider allowing taxis, by amending the legislation, to be suitably modified to cater for the needs of wheelchair users;*

- (5) *whether it has collaborated with the taxi trade in exploring with the manufacturers concerned the types of barrier-free taxis suitable for use in Hong Kong; if so, of the details; if not, how it meets the demands of wheelchair users for barrier-free taxis; and*
- (6) *in order to facilitate wheelchair users' transfer between buses and barrier-free taxis, whether the authorities will explore the feasibility of setting up taxi pick-up/drop-off points at locations in the vicinity of large-scale bus-bus interchanges; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Transport and Logistics** on 27 March 2024 is in **Appendix 1**.

### **Performance management of civil servants**

21. **MR CHAN HAN-PAN** (in Chinese): *It is learnt that the Government has all along been placing emphasis on enhancing the performance management of civil servants, with a streamlined mechanism for retiring civil servants in the public interest on grounds of persistent substandard performance under section 12 of the Public Service (Administration) Order (“the streamlined mechanism”) promulgated on 4 September last year. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers of civil servants who were (i) not granted increments or (ii) required to retire from the service as a result of substandard performance in each of the three years prior to the implementation of the streamlined mechanism, together with a breakdown by government department, rank and year of service; whether it has estimated the average reduction in the time taken under the streamlined mechanism as compared with the old mechanism in*

*respect of the procedures for processing cases involving civil servants mentioned in (i) and (ii) above;*

- (2) of the time taken by the Civil Service Bureau (“CSB”) to process cases involving civil servants being required to retire from the service as mentioned in (1) (counting from the time when the civil servants concerned received a fifth-level or sixth-level overall rating on a six-level performance scale in their appraisal reports, or two fourth-level overall ratings in two consecutive appraisal reports) (broken down by periods of within one year, more than one year and within two years, and more than two years); whether it has estimated the average reduction in the time taken under the streamlined mechanism as compared with the old mechanism in respect of CSB’s procedures for processing such cases;*
- (3) whether, after the implementation of the streamlined mechanism, there are civil servants in respect of whom the procedures under the old mechanism are still being used to require them to retire from the service; if so, of the relevant number, as well as the longest and average time that have been taken to process such cases; whether the Government will consider completing the processing of such cases as soon as possible, so as to meet public expectation; and*
- (4) whether it will introduce new measures to reward civil servants with better performance; if so, of the specific plan and timetable; if not, the reasons for that?*

The written reply provided by the **Secretary for the Civil Service** on 27 March 2024 is in **Appendix 1**.

### **Special child care centres**

22. **MR HOLDEN CHOW** (in Chinese): *Special child care centres (“SCCCs”) subvented by the Social Welfare Department provide whole day training and care services for children with moderate to severe disabilities who are aged two to under six and have not yet started primary school education. It is learnt that as at*

30 November 2023, the last application dates of selected cases for SCCC services in the Tuen Mun District were February and March 2021, representing a longer waiting time as compared to most districts. In this connection, will the Government inform this Council:

- (1) *of the average waiting time, number of service places and number of persons waitlisted for SCCC services in each of the 18 districts across the territory in each of the past five years (set out in a table);*
- (2) *of (i) the number of persons waitlisted for SCCC services in each of the 18 districts across the territory who received cross-district services, and (ii) the number of persons waitlisted for SCCC services in the Tuen Mun District who received services in other districts, in each of the past five years (set out in a table);*
- (3) *whether it has plans to shorten the waiting time of persons waitlisted for SCCC services in the Tuen Mun District, such as by setting up more SCCCs in the Tuen Mun District; if so, of the details; if not, the reasons for that; and*
- (4) *of the plans and measures in place to provide support for (i) children waitlisted for SCCC services, and (ii) ordinary kindergartens that have admitted children waitlisted for SCCC services?*

The written reply provided by the **Secretary for Labour and Welfare** on 27 March 2024 is in **Appendix 1**.

## **GOVERNMENT MOTION**

**PRESIDENT** (in Cantonese): Government motion. Proposed resolution under the Business Registration Ordinance moved by the Secretary for Financial Services and the Treasury.

Members who wish to speak please press the “Request to speak” button.

I now call upon the Secretary for Financial Services and the Treasury to speak and move the motion.

## **PROPOSED RESOLUTION UNDER THE BUSINESS REGISTRATION ORDINANCE**

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed. The purpose of this motion is to increase business registration fees by 10% with effect from 1 April this year as announced in the 2024-2025 Budget.

The Business Registration Ordinance (“the Ordinance”) requires every person who carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. To apply for a business registration certificate, the applicant is required to pay the business registration fees. According to Schedule 1 to the Ordinance, the business registration fees are \$2,000 and \$5,200 for a one-year certificate and a three-year certificate respectively. The fees have remained unchanged for close to 30 years. Taking into account the economic growth and the inflation over the years, we recommend revising the business registration fee as \$2,200 for a one-year certificate, and \$5,720 for a three-year certificate.

The Ordinance also requires each branch of a business to apply for business registration and to pay a branch registration fee. To stay in line with the business registration fees, we also propose raising the branch registration fees by 10%. To relieve the relevant impact, the business registration levy of \$150 payable to the Protection of Wages on Insolvency Fund will be waived for two years. Amendments to Schedule 2 to the Ordinance are required for the implementation of these two proposals. We have tabled the relevant subsidiary legislation at the Legislative Council for negative vetting.

The proposals of raising business registration fees and branch registration fees will generate an additional revenue of about \$295 million per annum. On average, the additional business registration fee for each new or renewal of business registration is only \$200 for a one-year certificate, or \$173 for a three-year certificate on an annual basis. We believe that the burden on businesses imposed by the proposals will be bearable. Besides, the time-limited waiver of business



registration levy will also help relieve the financial burden on businesses in the first two years.

President, I beg to move. Thank you.

The motion moved by the **Secretary for Financial Services and the Treasury** is in **Appendix 2**.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed.

Does any Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): If not, we now proceed with the voting.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of the Members present.

I declare the motion passed.

**MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motion with no legislative effect.

Mr Andrew LAM will move a motion on “Reviewing the Long Term Housing Strategy to shorten the home ownership ladder”.

Four Members will move amendments to the motion.

This Council will proceed to a joint debate on the motion and the amendments.

Later, I will first call upon Mr Andrew LAM to speak and move the motion. Then I will call upon Dr CHOW Man-kong, Mr Tony TSE, Mr Stanley NG and Mr Louis LOONG to speak in sequence, but they may not move the amendments at this stage.

The joint debate now begins. Members who wish to speak please press the “Request to speak” button.

I now call upon Mr Andrew LAM to speak and move the motion.

**MOTION ON “REVIEWING THE LONG TERM HOUSING STRATEGY TO SHORTEN THE HOME OWNERSHIP LADDER”**

**MR ANDREW LAM** (in Cantonese): Thank you, President. I move that the motion, as printed on the Agenda, be passed.

The Long Term Housing Strategy (“LTHS”) published a decade ago said this in its Foreword: “We have to make our LTHS work in order to rebuild confidence in a future where our younger generation can look forward to better and more affordable housing.”

There are five strategies in LTHS: First, to plan early for land supply for production of both public and private housing; second, to update the projection of housing demand and work out a rolling 10-year housing supply target every year; third, to provide public rental housing (“PRH”) units to serve as a “safety net” for people who cannot afford private rental housing; fourth, to provide Home Ownership Scheme (“HOS”) flats and other forms of subsidized sale flats (“SSFs”)

to enable the lower to middle-income households to achieve home ownership; and fifth, to maintain the healthy and stable development of the private housing market through securing a stable supply of land and implementation of demand-side management measures as and when necessary.

The current-term Government has outperformed its targets in land supply and is also speeding up the supply of PRH units, of which the figures have become more and more impressive. With the withdrawal of the harsh measures recently, 80% of the five targets set back then can hopefully be achieved, which is truly worth celebrating.

However, quite a number of hot topics relating to housing have emerged in recent years, such as people start waitlisting for PRH units at the age of 18; the concept of “doom spending” which is prevalent among the “Generation Z” who thinks that they can hardly afford buying a flat in their lifetime and hence give up saving money and prefer to buy luxury goods; and quite many people preferring to choose a job that makes them eligible for applying for PRH units and adopting a “three nots” attitude—not getting a promotion, not getting a pay rise, and not moving up the social ladder. Even the Director of Housing has openly appealed to young people not to settle for a lower salary and “lie flat” in order to move into PRH units, adding that being a property owner is a great achievement.

The Director’s concerns are supported by figures. Over the past 20 years, the proportion of new households in Hong Kong has increased by 20% and they happened to have “consumed” the increase in the stock of PRH units, but the queue for PRH units has grown by more than 100% and the waiting time has increased by more than 300%. Nearly 40% of the applicants for PRH units are under the age of 30. The share of younger persons aged below 35 heading home-owning families has plunged from 22.1% in 1997 to 7.6% in 2019, representing a drop of about 15% over the past two decades or so. Not only has the home ownership ratio among the young people has dropped but also the overall ratio has not improved as the figure has been around 50% in recent years, far lower the level of 60% in affluent economies.

The question that we must ask today is: If the Government keeps progressing in line with the established 10-year housing demand projection as well as targets and ratios of housing supply, will there be less demand for public housing a decade down the line? Will the home ownership ratio increase? Will the finance of the Housing Authority be very promising? Will the “three senses” of the people really become stronger?

In the past two decades when the economy had a substantial growth and the interest rate was on the low side, it is indeed a failure of Hong Kong society that the public had not been able to share the “three senses” of home ownership. Now that the prosperity and future development of Hong Kong have been rebuilt on a safe and stable social foundation with abundant land supply and broadly smooth operation of the machinery for land creation and housing construction, I hope that the Government will re-examine LTHS, formulate a more forward-looking policy, and set specific targets for the ratio of rental to ownership housing and public/private housing split, so as to assist the public in buying properties for self-occupation and promote upward mobility.

When it comes to housing, people either rent or buy their home. Of course, one must have certain financial capability in order to afford home ownership. The purpose of shortening the home ownership ladder is to enable those who have the means and wish to buy a home for self-occupation to have their aspiration fulfilled as soon as possible.

Members may have thought of many different ways and means to deal with this issue. It is precisely my wish that through this motion, we can have collective brainstorming to help the Government think and make prompt decisions. “A shelter for all the world’s poor people will make them beam with smile”. But I think that in helping the public to acquire home ownership, the primary objective is to help them live in peace and contentment. The purpose of home ownership is to improve the living environment, and a stable environment will help encourage people to make plans about building up homes and settling down in the longer term. No policy should cause people to move from a rented subdivided unit to a bought bedspace.

In assisting the public to acquire home ownership, the Government has adopted two major types of subsidies, one being the direct provision of land for housing and the other being the provision of different forms of financial support. Taking an overview of the various existing forms of subsidized home ownership, such as the Tenants Purchase Scheme, the Green Form Subsidised Home Ownership Scheme, HOS and Starter Homes, we can see that there is comprehensive support from providing land for housing construction to offering price discounts and mortgage guarantees. These schemes can benefit families with a household income ranging from \$0 to \$74,000, covering more than 80% of the households in Hong Kong. Is there anything that the Government has not done well enough, thus resulting in an unsatisfactory home ownership ratio?

When HOS flats are over-subscribed by just 10 times or so, that is a poor response as they used to be over-subscribed by more than 60 times. These figures have reflected a simple fact and that is, the production of HOS flats is low. There are not enough of them, and the production volume is low.

The Government has actually heard clearly the voices calling for an adjustment of the ratio between rental and subsidized home ownership housing in the public sector. But it has stated right at the outset that the ratio between PRH and SSFs will be adjusted in a timely manner only in the second five-year period, i.e. from 2029-2030 to 2033-2034, when there is a significant increase in public housing supply. Such being the case, when will it be “timely”?

We all know very well that the design standards of PRH units and those of SSFs are very different, and their interchangeability is limited indeed. It often takes the Government six to seven years from conducting preliminary study and granting approval to the completion of the construction works. Even if a review is conducted immediately today, it will take 8 to 10 years before we can see the results. If a review is to be conducted only after 2034, I may probably call on young people to waitlist for PRH units and buy Mark Six lottery tickets.

Of course, when the Government is unable to finish its job or when it is slow in its work, consideration may be given to whether the private market can help. In the past, there was the Private Sector Participation Scheme. The current-term Government has introduced the Private Subsidised Sale Flat—Pilot Scheme not purely for the purpose of building more flats more quickly but also for building flats of a standard better than that of HOS flats in general. On the other hand, the Starter Homes for Hong Kong Residents projects, under which applicants shall meet eligibility criteria and are subject to alienation restrictions, offer a discount rate lower than that of HOS flats to help the group of people who have exceeded the eligibility criteria for HOS flats to purchase private residential properties. It remains to be seen how many people can benefit from these schemes between HOS and the private property market. However, when property prices fall, the market for these flats will be narrowed, and because of the land lease restrictions, it would not be that easy to “turn around”.

In fact, if the Government wants to help more people, it can make more efforts in respect of the mortgage ratio and tenor by providing guarantees and extending the tenor, so that the threshold for entry into the market can be slightly lowered, the flexibility of the tenor of mortgage repayment can be slightly

increased, and the pressure of mortgage repayment can be reduced. These measures can also be applied to HOS flats, including buyers under the Green Form Subsidised Home Ownership Scheme. Different subsidy and guarantee ratios can be set for different groups of people with different levels of affordability, and it may not be necessary to introduce housing ladders of too many styles because after all, the purpose is to help the public buy their own homes. Back then, the Government did not dare to introduce the home starter loans because it was worried about property prices being driven up by speculation in the face of a shortage of supply. But now that there is abundant supply, more people are worried about property prices going down than going up.

President, in the face of these known problems, the Government should adjust its policies as soon as possible, instead of watching, then waiting, then conducting studies, and then considering how to make adjustments. By that time, the young people now would have entered their middle age, and it would be difficult for them to have the vision of moving up the social ladder. Therefore, today is the most opportune time to examine LTHS afresh, in order to help shorten the home ownership ladder for the public.

Later on, I will listen carefully to the discerning views of Honourable colleagues in this Council, and I hope that colleagues in this Council will support my motion.

President, I so submit.

**Mr Andrew LAM moved the following motion: (Translation)**

“That this Council urges the SAR Government to expeditiously review the Long Term Housing Strategy to shorten the home ownership ladder and help members of the public to move upward.”

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LAM be passed.

**DR CHOW MAN-KONG** (in Cantonese): President, the SAR Government talked about subsidized home ownership in the Long Term Housing Strategy published as early as in 2014, in which the Government emphasized at the outset that

subsidized home ownership (including the Home Ownership Scheme (“HOS”) flats with which we are most familiar) is an essential element of the housing ladder. The importance of HOS flats was further stressed in three respects.

Firstly, for some lower to middle-income families, HOS flats and other forms of subsidized sale flats serve as the first step for home ownership.

Secondly, HOS flats are an essential element of the housing ladder which helps promote social mobility.

Thirdly, HOS flats also provide an avenue for better-off public rental housing (“PRH”) tenants to buy their own homes, thereby releasing their PRH flats for use by those who are in need.

From this, we can see that HOS flats should be the second rung of the home ownership ladder; PRH is the first rung, and private housing is the third rung. HOS flats can not only serve as a stepping stone for upward mobility for the grass roots or young people but also fulfil the dream of home ownership of the better-off PRH tenants. So long as PRH tenants or green form holders can purchase HOS flats, naturally they can vacate their existing PRH flats or leave the Waiting List for PRH. In that case, grass-roots tenants of subdivided units can be allocated PRH units more quickly, thus substantially reducing the time and cost for identifying land for building PRH units. This will be a great favour to the Government, and a great favour to the grass roots.

In the 2022 Policy Address, the Chief Executive mentioned that housing topped the agenda of the current-term SAR Government. We can see from last year’s Policy Address that the current-term Government has indeed demonstrated its determination to tackle the housing problem. The original motion proposed by Mr Andrew LAM today is both timely and meaningful. As for my amendment, it mainly focuses on making full use of HOS flats, which also echoes the advocacy made by colleagues from the “G19” last year, with the addition of three other specific proposals. The following proposals will also help promote the circulation of second-hand HOS flats and give full play to the key role of HOS flats in the home ownership ladder.

First of all, I would like to thank the Chief Executive and the Secretary for Housing once again for taking on board the proposal made by Members of “G19” last year of extending the mortgage default guarantee period for second-hand HOS

flats from 30 years to 50 years, which has just come into effect on 1 March. This measure can not only unlock the mobility of more than 200 000 second-hand HOS flats with premium not yet paid but also help White Form holders and Green Form PRH tenants who have the means to buy their own homes to secure from banks mortgage loans with more lenient terms and a longer tenor, so that they can step onto the home ownership ladder.

As for the next step, I suggest that we still need to remove barriers and restrictions in some areas. For example, from the data of the White Form Secondary Market Scheme in recent years, we can see that close to 60 000 young people aged 35 or below have applied as one-person applicants but eventually, only less than 200 successful transactions have been recorded, representing a percentage of only 0.4%. Since this long-standing, grave and thorny problem of the mortgage default guarantee period has been addressed, the authorities should indeed seriously consider increasing the quota of the White Form Secondary Market Scheme from around 4 500 to 20 000 each time. At first glance, this proposal may sound exaggerated but actually it will not cost the Government an extra dollar and yet, it can help the Government release more PRH units and hence do a big favour to the Government. Under such circumstances, by increasing the quota for one-person applicants, the Government can make good use of the second-hand HOS flats that have been released in the market to motivate more people with the means to enter the secondary HOS market, thereby revitalizing the “flat for flat” market and even the overall atmosphere of the property market. This is a move that can bring multiple benefits.

As to how the supply of second-hand HOS flats can be increased continuously, I understand that quite a number of elderly householders are worried that if they sell the HOS flats where they have been living in, especially HOS flats of larger sizes, they will not be able to buy a HOS flat again in the future because they will have lost their eligibility to buy HOS flats with premium not yet paid. In this connection, I suggest that the authorities should allow these owners to move from smaller flats to larger ones or from larger flats to smaller ones, so that they can continue to be eligible for buying second-hand HOS flats, thus enabling them to buy other flats to replace their existing ones. If the Government can introduce this measure, the circulation of HOS flats and PRH units will be considerably increased.

Lastly, the “50 years minus age of building” rule on the mortgage default guarantee period should be relaxed to 60 years as soon as possible because many HOS flats have been built for a very long time, and in two years’ time, this 50-year



tenure will soon become inapplicable. Therefore, the Bureau and various stakeholders need not be too worried about the financial risks and they may as well be bolder.

With these remarks, President, I support the original motion.

**MR TONY TSE** (in Cantonese): Thank you, President. President, although private property prices have dropped recently, there is still a certain gap between property prices and the affordability of many members of the public. Members of the public wish to buy Home Ownership Scheme (“HOS”) flats and are waiting for subsidized sale flats (“SSFs”) to be put up for sale. But regrettably, as the supply always falls short of the demand, they have never been successful in the ballot drawing no matter how hard they try. As a result, many grass-roots people (including some young people) have given up on the wish to buy their own properties and regarded moving into public rental housing (“PRH”) units as their biggest goal in life. Therefore, some young people have deliberately refrained from pursuing further career development and preferred to take up casual jobs to make ends meet, lest they will be disqualified from the Waiting List for PRH units. As mentioned by Mr Andrew LAM just now, this phenomenon is extremely unhealthy as it affects upward social mobility and weakens the momentum of development in Hong Kong.

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

As the Government has been speeding up to identify land for housing production, the supply of land and housing is expected to increase gradually. This is why I have been urging the Government over the past two years to review the existing housing policy which puts too much emphasis on PRH units, so as to “help members of the public to move upward” as proposed in the original motion, and “encourage more members of the public with the means to acquire their own homes” as proposed in an amendment.

What should we do specifically? I have put forward five proposals in my amendment. The first is to review the public/private housing split. The second is to review the ratio of PRH to SSFs in public housing, so as to increase the supply of SSFs under HOS, Green Form Subsidised Home Ownership Scheme and Starter

Homes, as well as other types of SSFs, with a view to assisting more people who cannot afford private housing to acquire their own homes and strive to move upward.

The third is to optimize the balloting and allocation mechanism for SSFs. As early as four years ago, I already asked whether it was possible for some applicants who had long been unsuccessful in applying for HOS flats to enjoy a higher chance of success (by, for instance, giving them an additional number). Many members of the public supported this proposal, and some people suggested to directly increase the number of flats allocated for application by one-person applicants. In fact, there are many other options available. For example, some people suggested that a waiting list similar to that for PRH units can be put in place for HOS flats, so that applicants can do some calculations and see the hope of buying their own properties.

The fourth is to introduce the concepts of “rent-to-own” and “progressive payment mortgage” into public housing. This proposal, which is to a certain extent an advanced version of the Tenants Purchase Scheme, aims to enable young people and young families with potential of upward mobility to rent subsidized housing at a rental below the market value but higher than the rent of PRH units in general. This way, the rent they paid can be taken as mortgage payment for their flats but no down payment or only a small amount of down payment will be required. In the beginning, they can start paying a small amount of monthly mortgage payment, to be increased as they make more earnings later, in order for them to ultimately achieve home ownership. If, in the interim, they wish to buy another flat as replacement or sell their flats for cash, they can sell their flats back to the Government based on the proportion of the property price paid by them, in which case the Government is like saving money for them. Even though this may sound very complicated, some developers have actually introduced similar schemes.

Lastly, when I first became a Member of the Legislative Council 12 years ago, I already proposed the formulation of standards for the “average living space per person” and “ratio of housing expenses”. Now, there are these requirements for public housing, including the area of average living space per person, the minimum flat size, and the requirement that the rent or selling price should be linked with the people’s affordability. However, no relevant standards have been formulated for private housing at all.

The Government is now conducting consultation on eradicating subdivided units of poor quality, focusing mainly on safety and hygiene issues, but the average living space per person is also very important. The Government should also formulate the relevant standards for other families living in private residential flats other than subdivided units, so that they can live in bigger, more decent flats with better living conditions. In the past, due to the shortage of supply, it was difficult for the Government to achieve these goals despite of its wish to do so. Now, as we begin to have the relevant conditions, I hope that the Government will seriously consider the above proposals.

Deputy President, I so submit.

**MR STANLEY NG** (in Cantonese): Deputy President, the problem of housing and even home ownership has constantly been a pain point and a deep-seated conflict in Hong Kong. I support the motion on “Reviewing the Long Term Housing Strategy to shorten the home ownership ladder” proposed by Mr Andrew LAM.

The Hong Kong Federation of Trade Unions (“HKFTU”) and I have all along been concerned about the housing problem and we have insisted on the principle that houses are for living in, not for speculation. We have made proposals such as segregation of markets, curbing speculation, and suggesting to start with children in order to put an end to subdivided flats, urging the Government to meet the pressing needs of the people. Particularly, I have to stress that the Government must explicitly make it the goal of the Long Term Housing Strategy that “houses are for living in, not for speculation”, which is a fundamental policy. This principle is even more necessary especially after the full withdrawal of the harsh measures. Currently there are already a lot of speculations and uncertainties in the community, and I hope that the Government can give us a clear response to stabilize public confidence.

Regarding the specific measures mentioned by Mr TSE in his amendment, such as reviewing the public/private housing split and the ratio of public rental housing to subsidized sale flats (“SSFs”) in public housing, optimizing the balloting and allocation mechanism for SSFs, and so on, I think these are all basic requirements. As for “progressive payment mortgage”, there were relevant discussions two years ago, and I would say that it initially brings a taste of sweetness, only to be followed by bitterness. Assuming the wage level grows

over time, buyers may be able to cope with greater pressure of mortgage payment in 10 years' time but the problem is that there are too many uncertainties during this 10-year period. So how can there be any guarantee?

If this scheme will be introduced, the Government will have to consider the problems that may arise in the future, such as whether the owners concerned will be allowed to extend their mortgage in the second stage. The Government should conduct further studies in this regard and consider this matter carefully. Besides, regarding "rent-to-own", to which types of public housing is it applicable? Home Ownership Scheme ("HOS") flats or public rental housing units? In the private property market, some developers have already offered the "rent-and-buy" or "occupy-then-pay" arrangements, but they are generally applicable to properties of higher prices. If we are referring to public housing, we already discussed the pros and cons of re-launching the Tenants Purchase Scheme last week, and as the Government has already rejected this proposal, I do not think that we should dwell on it any further here. As for HOS flats, mortgage can be made directly, so why bother making things more complicated than necessary?

Deputy President, my amendment mainly proposes to add two specific measures which HKFTU and I have all along been campaigning for, including increasing the supply of SSFs and setting up a home ownership fund to subsidize young people to purchase uncompleted HOS flats. The former, which is very clear, is suggesting that we must start with supply in order to address the housing problem; as for the latter proposal, I would like to explain it here. In relation to last year's Policy Address, we specifically proposed that the Government should launch a future HOS Scheme for young people under which HOS flats will be sold in advance to eligible young people aged between 18 and 35 before their completion, so that the young people will have a target and plan to buy HOS flats. In particular, the Government can consider earmarking a certain number of HOS flats in the three new development areas, namely Kwu Tung North/Fanling North, Hung Shui Kiu/Ha Tsuen and Yuen Long South for purchase by young people who can make mortgage repayment for the uncompleted flats in lieu of the down payment. The Government should provide corresponding tax concessions and matching facilities for mortgage repayments, so that young people can buy HOS flats more easily.

Deputy President, SSFs are an important ladder for home ownership. HKFTU has all along emphasized that the pricing of flats must be in line with the purchasing power of eligible members of the public, but the Government has

always linked the pricing of SSFs to the private property market, which has only caused the public to sigh in despair at the prospect of buying their own homes. I hope that the Government will make up its mind to completely decouple pricing from the private property market and segregate the public and private markets, for this is fundamental to making home ownership possible.

Deputy President, I hope that Members will support the original motion and my amendment. I so submit.

**MR LOUIS LOONG** (in Cantonese): Deputy President, in relation to the topic today, I support both the original motion moved by Mr Andrew LAM and the amendments proposed by Honourable colleagues. I have proposed an amendment because I wish to introduce another perspective for our discussion. I think the Long Term Housing Strategy (“LTHS”) should have a deeper meaning of inspiring among the public a sense of belonging to Hong Kong, so that they can actively make this place their home and work together to build a better tomorrow for Hong Kong.

The vision of the 1998 LTHS was to build houses for people to have a better living and encourage more people to buy their own homes. Regrettably, there was no longer this vision in the 2014 LTHS. There was a time when we had a Chief Executive who considered that Hong Kong people should not only own their own homes but also live in better, bigger homes, and the idea of a home ownership ladder was born from this belief. Hong Kong people, who always have the spirit of striving for improvement, had climbed up the home ownership ladder while the Government provided policy support to help Hong Kong people achieve their goal of home ownership step by step. What a pity that time was not on our side as this grand vision back then was disrupted by the Asian financial turmoil and the efforts made were in futile. Since then, the SAR Government has already at pains to supply public housing, not to mention increasing the home ownership rate.

But today, the situation is very different. Thanks to the unrelenting efforts of different terms of Government, the future supply of land for housing has finally been secured. Two weeks ago, Secretary HO told young people in this Council that they should aim at subsidized sale flats rather than public rental housing (“PRH”) units. Let me go one step further to encourage young people to boldly set a higher, farther goal and work towards buying their own homes. Why?

Because if they live in a PRH unit, the unit, which is not owned by them, cannot be passed onto their next generation; if they choose Home Ownership Scheme flats, the location of where they live solely depends on where the Government builds the flats, not to mention the fact that they may not necessarily succeed in the ballot drawing. Only when they buy their own property can they decide, say, where to live, how big the flat is, and how the flat should be decorated. Such a home can also help them accumulate wealth, and it is real estate. It is “real” because this home is a property that really exists; it is an “estate” because it can be passed onto the next generation. Owning one’s home is a way to keep one’s roots, and so long as one considers Hong Kong his home, his heart naturally stays in Hong Kong regardless of his whereabouts, and this is the sense of belonging.

Deputy President, if it is said that we have been doing a jigsaw puzzle for Hong Kong over the last 26 years since our return to the motherland, we finally succeeded to fit in the last piece to make the puzzle complete the moment when this Council completed the work of scrutinizing and passed the Safeguarding National Security Bill last week. Only when national security is safeguarded can our homes be safe. This is the key to fostering a sense of belonging, and home ownership is the only way to enhance the sense of belonging.

Therefore, I think the Administration should make good use of this opportunity to again write down in LTHS that increasing the home ownership rate is the primary objective of the home ownership ladder. At the policy level, it is even more necessary for the Government to actively provide support. Firstly, it must respect the market rules and absolutely cannot adopt artificial means to intervene in the market; secondly, it is necessary to maintain market openness and circulation, so that home buyers can have more choices; thirdly, it is necessary to raise the loan-to-value ratios of mortgage loans and relax the terms of mortgage insurance in order to assist the public to acquire home ownership; and fourthly, the proportion of private housing in the overall housing supply should be increased, so that the home ownership ladder will become wider and wider.

Deputy President, I urge the Government to review LTHS with the objective of assisting the public to acquire home ownership, so as to enhance their sense of belonging and enable us all to join hands and work together to build a better home for Hong Kong.

**SECRETARY FOR HOUSING** (in Cantonese): Deputy President, first of all, I very much thank Mr Andrew LAM for proposing this motion today and several other Members for proposing their amendments. Housing policy has all along been an issue of great concern to the Government and the public. In fact, regardless of how society has changed, the public housing of the Hong Kong Housing Authority (“HA”) has been playing a crucial role in driving the steady progress of society over the past 50 years. Today’s motion is very important and timely. It enables us to share our views and conduct in-depth exchanges on various aspects of the housing issue.

To understand Hong Kong’s home ownership ladder today, we have to look back on the history of the housing policy. The policy on public housing has undergone a number of major developments. In the early 1950s of the last century, there was only private housing in Hong Kong. The development of public housing in Hong Kong started when a fire broke out and the Government had to take care of the residents of the squatter area who had fallen victims to the natural disaster and provide them with a place to live in. Public rental housing (“PRH”) has all along provided affordable and inexpensive rental housing to the grass roots. This, on the one hand, alleviated the housing needs of low-income families and at the same time enabled them to accumulate wealth and nurture their children, thereby promoting their upward mobility and providing a solid foundation for the stable development of society. These uplifting examples can be found all over Hong Kong, and I believe that in this Chamber today, there is no shortage of many such good stories about moving upward and striving for continuous improvement.

As Hong Kong’s economy developed and people’s income increased, the lower middle class began to have the aspiration and demand for home ownership but could not afford private housing right away. In 1976, HA announced the launch of the Home Ownership Scheme (“HOS”) and put on sale the first phase of HOS flats in 1978. Apart from allowing lower to middle-income households to buy their own homes, HOS also enabled PRH tenants who have the means to move up the housing ladder and gradually improve their living, while the PRH units vacated by them would be returned for re-allocation to grass-roots families in need. This had facilitated the circulation of public housing to cater for the unique situation in Hong Kong and the housing ladder has thus been formed. The SAR Government also launched a series of measures under the HOS Secondary Market Scheme and the Tenants Purchase Scheme in 1997 and 1998 respectively to further enrich this ladder.

Subsequently, due to the Asian financial turmoil, HA decided to impose a moratorium on the sale of HOS flats in 2002. Then, we experienced a prolonged period of low interest rates. The investment climate was most fervent, with hot money flowing into the stock and property markets, thus making it increasingly difficult for many families to buy their own homes because of the ever rising property prices. To address this problem, the Government, on the one hand, started to introduce demand-side management measures in 2010 to combat property speculation and the imbalance between supply and demand; on the other hand, it relaunched HOS in 2011, and a new round of HOS flats was put up for sale in 2014 after a moratorium of over a decade. However, for the purpose of land supply and development, the process from planning to implementation would need to go through procedures such as those of the Town Planning Board, environmental impact assessments, and scrutiny by the Legislative Council. For a period of time in the past, the political environment was rather chaotic, thus creating tensions in the supply of land and housing. At the initial stage after the resumption of HOS construction, only 2 000 to 3 000 flats were put up for sale each time and very high oversubscription rates as mentioned by Mr LAM were often recorded. The Sale of HOS Flats 2014 was oversubscribed by 62 times, and the oversubscription rate was as high as 30 times on many occasions afterwards. To address the problem of inadequate housing supply, the Government announced the Long Term Housing Strategy (“LTHS”) in December 2014 to outline strategic directions with a view to gradually averting a supply-demand imbalance. According to the two objectives of LTHS—the principles of “supply-led” and “flexible”, the Government updates the long term housing demand projection annually and presents a rolling 10-year housing supply target to dynamically capture social, economic and market changes over time, and makes timely adjustments where necessary.

To further meet the home ownership needs of the public, HA launched the Green Form Subsidised Home Ownership Pilot Scheme (“GSH”) in 2016. GSH was well received by PRH tenants and was therefore regularized in 2018. Under the “one-for-one” arrangement of GSH, each GSH flat serves the dual functions of addressing the home ownership aspirations of Green Form applicants and at the same time enabling them to return their PRH units for occupation by people in need. To meet the needs of White Form applicants, HA launched pilot schemes in 2013 and 2015 to allow White Form applicants to purchase flats with premium not yet paid in the HOS Secondary Market, and regularized the implementation of the White Form Secondary Market Scheme in 2017. Besides, as the number of general PRH applications on the Waiting List continued to increase to more than 155 000 by the end of 2017, the Government decided to step up its policy to



increase the supply of public housing to meet the demand of society by adjusting the public/private split of new housing supply from 60:40 to 70:30 in 2018, with a view to shortening the waiting time for PRH more speedily.

In June 2023, the Government announced the Private Subsidised Sale Flat—Pilot Scheme (“the Pilot Scheme”) with an aim to tap into the market forces and promote public-private partnership to encourage private developers to participate in developing subsidized sale flats (“SSFs”). Under the Pilot Scheme, there are the public tendering approach and private land approach. Under the public tendering approach, the Government will take the initiative to put up land for tender by developers, with a view to leveraging the capacity of private developers to develop SSFs. The Government will formally invite tender for a project at Cheung Man Road, Chai Wan, under the Pilot Scheme tomorrow (28 March). This project is expected to provide about 700 private SSFs, and the tender invitation will close on 19 July. Under the private land approach, the Government will provide concessionary land premium to encourage private developers to provide private land for developing SSFs, so as to unleash the development potential of such private land and further increase the overall supply of subsidized housing.

Moreover, in order to assist those who are not eligible for HOS and yet cannot afford private housing to achieve home ownership, the Government has launched the Starter Homes (“SH”) projects. SH applicants must be Hong Kong residents who have lived in Hong Kong for seven years, who have never owned any residential property in Hong Kong, whose income falls between the income limits for White Form applicants for HOS and 30% higher than such limits, and whose asset should not exceed the limit of 30% above the HOS asset limits for White Form applicants. Apart from the Anderson Road project which will provide no less than 1 000 flats and of which the construction works already commenced in 2021, there are also two SH projects of the Urban Renewal Authority providing a total of about 750 flats which have already been put up for sale. The Government is also taking forward another three SH projects. All the SH projects can provide a total of more than 6 600 flats.

The home ownership ladder today, just as Members have heard, has its unique historical background and development over the years. It goes hand in hand, and is inextricably linked, with the various social, economic and livelihood conditions in Hong Kong over the years. We have our own way, and we have to find our own way. Today’s home ownership ladder indeed consists of parts that

are interrelated and provides different choices for home buyers. We have flexibly catered for the home ownership paths of different people, and each rung of the home ownership ladder has its own clear positioning in terms of its function, flat size, design, target beneficiary group, and so on.

Housing is a top priority of the current-term Government. We do have the determination, strategy and means to face and resolve some long-standing housing problems. For instance, we have adopted various measures to enhance the speed, quantity, efficiency and quality of our work in order to expedite the production of land for housing construction; we have developed transitional housing and Light Public Housing (“LPH”); we have established a Task Force on Tackling the Issue of Subdivided Units; and we have stepped up efforts to combat the abuse of PRH units, with a view to meeting the different housing needs of the public. According to the latest estimate, the total housing demand in the next decade will be 432 000 flats and therefore, the Government has set a supply target of 440 000 flats. Based on the public/private split of 70:30, the target of public housing supply is 308 000 flats while that of private housing supply is 132 000 flats. The Government will continue to develop sufficient land to meet the supply target of 132 000 private housing units in the next 10-year period. In the second five-year period and with the doubling of the overall housing and land supply, we will, just as Mr Andrew LAM said, have the room to carefully examine how the projects that we have in hand today should be adjusted. We will embrace the room for development and seize this opportunity to adjust the public/private housing split and set an appropriate ratio of public rental housing to SSFs in public housing. We will make early planning for the new projects that we have in hand to cope with the future needs.

As regards the target ratios in public housing supply, the ratio between PRH/GSH and other SSFs is now maintained at 70:30. We have heard many voices in the community calling on the Government to increase the supply of SSFs. Currently there is still a very high demand for PRH and as at the end of 2023, the average waiting time for PRH is 5.8 years. The task that lies in front of us is to expeditiously increase the supply of conventional PRH units, and together with the 30 000 LPH units to be completed by 2027-2028, we will be making the utmost effort to help those who now live in appalling conditions by shortening their waiting time for PRH, so that the grass-roots people who have applied for PRH for many years can be housed to public housing as soon as possible and children living in subdivided flats can grow up normally and healthily. Looking ahead, there will be a significant increase in the supply of public housing in the second five-year

period and this, as I said just now, will provide us with ample room to adjust the ratio between PRH and SSFs. To prepare for this opportunity to arise, my colleagues and I will commence studies and listen to the views of various parties. The motion proposed by Mr LAM today is exactly a very good opportunity for us to understand the views of various parties and then formulate strategies that are both realistic and visionary.

As for private residential properties at the top of the home ownership ladder, a major objective of the Government's housing policy is to maintain the stable development of the private residential property market. After careful consideration of the overall situation, the 2024-2025 Budget announced the abolition of all demand-side management measures for residential properties. In other words, the Special Stamp Duty, the Buyer's Stamp Duty and the New Residential Stamp Duty will no longer be charged on all residential property transactions from that day onwards. In the meantime, the Hong Kong Monetary Authority also announced the suspension of the stress testing requirement for property mortgage lending. We believe that these policies can help people in need to achieve home ownership, so that young people and young families can plan their future according to their own circumstances and choose their suitable place on the housing ladder to acquire home ownership, so as to pursue development and improve their living.

Deputy President, the existing home ownership ladder has evolved over the years and practically covered the home ownership needs of different people in Hong Kong. Given that the rungs on the ladder are interlocked with each other and any small change may affect the overall situation, we must be careful in our planning. With sufficient supply of land and a substantial increase in public housing units, the overall housing problem will be greatly mitigated and we will have a stronger foundation to put forward more comprehensive, effective and targeted measures to assist different members of the public in securing a decent home and purchasing their own homes. I believe that many Members will provide us with lots of views that can serve as valuable reference today. We will adopt an open attitude and listen carefully to the suggestions given to us by Members, and we will also incorporate their suggestions into our housing policy proposals which will be improving continuously. I will provide supplementary information as appropriate and give a further response in my concluding remarks.

Thank you, Deputy President.

**MR CHAN PUI-LEUNG** (in Cantonese): Deputy President, the Government introduced the Long Term Housing Strategy (“LTHS”) in 2014, proposing three major strategic directions, namely, providing more public rental housing (“PRH”) units, providing more subsidized sale flats (“SSFs”), and stabilizing the residential property market through sustained land supply and timely implementation of demand-side management measures, in the hope of gradually averting the supply-demand imbalance. Here, a decade after the promulgation of LTHS, I am grateful to Mr Andrew LAM for proposing this motion which enables us to discuss how we can review and improve the home ownership ladder to make Hong Kong a better place for living and working.

Deputy President, in order to assist the public to buy their first home, the Government has, apart from building Home Ownership Scheme (“HOS”) flats, also enriched the forms of subsidized home ownership in the past few years by introducing the Green Form Subsidised Home Ownership Scheme (“GSH”) between PRH and HOS, and at the same time regularizing the White Form Secondary Market Scheme, as well as introducing the Starter Homes units for Hong Kong residents between HOS and private housing, thus turning the traditional three-tier home ownership ladder consisting of PRH, HOS and private housing into a five-tier one.

I agree that the Government is well-intentioned in hoping to provide people from different strata with the opportunity and hope of upward mobility through home ownership. That said, extending the home ownership ladder may perhaps bring them only a little hope. To resolve the housing problem at root, increasing the supply of housing is, in the final analysis, the only way to address both the symptoms and the root of the problem. Although the Government has extended the home ownership ladder, due to the fact that the land supply has been lagging behind, only a small number of property development projects are launched each year and the flats are often oversubscribed by many times, showing that the supply is unable to meet the needs of the public.

Since taking office, the current-term Government has adopted a multi-pronged land development strategy, compressing the land production process to speed up land production with an aim to supply 3 370 ha of spade-ready sites in the coming 10 years. The stabilization of land supply has reversed the frantic upturn in the property market that persisted for years, and coupled with the Government’s recent complete withdrawal of the “harsh measures”, the price gap between SSFs and private housing has been narrowed. An example is the Starter

Homes units at eResidence. The response to the latest phase of this project was a lot worse than before. The flats cost \$14,000 per sq ft on average, just a few hundred dollars less than the prices of new private residential flats nearby. Coupled with the many restrictions on Starter Homes units, including that the buyer must not have owned any residential properties before, meets the requirement of monthly income limit, and is not allowed to resell his flat in five years, it should not be difficult to understand the reason for the high no-show rate in the flat selection exercise for this phase of eResidence.

Deputy President, when LTHS was formulated, there was a serious imbalance between the supply and demand of housing, and under the political environment at the time, it was a lot more difficult than it is now to release a piece of land for housing production. However, a decade has passed. The property market has turned sluggish and the public's demand for home ownership may have changed. It is time to review whether the various tiers of the home ownership ladder will overlap with the private property market. Is there still a need for it to exist? Or should we return to the basics by relying on a simple and clear three-tier home ownership ladder and ensuring the supply on each tier, so that people with different home ownership needs can see continuously and steadily the hope of home ownership and the opportunity of upward mobility? This merits in-depth study by the Administration.

The three-tier home ownership ladder in the past was the most easily comprehensible and operable to members of the public, and the problem with it lied not in the system but in supply. Having said that, if we look at the statistics, we can see that, in 2027-2028, two HOS projects will be postponed or put on hold, and some projects will even be converted into PRH or GSH projects. As a result, the number of HOS flats to be completed that year will be drastically reduced by nearly 30% and the supply of such flats will be reduced by about 2 600 units. I understand that the authorities have to ensure the supply of PRH units, but at the same time, I think that the authorities should not neglect HOS and should consistently ensure the supply of HOS flats. This will not only encourage upward mobility of PRH tenants but also give hope to people who are not eligible for PRH and yet cannot afford to purchase their own flat in the private market.

I so submit.

**MR CHAN KIN-POR** (in Cantonese): Thank you, Deputy President. In the past two years or so, property prices have dropped steadily by 20% from their high and returned to a more affordable level. The flat selection for eResidence Tower 3, a Starter Homes for Hong Kong Residents (“SH”) project of the Urban Renewal Authority, started last week but the sales were just so-so and this, I think, is more or less related to a slump in the property market and the withdrawal of the “harsh measures”. I thank Mr Andrew LAM for proposing today’s motion and other Members for proposing amendments to it, so that we can discuss in the Legislative Council the housing issue which is of great concern to the public.

The SH project, eResidence, is well-intentioned as it aims to assist people who do not have the means to afford private housing but are not eligible for Home Ownership Scheme (“HOS”) flats to buy their first home. These policies which only target at helping a specified class of people to buy their own properties can easily be affected by changes in the market conditions. With the fall in property prices in recent years, the per-square-foot prices of SH flats have gradually become closer to those of private residential flats and this has had a bearing on people’s choices in buying properties. As SH flats have become far less attractive, the Government should review whether SH flats have completed their historical mission and can be decommissioned, so as to vacate the relevant land supplied for that purpose and re-adjust the home ownership ladder.

The housing demand of Hong Kong people has all along been very keen and today, I would like to talk about subsidized sale flats (“SSFs”). People often describe that it is more difficult to succeed in the ballot drawing for new HOS flats than to win the Mark Six lottery, and some families have even participated in the ballot drawing for every phase of HOS. A cleaning worker of the Legislative Council told me every few months the same story about applying for HOS but in vain all these years which is most disheartening. I suggest that the Government should actively consider improving the ballot drawing and allocation mechanisms for SSFs, so that families that have failed in their applications many times can be given additional chances of success in the ballot drawing, or a waiting list can be set up to enable them to see the hope of home ownership. Now, many young people in society choose to “lie flat” and take up part-time jobs right after graduation in order to be eligible for PRH units. Some families are forced to ask one of their family members to give up his job, lest they will exceed the income limit for applying for PRH units. They would rather give up their future in order to be put on the Waiting List for PRH because they have not been successful in the ballot drawing for HOS flats and yet cannot afford the mortgage payments for

private housing. These phenomena have made it more difficult for those genuinely in need to be allocated PRH units and will even lead to a drastic reduction in the labour force of society, while young people will have neither the motivation nor goal to move upwards. This will have a negative impact on society as a whole and we must address it squarely.

Regarding the 4 500 successful applicants of the White Form Secondary Market Scheme (“WSM”) 2022, the Housing Authority has issued a total of 1 880 Letters of Nomination as at the end of February this year, meaning that only 41.8% of applicants have successfully purchased their properties, which is a new record low. The Government is very good as it has listened to Members’ views on the mortgage default guarantee period for SSFs in the second-hand market and has since March this year extended the guarantee period to 50 years. I certainly hope that consideration can be given to extending it to 60 years. It is expected that the relaxation of the mortgage default guarantee period will increase the chances of the public to successfully buy their first home in the HOS secondary market, thus making the HOS secondary market more active and speeding up the turnover rate of flats. The Government will need to keep in view the impact of the new measures on the market and review the quota of WSM in a timely manner, taking into account the market situation of second-hand HOS flats and the demand of White Form applicants.

In fact, on the issue of housing, the Government has all along spared no effort in identifying sites for housing production, and there has been a significant increase in the supply of land for both public and private housing as compared to that of last year. Better still, the Government has even identified sufficient land to meet the demand for housing in the coming 10 years. About 310 000 public housing units will be needed in the next 10 years, and the Government has now identified land for building 410 000 units, surpassing the target by 100 000 units. As for private housing, there is also a large amount of land available for it. The Government has a clear direction in its housing policy, with the objective of increasing land supply. I believe that there will be more housing supply in the future to meet the housing needs of the public and improve the living environment. This is a very good policy.

In formulating any housing policy, it is necessary to take into account the prevailing social conditions and make comprehensive consideration to rationalize the home ownership ladder and speed up the turnover of flats to increase people’s

chances to be housed to public housing, so as to enable the public to meet their home ownership aspirations in the light of the actual situation and realize the vision of living and working in peace and contentment.

Thank you, Deputy President.

**MS CARMEN KAN** (in Cantonese): Thank you, Deputy President. I declare that I am a member of the Hong Kong Housing Authority. I thank Mr Andrew LAM for proposing the motion and the four Members for proposing the amendments.

The land and housing issues are perennial, grave and thorny problems that have long existed in Hong Kong. In his address made on 1 July, President XI also reminded us that “[c]urrently, the biggest aspiration of Hong Kong people is to lead a better life, in which they will have more decent housing”. In all fairness, we can see that the current-term Government has the determination. As the Secretary has said, the SAR Government has in recent years introduced a multi-tier ladder of subsidized sale flats (“SSFs”) to meet people’s aspirations for home ownership, including the general Home Ownership Scheme (“HOS”), Green Form Subsidised Home Ownership Scheme, Starter Homes projects, and White Form Secondary Market Scheme (“WSM”). This year, it has even launched the Private Subsidised Sale Flat—Pilot Scheme in partnership with the private sector. Why are there still home ownership aspirations that have long remained unfulfilled? I agree with Mr Tony TSE that perhaps we need to conduct a timely review of the public/private housing split and the ratio of public rental housing to SSFs in public housing.

However, Deputy President, as the Secretary said in her earlier remarks, perhaps it will be a good time to review these ratios only when we have almost resolved the problem of “back-loaded” public rental housing (“PRH”) supply with one third of the production target for the next 10 years being completed in the first five-year period.

I will further put forward several proposals as follows in the hope that the Bureau will consider them seriously. Firstly, improving the pricing mechanism of SSFs. Members may still recall that in 2018 and before, the selling prices of HOS flats were linked to market prices, and this mechanism, which had been in use for 36 years, eventually gave rise to the situation in 2018 when HOS flats were put



up for sale at sky-high prices of as much as \$10,000 per sq ft. After reviewing the pricing mechanism in 2018, the SAR Government introduced changes by adopting public affordability as the single parameter for determining prices. The existing SSF pricing mechanism is not linked to the construction and interest costs. Deputy President, in the face of the keen demand for housing under the Long Term Housing Strategy, the ever increasing construction costs, and the reality that the supply of PRH units is “back loaded” which we cannot ignore, and taking into account the future financial position of HA, I think in the long run, the authorities should also consider seriously our financial affordability when reviewing this policy. I suggest that the Government should review the pricing mechanism of SSFs in a timely manner and take into account the relevant costs in determining the selling prices, rather than just considering the public’s affordability. It is only in this way that we can have the confidence to achieve the 10-year target set out in the Long Term Housing Strategy.

On the improvement of the ballot drawing mechanism for HOS flats, I very much agree with the proposals made by Mr Tony TSE and Mr CHAN Kin-por earlier on, and I am not going to make any repetition here. All in all, I hope that the Government can make more use of the big data to serve the people and adopt methods that are more than just trying one’s luck in a single ballot drawing exercise, so that the precious HOS resources can be allocated to the most needy ones.

Thirdly, I very much agree with Dr CHOW Man-kong who mentioned that last year, the Government accepted the proposal made by “G19” and extended the maximum mortgage default guarantee period of the second-hand market from 30 years to 50 years with effect from 1 March this year, i.e. “50 years minus age of building”. That being said, Deputy President, as far as I understand it, the prospective buyers do not have a good understanding of this policy. Therefore, I suggest that the Government should provide more explanation in this respect, so that more people will know that the housing supply and their chances of securing mortgage loans from banks have now greatly increased, thereby attracting more buyers who are eligible for Green Form status to purchase second-hand HOS flats. This can hence unleash the existing PRH resources and at the same time facilitate the circulation of second-hand HOS flats.

In my opinion, the quota of 4 500 for WSM set previously can be gradually increased or even cancelled and the validity of the Certificate for Eligibility to Purchase can be extended in the light of the aforementioned policy and in

accordance with the actual situation, so that people in need do not have to compete for buying the flats within the specified period and this will help to further enhance the turnover of HOS and PRH units.

Deputy President, with the Safeguarding National Security Ordinance coming into effect, I believe it is time for us to address the practical livelihood problems and review the various mechanisms, so as to accomplish “actively responding to people’s aspirations”.

**MR CHAN HOK-FUNG** (in Cantonese): Deputy President, today, I speak in support of the motion proposed by Mr Andrew LAM which urges the Government to review the Long Term Housing Strategy (“LTHS”) because if we follow the current LTHS, it will be rather difficult to improve the home ownership ladder and help members of the public to move upward.

Deputy President, in order to help members of the public to move upward, the housing policy should have the objective of helping the public to acquire home ownership but in LTHS, though being the most important carrier of the SAR Government’s housing policy, we do not find any objective, undertaking or vision about helping members of the public to buy their own home. The so-called “target” in LTHS is actually only a supply target and a set of figures, rather than a policy commitment or objective, and the vision of the housing policy in LTHS is only “to help all households in Hong Kong gain access to adequate and affordable housing”.

One can “gain access to adequate and affordable housing” by either renting or buying a home. But without home ownership, fluctuations in rentals can bring significant uncertainties to the people. I have to emphasize that home ownership is not the essential and only condition for upward mobility. But in the long run, when compared to renting a flat, home ownership can more easily accumulate wealth and generate passive income for the public, thereby providing a better chance to help the public move upward.

Although the Government of the last two terms had put forward the policy agenda of encouraging home ownership or focusing on home ownership, neither the four major objectives of the housing policy in 2013 nor the four major elements of the housing policy in 2017, which are related to the encouragement of home ownership, are included in LTHS. Not only does the existing LTHS not have any

objective or element of encouraging home ownership or any proposal on shortening the home ownership ladder, it is also, to a certain extent, contradictory to encouraging home ownership.

In 2014 when the Government announced the existing LTHS, the home ownership rate in Hong Kong was 50.9% at the time. In January 2024, 10 years after the announcement of LTHS, the latest home ownership rate has shown a decrease rather than an increase as it stands at only 50.2%. If LTHS or the housing policy in the past 10 years is said to have encouraged people to buy their own homes, I would say that this figure can hardly justify such a claim.

As I said just now, the current LTHS runs counter to encouraging home ownership. Why do I say so? LTHS has proposed a new formula for housing supply projections which rigidly bundled the public/private housing split. When the market is in the doldrums, it is understandable and acceptable that more PRH units are built to help the people, but building more PRH units does not mean that we have to build fewer home ownership flats or private flats. When the market is in the doldrums, there will not be enough PRH units and there will be a shortage of private flats. The situation will be like “pigs’ intestines cooked in boiling water” in that both ends will simply shrink.

At a time when property prices are soaring, the public/private housing split causes the supply of private flats to fall short of the demand. As a result, the threshold for home ownership will keep rising and become further beyond the reach of first-time home buyers or young people. Therefore, in order to “shorten the home ownership ladder” as proposed in the original motion, it is imperative to adjust the current housing policy. In particular, it is necessary to clearly make it an objective or vision of LTHS to help members of the public to buy their own homes and review the formula for housing and land supply projections.

After the return of Hong Kong to the motherland, the Government had set the home ownership rate at 70% back then, but due to various reasons such as the market situation, the policy did not continue. Last week, I proposed a motion concerning the Tenants Purchase Scheme (“TPS”) which is precisely an important policy tool for raising the home ownership rate of the tenants. However, the Government suspended the Scheme in order to rescue the market, and due to problems in respect of ownership and management, the current-term Government has also refrained from taking forward the Scheme in fear of running into risks, which seems to be contrary to this policy.

Therefore, I very much hope that the Government can rethink how TPS can help members of the public to buy their own homes and increase the home ownership rate, so as to enable members of the public to move upward.

I so submit.

**MS CHAN YUET-MING** (in Cantonese): Thank you, Deputy President. I speak in support of the Members' Motion proposed by Mr Andrew LAM on "Reviewing the Long Term Housing Strategy to shorten the home ownership ladder".

The Long Term Housing Strategy ("LTHS") announced in December 2014 was the first long term strategic document on housing development in Hong Kong since 1998. Its policy thinking has changed to become supply-led, and by adopting the 10-year housing supply target, the Housing Authority was tasked to develop public rental housing ("PRH") units and subsidized sale flats ("SSFs") for low and middle-income families.

My amendment to "Re-launching and enhancing the sales scheme for public rental housing units", which was passed last week, actually has the same primary consideration as that of today's motion and amendments, which is to help more people to buy their own homes and facilitate them to move upward. I will make two points regarding today's motion.

Firstly, consideration should be given to the downside risks of the economy in reviewing LTHS. The year 2008 saw the outbreak of the global financial crisis, and Europe and the United States started to lower interest rates substantially in order to cope with the economic recession. The increasingly easing and even surplus of global capital had led to an increase in the external demand for and speculation on Hong Kong's real estate market.

Since the outbreak of the epidemic, there have been quite considerable changes in the global macro-economic environment. As the Financial Secretary said in the Budget, geopolitical uncertainties and high interest rates have impacted capital flows and more strenuous efforts are required to strengthen momentum of our economic recovery. Declining confidence in the economy has inevitably taken toll at the property market. The private residential price index for 2023 dropped to a level close to that of 2017, and days ago, the Government also withdrew all the "harsh measures" correspondingly. The knock-on effect is that

a sluggish property market has led to a reduction in the Government's revenue from land premium. The revenue from land premium in 2023 was significantly lower than the estimate by \$65.6 billion.

Despite successive years of fiscal deficits, the Government's capital works expenditure, quite the contrary, will soon reach its peak in the next three years. The estimated annual expenditure in the future will be 17% higher than the average expenditure in the past five years. In reviewing LTHS, the Government has to consider with foresight the risk of an economic downturn due to external factors. Meanwhile, as there have been cases of cost overruns and works delays in many projects in the past, and SAR is about to enter the peak period of construction works and the stage of fiscal consolidation, the Government should give due consideration to the financial situation of SAR when reviewing LTHS and put forward measures to increase revenue and cut expenditure as well as avoid cost overruns and works delays, in order to lay a sound financial foundation for the completion of "spade-ready sites" and housing-related infrastructure projects as scheduled.

Secondly, it is necessary to improve the people's living and facilitate their upward mobility. The Government builds PRH units in order to help needy low-income families resolve their difficulties in housing. For the young people and the sandwich class, the Government should help them move up the social ladder and improve their living environment, rather than making PRH a long-term goal and pursuit. At the same time, as we Chinese often say, a safe, decent home is a pre-requisite for one to start a family, get married and have children. Therefore, putting SSFs on the next rung of the housing ladder after PRH can produce a positive effect on maintaining social harmony and indirectly increasing the fertility rate in society.

In this connection, I suggest that the Government can consider gradually adjusting the ratio between the supply of public housing and that of private housing and, in particular, increasing the number of units under the Green Form Subsidised Home Ownership Scheme and encouraging more tenants with Green Form status to purchase second-hand HOS flats, so that apart from helping PRH tenants to acquire home ownership, this can also release their original PRH units without reducing the supply of PRH units in effect.

I have noticed that in the development proposals for San Tin Technopole and Lau Fau Shan, the Government said that it will test out different scenarios of public to private housing mix to provide flexibility in housing supply. Taking the

opportunity of this motion, the Government can consider reverting the public/private housing split to 60:40 in order to respond to the housing needs of different strata of the community and help members of the public to move upward.

Thank you, Deputy President. I so submit.

**MS DOREEN KONG** (in Cantonese): Deputy President, I support Mr Andrew LAM's motion, and I also thank the several other Members for their amendments.

The wording of the original motion mentions that the Government should “shorten the home ownership ladder and help members of the public to move upward” and this has pointed out a plain reality in Hong Kong society. Owning one's home is an important symbol of upward mobility for the grass roots. The various housing measures introduced by the Government and its undertaking made to the public to increase the production volume of public housing can gradually create quantitative changes to resolve the housing problem. However, when the qualitative changes that can resolve the deep-seated conflicts in Hong Kong society will take place will put the authorities' wisdom to the test, and this is also why we have over and over again raised this issue for discussion in the Legislative Council.

There is no lack of housing measures in Hong Kong. On the contrary, various kinds of measures have kept on evolving and yet, no progress has been made with regard to the housing problem. The Long Term Housing Strategy (“LTHS”) has put forward the 10-year housing production target. This is an important indication of the Government's position but this indication is only at a relatively low level of public policy formulation. A truly dynamic, scientific and long-lasting strategy should have a certain degree of cyclicity and organic self-initiative or momentum. A public housing policy that relies excessively on the Government to unilaterally “give out housing” to the public is obviously not cyclical, and there is nothing to speak of self-initiated policy momentum. Now that the home ownership ladder in Hong Kong has been repeatedly mentioned by the Government for 10 years in a row, but where exactly is this ladder built?

The crux of the matter is what the Government sees as the ultimate goal of building a home ownership ladder. For a long time in the past, the Government has ignored the demand for subsidized sale flats, resulting in a serious gap in the housing ladder. The desire of public rental housing (“PRH”) tenants to acquire home ownership has been compressed, and the circulation of PRH units has almost come to a standstill. The function and position of the Home Ownership Scheme

(“HOS”) units in the home ownership ladder has become increasingly embarrassing. Building this so-called “ladder” to the neglect of the total supply of PRH and HOS flats as well as the efficiency of their turnover is, in fact, putting the cart before the horse.

LTHS sets out the future housing production volume under the premise that the Government itself is able to forecast future development. But there will be a very big problem if the Government’s projections are wrong. What is more, given that much time is required for housing construction, a housing policy formulated on the basis of wrong projections may remain in place for some time before the mistake is found out. Therefore, this strategic thinking that relies too heavily on the quantity is questionable, and a supplementary strategy should be put in place correspondingly.

Apart from the issue of supply, the Government should also think about revitalizing the macro housing strategy. A reason why the current housing strategy is rigid is that the government-led housing organizations have been overwhelmingly dominant, resulting in cumbersome structures and low efficiency in these organizations. Insofar as housing is concerned, the Government and private property developers are not competitors, nor are they confrontational with each other. Efforts should be made to actively seek opportunities for cooperation. In the interest of the public, the Government should proactively make gestures to invite their cooperation, so as to leverage the advantages of the mature property market in Hong Kong and attract private property developers to be contractors of public housing projects that are developed for sale.

At present, the vast majority of the resources for housing production, whether in respect of PRH units being developed mainly for rent or HOS units being developed mainly for sale, are in the hands of the Housing Authority (“HA”). The ability of HA to cope with the increased demand for housing production nowadays is a cause for concern. A way to break this deadlock is to invite private developers to participate in public housing projects that are developed mainly for sale, while HA can further focus on the development of public housing mainly for rent. The Government should motivate private developers to actively participate in government public projects, so as to ensure that the public interest of Hong Kong society is maximized, while at the same time resolving the deep-seated conflicts in Hong Kong society at source in keeping with the characteristics of Hong Kong society.

Deputy President, I so submit.

**MR YANG WING-KIT** (in Cantonese): Thank you, Deputy President. I speak in support of the Members' motion of Mr Andrew LAM on "Reviewing the Long Term Housing Strategy to shorten the home ownership ladder".

The crux of the housing problem in Hong Kong lies in inadequate land supply. Even though the Government has over-achieved the target of public housing production, it is estimated that the supply of land in the next 10 years will continue to be "back-loaded" given the time-consuming process of land creation and housing production. Sufficient public housing supply is the prerequisite for rekindling people's hope of home ownership and during this time gap, we need to effectively allocate and utilize the limited land and housing resources. The housing ladder should allow public rental housing ("PRH") tenants to move up progressively from one tier to the next. From PRH units, they can move up to flats under the Green Form Subsidised Home Ownership Scheme ("GSH") or Home Ownership Scheme ("HOS"). Then they can further move up to flats under the Sandwich Class Housing Scheme or the Private Subsidised Sale Flat—Pilot Scheme ("the Pilot Scheme"), and eventually reach the private sector. In order to improve the housing ladder, the Government needs to tackle the problem by adopting an approach of resolving the simple issues before the difficult ones to address the challenges at two circulation points.

First of all, HOS flats, which constitute the largest number of subsidized sale flats ("SSFs"), play a pivotal role in the housing ladder. However, most HOS owners are worried that they will not be able to buy HOS flats again after selling their flats and as a result, very few HOS flats are put up for sale in the market. Besides, a group of people eligible for the White Form Secondary Market Scheme ("WSM") flows into the second-hand HOS market every year, thus making HOS flats more and more expensive. Now that as their prices are close to those of private residential flats, HOS flats can no longer play their role on the housing ladder. This, I think, is a matter of right. So long as the Government can give HOS owners the right to buy second-hand HOS flats without having to pay the premium after selling their HOS flats under certain conditions, such as allowing HOS owners who have lived in their flats for 10 years or more to obtain the WSM status after selling their flats to Green Form or WSM buyers, the HOS Secondary Market will come alive. This will enable HOS owners to replace their flats according to their own needs while avoiding the influx of WSM applicants into the HOS Secondary Market and preventing speculation on HOS flats which will otherwise drive up the prices, thereby restoring the value of HOS flats on the home ownership ladder.



The concept of the right to exchange HOS flats should be applicable to all SSFs. As long as the owner sells his property to a Green Form or WSM buyer, he can purchase a flat in the secondary market under the Tenants Purchase Scheme, GSH, HOS, Sandwich Class Housing Scheme, Starter Homes, the Pilot Scheme, etc. without having to pay the premium. This can ensure a smooth flow at the circulation points of the second-hand markets for SSFs, thereby enabling everyone to see clearly the upward movement of the housing ladder. When they have the means in the future, they can also move to private housing to improve their living environment. This improvement measure does not involve the supply of housing and is merely a change in policy which can be operated by the Government more easily.

Secondly, many Honourable colleagues have mentioned the problem at the point where PRH tenants move up the housing ladder to GSH or HOS flats. Currently, the turnover rate of PRH units is only about 1.5%, which is indeed on the low side. Frankly speaking, some PRH tenants with a good amount of savings genuinely wish to fulfil their dream of home ownership. According to statistics, about 5% of PRH tenants each year are telling us through actions that they really intend to buy their first home. For example, in 2022, 62 000 households competed for 4 700 GSH flats, and 49 000 Green Form HOS applicants competed for 3 570 HOS flats. Whenever new HOS and GSH flats are put up for sale, they are invariably highly sought after by the people. The problem never lies in the people not wanting to acquire home ownership but in a lack of opportunities for them to do so.

In the final analysis, it is because the supply of SSFs falls short of the demand, along with the exorbitant prices of private residential properties, that many young people have chosen to “lie flat” in order to become eligible for applying for PRH units, whereas PRH tenants are unwilling to move out of their flats. To put it more bluntly, who wants to be bald if one has hair? The Government’s current measures targeting well-off PRH tenants are well-intentioned, for they can force those well-off tenants who have lived in PRH units for some 10 to 20 years and who have the financial means to buy their own flats in the private sector. However, if we think about it more carefully, the relevant measures may aggravate the trend of “lying flat”. In the past when an asset test was conducted only once every 10 years, many tenants could save up for the down payment during the 10-year period. But under the new arrangement, an asset test is conducted once every two years. Tenants who have moved into PRH units in recent years will really have the mindset to “lie flat” in order not to be forced out of their PRH units

after they become well-off tenants. This will, in effect, make it even more difficult for them to save up for the purchase of private flats, showing that this is not conducive to the turnover of PRH units.

Therefore, the Government should seriously consider how to enable PRH tenants to move up the housing ladder to SSFs, rather than simply adopting harsh measures against them. On the contrary, we should increase the supply of GSH or HOS flats to provide room for PRH tenants to move upward, so that after they have successfully purchased their first home, their PRH units will be vacated for people on the Waiting List for PRH, thereby increasing the circulation of PRH units.

Moreover, I hope that the Government will pay attention to the proportions of PRH units and GSH units in the future. In the past, the ratio was 7:3, and the other ratio is also 7:3, and so they basically account for about 50% of the total. At what level should the ratio of PRH to GSH units be set in the future to enable PRH tenants to have more opportunities to move to subsidized housing? It is only when the ratio is set properly that the problem of the housing ladder can be resolved.

Deputy President, I so submit.

**MS NIXIE LAM** (in Cantonese): Thank you, Deputy President. There are many ways to shorten the home ownership ladder and they can target specific groups of people. Today, I would like to focus on the youth sector, so that we can think about how we can bring hope to young people and help them get on the home ownership ladder step by step.

Young people have limited financial capacity but the road to home ownership is an arduous journey. Not only do they see no end of the road, they do not even know where to begin. Many people will say, “Just work harder, don’t travel, don’t buy luxury brands, and you’ll make it.” But can they really make it? Many young people have told me that if they can make a choice, they would rather do nothing because they thought that they would not get any result even though they tried very hard. So why should they do anything?

As early as in 2011-2012, the SAR Government proposed the Youth Hostel Scheme to provide young people with a place to settle down in the interim between having nothing to having something. When the Scheme was first announced, I

had just started my political career; I have waited and waited, from a young girl to a middle-aged woman as I am now, and last year, I even became a mother. This Scheme which has been discussed for more than a decade has finally achieved some results this year. The hostel schemes that have been implemented are wide-ranging. An example is the Po Leung Kuk Youth Oasis in Yuen Long. Developed on land provided by a generous donor, the whole block of the hostel is a brand new development with comprehensive facilities. Besides, there is a hotel-to-hostel conversion project operated by the Hong Kong Federation of Youth Groups in a busy downtown area. There is also a project launched by the Y.Elites Association in collaboration with a hotel group under which some floors in a hotel are planned to be converted into a youth hostel. I think all these schemes have marked a very good start.

Meanwhile, I am quite concerned about the ensuing arrangement after the end of the Scheme. At present, the Youth Hostel Scheme only focuses on helping young people to enhance their skills and broaden their horizons during their stay in the hostels. However, if we look at the core issue of home ownership and speaking from a practical point of view, it is after all a question of money. In this connection, we should seriously consider how we can help young people save up the down payment for buying their first home.

As I said just now, youth hostels are by nature a springboard. In the long run, we should help young people find ways to save money, help them make planning and help them become independent. “Home ownership” is not as simple as just moving out to live on one’s own. Mortgage payment aside, there are other household expenses and the cost of basic facilities, not to mention public utility charges such as water, electricity and gas as well as management fees. It takes money to meet all these expenditures. In order for youth hostels to achieve better results, it is essential to educate young people on financial planning. Wealth can be amassed by being thrift in one’s spending and also through savings. The Government has put in so much effort to enlist the cooperation of many charitable organizations and caring people to provide young people with decent and inexpensive temporary accommodation. If the young people do not have clear saving plans, I can foresee that three years down the line, a large group of young people who had lived in youth hostels will probably go back to square one and have to live in subdivided units again. I think we hope to see young people move upward, not ending up like that. Therefore, we must think about whether there are ways to make it easier for young people to save money or even take out loans, so that they can buy their first home and step onto the home ownership ladder.

Deputy President, many young people have told me about their wish to have a decent, cosy home after getting married and giving birth to children. However, even if they have enough savings to meet the down payment for buying a HOS flat and are lucky enough to have the chance to select a flat, they still do not want to live in small flats with limited living space. Is it possible to provide a bigger living place for young people in the future, so that after they have started their own families, there will be living space for their children?

I can see that the Green Form Subsidised Home Ownership Scheme recently launched by the Government has included quite a number of medium-sized and even large flats. This, I think, is a good beginning. I hope that when providing subsidized housing in the future, the Government will follow this direction by providing more flats for three- or four-member families, and even consider allocating a certain quota for application by young people who have started a family, so as to encourage them to make serious planning for their future.

Thank you, Deputy President. I so submit.

**IR DR LO WAI-KWOK** (in Cantonese): Deputy President, first of all, I thank Mr Andrew LAM for moving the original motion and the several other Members for proposing their amendments.

The SAR Government announced the Long Term Housing Strategy (“LTHS”) in December 2014, emphasizing the adoption of a multi-pronged strategy to increase land and housing supply. Short term measures would focus on optimizing the use of developed land as far as practicable through land use reviews and increasing development intensity wherever appropriate; medium and long term measures would mainly seek to create new developable land through new development area and reclamation projects. According to the LTHS Annual Progress Report 2023, based on the Government’s latest projection, the total housing supply target for the next 10 years is 440 000 units and the public/private housing split will be maintained at 7:3. In other words, the public housing supply target will be 308 000 units and the private housing supply target will be 132 000 units. Concerning the above-mentioned public housing supply target, the ratio between public rental housing (“PRH”) and various types of subsidized sale flats (“SSFs”) is also kept at 7:3. The supply target will comprise 216 000 PRH units and 92 000 SSFs.

From this we understand that the housing ladder in Hong Kong is made up of three tiers, namely PRH units, SSFs and private housing. The home ownership ladder refers to SSFs and private housing. SSFs, comprising mainly the Home Ownership Scheme (“HOS”) flats and Tenants Purchase Scheme flats under the Hong Kong Housing Authority (“HA”), as well as various subsidized housing projects under the Hong Kong Housing Society and Urban Renewal Authority (“URA”), totalled 448 600 as at March 2023, representing about 15% of the stock of permanent living quarters in Hong Kong. I hereby declare that I am an incumbent member of HA.

Deputy President, the current-term Government has stressed that solving the housing problem in Hong Kong tops the agenda of the Government. I believe Members will agree that there is a need for the authorities to review LTHS from time to time, so as to understand the housing needs of different strata of society, and, in particular, it is necessary to pay attention to the home ownership needs of young people and the sandwich class. Many people in society have also put forward various proposals, such as calling for a review of the public/private housing split, a review of the ratio of PRH to SSFs in public housing, etc. However, the crux of the housing problem in Hong Kong lies in the shortage of supply, which cannot be resolved by simply adjusting the tiers or ratios of different housing ladders.

Deputy President, land and housing supply has always been an issue of major concern to the Business and Professionals Alliance for Hong Kong. We have taken all the trouble to offer constructive advice to the SAR Government, stressing the need to tackle both the symptoms and the root causes of the problem. To this end, the SAR Government should draw up a 10-year housing plan for Hong Kong, adopt a multi-pronged approach to increase land and housing supply, and set as its vision an indicator of increasing the average living space per person from about 161 sq ft to more than 200 sq ft. Apart from expediting the implementation of the existing development plans such as the Northern Metropolis, the Government should also actively develop the periphery of country parks, green belts and Wetland Buffer Areas, while substantially developing land in the New Territories and increasing the plot ratios in the New Territories to the same levels in Kowloon. In the meantime, the authorities should enhance urban planning, increase the speed and intensity of the redevelopment of old districts, expeditiously make planning for the redevelopment of HA’s old public housing estates and the relevant lots, and streamline the redevelopment procedures and formalities. The Government should also strengthen URA’s role as a “facilitator” of urban renewal and expeditiously utilize the land resumed for developing subsidized housing.

With the gradual increase in the supply of land and housing, the authorities will be in a better position to review and reorganize the home ownership ladder. The Government should take into account the aspirations of the middle class and young families for home ownership, expand the scale of HOS and reintroduce the enhanced Home Starter Loan Scheme and Sandwich Class Housing Scheme, etc. The authorities may as well cooperate with property developers to build small, inexpensive residential flats to provide eligible young families with suitable flats for rent and for sale. This can assist young people to take the first step towards acquiring home ownership and hence foster their sense of belonging to society.

Deputy President, I so submit.

**DR NGAN MAN-YU** (in Cantonese): Thank you, Deputy President. Deputy President, the property market in Hong Kong has repeatedly reached record highs over the past two decades. Although the property market has cooled down in recent years and property prices have come down slightly from the high levels, they are still unaffordable to young people. In his first Policy Address in his term of office, Chief Executive John LEE proposed a number of housing measures to support the youth, including a number of Starter Homes projects and expansion of the Youth Hostel Scheme. The society is certainly pleased to see the Government put emphasis on youth housing problem, but how effective are these measures after more than a year of implementation? Has home ownership become more accessible to young people?

A research report earlier on has analysed the income and rate of pay increase of university-educated employees in the past 35 years. The report pointed out that the overall property price index in Hong Kong has soared by 13 times and the rent index has risen by as much as 2.8 times, and that young people's ability to afford housing has been deteriorating from generation to generation. Take a "starter flat" in the New Territories as an example. The price per square foot is now equivalent to about 74% of the income of a university graduate who just started working, as compared to about 52.5% 10 years ago, reflecting that the home ownership burden on young people is heavier than 10 years ago.

The persistently high property prices not only make it difficult for young people to start a family and affect the fertility rate, but also lead to a negative mindset among some young people. Many people told me this, which Members must have heard many times: "We cannot afford to buy our own home even if we

lead a frugal life for 20 years. Property prices are still very high regardless of how much they drop. It is more practical to find a lower paid job and apply for public housing.”

As a matter of fact, the property market is still at a high level. Even with slight adjustments to the property prices, home ownership is still hardly affordable to young people. There is an urgent need to rebuild the home ownership ladder in order to assist young people in acquiring their own homes, especially the middle-income “sandwich class” young people who cannot afford to buy a private flat and whose assets and incomes exceed the limits for public rental housing or youth hostels. Their only hope to home ownership is the Home Ownership Scheme (“HOS”) of which the ballot success rate is extremely low. Their hope very often become out of reach.

The Democratic Alliance for the Betterment and Progress of Hong Kong (“DAB”) has all along supported the expansion of the Youth Hostel Scheme. Youth hostel is definitely a good policy as it enables young people to enjoy independent living space with a rent lower than the market rate which can help young people save money. However, there is still much room for improvement in the existing the Youth Hostel Scheme in terms of supporting young people in achieving home ownership.

Firstly, at present, the monthly rent of youth hostels is approximately \$4,000 to \$5,000, which is about 60% of the market rate. Young people have little money left after paying rent and miscellaneous living expenses, so it is hard for them to save up for the down payment of their first home. We suggest that the Government should consider assisting young people to save money by refunding half of the rent charged at a level equivalent to 60% of the market rent to them when they surrender their tenancies, so that young people can use it as the down payment for home purchase.

Secondly, youth hostels are under the charge of the Home and Youth Affairs Bureau, which may not share the same policy objectives with the Housing Bureau. For this reason, DAB proposes that youth hostels should come under the management of the Housing Bureau and be treated as a tier of the home ownership ladder. Moreover, the five-year tenancy period is too short. We suggest to extend it to 8 to 10 years so as to allow young people sufficient time to save up for the down payment.

There are some 2 000 youth hostel units at present. The number is merely a drop in the bucket compared to the 15 000 university graduates each year. I hope the Government will enhance the speed, efficiency and quantity, so that more youth hostel projects, especially those located in urban areas, can be implemented expeditiously with the participation of private developers.

Lastly, for young people with higher income, the authorities should provide them with tax concession, including studying the possibility of exempting first-time home buyers from paying the stamp duty for residential property acquisition, subject to a ceiling of \$10 million for the property price. Meanwhile, we suggest that the Government should set the annual supply target of HOS flats at 15 000, so as to increase the supply of subsidized housing and make good use of the existing housing resources to rebuild the home ownership ladder.

Deputy President, if the majority of young people are unable to purchase their own homes, they will not be able to share the fruits of economic growth. The disparity between home owners and non-home owners will be further widened, which is not conducive to the stable development of our society. The Government should introduce more measures to help young people purchase their own homes, so that young people can see hope and really live and work in peace and contentment.

Deputy President, I so submit.

**MR LEUNG MAN-KWONG** (in Cantonese): Thank you, Deputy President. The Government's Long Term Housing Strategy ("LTHS") presents a rolling 10-year housing supply target and the public/private split of housing supply in response to the public's housing demand. Over the years, adjustments have been made to the supply targets under LTHS according to social development and public aspirations. In addition to adjusting the total supply targets, the public/private split of housing supply would also be revised. For example, in light of the Housing Authority's ("HA") decision to regularize the Green Form Subsidised Home Ownership Scheme ("GSH") in January 2018, some adjustments were made to LTHS that year based on the new development projects. "Public rental housing" ("PRH") was revised to "PRH/GSH" taking into account the interchangeability between PRH and GSH, as well as the fact that the target group of GSH is Green Formers including PRH tenants and PRH applicants who have passed the eligibility vetting.



Since the introduction of GSH by HA, the supply source of the scheme mainly comes from converting PRH under construction to flats for sale. With the further increase in the size of GSH flats in response to PRH tenants' aspiration to improve their living environment after home purchase, the interchangeability between PRH and GSH is in fact no longer necessary now. In the long run, I suggest that GSH flats should be reasonably categorized as "other subsidized sale flats ('SSFs')" so as to coordinate with the supply target of HOS flats, and adjustments should be made to the quotas for Green Form and White Form applicants in accordance with the demand in society. Moreover, reference can be made to the five-year public housing construction programme announced by the Government to give the public a clear idea of the supply of SSFs in the next five years, including the number of HOS and GSH flats as well as their locations, so that the public can make planning for future home ownership.

At the beginning of this year, as HA estimated that the huge volume of housing production and expenditure would pose significant financial pressure on HA, the Government indicated that with the waiting time for PRH becoming shorter, it is feasible to adjust the supply ratio of SSFs in the second five-year period of LTHS. Currently, for public housing, the supply ratio between PRH/GSH and other SSFs is 7:3. I hope the Government will consider increasing the supply ratio of SSFs to 5:5 starting from the second five-year period of LTHS, and include HOS and GSH flats in SSFs. As the average waiting time for PRH gradually reduces, the ratio can be adjusted dynamically in a timely manner in the future, so as to respond to the public's aspiration for home ownership.

Deputy President, last year, HA endorsed the extension of the maximum mortgage guarantee period and mortgage repayment period provided to purchasers of SSFs, so that eligible applicants can take out mortgage loans with higher loan-to-value ratio and longer repayment period in the secondary market of SSFs with premium not yet paid.

HA introduced the White Form Secondary Market Scheme ("WSM") to enable the public to purchase second-hand HOS flats in the market in addition to first-hand HOS flats. The average quota utilization rates of WSM 2018, WSM 2019 and WSM 2020 ranged from about 40% to 50%. With policy intervention, I expect that the quota utilization rate will increase, and consideration may be given to adjusting and increasing the existing WSM quota accordingly. Moreover, according to past figures, one-person applicants accounted for the vast majority of WSM applications. So, I hope the Government will consider increasing the quota allocation ratio for one-person WSM applicants at a suitable time.

The positioning of SSFs is to provide people who cannot afford private housing and who are ineligible for PRH with an opportunity to purchase their own homes. Looking at every HOS or GSH sale exercise launched by HA, we can see that the demand for SSFs is very great, as the oversubscription rate ranged from more than 60 times to more than 10 times. SSFs are also a valuable housing resource of society. It is necessary to avoid abuse and at the same time make good use of it. We should not let people with ulterior motives use SSFs as a tool for speculation to make profits. Hence, apart from increasing the supply, the Government should also study and consider how to enhance the turnover of SSFs. In the long run, SSFs and the private housing market should be separated, i.e. the sale of SSFs in the private market after payment of premium should no longer be allowed. I hope that these policy enhancements will lead to the steady and healthy development of the SSF market, so that SSFs will become the first step to home ownership for more members of the public.

Deputy President, I so submit.

**IR CHAN SIU-HUNG** (in Cantonese): Deputy President, I speak to thank and support Mr Andrew LAM's motion on "Reviewing the Long Term Housing Strategy to shorten the home ownership ladder" and the amendments proposed by several Members.

According to the latest figures from the Rating and Valuation Department, a cumulative decline of 23% in property prices has been recorded up to January this year as compared to the historical peak in 2021. However, according to a study conducted by an organization, the home ownership ability of new-generation university graduates is inferior to that of the previous generations. In fact, quite a number of middle-class families have reflected to me that home ownership is still difficult despite the drop in property prices. In the face of the still heavy home ownership burden, it is still necessary for the SAR Government to appropriately increase the supply of subsidized housing.

Deputy President, the Long Term Housing Strategy ("LTHS") adopts a "supply-led" and "flexible" strategy and establishes three major strategic directions to gradually avert the current supply demand imbalance, including providing more public rental housing; expanding the forms of subsidized home ownership and providing more subsidized sale flats ("SSFs"); and stabilizing the residential property market through steady land supply and appropriate demand-side management measures.

In the past, the housing ladder in Hong Kong consisted of three tiers from bottom to top, namely public rental housing (“PRH”), Home Ownership Scheme (“HOS”) flats and private housing. The housing policy of the previous-term Government mainly focused on building a home ownership ladder. By breaking down the demand, it increased the types of SSFs and introduced two new tiers, namely the Green Form Subsidised Home Ownership Scheme (“GSH”) and Starter Homes for Hong Kong Residents (“SH”) projects. GSH targets at PRH tenants who have certain financial means but are unable to afford HOS flats. It can satisfy the self-occupation needs of PRH tenants while accelerating the turnover of PRH units. SH provides an affordable home ownership option for the sandwich class whose incomes exceed the eligibility criteria for HOS but who cannot afford private housing. They form the five-tiered housing ladder today.

Deputy President, the PRH and HOS policies introduced by the British Hong Kong Government are social welfare policies that aimed to solve Hong Kong’s housing problem and meet the rigid housing demand of the public. However, the vision of promoting upward mobility through PRH is no longer applicable nowadays. In the 1980s and 1990s during Hong Kong’s economic boom, there were various opportunities for upward mobility. PRH tenants had more possibilities to accumulate wealth for purchasing HOS flats. However, due to our homogeneous economic industries in the past two decades or so, and the suspension of HOS production for various reasons, this pathway has been blocked and PRH has become purely government-subsidized housing. On the other hand, it is unrealistic to expect the private market to address the housing needs of the public solely. The Sandwich Class Housing Scheme is a perfect example.

I very much agree with the proposal in the amendment to review the public/private housing split and the ratio of PRH to SSFs in public housing. Since the annual update of LTHS in 2018, the Government adjusted the public/private split of new housing supply from 60:40 to 70:30, and stated that in order to balance the need to increase public housing supply substantially to meet the demand and the community’s demand for private housing, the Government would maintain the public/private split of 70:30 for the next 10-year period from 2024-2025 to 2033-2034. The Government indicated that it would continue to review this split annually. However, I am worried that the Government does not dare to touch this split because it concerns the interest of many people on the PRH waiting list.

As mentioned by the Director of Housing last week on a public occasion, some applicants started to wait for PRH at a young age, and some of them even took up lower-income jobs or requested their employers to reduce their wages in

order to satisfy the PRH income limit. Why do young people “lie flat” for the sake of PRH allocation? Why do they overly focus on PRH? Young people think that the younger they start waiting for PRH, the earlier they will be allocated a PRH flat. Is this a misconception created by the 70:30 split?

Deputy President, on the 10th anniversary of the promulgation of LTHS, we should review its vision, means and market changes expeditiously, so as to shift from blindly following market demand to guiding market demand, thereby building a more comprehensive home ownership ladder to facilitate upward mobility of the public, instead of looking at the matter with a tunnel vision and circling around the existing problems associated with PRH.

Deputy President, I so submit. Thank you.

**MR SHANG HAILONG** (in Cantonese): Thank you, Deputy President. First, I thank Mr Andrew LAM for the motion on urging the SAR Government to review the Long Term Housing Strategy (“LTHS”) and shortening the home ownership ladder.

Housing is the top priority among various livelihood issues in Hong Kong. A considerable proportion of people have to rely on the Government’s public housing policy to address their housing needs. On the other hand, a considerable proportion of families are “mortgage slaves” for half of their lives or even their whole lives. According to a survey, Hong Kong has been the city with the most unaffordable property prices in the world for 12 consecutive years, and its property price to income ratio is the highest since the survey was first conducted. One has to save all his income for about 23.2 years without eating or drinking in order to be able to purchase a home. The key to shortening the home ownership ladder lies in the housing supply and prices. At the same time, the relationship between supply and demand will have a direct impact on the prices.

Ten years ago, following a public engagement exercise on land supply, the Government announced LTHS in 2014 which put forward three major objectives: (1) provide more PRH units and ensure the rational use of existing resources; (2) provide more subsidized sale flats (“SSFs”), expand the forms of subsidized home ownership and facilitate market circulation of existing stock; and (3) stabilize the residential property market through steady land supply and appropriate demand-side management measures.

We also noticed that the amendments and estimates made in the LTHS Annual Progress Report are important work to keep us abreast of the times. However, given the rapid development of the situation, in order to shorten the home ownership ladder for various stakeholders, the LTHS Steering Committee should conduct topical discussions and studies, and make specific recommendations, just like the “supply-led” and “flexible” strategy put forward by the Committee back then.

Relatively speaking, housing supply is more important than price setting. Prices are set by the Government at a discounted market price affordable to the public. However, if the current supply of SSFs is not increased, the home ownership ladder will remain out of reach for the public because of a supply lag in the market, despite the public’s ability to afford it.

There is indeed a need to revisit LTHS in order to respond to the keen housing demand of the public. In 2018, the SAR Government set the public/private split of new housing supply at 70:30, i.e. 70% of the new supply will be public housing and 30% will be private housing. As for the new public housing supply, the ratio between PRH and SSFs was also set at 70:30. This ratio has been maintained after the Committee’s annual review last year. The Government intends to build a large number of PRH units in the Northern Metropolis, but if at the same time there is a serious shortfall in the supply of SSFs, the waiting time for PRH will be shortened on the one hand, but the home ownership ladder will be lengthened on the other. Therefore, I suggest that the Government should adjust LTHS by reducing the production ratio between PRH and SSFs from the present 70:30 to 50:50 or 60:40, so as to shorten the home ownership ladder and provide more choices to people who are capable of purchasing their own homes.

On the other hand, for private property owners or prospective home buyers, property prices are regarded as a matter of paramount importance, involving not only affordability but also the appreciation and depreciation of private assets. Hence, an upsurge or downturn in the property market will cause an extremely sensitive crisis in society. The Government must be prudent in keeping the property prices stable. I suggest that a standard, that is, a level that outstrips inflation, should be adopted to make healthy adjustments. Property prices should be determined by the market, and the only influence the Government can exert is to regulate land sales and control the housing supply.

Recently, property prices in Hong Kong have shown signs of instability. The market generally believes that the emigration tide will increase the supply of second-hand residential flats in Hong Kong, so property prices will definitely drop. However, based on the same economic principle of supply and demand, newly arrived talents (e.g. Top Talent Pass Scheme applicants) will also become potential home buyers. Besides, the legislatures of some countries are adjusting their taxation and immigration policies, so it cannot be ruled out that a large number of Hong Kong people who have emigrated overseas will return to Hong Kong. The Government must, as in the past, maintain the stability of the property market, so that the home ownership ladder for both newly arrived talents and local prospective home buyers will be shortened.

Living and working in peace and contentment is the dream of all Hong Kong people. I believe that while balancing the demands of different stakeholders, it is necessary to explore ways to enable all the people of Hong Kong, especially the younger generation, to build their own complete home ownership ladder, so that they can have more choices and a greater sense of well-being, which will definitely be conducive to the long-term development and stability of Hong Kong.

With these remarks, I support Mr Andrew LAM's motion and the amendments proposed by the other Members.

**MS JOEPHY CHAN** (in Cantonese): Thank you, Deputy President. Housing is a key policy issue of the current-term SAR Government, as well as the priority concern of this term of the Legislative Council. As we can see, housing has been the subject of our Members' motion debates for two consecutive weeks. I thank Mr Andrew LAM for proposing this motion which enables us to debate on this subject again, and I would like to focus my speech on home ownership by young people.

It has been 10 years since the release of the Long Term Housing Strategy. With reference to the International Housing Affordability Report published by international public policy organization Demographia around this time last year, it took a Hong Kong household nearly 19 years to get a foot on the home ownership ladder without eating or drinking, and Hong Kong has topped the list of the least affordable cities in the world to buy a home for 13 consecutive years. I am not sure if we will rank first again in the new edition of the report, but we really do not want the top place in this sense.

The biggest problem with the soaring property prices lies in the fact that our income growth cannot catch up with the increase in property prices. Overall, the home ownership ratio in Hong Kong has shown a downward trend, declining from 52.1% in 2011 to 48.6% in 2021. The home ownership rate among people aged below 35 has dropped even more drastically, plunging from 22.1% to 7.6%. The average age of first-time home buyers was 44. Therefore, there are objective data to support the point that young people feel hopeless about home ownership, and they do not feel like they can be stakeholders in society and do not see any hope.

With regard to the difficulty in home ownership, a study conducted by think tank Our Hong Kong Foundation has pointed out that in order to be eligible for a place in a youth hostel, an applicant must have a monthly income of less than \$25,000 and be aged between 18 and 30, which means that there are certain restrictions. Based on the assumption that a young person lives in a youth hostel for five years, he can save an extra amount of money through the rental discount of the hostel, but the amount of savings will only be about \$170,000 to \$250,000. Given the current level of property prices, which, as we can see, are still very high, the down payment for a “non-nano flat” in the private market can be as much as \$500,000 to \$600,000. Therefore, even with the money saved during the five-year residence in a youth hostel, it is still difficult for young people to buy a suitable flat in the private market to improve their living environment upon expiry of tenancy.

Even if young people can really buy their own home, “nano flat” is probably their only option and their quality of life will deteriorate instead. This makes public rental housing (“PRH”) a goal in life for young people and the turnover of PRH units will be even lower, which will in turn affect the income and the labour force of Hong Kong, thus forming a vicious cycle.

Deputy President, I believe quite a number of people have shared their views on the difficulties in recruitment in this Council in relation to various topics. I would also like to share a recent personal experience. My ward office in the district wants to recruit part-time staff, but it is still quite difficult to do so. Earlier on, a young man in his thirties applied for the job, but he said that he would not work full-time. He only wanted to work part-time and requested to be paid in cash. So, we could not hire him even if we wanted to do so. This unhealthy trend of “not getting a promotion, turning down full-time jobs and requesting wage payment in cash” seems to be a common social phenomenon nowadays.

Young people in Hong Kong have this trouble, but I want to share that young people in Singapore also have trouble with housing, although it is a “happy trouble”. Young people in Singapore do not have to worry about not being able to buy their own homes as long as they have a stable income and make provident fund contributions on time. Their only concern is whether they can buy a flat at their preferred location or of their preferred flat type. Of course, the housing policy of Singapore relies on its own robust provident fund system mentioned just now, which is different from our Mandatory Provident Fund system in terms of mode and contribution ratio, and so we are lagging far behind. However, the amendment proposed by Mr Stanley NG, President of our Hong Kong Federation of Trade Unions, suggests that the Government should increase the supply of subsidized sale flats, and a number of Honourable colleagues have expressed their strong support for this just now. We also propose to set up a home ownership fund to subsidize young people to purchase uncompleted Home Ownership Scheme flats, with a view to shortening the home ownership ladder and particularly helping young people to buy their own homes, so as to facilitate upward mobility.

In his important address on 1 July, President XI Jinping expressed grave concern about the four issues faced by Hong Kong young people, among which home ownership is the top priority. When young people have a hope for upward mobility, people of other age groups will have more hope for achieving upward mobility.

Deputy President, I so submit.

**MR TANG FEI** (in Cantonese): Deputy President, I speak in support of Mr Andrew LAM’s motion and the amendments proposed by the other Members.

There is no doubt about the importance of the housing issue. Mencius said, “Those who have permanent property have permanent confidence.” The word “property” refers to land and housing. There is no doubt about the importance of land and housing to us Chinese and to the Chinese society. We are most afraid of “having neither a tile over our heads nor a speck of land under our feet”. I very much appreciate that successive SAR Governments have used the publication of the policy document Long Term Housing Strategy (“LTHS”) and the progress reports as an important measure and key to resolving the deep-rooted conflict over housing. It is worthy of appreciation. However, there are at least two myths that make people perplexed.



The first myth is why the public/private housing split should be changed from the original 6:4 to 7:3 and then remain unchanged? Why, at the same time, is the ratio between public rental housing (“PRH”) and subsidized sale flats (“SSFs”) in public housing maintained at 7:3? Does the fact that there is another 7:3 under the 7:3 split reflect that the objective of the SAR Government’s housing policy is primarily to subsidize the public to purchase SSFs for self-occupation, while PRH and private properties are of secondary importance? Is there such an implication?

According to the LTHS Annual Progress Report 2023, as I just said, the public/private housing split is 7:3, and under this 7:3, there is another 7:3. If home ownership is regarded as a major means to help the public improve their living environment and facilitate upward mobility (especially for young people), and if this 7:3 ratio is static (that is, it is fixed), that would be puzzling. If the policy intent of having public housing to account for 70% of the housing supply is to enable people who are temporarily unable to buy their own properties (excluding those who occupy PRH units) to accumulate wealth and purchasing power so that they can take the first step on the home ownership ladder, then it is reasonable to expect that as people move up the housing ladder and eventually acquire their own homes, the proportion of private housing and SSFs in the public sector should increase, while the proportion of PRH units in the public sector should decrease. Otherwise, it is difficult to explain how the policy of facilitating upward mobility through assisting people to acquire home ownership can succeed, and why the queue for PRH is still so long, although the waiting time has now been shortened. The fact that the public/private housing split has been maintained at 7:3 means that PRH, as the first tier of the home ownership ladder, still accounts for 70% of the total. How do we explain this? In terms of policy objectives, why did LTHS set such a ratio?

Therefore, I very much agree with the suggestion made by many Honourable Members just now that this ratio should be revised. However, I would like to stress that in making the revision, the Government should link this ratio with the policy objective of assisting members of the public (especially young people) to move upward and eventually buy their own homes. Only in this way will the revised ratio be meaningful. This is the first myth.

The second myth is that ... We no longer have to quote the Gini coefficient to indicate whether the wealth gap in Hong Kong is widening or narrowing. I remember that the Financial Secretary has repeatedly reminded us to pay attention

to a structural deficit problem. What is that problem? It is that the number of people in the tax net has decreased, but the amount of tax paid has increased. Mathematically speaking, when the number of taxpayers decreases but the amount of tax paid increases, the only logical explanation is that our wealth gap is widening rather than narrowing. Under this premise, even if we do not consider the interest rate hike in the United States—although I hope the United States will really reduce its interest rates—and do not consider whether Hong Kong will follow the United States in raising its interest rates completely, and assuming that parents can pay the down payment for their children, to what extent can our young people bear the burden of mortgage repayment? Under such circumstances, LTHS has set the public/private housing split at 7:3, with another 7:3 under it. Apart from increasing land supply, what other policy measures can be adopted to help young people bear the burden of mortgage repayment, so that they can buy their own properties? Apart from increasing land supply, what other measures are in place?

Lastly, as the SAR Government has repeatedly stressed, land supply will become more stable and continue to increase in the future, can we come to an implicit conclusion that even though it may not be possible for the property market to fully realize the goal that “houses are for living in, not for speculation” in the future, there will be limited room for the appreciation of self-owned properties, be they SSFs or private flats, in the future? (*The buzzer sounded*)

**DEPUTY PRESIDENT** (in Cantonese): Mr TANG Fei, your speaking time is up.

Dr Wendy HONG, please speak.

**DR WENDY HONG** (in Cantonese): Deputy President, I very much agree with the ideas of “reviewing the Long Term Housing Strategy” and “helping members of the public to move upward” as proposed in the original motion and the amendments.

However, I do not agree to shortening the home ownership ladder. Home ownership ladder is meant for the sandwich class who are ineligible for public housing but cannot afford to buy private housing. Since the capabilities and needs of the sandwich class vary, more choices should be provided to them. If the home ownership ladder is shortened, whether by giving up the Green Form Subsidised Home Ownership Scheme or the Starter Homes, the choices available to the

sandwich class will undoubtedly be reduced, so I do not agree with this point. However, I totally agree that the general direction of the housing policy should be to promote upward mobility of the public.

Looking back at the Long Term Housing Strategy (“LTHS”) over the past 10 years, I regret to say that LTHS is neither long-term nor strategic, nor does it have a vision or a soul. On the occasion of the 10th anniversary of LTHS, we need to make adjustments to its fundamental logic and come up with a genuine and far-sighted strategy, so as to shift from blindly following market demand to guiding market demand to achieve our vision.

To put it simply, the fundamental logic of LTHS is to examine the current housing supply and demand, and project the housing demand in the coming 10 years based on the development trend of population and so on, and then propose solutions to reverse the imbalance between supply and demand. This is the most typical mindset of public policy formulation in Hong Kong, i.e. it is demand-driven. What and how much the market needs will determine what and how much the Government will provide. This mode has its own merits in that it can respond to market demands and “white elephant” projects are less likely to occur. However, its shortcomings are also very obvious, one of which is that we seldom think about whether the demands in the market are reasonable. What will happen if we blindly fulfil these demands? Should these demands be changed? And how should they be changed?

Once a house is built, it has to be used for at least 50 years, hence resources will be locked up in it for at least 50 years. Therefore, in deciding which type of housing to build, we must consider how Hong Kong’s housing structure should evolve in the next 50 years. How many people do we want to live in public rental housing (“PRH”) which is specially designed for the grass roots and where tenants are persistently subject to income limits? How many people can move up the housing ladder and buy their own homes? How many people can rent affordable housing? In other words, we need to answer this question: What is our vision? How can we achieve this vision by guiding market demand while serving it?

Unfortunately, LTHS has not touched on the above issues at all. The various “strategies” proposed in the report are only means to achieve a balance between supply and demand. If “balancing supply and demand” is our vision, I can only say that this vision is too small in scale and too low in level.

Property prices continued to soar in the housing cycle before the outbreak of the COVID-19 epidemic. The waiting list for PRH expanded rapidly and the waiting time continued to increase. To cope with the demand, the Government adjusted the split of housing supply in LTHS in 2018. Under the two 7:3 policies, government resources are heavily tilted towards PRH. The Government sought to fulfil the KPI (key performance indicator) for PRH production at all costs, so that people on the Waiting List for PRH can be allocated PRH units as soon as possible.

However, the fact is that there is no shortage of PRH units in Hong Kong nowadays. What we lack is a rung on the housing ladder above PRH. Due to the lack of a housing ladder, people never move out of PRH once they moved in, and PRH units are unable to circulate. Besides, there are too few outlets for the sandwich class, and many people even “move downward” to wait for PRH. As a result, a group of prime-age workers have been locked on the PRH Waiting List, resulting in a serious shortage of local labour supply.

Basically, our housing policy is very short-sighted. The objective is simply “buying a home” instead of “moving upward”. This mentality has led more people to become grass roots who rely on public housing, while the lack of a housing ladder has also stifled the impetus and room for upward mobility.

In my opinion, demand can be guided and shaped. The key is that we have to give LTHS a long-term vision and implement genuine strategies, so as to shift from following market demand to guiding market demand. I suggest that resource allocation should be adjusted as soon as possible, so as to build a housing ladder that can enable the public to move up the ladder step by step. This can save some of the resources for PRH which can be used to support the upward mobility of the grass roots and the young people, and at the same time speed up the turnover of PRH units, so as to gradually expand the middle class and build an olive-shaped society with the middle class being the mainstay.

I so submit.

**MR VINCENT CHENG** (in Cantonese): Thank you, Deputy President. Deputy President, first of all, I would like to thank Mr Andrew LAM for moving this motion which urges the Government to expeditiously review the Long Term Housing Strategy (“LTHS”), shorten the home ownership ladder and help members

of the public to move upward. Following last week's motion on "Re-launching and enhancing the sales scheme for public rental housing units", we are discussing the housing policy again this week. But today, the motion mainly urges the Government to review LTHS as soon as possible. I agree very much with this, and this is also what the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") has been advocating. The most important thing is persistence. I hope the supply of public rental housing ("PRH") can be linked to the target of three years' waiting time for PRH allocation, so that the demand for PRH can be projected on this basis.

To address people's livelihood concerns and solve their difficulties in PRH allocation and home ownership, the current-term Government has been proactive and determined to expedite the supply and production of PRH. In the face of the 10-year demand for about 300 000 subsidized housing units, the Government has already identified sufficient land for the construction of 410 000 subsidized housing units. The Government has also reduced the time required for the statutory procedures for housing construction and land disposal through legislative amendments, with a view to reducing the Composite Waiting Time for Subsidised Rental Housing for general households to an average of 4.5 years by 2026-2027. I support this policy direction. However, regarding LTHS, although there have been revisions to LTHS since its framework was formulated in 2014, such as adjusting the public/private split of housing production to 7:3, I think it is time for the Government to further review LTHS and enhance the home ownership ladder, so as to enable members of the public to buy their own homes at an affordable price level.

In this connection, I have a few suggestions in general. Firstly, with regard to the home ownership ladder, in my hand is this ladder diagram which I always put on my desk. This diagram shows the different tiers of the ladder, starting from PRH, to Green Form Subsidised Home Ownership Scheme ("GSH"), Home Ownership Scheme ("HOS"), Starter Homes for Hong Kong Residents and private housing. This is actually a very good ladder diagram. But under this ladder, the Government has introduced transitional housing without adding a corresponding rung, so I added one to it. Therefore, my first suggestion is of course to include transitional housing and Light Public Housing ("LPH") as part of the future ladder, so that people living in inadequate housing can move into transitional housing and LPH temporarily when they are in the most difficult situation and have an alternative to subdivided units within a basic safety net.

Another suggestion is to make the eradication of subdivided units one of the objectives of LTHS. I understand that the Government has made great efforts to listen to the views of various stakeholders recently. I also hope that the issue of subdivided units can be properly dealt with through a registration or licensing system, so as to deal with subdivided units of poor quality step by step and turn subdivided units into more suitable places for people with short-term accommodation need.

Thirdly, the supply of subsidized housing should be linked to the three-year waiting time target for PRH allocation and be regarded as a policy objective, and this is also what DAB has been advocating. We hope that the public housing supply can be adjusted and calculated on this basis.

Fourthly, I notice that LTHS did not explicitly mention the home ownership ladder, but it did mention that subsidized home ownership is an essential element of the housing ladder which helps promote social mobility. Just now, a number of Members mentioned home ownership by young people. In fact, insofar as the supply of HOS flats in the past few years is concerned, if HOS flats are also an option, the original annual target of 15 000 flats is not quite sufficient to meet the target. Looking at the production of subsidized sale flats (“SSFs”), it was actually very small in the past 10 years. From 2013 to 2016, it was zero, and thereafter, there were about 3 000 to 5 000 flats, and only in two years did the annual supply reach 9 000 flats. Therefore, many young people of marriageable age have indicated that they have given up on HOS because the chance to succeed in the HOS ballot drawing is very small. They hope that there will be other ways to acquire home ownership. As far as young people are concerned, I hope that a review can be conducted on both HOS and GSH in the future, so as to provide them with better opportunities to buy their own homes.

On the other hand, another way to shorten the home ownership ladder is to re-launch the Tenants Purchase Scheme as all along advocated by Mr CHAN Hok-fung. I hope that the Bureau can consider this more proactively.

Deputy President, I support Mr Andrew LAM’s original motion and the amendments proposed by five other Members. Since all the amendments have mentioned different ways to enhance the home ownership ladder, I support them all in principle.

I so submit. Thank you, Deputy President.

**MR LAI TUNG-KWOK** (in Cantonese): Deputy President, I would like to thank Mr Andrew LAM for proposing today's motion.

The Long Term Housing Strategy (“LTHS”) has been adopted since its formulation by the SAR Government in December 2014. If we read the document carefully, we will find that it refers to the housing ladder, not the home ownership ladder. It is clearly pointed out in the foreword of the document that the Government aims to “rebuild the housing ladder”. How can this be achieved? The ways are: first, “to provide PRH to the grass roots”; and second, “to help the lower to middle-income households meet their home ownership aspirations”.

Deputy President, public housing is part of the housing ladder, but it is not at the bottom of the ladder. According to the 2021 Population Census conducted by the Census and Statistics Department, there were 108 000 households living in subdivided units (“SDUs”) in Hong Kong, and the number of people concerned was estimated to be more than 200 000. There is no need for me to dwell on the difficulties faced by SDU households. We can get a clear picture just by looking at Director XIA Baolong's appeal for Hong Kong to bid farewell to SDUs and the series of measures introduced by the SAR Government to address the difficulties and pain points faced by SDU households.

More than 200 000 SDU residents are waiting to move from SDUs to public rental housing (“PRH”) units, so as to take the first step to move up the housing ladder. If we put too much emphasis on the “home ownership” part of the housing ladder (i.e. Green Form Subsidised Home Ownership Scheme (“GSH”), Home Ownership Scheme (“HOS”), Starter Homes, etc.) and hasten to shift our resources to these schemes in the short term, the construction of more flats for home ownership will undoubtedly have to be achieved at the expense of a reduced supply of PRH units. In that case, only the grass roots on the Waiting List for PRH will suffer, including, of course, tenants of SDUs.

In my opinion, a more appropriate approach is to continue to focus on PRH and maintain the 7:3 split in public housing, so that people in need can be allocated PRH units as soon as possible and their living environment can be improved. A few years later, when the supply of PRH increases significantly as planned, the number of SDU households really drops and the waiting list is shortened, there will room for the Government to increase the supply of flats under HOS and other schemes, so as to enable more PRH tenants to move up the home ownership ladder. Of course, I have no objection to the authorities considering and reviewing LTHS as early as possible so as to prepare for the enhancement of the housing ladder.

However, I think the crux of the problem lies in land supply. I believe that as long as the measures to enhance speed, efficiency and quantity of land production are properly implemented, the problem of the housing ladder will take a turn for the better.

Deputy President, while waiting for an increase in land supply, if we want members of the public to move up the housing ladder more smoothly, the authorities will have to put in more efforts. I notice that under the existing policy, after the death of the tenant of a PRH unit, family members of the second generation have to move out of the unit if they are capable of meeting their own housing needs. However, if they do not own any residential property, they can at the same time enjoy the first priority for HOS purchase. This measure can enhance the mobility across the housing ladder, and the authorities should strictly enforce it. Moreover, since this policy also applies to HOS flats, can it be extended to GSH as well? Theoretically, GSH is the rung above PRH but below HOS on the housing ladder. Perhaps some people are able to afford GSH but not HOS. If the authorities adopt similar suggestions and think more, I believe they can surely enable members of the public to make their move on the housing ladder more smoothly.

Deputy President, I so submit.

**MS YUNG HOI-YAN** (in Cantonese): Deputy President, I thank Mr Andrew LAM for proposing the motion on “Reviewing the Long Term Housing Strategy to shorten the home ownership ladder”.

The housing problem has always been plaguing Hong Kong. According to my understanding, the Long Term Housing Strategy formulated by the Government has begun to yield results in the past few years, including the introduction of the Light Public Housing (“LPH”) and a number of youth hostel schemes. However, although there are currently the Home Ownership Scheme (“HOS”), the Green Form Subsidised Home Ownership Scheme (“GSH”) and the Starter Homes for Hong Kong Residents (“SH”) projects, they are not able to fulfil people’s aspiration for home ownership expeditiously. Moreover, Mr Andrew LAM wishes to shorten the home ownership ladder, but the key question is: Where does the money come from? Young people are unable to buy their own homes if they have no money regardless of how short the home ownership ladder is. Even if the down payment is as low as \$1 million now, it is still difficult for them to save up such a sum of money. How can they save the first million? I believe it will take them at least 10-odd years to save the first million, not to mention how many years they



have to eat bread just to be able to save money. Saving a million dollars for purchasing a home is still an unattainable goal for young people and young families. Therefore, the existing schemes like HOS, GSH and SH actually aim at enabling more people to buy their own homes gradually. The amendments proposed by Dr CHOW Man-kong, Mr Tony TSE and the other Members today seek to speed up the home ownership process by addressing specific details, and at the same time enhance the existing schemes.

The main point I want to make today is that while waiting to be housed ... Of course, home ownership is not a must. People can still enjoy a sense of security and well-being even if they rent a flat or participate in other existing government schemes. Take the Youth Hostel Scheme as an example. The Government has made a lot of efforts in recent years. In fact, more than 3 400 hostel places have been provided at present. Hotels and guesthouses will also be converted into youth hostels in the future. The target of the scheme is to provide an additional 3 000 hostel places in the next five years. I think these schemes can effectively give young people a sense of well-being. As for the home ownership ladder, while home ownership can bring a sense of achievement, we believe that it is actually easier for members of the public or young people to fulfil their aspirations by making better use of their resources for starting their own business, or making other life investments or monetary investments (including stocks, other markets, hi-tech investments, and so on). With regard to LPH or SH projects, we hope to see that the Government has the foresight to consider ways to improve the circulation of public housing, such as introducing the rent exemption scheme for elderly households in public rental housing to encourage under-occupation elderly households to transfer to other units, so as to vacate the units for use by more suitable families. I think that these are good measures of the Government.

Looking at our country and the world, how do these places facilitate home ownership? Some places have introduced co-living space (relevant schemes are also available in Hong Kong), rent-to-own programmes and intergenerational housing programmes. The concept of intergenerational housing is rarely adopted in Hong Kong. I have only seen a cross-generational co-living scheme introduced by SideBySide. Considering that the number of elderly people living alone is close to 190 000 at present, and the difficulties faced by carers which have also been mentioned in the oral question session today, I think that the Government should actively think about how to provide better care for the elderly in the future. For example, it may consider the idea of co-living between the elderly and young people, which can give the elderly, the middle-aged and young people a sense of home.

I have watched a film called “We Are Family” recently. The idea of the film is very good because many elderly people are actually in lack of care. The promotion of co-living between elderly living alone and young people can reduce the sense of loneliness of the elderly while addressing the shortage of carers. Young people living with the elderly will also gain the experience of caring for others. I think this is a brand new idea, and it is worthy of reference by the Government in reviewing how public housing and existing housing resources can be flexibly utilized to enhance the room for upward mobility of young people.

Thank you, Deputy President.

**PROF LAU CHI-PANG** (in Cantonese): Deputy President, I speak in support of Mr Andrew LAM’s original motion and the amendments proposed by the other Members.

Hong Kong is a small place with a large population, and it is an impression deeply rooted in the minds of the people. Even primary school textbooks describe Hong Kong in this way. Hong Kong has a land area of about 1 100 sq km, which is actually not large, and a population of more than seven million, which is actually not small. However, it is puzzling that our people are not enjoying the 1 100 sq km of land space evenly, but are living in crowded conditions on 7% of the land. So, the per capita living area is only 16 sq m, and even only 6.6 sq m for those residing in subdivided units. Both members of the public and senior government officials agree that “this situation is not desirable”. Since our return to the motherland 27 years ago, every term of the Government has tried to improve the situation, but the situation only got worse, which is frustrating. The reason for this is that the Government has been adopting an inherent bureaucratic mindset in dealing with land and housing issues and it lacks the courage to break through the established framework.

(THE PRESIDENT’S DEPUTY, MR CHAN KIN-POR, took the Chair)

Deputy President, when it comes to the shortage of housing, government officials will invariably say, “Without flour, no bread can be made; without land, no house can be built.” This statement is based on the town planning guidelines laid down 100 years ago. In the early days, the Government designated different

land uses according to the needs of society at the prevailing time. Country parks, which currently account for more than 40% of the land in Hong Kong, were originally intended to be used as water gathering grounds where catchwaters channelled rainwater falling on the countryside into reservoirs so as to safeguard the local potable water supply. Since the importation of Dongjiang water from across the border in 1965, Hong Kong no longer had to rely on the water gathering grounds which occupied 40% of our land as the source of fresh water supply. However, country parks are like Pixiu in that the land, once incorporated into the parks, can never be released.

The last-term Government adopted a home-ownership-oriented housing policy. Then, through the public engagement exercise on land supply, all possibilities of changing the land policy and increasing housing supply have been frozen. Eventually, in order to satisfy the populists, the public/private split of housing supply was revised from 6:4 to 7:3. This decision was regarded as impractical by members of the industry and we can actually see that the production of public housing falls far short of the target. As pointed out by experts, public housing and private housing are two separate markets, and the housing supply strategy should deal with the demands of the two markets separately, rather than mixing them together and setting a ratio arbitrarily.

Deputy President, Mr LAM's motion, which is proposed from a practical perspective, does serve the home-ownership-oriented objective to a considerable extent. Clothing, food, housing and transport are the four key elements of people's livelihood, and the one that Hong Kong people find most unsatisfactory is housing. As the famous lines of the great poet DU Fu go: "How I wish I could have ten thousand houses to provide shelter for all the poor people who need it and make them beam with smiles; In wind and rain these shelters would withstand like mountains high." It can be seen that when people can live in peace, there will be stability in society. Home ownership is actually one of the options to achieve "living in peace", and "living in peace" is the ultimate goal.

How can we "live in peace" then? In the film *Echoes of the Rainbow*, Sandra NG put it very clearly: "The most important thing in life is to keep a roof over one's head!" By "roof", she meant the roof of a house, that is to say, the most important thing for a person is to have somewhere to live in. That means one does not have to be a property owner or a landlord, but he only needs to have a place to live in, and this will suffice to satisfy one of the major pursuits in life.

I hope that Mr LAM's motion on shortening the home ownership ladder can help some Hong Kong people achieve the goal of "living in peace".

Deputy President, I so submit.

**MR JEFFREY LAM** (in Cantonese): Deputy President, housing is a livelihood issue of the utmost concern to the public. I am glad to see that the new-term SAR Government has adopted a forward-looking vision to address the shortage of housing supply in Hong Kong and solve the deep-rooted problem about the difficulties in securing affordable housing through large-scale and comprehensive planning, such as the Northern Metropolis.

Today's topic is about how to shorten the home ownership ladder. The home ownership options in Hong Kong are broadly divided into two ladders, namely subsidized housing and private housing. Of course, there is a wide range of schemes under subsidized housing for the public to choose from. After the announcement of the abolition of the "harsh measures" in the Budget, the private property market has obviously become more active. In particular, a number of new developments have evoked enthusiastic responses. On the contrary, eResidence in To Kwa Wan, a subsidized housing development, drew a lukewarm response from buyers, with nearly 70% of the applicants not showing up on the first day of flat selection. This reflects not only that the pricing of private housing is more flexible and competitive than that of subsidized housing, but also that there is a great demand for private housing in the market.

Although the Long Term Housing Strategy Annual Progress Report 2023 recommended that the public/private housing split should remain at 7:3, with the increase in housing supply in the future, I think the Government should consider appropriately adjusting the public/private housing split to, say, 6:4, so as to cope with future development and at the same time satisfy the demand of society for private housing as far as possible.

In respect of subsidized housing, the Business and Professionals Alliance for Hong Kong suggests that the Government should re-launch the Tenants Purchase Scheme, so as to enable public rental housing ("PRH") tenants to buy their units at a lower price. We also agree that the Government should put up for sale as soon as possible those units that have not yet been sold. With the increase in the supply

of land and housing in the future, the Government should consider re-launching the PRH sale scheme to meet the home ownership need of more people.

Deputy President, I notice that whenever there is a downturn in the property market, the sales of subsidized housing (including flats under Home Ownership Scheme (“HOS”), Green Form Subsidised Home Ownership Scheme and Starter Homes for Hong Kong Residents (“SH”) projects) will be affected to some extent. I think the Government’s policy should be more flexible, and the pricing and discounts should be set at a level closer to the market. In terms of policy, SH projects were launched in response to the soaring property prices a few years ago when many people complained that they could not afford to buy a flat. Now that the market situation is different, is it possible to think about how SH projects can be transformed? For example, many people who came to Hong Kong under the Top Talent Pass Scheme (“TTPS”) want to buy a flat. Can this type of flats be made available to those who came to Hong Kong under TTPS? Should the existing SH projects be adjusted or reviewed?

As for private housing, as Hong Kong is an international metropolis, I think the Government should make greater efforts in encouraging and motivating those who have the means to buy their own homes in the private market. This can, on the one hand, enhance people’s sense of belonging, and on the other hand, revitalize the property market and increase the revenue from stamp duty, which will have an important stabilizing effect on the revenue of the Treasury as well as on the economy of Hong Kong.

In addition, in order to solve the difficult problem of home ownership, there are many aspects that are worthy of study by the Government. For example, it can introduce a MPF Starter Homes Scheme, so that young people who intent to buy their own homes can use their MPF contributions flexibly as the down payment for first-time home purchase; and consideration can also be given to waiving or reducing the stamp duty on first-time Hong Kong home buyers who are 40 years of age or below, with a view to solving the difficult problem of home ownership. Of course, in order to further improve the home ownership ladder, the Government needs to adopt a multi-pronged approach to stabilize housing supply, so as to ensure an adequate supply of flats in the market. For example, the Government should expedite the planning and development of the Northern Metropolis, promote the large-scale redevelopment of old PRH estates and increase the plot ratio of residential sites in the market.

Deputy President, I hope that the Administration will consider our proposals, so as to enable members of the public to buy their own homes and live in bigger and more comfortable housing.

I so submit.

**MR LUK CHUNG-HUNG** (in Cantonese): Deputy President, I speak in support of this motion. This motion seeks to shorten the home ownership ladder for the public, so that everyone or most people can afford to buy their own homes, live in bigger and better housing and become home owners as soon as possible. I think today's discussion is meaningful, but we must be careful not to fall into the trap of thinking that buying a home is the only good option, and that buying a home is a major indicator or a way out in life or in many other matters.

It is true that home ownership can give people a sense of motivation and foster social cohesion. It can also give people a sense of well-being and stability, as in the case of Singapore's Housing and Development Board flats policy, which is the envy of all. However, there are also advantages in renting a flat. Public rental housing ("PRH") tenants enjoy stable housing at concessionary rents offered by the Government, so they at least do not have to fear being evicted by the landlord, and they are willing to work hard in Hong Kong. In my opinion, while helping the public to buy their own homes, the basic supply of public housing must not be suppressed, for this is a fundamental part of all housing policies.

Over the years, we in the Hong Kong Federation of Trade Unions ("HKFTU") have emphasized the principle that "houses are for living in, not for speculation", and advocated a housing policy with PRH as the mainstay and Home Ownership Scheme ("HOS") as secondary support, supplemented by the private market. This concept put forward by HKFTU years ago is still applicable nowadays. In particular, as the overall land and housing supply is still tight, the burden of purchasing private flats will take up a very big proportion of our income, for Hong Kong is one of the cities in the world with the least affordable property prices. Therefore, the supply of PRH should not be suppressed and people should not be encouraged to buy their own homes. We must not give people the impression that we are pushing them to buy homes, thus making the PRH waiting time longer and longer, which I think is absolutely unacceptable.

Regarding how to help the public shorten the home ownership ladder, I think it is necessary to identify the pain points. At present, there are two pain points, the first of which is HOS. Whether one can step on this major rung of the ladder depends sheerly on luck, as in the case of a lucky draw. It is actually very strange for a public service to be allocated by way of a lucky draw. As for the Singaporean model, I once met Secretary Winnie HO in Singapore. Our classmates from Tsinghua University met the Secretary at the Housing and Development Board in Singapore. We all went there to learn from the Singapore experience. It has adopted a very important concept of “Build-to-Order”, which means building according to demand. If someone indicates his intention to buy a flat, arrangements will be made to build the housing. It does not mean that only the lucky ones will succeed in the ballot, and that one has to depend on luck in the event of an oversubscription by several dozen times.

When it comes to Build-to-Order, that is, building according to demand, one of our ideas is to “let home owners create their own land”, or set up funds for those in need, especially young people, to make contributions. For example, if the target is to save \$1 million over a period of 10 years for the down payment and renovation costs, with a return of 4% per annum, the monthly contribution will be about \$8,300-odd. For young people with a median monthly income of \$19,800, they can achieve this by living a more frugal life, and they can set a savings target.

Moreover, I have to emphasize the importance of market segregation. By segregating the markets, people with genuine housing need and investors will be completely separated. Those who purchase properties for investment and self-occupation purposes or expect appreciation in value may buy private properties; those who purchase properties just for self-occupation purpose regardless of whether there is any room for appreciation in value should buy HOS flats or subsidized sale flats. In this regard, I think that in the future, there may be a need to impose more restrictions on the sale or resale of such flats.

Lastly, we think that PRH is still a cornerstone. We must not assume that those living in a PRH unit do not have motivation. This concept is wrong because the advantage of living in PRH is that the tenants can have more cash flow to do business or make other investments. Therefore, I think the housing policy must be comprehensive and include all the three tiers.

Thank you, Deputy President.

**MR CHAN YUNG** (in Cantonese): Thank you, Deputy President. Thank you, Secretary. We very much agree with and are grateful to Mr Andrew LAM for his motion on “Reviewing the Long Term Housing Strategy to shorten the home ownership ladder”, as well as several other Members for their amendments.

I find that this topic is in line with President XI’s remark that it is the aspiration of the people to “have more decent housing”. Only when everyone can live in peace can they work in contentment. Of course, before we can have more decent housing, we must first have reasonable housing and basic housing. I originally wanted to quote the compassionate poem by DU Fu, but our Prof LAU Chi-pang talked about history and literature at the beginning of his speech, so since he has already quoted the poem, I will not repeat it.

Besides, he also mentioned clothing, food, housing and transport. In my opinion, insofar as clothing is concerned, since Hong Kong is a relatively warm place, it is fine to wear a little more or a little less as long as one does not catch a cold or flu. The same goes for food, as it is fine to eat expensive or cheap food. As for transport, public transportation is very convenient nowadays. But when it comes to housing, one cannot sleep under a bridge today, on the street tomorrow and in a park the day after tomorrow. Therefore, housing is our biggest concern in comparison.

As we know, the land development rate in Hong Kong is 24.7%, in which the proportion of land used for housing in Hong Kong is relatively low at only 7%, as compared to the neighbouring Asian regions such as Singapore, which stands at 14%. In addition, the proportion in London is 33% and in New York, it is 34%.

In the past, we were all worried. However, now that Hong Kong is advancing from stability to prosperity and under the good leadership of the Chief Executive, coupled with the fact that the Secretary, being very enterprising and energetic, has often been very decisive in taking forward such projects as transitional housing and Light Public Housing, we have great confidence in the future. I have some suggestions regarding the specific measures. For example, the Long Term Housing Strategy has laid down some policy objectives, but if we are to be result-oriented, how long will it take for people to be allocated a public rental housing (“PRH”) unit and how can they buy their own homes? It seems that more should be done in this respect.



Regarding the three major policy objectives, the Democratic Alliance for the Betterment and Progress of Hong Kong has also mentioned them and Mr CHAN Hok-fung has spoken more in this respect. For example, when can the target of three-year waiting time for PRH allocation be achieved? This is what Chief Executive John LEE has referred to as the result-oriented approach to assist young people in acquiring their own homes, so that those who are willing to acquire home ownership can buy a flat, even a smaller one, provided that it meets their affordability and requirements.

The most crucial objective is to bid farewell to subdivided units and small flats. We can see that when Director XIA Baolong was in charge of local government, one of his biggest achievements was to solve the problems of small dwellings and squatter huts, which are tantamount to subdivided units in Hong Kong, within a short period of time. Time is short, but as long as we can demonstrate sufficient determination, we believe we can see significant progress within a short period time, so that the housing problem faced by Hong Kong people can be solved completely in the medium to long term.

Moreover, as far as I understand it, the word “shorten” mentioned by Mr LAM refers to speeding up the home ownership process. When we achieve this goal, we still need planning, then will the average living space per person be increased from 7 sq m to 10 sq m? In addition, with regard to flats for sale, we do not want to see “nano flats” anymore, even if these flats are beautifully packaged. Can the minimum flat size be set at 200 sq ft in the future? Also, we should reserve more land. Will the Government consider re-launching the Tenants Purchase Scheme as vigorously promoted by Mr CHAN Hok-fung?

Furthermore, there are no housing units in the New Territories, which covers a vast expanse of land. Although there are some small houses, can they be converted to “small buildings” as proposed by our rural friends? Small houses are three to four-storey high. If small houses can be converted into 30-storey, 50-storey or even 60-storey buildings, half of the flats can be allocated to indigenous villagers, while the other half can be converted into Home Ownership Scheme flats or flats for sale to young people, or even some of them can be turned into PRH units. Consideration can be given to all these various proposals.

The key to these good suggestions lies not only in the fact that we should put ideas into practice, but also that we should do “more, faster, and better”, and we should do it as quickly as possible. I believe that our Chief Executive, the

new-term SAR Government and the Secretary definitely have the ability and vigour to expeditiously move forward in this direction. We will definitely give them our full support.

Thank you, Deputy President.

**PROF PRISCILLA LEUNG** (in Cantonese): Deputy President, I speak in support of the general direction of reviewing the Long Term Housing Strategy (“LTHS”), but as regards “shortening the home ownership ladder”, I hope that Members can consider and discuss the LTHS issue with a more open attitude after today’s discussion.

I have always thought that “ladder” is actually not suitable for Hong Kong. Hong Kong is a very diversified society. We only need to be committed to assisting the grass roots and the poorest in crossing the “red line” in housing. I think it is not very scientific to rigidly consider whether it is good or bad to have a long or short “ladder”.

Secondly, this topic is about home ownership. I always believe that when we discuss the housing issue, we have to take into account the management of public expectations. We should not set universal home ownership as the goal for society, but rather, we should aim at enabling people to have a place to live in. Regarding housing, I recall that I did a field study in Taiwan when I was in university. The most popular term at that time was “shell-less snails”, which may coincide with the story in the film *Echoes of the Rainbow*. In fact, the most important thing is to solve the housing problem for the poorest, and give the emerging group the opportunity to buy their own homes. Therefore, in the future, if we keep emphasizing home ownership, more and more young people will feel frustrated, which is unnecessary and unhealthy for Hong Kong society.

This morning, I was most delighted to hear the news report that the Task Force on Tackling the Issue of Subdivided Units has finally proposed to introduce a registration system for subdivided units (“SDUs”), under which unregistered owners will no longer be allowed to operate SDUs, and registered owners will be required to engage professionals to ensure that their SDUs meet the minimum housing standards. I think this is really a good move because the Task Force is determined to eradicate substandard housing, especially those flats with a combined kitchen and toilet, “coffin-sized units”, cage homes, etc. Substandard

housing is the most serious issue in Kowloon West where I have previously served. Two major fires broke out in Fa Yuen Street, claiming 10 lives, and both of them were caused by SDUs. Therefore, I am very pleased to hear that, and I hope that the Government will step up its efforts and the Task Force will set its mind on introducing more targets.

As a Member of the Legislative Council, I also have aspirations. I remember that two years ago, 100 children living in SDUs drew a picture to show their aspiration of getting out of the “black box” and presented it to the Secretary in the hope that the Secretary would put it in her office. In fact, we do not want children living in SDUs to have to rely on the Government’s support to be housed to public housing in the end, but rather they should strive to buy their own homes through self-enhancement. This is the true Lion Rock spirit of Hong Kong people.

In this connection, we in the Business and Professionals Alliance for Hong Kong have put forward specific policies on multiple occasions. Now I just outline some of the proposals, which include the redevelopment of old public rental housing (“PRH”) estates, and the introduction of technologies such as Modular Integrated Construction from the Mainland to expedite the construction of public housing. Moreover, now that it has been announced that 24 PRH estates will be redeveloped, can the redevelopment of 12 of them be implemented as soon as possible? For example, in Shek Kip Mei Estate which we serve, large pieces of concrete fell and hit some people on the head. It was not life-threatening for the lucky ones, but the unlucky ones had their legs fractured. These are the cases that I have followed up.

Therefore, I think the redevelopment of old PRH estates is, after all, a very important option because these estates are well-located with good transport facilities and markets. Redevelopment of these estates, if implemented, can increase housing supply immediately. However, I would like to raise one point: can we cooperate with the Mainland in order to achieve “housing as priority”? Is it possible for us to buy some completed residential flats in the Greater Bay Area and use them as a type of PRH supply? If we are unable to build PRH on time, and members of the public accept this option voluntarily, then there will be a win-win situation. Some housing developments in the Mainland have very nice environment, so perhaps they can be an option for Hong Kong elderly singletons or retirees who are on the Waiting List for PRH.

I very much hope that the Government will enhance speed, efficiency,

quality and quantity in implementing the housing ladder, and I also hope that in helping our young people, we should adopt a more open attitude in dealing with the issue of home ownership targets.

I so submit.

**MR BENSON LUK** (in Cantonese): Deputy President, I would like to thank Mr Andrew LAM for moving the Members' motion on "Reviewing the Long Term Housing Strategy to shorten the home ownership ladder". I also thank the other Members for proposing the amendments.

Living and working in peace and contentment is the common aspiration of the general public. According to the Long Term Housing Strategy Annual Progress Report 2023 recently released by the Housing Bureau, in the next 10 years from 2024-2025, the total housing supply in Hong Kong will exceed the total demand by about 7 700 units. This figure, I think, is the fruit of the efforts made by the Secretary for Housing and many colleagues of the SAR Government, and it deserves recognition.

I have always been concerned about youth development, so today I would like to focus on the home ownership challenges faced by young people. When President XI Jinping came to Hong Kong for the celebrations of the anniversary of the HKSAR, he clearly stated that we must "help young people with their difficulties in studies, employment, entrepreneurship, and purchasing of housing". According to the Youth Dashboard of the Home and Youth Affairs Bureau, the proportion of young people, i.e. young people aged below 40, who are buyers of Home Ownership Scheme ("HOS") flats is 49%. However, this percentage is still a drop in the bucket for the vast number of young people in the territory, which is close to two million.

If we ask young people nowadays whether home ownership has become more affordable to them, many of them will reply that they are indeed more hopeful now but home ownership is still a dream for them at this moment. Succeeding in the ballot for subsidized housing is just as exciting and elusive as winning the Mark Six lottery.

One key point in the wording of today's motion is "ladder", and the special

feature of a ladder is of course that it consists of rungs for climbing up. So, how can we help young people get on the first rung of the ladder in their acquisition of homes? The first rung of this ladder must not be too high, so that young people can take the first step easily and steadily.

The SAR Government proposed the youth hostel policy as far back as 12 years ago. Although the Youth Hostel Scheme falls under the policy purview of the Home and Youth Affairs Bureau instead of the Housing Bureau, thanks to the enhanced speed and efficiency of the current-term Government, 2 238 hostel places have been provided so far, thus beginning to enable young people to bid farewell to subdivided units. Although youth hostels do not fall under the purview of the Housing Bureau, it has always been my view that youth hostels should have a clearer role and positioning in the home ownership ladder.

At present, the tenancy period of youth hostels must not exceed five years. The last thing I want to see is these young people going back to live in subdivided units again after five years. So, how can we assist young people in bridging over to the home ownership ladder in terms of resources during these five years? The most practical way is to help them save up for the down payment. Hence, the authorities may consider, for example, refunding half of the rent payments to them for use as down payment after the expiry of the five-year youth hostel tenancy, or introducing a mandatory savings system, so as to enable young people to have a sum of money upon expiry of the tenancy to bridge over to the existing home ownership ladder, e.g. HOS flats. Therefore, we really need to put in place practical policies and measures to help young people bite the bullet and embark on their journey of home ownership.

Secondly, when it comes to down payment, as I have explained many times in this Chamber, a common situation faced by young people in acquiring home ownership is that they can afford making mortgage payments but not buying a flat. The Business and Professionals Alliance for Hong Kong and I have been urging the Government to conduct a study on the use of Mandatory Provident Fund (“MPF”) as down payment for first-time home purchase. This approach does not involve public money and can motivate young people to work hard for home ownership. Many young people consider that buying a home that they wish to own is one of the retirement protection arrangements after they reach the age of 65, so they think that it is very reasonable to use MPF as one of the sources of funds for first-time home purchase. I believe that if the Government can implement this policy, the young people at large can definitely enjoy the benefits brought about by

the proper administration of the SAR Government.

Deputy President, I so submit.

**MR TANG KA-PIU** (in Cantonese): Thank you, Deputy President. Several other Members from the Hong Kong Federation of Trade Unions have already put forward their views in today's discussion. Among them, Stanley has proposed an amendment. So, I would like to talk about something more personal and emotional.

“Having a home” means having a place for oneself, one's spouse and children to live in. Be it 400 sq ft, 300 sq ft or 1 300 sq ft, at least the whole family can stay together and have a roof over their heads. In my opinion, the so-called sense of security, sense of gain and sense of well-being of an individual are all related to “having a home”. Of course, “having a home” is also directly and absolutely related to whether or not society as a whole will have new generations and whether or not everyone is willing to have children.

Therefore, in reviewing the housing policy, we must also consider the family policy. There are often debates about this in the community. I remember that on one occasion, I had a debate with Mr SHIH Wing-ching on a web radio about whether people are willing to have children. I said that whether or not people are willing to have children involves a lot of personal values, but we should first help those who dare not have children. What does it mean by not daring to have children? It means that there is no space for children. For example, some people still live in their parents' home after they have got married for many years; some live in a public housing unit of only 300 sq ft; and in some cases, members of the family live separately in different places and only meet on weekends, and so on and so forth. I have heard of all these cases.

Therefore, I wish to take this opportunity to promote again an idea of ours. Just now, several Members with business background mentioned the use of MPF for home ownership. In fact, this idea of ours is similar, that is, to introduce a voluntary savings scheme whereby contributions will be deposited into MPF accounts, but instead of making use of the original small contribution of 10% under the ‘5+5’ arrangement, additional contributions will be made. When the economy recovers, both employers and employees will make more contributions and invest them in the MPF Core Accumulation Fund. I have just checked the information and found that the annual rate of return this year is as high as 13%, which is quite

good, right? Contributions made into MPF accounts are conditional in that they can be withdrawn only after a certain period of time and must be used to purchase flats guaranteed to be provided by the Government. Where are these flats? They are in the Northern Metropolis or Tseung Kwan O Area 137, which will come into being in 10 years' time, and there will be a large supply of such flats there.

Sometimes, when the Government spends a lot of money on land formation and infrastructure, young people would question what these construction projects have to do with them and whether the Government is “dumping money into the sea” again. However, with this savings scheme, these construction projects will be relevant to their life planning. Then, Secretary Winnie HO will assure them that as long as they make efforts to save money, they will be able to “have a roof over their head” when they get married to their loved ones and start a family 10 years later. In the meantime, they will have a sense of gain because they have worked hard to contribute to society and they can start a family; a sense of well-being because they can achieve their goals in life, raise children and pass on their achievements and values to the next generation; and a sense of security because, needless to say, they own their own properties. Therefore, I think the housing policy and the family policy must be linked, and the “three senses” mentioned by Mr Andrew LAM in his opening speech, that is, a sense of security, a sense of gain and a sense of well-being, must also be linked.

Of course, supply is king. When discussing different policies, if this Council as a whole insists that the SAR Government should increase land and housing supply, apart from the schemes mentioned just now (e.g. building more HOS flats for “lucky draw”), it should also consider my proposal of allowing the public to save up the down payment over a 10-year period in exchange for flats guaranteed to be provided by the Government. One of the shortcomings of the HOS ballot is that people may not succeed in the ballot when they think the time is ripe for them to acquire home ownership. This is the biggest problem.

Hence, I very much hope that the Government will adopt a multi-pronged approach to give young people the courage to start their own families and raise their next generation, and to formulate a housing policy that will give them a sense of security, a sense of gain and a sense of well-being.

I so submit.

**DR SO CHEUNG-WING** (in Cantonese): Thank you, Deputy President. Housing is one of the most challenging social issues in Hong Kong. In the next 10 years, Hong Kong's total housing supply target is 440 000 units with a 7:3 public/private housing split, meaning the supply of public housing will reach 308 000 units.

According to the future supply of public housing, there will not be any shortage of public rental housing ("PRH") in Hong Kong. What is lacking is a home ownership ladder bridging PRH and private housing, i.e. the various types of subsidized sale flats ("SSFs") for the public to move up the ladder step by step. While PRH provides bottom-line protection for low-income class, it is equally important for the Government to reasonably address the home ownership needs of the sandwich class.

Currently, there is a trend among the sandwich class, who are neither eligible for PRH nor able to afford private housing, to reject promotion and pay rise, and even take a "lie flat" approach by taking up casual jobs, receiving wage payments in cash and avoiding income records, in order to be eligible for PRH. If the housing policy of the Government fails to target the problem and allow this bad habit to continue, this will definitely create new welfare loopholes in the long run and stifle people's motivation to work hard, thereby jeopardizing Hong Kong's can-do spirit.

Since the completion of the first project under the Sandwich Class Housing Scheme by the Housing Society ("HS") in 1995, 12 projects have been completed, providing 12 000 flats. The supply obviously falls short of the demand.

Lastly year, HS's latest SSF project "Hemma Amber", which provides only 422 units, received nearly 13 000 valid applications, i.e. an oversubscription by nearly 30 times. Among them, White Form applications account for 88% of the total, reflecting the public's keen demand for SSFs and their wish to transit from PRH to private housing. Moreover, eResidence located at Ma Tau Wai Road, the first Starter Homes for Hong Kong Residents pilot project launched by the Urban Renewal Authority at the beginning of last year, was oversubscribed by 45 times, indicating the equally keen demand of these families for home ownership.

To address the home ownership problem faced by the sandwich class and reconstruct the broken home ownership ladder, I have a few suggestions to make. Firstly, the ratio between the supply of subsidized housing and that of private



housing should be reasonably increased, so as to help PRH tenants move out of PRH and move upward, thereby vacating the PRH units for people in need on the waiting list. In this way, the sandwich class will not be forced to restrain their incomes in order to be qualified for PRH allocation, thereby strengthening the middle class. Secondly, the secondary market of HOS flats should be opened up, so that eligible young people with low to middle incomes can buy HOS flats without having to pay the premium, thereby facilitating the turnover of flats and increasing the quota of the White Form Secondary Market Scheme. Thirdly, appropriate down payment assistance should be provided to people with middle to high incomes, so as to encourage them to purchase their own homes in the private market.

Deputy President, the motion speech delivered by Mr Andrew LAM is one of the highest-quality motion speeches I have ever heard. It is insightful because it has identified the harmfulness and root causes of the problem, and boldly proposed targeted solutions to the problem. Yet, Members of the Legislative Council are not almighty. We still need to rely on the Government's adequate symmetrical information, effective policy implementation and policy execution system in order to apply the right remedy to redress the situation.

Deputy President, I support Mr Andrew LAM's original motion.

**MR LAM SAN-KEUNG** (in Cantonese): Deputy President, in 1975, the Home Ownership Scheme ("HOS") was proposed for the first time in the policy address of the then British Hong Kong Government. Dr Harry FANG Sin-yang, Member of the then Legislative Council, said that private housing was too expensive. He believed that HOS could assist young people in acquiring their own homes and enhance their sense of belonging to the community, and that HOS would be as successful as the Housing and Development Board ("HDB") flats in Singapore.

Today, after nearly five decades, the Legislative Council of Hong Kong is still discussing the housing issue, expressing extreme envy for Singapore's HDB flats. It is very clear that Hong Kong's housing policy is a total failure.

Summing up the 50 years of unsuccessful experience, I believe there are several major causes, as follows.

Firstly, frequent changes to the housing policy have led to its complete lack of consistency and repeated disruptions to the originally well-established housing ladder.

The housing ladder in Hong Kong consists of three rungs, namely public rental housing (“PRH”), HOS and private housing. The core idea behind the original design of the housing ladder is rotation: PRH is provided for the grass roots in need, and when PRH tenants have built up savings and want to buy their own homes, they can purchase HOS flats or private housing, so that their PRH flats can be transferred to other grass roots in need. HOS flats are intended for those who aspire to home ownership but cannot afford private housing, and if they want to live in better housing in the future, they can sell their HOS flats and enter the private property market.

However, this housing ladder has been disrupted twice. In 1991 and 1998, the Government sold a large number of PRH flats, damaging the first rung of the ladder, i.e. PRH. This resulted in the Government losing a significant amount of public resources and, in turn, made it more difficult for those in genuine need to be housed to PRH. PRH tenants who had purchased their PRH units also lost the original motivation for rotation.

In 2003, the Government halted the production of HOS flats, damaging the second rung of the ladder, i.e. HOS. This led to a significant increase in the demand for private housing and as a result, property prices continued to soar, making Hong Kong one of the most unaffordable cities in the world in terms of property prices.

In 2014, the then Chief Executive LEUNG Chun-ying announced the Long Term Housing Strategy (“LTHS”) to set things right and rebuild the housing ladder. This is a good thing as it helps to address the housing needs of members of the public. However, we need to be extremely careful in protecting it. We should not again be affected by market fluctuations and change the policy without thinking clearly about the impact on the market as a whole, thereby disrupting the housing ladder.

There is also a problem with the setting of the public housing policy, as it is basically impossible for eligible persons to be successfully allocated housing, be it PRH or HOS flats. Despite the obvious fact that there are 170 000 families waiting for HOS flats, the White Form Secondary Market Scheme (“WSM”) only allows a quota of 8 000. There have been frequent reports of sluggish sales of

HOS flats, especially small-sized ones. However, these reports have not mentioned that those small-sized flats do not even have 300 sq ft and are smaller than PRH units. How can they attract families to buy them? The current policy gives priority to families, but none of them choose those small-sized flats, and single persons do not have the opportunity to make a choice. This has created a false impression that HOS flats are unpopular.

Due to the above-mentioned blunders in the housing policy, even eligible persons are not able to successfully apply for housing, and that is why various queer tricks have begun to emerge. Many young people apply for PRH before they graduate, and conceal their assets after they are allocated a PRH unit because they already have a job. Some young people involve the elderly members of their families in applying for Compassionate Rehousing, which is a much quicker way to wait for PRH allocation. There are also parents who first transfer their properties to their sons and then apply for HOS flats in their capacity as elderly persons, with the intention of giving the flats to their sons to live in if their applications are successful. Some people also enter into a bogus marriage and then get a divorce after securing a flat, so that one flat can be turned into two flats. The Government should review the current application system and plug the loopholes in a timely manner.

Therefore, I support reviewing LTHS and suggest that the Government should ensure that the supply of public housing is reserved for people with actual needs. The Government should resolutely oppose the sale of PRH units. At the same time, it should review the arrangement of resale of HOS flats with premium paid, so as to prevent the flow of HOS flats into the private property market and reserve the resources for people in need. The Government should also relax the WSM policy. Since applicants are willing to purchase second-hand HOS flats, quotas should not be imposed to keep them from doing so and force them to continue to wait for new HOS flats. The Government should also consider using PRH and HOS flats to encourage childbearing. For example, families with three children may be subject to a relaxed means test requirement and be given priority in applying for large PRH or HOS flats for owner-occupation. This will certainly be more attractive than a \$20,000 handout.

I support Mr Andrew LAM's motion on "Reviewing the Long Term Housing Strategy to shorten the home ownership ladder".

I so submit.

**IR LEE CHUN-KEUNG** (in Cantonese): Thank you, Deputy President. I often wonder why friends from the middle class, especially the sandwich class (including families with elderly members) mentioned by Dr SO Cheung-wing, are not able to successfully apply for public rental housing (“PRH”). Can the projects currently launched under the Home Ownership Scheme (“HOS”), the Starter Homes for Hong Kong Residents, etc. help the grass roots move upward to the middle class?

Deputy President, in fact, quite a number of middle-class people cannot afford to buy their own homes at all these days. Unless the parents can provide assistance and have set aside a sum of money to help with home purchase, many middle-class families would rather have their children apply for PRH because this is the only option. We should come to think about one question: Why can they not afford to buy their own homes? The reason is very simple. Nowadays, it is very common to find HOS flats that are priced at \$6 million—just \$6 million. However, if we do some calculations based on a mortgage loan with a loan-to-value ratio of 90% and the prevailing interest rate, a family will need to make a monthly mortgage repayment of some \$20,000. Let us imagine that a family has to make a monthly mortgage repayment of some \$20,000. Based on the median household income, in the case of a family of two persons, if each of them earns \$20,000 a month, then the two of them earn a total of \$40,000, and the mortgage repayment expenditure already takes up 60% of the family’s total income. How can the rest of the money be enough to cover their daily expenses? How can they dare to have children? Right? So, the only option available to them is to apply for PRH.

As Mr LAM San-keung has just mentioned, PRH applicants have come up with various tricks. Some of them make an application together with the elderly members of their families to speed up the waiting process. Some others even sign a “bad son statement” in order to get a supplement to their income. I believe Members have also heard of this. It is because they need to apply for the Comprehensive Social Security Assistance to supplement their family income. I am not going to go into the details. As a matter of fact, many families and young people want to apply for PRH, but the monthly income limit for a two-person family is only about HK\$19,000, and even if they live with the elderly, the monthly income limit for a three-person family is only about HK\$29,000. In order not to exceed the income limits, what kind of jobs can the applicants find? The only option is to take up casual jobs and get paid in cash, or even not to work at all, just so they can become eligible for PRH as soon as possible. May I ask the Bureau what kind of energy will this “lying-flat” mentality generate in society? As Members must be aware, such a mentality may bring about a kind of negative energy, which not only reduces the impetus for economic progress and upward

development, but also undermines the overall competitiveness. In particular, it will lead to a loss of young workforce, as young people may turn to such jobs as freelance work or even become “home-stayers”.

Apart from the various ingenious ideas and the solutions that a number of Members have actively come up with today, we should also think about how the eligibility criteria for PRH applications should be formulated. Apart from calculating the income of applicants, can a points system be introduced? For example, if applicants become volunteers and serve the community, can we give them extra points accordingly to speed up their process of getting on the PRH rung? Moreover, since the policy attaches importance to the circulation of PRH flats, can we consider requiring PRH tenants to surrender their flats to the Government after living there for 10 or 20 years? This is very much worthy of consideration by the authorities. Perhaps we can even follow the practice of Housing and Development Board flats, whereby members of the public are given a once-in-a-lifetime opportunity to participate in the balloting and selection of public housing, but the chances of success in the ballot decrease as their income increases, as in some cases of lots drawing. This will help create room for upward mobility of the sandwich class in society and give hope to citizens and young people.

Deputy President, as a matter of fact, the current-term Government has implemented a number of measures, including expediting land creation and adopting the Modular Integrated Construction method. These initiatives deserve recognition. While we have noted the many ways to increase housing production, including the Private Subsidised Sale Flat—Pilot Scheme, we hope that the housing supply will not be “back-loaded”, especially when we have to wait for 10 or 5 years from now before the target of supplying 172 000 public housing units can be achieved. Therefore, we hope that the Government can think of more ways to increase housing supply.

I very much agree with a phrase that the Secretary often uses—“holding the cards in hand”, which means having the resources in hand—because only then can policies be implemented in a more flexible way. This is why we need to make adjustments and think carefully about how to build an effective housing ladder. We must refrain from proposing the sale of PRH flats at every turn because PRH flats should be circulated, and they are not meant to be sold but to help the people most in need to be housed to public housing and get on the housing ladder. At the same time, I sincerely hope that the authorities can show firm determination to earnestly address people’s concerns and difficulties in their daily lives, for only in this way can the goal be achieved.

Therefore, I hope that the Government will examine the actual needs of society and practically find out why it is so difficult for Hong Kong people to buy their first homes nowadays and why they are faced with housing difficulties. The authorities should review the income limits for subsidized sale housing, and they should improve the balloting mechanism, so that people should not feel that being successful in the ballot for HOS flats is equivalent to winning the Mark Six lottery, but rather feel that it is natural.

Thank you, Deputy President.

**MR KWOK WAI-KEUNG** (in Cantonese): Thank you, Deputy President. Here, I would like to thank Mr Andrew LAM for raising this issue, so that we can have a more in-depth discussion. I share the same views as Dr Wendy HONG. Regarding Mr Andrew LAM's proposal to "shorten the home ownership ladder", the wording can actually be slightly amended as we hope to "enrich" and not necessarily "shorten" the home ownership ladder. Nevertheless, I believe that the spirit is to help the younger generation buy their own homes and move upward.

Deputy President, Hong Kong is a miracle. Despite the huge wealth gap and the fact that property prices have been the most unaffordable for 13 consecutive years, Hong Kong has managed to maintain stability, and I believe this can largely be attributed to our welfare system, public housing policy and healthcare system. The Hong Kong Federation of Trade Unions ("HKFTU") has always insisted on the principle that "houses are for living in, not for speculation" in order to achieve the vision of common prosperity. We all agree that the investment and housing markets should be separated, and the most ideal approach currently available is the model of Housing and Development Board ("HDB") flats in Singapore.

As the saying goes, "A journey of a thousand miles begins with a single step." As long as the Government is willing to start taking gradual steps, it can actually implement the HDB flat scheme and expand its scope. However, due to the existing policies, the Government can often only make slight adjustments, making it difficult to achieve results within a short period of time, and so this proposal has been shelved and not taken seriously. Moreover, the current withdrawal of all the "harsh measures" may also lead to a return of investment activity in the housing market, as we have lost a firewall.

In the past, when we explained the contents of the HDB flat scheme to the Government, the Government was very concerned about the buy-back issue. Members have visited Singapore and come to understand that Singapore's buy-back policy is clear and reasonable, and there will certainly be buyers to take over the flats, so there is no problem of the Government incurring losses or locking up a large amount of capital. As long as the Government takes proper administrative measures, it can definitely sort things out and immediately reinvest the funds in the HDB flat market. If the markets are not separated, it seems that the principle of "houses are for living in, not for speculation" can hardly be realized in Hong Kong.

Deputy President, a number of Honourable colleagues have just asked whether home ownership is the only ultimate solution to the housing problem. We have established that the answer is in the negative. Furthermore, why is the home ownership rate in Hong Kong relatively low? We have all noticed this phenomenon, and one of the reasons behind it is that property prices in Hong Kong are the most unaffordable, as mentioned by many Honourable colleagues just now.

According to a survey conducted by the New Youth Forum, property prices in Hong Kong have gone up by 13 times over the past 35 years and rents have risen by nearly three times, whereas inflation has only increased twofold. However, the home-buying ability of workers with university qualifications has fallen drastically, which precisely reflects that young people cannot afford the property prices in the private market in the short run. This is exactly why HKFTU proposed a few years ago to revise the public/private housing split from 6:4 to 7:3, with public rental housing ("PRH") as the mainstay, Home Ownership Scheme flats as secondary support, to be supplemented by private flats. As Hong Kong is still faced with the problems of high property prices and exorbitant rents, public housing has become the main way out for many grass-roots people.

Of course, this also has something to do with the career prospects of young people, that is, what young people think about their own career paths. If they have to move out of the PRH units they are living in just because their incomes only slightly exceed the limits, yet they cannot foresee healthy increments in their incomes in the future, they will naturally not dare to take the step towards buying their own homes.

What we are most concerned about now is that the Top Talent Pass Scheme and the Quality Migrant Admission Scheme are non-sector-specific and relatively lax in terms of quotas, and this has led to concerns among white-collar

professionals that if the middle- and senior-level positions are taken up by other talents and cannot be released back, it will be utterly impossible for local young people to go for these quality jobs, and they will eventually be unable to move upward and bear the expenses of home purchase. Therefore, I hope that the Government, while stabilizing the land supply and pursuing Hong Kong's economic restructuring and development, should also focus on enabling local workers to share the economic fruits they deserve and bringing some of the quality jobs back. Only then can our younger generation have the hope and gumption to move upward.

Thank you, Deputy President.

**IR GARY ZHANG** (in Cantonese): Thank you, Deputy President. As Hong Kong is a predominantly Chinese society, home ownership is naturally our core social issue. We can see that with the efforts of the Government and various sectors in this regard, the original housing ladder consisting of three rungs, namely public rental housing (“PRH”), Home Ownership Scheme (“HOS”) flats and private housing, has now been expanded to include transitional housing, PRH, Green Form Subsidised Home Ownership Scheme (“GSH”) flats, HOS flats, Starter Homes for Hong Kong Residents, and private housing. At present, the ladder covers a fairly wide range of people with different income levels across society. However, can the depth of each rung of the ladder, that is, its supply, meet the needs of society, and not only the current needs of society, but also tie in with a good social structure?

On this point, a number of Honourable colleagues have given insightful perspectives just now, and I am not going to repeat those points and arguments in particular. Instead, I would like to share some viewpoints and observations from some figures. Currently, PRH accounts for about 30% of the total housing stock in Hong Kong. If the ratio of 7:3 or one of the ratios set out in the Long Term Housing Strategy in the next 10 years, the proportion may be increased to about one third in the future. Let us look at the statistics on the income of the population, which show that about 40% of the population earn below the PRH income limits. If we look at these two sets of figures alone, they appear to be complementary and congruent. However, this is only about the entry point, and the real problem lies in the exit point. Regarding the exit mechanism, we are all very familiar with the restrictions on PRH: households whose family income exceeds 5 times the PRH income limits or whose total household net asset value exceeds 100 times the PRH income limits are required to move out. As far as this



exit mechanism is concerned—let us not talk about cases of false declaration of assets or the loopholes in the policy, but focus purely on the design of the policy—if we apply this set of figures to the entire population of Hong Kong, about 90% of the people are eligible to live in PRH and do not have to move out.

Therefore, this has given rise to many problems that have now arisen. Under our policy, as long as people are admitted to PRH, they actually do not have to worry about being asked to exit easily. Moreover, if the people who have been admitted to PRH want to move upward by taking advantage of their PRH eligibility, that is, to buy a GSH flat or other subsidized housing, it may be much easier for them to do so than non-PRH tenants with the same income. Therefore, what we need to consider is how many PRH flats should be built in order to accommodate this population. As I pointed out earlier, those who meet the eligibility threshold to live in PRH make up 90% of Hong Kong's population. So, if we are to resolve this problem, it is very important to ensure that the supply for the tier above PRH, which is what we call the first step of the home ownership ladder, is sufficient and can cater for the demographic structure of this society. Just now a number of Honourable colleagues have mentioned the need to increase the supply of HOS flats or various types of subsidized sale housing, and I fully agree with this point. Moreover, quite a number of Honourable colleagues have mentioned, and we also discussed last week, the need to segregate the subsidized housing market, the public housing market and the private market, which I think is worth emphasizing over and over again because public housing resources should not be turned into a tool for speculation.

Last but not least, I would like to say that we should also take into account the structure and distribution of the overall population when considering the supply of housing. In the future, there will be a large population in the Northern Metropolis and on the artificial islands in the Central Waters, and according to this distribution, the population in the traditional urban areas will decrease. For this reason, in respect of public housing in urban areas, including urban renewal projects, we cannot make judgments simply based on the commercial viability of the commercial projects themselves, but we also have to consider whether they can cater for the overall population structure and distribution in the future. Therefore, in certain redevelopment projects, we should not simply aim at building taller and denser housing with more flats; instead, we should focus on whether everyone can live in a better, bigger and more spacious place.

With these remarks, Deputy President, I support Mr Andrew LAM's motion.

**DR JUNIUS HO** (in Cantonese): Thank you, Deputy President. Last week, we also discussed the motion on the Tenants Purchase Scheme (“TPS”), and Members were generally supportive of it, even though it was not a binding motion.

Since the improvement of the electoral system of the Legislative Council (“LegCo”), a good partnership has been established between LegCo and the executive authorities. I am particularly appreciative of the fact that the Government has been receptive to the good advice given in a number of motions successively introduced in this Council, some of which are quite innovative and creative.

Deputy President, this motion on “Reviewing the Long Term Housing Strategy to shorten the home ownership ladder” is in the same vein as last week’s motion, and it is also closely related to the several “big mountains” facing Hong Kong at present, namely the housing, healthcare and youth employment issues. I, of course, very much support reviewing the Long Term Housing Strategy, but how should we “review” it? Should we rely solely on the desperate construction of public housing to meet public demand? I think this may not be desirable. Is Hong Kong really so poor? We are definitely not in absolute poverty, but the population living below the poverty line has remained at 1.2 million or hovered at the level of 1.15 million to 1.25 million for a long time.

As far as the long-term housing policy is concerned, if the provision of public housing is always our prime consideration, Hong Kong is already considered a top-notch society, whether among Chinese societies or other societies. If someone says that life in Hong Kong is very difficult, I think it is not true because Hong Kong is one of the freest and most open places with the most prosperous economy, where all kinds of assets (including private property) exist. The Government has also done an excellent job in terms of welfare. For those whose wings are gradually growing into shape, do we still need to support and feed them on a long-term basis? I do not think so. On the contrary, we should revitalize and incentivize Hong Kong’s long-term housing policy, instead of encouraging young people to apply for public rental housing (“PRH”) as soon as they reach the age of 18 or immediately after graduation, because this will only encourage members of the community to move downstream forever, or even to achieve their goals by resorting to means such as deception, fraud and falsification, which is an unscrupulous and non-positive way of thinking. As rightly said by Principal CHU, we should nurture positive thinking among our students.

However, do we have to allocate resources in this way every time? In fact, none of them are poor. What should we do? Conversely, we should provide incentives, render assistance only to those who are in genuine need of help, and explore ways to shorten their home ownership ladder. Regardless of whether they want to purchase flats under the Home Ownership Scheme or the relaunched TPS, or are currently waiting for PRH, a points system can be adopted. We need to give serious consideration to the points system that Ir LEE Chun-keung has just mentioned. Deputy President, we may consider providing a fast track for certain people in society. Some people may think that it is unfair to those who have been waiting for a long time, but this is not actually the case. For example, when we visit Disneyland, some queues are relatively long, while some are the so-called fast tracks where people only need to pay a little bit more to get in line. Similarly, why do Marco Polo Club members enjoy priority boarding without having to wait in a long queue when travelling by plane? This is because they have paid in exchange for such a privilege. However, the introduction of a points system can encourage people who have made contributions to society. Nowadays, we often talk about caring for people, and those who have strength should give strength, those who have money should give money. For those who have neither of the above, they should show their dedication. The points system is a good approach as it will provide a fast track for those on the waiting list to buy their own homes or wait for their turn.

I support this motion. Thank you.

**MR CHAN HAN-PAN** (in Cantonese): Deputy President, I speak in support of this motion. A well-established home ownership ladder is of great help to people who aspire to live and work in peace and contentment and who stay in this place for the long term. A well-established home ownership ladder also contributes to a more stable society.

Last week, we debated the Tenants Purchase Scheme (“TPS”) here. Mr CHAN Hok-fung told me on that day that it would be great if TPS could be relaunched because TPS had won the support of the public over the years. In the past few days, I visited the districts and handed out leaflets in response to the motion moved by Mr CHAN Hok-fung at the last meeting. I prepared a simple leaflet on Mr CHAN Hok-fung’s report for distribution to kaifongs and discussed this issue with them. The kaifongs all said that very much welcomed this proposal.

A kaifong said that she has been living in her current flat for nearly three decades since her teenage years. Now, she is already an older person with many children and grandchildren, but they have all moved out. Why? This is because of the existing housing policy. When she moved into her flat, her children were still young. But when her children started working, their incomes were not enough to enable the whole family to move into a private flat. There is quite a big gap between the expenses involved in public rental housing (“PRH”) and private flats, and they were unable to overcome this huge gap, especially as they could not afford the down payment.

(THE PRESIDENT resumed the Chair)

When her children grew up and started working, they moved out of the flat because the household income exceeded the PRH income limits and they were required to pay double or triple rents under the Well-off Tenants Policies. When her family was categorized as an overcrowded household, her application for transfer or household splitting could not be approved within a short period of time. Even if they succeeded in splitting the household, the income of her children as splinter households also exceeded the income limits.

In Hong Kong, it is actually very easy for PRH tenants to exceed the income limits. As long as one has a job and is able to keep up with the number of working days or even work a little overtime, his or her income will already exceed the limit. Exceeding the income limit does not mean that one can afford to buy a private flat. So, the children have to move out of the PRH flat and live in rented accommodation, leaving their lonely parents behind. When one of the parents passes away, the other half will live alone in the flat. However, if TPS is relaunched, this type of household will be allowed to buy the flat they are living in, so that their family members can move back into the flat, and the elderly in the household can enjoy the company of their children, grandchildren or other family members. In addition, the value of the flat may also increase as a result of economic development, allowing the household to get rich instantly.

For many years, the Government has considered that TPS will affect the circulation of PRH flats. This is because, taking a flat that has been completed and occupied for 30 to 40 years as an example, the tenant may continue to live in

the flat for another 20 years, making a total of nearly 50 years, and the prolonged period of the tenant's residence in the same flat will affect the circulation of the flat. In reality, will TPS affect the circulation of flats? I do not think so. On the contrary, TPS will enable the Government to gradually recover part of the capital for the continuous construction of public housing.

Private flats and public housing flats in Hong Kong belong to two separate markets, with the former being private housing and the latter being subsidized housing. If the subsidized housing rung can complement the existing private housing rung, the overall development of the housing market will then be healthier. Now, whenever there is an increase in the prices of private flats, people will be in an uproar because they feel that they will never be able to achieve their goal of home ownership. At present, various types of subsidized housing schemes, such as the Green Form Subsidised Home Ownership Scheme ("GSH"), TPS, the Sandwich Class Housing Scheme ("SCHS") and the Home Ownership Scheme ("HOS"), are housing rungs that help members of the public acquire their own homes and live in peace. I hope that the Government will supplement and consummate these rungs.

Take the SCHS flats developed with the participation of private developers as an example, people consider that it is pretty good to live in such SCHS flats because they are similar to private flats and have the effect of value preservation, and the property prices may even go up as a result of economic development, making it possible for them to buy private flats.

This motion today aims to build a home ownership ladder for the public, so how should the Government go about building this ladder? In my opinion, the Government should start with the basics and follow the sequence of TPS, GSH, HOS, SCHS and finally, the private market. If the Government can build a housing ladder for the public according to these steps, I believe members of the public will eventually be able to achieve home ownership and live in peace.

President, I so submit.

**MR DENNIS LEUNG** (in Cantonese): Thank you, President. After listening to Mr CHAN Han-pan discussing again the motion proposed by Mr CHAN Hok-fung last week, I must talk about the future direction of the Tenants Purchase Scheme

(“TPS”) flats again. Just now, Mr CHAN Han-pan mentioned that if the existing public rental housing (“PRH”) flats were put up for sale, the Housing Authority would have income and could then build some more PRH. However, there is a problem with this proposal: Why is it necessary to sell PRH units and then build some more PRH units? This concept is difficult to understand.

Furthermore, if we ask PRH tenants whether they want to buy the PRH units they are living in, 10 out of 10 of them would definitely want to do so. Why? This is because past experience tells us that TPS flats are sold at construction cost and are priced at around \$100,000 to \$150,000. However, when those flats are circulated in the market, their value is no longer equal to the construction cost. Currently, the prices of TPS flats are pegged to the prices of properties in the private market. So, who will buy these flats? Where does the money come from? In fact, it is again some Hong Kong citizens who have the money but not enough to buy Home Ownership Scheme (“HOS”) flats or private flats. They think that TPS flats can be regarded as a kind of market and so they go into it. Actually, this is the concept of arbitrage, and there is always a group of people who will transfer some cost into the market.

Nonetheless, the problem is that PRH flats will become TPS flats after they are sold. As we are now trying to solve the housing problem for the grass roots who do not have the means to buy their own homes, why do we need TPS flats and make the people concerned really think that they can continue to live in them? Instead, the Government has to think about one question and that is: Why do so many Hong Kong people (especially young people) choose to “lie flat” and give up their jobs with a potentially higher income in order to wait for PRH these days? The main reason is that private property prices are too high.

Over the past decade or so, our wage increases have failed to keep up with the rise in private property prices, leaving the public with no choice. What is the only option then? It is to wait for PRH. As long as they are allocated PRH flats, their housing problem can be solved and they can also enjoy the room for income adjustment. However, if we really want to assist Hong Kong citizens in realizing their dream of home ownership, I hope that the Housing Bureau will launch more housing projects like the Green Form Subsidised Home Ownership Scheme, and really put these housing estates on the market for sale. This will not only ensure better management, but also enable those citizens to make plans on how to realize their dream of home ownership.

Last week, we mentioned that there was actually a major problem with TPS flats, that is, the problem of management. If TPS is to be relaunched now, can the existing management problems of TPS flats be solved? We mentioned that when some tenants requested to convene a general meeting of the Owners' Corporation to discuss certain issues, it was not the case that the representatives of the Housing Department did not attend the meeting, but that the representatives who attended the meeting sat back with folded arms, refrained from making decisions and continued to pretend to be neutral. This is the problem, yet it is unavoidable. Moreover, is this group of residents capable of managing the housing estate? Just as we mentioned last week, some unscrupulous management companies and engineering companies are now treating TPS flats as "easy targets" and "cash cows".

Therefore, if we are to solve the housing problems currently faced by Hong Kong people and provide a home ownership ladder, the first thing to do is to genuinely and expeditiously assist the grass roots in meeting their housing needs. As for those who have the means, can the Government provide more assistance? For example, more subsidized housing should be introduced. In particular, for those whose income has exceeded the limits, I have previously proposed the introduction of rental market measures to help people with higher incomes to pay higher rents, so as to solve their problems.

Thank you, President.

**MS STARRY LEE** (in Cantonese): President, first of all, I am grateful to Mr Andrew LAM for proposing today's motion. I agree that there is a need to review the Long Term Housing Strategy ("LTHS"), and I also think that it is time to start discussion because it has been some time since LTHS was formulated. At that time, as the housing supply was tight and, in particular, the housing needs of the grass roots were most pressing, there were relevant objective conditions for formulating LTHS. But now, as the Secretary has repeatedly emphasized, with the increase in the supply of public rental housing ("PRH") in the next five years, coupled with transitional housing and some grass-roots housing, generally speaking, I believe that the waiting time for PRH will hopefully be further shortened.

In my opinion, the next focus in terms of housing needs should be on the housing needs of the youth or the marginal middle class. Regarding this topic, I remember that I have repeatedly expressed my views to the Secretary through

different channels. In fact, we are now in a position to consider the relevant issues. In the past, when we could not even guarantee housing for the grass roots, I am afraid that we might not be in a position to deal with the issue concerned even though we knew it was a fact. However, now that as a relatively sufficient supply is secured for the next five years, along with a relatively sufficient supply of private flats, we really should give thought to the housing needs of this group of marginal middle-class people.

In the past, the marginal middle class relied on the Home Ownership Scheme (“HOS”) to meet their housing needs. The downside of HOS is that it involves balloting. As pointed out by a number of Honourable colleagues in their speeches just now, one is usually unsuccessful in the ballot if luck is not on his or her side, and there is also no waiting list for HOS flats. Regarding the waiting list for HOS flats, I recall that I have brought up this issue many times in this Council. I understand why the Government has rejected the idea. I certainly know that it is because once a waiting list is set up, the queue will be very long, and the Government will then be pressed to deliver. In that case, of course it does not want to have a waiting list. However, in order to address this issue, the Government really needs to consider how to enable the marginal middle class in need, especially the marginal middle-class families, to acquire their first homes.

I can also see that the Government has made improvements, including its earlier move to link the prices of HOS flats to the affordability of the public instead of pegging them directly to market prices, and its initiative in the Policy Address earlier to give extra points to families with newborns. I think these are good directions, but there is still balloting after all. If we continue to use the balloting mechanism, when property prices go up again in the future, there will again be multi-fold oversubscriptions.

Recently, I have been thinking about this issue very calmly because property prices have fallen again. I remember that when I communicated with Mr LOONG, I also mentioned that if we look at the property developments now, we can find that flats costing some \$2 million are available. Are they really unaffordable for young people? Of course, it is not easy to rely entirely on one’s own savings for the down payment. However, if people can secure a mortgage loan with a loan-to-value ratio of 90%, along with various measures, it does not seem entirely impossible to have the demand met in the private market. So, this issue is not that simple.



In my view, there are ups and downs in the private property market after all, especially when it rises sharply and rapidly, the problem of housing for young people as well as marginal middle-class young people is particularly prominent. I strongly hope that the Government will conduct a study focusing on this topic this time. We should not disregard the housing problem of the marginal middle class because of the rise and fall in property prices, especially as we believe that Hong Kong will continue to be a popular city in the future, where many people with the means will come to acquire properties, and our property market should still have great potentials.

Given such a prediction, I very much hope that the Government will consider providing this group of marginal middle-class people with a better home ownership ladder. One of the ideas, of course, is HOS flats. As far as HOS flats are concerned, the first issue to be addressed is balloting as mentioned earlier, and the second issue to be addressed is pricing. Although the current pricing has already taken into account the affordability of the public, it is actually still not at a very low level. How will HOS flats be priced in the future? If we agree that the two markets should be separated, with the private market intended for use or investment by those who have the means, we must first properly protect the home-buying needs of this group of marginal middle-class people.

I very much hope that the Government can take this opportunity to arouse discussion in society and provide the marginal middle class with a clear vision in regard to their home-buying needs and future home acquisition arrangements. I believe this will contribute greatly to social stability, and I hope that the Government will consider it.

**PRESIDENT** (in Cantonese): Mr Andrew LAM, you may now speak on the amendments.

**MR ANDREW LAM** (in Cantonese): President, I am grateful to the four Honourable colleagues for proposing amendments to my motion. All these amendments, as I have hoped, are helpful in stimulating thinking and are perfectly in line with my original intention to urge the Government to expeditiously review the Long Term Housing Strategy (“LTHS”) and shorten the home ownership ladder.

I must point out once again that housing is either rented or bought. The shortening of the home ownership ladder is not targeted at the mode, but the time span from renting to buying.

Both Dr CHOW Man-kong's and Mr Stanley NG's amendments are coincidentally concerned about the home-buying needs of young people. I hope the Government will understand that while many young people may not be able to afford to buy their own homes immediately, our housing policy must convince the younger generation that they will definitely have the opportunity to buy their own homes. It is necessary for the Government not only to step up its efforts in the supply of housing land, but also to have adequate means and flexibility to help them climb up the long home ownership ladder as quickly as possible.

Dr CHOW Man-kong has mentioned very specifically the extension of the mortgage default guarantee period. This is precisely a means by which the Government can facilitate the circulation of subsidized sale flats ("SSFs"), alleviate the pressure on the public and boost their confidence in home ownership without actually having to use public money.

Mr Tony TSE has proposed to enhance the home ownership ladder. He has also suggested introducing the concepts of "rent-to-own" and "progressive payment mortgage", as well as formulating standards for the "average living space per person" and "ratio of housing expenses". I believe that enhancement will naturally involve shortening rather than lengthening, and shortening will naturally contribute to enhancement. In the past, the Government has introduced many policies to assist home ownership, including the My Home Purchase Plan and the Sandwich Class Housing Scheme. In my opinion, the Government must, through a review of LTHS, seriously examine the background and reasons for the failure of the previous policies, and give careful consideration to new proposals. After all, today is different from the past, and policies must be tailored to suit the prevailing situation.

I very much agree that the allocation mechanism for SSFs needs to be improved, and I also think that the authorities should draw on the spirit of allocation of question slots in the Legislative Council, where the more times one is unsuccessful, the greater the chance of him getting a slot.

Mr Stanley NG has proposed to set up a home ownership fund to subsidize young people to purchase uncompleted Home Ownership Scheme flats. This proposal will help the younger generation overcome the psychological barrier of

home ownership as early as possible, thereby keeping both talents and capital in Hong Kong. It is exactly the same as the concept of “saving money for land resources” that I have advocated all along. This proposal also recognizes the fact that it is not possible to help people with insufficient means, especially young people, to buy their own homes at one stroke, but we can first encourage them to save up. It is therefore very much worthy of consideration by the Government.

Mr Louis LOONG’s amendment helps Members refocus on the core issue of the housing policy, which is increasing the home ownership ratio. This is the pain point where LTHS has failed to meet the target for many years, and it is also the key point among the key points of the motion proposed by me today.

I would like to express my heartfelt gratitude to the four Honourable Members for their amendments, and I support all of them. Thank you, President.

**SECRETARY FOR HOUSING** (in Cantonese): President, once again, I would like to thank Mr Andrew LAM for proposing the original motion and the other Members for proposing the amendments. I am also grateful to the many Members who have offered us numerous valuable views on the housing policy today.

As I said in my opening remarks, the current-term Government is very determined to tackle the housing issue and is proactive in land creation to increase the supply of various types of housing in order to meet the housing needs and home ownership aspirations of the public, thereby enhancing their sense of well-being and sense of gain. In their speeches just now, a number of Members have called for a review of and adjustments to the public/private split of new housing supply as well as the ratio between public rental housing/Green Form Subsidised Home Ownership Scheme and other subsidized sale flats (“SSFs”) in public housing supply, as set out in the Long Term Housing Strategy (“LTHS”). We understand that the proposals aim to help people with better financial means to buy their own homes and to make plans and move up the housing ladder according to their own circumstances.

I very much agree that SSFs are an indispensable element of the housing ladder and a core component of LTHS. Over the years, the Government has built a home ownership ladder that suits the actual situation in Hong Kong and has, on the basis of LTHS, focused on supply and actively identified land for housing construction. On the supply side, the production of SSFs by the Hong Kong Housing Authority (“HA”) has increased significantly from only about 3 000 flats

about seven years ago (i.e. 2016-2017) to more than three times that number in 2022-2023, i.e. about 9 700 flats, thus providing members of the public with more opportunities to purchase SSFs. Looking ahead to the next 10 years, the Government will have sufficient land to meet the supply target of 92 000 SSFs under LTHS, and the supply of SSFs will continue to rise by then. In the next five years, an average of about 10 000 SSFs will be available each year, and there will be even more in the subsequent five years. Therefore, the many citizens who have the intention and means to purchase these subsidized flats may plan early.

Regarding the proposal to shorten the housing ladder, there are divergent views in the community. Some people think that the Government should streamline the housing ladder a bit to avoid further complication and overlapping of the rungs. But on the other hand, there are also voices saying that the Government should build the housing ladder further to help those with relatively limited financial means (e.g. young people) to climb up the ladder one rung at a time more easily. As I pointed out in my opening remarks, we consider that the existing housing ladder has been developed in a pragmatic manner over the years, and the positioning of different rungs of the ladder is clear enough to meet the needs of families with different incomes as well as different people. Our view at this stage is that the design of the existing ladder should be maintained. However, we will continue to keep a close watch on the latest socio-economic and macro-environmental changes, and we will flexibly enhance and rationalize the implementation details and specific arrangements of this ladder. Today's debate has provided us with many highly valuable views.

Quite a number of Members have mentioned the issue of home ownership by young people, and we are also very concerned about social mobility and the home ownership opportunities for young people. The Housing Bureau has always been committed to enriching the housing ladder to assist young people in “going out” and moving upward. As a matter of fact, the majority of buyers of various types of SSFs are youth aged 40 or below. For example, nearly half of the applicants who successfully purchased first-hand Home Ownership Scheme (“HOS”) flats are youth aged 40 or below; over 80% of buyers under the White Form Secondary Market Scheme (“WSM”) are aged 40 or below; and 85% of the ultimate buyers of flats under Starter Homes for Hong Kong Residents projects are also youth. To tie in with the Government's policy of encouraging childbearing, HA will introduce the “Families with Newborns Flat Selection Priority Scheme” for SSF schemes starting from HOS 2024 to increase the chances of eligible families purchasing SSFs. We believe that the above policy will benefit many young families.

Just now, some Members proposed the setting up of schemes such as a youth home ownership fund to enable them to purchase uncompleted flats. As far as HOS flats for pre-sale are concerned, the pre-sale period has now reached about three and a half years. We believe that at the time of flat selection, applicants will choose flats with a suitable pre-sale period having regard to such factors as personal needs and family plans. If the pre-sale period is further extended, there will be more variables in the information provided to applicants during the sale of flats (e.g. building design, flat size, or estimated material dates), which in turn may give rise to uncertainties for applicants. We consider that the current arrangement allows them to plan their future more clearly, and the three-and-a-half-year pre-sale period for HOS flats is appropriate.

As regards the home ownership fund, we are of the view that citizens (including young people) should consider and balance their own needs and affordability before making a decision to purchase their homes. We cannot lightly say that we should assist young people whose financial capabilities are not stable in buying their homes against their affordability. In fact, in order to encourage banks and authorized financial institutions to provide mortgage loans and some better mortgage terms for SSF buyers, HA has already provided a mortgage default guarantee for the banks and authorized financial institutions participating in the provision of mortgage loans for SSFs. Taking HOS 2023 as an example, the average selling price of a flat is approximately \$2.85 million. Assuming that a young person makes a down payment of 10% (i.e. \$285,000) and is to make mortgage repayments over a period of 20 years, based on the prevailing mortgage interest rate of 4.125%, the monthly mortgage repayment expenditure will be about \$15,700. If the mortgage repayments are to be spread over 30 years, the monthly mortgage repayment expenditure will be about \$12,400. Young people or those who are interested in home ownership may do some calculations based on their own financial capabilities to identify affordable home ownership plans and start moving forward practically. In addition, the Hong Kong Monetary Authority has recently announced measures to relax the maximum loan-to-value (“LTV”) ratio and suspend the stress test, which will also help families with home ownership needs.

Some Members have proposed that the Government should optimize the balloting and allocation mechanism for SSFs to better meet the home ownership aspirations of the sandwich class. Before the launch of each sale exercise, HA gives due consideration to the prevailing circumstances and the views of stakeholders in determining the quotas and flat selection order for different categories of applicants. Today, we have heard a lot of very good views from

Members. We will actively consider ways to improve the relevant arrangements, particularly measures that target people who have repeatedly been unsuccessful in the ballot for SSFs and that are helpful to young people.

In view of the ardent demand of White Formers for SSFs, some Members have proposed that the quota for WSM should be further increased. As a matter of fact, when HA endorsed the decision in July 2023 to maintain the quota for WSM 2023 at 4 500, it had already taken into full consideration the demand for the relevant quota and the utilization rate of the quota in order to avoid creating unnecessary upward pressure on the prices in the secondary market. For future WSM launches, we will take into account the demand of White Formers for SSFs, the overall market situation, etc. in planning the number of quota before consulting HA.

In addition, HA has recently relaxed the mortgage arrangements for SSFs by extending the mortgage default guarantee period and the mortgage repayment period to 50 years and 30 years respectively. The arrangements concerned can facilitate buyers in obtaining loans with a higher LTV ratio, thereby speeding up the circulation of SSFs.

As for the proposal to further extend the mortgage default guarantee period to 60 years, we must be cautious as HA will also need to consider the risks that it may bring. The current 50-year period seems to be appropriate. Before the extension of the guarantee period, only about 14% of HOS flats had a residual guarantee period of 10 years or more. After the extension, the proportion of flats with a residual guarantee period of more than 10 years has already increased substantially to about 98%.

With regard to private housing, a Member has proposed that the Government should formulate a standard for the “average living space per person”. On this issue, starting from 2022-2023, the Development Bureau has imposed a minimum flat size requirement of at least 26 sq m in saleable area on all land sale sites, railway property projects, redevelopment projects of the Urban Renewal Authority, as well as land exchange or lease modification applications by private developers. Since its introduction, the policy has received positive response. Therefore, the 2022 Policy Address also announced that a minimum size of 26 sq m in saleable area would be set for all SSFs to be completed from 2026-2027 onwards. All these measures will help to meet the public’s aspiration for a more spacious living environment, thereby improving their living space.

President, the current-term Government is greatly concerned about the housing aspirations of the public, and is determined to solve the existing problems. We will keep up the efforts to take forward the major strategies and to increase housing supply by enhancing quantity, speed, efficiency and quality at full steam. This is the most important basis for solving all the problems. Just as a number of Members have said, our immediate focus should be on increasing supply and helping those who are currently living in such deplorable conditions as subdivided units, “coffin-sized units” and “tree houses”, so that they can be allocated housing as soon as possible. At the next stage, we can see that there is room, and we will make good use of such room to see how the proportion of subsidized housing can be adjusted. Today, many Members have also encouraged us to increase the proportion of subsidized housing. At present, I will proceed to review the projects in hand with my team. We will, in line with the timing of future housing supply, examine which projects we can plan for, and see what we should do with the supply in the light of the new ratio proposed by Members. Today, we have listened carefully to the views expressed by Members. We will look at the areas worthy of consideration as suggested by Members and devise and design a better home ownership ladder, so as to respond practically to the public’s aspiration of living and working in peace and contentment in the future.

I so submit. Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Dr CHOW Man-kong to move an amendment.

**DR CHOW MAN-KONG** (in Cantonese): President, I move my amendment.

**The amendment moved by Dr CHOW Man-kong (See the marked-up version at Appendix 3)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment moved by Dr CHOW Man-kong be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Tony TSE, as the previous amendment has been passed, you may move your further amendment.

**MR TONY TSE** (in Cantonese): President, I move my further amendment.

**The further amendment moved by Mr Tony TSE (See the marked-up version at Appendix 4)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the further amendment moved by Mr Tony TSE be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)



**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Stanley NG, as the previous amendments have been passed, you may move your further amendment.

**MR STANLEY NG** (in Cantonese): President, I move my further amendment.

**The further amendment moved by Mr Stanley NG (See the marked-up version at Appendix 5)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the further amendment moved by Mr Stanley NG be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Louis LOONG, as the previous amendments have been passed, you may move your further amendment.

**MR LOUIS LOONG** (in Cantonese): President, I move my further amendment.

**The further amendment moved by Mr Louis LOONG (See the marked-up version at Appendix 6)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the further amendment moved by Mr Louis LOONG be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Andrew LAM, you still have 1 minute 10 seconds to reply. Then, the debate will come to a close.

**MR ANDREW LAM** (in Cantonese): President, once again, I would like to thank the 4 Members for proposing the amendments, and I also thank the other 39 Honourable colleagues for speaking enthusiastically.

Mr CHAN Hok-fung has clearly pointed out in his speech the core problem that the existing Long Term Housing Strategy has failed to assist members of the public in achieving the goal of home ownership.

The Secretary may be aware that there are many petite cakes in the Ante Chamber today. In response to Honourable colleagues' call for the Government to expeditiously review the housing policy to assist the public in acquiring their own homes and living in peace, the Secretary's reply makes me feel as if she has made us a glass of rather strongly flavoured hand-crushed lemon tea.

However, as a representative of the people, I must set an example for the younger generation. No matter how great the difficulties are, we should not "lie flat", but we should continue to keep our hopes up and strive towards our goals.

President, I so submit. I hope Members will support my motion.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Andrew LAM, as amended by Dr CHOW Man-kong, Mr Tony TSE, Mr Stanley NG and Mr Louis LOONG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the motion as amended passed.

**PRESIDENT** (in Cantonese): Members’ motion with no legislative effect.

Mr Rock CHEN will move a motion on “Further consolidating Hong Kong’s advantages as an international city”.

Dr Hoey Simon LEE will move an amendment to the motion.

This Council will proceed to a joint debate on the motion and the amendment.

Later, I will first call upon Mr Rock CHEN to speak and move the motion. Then I will call upon Dr Hoey Simon LEE to speak, but he may not move the amendment at this stage.

The joint debate now begins. Members who wish to speak please press the “Request to speak” button.

I now call upon Mr Rock CHEN to speak and move the motion.

### **MOTION ON “FURTHER CONSOLIDATING HONG KONG’S ADVANTAGES AS AN INTERNATIONAL CITY”**

**MR ROCK CHEN** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed, with a view to further consolidating Hong Kong’s advantages as an international city.

This motion seeks to facilitate a thorough discussion in the Legislative Council to pool our collective wisdom on the issue of Hong Kong’s need to uphold its international characteristics, give play to its advantages as an international city and leverage its international platform, thereby jointly contributing our advice and suggestions for the high-quality development of Hong Kong’s economy.

During his visit to Hong Kong in 2022, President XI Jinping emphasized that “one country, two systems” is a good policy that has no reason to be changed and must be adhered to in the long run. “One country, two systems” is a unique institutional arrangement under which Hong Kong can count on the security protection and policy support provided by “one country”, while being able to give

full play to its institutional advantage of fully integrating with the Western market economy and legal system. Since Hong Kong's return to the motherland, the achievement of "one country, two systems" has won recognition throughout the world. "Two systems" allows Hong Kong to enjoy ample freedom in the economic system and way of life. Hong Kong's economic development is vibrant. Its status as an international financial, shipping and trade centre is stable. There is free flow of capital, free flow of information and an ideal business environment. Adherence to its characteristics as an international city is the key to Hong Kong's success, which cannot and will not be changed in the face of any storm or challenge.

Maintaining its common law system and judicial independence under the protection of the "one country, two systems", Hong Kong has become the only common law jurisdiction in the country. The courts of the Hong Kong Special Administrative Region exercise judicial power, including the power of final adjudication, independently. Hong Kong's legal system safeguards our financial and business transaction systems, which have been effective and are in line with the usual international business practice. This must not be changed in the future, so as to provide Hong Kong with a comprehensive legal system which can align with the West for sustainable development.

Next, I will share my views on how Hong Kong can consolidate and enhance its functions as an international financial centre, international shipping centre, international innovation and technology ("I&T") centre, East-meets-West centre for international cultural exchange, international aviation hub and international education hub, so as to proactively increase the attractiveness and competitiveness of Hong Kong as an international city and give full play to the international characteristics of the Hong Kong economy.

An international financial centre must keep abreast of the latest trends in the global financial market. With the green transformation around the world, Hong Kong has an edge in the development of green finance. In particular, it can develop green investment and green bond markets and provide enterprises and institutions with relevant financial products and standard certification services, while leveraging Hong Kong's strengths in professional services in finance, accounting, law and arbitration, thereby building Hong Kong into a centre for green standards and certification.

At the same time, international capital should be channelled to match quality green financing projects with high local demand and development potential, thereby facilitating sustainable development for Hong Kong's capital market in the medium to long term. In addition, Hong Kong's capital market must develop new investment themes with focus on research topics including Web 3.0, artificial intelligence and sustainable investment, which are popular investment directions in the international capital market, in order to attract the interest of international and Mainland investors.

Hong Kong should organize large-scale international financial forums on a continuous basis to gather top financial leaders and wisdom, strengthen its function as the world's largest offshore Renminbi ("RMB") centre, promote the launch of diversified RMB-denominated investment tools in the market, fully expand the market depth, and expand the scope and capacity of the Hong Kong Dollar-Renminbi Dual Counter, so as to facilitate the internationalization of RMB.

Hong Kong has always been a highly internationalized city. Apart from consolidating the contacts with traditional Western and Southeast Asian countries, we should also make new friends, such as those in the Belt and Road and the Middle East countries, attract new capital, and continuously enrich the landing points for "going global" and "attracting foreign investment". The Government should set up an interdepartmental task force and establish KPIs (key performance indicators) for expanding Hong Kong's international influence and cooperation network.

Regarding the development into an international I&T centre, with 16 State Key Laboratories and 6 Hong Kong Branches of Chinese National Engineering Research Centres, Hong Kong is well-equipped to support the country's development into a leading country in education, science and technology as well as talents. I also fully recognize the achievements made by the current-term SAR Government in "trawling for enterprises" and "trawling for talents". It has successfully attracted quite a number of overseas I&T and biomedical enterprises to Hong Kong, and actively brought in leading I&T and scientific research talents around the globe to enlarge the talent pool, thus contributing to the country's development into a leading country in I&T.

On the other hand, Hong Kong is actively enhancing its functions as an international shipping centre and aviation hub. As mentioned in the Policy Address, Hong Kong will make good use of the Hong Kong-Zhuhai-Macao Bridge and enhance the cooperation between the two airports in Hong Kong and Zhuhai.

This will help to further enhance the role of the Hong Kong airport as the preferred gateway for connecting to the world and thereby attracting travellers from cities in the Greater Bay Area to transit via Hong Kong. Moreover, it is also necessary to explore all possible means to raise the passenger and cargo capacity, actively recruit and train talents, increase the air traffic volume, extend the advantages of the Hong Kong airport in network and flight routes to more international cities, and maintain Hong Kong's established reputation of having the world's busiest international cargo airport.

Hong Kong has been providing comprehensive maritime-related services for international connections, including shipping finance, ship registration, port logistics, freight forwarding and dispute resolution, which is conducive to the development of marine insurance in Hong Kong. At the same time, Hong Kong's rich maritime tradition and professional talents, along with the Government's series of tax concessions for the shipping industry, help promote the development of high value-added maritime services, thereby reinforcing Hong Kong's status and influence as an international shipping centre.

At present, Hong Kong is striving to develop into an international education hub. To achieve this goal, Hong Kong needs to build up a favourable ecosystem based on the 5 universities in the world's top 100, so as to attract top teaching and research talents to Hong Kong. It should also streamline the procedures and time required for international teaching staff to apply for work visas. At the same time, it is necessary to take advantage of the development of the Northern Metropolis to attract international education institutions to set up international branch campuses in the Northern Metropolis on a wholly-owned basis or in joint venture with Hong Kong's education institutions.

Fully utilizing Hong Kong's positioning as an East-meets-West centre for international cultural exchange, we should host international mega events and international sports competitions on a regular basis, so as to build Hong Kong into an "events capital". Events such as next year's Formula 1 (i.e. F1) race, LIV Golf and Chinese New Year Cup football tournament will bring a positive impact on Hong Kong's image as an international, diversified and open city. Hong Kong's regular hosting of international events and exhibitions, such as Art Basel, the Rugby Sevens and ComplexCon, can not only attract high value-added overnight visitors but also drive local consumption, while boosting the food and beverage, retail, tourism and hotel industries.

My last suggestion, which is also a very important one, is that Hong Kong must tell the story of Hong Kong well to the international community, continue to publicize Hong Kong's various advantages, disseminate positive messages and clarify the misunderstanding of the international community about Hong Kong. A more effective way of doing this, in my opinion, is to mobilize our foreign friends who have been living and working in Hong Kong for a long time to explain the situation to their nationals.

I look forward to listening to the insightful views of Honourable colleagues and government officials later.

President, I so submit.

**Mr Rock CHEN moved the following motion: (Translation)**

“That President XI Jinping, during his visit to Hong Kong in 2022, emphasized that ‘one country, two systems’ is a good policy that has no reason to be changed and must be adhered to in the long run; to consolidate and enhance Hong Kong’s advantages and characteristics as an international city, Hong Kong must comprehensively and accurately implement the principle of enjoying strong support of the motherland and being closely connected to the world; this Council urges the SAR Government to actively consolidate Hong Kong’s characteristics as an international city in various aspects and fully utilize the institutional advantages of ‘one country, two systems’, with a view to striving for both the integration into the overall development of the country and the close connection to the world, as well as promoting the high-quality development of the Mainland and Hong Kong.”

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Rock CHEN be passed.

**DR HOEY SIMON LEE** (in Cantonese): Thank you, President. First of all, I am very grateful to Mr Rock CHEN for proposing this motion, which has enabled us to review and discuss how to further consolidate Hong Kong’s advantages as an international city.



I believe that many Honourable colleagues will mention Hong Kong's advantages in a while, including its excellent legal and judicial systems, efficient and clean government, professional services and financial centre. I wish to make use of my amendment which reads "and leverage the strategic support role of the Guangdong-Hong Kong-Macao Greater Bay Area" ("GBA") to discuss in particular the Belt and Road Initiative ("BRI"), which is the flagship of the country at the present stage of internationalization, as well as the strategic support role of GBA.

The strategic support role of GBA serves two important functions in BRI. First, it serves as a key link; and second, as a platform. We have got to understand that the international competition faced by us today is no longer just traditional competition between cities, but more often, it is competition between city clusters. It is impossible for a city to excel in all areas. For this reason, it must join hands with cities and city clusters in the same region to create synergy by leveraging on their different strengths in order to face the competition in the new international landscape.

The advanced manufacturing industries, the trading, financial and shipping services as well as the capital market are all very important competitive edges of GBA. Among the nine Mainland cities in GBA, Guangdong is the province with the largest volumes of trade and two-way investment with the Belt and Road countries/regions. Let me cite some figures released by the Department of Commerce of Guangdong Province. In terms of import and export data, in 2013, Guangdong's import and export trade with Belt and Road countries amounted to RMB1.11 trillion, and in 2023, the 10th anniversary of BRI, the cumulative growth was already about 110%. Guangdong is the province with the highest proportion of utilized foreign capital from Belt and Road countries/regions and quite a number of developed regions. In 2023, the actual foreign investment utilization in Guangdong Province was about RMB200 billion, of which capital from 24 developed countries and that from Belt and Road countries/regions each accounted for about 10%. Certainly, Hong Kong has also played a significant role in it. Figures show that about half of the aforesaid investments focused in high-end manufacturing industries. Although most of these investments were counted as investment in Guangdong Province, they were concentrated in the nine GBA cities. Hence, GBA can be regarded as the most active and international economic region in the country.

Talking about Hong Kong, the SAR Government has also organized the Mainland Enterprises Partnership Exchange and Interface Session in conjunction with the Hong Kong Chinese Enterprises Association, and the response has been very positive. The advanced manufacturing industries are a core advantage of GBA in contributing to the country and participating in the construction of BRI. The modern service industries are a shortcoming in the industrial system, but this is precisely where Hong Kong's strength lies, thus forming a development mode of integration and interaction between advanced manufacturing industries and modern service industries in GBA. This can precisely make good use of the strategic support role of GBA to further consolidate Hong Kong's advantages as an international city.

Looking further, the integrated development explored in GBA for its own development, i.e. "one country, two systems and three customs territories", has provided an institutional demonstration for the internationalization of our country and for the Belt and Road countries. The endeavour to build interconnection within GBA and reduce obstacles in law is a microcosm of formation of international trade rules, which include the facilitation of customs clearance. GBA is the region that implements the shortest negative list for the access of foreign investment in the country, and it has also put in place a platform for the resolution of international commercial disputes and so on. This series of institutional innovations has already exceeded 800 items. Such institutional innovations are reflected in the Yuxinou railway connecting to countries in Central Asia and Europe (i.e. today's China-Europe Railway Express), as well as in other areas. Taking into account Hong Kong's advantages as an international city, apart from (*The buzzer sounded*) ... within the city, consideration should also be given to the synergistic development of GBA ...

**PRESIDENT** (in Cantonese): Dr Hoey Simon LEE, please stop speaking.

Secretary for Commerce and Economic Development, please speak.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, Mr Rock CHEN's motion proposes that the SAR Government should actively consolidate Hong Kong's characteristics as an international city in various aspects and fully utilize the institutional advantages of

“one country, two systems”, with a view to promoting the high-quality development of the Mainland and Hong Kong. The SAR Government very much agrees with this. Here, first of all, I thank Mr Rock CHEN for his original motion and Dr Hoey Simon LEE for his amendment, which have given us the opportunity to listen to Honourable Members’ ideas and suggestions on further consolidating Hong Kong’s advantages as an international city.

### *Hong Kong’s unique advantages*

Since its return to the motherland, Hong Kong, leveraging its unique advantages of enjoying strong support of the motherland and being closely connected to the world under “one country, two systems”, has become the only city in the world that capitalizes on both the China advantage and the global advantage. Hong Kong maintains its status as a free port and a separate customs territory, and supports a multilateral trading system with free flow of capital, talents and information. In accordance with the Basic Law, Hong Kong may, using the name “Hong Kong, China”, participate in international organizations and conclude agreements, thereby occupying a seat in the international arena.

Hong Kong ranks among the top in the world in various types of professional services, including finance, commerce and trade, and shipping. It is also the only common law jurisdiction in the country. The Judiciary has independent judicial power and power of final adjudication, thus enabling Hong Kong to seamlessly align with other major international business communities in terms of the legal system, and fully play its role as a bridge between the Mainland and the world.

### *National support for Hong Kong*

The Hong Kong SAR, being an inalienable part of the country, has all along enjoyed the full support of the country, which has been our strongest, most reliable and most solid backing that enables Hong Kong to prosper in its economic and livelihood development. Taking advantage of “one country”, Hong Kong has gained effective access to the huge Mainland market, and by capitalizing on the advantages brought by “two systems”, it serves well as the hub connecting the domestic and global markets, and actively integrates into the overall development of the country, thus leveraging Hong Kong’s strengths to serve the country’s needs while exploring wider room for development.

The development of the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) is a national strategy personally devised, personally planned and personally driven by President XI Jinping. It is a key development strategy in the country’s reform and opening up in the new era, as well as a further step in enriching the practice of “one country, two systems”. The SAR Government attaches great importance to the work on Hong Kong’s better integration into the overall national development, and proactively dovetails with the development of GBA and other national strategies. With the full support of the Central Authorities, positive outcomes have been achieved in different policy measures introduced to facilitate the flow of people, goods, capital and information in GBA, including “Northbound Travel for Hong Kong Vehicles”, facilitation measures for top talent flow in GBA and the Greater Bay Area Youth Employment Scheme. The successful implementation of these policy measures has played a pivotal role in supporting Hong Kong residents and enterprises to better grasp the opportunities in GBA, as well as in fostering high-level integrated development among the GBA cities.

In addition, the Belt and Road Initiative (“BRI”) is a long-term development strategy of the country. As last year marked the 10th anniversary of BRI, President XI Jinping announced the eight major steps the country would take to support high-quality BRI cooperation. Cooperation in new fields such as green development, digitalization and innovation has also been proposed by the country for high-quality development of BRI in the next decade. The various latest strategies put forward by the country on the high-quality development of BRI have brought unlimited opportunities for the development of Hong Kong.

Hong Kong has been fully participating in and contributing to the BRI development and capitalizing on our position as the functional platform for BRI, as well as giving full play to our role as both a “super connector” and a “super value-adder”. In 2024, the Commerce and Economic Development Bureau will continue to build up the ninth Belt and Road Summit as one of the signature events, and further expand the breadth and depth of this annual Summit. Moreover, in September this year, we will launch the first “Belt and Road Festival”, with a view to furthering Hong Kong’s collaboration with Belt and Road countries in a wide range of areas including trade and investment, technology, arts and culture, and talent exchanges, as well as developing the Summit into an important bridge for showcasing achievements of people-to-people exchanges and promoting humanistic exchanges and cooperation.

To enable Hong Kong to make good use of the country's support and better utilize the unique advantages of enjoying strong support of the motherland and being closely connected to the world, the SAR Government established the Steering Group on Integration into National Development (“the Steering Group”) at the end of 2022 to strengthen top-level overall leadership, and promote and supervise the work on integrating into overall national development from a macro perspective. The Steering Group, chaired by the Chief Executive with three Secretaries of Departments as deputies, will continue to formulate and implement various policy measures under the principles of being proactive and pragmatic and achieving mutual benefits to facilitate Hong Kong's active integration into the overall development of the country, thereby seizing the unlimited opportunities brought about by the country's development, and injecting continuous impetus to the growth of SAR.

#### *Hong Kong's characteristics as an international city in various areas*

With the support of the country, Hong Kong must continue to give play to our unique advantages. The 14th Five-Year Plan supports the development of Hong Kong in eight key areas (“the eight centres”), including the international trade centre, international financial centre, international innovation and technology centre, East-meets-West centre for international cultural exchange, regional intellectual property trading centre, international shipping centre, international aviation hub, as well as centre for international legal and dispute resolution services in the Asia-Pacific region. Various Policy Bureaux of the SAR Government have been actively promoting policies related to the eight centres, so as to consolidate and deepen Hong Kong's characteristics as an international city.

#### *International trade centre*

The first one is international trade centre. In order to further integrate into the overall development of the country and create strong impetus for our growth, we need to open up the Mainland domestic market internally, and also expand our international economic and trade networks externally.

The SAR Government will continue to leverage its role as a two-way platform for “attracting foreign investment and going global”, including making use of Hong Kong's advantages under the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”) to connect the Mainland with

enterprises around the world, thereby enabling more professional services and quality products to enter the Mainland market, and at the same time channelling quality capital, professional talents, international business networks and professional expertise into the Mainland.

On the other hand, the SAR Government has all along endeavoured to expand Hong Kong's economic and trade network, and would consider setting up additional Economic and Trade Offices and consultant offices in the light of the potential of emerging markets, with a view to helping the local business sector develop new impetus for business growth, while promoting the preferential measures of free trade agreements, including CEPA, externally, so as to encourage foreign investors to set up and expand their businesses in Hong Kong.

#### *International financial centre*

On the financial front, the principle of enjoying strong support of the motherland and being closely connected to the world is the cornerstone of Hong Kong's development into an international financial centre. On the strong support of the motherland, the Government, in conjunction with the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited ("HKEX"), are committed to deepening and widening mutual access between the financial markets of the Mainland and Hong Kong. With the strong support of the Central Government, a number of enhancement measures and new products were introduced under the mutual market access programme in 2023, including the further expansion of eligible stocks under Stock Connect and introduction of Northbound trading of Swap Connect, fostering the connectivity and concerted development of the two markets.

In respect of close connection to the world, with Hong Kong as a leading international fundraising centre, we are committed to attracting companies of different sizes and with growth potential from around the world to list and raise funds in Hong Kong for business expansion. To further facilitate more overseas enterprises to list in Hong Kong, HKEX included the Saudi Exchange and the Indonesia Stock Exchange onto its list of recognized stock exchanges last year, allowing companies listed on their main boards to apply for secondary listing in Hong Kong. Such measures could further enrich the source of issuers in Hong Kong's securities market.

*International innovation and technology centre*

Hong Kong has all along been performing well in international rankings related to innovation and technology (“I&T”). According to the Global Startup Ecosystem Report 2023, Hong Kong ranks second in the world and first in Asia in the Emerging Startup Ecosystems. In the Global Innovation Index 2023 published by the World Intellectual Property Organization, the “Shenzhen-Hong Kong-Guangzhou” science and technology cluster has ranked second globally for four consecutive years, and Hong Kong’s ranking remains fifth in Asia, and is 17th globally among 132 economies. Hong Kong’s achievements in I&T are evident to all.

The 14th Five-Year Plan expressly supports Hong Kong’s development into an international I&T centre. At the end of 2022, the Innovation and Technology and Industry Bureau released the Hong Kong Innovation and Technology Development Blueprint, announcing that Hong Kong’s I&T development would be promoted under four broad development directions, including “to proactively integrate into the overall development of the country and consolidate our role as a bridge connecting the Mainland and the world” by leveraging Hong Kong’s advantages as an international city to foster global I&T collaboration.

*East-meets-West centre for international cultural exchange*

Well-positioned to be an East-meets-West centre for international cultural exchange, Hong Kong has been presenting her charm as the Events Capital of Asia to the world. Various types of events attract visitors from all over the world, which can help enhance Hong Kong’s status as an international city. Earlier on, the Government has set up the Mega Events Coordination Group, which is chaired by the Deputy Financial Secretary. It will reach out more proactively to attract various mega events to anchor in Hong Kong in the future. In addition, the Mega Arts and Cultural Events Fund under the Culture, Sports and Tourism Bureau, which has attracted and supported quite a number of international and large-scale arts and cultural events to anchor in Hong Kong, is committed to developing Hong Kong into an “arts and cultural metropolis”.

*Regional intellectual property trading centre*

The development of Hong Kong into a regional intellectual property (“IP”) trading centre will not only dovetail with the country’s important strategy of developing IP, but also complement Hong Kong’s development into an

international I&T centre and an East-meets-West centre for international cultural exchange. Always attaching great importance to the legal protection of IP, the SAR Government has progressively implemented various enhancement measures to ensure that Hong Kong's IP protection regime can keep abreast of the times, closely follow the international development trend and meet Hong Kong's economic needs, as well as provide protection for creative inventions to generate new knowledge, concepts and technologies with potential for commercialization in the future, thereby laying the foundation for the subsequent stages of the I&T ecosystem, while at the same time promoting various forms of IP trade, so as to reinforce Hong Kong's status as a regional IP trading centre.

For example, the Copyright (Amendment) Ordinance 2022, which came into operation in May last year, has strengthened copyright protection in the digital environment. We will also continue to develop the original grant patent system and enhance our substantive examination capability, with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030. We are also actively planning for the establishment of a World Intellectual Property Organisation Technology and Innovation Support Centre in Hong Kong to provide the industry with quality IP (especially patent) information and services, with a view to protecting scientific research results and promoting IP trading. In addition, the Intellectual Property Department has launched a review of the registered designs regime with a view to commencing consultation in 2025 on the way forward in updating the regime, so as to ensure that the regime closely follows the mainstream international practices and meets future local industrial development needs.

#### *International shipping centre and international aviation hub*

As an international shipping centre, aviation hub and logistics hub, Hong Kong is not only equipped with the world's busiest international cargo airport and one of the top 10 container ports in the world, but it also has a comprehensive transportation network covering sea, land and air, making it an important logistics gateway connecting the Mainland with the rest of the world.

To strengthen Hong Kong's status as an international aviation hub, the Airport Authority Hong Kong is working full steam ahead with the three-runway system project, with the target of commissioning at the end of this year. Besides, to promote high-quality development of Hong Kong's logistics industry and sustainable development of the maritime and port industry, the Government



promulgated the Action Plan on Modern Logistics Development and the Action Plan on Maritime and Port Development Strategy respectively last year, with a view to consolidating Hong Kong's status as an international logistics hub.

### *International legal and dispute resolution services*

To further reinforce Hong Kong's status as a centre for international legal and dispute resolution services in the Asia-Pacific region, the Department of Justice proactively refines Hong Kong's legal framework for the legal sector to provide professional services under a sound legal system that aligns with international standard. At the same time, the Department of Justice also actively works with the sector and other stakeholders to strengthen the interface with the Belt and Road development strategy and promote the rule of law construction in GBA.

The Secretary for Justice has announced earlier the establishment of the International Organization for Mediation, the headquarters of which will be located in Hong Kong. The International Organization for Mediation will be the first international intergovernmental legal organization in the world specializing in settlement of international disputes by mediation, as well as the first international intergovernmental organization with its headquarters located in Hong Kong. This will enhance Hong Kong's international status as a "capital" for mediation in the world.

### *Talent and education*

Apart from the eight centres, Hong Kong also enjoys advantages as an international city in terms of talent and education. In respect of talent, the current-term Government not only actively nurtures local talents, but also actively attracts global talents. At the end of 2022, the Government enhanced a number of talent admission schemes and introduced the new Top Talent Pass Scheme. As at the end of February this year, a total of about 260 000 applications were received under various talent admission schemes. Among them, about 160 000 were approved. In 2023, about 90 000 talents with visas approved under various talent admission schemes arrived in Hong Kong, far exceeding the Government's target.

Besides, to promote diverse talent flow in GBA and deepen the exchange and cooperation of talents, the Governments of Hong Kong and Guangdong signed the framework agreement on promoting Guangdong-Hong Kong talent cooperation

in January this year, thereby injecting new impetus for building a high-level talent hub in GBA and strengthening cooperation in areas such as talent cultivation, attraction and exchange.

On the education front, President XI Jinping has stated that a leading country in education is led by higher education, and called for speeding up the development of world-class universities and strong disciplines with Chinese features, so as to promote scientific research and innovation that aims at the global frontiers of science and technology and the country's major strategic needs. Hong Kong has been actively leveraging its strengths to serve the country's needs. We also seek to tie in with our country's education development goal and BRI, seize the opportunities arising from the rapid development of GBA, and provide the manpower support for Hong Kong to develop the "eight centres" as outlined in the 14th Five-Year Plan.

Hong Kong has a multicultural characteristic, sound education infrastructure, world-renowned universities, outstanding research talents and strong research capabilities. The quality of our teaching and learning has ranked among the top in various international comparative studies. Our quality education brand is widely recognized and appreciated both at home and abroad. The SAR Government will strive to dovetail with the education development strategy of our country and capitalize on our existing strengths to comprehensively develop Hong Kong into an international education hub.

### *Concluding remarks*

President, allow me to first make the above opening remarks to invite more valuable ideas. I will listen to Honourable Members' views on the motion carefully and give a response later.

I so submit. Thank you, President.

**IR DR LO WAI-KWOK** (in Cantonese): President, before all else, I thank Mr Rock CHEN for moving the original motion and Dr Hoey Simon LEE for his amendment. The Business and Professionals Alliance for Hong Kong and I totally agree with the thrust of the motion. We consider that the SAR Government should fully utilize the institutional advantages of "one country, two systems", and

actively consolidate Hong Kong's characteristics as an international city in various aspects, with a view to promoting the high-quality development of the Mainland and Hong Kong.

President, the world is facing momentous changes not seen in a century with complicated and volatile geopolitics. Earlier on, targeting Hong Kong's legislation on national security, certain Western politicians and media wantonly attacked and smeared Hong Kong, thus illustrating that it is really necessary for Hong Kong to be prepared for danger in times of peace. With the firm support of the Central Authorities and efforts of all sectors of society, Hong Kong has finally completed the local legislation for safeguarding national security and built up a firm national security barrier. It should then focus on pursuing economic growth and advancing development. The key lies in whether Hong Kong can better leverage the unique advantages of "one country, two systems".

In his address at the meeting celebrating the 25th anniversary of Hong Kong's return to the motherland, President XI Jinping emphasized that Hong Kong's distinctive status and edges of "enjoying strong support of the motherland and being closely connected to the world" must be maintained, and the Central Government fully supports Hong Kong in its effort to keep its business environment free, open and regulated, and maintain the common law, so as to expand and facilitate its exchanges with the world. At the same time, he hoped that Hong Kong would actively dovetail itself with the 14th Five-Year Plan and other national strategies such as the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative, so as to continue to create strong impetus for growth. President XI's important address has boosted the confidence of all sectors of Hong Kong society, and pointed out the objective and direction in which we should exert our efforts: we should both actively integrate into the overall development of the country, and consolidate Hong Kong's advantages as an international city. The two are complementary.

President, the country has proposed to develop new quality productive forces at a faster pace. New quality productive forces, freed from traditional economic growth mode and with innovation playing the leading role, are driven by revolutionary technological breakthroughs, innovative allocation of production factors and deep industrial transformation and upgrading, featuring high-tech, high-efficiency and high quality. Emphasis is also put on the need to actively foster strategic emerging industries such as new energy, new materials, advanced manufacturing and electronic information, as well as future-oriented industries, so

as to enhance the development of new growth drivers. In this connection, how to actively meet the country's needs and leverage Hong Kong's strengths is a major challenge and opportunity that we shall face.

The 14th Five-Year Plan supports the development of Hong Kong in eight key areas, including the international financial centre, international innovation and technology centre, East-meets-West centre for international cultural exchange, international trade centre, international shipping centre, international aviation hub, centre for international legal and dispute resolution services in the Asia-Pacific region, and regional intellectual property trading centre. On this premise, the SAR Government should formulate a more aggressive strategy for attracting enterprises and investment, allocate additional resources to assist the industrial, commercial and professional sectors in grasping the opportunities, and focus on the development of industries and professional services in which Hong Kong enjoys comparative advantages. At the same time, it should further improve the mechanism of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and deepen cooperation in areas such as infrastructure, industrial investment, technology, culture, informationization and environmental protection. The authorities should also promote the expansion of the coverage of mutual recognition of professional qualifications and credentials of the related industries in Hong Kong and the region, with a view to aligning with international standards in the long run, and developing Hong Kong into a professional training centre of the Belt and Road.

President, in response to trade protectionism, Hong Kong should proactively expand its circle of friends in commerce and trade by concluding free trade agreements and comprehensive double taxation agreements with more overseas economies, including striving to expeditiously complete the procedure for joining RCEP (i.e. Regional Comprehensive Economic Partnership) and commence that for entry to CPTPP (i.e. Comprehensive and Progressive Agreement for Trans-Pacific Partnership), as well as setting up more Economic and Trade Offices in countries along the Belt and Road and the Mainland, so as to highlight Hong Kong's role as an international business platform. At the same time, it should strengthen economic and trade exchanges with countries in Southeast Asia and the Middle East, and actively launch more cooperation projects, thereby helping local enterprises to further tap into the Mainland and overseas markets, as well as attracting overseas industries and talents to Hong Kong.

President, I so submit.

**MR LAM SAN-KEUNG** (in Cantonese): President, as a representative of the legal sector, I would like to talk about the situation encountered by the legal sector in the development of internationalization and our expectations on the Government.

In recent years, the Hong Kong Government has repeatedly stressed the need to develop itself into a centre for international legal and dispute resolution services in the Asia-Pacific region. In this regard, the Hong Kong Government has made great efforts and done a lot of work, such as putting into practice the arrangement for reciprocal recognition and enforcement of court judgments between the Mainland and Hong Kong, which is welcomed by the legal sector.

However, litigation is a legal service which is needed only after a dispute has arisen during the development of cooperation. To litigants, it is actually not a service which enhances value. Rather, it is only a service to make up for losses or seek compensation. Among the “eight centres” positioning of Hong Kong, commercial legal services are needed in the initial period of development of the other seven centres. Lawyers know not only how to handle lawsuits. They can also provide other legal services. The output value of these legal services is far greater than the economic benefits generated by litigation services. Examples include listing for financing, bond issuance, mergers and acquisitions, trade contracts, intellectual property, aircraft and ship leasing and financing, ESG (Environmental, social and governance), green finance, family offices, property development, and large-scale infrastructure development. It is only when these types of legal services are properly provided that we can truly help domestic enterprises “go global” and attract international enterprises, thus enabling Hong Kong to become more internationalized and play a good role for the country in “being closely connected to the world”.

Regrettably, Hong Kong’s legal sector has encountered quite a number of difficulties in the development of such commercial legal services. I wonder whether it is due to the Government’s lack of understanding or unwillingness to care, but I have yet to see any policy or resources provided by the Government to assist Hong Kong’s legal sector to develop any legal services outside the scope of litigation. The remark that the rule of law is the cornerstone of Hong Kong’s development is only empty talk. Just by taking a look at the increasingly miserable and difficult operation of the entire legal sector, we would know what major problems are facing Hong Kong, a society governed by the rule of law.

The first one is the problem of training. In recent years, the Government has been promoting green finance, ESG and green bonds. It has also indicated that it would promote aircraft and ship leasing services, in a bid to become an international shipping centre. The contracts for all these financial products and aircraft and ship leases had better be drafted by lawyers in order to attain the best protection, but it turns out that Hong Kong lacks legal talents on this front. Although the Government has stated that it would subsidize the training of talents in the sector, its targets do not include local lawyers. As such, how can these new industries can be developed? I have repeatedly talked about this problem for two years and requested the Government to step up efforts in training such legal talents, but it seems that the Government has turned a deaf ear.

Given the shortage of local legal talents, apart from stepping up training in universities, we may also consider a hands-on approach to learn the work by taking up outsourced contracts, under which one will know the ropes with more practices, but the prerequisite is that local lawyers can be awarded outsourced contracts. In reality, however, the Government and most enterprises (including Mainland enterprises) would only engage foreign law firms. Even experienced local law firms can hardly secure such outsourced contracts. I have relayed this problem to the Government, but the Government has used the procurement principles under the Agreement on Government Procurement of the World Trade Organization as its “shield”, adding that it is necessary to ensure protection of the interests of and fairness for foreign firms. It is indeed exasperating. However, in both the United Kingdom and Singapore, there are contractual terms requiring successful bidders to employ a specified number of local people, while the Agreement on Government Procurement of the World Trade Organization also stipulates that foreign companies can be excluded from procurement involving national security.

While some American law firms currently restrict the access of Hong Kong employees to international information, saying that they are worried about leakage of important information, the Hong Kong Government and enterprises would still hand over important information about Hong Kong society and enterprises to foreign law firms, allowing them free access to such information. If the Government and enterprises do not give any opportunity to local law firms, how can local law firms be strengthened to assist Hong Kong in internationalization?

Hence, if the Hong Kong Government wishes to do a good job in internationalization and development of the “eight centres”, I urge it to make proper efforts in the training of local legal talents. Apart from subsidizing the training of

lawyers, please give more opportunities to local law firms when outsourcing contracts. The Government should also promote Hong Kong's legal services more to Mainland enterprises. These services cover not only litigation, but also commercial legal services that can go global. Only in this way can we enhance Hong Kong's advantages and characteristics as an international city.

With these remarks, I support Mr Rock CHEN's motion.

**DR CHOW MAN-KONG** (in Cantonese): President, the title and theme of Mr Rock CHEN's original motion today are very significant, since this is the true essence of the implementation of the "one country, two systems" policy in Hong Kong. As an academic in economic and education policies, I consider that the SAR Government can seize the current opportunity of building Hong Kong into an international hub for post-secondary education, provide Hong Kong with a constant supply of back-up talents for the development of the "eight centres", continuously improve the population policy, further enhance Hong Kong's international business environment, perform the role of an important node under the new development pattern featuring domestic and international dual circulation, then grasp the opportunities arising from the country's development of new quality productive forces, and capitalize on our edge in innovation and technology to serve the overall development of the country. Our future prospects can be described as highly promising.

In respect of education, Hong Kong not only has internationally renowned tertiary institutions but also offers high-quality programmes aligning with international standard. Our universities are at world-leading level in terms of both quality and quantity of academic research, not to mention that Hong Kong is in the unique position of the "dual circulation" development of our country, coupled with a pluralistic and inclusive international environment. It is indeed necessary for Hong Kong to develop and further realize the objective of building an "international hub for post-secondary education". We need to "trawl for" students not only from the Mainland, but also those from countries in the Belt and Road and the Association of South East Asian nations ("ASEAN"). We should strive for them to come to study in Hong Kong and stay here to work, so as to create impetus for the growth of Hong Kong. I suggest that the authorities should closely monitor whether the eight publicly-funded universities have fully utilized the new measure of increasing the admission quota of non-local students to 40% as proposed in the 2023 Policy Address. The 10% quota restriction on self-financing

institutions should also be lifted in a timely manner, with a view to improving the ecological environment of education in Hong Kong on a continuous basis, fully unleashing the vitality of post-secondary institutions, replenishing the reserves of talents and human resources in Hong Kong, and dovetailing with overall national strategies such as invigorating the country through science and education, and strengthening the country through talents.

To rationalize the new measures mentioned just now, the Government must lead various academic institutions in “going global” with more publicity. I suggest that Policy Bureaux such as the Commerce and Economic Development Bureau and the Education Bureau, or public bodies such as the Trade Development Council and Invest Hong Kong should work together to assist Hong Kong’s education sector in going global, and launch more work to promote the brand name of Hong Kong’s education. In the medium to long term, funding can also be allocated for setting up a dedicated international education department similar to the British Council and Introducing Australia Studies Centre, which will be tasked with competing for overseas students to come to Hong Kong.

On the financial front, it is worth mentioning that the Budget has taken on board the specific proposals in a Member’s motion moved by me earlier. The Government will not only take the initiative to attract overseas enterprises to come to Hong Kong for listing and financing, and strengthen economic and trade relations with the Middle East, Belt and Road and ASEAN countries. At the same time, it will make continuous efforts to deepen mutual-market access schemes with the Mainland, and take more proactive measures to attract more southbound capital inflow. In recent years, the United States has been constraining our country’s development on all fronts, resulting in increasing geopolitical risks faced by the Hong Kong stock market. This is absolutely a factor that warrants vigilance. In view of this, how we should continue to strive for more capital from traditional Western countries to stay in Hong Kong and new capital from different channels to come to Hong Kong, and at the same time introduce more diversified sources of capital into Hong Kong’s financial market, is crucial to whether Hong Kong can continue to serve well as the country’s primary offshore investment and financing centre in the future.

I hope that in the future, the Hong Kong Exchanges and Clearing Limited can consider setting up overseas offices in more developing countries and emerging markets with development potential, especially those in the Middle East and ASEAN regions, so as to attract enterprises along the Belt and Road to list in Hong



Kong. As we all know, now many enterprises have set up factories in Southeast Asia, and they do have a lot of financing needs. Paying them a visit to attract them to Hong Kong is fully in line with the general trend. Moreover, we can encourage them to invest in Hong Kong with the use of Renminbi and conduct stock trading under the dual counter model, thereby enhancing the internationalization of Hong Kong's Renminbi trading platform, as well as deepening the liquidity pool in Hong Kong's financial market, with a view to reinforcing Hong Kong's status as an international financial centre.

President, I so submit.

**PROF WILLIAM WONG** (in Cantonese): Thank you, President. I thank Mr Rock CHEN for proposing the motion on “Further consolidating Hong Kong's advantages as an international city”. Hong Kong has always been an international city. With its economic development aligning with the Mainland and overseas places, and pooling elites from all over the world, it is a city where Eastern and Western cultures meet. Similarly, on the front of academic development, we also enjoy the advantages as an international city.

Hong Kong has world-class research institutes and universities which have attracted a large number of outstanding teachers and researchers from overseas. In the future, Hong Kong will focus on the development of innovation and technology (“I&T”), and endeavour to promote new industrialization, which warrants the input of more talents from places around the world to upgrade Hong Kong's scientific research level and enhance the application of innovative technologies. Therefore, the Government should attach greater importance to diversity in its various talent admission programmes, so as to bring in more scholars and researchers from different places.

As a matter of fact, in recent years, Hong Kong's scientific research teams have established frequent and close cooperation with overseas research and development teams. For example, the two InnoHK Clusters have converged top-notch local and global research talents and institutes, providing strong support for Hong Kong to develop into an international I&T centre. On this basis, we need to continue to strengthen cooperation and exchanges with other countries and regions. The Budget has announced the allocation of \$2 billion to support the InnoHK Clusters to establish presence in the Loop and set up the InnoLife Healthtech Hub in the Hong Kong-Shenzhen Innovation and Technology Park

(“HSITP”). This proposal ties in well with the promotion of the development of life and health technology in Hong Kong. Moreover, as the InnoHK Clusters attach importance to international exchanges and cooperation, the establishment of their presence in the Loop can precisely demonstrate that HSITP not only attaches importance to research collaboration with the Mainland, but also greatly welcomes overseas scholars and researchers. I hope the Administration will conduct more publicity so that the Loop will become a piece of precious land where local and overseas research elites get together.

In addition, the Budget mentions that a new Sponsored Overseas Speaking Engagement Programme will be launched to promote Hong Kong and its many advantages. However, I consider that while focusing on “going global”, the authorities should also consider attracting talents. We should actively invite top international scholars to come to Hong Kong to host seminars on the latest technologies and share their experience with local experts, so as to ensure that Hong Kong’s technological advancement can catch up with that in the international arena. While Hong Kong’s convention and exhibition business is currently performing well, international seminars on academics and I&T are still not given due attention, which is not consistent with the SAR Government’s stance in promoting I&T. I hope that the Government will update its strategy on convention and exhibition to attract more international academic conferences to be held in Hong Kong.

Lastly, I would like to talk about the development of universities of applied sciences (“UASs”). Last year’s Policy Address proposed the establishment of UASs. I am glad to see that acting on its words, the Government has recently designated the Hong Kong Metropolitan University as the first UAS. In my opinion, UASs should consider establishing cooperative relationships with overseas applied higher education institutions and offering programmes in collaboration to provide students with opportunities of international studies, internships and exchanges, so that they will have the opportunities to gain practical experience in world-renowned enterprises, research institutes or other academic institutions, and develop an international outlook and international professional competence, thereby providing outstanding talents conducive to the competitiveness and development potential of I&T in Hong Kong.

Hong Kong, an international metropolis, is endowed with a unique geographical location and an open market environment, but at the same time, it is also faced with increasingly fierce international competition and a complex and

volatile environment. Hence, we should continue to strengthen our competitiveness and consolidate Hong Kong's advantages as an international city, including showcasing its unique advantages in education and scientific research.

With these remarks, President, I support the motion and the amendment.

**MR CHAN KIN-POR** (in Cantonese): Thank you, President. Hong Kong is an international financial centre, an international trade centre and also an international metropolis. Hence, being international has been Hong Kong's signature feature which is indispensable to Hong Kong's success. However, in recent years, Hong Kong has been hard hit by "black-clad violence" and the epidemic, and after the resumption of normalcy, the pace of recovery is slower than expected. Foreign politicians and media have exploited this opportunity to try to discredit Hong Kong.

I thank Mr Rock CHEN for his motion today. Recently, the economy of Hong Kong has been sluggish, and there is even a fiscal deficit. Apart from cyclical factors, this is also attributable to the fact that Europe and the United States are keen on suppressing the development of our country and Hong Kong, thus causing investors to have doubts about Hong Kong. At the same time, our country is committed to self-improvement, making every effort in deleveraging and eliminating non-performing assets in order to cope with future challenges, while Hong Kong is also setting its focus of development afresh. In the meantime, both the national and Hong Kong economies will be affected. In fact, with the interest rate hike cycle coming to an end and our country's rectifications for better governance nearing completion, it is expected that the pace of Hong Kong's recovery will accelerate, and foreign media will no longer have any excuse to smear Hong Kong.

By consolidating Hong Kong's advantages as an international city, not only can we serve Hong Kong's own development, but also contribute to our country, including playing the role as a "super connector" between our country and the world. In particular, we can help our country to promote the Belt and Road Initiative, and actively embrace the development of the Guangdong-Hong Kong-Macao Greater Bay Area, thereby making significant contributions to our country's industrial upgrading and development strategies. At the same time, Hong Kong can make use of its position as an offshore Renminbi ("RMB") centre to strengthen the RMB business before the opening up of the Mainland's capital account, thus contributing to the internationalization of RMB in the long run.

Hence, an important strategy for the development of “one country, two systems” in Hong Kong is, on the one hand, to fully integrate into the overall national development with the strong backing of the country, and on the other, to maintain its advantages as an international city and serve its important function of connecting to the world.

As Hong Kong is an international financial centre, although the market is currently in the doldrums, the Government has continued to promote the upgrading and diversified development of the financial industry. Apart from consolidating the existing financial foundation, the new Budget has done a lot of work, including enhancing the mechanisms of the stock market, opening up new capital sources such as the Middle East, expanding the bond market, and developing the wealth management business on a continuous basis. It is expected that the confidence of international investors in the Hong Kong financial centre will be gradually restored.

Besides, international trade is a pillar of Hong Kong’s economy too. The Budget has also proposed to tap into the markets in the Association of South East Asian Nations and the Middle East, develop Hong Kong into a multinational supply chain management centre, and continue to promote industrial development as an international shipping centre, innovation and technology centre and so on. Therefore, Hong Kong is full of great plans, but it takes time for the various industries to develop. I believe that the earliest result can be seen in the promotion of headquarters economy. This is a proposal which has been advocated for more than a decade, with the Government offering financial incentives to attract international enterprises to set up regional headquarters in Hong Kong, thereby creating a great hub for businessmen.

Lastly, I wish to point out in particular that one of the most important tasks of Hong Kong as an international metropolis is to maintain an international cultural environment and lifestyle, so that it can align with the world. Hong Kong is an international financial centre of our country, but at the same time, it is also one of the leading international cities in Asia. Under the principle of “one country, two systems”, Hong Kong cannot be merely an ordinary city of our country. For this reason, while integrating into the national development, Hong Kong needs to maintain its international cultural environment and lifestyle, because after all, in affirming whether Hong Kong is an international city, there is a need for the international community, especially the international business sector, to give their recognition that life in Hong Kong is not fundamentally different from that in New York, London or Paris.

Therefore, apart from the need to speak good Putonghua, Hong Kong people must at the same time keep their English proficiency. This is a core requirement. In addition, Hong Kong should keep in touch with the world and encourage people from different foreign countries to come for work, business, studies and even working holidays, thereby enhancing mutual understanding between Hong Kong and the international community through exchanges. At the same time, Hong Kong needs to continue to host more international events such as rugby sevens, marathons and world-class cultural exhibitions, and encourage more international brands to anchor in Hong Kong. All in all, the aim is to make Hong Kong a place which is on good terms with foreigners and which provides the best business environment.

Thank you, President.

**MR ROBERT LEE** (in Cantonese): Thank you, President. I support the motion proposed by Mr Rock CHEN and the amendment by Dr Hoey Simon LEE.

With the advantages of “one country, two systems”, Hong Kong is able to maintain its characteristics as an international city in various aspects. In international rankings, including those in respect of economic freedom, the Global Financial Centres Index and world competitiveness, Hong Kong has remained at the top, thus reflecting that Hong Kong is an international city which is highly competitive in the world.

However, if we do not move forward, we will fall behind. To consolidate Hong Kong’s advantages as an international city in the face of fierce competition, we must realize the “eight centres” positioning given to Hong Kong by our country. In particular, in such areas as finance, innovation and technology, sports, arts and culture, shipping and trade, we should give full play to Hong Kong’s role as a “super connector” and continue to promote exchanges and cooperation between the world and our country in various domains.

The Belt and Road Initiative advocated by our country and the planning of the Guangdong-Hong Kong-Macao Greater Bay Area have set a clear development direction for Hong Kong in expanding its international relations and cooperation. The important outline of this year’s “two sessions” and the Report on the Work of the Government promulgated by LI Qiang, the Premier of the State Council, have further elaborated on the focuses, measures and targets of the country’s future

development. The SAR Government should actively study the major tasks of our country for this year, so as to formulate policies to facilitate complementary between Hong Kong and the country.

President, I have all along advocated that the Government needs to adopt a three-pronged approach in financial development, including exploration of new markets (such as countries in the Middle East and the Association of South East Asian Nations, with which we have had less contact in the past), continuous reform, and promotion of diversified development, with a view to reinforcing Hong Kong's status as an international financial centre. This year, the Central Authorities have set the national economic growth target at around 5%, higher than the 3.1% growth of the world economy this year as forecast by IMF (International Monetary Fund), thus providing strong support for steady development of Hong Kong's economy. This will also help Hong Kong further expand its overseas markets and attract capital from around the world. In this regard, the Government should assist the financial services sector in attracting overseas capital through a series of reform measures, including tax reform, streamlining the procedures for enterprises to establish presence in Hong Kong, and facilitating listing and financing.

Besides, the top priority of the State Council's Report on the Work of the Government this year is "striving to modernize the industrial system and developing new quality productive forces at a faster pace". The SAR Government needs to capitalize on the strengths of Hong Kong's financial services industry to serve the upgrading of various industrial chains, and actively nurture emerging and future-oriented industries, so as to facilitate diversified development of Hong Kong's financial industry.

To continue to consolidate Hong Kong's advantages as an international city, it is most important to attract sufficient talents. In this connection, the Government should not only ensure Hong Kong's advantages in the financial and business environment, but also build a liveable international city which gives play to the East-meets-West characteristic of Hong Kong in areas such as education, living, entertainment and culture, in order to pool international talents.

As stated by DING Xuexiang, Vice Premier of the State Council, our country "supports Hong Kong in its efforts to maintain its distinctive status and edges, vigorously expand international exchanges and cooperation, and better integrate into the overall development of the country, so as to foster the long-term prosperity and stability of Hong Kong". Moreover, the formal enactment of the Basic Law

Article 23 legislation has cleared up uncertainties for Hong Kong. It is now an important time for Hong Kong to capitalize on its advantages as an international city to promote the high-quality development of the Mainland and Hong Kong.

With these remarks, President, I support the motion and the amendment.

**MR CHAN CHUN-YING** (in Cantonese): President, enjoying strong support of the motherland and engaging itself globally, Hong Kong possesses the institutional advantages of “one country, two systems”, a sound rule of law system, a market-oriented and international business environment, comprehensive infrastructural facilities, a regulatory system which aligns with international standard, as well as free flow of information and capital, making it one of the world’s leading international financial centres which has attracted people from places around the world to come for development and investment. I am grateful to Mr Rock CHEN for proposing the motion on “Further consolidating Hong Kong’s advantages as an international city”, which has facilitated our discussion on how to consolidate Hong Kong’s characteristics as an international city in various aspects.

Hong Kong’s status as an international financial centre is a shining business card. To further consolidate its advantages as an international city, one of the priority tasks is to reinforce Hong Kong’s status as an international financial centre and expand its influence. In this connection, the Government can make continuous efforts to promote international financial development in three aspects. First, to further enhance the strategic positioning of Hong Kong as a financial centre, and in particular, develop it into an international bond trading centre in Asia, so as to seize the commanding height in financial centre development; second, to vigorously develop the offshore Renminbi market, and at the same time launch trials of digital Renminbi, so as to enhance the ability to open up services; and third, to vigorously expand financial areas such as financing in the Growth Enterprise Market, financing for innovation and technology, and private equity, so as to enhance the ability to serve Hong Kong’s innovative development. If we can seize the development opportunities in these areas forcefully, and respond proactively and prudently to all the risks and challenges currently arising around the world, our status as an international financial centre will gain new impetus.

In the face of obvious changes in the international environment and the reshaping of the global supply chain, as Members have mentioned repeatedly, it is all the more necessary for Hong Kong to proactively expand its “circle of friends”.

Having regard to the geopolitical factor, it may not be desirable to tap the markets in the United States and the West. I very much agree with the Chief Executive's remark yesterday that in the future, we should pay more visits to the Middle East and the Association of South East Asian Nations, as well as countries along the Belt and Road, such as those in Central Asia, and provide necessary support for the launch of large-scale infrastructure and specific projects there. We should make use of our resources, financing channels and experience in financial infrastructure as an international financial centre to offer diversified financing solutions, so as to resolve and smooth out the financing needs of various Belt and Road projects. Apart from contributing to the Belt and Road Initiative, this can also achieve the objective of promoting Hong Kong's financial system and market advantages to attract more foreign investors to conduct investment and financing activities in Hong Kong.

Talent is the driving force and cornerstone of economic and social development. To consolidate our advantages as an international city, we need the joint participation of a large number of international talents. To cope with the competition for talents in the international community, we must seize every minute to trawl for talents from all over the world by every possible means. Apart from the existing talent schemes, as mentioned by the Chief Executive, the Government should expeditiously and proactively join hands with various industrial, commercial and professional sectors to "go global" by conducting publicity and recruitment campaigns in target talent markets. For example, the financial sector, which I represent, is particularly in need of professionals in digital technology, sustainable financing and compliance risk management. If relevant professionals from regions such as India and the European Union can be attracted to work and live in Hong Kong, this can also drive the re-adaptation of various trades and industries to provide quality services to new visitors from different parts of the world.

The United States and Western countries still make exaggerations from time to time that Hong Kong is "becoming isolated", being "Mainlandized", losing its advantages as an international city, or regressing in the level of internationalization. Many cities in the international community regard Hong Kong as their competitor. They certainly hope that Hong Kong will become "defunctionalized" and "decentralized", turning into an unattractive city which discourages foreign investors and talents from visiting. After the completion of the Basic Law Article 23 legislation, it is now most imperative for Hong Kong to do its utmost to tell the stories of Hong Kong well in the international arena.



To this end, apart from the efforts of the SAR Government and this Council in undertaking this responsibility, the Government should subsidize and encourage more different community organizations (such as trade associations, societies or even associations of Chinese fellow townsmen) to actively conduct visits outside the territory to publicize the actual situation of Hong Kong, and invite relevant local community organizations to visit us to learn about the true picture. Efforts should also be made, through cooperation with different countries and regions, to restore and increase the desire and interest of investors from places around the world to invest in Hong Kong, so as to maintain our international competitiveness.

President, I support the original motion and Dr Hoey Simon LEE's amendment. I so submit. Thank you, President.

**MR SUNNY TAN** (in Cantonese): Thank you, President. Hong Kong is the most international metropolis in Asia. In his important address on 1 July, President XI Jinping pointed out that Hong Kong has its strengths in its high degree of openness and in aligning with international rules. He emphasized that the Central Authorities fully support Hong Kong in its effort to maintain its distinctive status and edges, and greatly cherish Hong Kong's distinctive advantages of "enjoying strong support of the motherland and being closely connected to the world". The report to the 20th National Congress and the Report on the Work of the Government have also pointed out that promoting high-standard opening up is a major task of the country.

Under the new development pattern of a weak global economy and persistent trade conflicts, the significant opportunities arising from the Belt and Road Initiative have become all the more important. For this reason, Hong Kong must strengthen its advantages as an international city to help our country stand out in the new global political and economic environment.

Since the 19th century, Hong Kong has been a hub of trade and cultural exchange between the East and the West, with a rich historical heritage that has imbued Hong Kong with different and unique international substances, such as a pluralistic community, an internationally compatible common law system, the use of both Chinese and English as its official languages, a world-leading airport and transport network, and a concentration of global brands. It is also one of the cities with the largest number of Michelin restaurants.

I firmly believe that if Hong Kong's advantages as an international city can be more notable, it will be more capable of contributing to the country under the new pattern. Hence, we must seek to become more international in such aspects as commerce, industry, commerce and trade, finance, education and culture on the existing solid foundation.

In respect of industry, commerce and trade, Hong Kong has experience and networks at the international level. In the future, we should strengthen our role as a "super-connector", making use of our rich experience in "attracting foreign investment and going global" to link our country with overseas countries (especially the Belt and Road countries), thereby consolidating and strengthening our country's commercial and trade interests as well as unimpeded trade in the face of the European and American trade barriers.

Last week, the textile industry held a large-scale regional event which successfully facilitated the signing of a Memorandum of Understanding by the industries in the Mainland, the Association of South East Asian Nations and Hong Kong, whereby the industries in the three places can work in collaboration under the new development pattern, thus manifesting Hong Kong's unique role as a "super connector" in bridging the gap for the country.

I also suggest that the Government should more actively promote the participation of various sectors in more international organizations, trade associations, etc., and attract international organizations to set up headquarters and bases in Hong Kong, so as to bring the internationalization of Hong Kong's business exchanges to a new level.

On the financial front, every international metropolis has a world-leading financial centre which pools global capital. Hong Kong's advantages are distinctive, but we cannot slacken off. We must continue to enhance our international competitiveness on this front, including raising our competitiveness in listing and financing. The listing mechanism should be fast and simple. Financial products should be diverse and keep abreast of the times. Financial services should be more professional. At the same time, we should seize the opportunities arising from the internationalization of Renminbi, for example, by launching more products (e.g. bulk commodity futures products) denominated in Renminbi, so as to elevate financial internationalization to a new height.

On the education front, Hong Kong's advantages as an international city in the higher education field are distinctive, with five universities ranked among the top 100 in the world. In my view, Hong Kong should continue to strengthen its advantages by, for example, establishing close cooperation and liaison with more Mainland and overseas higher education institutions, including introducing international higher education institutions into Hong Kong, thereby developing Hong Kong into an international talent hub for the Mainland and the Belt and Road.

In respect of cultural exchanges, the Government should adopt a multi-pronged approach to attract more international cultural, sports and tourism events to be held here. In the long run, it is also necessary to enhance our international competitiveness in hosting events, for example, by building more venues and facilities of international standard, as well as strengthening Hong Kong's gateway function with fashionable and oriental pop culture as the vehicle on a continuous basis, thus supporting our country in exporting its cultural soft power to the world and becoming a leading country in culture.

Lastly, I consider that in order to promote further internationalization of Hong Kong in various aspects, the Government must be more proactive and work more closely with all sectors to pool our strengths together, so as to make use of Hong Kong's unique advantages as an international city to contribute more actively to our country under the new development pattern.

I so submit.

**DR KENNEDY WONG** (in Cantonese): President, the enactment of the local legislation on Article 23 of the Basic Law was completed smoothly with its Third Reading at the Legislative Council meeting last week, and it came into effect on 23 March following gazettal on the same day. It is now time for Hong Kong to focus on pursuing economic growth, creating strong impetus for growth and reinforcing its status as an international city. The motion on "Further consolidating Hong Kong's advantages as international city" proposed by Mr Rock CHEN today can be said to be most timely. I greatly support it.

With the strong support of the country, reinforcement and sustainable development of Hong Kong's status as an international trade centre is highly important. However, factors such as the tense geopolitical situation and the slowing down of global economic growth will continue to exert pressure on Hong

Kong's import and export sector. In addition, the mode of trade has been gradually changing over time. To maintain and enhance Hong Kong's status as an international trade centre, Hong Kong's import and export sector must keep abreast of the times, seize the opportunities arising from digital economy, and vigorously develop cross-border e-commerce, so as to promote the upgrading and transformation of the industry, enhance overall competitiveness and seek new breakthroughs.

As a matter of fact, Hong Kong has many quality brands itself, but to make them known to more customers and businessmen at home and abroad, there is a great need for the support of government policies and cooperation of the industry. I have put forward a number of specific proposals on promoting the development of cross-border e-commerce. Recently, the Commerce and Economic Development Bureau ("CEDB") has also given active support so that more Hong Kong products can enter the Mainland and overseas markets more quickly.

This year's Budget has proposed to inject \$500 million into the BUD Fund, under which "E-commerce Easy" will be launched to provide support of up to \$1 million per enterprise for implementing e-commerce projects in the Mainland, and the Financial Secretary has stated that the scope of application can be expanded to the Belt and Road markets, such as those in the Association of South East Asian Nations and the Middle East, in the future.

CEDB has taken the lead by establishing the E-commerce Development Task Force, which is going to organize Hong Kong Shopping Festivals on e-commerce platforms this year. These government policies in support of the development of e-commerce also warrant concerted efforts in the community. In this regard, the Hong Kong Chinese Importers' and Exporters' Association has proactively injected a lot of resources, and coordinated the participation of the industry and stakeholders to set up the Hong Kong e-commerce development alliance early this year. The aim is to establish an exchange and cooperation platform for various Hong Kong e-commerce enterprises and related industries, such as internet publicity and promotion as well as logistics and transportation, so that they can unite their efforts, and also seek joint development with the Mainland and overseas e-commerce platforms, thus leveraging Hong Kong's advantages to further consolidate Hong Kong's status as an international trade centre.

While promoting the upgrading and transformation of Hong Kong's import and export sector and seizing the opportunities from the development of e-commerce, such efforts are also conducive to driving the development of Hong

Kong as an international shipping centre and international aviation hub. These three centres (including the international trade centre), inter-related and closely associated with each other, will in turn facilitate the development of the multinational supply chain management centre recently advocated by the Government. Having the relevant expertise and experience in business management, Hong Kong enjoys an edge in procurement, supply chain management, inventory management, logistics and transportation, etc. With the large investments continuously made by the Government for infrastructure and encouraging the industry to make good use of digital technology, coupled with comprehensive professional support services, Hong Kong will definitely be able to further consolidate its international business environment and advantages with the collaboration between the Government and the community, thereby contributing to the development of Hong Kong and the country.

With these remarks, President, I support the original motion and the amendment.

**MS LAM SO-WAI** (in Cantonese): Thank you, President. I thank Mr Rock CHEN for proposing the original motion and Dr Hoey Simon LEE for his amendment. I support the motion on “Further consolidating Hong Kong’s advantages as an international city” and the amendment.

The steadfast and successful implementation of “one country, two systems” is the foundation of Hong Kong’s long-term stability and prosperity. The 14th Five-Year Plan supports the development of Hong Kong in eight key areas—the “eight centres”. During his earlier visit to Hong Kong, Director XIA Baolong also said that Hong Kong should continue to strive to write a new chapter in the implementation of “one country, two systems”. The SAR Government needs to make active efforts to consolidate Hong Kong’s characteristics as an international city in various aspects, fully utilize the institutional advantages of “one country, two systems”, and comprehensively leverage the advantages of “enjoying strong support of the motherland and being closely connected to the world”. Given the advantages of the development of the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”), Hong Kong should also develop its positioning and further promote exchanges and cooperation between the two places through synergy, so as to ensure the sustainability of Hong Kong’s competitiveness.

As an international financial centre and business hub, Hong Kong should give full play to its position as Asia's green finance centre in the financial domain and further contribute to global green transformation. We should attract global investors and capital for environmental protection projects to flow into Hong Kong through the establishment of more green financial institutions and platforms, as well as the provision of green and diversified financial products such as green bonds and green investment funds. At the same time, we should also encourage local enterprises to develop sustainable business, such as renewable energy and environmental technology, so as to promote the development of green economy, and incentivize local enterprises to tap into overseas markets, thereby enhancing Hong Kong's international competitiveness.

In the commercial sphere, efforts should be made to further enhance Hong Kong's status in international trade. We should actively participate in international trade negotiations and strive for the signing of more free trade agreements, so as to open up a wider market for local enterprises. We should encourage local enterprises to step up product innovation and the building of local brands, and incentivize local brands to "go global", so as to raise the international competitiveness of their products. At the same time, being the international business hub of GBA, Hong Kong possesses diversified professional service capabilities which can facilitate further connectivity. In various areas such as trade in goods, trade in services, investment, and economic and technical cooperation, Hong Kong should make a breakthrough based on the Mainland and Hong Kong Closer Economic Partnership Arrangement, with a view to providing more cooperation opportunities for manufacturers, service providers, local or foreign investors and the industrial and commercial sectors in the two places.

On the other hand, in the cultural sphere, being Asia's world city as well as an events capital, Hong Kong attracts not only organizers to come to host international events, such as the 17th Asian Film Awards and Hong Kong International Film and TV Market held earlier, but also artists and performers from all over the world to perform in Hong Kong, which can draw the participation of tourists from places around the world, thus enhancing Hong Kong's global connection. At the same time, the preservation and development of local culture is highly important too. The promotion of cultural activities with Hong Kong characteristics can enable the world to know more about Hong Kong's unique cultural charms. At present, the West Kowloon Cultural District has already become a new international first-class cultural landmark, and in recent years, Hong Kong has also become one of the three largest art markets in the world. To

consolidate its name as an “East-meets-West centre for international cultural exchange”, Hong Kong must take a more proactive approach in the future to enable local cultures to “go global” and bring in overseas cultures.

In addition, every year, many outstanding talents would come to live in Hong Kong from different parts the world, bringing with them the unique cultures of their hometowns. As they come from different parts of the world, their hometown cultures integrate with the traditional and new cultures existing in Hong Kong, thus fostering more frequent cultural exchanges. For example, when people from different provinces come to Hong Kong, they would bring the culture of their places such as Shandong or Zhejiang to Hong Kong. Hong Kong can become an “East-meets-West centre for international cultural exchange” not only because it enjoys an edge with its convergence of Chinese and Western cultures and extensive advantages in international trade, but also because Hong Kong people are usually inclusive of the coexistence of different cultures and are able to achieve a harmonious blend of totally different cultures. Earlier on, we have organized the 2024 LIV Golf Hong Kong tournament, the opening ceremony of which was an innovative combination of traditional lion dance and golf. It is exactly a good example of blending the East and the West. I was there myself. Everyone was playing golf in a very trendy way, which was not boring at all. I hope that Hong Kong can promote cultural and tourism events in this way in the future.

On the education front, I hope that exchange programmes for international students to come to Hong Kong can be expanded, so as to enhance internationalization of the education system. More exchange and cooperation projects can be established with universities in other countries and Mainland provinces to provide Hong Kong students with more exchange opportunities.

With these remarks, President, I support the original motion. Thank you.

**MR ADRIAN PEDRO HO** (in Cantonese): Thank you, President. With the tense geopolitical situation in recent years, Hong Kong’s international role has become even more important. Be it for maintaining our own international status or supporting our country in establishing and developing good ties with the international community, we should consolidate and enhance Hong Kong’s own unique advantages to achieve high-quality development. In respect of consolidating Hong Kong’s characteristics and advantages as an international city, I consider it necessary for Hong Kong to make proper efforts in external

communication and explanatory work. Otherwise, in the event of involution, Hong Kong will turn out to be working behind closed doors, resulting in gradual diminution of its function in “being closely connected to the world”. As such, how can Hong Kong fulfil its role as a connecting platform for the country in “attracting foreign investment and going global”?

To consolidate Hong Kong’s advantages as an international city, first of all, we need to enable the international community to have sufficient knowledge and understanding of Hong Kong. Therefore, in my view, the authorities need to make proper efforts in external communication, so that the international community will have an accurate grasp of information about Hong Kong, thereby boosting their confidence in Hong Kong.

Earlier on, through a written question, I asked the SAR Government about its work in making explanations to foreign media. In fact, some foreigners and foreign organizations in Hong Kong have coincidentally relayed to me their opinion that the coverage of the channels used by the SAR Government to disseminate important information is limited. As a result, they have little or even no knowledge of the news about the SAR Government. Furthermore, if the efforts in international explanatory work are inadequate, it will be easier for ill-intentioned foreign forces to take advantage of the situation to commit incitement and vilification at the international level.

For example, previously, when the Legislative Council was in full swing scrutinizing the Safeguarding National Security Bill, the American media Bloomberg reported without reason that Hong Kong would ban individual social media. Fortunately, the Secretary for Justice promptly made a clarification, and the SAR Government issued a statement to condemn the report. I would like to point out that apart from the need for Hong Kong people to know the correct information, the authorities should also take active steps to stop the spreading of false reports about Hong Kong in the international arena. For this reason, I hope that the SAR Government can fulfil its main responsibility of telling the stories of Hong Kong well to the international community, including establishing a good relationship with overseas media, doing the explanatory work properly, and making necessary clarifications and rebuttals under the leadership of principal officials; actively liaising with the mainstream media around the world, so that they will see the real picture of Hong Kong, and through them, such information will be passed onto different countries and regions, whereby more overseas people and enterprises will have a growing interest to come to Hong Kong to seek development and



opportunities; and reassuring foreign personnel and enterprises in Hong Kong to stabilize their confidence in Hong Kong, while continuously demonstrating Hong Kong's characteristics and status as an international metropolis.

In addition, I suggest that for the work of telling the stories of China and Hong Kong well, KPIs (key performance indicators) can be set for officials and departments undertaking the main responsibility, with a systematic explanatory work plan, so as to foster the maintenance of good communication between the SAR Government and overseas media, organizations, enterprises, professional sectors, etc.

As Hong Kong is a place integrated with Chinese and Western cultures, biliterate and trilingual education is very important. I hope that the SAR Government will accept the proposal of the New People's Party to introduce measures to retain existing overseas teachers and actively bring in more overseas teachers, so as to ensure that there are sufficient native-speaking English teachers. At the same time, we should make efforts in Putonghua education, and consolidate Hong Kong's competence and characteristics of bilingualism in Chinese and English at the academic level, so as to enable young people studying in Hong Kong to have an international outlook and become outstanding individuals with unique abilities, and even develop Hong Kong into a "factory" of international talents.

Lastly, I suggest that importance should be attached to the Cantonese culture which is closely related to Hong Kong, preserve the exotic flavour of Hong Kong, and maintain the unique appeal of Hong Kong in the eyes of people around the world.

President, I so submit.

**MR JEFFREY LAM** (in Cantonese): Thank you, President. President, our country has been resolutely implementing the principle of "one country, two systems". Under the excellent policy of "one country, two systems", Hong Kong has the distinctive advantage of enjoying strong support of the motherland and being closely connected to the world. This is not a slogan but a fact. Hong Kong is not only part of the rapidly developing Guangdong-Hong Kong-Macao Greater Bay Area but has also received strong support from the country all along. At the same time, we have always been known for our internationally recognized professional standards and services. Not only do we engage in frequent business and trade exchanges with the international community, but Hong Kong is also a

hub for cultural exchange and cooperation between the East and the West, as well as a place where talents from different countries and regions around the world are brought together.

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035 (“the 14th Five-Year Plan”) states, among other things, that: Our economic and technological strength, and comprehensive national strength will increase significantly; the opening-up will reach a new stage with substantial growth in the country's capabilities for participating in international economic cooperation and competition, and so on. As part of the country, we should also capitalize on Hong Kong's strengths to serve the country's needs and contribute to the realization of the Vision 2035.

As a matter of fact, the 14th Five-Year Plan also establishes a clear positioning for Hong Kong's future development, and the country supports the development of Hong Kong into the eight centres, including international financial, shipping and trade centres, as well as an East-meets-West centre for international cultural exchange. We have to maintain a good level of the rule of law, a simple tax regime with low tax rates, and first-class business and professional services before we can consolidate Hong Kong's advantages as an international city and better develop the “eight centres”.

President, speaking of the “eight centres”, there is no doubt about Hong Kong's status as an international financial centre. Finance is the lifeline of the economy. Just as Director XIA Baolong of the Hong Kong and Macao Work Office of the Communist Party of China Central Committee has said, Hong Kong's economic development is inseparable from its financial development. However, in the face of a complex external environment, geopolitical tensions and fierce competition from around the world, we are like a boat sailing against the current, and we must forge ahead in order not to be driven back. Although Hong Kong maintains the fourth place in the Global Financial Centres Index and occupies a high position in other international rankings, in reality it lags behind other places in some of the rankings, reflecting that Hong Kong still faces many challenges in maintaining its international competitiveness and advantages.

Despite its small size, Hong Kong has always been attractive to foreign investors because of its connectivity to the vast Mainland market, thanks to the strong support of the motherland. However, in order to maintain competitiveness

and its advantages as an international city and to respond to the changes in the external environment, Hong Kong must adopt a multi-pronged approach and strive to seek partners, explore new markets, such as proactively tapping into the emerging markets in the Middle East and the Association of Southeast Asian Nations, further develop family office businesses and deepen the development of the Islamic financial market in Hong Kong, so as to further consolidate its position as an international financial centre.

In addition, these days, global economies are all moving towards the goal of carbon neutrality; the Middle East countries are hoping to reduce their dependence on oil and promote diversified economic development; and the Mainland is also promoting green infrastructure. With the maturing growth of Hong Kong's green finance and bond markets, Hong Kong can become a fundraising platform for green projects while at the same time promoting high-quality national development and foreign economic cooperation.

The SAR Government's continuous hosting of mega events since the resumption of normalcy in Hong Kong not only facilitates our development of mega event economy, but also enables mega event participants and tourists from all over the world to know more about Hong Kong and gain a better understanding of Hong Kong, which is helpful in consolidating Hong Kong's international position.

In the face of a complex and volatile external environment with intense competition, we can no longer just adopt the conservative mentality of "good wine needs no bush". We must be more proactive in taking the initiative to tell good stories of Hong Kong and actively integrate into the overall development of the country, so as to serve as a bridge connecting the country with the rest of the world, thereby contributing to the country's efforts to "go global and attract foreign investment".

President, I so submit.

**MR DUNCAN CHIU** (in Cantonese): President, I speak in support of the original motion moved by Mr Rock CHEN and the amendment proposed by Dr Hoey Simon LEE. At the end of last year, Mr ZHENG Yanxiong, Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, shared his views on the internationalization of Hong Kong

at the Hong Kong Financial Forum. He mentioned that “maintaining its international character is the secret code for Hong Kong to thrive and the source of its confidence” and this international character is “crucial to Hong Kong’s role as a ‘super-connector’ in advancing the Chinese modernization”, that “making good use of its international ties is where Hong Kong’s strengths lie in serving and contributing to the country”, and that Hong Kong should “make every effort to join RCEP (Regional Comprehensive Economic Partnership)”, “strengthen its functions as an offshore Renminbi business hub” and “participate more proactively in promoting the high-quality joint development of the Belt and Road Initiative”.

I very much agree that in order for Hong Kong to achieve sustainable and steady development, it must continue to pursue the path of internationalization under “one country, two systems”. While strengthening its position as an international financial centre, it is even more important for Hong Kong to harness the power of innovation and technology (“I&T”) to drive the economy and speed up the development of new quality productive forces, so as to achieve the early development of Hong Kong into an international I&T centre, thereby promoting high-quality social and economic development in both the Mainland and Hong Kong. According to the Global Innovation Index 2023 published by the World Intellectual Property Organization, the science and technology cluster developed by Hong Kong together with Shenzhen and Guangzhou has ranked second in the world for four consecutive years and is regarded as an important base for research, product development and advanced manufacturing. This, coupled with the fact that Hong Kong and the Mainland cities of the Greater Bay Area can complement each other in terms of their strengths, is absolutely key to the successful development of Hong Kong as an international I&T centre.

I&T is one of the important strategies for national development. Hong Kong and the Mainland cities of the Greater Bay Area have their own strengths and respective positioning in I&T. For example, Hong Kong is home to five of the world’s top 100 universities. In terms of upstream scientific research, Hong Kong has excellent university teams, research institutes and research teams, with many valuable scientific discoveries yet to be made, and many of them have the potential to become “unicorns” in the future, which will drive Hong Kong’s future economic growth. As for the Mainland cities of the Greater Bay Area, they can take on the role and positioning of midstream technology transfer and downstream manufacturing. With a population of more than 86 million, the Greater Bay Area as a whole offers a market with huge potential for the transformation and realization of research and development (“R&D”) outcomes. Once the R&D outcomes are

successfully transformed and realized, Hong Kong, as an international platform, can help them secure further funding and go global. This can enable more R&D outcomes from Hong Kong and the Greater Bay Area to reach the global market, fully realizing Hong Kong's important role as a gateway for "attracting foreign investment and going global".

In fact, in the five years since the promulgation of the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong and various Mainland cities of the Greater Bay Area have made remarkable progress in the field of I&T. Hong Kong, for example, has achieved outstanding results in areas such as fintech and academic accomplishments, which has attracted many internationally renowned top scientists to settle in Hong Kong. How to strengthen and deepen the cooperation between Hong Kong and the Mainland cities of the Greater Bay Area in the future, so as to give full play to their complementary strengths and, where feasible, remove the existing barriers to the cross-boundary flow of people, capital, data, etc., is an urgent issue for the SAR Government to address and is also the key to future success. In view of the demand for talent in our technology sector, I have repeatedly proposed that the Government should introduce a DigiPass for technology enterprises to facilitate the DigiPass holders to travel freely between Hong Kong and the Mainland cities in the Greater Bay Area and to work in Hong Kong on a short-term basis. I hope that the Government will reconsider this proposal.

President, the development of Web3 and digital assets or virtual assets is also an irreversible global trend. The occurrence of a number of virtual asset-related incidents in foreign countries in recent years has aroused global concern and discussion on the regulation of the virtual asset market. If Hong Kong still wants to "stay connected with the world", it must embrace the development of Web3 and digital assets. Hong Kong's policy stance and direction in this regard have gradually become clear. The Government hopes to regulate the industry, enhance investor protection and promote better corporate governance through the establishment of a sound regulatory system and the enactment of legislation, with the aim of creating a healthy ecosystem and environment for the sustainable development of Web3 and the digital asset market. In addition to issuing the Policy Statement on Development of Virtual Assets in Hong Kong, the Government has also earmarked \$50 million for Cyberport to accelerate the development of Web3. At present, the Government is also conducting various consultations, including those on over-the-counter trading services for virtual assets, stablecoins and so on. Together with the industry, I have also provided

many suggestions, hoping that the Government can gain a deeper understanding of the actual operation of the industry and introduce a set of laws and regulations that will help to promote the healthy development of Web3 and the virtual asset market, which is also crucial to maintaining Hong Kong's attractiveness as an international city.

With these remarks, President, I support the original motion and the amendment.

### **SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): I now suspend the meeting until 9:00 am tomorrow.

*Suspended accordingly at 6:31 pm.*

**LEGCO QUESTION NO. 7**  
(Written Reply)

Asked by Hon Judy CHAN

Date of meeting : 27 March 2024

Replied by : Secretary for Education

Reply

President,

Sex education is an important component of values education in primary and secondary schools. Considering that sex education is interrelated with rather than separated from other cross-curricular domains in values education (such as moral education, life education, law-abiding education, and media and information literacy education), and covers personal, family, social communication, community, national and global aspects of life, it should not be delivered as an independent subject. Instead, it should be implemented as a cross-curricular initiative with values education being the main axle connecting different subjects, and life-wide learning activities, etc. The Education Bureau (EDB) has been supporting schools by continuously updating curriculum guides, developing learning and teaching resources, and providing training for teachers to strengthen students' understanding of knowledge related to sex education from an early age while developing their critical thinking skills and nurturing their interpersonal skills through different subjects, cross-curricular values education and life-wide learning activities, etc. The objectives are to help students develop proper values and positive attitudes towards life, and practice appropriate behaviour while building healthy interpersonal relationships.

In consultation with the Health Bureau, our consolidated reply to the question raised by Hon Judy Chan is as follows:

(1) to (3)

Learning elements related to sex education, including personal growth, hygiene, puberty, making friends, dating, marriage, respect for others, cherishing and protecting oneself, gender equality and gender relationship, sexual harassment and refusal to others' offenses, concern the physiological, psychological and

social aspects of sex. These learning elements are all covered in the primary and secondary school curricula (such as General Studies/Primary Humanities and Primary Science; Science, and Life and Society/Citizenship, Economics and Society at the junior secondary level; and Ethics and Religious Studies, and Health Management and Social Care at the senior secondary level). Schools implement sex education through relevant Key Learning Areas and subjects as well as weekly assemblies, class teacher periods or guidance periods, etc., thereby fostering students' all-round development, equipping them with relevant knowledge on sex education and proper values and attitudes.

In recent years, the EDB has pointed out clearly on a number of occasions (Note 1) that it has been advocating since the implementation of curriculum reform in 2001 a comprehensive and integrative approach to promoting values education that includes sex education in order to provide students with holistic and authentic learning experiences. The EDB has also repeatedly emphasised that the related guidelines issued before 2001, including the *Guidelines on Sex Education in Schools* (1997), are no longer instructional documents for schools. Furthermore, reports were made to the Legislative Council (LegCo) in 2018 (Note 2) and 2022 (Note 3) respectively to inform the LegCo and the general public that various domains of values education would be promoted with an integrative and all-encompassing approach.

Having conducted a holistic curriculum review, the Task Force on Review of School Curriculum agreed with the EDB's holistic and integrative cross-curricular approach to promoting the different domains of values education (including sex education) in its Final Report issued in 2020 (Note 4). In the *Values Education Curriculum Framework (Pilot Version)* promulgated by the EDB in 2021, a further step was taken to list sex education as one of the major enhancement items. Expected learning outcomes were set for students at different key stages for schools to plan curriculum and pedagogy accordingly. By following the latest curriculum guides and documents issued by the EDB, schools will professionally formulate an appropriate sex education curriculum, taking into account their respective school mission and context as well as students' growth characteristics and needs. Schools have generally accepted, agreed with and adopted the integrative cross-curricular approach in implementing sex education. In view of this, it is appropriate to allow schools flexibility in arranging lesson

---

Note 1 [LC Paper No. CB\(4\)535/17-18\(02\)](#) of the Legislative Council Panel on Education dated 2 February 2018, a written reply to the Equal Opportunities Commission (EOC) dated 12 February 2019, and the meeting with the EOC on 12 October 2022.

Note 2 [LC Paper No. CB\(4\)535/17-18\(02\)](#) of the Legislative Council Panel on Education dated 2 February 2018 and [LC Paper No. CB\(2\)768/17-18\(01\)](#) of the Legislative Council Panel on Health Services dated 5 February 2018.

Note 3 [LC Paper No. CB\(4\)41/2022\(01\)](#) of the Legislative Council Panel on Education dated 8 February 2022.

Note 4 Page 17 of [the Task Force on Review of School Curriculum Final Report](#) (2020).



time, combining relevant learning activities within and beyond the classroom, as well as creating a positive learning atmosphere for implementing values education (including sex education).

To support schools in fostering students' proper values and attitudes, the EDB continuously updates and develops relevant learning and teaching resources on different topics of sex education based on students' daily life and developmental needs. Such resources include animation resources, "Life Event" Exemplars and a dedicated resource website on "Self Protection", covering themes such as gender equality, prevention of sexual abuse, sexual harassment among peers and internet romance/naked chat. The relevant learning and teaching resources have been uploaded onto the EDB website for teachers' reference and use within and beyond the classroom. The learning and teaching resources produced by the EDB in the past three years are set out at the **Annex**. The EDB has also assisted the Hong Kong Police Force in publishing the "Youth Crime Prevention Booklet" Series over the past two years, providing information on content such as the risks of social networking on the Internet, sex-related crime such as naked chat blackmail, ways to prevent crime and support services so as to enhance students' law-abiding awareness, critical thinking skills and self-protection ability.

The EDB has been monitoring and reviewing the implementation of sex education in schools through channels such as inspection, school visits and routine communication with schools so that professional advice and support can be provided to facilitate schools' self-improvement and sustainable development. Schools have generally accepted, agreed with and adopted an integrative, cross-curricular approach to implementing values education (including sex education) with a view to providing students with holistic learning experiences. The EDB will continue to provide professional support and work with relevant government departments and organisations/bodies to help schools implement sex education.

(4)

In view of the rapid advancement of information technology, the EDB steps up its efforts to integrate sex education with the learning elements of media and information literacy education for incorporation into the primary and secondary curricula at different key stages, and strives to nurture students' information literacy so as to develop them into effective and ethical users of information and communication technology, enabling them to distinguish the authenticity of information and equipping them with the relevant knowledge, abilities, proper values and attitudes, thereby protecting themselves both in the real world and on the Internet, and refusing inappropriate and unreasonable behaviour on social media.

As for the publicity efforts on promoting sex education outside schools, the Student Health Service (SHS) of the Department of Health has been implementing the Adolescent Health Programme to promote and improve the physical, mental and psychosocial health of adolescents through school-based health promotion services in secondary schools in the form of outreach programmes. The programme covers a wide range of topics, including the “Sex Education” series which are delivered by means of talks, group discussions on different scenarios, role playing, games, etc. to explore various themes including changes during puberty, skills in getting along with the opposite gender, differences between friendship and romantic love, handling of a relationship (e.g. dating, break-up of a relationship), etc. The programme also covers the relationship between sex and love as well as the consequences of casual sex to guide students to understand the importance of safe sex. In addition, the principles and methods of contraception, knowledge on sexual harassment and how to handle them, as well as the impacts of pornographic culture on adolescents would be discussed to cultivate in students a correct attitude towards sex. In 2022/23 school year, Adolescent Health Programme conducted nearly 200 talks on sex education to 190 Secondary Schools with nearly 20 000 students attended.

In addition, the SHS regularly conducts health talks on sex education at the Student Health Service Centres (SHSC), and through individual health counselling, to enable students and parents to understand the changes during puberty, and provides information on sex education online, including the publicity on importance of sex education at home. In 2022/23 school year, the SHSC provided information about puberty to more than 74 000 primary school students during individual health counselling. The SHS will continue to promote sex education and regularly review and update the contents and methods used to meet the needs of the adolescents.

Apart from school education, the influences of family education, social atmosphere and cyber culture on young people are also factors of the effective implementation of values education (including sex education) that should not be neglected. It certainly requires the concerted efforts among parents, government departments, non-governmental organisations, the media, and all sectors of society to bring positive messages across.

**Learning and Teaching Resources relating to Sex Education  
(Produced in the past 3 years) (Chinese version only)**

1. 小樹苗話你知系列：性教育
2. 認識自己，做個自尊自信的人
3. 情緒管理與提升抗逆力
4. 提升家庭凝聚力
5. 攜手互助，彼此尊重
6. 權利和義務
7. 跨越成長挑戰，拒絕不良行為
8. 為什麼不能抱抱你？
9. 拒絕援交
10. 愛情追兵
11. 出租情人
12. 愛情的情緒勒索
13. 我不會責備受害者

## **LEGCO QUESTION NO. 8**

(Written Reply)

Asked by: Dr Hon Johnny NG Date of Meeting: 27 March 2024

Replied by: Secretary for Innovation, Technology and Industry

### **Reply:**

President,

Regarding the question from Dr Hon Johnny Ng, our reply is as follows:

- (1) As announced in the 2024-25 Budget, the Government will implement the Frontier Technology Research Support Scheme to assist the eight funded universities, on a matching basis, to procure facilities and conduct research projects spearheaded by top-notch researchers from the Mainland and overseas, covering various fields such as artificial intelligence (AI), quantum information, integrated circuit, clinical medicine and health, and genome technology and biotechnology. The Government will allocate \$3 billion from the previously earmarked funding to take forward the initiative. The Government is studying the details and specific arrangements of the support scheme and plans to consult the concerned institutes within this year, and will then consult the Legislative Council.
- (2) Cyberport is now actively making preparations for the establishment of an AI Supercomputing Centre (AISC). The first-phase facility is expected to commence operations in the second half of 2024 at the earliest. Upon the completion of the Cyberport 5 expansion, the second-phase facility of AISC will be able to provide a computing power of 3 000 petaFLOPS in early 2026 at the earliest.

Upon the commissioning of Cyberport's AISC, the Government will explore how to further meet Hong Kong's medium-to-long term demand for computing power with reference to the local AI ecosystem and latest technological development, including the feasibility of promoting the development of more advanced computing power facilities.

- (3) Proposed in the 2024-25 Budget, the Government will allocate \$3 billion to launch a three-year Artificial Intelligence Subsidy Scheme (Subsidy Scheme) with the objectives of (i) supporting local universities, research institutes and enterprises, etc. to leverage AISC's computing power and achieve scientific breakthroughs; (ii) strengthening AISC's cybersecurity and data protection; and (iii) promoting the local AI ecosystem through training, promotion and educational activities, etc. The proposed funding is expected to provide significant support to the industry in leveraging the computing power facilities, attracting talent, enterprises and research projects in Mainland and overseas to Hong Kong, as well as promoting local AI and data science development. We plan to evaluate the overall operation and effectiveness of the Subsidy Scheme when the AISC comes into full operation in 2026.
- (4) The Hong Kong Special Administrative Region (HKSAR) Government has been striving to promote innovation and technology (I&T) development in Hong Kong. Against the backdrop of a complicated and volatile environment of international competition, the best ways to ensure the sustainable I&T development in Hong Kong are to integrate into the overall national development, to strengthen our own I&T system and to consolidate our edge as an international city. With the support of our country, the HKSAR Government has every confidence in developing Hong Kong into an international I&T centre.

As a highly international city, Hong Kong's I&T sector has been successful in attracting funds, enterprises, technologies and talents from different regions around the world. When conducting procurement and launching products, Hong Kong's I&T sector would typically not rely on or target at a single market. The HKSAR Government has also been encouraging enterprises to adopt a diversified marketing strategy to attract investments from various places around the world, so as to reduce dependence on a specific market. At the same time, we have been taking forward the sustainable development of Hong Kong's I&T ecosystem by strengthening our research and development capabilities, allocating more resources on I&T, and enhancing the supporting infrastructure, etc., including the above-mentioned funding schemes to support frontier technological research and the AI development. Impact of any unilateral policies implemented by individual country will under no circumstances waver our determination in developing Hong Kong into an international I&T centre. The HKSAR Government will continue to closely monitor the matter and respond with appropriate measures.

- End -

**LEGCO QUESTION No. 9**

(Written Reply)

Asked by: Hon Martin LIAO

Date of meeting: 27 March 2024

Replied by: Secretary for Commerce and  
Economic Development

Reply:

President,

Invest Hong Kong (InvestHK) is committed to attracting and retaining foreign direct investment, including Mainland and overseas companies' regional headquarters, regional offices and local offices in Hong Kong, thereby promoting the development of various sectors and enhancing impetus for economic growth in Hong Kong.

On Hon Martin LIAO Cheung-kong's question, upon consulting the Financial Services and the Treasury Bureau (FSTB), Invest Hong Kong (InvestHK) and the Office for Attracting Strategic Enterprises (OASES), my reply is as follows –

- (1) Since the Government began to relax anti-epidemic measures in end-2022, InvestHK has already stepped up its engagement efforts with overseas and Mainland companies across various sectors to gauge their sentiments, understand their concerns and needs, provide updates on Hong Kong's latest business opportunities and offer appropriate support. Subsequently, with the full resumption of cross-boundary travel with the Mainland since February 2023 and lifting of the mask mandate from March 2023, InvestHK further strengthened its engagement efforts, including identifying targeted companies that might have relocated some or all of their operations from Hong Kong earlier due to COVID-19, and providing the necessary support to facilitate their businesses to return to Hong Kong. InvestHK will continue its work on this front;
- (2) The 2023 Policy Address announced that the Government would develop "Headquarters Economy" to attract Mainland and overseas companies to set up headquarters/corporate divisions in Hong Kong, bringing in quality enterprises to explore the immense opportunities under the national and international dual circulation initiative. The initiative will facilitate foreign enterprises to tap into the Mainland market, and also assist Mainland enterprises in expanding abroad. The Government understands that many enterprises have cross-boundary funding needs arising from business development or research activities. Our ability to facilitate such funding requirements could incentivise enterprises to establish in Hong Kong.

FSTB will explore with relevant Mainland authorities measures to facilitate Mainland enterprises to set up headquarters/corporate divisions in Hong Kong (such as arrangements conducive to capital investment), with a view to developing “Headquarters Economy” in Hong Kong. The detailed measures, including proposals applicable to the development of headquarters businesses, will be announced in a timely manner once they are ready for implementation;

- (3) The Government agrees that different enterprises may have different considerations when deciding whether to set up businesses in Hong Kong. In this regard, when carrying out its investment promotion work, InvestHK will follow relevant bureaux’ policy steer to actively attract and assist enterprises that are interested in setting up and expanding businesses in Hong Kong, and offer one-stop customised services, from the planning to implementation stages, so as to assist the enterprises to set up headquarters/corporate divisions and other businesses in Hong Kong. In addition, OASES, which was established in end-2022 as announced in the 2022 Policy Address, will also formulate facilitation measures and offer tailor-made proposals in the light of individual strategic enterprises’ needs so as to assist them in realising their plans in Hong Kong; and
- (4) According to the definition by the Census and Statistics Department, “Regional Headquarters” refers to an office with parent company located outside Hong Kong which has managerial control over offices and/or operations in the region (i.e. Hong Kong plus one other place or more). With the evolving global business environment and trends, the Government will keep pace with the times and review the relevant definition as necessary, so as to tie in with the overall investment promotion work.

In 2023, InvestHK assisted a total of 382 enterprises to establish or expand their operations in Hong Kong, an increase of 27% when compared with 2022. This figure well exceeded the performance indicator as set out in the 2022 Policy Address on a pro-rata basis (i.e. to attract at least a total of 1 130 enterprises to set up or expand their operations in Hong Kong from 2023 to 2025). These enterprises included those that have returned to Hong Kong after previously relocating their businesses elsewhere, those that set up in Hong Kong for the first time, as well as those that continued to expand their existing businesses. They brought in direct investment of more than \$61.6 billion and created over 4 100 jobs within the first year of operation or expansion.

Meanwhile, OASES is focusing to attract high-potential and representative strategic enterprises from around the globe, particularly those from industries of strategic importance, such as life and health technology, artificial intelligence and data science, financial technology, and advanced manufacturing and new energy technology. As at mid-March 2024, the Government

has successfully attracted over 40 companies to set up or expand their operations in Hong Kong, including companies with a market capitalisation/valuation of over HK\$10 billion, or those engaging in cutting-edge technologies. Many of them are planning to set up headquarters/corporate divisions in Hong Kong. They are expected to invest over \$40 billion in Hong Kong, and create over 13 000 jobs over the next few years. Their presence in Hong Kong will attract upstream, midstream and downstream partners from their industrial supply chains, promoting the vibrant development of our innovation and technology sector. OASES will continue to enhance promotion of our various schemes to attract investments and businesses, our new policy measures as well as the advantages of Hong Kong in the Mainland and overseas markets. It will also take into account future industry development and the latest government policies when formulating promotional strategies tailored for individual markets, with a view to attracting high-quality enterprises from around the world, in particular those that are relevant to Hong Kong's development of the "eight centres", to set up their headquarters/corporate divisions in Hong Kong.

The above has fully demonstrated the favourable business environment of Hong Kong, which continues to attract Mainland and overseas companies from different sectors to set up or expand their businesses in Hong Kong, and that Mainland and overseas companies continue to be fully confident in Hong Kong and have therefore chosen to invest locally, leveraging Hong Kong's distinctive advantages of enjoying strong support of the motherland and being closely connected to the world under "one country, two systems", Hong Kong's roles as a "super-connector" and "super-value-adder" and other core advantages, in order to better seize the opportunities arising from the post-pandemic recovery. The Government will continue to take proactively forward its work to attract enterprises and investment.



## **LEGCO QUESTION NO. 10**

(Written Reply)

Asked by: Revd Canon Hon Peter  
Douglas KOON

Date of meeting: 27 March 2024

Replied by: Secretary for Labour  
and Welfare

### Reply

President,

The reply to the Member's question is as follows:

- (1) & (2) The Social Welfare Department (SWD) subsidises non-governmental organisations (NGOs) to set up one service team in each of the 18 districts of Hong Kong to operate the Neighbourhood Support Child Care Project (NSCCP). NSCCP includes “home-based child care service” (HCCS) which is provided by the home-based child carers (HCCs) at their own residence or a suitable place as approved by the service operators for children aged under nine, and the “centre-based care groups” (CCGs) which is provided at the service centres of the service operators for children aged three to under nine. SWD requires service operators of each district to provide not less than 53 service places, including 39 HCCS places and 14 CCG places (i.e. the total number of service places in all 18 districts should be not less than 954). Service operators can flexibly increase the number of HCCS places on top of the requirement so as to meet the actual service demand, and additional funding will be granted accordingly. Besides, the service does not require central waitlisting and parents can directly apply to the service operators for services according to their needs. Therefore, SWD does not maintain the information on the number of applications waitlisted for the service and the average utilisation rate.

The number of children served and the number of HCCs under NSCCP by District Council districts are set out at **Annex**. According to the requirements, each HCC is not allowed to take care of more than 3 children under the age of 9 (including the HCC's own children) at the same time. SWD does not maintain the information on the average service hours of HCCs.

- (3) Since the launch of NSCCP in 2008, SWD has received three and four reports of accidents respectively leading to the injury of HCCs or young children, all of which were minor accidents without serious physical injuries involved. Besides, SWD received a report of serious injury of an infant when receiving service in January this year and the case is under the investigation of the Police. All the service operators submitted reports to SWD within three calendar days following the incidents in accordance with the service agreements signed with SWD. SWD will continue to take into account the circumstances of the cases and require service operators to re-examine the assessment and service matching arrangement of the HCCs and to strengthen the training for HCCs.
- (4) In order to respond more effectively to the districts' demand for day child care services, SWD has reviewed the distribution, service needs, and training needs of HCCs in the districts. Making reference to the analysis of districts' demand for services, SWD plans to, on the basis of one service team in each district, add one more service team each for the five districts with higher service needs, i.e. Kwun Tong, Sham Shui Po, Sha Tin, Tuen Mun and Yuen Long, in the fourth quarter of this year, increasing the number of service teams in Hong Kong from 18 to 23.
- (5) Currently, the general operating hour of CCGs is from 9 a.m./1 p.m. to 9 p.m. on weekdays (Mondays to Fridays) and some weekends. SWD plans to adjust the operating hour of CCGs in the fourth quarter of this year to 9 a.m. to 9 p.m. on weekdays, and to require service operators to provide more opening sessions on weekends. Service operators may also flexibly provide extra opening sessions to meet the service demand in respective districts.

(6) & (7) On service monitoring and quality assurance, SWD has all along required service operators to establish mechanisms to recruit, assess, screen and train up suitable HCCs, and arrange service matching. Social workers of the service operators are required to conduct monthly home visits to HCCs who are providing services, and the child care workers of the operators are also required to provide them with monthly individual training/supervision. Apart from providing further enhanced training to HCCs on a regular basis (including child care skills, child protection awareness and home safety, etc.), service operators also need to continuously evaluate and follow up on the performance of HCCs to ensure service quality. Relevant figures on training/supervision are included in the service quality indicators, and the service operators are required to submit relevant statistical information to SWD on a quarterly basis. SWD, through regular and unannounced visits, assesses whether the performance of the service operators meet the requirements of the service agreement.

To enhance NSCCP, SWD plans to strengthen training for HCCs in the fourth quarter of this year. Trainees are required to undergo 14 hours of basic training, the content of which is standardised and formulated by SWD, including infants and young children's physical and psychological development, special development milestones and needs of growth, care and communication skills, home safety and hygiene, handling of accidents/special accidents, etc. Trainees must pass the assessment before being arranged to provide services; and HCCs who are arranged to take care of children with special learning needs must receive an additional 4 hours of advanced training to acquire the knowledge and skills in caring for relevant children. Service operators are required to evaluate the child care skills and knowledge of HCCs after completing the training, their confidence in providing care services, and whether the home environment is suitable for providing care services, before arranging HCCs to provide services.

**Numbers of children served and home-based child carers of  
Neighbourhood Support Child Care Project  
(April to December 2023)**

<b>District</b>	<b>Number of children served</b>	<b>Number of home-based child carers</b>
Central & Western	387	59
Wan Chai	201	67
Eastern	329	103
Southern	422	30
Yau Tsim Mong	640	126
Sham Shui Po	706	59
Kowloon City	280	525
Wong Tai Sin	525	112
Kwun Tong	404	46
Kwai Tsing	495	82
Tsuen Wan	380	77
Tuen Mun	644	37
Yuen Long	879	67
North	400	78
Tai Po	380	77
Sha Tin	546	42
Sai Kung	469	83
Islands	397	100
<b>Total</b>	<b>8 484</b>	<b>1 770</b>

## **LEGCO QUESTION NO. 11**

(Written Reply)

Asked by: Hon CHAN Pui-leung

Date of meeting: 27 March 2024

Replied by: Secretary for Health

### **Reply**

President:

The replies to the respective parts of the question raised by the Hon Chan Pui-leung are as follows:

In face of the pressure brought about by an ageing population and the increasing prevalence of chronic diseases, the Government released the Primary Healthcare Blueprint (the Blueprint) in December 2022 which sets direction for a reform of our healthcare system, to strengthen primary healthcare services in Hong Kong. Through strategies that are prevention-oriented, community-based, family-centric, focused on early detection and intervention, our vision is to improve the overall health status of the population, provide accessible and coherent healthcare services, and establish a sustainable healthcare system. Among the recommendations in the Blueprint, we propose to further develop a district-based family-centric community health system based on the District Health Centre (DHC) model.

The Government has set up DHCs and DHC Expresses of smaller scale in the interim in all districts across the territory by 2022, thereby attaining the interim goal of coverage in all 18 districts and commenced to establish personalised health plan for the public, according to their age, gender and lifestyle etc.

With the service commencement of DHCs and DHC Expresses in various districts, the Government will continue to promote primary healthcare and DHCs on multiple fronts –

- (1) Organise with the operators of DHCs and DHC Expresses on territory-wide promotional activities such as roving exhibitions, promotional booths, and outreach services;

- (2) Launch promotion campaigns on multi-media channels, including Announcements in the Public Interest on television and radio, television and radio programmes, advertisements and feature articles in newspaper, cross promotion on online social media and mass transportation system advertisements (including Mass Transit Railway lightbox advertisements, advertisements on bus bodies and minibus bodies); and
- (3) Promote primary healthcare and DHCs directly by engaging community members, stakeholders and service partners, as well as post posters and distribute leaflets in public places including schools, libraries, public and private housing estates, government clinics and community pharmacies, and DHCs.

Being the healthcare services and resource hub in the community, DHCs are crucial in strengthening the concept of "family doctor for all" and cultivating a long-term family doctor-patient relationship between the patient and his/her family doctor (especially in the management of chronic diseases). The Government has implemented the Chronic Diseases Co-Care Pilot Scheme (CDCC Pilot Scheme) since November last year, further strengthening the role of DHCs/DHC Expresses with a view to supporting scheme participants to better control hypertension and diabetes mellitus and prevent complications. Meanwhile, DHCs also co-ordinate and arrange scheme participants to receive screening assessment and appropriate multidisciplinary intervention in private sectors at a subsidised rate (including physiotherapy, dietetics, optometry assessment and podiatry services, etc.).

The three years of COVID-19 epidemic has inevitably affected the preparatory work and commencement of operation of the DHC, and their progress in member recruitment and service provision after service commencement. At the initial stage, DHCs needed to operate for a reasonable period before they could increase their number of members and service capacity. With the resumption of normalcy and the lifting of social distancing measures, coupled with establishment of DHC in all 18 districts, the number of new DHC members continued to increase each year, from about 2 900 in 2019/20, gradually to about 11 500 in 2020/21, about 23 000 in 2021/22, about 89 000 in 2022/23, and around 79 200 (provisional figures) from 1 April to 31 December 2023. As at 31

December 2023, the accumulated number of members was around 205 600 (provisional figures). It reflects that DHCs have been gradually building a critical mass of primary healthcare service network in the community, which is attributable to the increased public awareness of disease prevention and self-health management, as well as the expansion and promotion work of DHCs.

The contract sum of operation service contracts and actual service outputs of each DHCs and DHC Expresses are set out in **Annex 1**. The staff establishment of each DHCs and DHC Expresses are set out in **Annex 2**. As the major expenditure of DHCs is composed of fixed expenses including rental and staff costs, the average service costs would be higher at the initial stage. It is anticipated that the average service costs will gradually decrease along with the increase in DHCs' service volume and number of members.

The Government will continue to review the services of DHC with a view to strengthening their role as the coordinator of community primary healthcare services and case manager, so as to provide comprehensive primary healthcare services to the public in the community. The Government commissioned the Chinese University of Hong Kong to conduct a monitoring and evaluation study on the DHCs with a view to evaluating their degree of achievement on different targets and overall performance, which includes service quality and effectiveness of different DHC services, influences of DHC services towards individuals and the community as well as the cost-effectiveness of DHC. The report of the evaluation study will be submitted to the Steering Committee on Primary Healthcare Development (Steering Committee) for deliberation. The Government shall consider the report and views of the Steering Committee when reviewing the service of the DHCs.

We will also enhance the terms of the DHC operation service contracts. Currently, DHC operation service contracts have provided specific descriptions of various facilities and service requirements, including recruitment and qualifications of the network service providers, required numbers of various professionals, the areas and numbers of satellite centres to be established as well as staffing establishment, etc. The tender documents have also stated that the Government shall have the

right to terminate the contract with an operator upon any non-compliance of the contract requirements. Starting from this year, the Primary Healthcare Office (PHO) will adjust the terms of operation service contracts for DHC and DHC Express progressively, including adjustment on the categories of performance targets to complement the enhancement of DHC services, such as family doctor pairing for citizens and nurse clinic services provision, etc. With the implementation of the CDCC Pilot Scheme, PHO will also review the performance assessment indicators of DHCs to include new members' participation in CDCC Pilot Scheme as one of the indicators.

—Ends—



**Annex 1**

**Contract sum of operation service contracts and  
actual service outputs of District Health Centres (DHCs)  
and DHC Expresses (DHCEs)**

District Health Centre (DHC) / DHC Express (DHCE)	Contract Sum (\$ million) <sup>1</sup>	Cumulative actual service outputs (As of 31 December 2023)		
		Service Commencement Date	Category 1 Service/Activity <sup>2</sup>	Category 2 Service/Activity <sup>3</sup>
Kwai Tsing DHC	483	September 2019	194 700	182 900
Sham Shui Po DHC	321	June 2021	61 000	56 700
Tuen Mun DHC	330	May 2022	78 900	84 600
Wong Tai Sin DHC	308	June 2022	43 000	32 400
Southern DHC	258	October 2022	39 700	31 300
Yuen Long DHC	322	October 2022	46 000	51 500
Tsuen Wan DHC	338	December 2022	39 600	30 000
Sai Kung DHCE	54	September 2021	27 500	25 900
Kowloon City DHCE	53	October 2021	12 000	16 800
Yau Tsim Mong DHCE	55	October 2021	11 300	15 200
Wan Chai DHCE	56	October 2021	16 400	13 200
North DHCE	52	October 2021	16 200	15 500
Islands DHCE	52	October 2021	12 500	10 400
Kwun Tong DHCE	53	October 2021	13 900	14 900
Tai Po DHCE	54	October 2021	13 300	16 700
Sha Tin DHCE	54	October 2021	13 700	23 100
Central & Western DHCE	56	October 2021	14 200	15 300
Eastern DHCE	56	October 2021	13 000	17 700

## Note:

1. The operation period specified in the operation service contract for DHCs and DHCEs is three years from the day of operation. The first three-year operation period for Kwai Tsing DHC expired in September 2022 and its operation period has been extended for three years until September 2025.
2. Category 1 service/activity includes health promotion and educational programme.
3. Category 2 service/activity includes health risk assessment, screening for diabetes mellitus and hypertension, chronic disease management and community rehabilitation programme.

**Staff Establishment of District Health Centres  
and DHC Expresses**

<b>District Health Centres (DHCs)</b>							
	<b>Kwai Tsing</b>	<b>Sham Shui Po</b>	<b>Tuen Mun<sup>1</sup></b>	<b>Wong Tai Sin<sup>1</sup></b>	<b>Southern<sup>1</sup></b>	<b>Yuen Long<sup>1</sup></b>	<b>Tsuen Wan<sup>1</sup></b>
<b>Staff Establishment<sup>2</sup></b>							
<b>Executive Director</b>							
2021-22	1	1					
2022-23	1	1	1	1	1	1	1
2023-24	1	1	1	1	1	1	1
<b>Medical Consultant<sup>3</sup></b>							
2023-24	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Chief Care Coordinator</b>							
2021-22	1	1					
2022-23	1	1	1	1	1	1	1
2023-24	1	1	1	1	1	1	1
<b>Care Coordinator/Nurse</b>							
2021-22	13	15					
2022-23	13	18.5	14	21	13	22	17
2023-24	21	17.5	26	25	16	29	21
<b>Physiotherapist</b>							
2021-22	3.5	2					
2022-23	3.5	2	3	2	3	4	2
2023-24	3.5	2	3	3	3	3	2
<b>Occupational Therapist</b>							
2021-22	1.5	2					
2022-23	1.5	2	2	2	3	3	2
2023-24	1.5	2	2	2	3	3	2
<b>Dietitian</b>							
2021-22	1	1					
2022-23	1	1	1	1	1	3	1
2023-24	1	1	1	2	1	2	1
<b>Pharmacist</b>							
2021-22	1	6					
2022-23	1	1	1	1	1	1	1
2023-24	1	1	1	1	1	1	1
<b>Social Worker, Administrative Staff and Supporting Staff</b>							
2021-22	59	48.5					
2022-23	59	70	62	54.5	46	42	45
2023-24	55	70	62	62	59	50	49

<b>District Health Centres (DHCs)</b>							
	<b>Kwai Tsing</b>	<b>Sham Shui Po</b>	<b>Tuen Mun<sup>1</sup></b>	<b>Wong Tai Sin<sup>1</sup></b>	<b>Southern<sup>1</sup></b>	<b>Yuen Long<sup>1</sup></b>	<b>Tsuen Wan<sup>1</sup></b>
<b>Total</b>							
2021-22	<b>81</b>	<b>76.5</b>					
2022-23	<b>81</b>	<b>96.5</b>	<b>85</b>	<b>83.5</b>	<b>69</b>	<b>77</b>	<b>70</b>
2023-24	<b>85.5</b>	<b>96</b>	<b>97.5</b>	<b>97.5</b>	<b>85.5</b>	<b>90.5</b>	<b>78.5</b>

Note:

1. Tuen Mun DHC, Wong Tai Sin DHC, Southern DHC, Yuen Long DHC and Tsuen Wan DHC commenced service in 2022.
2. The staff establishment is proposed by the operators of DHCs and approved by the Government through tendering procedures according to the service demand in the community and manpower estimation. The 0.5 staff establishment refers to a part-time position with half of the working hours of a full-time position. The actual number of staff may vary from time to time depending on factors such as service demand, short-term manpower turnover, etc. The Government will continue to monitor the situation to ensure that services are not affected.
3. Medical consultants are part-time or outsourced positions.

<b>DHC Expresses (DHCEs)</b>											
	<b>Central &amp; Western</b>	<b>Eastern</b>	<b>Islands</b>	<b>Kowloon City</b>	<b>Kwun Tong</b>	<b>North</b>	<b>Sai Kung</b>	<b>Sha Tin</b>	<b>Tai Po</b>	<b>Wan Chai</b>	<b>Yau Tsim Mong</b>
<b>Staff Establishment<sup>4,5</sup></b>											
<b>Project Coordinator</b>											
2021-22	1	1	1	1	1	1	1	1	1	1	1
2022-23	1	1	1	1	1	1	1	1	1	1	1
2023-24	1	1	1	1	1	1	1	1	1	1	1
<b>Medical Consultants<sup>6</sup></b>											
2023-24	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Care Coordinator</b>											
2021-22	2	2	3	1	5	1	2	2	5	3	1
2022-23	3	2	3	1	5	1	2	3	5	3	1
2023-24	4	3	3	1	5	1	2	5	5	4	1
<b>Nurse</b>											
2021-22				4		2	3				4
2022-23				4		2	3				4
2023-24				4		3	3				4
<b>Physiotherapist</b>											
2021-22	1	1	1	1	1	1	1	1	1	1	1
2022-23	1	1	1	1	1	1	1	1	1	1	1
2023-24	1	1	1	1	1	1	1	1	1	1	1
<b>Occupational Therapist</b>											
2021-22					1		1		0.5	1	
2022-23					1		1		0.5	1	
2023-24					1		1		0.5	1	
<b>Pharmacist</b>											
2021-22	0.5	0.5					1	0.5		1	

<b>DHC Expresses (DHCEs)</b>											
	<b>Central &amp; Western</b>	<b>Eastern</b>	<b>Islands</b>	<b>Kowloon City</b>	<b>Kwun Tong</b>	<b>North</b>	<b>Sai Kung</b>	<b>Sha Tin</b>	<b>Tai Po</b>	<b>Wan Chai</b>	<b>Yau Tsim Mong</b>
2022-23	0.5	0.5					1	1		1	
2023-24	0.5	0.5					1	1		1	
<b>Dietitian</b>											
2021-22				1	1		1		1		1
2022-23				1	1		1		1		1
2023-24				1	1	0.5	1		1		1
<b>Social Worker, Administrative Staff and Supporting Staff</b>											
2021-22	11	11	10	9	15.5	12	11	11	13.5	5.5	9
2022-23	14	13	10	10	14.5	13.5	11	13.5	13.5	5.5	10
2023-24	14	13	10	10	14.5	14	11	16.5	13.5	6.5	10
<b>Total</b>											
2021-22	<b>15.5</b>	<b>15.5</b>	<b>15</b>	<b>17</b>	<b>24.5</b>	<b>17</b>	<b>21</b>	<b>15.5</b>	<b>22</b>	<b>12.5</b>	<b>17</b>
2022-23	<b>19.5</b>	<b>17.5</b>	<b>15</b>	<b>18</b>	<b>23.5</b>	<b>18.5</b>	<b>21</b>	<b>19.5</b>	<b>22</b>	<b>12.5</b>	<b>18</b>
2023-24	<b>21</b>	<b>19</b>	<b>15.5</b>	<b>18.5</b>	<b>24</b>	<b>21</b>	<b>21.5</b>	<b>25</b>	<b>22.5</b>	<b>15</b>	<b>18.5</b>

Note:

4. The staff establishment is proposed by DHCE based on the service demand in the community and manpower estimation, and is reviewed and approved by the government before entering into contracts with operators. The 0.5 staff establishment refers to a part-time position with half of the working hours of a full-time position. The actual number of staff may vary from time to time depending on factors such as service demand, short-term manpower turnover, etc. The Government will continue to monitor the situation to ensure that services are not affected.
5. The staff establishment of each DHCE is dependent on the service needs and service delivery model of each district which cannot be directly compared.
6. Medical consultants are part-time or outsourced positions.

## **LEGCO QUESTION NO. 12**

(Written Reply)

Asked by : Hon YANG Wing-kit

Date of meeting : 27 March 2024

Replied by : Secretary for Housing

### Reply

President,

Regarding Hon YANG Wing-kit's questions, our reply are as follows:

The Hong Kong Housing Authority (HA) has always attached great importance to the security of its public housing estates. In general, comprehensive standard security systems are installed in all residential blocks of public rental housing (PRH) estates, including metal gates at main lobby entrances and staircase exits, main gate intercoms for connecting to the household telephone systems, digital combination lock systems and closed-circuit television (CCTVs) at building entrances and lifts.

Digital combination lock systems are standard provision in newly completed residential blocks of PRH estates, and the cost of a digital combination lock system for each residential block is about \$120,000. As for maintenance, the maintenance contract for the standard security systems is of a comprehensive type covering the full set of security systems and equipment, including the digital combination lock/smart card access control systems. In the past three years, the operating expenditure for maintaining the full set of standard security systems (including metal gates at main lobby entrances and staircase exits, main gate intercom for connecting to the household telephone systems, digital combination lock systems and CCTVs at building entrances and lifts) in all residential blocks of PRH estates in Hong Kong was about \$33.8 million per annum.

From 2008 to 2010, the HA launched a pilot scheme on Smartcard Access Control System (SACS) for buildings in three newly completed PRH estates, namely Choi Ying Estate, Choi Tak Estate and Choi Fook Estate, under which smartcards are used in conjunction with the digital combination lock systems normally provided for access control to the buildings. A smartcard was issued to the tenant and each authorised occupant of the households concerned upon completion of the intake to activate the door lock for entry into the building in which they reside. The smartcard was free of charge when it was first issued, but the residents were required to pay a replacement fee if the card was lost or damaged thereafter. At that time, the cost of installing SACS (including the smartcards initially distributed) was about \$100,000 per building. Experience of

the pilot scheme showed that residents still preferred to enter their buildings by means of digital combination lock system. Having regard to the additional costs involved in the relevant SACS, the HA hence considered it not necessary to extend the scheme to other PRH residential blocks at that time.

While the HA currently has no plan to adopt Octopus cards and SACS in newly completed PRH residential blocks, the HA plans to pilot the use of a building access control system compatible with smartcards and smart phone mobile applications in one of the new estates to be completed in 2024 as a solution of contactless access control systems with a view to catering for the needs of different residents in future. We would observe the cost-effectiveness of the pilot scheme, the technical application of the system and the responses from residents to make continuous enhancement on building security management.

As for the Hong Kong Housing Society (HKHS), we understand that at present, most of the PRH estates under HKHS have been installed with security combination door lock systems at the ground floor lobby for access control, together with security gates at the ground floor lobby and staircase exits of the main blocks, as well as the use of gate intercoms for connecting to tenants, etc. These security measures are complemented by other security installations, such as CCTV at lobbies and lifts, to form a comprehensive standard security system. Furthermore, HKHS has, by phases since 2017, introduced the Octopus card or smart card access control systems in its PRH estates equipped with the security combination door lock systems. Currently, 19 HKHS PRH estates have been equipped with the Octopus card or smart card access control systems (for certain PRH estates which will be redeveloped in due course, only some individual blocks are equipped with such systems). The installation cost of an Octopus card access control system for each block is approximately \$55,000. In choosing between the Octopus card access control system or a smart card one, if the PRH blocks are situated within its Subsidised Sale Flats (SSF) projects, HKHS will adopt the same access control system used by the SSF projects to facilitate tenants' easy access to the common areas and facilities. As the number of blocks in each HKHS PRH estate differs, the operating expenses also vary. In the past three years, HKHS's annual operating expense on the comprehensive standard security systems is approximately \$48,000 per PRH block.

HKHS considers that the security combination door lock systems as well as the Octopus card and smart card access control systems that are currently in use are all effective security devices. From time to time, HKHS reviews the technical application, feasibility and effectiveness of the security management systems of its PRH estates with a view to continuously enhancing the estate security management.

- END -

## **LEGCO QUESTION NO. 13**

(Written Reply)

Asked by Hon Elizabeth QUAT

Date of meeting : 27 March 2024

Replied by : Secretary for Health

### Reply

President,

The reply to the question raised by Hon Elizabeth QUAT is as follows:

- (1) Alzheimer's disease belongs to the spectrum of dementia, which covers various types of diseases. The Hospital Authority (HA)'s healthcare professional team assesses the conditions and needs of all dementia patients with a multi-disciplinary approach, and provides necessary pharmacological and non-pharmacological treatment and follow-up to patients as appropriate to slow down the process of brain degeneration and alleviate the symptoms. The HA collects statistics on the number of dementia patients based on their inpatient and out-patient disease codes and medication record. As the same type of drug can be used on patients with different types of dementia (including Alzheimer's disease), and the complexity and diversity of diagnosis as well as management of Alzheimer's disease requires long-term clinical follow-up on cases and professional judgment, the HA system currently maintains the overall number of patients with dementia and is not able to provide an accurate breakdown of the number of patients with Alzheimer's disease.

The number of patients with dementia receiving treatment in the HA in the past five years, with breakdown by age group and sex, is at Annex 1.



- (2) Dementia patients commonly suffer from multiple chronic diseases such as hypertension, diabetes mellitus, cardiovascular diseases, etc., as well as physical deterioration such as memory loss, falls, and continence problem. To flexibly deploy resources, the HA will refer patients to different specialist out-patient clinics of the HA, including medicine, geriatric, psychogeriatric and memory clinic, according to their needs, allowing patients to receive joint consultation and treatment. For example, the geriatric team simultaneously provides services to patients with dementia, including Alzheimer's disease, who are also suffering from other geriatric conditions, while the psychogeriatric team is responsible for supporting dementia patients with severe behavioural and psychological symptoms of dementia. As patients with dementia, including Alzheimer's disease, often require services from different specialist out-patient clinics, the healthcare expenditure arising from the provision of treatment and care services to such patients cannot be separately quantified. The cost incurred for the medical services provided by the HA to patients aged 65 or above in the past three years is at Annex 2.
- (2) Dementia, including Alzheimer's disease, is a disease caused by a decline in brain function due to neurological changes. Since the loss of brain function is irreversible, early pharmacological and non-pharmacological support (e.g. reminiscence, multi-sensory and cognitive training, etc.) can slow down the process of brain degeneration and alleviate the symptoms.

The HA provides laboratory testing services to support clinical diagnosis and monitoring of various diseases by various clinical specialties. When introducing new laboratory testing services, the HA will consider relevant factors such as clinical benefits, the safety and efficacy of the new technology, the availability of manpower and expertise, the capacity and technical adaptability of the laboratory, etc. The HA is exploring the feasibility of introducing the relevant blood test and will consider introducing the laboratory testing service through the established mechanism in due course.

- (4) The Government spares no effort in the promotion and public education of Alzheimer’s disease towards the public. The Department of Health (DH) has all along been committed to the publicity and education of dementia, including Alzheimer’s disease, and has been providing latest health information through various channels, including the Elderly Health Service website, Elderly Health Information Hotline, education kit for elderly carers, online videos, media interviews, Elderly Health Service Newsletter and health talks to enhance public understanding of the disease and provide family members of dementia patients and carers of the elderly with practical skills and insights in managing diseases. In addition, the HA has been implementing various health promotion activities, including organising educational talks and publishing pamphlets, etc. to raise community awareness towards dementia, including Alzheimer’s disease.

The Social Welfare Department (SWD) launched a territory-wide public education campaign “Dementia Friendly Community Campaign” from September 2018 to March 2023 to enhance public understanding of dementia, including Alzheimer’s disease, and to encourage the community to show care and take action to support dementia patients and their carers. The SWD has also allocated additional programme resources to all District Elderly Community Centres and Neighbourhood Elderly Centre in Hong Kong to organise educational activities at district or neighbourhood level to raise public awareness of dementia.

- (5) Dementia, including Alzheimer’s disease, is a disease caused by a decline in brain function due to neurological changes. At present, there is no cure for dementia. Patients can slow down the degenerative process of the brain and alleviate the symptoms with pharmacological and non-pharmacological support (e.g. reminiscence, multi-sensory and cognitive training, etc.).

It was announced in the 2023 Policy Address that the Government would spare no effort bolstering the development of medical innovation, which can bring the benefits of good drugs and research and development (R&D) to patients in Hong Kong. We will encourage innovative R&D of advanced and effective new drugs in Hong Kong, and adopt measures to promote the

transformation of innovative technologies into clinical applications to benefit more patients.

The Government will enhance the current evaluation and registration mechanism for drugs, and establish an internationally renowned regulatory authority of drugs and medical devices. Specifically, the Government will leverage medical strengths of the HKSAR in a more proactive and efficient manner, and establish the “Hong Kong Centre for Medical Products Regulation”, to implement the long-term objective of establishing an authority that registers drugs and medical devices under the “primary evaluation” approach, i.e. to directly evaluate drugs and medical devices in Hong Kong based on clinical trial data. This will help accelerate the clinical use of new drugs and medical devices, and drive the development of industries relating to the R&D and testing of medical products.

At the same time, the Government plans to set up the “Greater Bay Area International Clinical Trial Institute” to provide a one-stop clinical trial support platform for biomedical and research institutions, to co-ordinate clinical trial resources in the public and private healthcare sectors in the HKSAR, and to further enhance the development of clinical trials, which will complement the development of the primary evaluation mechanism.

The above measures will help provide better pharmacological support to different groups of patients in Hong Kong, including those suffering from dementia and amongst which, Alzheimer’s disease. The Government will continue to closely monitor the latest developments in the diagnosis and treatment of dementia, including Alzheimer’s disease, with a view to providing appropriate care to the patients concerned.

**Number of patients with dementia receiving treatment in the Hospital  
Authority (HA) in 2018-2022  
(Breakdown by age group and sex)**

Year	Sex	Age Group <sup>2</sup>	Number of patients <sup>1</sup>	Percentage to total (%)
2018	Male	Below 65	3 200	4%
		65 or above	23 400	32%
		Sub-total <sup>3</sup>	26 500	36%
	Female	Below 65	3 000	4%
		65 or above	43 400	60%
		Sub-total <sup>3</sup>	46 400	64%
	Both sexes <sup>3</sup>	Below 65	6 200	8%
		65 or above	66 800	92%
	Total <sup>3</sup>			72 900
2019	Male	Below 65	3 500	4%
		65 or above	24 800	32%
		Sub-total <sup>3</sup>	28 300	36%
	Female	Below 65	3 400	4%
		65 or above	46 600	60%
		Sub-total <sup>3</sup>	50 000	64%
	Both sexes <sup>3</sup>	Below 65	6 800	9%
		65 or above	71 400	91%
	Total <sup>3</sup>			78 300
2020	Male	Below 65	3 700	5%
		65 or above	25 200	32%
		Sub-total <sup>3</sup>	28 900	36%
	Female	Below 65	3 700	5%
		65 or above	46 800	59%
		Sub-total <sup>3</sup>	50 500	64%
	Both sexes <sup>3</sup>	Below 65	7 400	9%
		65 or above	72 100	91%
	Total <sup>3</sup>			79 400
2021	Male	Below 65	3 900	5%
		65 or above	26 200	32%
		Sub-total <sup>3</sup>	30 200	37%
	Female	Below 65	4 100	5%

		65 or above	48 000	58%
		Sub-total <sup>3</sup>	52 100	63%
	Both sexes <sup>3</sup>	Below 65	8 000	10%
		65 or above	74 200	90%
	Total <sup>3</sup>		82 200	100%
2022 <sup>4</sup> (provisional figures)	Male	Below 65	4 100	5%
		65 or above	26 800	32%
		Sub-total <sup>3</sup>	30 900	37%
	Female	Below 65	4 300	5%
		65 or above	48 900	58%
		Sub-total <sup>3</sup>	53 200	63%
	Both sexes <sup>3</sup>	Below 65	8 400	10%
		65 or above	75 700	90%
	Total <sup>3</sup>		84 100	100%

1. Figures are rounded to the nearest hundred.
2. Age groups are calculated based on age as at 30 June of the respective year.
3. Individual figures may not add up to the total due to rounding and the inclusion of unknown age groups and sex.
4. Statistics of 2022 are provisional figures as there may still be an adjustment to the figures after further data updates such as clinical notes and pathological reports, etc.

**Remark:**

In view of the emergence of the Coronavirus Disease 2019 (COVID-19) epidemic in Hong Kong since early 2020, HA has adjusted its services in response to the epidemic. This should be taken into account when comparing the throughput of services provided by HA across the years. With the subsiding of local COVID-19 epidemic situation and cessation of anti-epidemic measures in early 2023, the HA has been gradually resuming provision of all of its public healthcare services to tie in with the Government's normalcy measures.

**Cost of medical services provided by the HA to patients aged 65 or above from 2022-23 to 2024-25**

	2022-23 (Actual) (\$ million)	2023-24 (Revised estimates) (\$ million)	2024-25 (Estimate) (\$ million)
Cost of medical services provided by the HA to patients aged 65 or above	47,298.5	50,625.1	52,641.0

**Remark:**

The HA does not collate patient level costing information. The costs of services to patients aged 65 or above are based on the average unit cost of major care types/services and the actual (or projected) activities consumed by patients aged 65 or above from 2022-23 to 2024-25.

The service cost include direct staff costs (such as doctors, nurses and allied health staff) for providing services to patients; expenditure incurred for various clinical support services (such as anaesthetic and operating theatres, pharmacy, diagnostic radiology and pathology tests); and other operating cost (such as meals for patients, utility expenses and repair and maintenance of medical equipment).

In view of the emergence of the Coronavirus Disease 2019 (COVID-19) epidemic in Hong Kong since early 2020, HA has adjusted its services in response to the epidemic. This should be taken into account when comparing the throughput of services provided by HA across the years. With the subsiding of local COVID-19 epidemic situation and cessation of anti-epidemic measures in early 2023, the HA has been gradually resuming provision of all of its public healthcare services to tie in with the Government's normalcy measures. The impact of COVID-19 has been reflected in 2022-23 costing information (if any). Costing information may not be directly comparable across years.

**LEGCO QUESTION NO. 14**

(Written Reply)

Asked by : Hon CHAN Hak-kan

Date of meeting : 27 March 2024

Replied by : Secretary for Housing

Reply

President,

My reply to the question raised by the Hon CHAN Hak-kan is as follows:

- (1) The Total Maintenance Scheme (“TMS”) is a rolling programme implemented by phases for public rental housing (“PRH”) under the Hong Kong Housing Authority (“HA”). Since its launch in 2006, three phases have been completed. The fourth phase commenced in 2023/24. The past five financial years, i.e. from 2018/19 to 2022/23, fall under the third phase. During the said period, the average repair cost for TMS per rental unit and the age distribution of the relevant PRH estates are as follows:

Phase	Average Repair Cost (\$)	Number of Estates	Age of Estates	Age Distribution of Estates (%)
Entire period of the Third Phase (2016/17-2022/23)	2,200	109	Less than 20 years	9%
			Over 20 years to less than 30 years	12%
			30 years or above	79%

Apart from the above repair cost, the average inspection cost was around 20% of the repair cost.

- (2) In the past five financial years, the average repair cost for the PRH estates with inspections and repairs completed under the Comprehensive Structural Inspection Programme (“CSIP”) was about \$1,600 per unit.

- (3) The second cycle of CSIP was launched in late 2018 and is expected to be completed by 2032. For those PRH estates with inspection and repair works completed under the second cycle of CSIP, the relevant buildings can be sustained in good condition for at least 15 years. The cost-effectiveness of the repair works has met the expectations.
- (4) The last three redevelopment projects completed include Shek Kip Mei Phases 3 and 7 (completed in 2018/19), Shek Kip Mei Phase 6 (completed in 2019/20), Tung Tau Estate Phase 8 (completed in 2019/20), Pak Tin Estate Phases 7 and 8 (completed in 2020/21), and Pak Tin Estate Phase 11 (completed in 2021/22).

HA approved the relevant building contracts of the above-mentioned projects in 2016/17 and 2017/18. For these two financial years, the average construction cost per unit <sup>Note</sup> of PRH / Green Form Subsidised Home Ownership Scheme (GSH) based on the cost of building tenders approved by the HA are set out below:

Financial Year	( \$'000 )
2016/17	860
2017/18	800

- END -

---

Note: The average construction cost per PRH/GSH unit, including demolition, site formation and foundation, is calculated based on the cost of building tenders approved by the HA in the financial year. As the number of building tenders approved by the HA and other factors such as scale and design of the projects, as well as market conditions are different in each financial year, the average construction cost for each financial year varies.



## **LEGCO QUESTION NO. 15**

(Written Reply)

Asked by: Hon Lillian KWOK

Date of meeting : 27 March 2024

Replied by : Secretary for Development

### **Reply**

President,

Having consulted the Education Bureau (EDB), my reply is as follows:

- (1) As of February this year, the Buildings Department (BD) has issued a total of 63 notices under the Mandatory Building Inspection Scheme (MBIS) in respect of non-government buildings used for school purpose (including aided and non-aided schools), 49 of which have completed the prescribed inspections and repair works (if required) and were issued compliance letters from BD certifying compliance with the MBIS notices. The 14 schools with non-compliant MBIS notices have all appointed Registered Inspectors (RIs) and completed the prescribed inspections. Their compliance status is as follows:

	No. of schools involved		
MBIS notice not yet expired	1 ( Prescribed repair works being organised/arranged )		
Expired MBIS notices that have not been complied with	13		
	Prescribed repair works being organised/arranged	Prescribed repair works underway	Repair works completed <sup>(1)</sup>
	5	1	7

Note<sup>(1)</sup>: Certificates of building repair submitted by RIs are under processing by BD.

Besides, there are 267 aided schools without receiving MBIS notices that have voluntarily carried out inspections and repairs

according to the requirements under MBIS/ Mandatory Window Inspection Scheme (MWIS) in order to participate in EDB's new programme for conducting the first round of window and building inspections (see paragraph (3) below for details). According to the Certificates of building inspection/ certificates of building repair submitted by RIs concerned to BD, 199 schools have completed the prescribed inspections and 10 schools have completed the repair works.

- (2) Since there is progress in the repair works for the schools with non-compliant MBIS notices as mentioned in paragraph (1) above, no further enforcement action has been taken by BD at this stage. BD will continue to communicate with the schools and RIs concerned and provide assistance for early completion of the required repair works where necessary.
- (3) Schools are obliged to keep their school premises in good condition and to comply with the statutory notices issued under MBIS/ MWIS. EDB would provide financial support to aided schools. On receipt of statutory notices, aided schools can apply for the MBIS/MWIS subsidies from EDB, and appoint RIs or Qualified Persons on their own to conduct the relevant inspections and Registered Contractors to carry out the required repair works. Details of the relevant subsidy scheme are on EDB's website.

Starting from 2020-21, EDB has launched a new programme. Professionals and contractors appointed by EDB would be able to conduct the first round of window and building inspections and carry out the required repair works for aided schools with building ages reached 10 years and 30 years respectively. If eligible aided schools receive the MBIS notices, they can opt to participate in the programme or apply for the abovementioned MBIS/ MWIS subsidies to arrange the relevant inspections and repair works on their own. Aided schools with school premise reaching the relevant building ages but have not yet received the statutory notices can also participate in the new programme by EDB on a voluntary basis.

- (4) In the past year, EDB and BD did not receive any request for assistance in respect of structural safety issues of school premises.

## **LEGCO QUESTION NO. 16**

(Written reply)

Asked by Dr Hon NGAN Man-yu

Date of meeting: 27 March 2024

Replied by: Secretary for  
Innovation, Technology and  
Industry

### Reply

President,

My consolidated reply to the various parts of the question raised by Dr Hon Ngan is as follows:

1823 receives service requests and complaints to all bureaux/departments (B/Ds) from the public that require their handling, and handles public enquiries, compliments and suggestions for participating departments. Currently, 1823 has 23 participating departments, and the scope of enquiry service covers most government services that are closely related to citizens' livelihood, such as environment and food hygiene, public housing, public transportation, cultural and leisure activities, labour rights, financial assistance for education, working allowance and social security. In addition to regular services, 1823 will also provide short-term hotline support for major government projects and initiatives when necessary. For example, 1823 supported a number of epidemic-related hotlines during the COVID-19 epidemic and supported the election enquiry hotline on the Legislative Council and District Council election days. 1823 resolved 99% of the telephone enquiries at the first time of calling. When 1823 receives an enquiry involving a non-participating department, it will provide the citizen with the telephone hotline number or contact method of the relevant department so that he/she can make enquiries directly to the relevant department.

All government departments have their own hotlines for answering public enquiries. Some departments also have telephone enquiry centres and district offices, with dedicated staff answering public inquiries about the department's services. Some also set up hotlines for special projects or

services, which are handled by staff with relevant domain knowledge. Departments will consider whether to invite 1823 to handle their enquiry hotline based on their actual operational situation. In general, 1823 is more suitable for handling general enquiries about government services. If the enquiries received by a department mostly involve specific details of the cases related to individual citizens, the domain knowledge of specialised departments, or matters related to law enforcement, it is more appropriate for the department to handle the enquiries directly. When considering whether to provide services to individual departments, 1823 will consider various factors with the relevant departments, such as the expected nature and volume of incoming calls, to determine the most effective way to handle enquiries from members of the public.

During the past five years, enquiries concerning participating departments accounted for an average of about 92% of the total number of enquiries received by 1823, while enquiries involving non-participating departments accounted for only about 8% on average (see the attachment for the number of cases). The Efficiency Office will continue to review the manpower, operations and service scope of 1823 from time to time, and introduce new technologies with a view to providing convenient and high-quality services to the public.

-End-

## Annex

### Number of enquiries involving non-participating departments received by 1823 in the past five years

Remarks:

- (1) When 1823 receives an enquiry involving a non-participating department, it will provide the citizen with the telephone hotline number or contact method of the relevant department so that he/she can make enquiries directly to the relevant department.
- (2) During the past five years, enquiries concerning participating departments accounted for an average of about 92% of the total number of enquiries received by 1823, while enquiries involving non-participating departments accounted for only about 8% on average. The following table only shows non-participating departments with more than 5,000 enquiry cases in 2023. The number of enquiry cases of these departments accounted for nearly 90% of the total enquiry cases of all non-participating departments.

Department	2019	2020	2021	2022	2023
Immigration Department	39897	25563	25338	31234	55733
Inland Revenue Department	30728	24030	22733	22278	30338
Hong Kong Police Force	29773	17798	20825	22206	22762
Water Supplies Department	11389	8112	10705	10225	9967
Education Bureau	7998	26082#	6661	7069	7639
Financial Services and the Treasury Bureau	201	381	15288*	14507*	7615*
Home Affairs Department	7504	8028	5516	7543	6293
Environmental Protection Department	6632	3075	3819	4521	5202

# Mainly related to class arrangements at the beginning of the epidemic

\* Enquiries mainly related to Consumption Voucher Scheme

## **LEGCO QUESTION NO. 17**

(Written Reply)

Asked by Hon YIM Kong      Date of meeting:      27 March 2024

Replied by:                      Secretary for Innovation,  
Technology and Industry

### Reply

President,

This question raised by Hon Yim Kong straddles the policy areas of various bureaux and departments. The Innovation, Technology and Industry Bureau (ITIB) has coordinated information provided by the Transport and Logistics Bureau (TLB), the Security Bureau (SB) and the Culture, Sports and Tourism Bureau (CSTB). On behalf of the Government, our coordinated reply to various parts of the question is as follows:

The Government promulgated the Hong Kong Innovation and Technology Development Blueprint (“the Blueprint”) in December 2022 setting out key facilitation measures under four broad development directions. As suggested in the Blueprint, the Government will focus on promoting the development of technology industries in Hong Kong with an edge and are of strategic importance from a strategic and forward-looking perspective. The blueprint also sets out four prerequisites, and suggests that the focus should be on developing life and health technology, artificial intelligence (AI) and data science, advanced manufacturing and new energy.

Electric vertical takeoff and landing (eVTOL) technology generally refers to the low-altitude aircraft designed for transporting passengers or cargoes, and it takes off and lands vertically. It forms a point-to-point air transport network and may alleviate road traffic congestion in cities. eVTOL uses electricity as all or part of its energy source of the propulsion system, and has the advantages of pollution-free, low-noise, cost-effective and low-carbon. Besides, the electric motor and electrified structure design of the passenger eVTOL simplifies the power transmission system, eliminating the complicated transmission structure and greatly improving safety comparing to the traditional power engine system.

Hong Kong has a solid technology foundation for developing eVTOL, such as robotics, AI and interconnect technology. Local universities have also been conducting research and development (R&D) in eVTOL-related technology. However, the existing policies and legal restrictions have limited the transformation and realisation of the R&D outcomes. Hong Kong therefore mainly focuses on the technology involving indoor flying robots and cannot adopt it outdoors. To commercialise eVTOL in Hong Kong involves a wide range of issues including policies and regulations, facilities and infrastructure, flight path planning, airspace management as well as land and space requirements, etc., which are under the auspices of various bureaux and departments, and go beyond the level of technology and R&D. The matter requires in-depth studies and consultation with different stakeholders and the public.

On the other hand, according to the TLB and the SB, the Government notices that the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) specifies the deepening of the reform in the management of low-altitude airspace management, the expedition of the development of general aviation and the steady development of cross-boundary helicopter services. Subject to compliance with the relevant immigration and customs clearance and quarantine arrangements, the Government will continue to proactively explore with the Mainland on further facilitation of the development of cross-boundary commercial helicopter services, with a view to promoting air traffic connectivity within the Greater Bay Area.

The Government will continue to keep a close watch on the advancement of eVTOL technology and its development in the Mainland and other regions. Taking into account our practical condition, laws and regulations, market demand, commercial considerations of potential service operators etc., the Government will make plans that suit Hong Kong strategically in a timely manner, including supporting projects which can enrich visitors' experience.

## **LEGCO QUESTION NO. 18**

(Written Reply)

Asked by: Hon Jeffrey LAM

Date of meeting: 27 March 2024

Replied by :

Secretary for Culture, Sports and Tourism

### Reply

President,

Regarding the question raised by the Hon Jeffery Lam, I reply as follows:

(1) and (2)

According to the statistics of the Census and Statistics Department (C&SD), the number of establishments in the art, antiques and crafts domain of the cultural and creative industries in Hong Kong was about 6 870 in 2022. The Government does not have a detailed breakdown of the number of establishments related to auction houses, galleries and art galleries, as well as the statistics on the number of auctions held in Hong Kong.

(3)

According to the statistics of C&SD, the total trade value of works of art, collectors' pieces and antiques, as well as its percentage of total trade of goods in the past five years (*i.e.* 2019 to 2023) are as follows:

Year	Total trade (HK\$ million)	Percentage of total trade of goods
2019	58,495	0.7%
2020	33,600	0.4%
2021	66,591	0.6%
2022	88,371	0.9%
2023	105,465	1.2%

C&SD does not have detailed breakdown of statistics under the grouping of works of art, collectors' pieces and antiques respectively.



(4)

C&SD is still compiling relevant statistics for 2022 and beyond. From 2019 to 2021, the value added and number of persons engaged in the art, antiques and crafts domain of the cultural and creative industries in Hong Kong are as follows:

Year	Value added (HK\$ million)	Number of persons engaged (rounded to the nearest ten)
2019	18,677	31 940
2020	14,662	28 880
2021	16,574	27 590

(5)

Hong Kong has a strategic location in Asia as well as strong cultural foundations and a competitive edge in the commercial sector. With the support of the National 14th Five-Year Plan, the Government is committed to promoting Hong Kong as an East-meets-West centre for international cultural exchange. In recent years, a number of large-scale arts and cultural facilities, including the M+ Museum and the Hong Kong Palace Museum in the West Kowloon Cultural District (WKCD), have come into operation, providing more opportunities for the arts sector to organise more local and international arts and cultural activities.

The Government has strived to create a comprehensive ecosystem for the arts, culture and creative industries. Currently, Hong Kong is the home to a number of globally acclaimed galleries, auction houses and art fairs. Among them, Art Basel Hong Kong has become an international event for visual arts since its debut in Hong Kong in 2013. Phillips Auctioneers also set up its new Asia headquarters in WKCD last year. In addition, Hong Kong's low tax rate and thriving art fairs have attracted art lovers from all over the world to participate in Hong Kong's art trading events. These qualities have contributed to the emergence of Hong Kong's art trading and auction market, making Hong Kong one of the world's top three art trading centers.

To attract and support international and large-scale arts and cultural events, including arts fairs to be held in Hong Kong, the Culture, Sports and Tourism Bureau officially launched the Mega Arts and Cultural Events (ACE) Fund in 2023. It targets mega arts and cultural events organised by the private sector or non-governmental organisations in Hong Kong, with a view to developing Hong Kong into an arts and cultural metropolis. Among the approved events, Art Basel Hong Kong 2023 and 2024, Ink Asia 2023, as well as Art Central 2023 and 2024

are examples of art fairs. These fairs bring together hundreds of international galleries, attracting tens of thousands of collectors, industry players and visitors from Hong Kong and abroad, further fostering the development of Hong Kong's vibrant art market.

The Government will continue to give play to the advantage of Hong Kong as a melting pot of Chinese and Western cultures, actively attracting renowned cultural and museum organisations from the Mainland and overseas to Hong Kong, with a view to consolidating Hong Kong's status as international art trading centre and fostering Hong Kong's development as an East-meets-West centre for international cultural exchange.

## **LEGCO QUESTION No. 19**

(Written Reply)

Asked by: Hon Mrs Regina IP

Date of meeting: 27.3.2024

Replied by: Secretary for Financial Services and the Treasury

Reply:

President,

Currently, there are 17 funds set up under Government departments which are operated in the form of seed capital fund and segregated from the government account. These funds are under the charge of various bureaux, and make use of investment returns to support their specific purposes for meeting the specific policy objectives of individual bureaux.

Parts (1) to (3) of the question concern, in respect of individual funds, the surplus positions, the target rates of investment return, the actual rates of investment return of the funds in the past five years, the investment managers engaged and the percentage shares of funds managed by different investment managers. After consultation with the Education Bureau, the Culture, Sports and Tourism Bureau, the Home and Youth Affairs Bureau, the Labour and Welfare Bureau, the Environment and Ecology Bureau and the Security Bureau, we have prepared the required information at Annex.

As regards parts (4) and (5) of the question, generally speaking, the bureau responsible for a particular fund would, taking into account factors such as the background of fund establishment and scale of the fund, consider whether to set up an investment committee under the fund. The committee comprises representatives from the relevant bureaux and departments, as well as those from the finance and professional sectors, etc. The investment committee has to consider various risk factors in investment and put in place corresponding risk management measures (including diversification of risks). One of the duties of the investment committee is to select investment managers based on the following criteria:

- (i) the investment managers' standing, including their credit ratings, compliance and internal controls;
- (ii) the investment managers' investment track records;
- (iii) the investment managers' specific expertise and experience, as well as appropriate support (including information systems, research teams, professional customer services and investment market networks spanning different times zones across the world); and
- (iv) the level of fees charged.

The committee would conduct periodic meetings to review whether the performance of the investment managers is in compliance with the investment strategies and target set for the fund concerned. A contract for engagement of an investment manager for a particular fund would include a provision stipulating that the fund may, if necessary, dismiss the investment manager upon giving a prescribed period of notice without assigning any reason. If necessary, the committee may replace investment managers according to the selection criteria mentioned above.

**Funds set up by Bureaux / Departments**

**Bureau / department:** Education Bureau

**Name of fund:** Quality Education Fund

**(1) Surplus position of the fund**

Latest financial year-end date	31 August 2023
Net asset value as at latest financial year-end date (\$ million)	8,734
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	3,734

**(2) Investment return of the fund**

The fund has established an investment committee and engaged professional investment managers to manage its investment.

Target annual investment return	Around 4%
Actual annual investment return	
2018 – 19 financial year	1.7%
2019 – 20 financial year	8.8%
2020 – 21 financial year	10.5%
2021 – 22 financial year	-10.3%
2022 – 23 financial year	4.4%

**(3) Information on investment managers engaged by the fund**

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Local investment companies (i.e. Companies incorporated in Hong Kong)		
1.	Amundi Hong Kong Limited	14%
2.	HSBC Global Asset Management (Hong Kong) Limited	15%
3.	Allianz Global Investors Asia Pacific Limited	11%
4.	Invesco Hong Kong Limited	9%
Foreign investment companies (i.e. Companies not incorporated in Hong Kong)		
5.	Wellington Management Company LLP	12%

6.	PIMCO Asia Pte Ltd	12%
Exchange Fund		
7.	Placement with the Exchange Fund	16%
Others		
8.	Bank Deposits	11%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** HKSAR Government Scholarship Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2023
Net asset value as at latest financial year-end date (\$ million)	3,250
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	180

### (2) Investment return of the fund

The fund has established an investment committee and engaged professional investment managers to manage its investment.

Target annual investment return	Around 4%
Actual annual investment return	
2018 – 19 financial year	1.5%
2019 – 20 financial year	7.4%
2020 – 21 financial year	11.8%
2021 – 22 financial year	-9.3%
2022 – 23 financial year	5.1%

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Local investment companies (i.e. Companies incorporated in Hong Kong)		
1.	Wellington Management Hong Kong Limited	15%
2.	Allianz Global Investors Asia Pacific Limited	14%
3.	Invesco Hong Kong Limited	7%
4.	PIMCO Asia Limited	15%
Foreign investment companies (i.e. Companies not incorporated in Hong Kong)		
5.	Northern Trust Global Investments Limited	15%
Exchange Fund		
6.	Placement with the Exchange Fund	23%
Others		
7.	Bank Deposits	11%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** Self-financing Post-secondary Education Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2023
Net asset value as at latest financial year-end date (\$ million)	4,074
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	554

### (2) Investment return of the fund

The fund has established an investment committee and engaged professional investment managers to manage its investment.

Target annual investment return	Around 4%
Actual annual investment return	
2018 – 19 financial year	2.1%
2019 – 20 financial year	5.8%
2020 – 21 financial year	10.7%
2021 – 22 financial year	-8.4%
2022 – 23 financial year	5.3%

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Local investment companies (i.e. Companies incorporated in Hong Kong)		
1.	Wellington Management Hong Kong Limited	30%
2.	Invesco Hong Kong Limited	6%
3.	AllianceBernstein Hong Kong Limited	14%
Foreign investment companies (i.e. Companies not incorporated in Hong Kong)		
4.	Northern Trust Global Investments Limited	16%
Exchange Fund		
5.	Placement with the Exchange Fund	22%
Others		
6.	Bank Deposits	12%
	<b>Total</b>	<b>100%</b>



## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau / University Grants Committee

**Name of fund:** Research Endowment Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2023
Net asset value as at latest financial year-end date (\$ million)	52,378
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	6,378

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	100%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** Language Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2022
Net asset value as at latest financial year-end date (\$ million)	7,112
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	2,112

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	99%
Others		
2.	Bank Deposits	1%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** Qualifications Framework Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2022
Net asset value as at latest financial year-end date (\$ million)	2,426
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	226

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	99%
Others		
2.	Bank Deposits	1%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** Gifted Education Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2022
Net asset value as at latest financial year-end date (\$ million)	1,657
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	57

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	>99%
Others		
2.	Bank Deposits	<1%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Education Bureau

**Name of fund:** Student Activities Support Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 August 2022
Net asset value as at latest financial year-end date (\$ million)	2,752
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	252

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	97%
Others		
2.	Bank Deposits	3%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Culture, Sports and Tourism Bureau

**Name of fund:** Lord Wilson Heritage Trust

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	74.58
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	26.06

### (2) Investment return of the fund

The fund has established a board of trustees and engaged professional investment managers to manage its investment.

Target annual investment return	3-month Hong Kong Interbank Offered Rate Interest Rate + 5%  2019: 7.18% 2020: 6.11% 2021: 5.20% 2022: 7.16% 2023: 9.78%
Actual annual investment return 2018 – 19 financial year	15.07%
2019 – 20 financial year	9.67%
2020 – 21 financial year	5.23%
2021 – 22 financial year	-12.13%
2022 – 23 financial year	5.77%

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Local investment companies (i.e. Companies incorporated in Hong Kong)		
1.	Amundi Hong Kong Limited	94%
Others		
2.	Bank Deposits	6%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Culture, Sports and Tourism Bureau

**Name of fund:** Sir David Trench Fund for Recreation \*

\* Including the Sir David Trench Fund for Recreation and the Sports Aid for the Disabled Fund, Sports Aid Foundation Fund and Hong Kong Athletes Fund set up under the aegis of the Sir David Trench Fund for Recreation

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	433
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	85

### (2) Investment return of the fund

The fund has established an investment committee which oversees the investment of the fund.

Target annual investment return	Around 4%
Actual annual investment return	
2018 – 19 financial year	3.8%
2019 – 20 financial year	-2.6%
2020 – 21 financial year	17.2%
2021 – 22 financial year	0.3%
2022 – 23 financial year	-0.9%

Note: The fund is a long-term investment with a long-term target rate of return of about 4%. The actual return for individual years may vary based on asset valuation as impacted by the prevailing economic and market condition. The 10-year overall average actual rate of return for the fund was 4.4%.

**(3) Information on investment managers engaged by the fund**

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	39%
Others		
2.	Tracker Fund of Hong Kong	20%
3.	SPDR S&P 500 Exchange Traded Fund	23%
4.	Bank Deposits	18%
	<b>Total</b>	<b>100%</b>



## Funds set up by Policy Bureaux / Departments

**Policy bureau / department:** Culture, Sports and Tourism Bureau

**Name of fund:** Elite Athletes Development Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	10,649
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	(2,350)*

\* The deficit has included the use of the fund's seed capital. In 2011, when the Finance Committee of the Legislative Council approved the establishment of the fund, taking into account that the investment return may not be sufficient to support the operation of the Hong Kong Sports Institute, authority was delegated by the Finance Committee to the then Secretary for Home Affairs to use part of the seed capital of the fund, having regard to the advice of the Sports Commission, to meet the relevant needs. Part of the fund's seed capital has been used for this purpose.

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and/or bank deposits. The fund has been earning an investment return linked to the performance of the Exchange Fund of Hong Kong. The fund will review the relevant strategies when necessary.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year- end date)
Exchange Fund		
1.	Placement with the Exchange Fund	90%
Others		
2.	Bank Deposits	10%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Home and Youth Affairs Bureau

**Name of fund:** Sir Edward Youde Memorial Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	106
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	14

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. The fund has established a board of trustees (BOT) in accordance with the respective ordinance. The BOT has engaged professional fund manager to assist in the management of investment matters. To monitor the investment performance, the BOT will meet with the fund manager on a regular basis to review, taking into consideration a range of market indices, the investment strategies for and asset allocation of the fund.

Actual annual investment return	
2018 – 19 financial year	-0.75%
2019 – 20 financial year	-2.25%
2020 – 21 financial year	16.11%
2021 – 22 financial year	0.06%
2022 – 23 financial year	-1.76%

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Foreign investment companies (i.e. Companies not incorporated in Hong Kong)		
1.	Credit Suisse AG, Hong Kong Branch	98.5%
Others		
2.	Bank Deposits	1.5%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Home and Youth Affairs Bureau

**Name of fund:** Sir Jack Cater Scholarship Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	5
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	0.4

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. Given the small fund size, there is no investment committee or external fund manager for managing the fund portfolio. All of the asset of the fund has been placed in time deposit for generating interest income except that a modest amount is kept in savings account for payment of scholarship. The annual allocation for the issue of scholarship has been based on the annual estimated interest income arising from the time deposit. The actual annual investment return is as follows:

Actual annual investment return	
2018—19 financial year	1.04%
2019—20 financial year	1.93%
2020—21 financial year	2.40%
2021—22 financial year	0.44%
2022—23 financial year	0.53%

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Others		
1.	All of the asset of the fund has been placed in time deposit for generating interest income except that a modest amount is kept in Hong Kong dollar savings account.	100%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Labour and Welfare Bureau / Social Welfare Department

**Name of fund:** Hong Kong Paralympians Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	259.9
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	27.6

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund, listed equity securities and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	55%
Others		
2.	Listed equity securities	27%
3.	Bank Deposits	18%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Labour and Welfare Bureau / Social Welfare Department

**Name of fund:** Social Work Training Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	19.3
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	0.4

### (2) Investment return of the fund

No target rate of investment return has been set for the fund. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	72%
Others		
2.	Bank Deposits	28%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Environment and Ecology Bureau

**Name of fund:** Environment and Conservation Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	6,150
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	1,150

### (2) Investment return of the fund

The fund has established an investment committee. All investments are placements with the Exchange Fund and / or bank deposits.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Exchange Fund		
1.	Placement with the Exchange Fund	99.9%
Others		
2.	Bank Deposits	0.1%
	<b>Total</b>	<b>100%</b>

## Funds set up by Bureaux / Departments

**Bureau / department:** Security Bureau

**Name of fund:** Beat Drugs Fund

### (1) Surplus position of the fund

Latest financial year-end date	31 March 2023
Net asset value as at latest financial year-end date (\$ million)	4,104
Accumulated surplus / (deficit) (\$ million) (as at latest financial year-end date)	754

### (2) Investment return of the fund

The fund has established an investment sub-committee and engaged professional investment managers to manage its investment.

Target annual investment return	4%
Actual annual investment return	
2018 – 19 financial year	2.7%
2019 – 20 financial year	-4.3%
2020 – 21 financial year	22.3%
2021 – 22 financial year	-2.6%
2022 – 23 financial year	-3.3%

Note: The fund is a long-term investment with a long-term target rate of return of 4%. The actual return for individual years may vary based on asset valuation as impacted by the prevailing economic and market condition. The 10-year average actual rate of return for the fund was 4.2%.

### (3) Information on investment managers engaged by the fund

	Name of investment manager / Exchange Fund / Others	Percentage share of the principal (as at latest financial year-end date)
Local investment companies (i.e. Companies incorporated in Hong Kong)		
1.	BlackRock Asset Management North Asia Limited	31%
2.	HSBC Global Asset Management (Hong Kong) Limited	14%

Foreign investment companies (i.e. Companies not incorporated in Hong Kong)		
3.	MFS International (U.K.) Limited	19%
4.	Wellington Management Company LLP	13%
Exchange Fund		
5.	Placement with the Exchange Fund	14%
Others		
6.	Bank Deposits	9%
	<b>Total</b>	<b>100%</b>



## LEGCO QUESTION NO. 20

(Written Reply)

Asked by Hon Nixie LAM

Date of meeting : 27 March 2024

Replied by : Secretary for Transport  
and Logistics

Reply:

President,

The reply to the Hon Nixie LAM's question is as follows –

The Government is committed to the concept of “Transport for All”, and has been improving public transport facilities and promoting a barrier-free transport system in collaboration with various public transport operators to facilitate the accessibility of public transport services for persons with disabilities and elderly persons.

(1) & (2) At present, there are 18 163 taxis in Hong Kong, of which 15 250 are urban taxis, 2 838 are New Territories (“NT”) taxis and 75 are Lantau taxis. As at end February 2024, about 4 700 taxis are wheelchair accessible. The relevant figures are tabulated below:

Number of wheelchair accessible taxis (percentage among the total number of the respective type of taxis)			
Urban taxis	NT taxis	Lantau taxis	Total
4 196 (27.5%)	495 (17.4%)	6 (8%)	4 697 (25.9%)

The design of the wheelchair accessible taxi models available in the market vary, including the height restriction inside the compartment and the maximum loading capacity of the wheelchair ramp. Since different electric wheelchair models vary in dimensions and weights, and the weight and height of wheelchair users may also vary to a certain extent, it is difficult to generalise which taxi model is suitable for access by electric

wheelchairs. Passengers may choose the suitable taxi model based on their individual circumstances.

- (3) Under the concept of “Transport for All”, the Government has been actively encouraging the taxi trade to introduce more wheelchair accessible taxis and different models of such taxis, so as to provide more options for wheelchair users and facilitate their transportation needs. The Government also announced in the Chief Executive’s 2023 Policy Address that \$50 million has been earmarked to subsidise the trade to purchase wheelchair accessible electric taxis.

To further improve the taxi service quality, the Government will soon introduce a taxi fleet regime, under which existing taxis may form a fleet and apply to the Transport Department (“TD”) for a Taxi Fleet Licence. The TD will regulate the operation and management of the taxi fleets through license conditions, and specify that the fleet must include a certain number of wheelchair accessible taxis so as to facilitate travelling by wheelchair users. The TD is actively carrying out the preparatory work and plans to invite the trade to apply for Taxi Fleet Licences in April this year, so that fleet taxis may commence operation as soon as possible. We expect that more wheelchair accessible taxis will come into service in phases.

- (4) & (5) To ensure passenger safety and road safety, any vehicle modifications must comply with relevant safety standards relating to vehicle construction (e.g. wheelchair tie-down systems and user restraining systems) as stipulated in the Road Traffic Ordinance (Cap. 374) and its subsidiary legislation. Provided that the above statutory requirements are fulfilled, taxis which are currently not wheelchair accessible can be retrofitted with wheelchair accessible devices through modifications.

The TD has all along been open to the introduction of wheelchair accessible taxi models by the taxi trade or vehicle suppliers. The TD will also continue to maintain communication with the taxi trade and various vehicle suppliers to assist them in understanding the relevant standards and vetting procedures, and will help coordinate the trade’s efforts

in identifying models suitable for use on the roads in Hong Kong as and when necessary.

- (6) The Government has been designating taxi pick-up and drop-off points across the territory and, where traffic situations allow, relaxing some no-stopping restrictions for taxis to pick-up or drop-off passengers, so as to facilitate riding of taxis by passengers.

Bus-Bus Interchanges (“BBIs”) are interchange stops for passengers to switch between different bus routes. The BBIs have relatively high utilisation (especially during peak hours), and most of them face certain geographical and spatial constraints. In considering whether it is appropriate to set up taxi pick-up and drop-off points at an individual BBI, the TD has to carefully assess all relevant factors (including the utilisation of the BBIs concerned, the provision of passenger facilities, the circulation space for buses and passengers, etc.) so as to avoid affecting the daily operation of the BBIs.

- End -

**LEGCO QUESTION NO. 21**  
(Written Reply)

Asked by Hon CHAN Han-pan

Date of meeting : 27 March 2024

Replied by : Secretary for the Civil Service

Reply

President,

The Government attaches great importance to the performance management of civil servants and has a well-established system to manage civil servants' performance. The Chief Executive announced in his 2022 Policy Address the strengthening of the civil service management system. For officers whose performance remains persistently sub-standard despite supervision and assistance, their appointments should be terminated in a timely manner. In September 2023, the Civil Service Bureau ("CSB") promulgated and implemented a streamlined mechanism ("the streamlined mechanism") for retiring civil servants on grounds of persistent sub-standard performance under section 12 of the Public Service (Administration) Order ("PS(A)O") ("section 12 action") to strengthen the management of staff with sub-standard performance.

Our consolidated reply to the various parts of the question is as follows:

- (1) and (2) From 2020 to end-August 2023, a total of 11 officers were issued with "Section 12 Notification" under the old mechanism due to sub-standard performance. As of end-August 2023, the procedures of "section 12 action" were suspended in three of the cases due to various reasons (e.g. performance improved to an acceptable level or department was taking disciplinary action against the officer). Four officers left the Government for various reasons (e.g. resignation or removal punishment imposed as a result of disciplinary action). The remaining four cases were being handled at different stages. During the said period, two more officers, who were issued with "Section 12

Notification” before 2020, were retired under section 12 of PS(A)O in 2020 and 2021 respectively. As the number of officers involved is limited and to safeguard the privacy of the officers, detailed information on the officers concerned would not be disclosed.

The average processing time of the above two completed cases was two years and 10 months, counting from the time when the “Section 12 Notification” was issued to the officer concerned notifying him of commencing the pre-section 12 action (i.e. the observation period) to the time when the decision of retiring the officer was made<sup>1</sup>.

Separately, under Civil Service Regulation 451(1), an officer may be granted an increment only if his/her work performance (including conduct, diligence and efficiency) has been satisfactory during the appraisal period. In the three financial years from 2020-21 to 2022-23, around 60% of civil servants did not reach the maximum pay points of their respective ranks, among which, a total of 32 civil servants were not granted an increment due to unsatisfactory performance. The number of the officers in question, broken down by bureau/department and pay point, is at Annex. The CSB does not keep information on the length of service of civil servants not granted an increment.

- (3) Since the implementation of the streamlined mechanism in September 2023, a total of six officers were issued with “Section 12 Notification”. “Section 12 action” was suspended<sup>2</sup> in one of the cases due to the officer’s improved performance during the specified observation period. One officer has resigned, and one will soon be

---

<sup>1</sup> Under “section 12 action”, when an officer obtains an overall rating of “4” (and shows signs of further deterioration)” on a six-level rating scale in his/her appraisal report, the management should call for an Observation Appraisal in a specified period of six months. For an overall rating of “5” or worse, the management should call for an Observation Appraisal in a specified period of three months. The processing time of a case of “section 12 action” counts from the time when the department notifies the officer concerned of the commencement of the observation period to the time when the case is completed.

<sup>2</sup> There is a three-year monitoring period in place under the mechanism. Should the officer’s performance deteriorate again within the monitoring period resulting in an appraisal with an overall rating of “5” or “6” for a period not less than three months, the Head of Department or Head of Grade may proceed to issue Letter-of-Intent to him without having to go through the observation process.

issued with the Letter-of-Intent since the officer's performance during the specified observation period remained sub-standard. The remaining three officers are still under the specified observation period. There has been no case which reaches the stage of termination of appointment at present. Hence, the average processing time of cases is not available. The streamlined mechanism enhances the efficiency of departments in handling cases of "section 12 action" through measures such as removing unnecessary procedures. The CSB will continue to oversee and encourage departments to make good use of the streamlined mechanism to terminate the appointment of civil servants with persistent sub-standard performance in a timely manner.

Since September 2023, one officer has been retired in the public interest under the old mechanism. The processing time of that case was about two years and seven months. The CSB will continue to oversee departments to make good use of the streamlined mechanism and step up efforts to monitor their handling of cases, as well as monitoring potential and ongoing cases of "section 12 action" through departments' quarterly returns. Moreover, the CSB will check with departments pro-actively the progress of cases which remain outstanding for a prolonged period of time and offer advice.

- (4) Subject to satisfactory performance, including conduct, diligence and efficiency, officers normally advance one increment a year within their respective pay scales of their ranks until they reach the maximum point of the scales. Civil servants displaying excellent and outstanding performance will be considered for promotion. For those with remarkable performance and dedication to serving the community, due recognition will be given through various existing commendation schemes for civil servants, including the Chief Executive's Award for Exemplary Performance, the Secretary for the Civil Service's Commendation Award Scheme, the Civil Service Outstanding Service Award Scheme, the Long and Meritorious Service Travel Award Scheme, etc. Bureaux/departments ("B/Ds") also give recognition to officers with consistently outstanding service, substantial contributions to B/Ds, etc. through the Commendation Letter Scheme.

The Government maintains a clear and well-structured career development system for civil servants to attract, nurture and retain talents. The Government has put greater emphasis on identifying as early as possible civil servants with potential, commitment and outstanding performance. For officers with shorter years of service, we will enhance training and career management (e.g. arrange appropriate postings, professional and management trainings, Mainland and overseas visit, and secretariat attachments) for them in order to prepare them for effective performance and for taking up higher responsibilities.

**Civil servants not granted an increment due to unsatisfactory performance  
in the 2020-21 to 2022-23 financial years**

<b>Bureau/department</b>	<b>Financial year 2020-21</b>	<b>Financial year 2021-22</b>	<b>Financial year 2022-23</b>
Architectural Services Department	1	2	0
Buildings Department	1	1	0
Civil Aviation Department	0	1	0
Offices of the Chief Secretary for Administration and the Financial Secretary	1	0	0
Education Bureau	0	1	0
Electrical and Mechanical Services Department	0	1	0
Environmental Protection Department	0	0	1
Hong Kong Observatory	0	0	1
Hong Kong Police Force	1	0	0
Housing Department	0	0	4
Inland Revenue Department	0	1	0
Immigration Department	1	0	0
Intellectual Property Department	1	0	0
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	0	0	1
Judiciary	0	0	1
Labour Department	0	1	0
Lands Department	0	1	0



<b>Bureau/department</b>	<b>Financial year 2020-21</b>	<b>Financial year 2021-22</b>	<b>Financial year 2022-23</b>
Leisure and Cultural Services Department	1	1	0
Legal Aid Department	1	0	0
Office of the Communications Authority	1	0	0
Hongkong Post	2	0	0
Social Welfare Department	1	0	0
Transport Department	1	0	0
Treasury	1	0	0
<b>Total</b>	<b>14</b>	<b>10</b>	<b>8</b>

<b>Rank (pay point (or equivalent))</b>	<b>Financial year 2020-21</b>	<b>Financial year 2021-22</b>	<b>Financial year 2022-23</b>
Below Master Pay Scale (MPS) Point 14	5	4	4
MPS Point 14 - 33	8	5	2
MPS Point 34 or above	1	1	2
Directorate Pay Scale	0	0	0
<b>Total</b>	<b>14</b>	<b>10</b>	<b>8</b>

## LEGCO QUESTION NO. 22

(Written Reply)

Asked by: Hon Holden CHOW

Date of meeting: 27 March 2024

Replied by: Secretary for Labour  
and Welfare

### Reply

President,

My reply to the question raised by the Hon Holden CHOW is as follows:

- (1) In the past five years, the numbers of service places and waitlisted children for the Special Child Care Centres (SCCCs) based on the 11 administrative districts of the Social Welfare Department (SWD) are set out in Table 1 and Table 2 respectively at **Annex**. The average waiting time for SCCC is set out in Table 3. The SWD does not keep information on the waiting time by district.
- (2) There is no locality restriction on the application for SCCC services. Parents may choose to receive services at a SCCC outside their district of residence having regard to individual circumstances, such as the availability of transport facilities, location of their work/carers' residence, characteristics of various SCCC, etc. The SWD will allocate service placement according to parents' prioritised choices of SCCC/districts/areas. The SWD does not keep information on the number of cross-district places allocated to waitlisted applicants by district.
- (3) The Government has been keeping in view the waiting time for SCCC, and adopting a multi-pronged approach to increase the provision of pre-school rehabilitation service places. The Government has since March 2022 incorporated the planning ratios of various rehabilitation services into the Hong Kong Planning Standards and Guidelines. Among them, the planning ratio for pre-school rehabilitation services is 23 service places per 1 000

children aged 0 to 6 so as to facilitate the continual development of the services. In 2022-23, the SWD established a new SCCC-cum-Early Education and Training Centre (EETC) in Tuen Mun District to provide 60 SCCC places and 96 EETC places as planned. The EETC commenced operation in March 2023 while the SCCC is expected to commence operation in the second quarter of 2024. Moreover, the SWD has also planned to establish a new SCCC at the Wu Shan Road Public Housing Development in Tuen Mun to provide 60 SCCC places. The SCCC is expected to commence operation in 2027-28.

- (4) To enable children on the SCCC waiting list to receive training and support as early as possible, they may concurrently apply for and receive EETC services or On-site Pre-school Rehabilitation Services (OPRS) as transitional services, pending placement of SCCC service. The multi-disciplinary service teams of the OPRS will also provide support services for teachers/child care workers of kindergartens/kindergarten cum child care centres participating in OPRS.

Waitlisted children not receiving transitional services may, without being subject to any means test, apply for a training subsidy under the Training Subsidy Programme for Children on the Waiting List of Subvented Pre-school Rehabilitation Services, with a view to enabling them to receive training as early as possible by acquiring self-financing pre-school rehabilitation services run by recognised service providers.

## Annex

**Table 1: Number of Special Child Care Centre (SCCC) service places from 2019-20 to 2023-24**

District	Number of service places				
	2019-20	2020-21	2021-22	2022-23	2023-24 (as at 31 December 2023)
Central/Western/ Southern and Islands	253	313	313	313	313
Eastern/Wan Chai	216	216	216	216	246
Kwun Tong	126	186	186	186	186
Wong Tai Sin/ Sai Kung	333	333	425	425	425
Kowloon City/ Yau Tsim Mong	30	30	30	30	30
Sham Shui Po	205	235	235	295	357
Sha Tin	138	138	138	168	168
Tai Po/North	299	299	299	299	299
Yuen Long	108	108	108	108	108
Tsuen Wan/ Kwai Tsing	168	168	180	180	180
Tuen Mun	144	144	144	144	144
<b>Total</b>	<b>2 020</b>	<b>2 170</b>	<b>2 274</b>	<b>2 364</b>	<b>2 456</b>

**Table 2: Number of waitlisted children for SCCCs  
from 2019-20 to 2023-24**

District	Number of waitlisted children <sup>Note</sup>				
	2019-20	2020-21	2021-22	2022-23	2023-24 (as at 31 Dec 2023)
Central/Western/ Southern and Islands	133	80	98	99	90
Eastern/Wan Chai	111	116	126	145	119
Kwun Tong	137	103	86	70	61
Wong Tai Sin/ Sai Kung	173	145	98	108	69
Kowloon City/ Yau Tsim Mong	138	122	99	131	106
Sham Shui Po	79	76	61	71	60
Sha Tin	136	110	92	75	53
Tai Po/North	110	104	94	85	84
Yuen Long	188	169	214	190	173
Tsuen Wan/ Kwai Tsing	156	117	112	110	97
Tuen Mun	93	98	88	107	92
<b>Total</b>	<b>1 454</b>	<b>1 240</b>	<b>1 168</b>	<b>1 191</b>	<b>1 004</b>

<sup>Note</sup> The figures do not include pre-school rehabilitation service users who are now receiving Early Education and Training Centre services or On-site Pre-school Rehabilitation Services as transitional services, or those who are waiting for a change of service type/choice of centre.

**Table 3: Average waiting time for SCCCs from 2018-19 to 2022-23**

Service category	Average waiting time (in months) <sup>Note</sup>				
	2018-19	2019-20	2020-21	2021-22	2022-23
SCCCs	18.4	17.5	19.9	20.2	19.3

Note As the average waiting time is computed on a financial-year basis, i.e. from 1 April of a year to 31 March of the next year, the figure for 2023-24 is not available for the time being.

---

## Business Registration Ordinance

---

### Resolution

(Under section 18(1) of the Business Registration Ordinance (Cap. 310))

---

**Resolved** that, with effect from 1 April 2024, the Business Registration Ordinance (Cap. 310) be amended as follows—

- (a) Schedule 1, Table, item 1(l), before the dash—

**Add**

“and before 1 April 2024”;

- (b) Schedule 1, Table, after item 1(l)—

**Add**

“(m) on or after 1 April 2024—

- |  |            |
|--|------------|
| (i) where no election is made under section 6(5C)  | \$ 2,200   |
| (ii) where an election is made under section 6(5C) | \$ 5,720”. |

**The marked-up version of the amendment moved by Dr CHOW Man-kong  
(Translation)**

That *the Chief Executive mentioned in the 2022 Policy Address that solving the housing problem topped the agenda of the current-term Government; and subsidized sale flats ('SSFs') (especially Home Ownership Scheme ('HOS') flats) are a key component of the home ownership ladder for the public (especially young people and sandwich class people);* this Council urges the SAR Government to expeditiously review the Long Term Housing Strategy to shorten the home ownership ladder and help members of the public to move upward; *specific measures include:*

- (1) *seizing the opportunity of the new measure introduced on 1 March 2024 of extending the mortgage default guarantee period for SSFs in the second-hand market to 50 years ('50 years minus age of building') to consider increasing the existing annual quota of only 4 500 for the White Form Secondary Market Scheme, so as to improve the circulation of the relevant flats; and*
- (2) *properly carrying out publicity and explanatory work for the new measure of '50 years minus age of building' to attract more public rental housing ('PRH') households who are eligible for Green Form status to purchase second-hand HOS flats in order to release more PRH flats, as well as regularly reviewing the mortgage default guarantee period and considering in a timely manner extending the guarantee period to 60 years to continuously facilitate the circulation of HOS flats.*

Note: Dr CHOW Man-kong's amendment is marked in *bold and italic type*.



**The marked-up version of the further amendment moved by Mr Tony TSE (Translation)**

That the Chief Executive mentioned in the 2022 Policy Address that solving the housing problem topped the agenda of the current-term Government; and subsidized sale flats ('SSFs') (especially Home Ownership Scheme ('HOS') flats) are a key component of the home ownership ladder for the public (especially young people and sandwich class people); this Council urges the SAR Government to expeditiously review the Long Term Housing Strategy to shorten the home ownership ladder and help members of the public to move upward; specific measures include:

- (1) seizing the opportunity of the new measure introduced on 1 March 2024 of extending the mortgage default guarantee period for SSFs in the second-hand market to 50 years ('50 years minus age of building') to consider increasing the existing annual quota of only 4 500 for the White Form Secondary Market Scheme, so as to improve the circulation of the relevant flats; and
- (2) properly carrying out publicity and explanatory work for the new measure of '50 years minus age of building' to attract more public rental housing ('PRH') households who are eligible for Green Form status to purchase second-hand HOS flats in order to release more PRH flats, as well as regularly reviewing the mortgage default guarantee period and considering in a timely manner extending the guarantee period to 60 years to continuously facilitate the circulation of HOS flats; *and*
- (3) *reviewing the public/private housing split and the ratio of public rental housing to SSFs in public housing, optimizing the balloting and allocation mechanism for SSFs, introducing the concepts of 'rent-to-own' and 'progressive payment mortgage' into public housing, and formulating standards for the 'average living space per person' and 'ratio of housing expenses' that cover private housing.*

Note: Mr Tony TSE's amendment is marked in *bold and italic type*.

**The marked-up version of the further amendment moved by Mr Stanley NG (Translation)**

That the Chief Executive mentioned in the 2022 Policy Address that solving the housing problem topped the agenda of the current-term Government; and subsidized sale flats ('SSFs') (especially Home Ownership Scheme ('HOS') flats) are a key component of the home ownership ladder for the public (especially young people and sandwich class people); this Council urges the SAR Government to expeditiously review the Long Term Housing Strategy to shorten the home ownership ladder and help members of the public to move upward; specific measures include:

- (1) seizing the opportunity of the new measure introduced on 1 March 2024 of extending the mortgage default guarantee period for SSFs in the second-hand market to 50 years ('50 years minus age of building') to consider increasing the existing annual quota of only 4 500 for the White Form Secondary Market Scheme, so as to improve the circulation of the relevant flats; and
- (2) properly carrying out publicity and explanatory work for the new measure of '50 years minus age of building' to attract more public rental housing ('PRH') households who are eligible for Green Form status to purchase second-hand HOS flats in order to release more PRH flats, as well as regularly reviewing the mortgage default guarantee period and considering in a timely manner extending the guarantee period to 60 years to continuously facilitate the circulation of HOS flats; and
- (3) reviewing the public/private housing split and the ratio of public rental housing to SSFs in public housing, optimizing the balloting and allocation mechanism for SSFs, introducing the concepts of 'rent-to-own' and 'progressive payment mortgage' into public housing, and formulating standards for the 'average living space per person' and 'ratio of housing expenses' that cover private housing; *and*
- (4) *increasing the supply of SSFs to meet the home-buying needs of members of the public; and setting up a home ownership fund to subsidize young people to purchase uncompleted HOS flats.*

Note: Mr Stanley NG's amendment is marked in *bold and italic type*.

**The marked-up version of the further amendment moved by Mr Louis LOONG (Translation)**

That the Chief Executive mentioned in the 2022 Policy Address that solving the housing problem topped the agenda of the current-term Government; and subsidized sale flats ('SSFs') (especially Home Ownership Scheme ('HOS') flats) are a key component of the home ownership ladder for the public (especially young people and sandwich class people); this Council urges the SAR Government to expeditiously review the Long Term Housing Strategy to shorten the home ownership ladder and help members of the public to move upward; specific measures include:

- (1) seizing the opportunity of the new measure introduced on 1 March 2024 of extending the mortgage default guarantee period for SSFs in the second-hand market to 50 years ('50 years minus age of building') to consider increasing the existing annual quota of only 4 500 for the White Form Secondary Market Scheme, so as to improve the circulation of the relevant flats; and
- (2) properly carrying out publicity and explanatory work for the new measure of '50 years minus age of building' to attract more public rental housing ('PRH') households who are eligible for Green Form status to purchase second-hand HOS flats in order to release more PRH flats, as well as regularly reviewing the mortgage default guarantee period and considering in a timely manner extending the guarantee period to 60 years to continuously facilitate the circulation of HOS flats; and
- (3) reviewing the public/private housing split and the ratio of public rental housing to SSFs in public housing, optimizing the balloting and allocation mechanism for SSFs, introducing the concepts of 'rent-to-own' and 'progressive payment mortgage' into public housing, and formulating standards for the 'average living space per person' and 'ratio of housing expenses' that cover private housing; and
- (4) increasing the supply of SSFs to meet the home-buying needs of members of the public; and setting up a home ownership fund to subsidize young people to purchase uncompleted HOS flats; *and*
- (5) *encouraging more members of the public with the means to acquire their own homes, so as to increase the home ownership ratio, thereby maintaining social stability and enhancing the sense of belonging among members of the public.*

Note: Mr Louis LOONG's amendment is marked in *bold and italic type*.