

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 28 February 2018

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE CLAUDIA MO

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

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

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

THE HONOURABLE WU CHI-WAI, M.H.

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

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

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE DENNIS KWOK WING-HANG

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

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

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

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

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

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

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

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

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

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE SHIU KA-CHUN

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

THE HONOURABLE YUNG HOI-YAN

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG

THE HONOURABLE LAU KWOK-FAN, M.H.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.M., G.B.S.,
J.P.

CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE PAUL CHAN MO-PO, G.B.M., G.B.S., M.H., J.P.
FINANCIAL SECRETARY

THE HONOURABLE MS TERESA CHENG YEUK-WAH, G.B.S., S.C., J.P.
SECRETARY FOR JUSTICE

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

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

MR JACK CHAN JICK-CHI, J.P.
UNDER SECRETARY FOR HOME AFFAIRS, AND
SECRETARY FOR HOME AFFAIRS

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

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

THE HONOURABLE JOSHUA LAW CHI-KONG, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JOHN LEE KA-CHIU, S.B.S., P.D.S.M., J.P.
SECRETARY FOR SECURITY

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

PROF THE HONOURABLE SOPHIA CHAN SIU-CHEE, J.P.
SECRETARY FOR FOOD AND HEALTH

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

THE HONOURABLE MICHAEL WONG WAI-LUN, J.P.
SECRETARY FOR DEVELOPMENT

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

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

CLERK IN ATTENDANCE:

MISS ODELIA LEUNG HING-YEE, DEPUTY SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Hazardous Chemicals Control Ordinance (Amendment of Schedule 2) Order 2018.....	23/2018
Property Management Services (Levy) Regulation	28/2018
Property Management Services Ordinance (Commencement) Notice 2018.....	29/2018
Dangerous Drugs Ordinance (Amendment of Second Schedule) Order 2018.....	30/2018
Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Commencement) Notice	31/2018
Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Ordinance 2016 (Commencement) Notice 2018...	32/2018
Protection of Endangered Species of Animals and Plants (Amendment) Ordinance 2018 (Commencement) Notice	33/2018
Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) (Amendment) Notice 2018.....	34/2018
Securities and Futures (OTC Derivative Products) Notice	35/2018
Waste Disposal Ordinance (Application of Section 16) Notice 2018.....	36/2018

Other Papers

- No. 72 — Education Scholarships Fund
Trustee's Report on the Administration of the Fund and
Financial statements for the year ended 31 August 2017
- No. 73 — Hong Kong Examinations and Assessment Authority
Financial statements for the year ended 31 August 2017 and
Report on Activities September 2016-August 2017
- No. 74 — Government Flying Service Welfare Fund
Report by the Controller, Government Flying Service on
the Administration of the Fund, Financial statements and
Report of the Director of Audit for the year ended 31 March
2017
- No. 75 — Estimates
for the year ending 31 March 2019
Volume I—General Revenue Account (Page 1 to 526)
Volume I—General Revenue Account (Page 527 to 980)
- No. 76 — Estimates
for the year ending 31 March 2019
Volume II—Fund Accounts
- Report No. 7/17-18 of the House Committee on Consideration
of Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS**Guarding against sudden deaths of employees due to overexertion at work**

1. **MR CHAN KIN-POR** (in Chinese): *President, the 2016 Population By-census Main Results, published by the Census and Statistics Department in November last year, has revealed that, among the 3.43 million employees (excluding foreign domestic helpers) across the territory, 382 000 (i.e. 11.1%) worked 60 hours or more a week, and around 32 000 (i.e. 0.9%) even worked 75 hours or more a week. Some working persons have indicated that excessively long hours of work leads to work-life imbalance of employees and easily triggers*

various kinds of occupational diseases, and there were even cases of sudden deaths of employees suspected to be caused by overexertion at work (commonly known as "deaths from overexertion"). On the other hand, it has been reported that quite a number of Asian countries and regions (such as Japan and Taiwan) have drawn up a definition for "death from overexertion" or "overexertion". In this connection, will the Government inform this Council:

- (1) whether it knows the number of suspected cases of "deaths from overexertion" in the past five years;*
- (2) whether it will examine the drawing up of a definition for "death from overexertion"; if so, of the details; if not, the reasons for that;*
- (3) given that the Chief Executive in Council agreed, at its meeting on 13 June last year, to adopt suitable supportive measures to take forward the recommendations made by the Standard Working Hours Committee in its report, of the latest progress of such work; and*
- (4) whether it will examine the establishment of a dedicated fund to provide subsidies for enterprises to implement measures aiming at achieving work-life balance, such as granting employees additional paid leave, creating a family-friendly working environment and establishing diversified communication channels between employers and employees; if so, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the question raised by the Member is as follows:

- (1) and (2)

According to the information available to the Labour Department ("LD"), the International Labour Organization has not drawn up any definitions or guidelines on "sudden deaths caused by overexertion at work", nor are there internationally recognized criteria in this regard. Most countries or places do not have such definitions made in the context of employees' compensation. There is no definition on "sudden deaths caused by overexertion at work" in Hong Kong. We therefore have no statistics on such cases.

The existing Employees' Compensation Ordinance (Cap. 282) stipulates that if an employee sustains an injury or dies as a result of an accident arising out of and in the course of the employment, including sudden death which happens in the course of the employment and is caused by accident arising from work, the employer is liable to pay compensation in accordance with the Ordinance.

The causes of sudden death other than by work accident in the course of the employment are complex, and may involve a multitude of factors including personal health condition, heredity, eating or living habits, work nature and environment, etc. It is a very difficult and complicated issue to determine whether workload or work pressure has contributed to the sudden death of an employee in the course of the employment.

The Government has engaged the Occupational Safety and Health Council to conduct a consultancy study on the relationship between such cases and work conditions. The study commenced in the first quarter of 2018. Depending on the outcome of the study, the Government will consider the next steps including whether to define "sudden deaths caused by overexertion at work".

- (3) The last-term Chief Executive in Council endorsed the report of the Standard Working Hours Committee and its recommendations on 13 June 2017 as a general framework for guiding the future formulation of the working hours policy, and agreed to adopt suitable supportive measures to take forward the recommendations. We understand that the community has divergent views on the legislative proposals put forward by the last-term Government on the subject of working hours. We will continue to listen to the views of the community so as to identify feasible options of enhancing the working hours policy.

Meanwhile, LD has commenced the work of formulating 11 sector-specific working hours guidelines through its industry-based tripartite committees to provide suggested working hours arrangements, overtime compensation methods and good working hours management measures, for employers' reference and adoption so as to improve the working hours arrangements of employees.

- (4) The Government has been actively encouraging employers to adopt employee-oriented good people management measures and to implement family-friendly employment practices ("FFEPs") with a view to helping employees balance their work and family life. Considering that FFEPs have an extensive coverage, different enterprises have their unique business requirements and mode of operations, and family needs of their employees may also vary, it is more appropriate for enterprises to decide what FFEPs are to be adopted, having regard to the specific circumstances of their enterprises and employees' preferences. These may include, for instance, putting in place flexible work arrangements, and providing family leave benefits and living support in fulfilling employees' responsibilities and needs at their different stages of life that would best serve the interests of the enterprise and its employees. Therefore, the Government currently has no plan to establish the concerned dedicated fund.

Free Trade Agreement between Hong Kong and the Association of Southeast Asian Nations

2. **MR JEFFREY LAM** (in Chinese): *President, on 12 November last year, Hong Kong and the Association of Southeast Asian Nations ("ASEAN") signed a Free Trade Agreement and a related Investment Agreement. Upon coming into operation, the two agreements will bring about legal certainty and better market access for Hong Kong in respect of trades in goods and services as well as investment protection. The two agreements may come into operation on 1 January next year the earliest, subject to completion of the necessary procedure. In this connection, will the Government inform this Council:*

- (1) *how the authorities will tie in with the implementation of the aforesaid two agreements, including how they will (i) strengthen its exchanges with trade associations, professional organizations and members of the industries, (ii) conduct publicity, and (iii) provide channels for enquiry, with regard to the contents of the two agreements and the business opportunities arising therefrom;*

- (2) *of the industries and areas in Hong Kong which will benefit economically from the two agreements in their first five years of operation, as anticipated by the authorities; whether it has formulated the relevant quantifiable criteria for assessment; if so, of the details; if not, the reasons for that;*
- (3) *of the current staff establishments of the Hong Kong Economic and Trade Offices ("ETOs") in Singapore and Indonesia as well as the proposed staff establishment of the ETO to be set up in Thailand; whether the authorities will consider setting up offices in the Chinese embassies in the member states of ASEAN where no ETOs have been set up, so as to promote business and trades between Hong Kong and those member states of ASEAN; and*
- (4) *given that under the two agreements, Hong Kong and ASEAN will conduct economic and technical cooperation activities in five priority areas, viz. customs cooperation, professional services, small and medium enterprises cooperation, trade facilitation/logistics and e-commerce cooperation, of the details and implementation timetables for such work?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, my reply to the four parts of the question is as follows:

- (1) Hong Kong and the Association of Southeast Asian Nations ("ASEAN") forged a Free Trade Agreement ("FTA") and an Investment Agreement in mid-November 2017. The HKSAR Government has since commenced a series of work to help the trade understand and capitalize on the opportunities offered by the two Agreements. Such work included:
 - organizing a series of seminars to introduce the two Agreements to local and foreign chambers of commerce, professional bodies, representatives of Consulates-General and of different sectors;
 - conducting a briefing for the Legislative Council Panel on Commerce and Industry;

- promoting the two Agreements to various stakeholders through exhibitions, such as the "Small and Medium Enterprise Annual Showcase and Conference" organized by the Malaysian Government and the SmartBiz Expo organized by the Hong Kong Trade and Development Council ("TDC");
- launching a dedicated website to disseminate information such as the agreement texts, specific market liberalization commitments made by all parties, frequently asked questions, etc.;
- producing and distributing promotional leaflets; and
- providing telephone and email enquiry services for the public to enquire on the two Agreements.

Moreover, the Government collaborates actively with TDC, major chambers of commerce and professional bodies to organize more business missions to ASEAN countries to further promote economic and trade exchanges between Hong Kong and ASEAN. In this regard, I will lead a delegation comprising government officials, businessmen and professionals to Cambodia and Vietnam next month to explore the two emerging markets, identify investment opportunities, and facilitate networking and cooperation between Hong Kong and local enterprises therein.

- (2) FTA and the Investment Agreement will bring about legal certainty and better market access for trade in goods and services as well as investment protection to Hong Kong investors. They will also help reduce restrictions in doing business in ASEAN and offer more business opportunities for Hong Kong enterprises and service providers.

FTA and the Investment Agreement are comprehensive in scope, encompassing trade in goods, trade in services, investment, economic and technical cooperation, dispute settlement mechanism and other related areas. We expect that many sectors will benefit, including:

- on trade in goods, the ASEAN Member States ("AMS") have agreed to eliminate or reduce their customs duties on goods originating from Hong Kong. This covers different kinds of commodities, including watches and clocks, jewellery, articles of apparel and clothing accessories, toys, electrical machinery and equipment, etc. It is envisaged that Hong Kong enterprises in the export trade will benefit from the reduction or elimination of duties. In 2016, the total tariff paid by Hong Kong enterprises to AMS was estimated at HK\$570 million;
- on trade in services, FTA opens the doors for industries in Hong Kong with competitive advantages, including professional services, business services, telecommunications services, construction and related engineering services, educational services, financial services, tourism and travel related services, transport services, and arbitration services, etc.; and
- on investment, the Investment Agreement provides Hong Kong investors with non-discriminatory treatment of investments in non-services sectors and protection of investments in all industries.

After the two Agreements come into force, the trade and economic activities between Hong Kong and ASEAN will become increasingly frequent, thereby creating a more conducive environment for the development of the Hong Kong economy. As the economic benefits brought by the two Agreements will involve a wide range of sectors and will be subject to the commercial decisions of individual stakeholders in those sectors, they are difficult to estimate and quantify. Hence, we are unable to set specific evaluation criteria for them.

- (3) At present, the HKSAR Government has set up two Economic and Trade Offices ("ETOs") in two AMS, namely Indonesia and Singapore. ETO in Jakarta, Indonesia has an establishment of 14 posts, comprising five Hong Kong-based staff posts and nine locally-engaged staff posts, while ETO in Singapore has an

establishment of 11 posts, comprising four Hong Kong-based staff posts and seven locally-engaged staff posts. For the planned ETO in Bangkok, Thailand, we will work out its establishment by taking into account its scope of responsibilities, geographical coverage and operational needs, and making reference to the establishment of the existing ETOs (including ETOs in Jakarta and Singapore).

At present, the two ETOs in Jakarta and Singapore have covered all AMS. The Jakarta ETO handles matters between Hong Kong and ASEAN as a whole, and is responsible for fostering bilateral relations between Hong Kong and Brunei Darussalam, Indonesia, Malaysia and the Philippines. The Singapore ETO is responsible for promoting bilateral relations between Hong Kong and Cambodia, Laos, Myanmar, Singapore, Thailand and Vietnam. Including the proposed new ETO in Bangkok, the HKSAR Government will have a total of three ETOs in ASEAN. We will review and work out the geographical coverage of the three ETOs after taking into account factors such as their geographical locations, trade and economic relations between individual AMS and Hong Kong. We have no plan to set up new ETOs in other places in ASEAN.

- (4) Hong Kong and ASEAN agreed to include the Economic and Technical Co-operation ("ECOTECH") Chapter under FTA, pursuing ECOTECH projects in five priority areas, including customs cooperation, professional services, small and medium enterprises cooperation, trade facilitation/logistics, and e-commerce cooperation. These projects include capacity building or technical assistance programmes for an initial period of five years, which may be conducted in the form of experience sharing seminars, thematic symposiums, exhibitions and networking events, etc. We shall work out details of the projects with AMS upon the entry into force of FTA.

Statistics and improvement measures relating to roadside air quality

3. **MR DENNIS KWOK** (in Chinese): *President, since 1 September 2014, the Environmental Protection Department ("EPD") has implemented a new*

measure to detect, by using roadside remote sensing equipment, petrol and liquefied petroleum gas vehicles with excessive emissions on the road. Where EPD staff have found vehicles with excessive emissions, they will issue emission testing notices to the vehicle owners concerned, demanding them to fix their vehicles and send their vehicles to a vehicle emission testing centre within 12 working days for an emission test with a chassis dynamometer. However, some environmental groups have pointed out that the aforesaid and other air quality improvement measures implemented in recent years by the Government have no significant effect. The roadside air pollution problem therefore remains serious. It has been reported that the Air Quality Health Indexes recorded at the general and roadside air quality monitoring stations reached 7 or above (i.e. high, very high or serious health risk) for 44 days and 55 days respectively last year, which were nearly 68% and 77% higher than the corresponding figures of 26 days and 31 days in 2016. In this connection, will the Government inform this Council:

- (1) given that EPD conducted a short-term air quality monitoring study from 2013 to 2015 by installing diffusion tubes at 172 locations across the territory where pedestrian and vehicular traffic were heavy or air dispersion conditions were poor to measure the levels of nitrogen dioxide ("NO₂"), of the detailed addresses of such locations and the respective NO₂ levels recorded at the various locations; if EPD cannot provide such information, of the reasons for that; and*
- (2) of the respective numbers of (i) registered vehicles across the territory, (ii) vehicles and (iii) vehicle trips monitored through the use of roadside remote sensing equipment by EPD, as well as (iv) vehicles detected with excessive emissions, in each year since 2014, together with a tabulated breakdown by class of vehicles?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, to improve our air quality and protect public health, the Hong Kong Special Administrative Region ("SAR") Government is committed to reducing local air pollutant emissions. In recent years, the SAR Government has undertaken air quality enhancement measures focused on the control of local pollution sources. Key measures include phasing out some 82 000 pre-Euro IV diesel commercial vehicles by the end of 2019; subsidizing franchised bus companies to retrofit their

eligible Euro II and III buses with selective catalytic reduction devices; strengthening the vehicle emission control regime for petrol and liquefied petroleum gas ("LPG") vehicles by using roadside remote sensing equipment; progressively tightening emission caps for power plants; tightening emission standards for newly registered vehicles in phases; setting up the Pilot Green Transport Fund to encourage our transport sectors and non-profit-making organizations to try out innovative green transport technologies; introducing new regulations on statutory emission standards for non-road mobile machinery newly supplied for local use; encouraging walking and the use of public transport, offering first registration tax concessions for buyers of electric vehicles ("EVs") and lower vehicle licence fees for EVs, capping the sulphur content of locally supplied marine light diesel at 0.05%; and requiring ocean going vessels to switch to marine fuel with sulphur content not exceeding 0.5% while at berth in Hong Kong, etc.

Over the past five years (i.e. 2013-2017), the ambient and roadside concentrations of major air pollutants including Respirable Suspended Particulates, Fine Suspended Particulates ("PM2.5"), Sulphur Dioxide and NO₂ have dropped by 26% to 38%, indicating the effectiveness of the control measures implemented in recent years. The SAR Government will continue to take forward emission reduction measures targeting various pollution sources. Such measures include expanding the scope of the control programme for volatile organic compounds ("VOC") with effect from 1 January 2018, preparing legislation to require mandatory use of low sulphur fuel by all vessels navigating in Hong Kong waters, etc. To keep enhancing the air quality in Hong Kong, we will also continue to work closely and proactively with the Guangdong Provincial Government on reducing air pollutant emissions within the region. Collaborations include a joint study on PM2.5 in the Pearl River Delta region conducted by the governments of Guangdong, Hong Kong SAR and Macao, the findings of which can provide solid scientific foundations for formulating strategies to further enhance regional air quality; and the inclusion of VOC monitoring in the Regional Air Quality Monitoring Network in phases from 2018, so as to collect more data related to the formation and movement of ozone within the region, thereby facilitating the formulation of policies and measures to reduce regional ozone concentrations.

Air quality is affected by both the air pollutant emissions and meteorological factors. Air pollutant emissions are directly related to economic activities and control measures and are the major determinants of the long-term trend of air quality. On the other hand, fluctuations in meteorological conditions can cause short-term changes in air quality. There could be differences in air quality between years due to changes in meteorological conditions even though the air pollutant emissions remain stable. To assess the overall changes in air quality and the effectiveness of control measures, we should thus observe the long-term trend of air quality rather than its short-term changes. The Air Quality Health Index ("AQHI") mainly reflects short-term changes in air quality and hence is more susceptible to influence by short-term meteorological factors, e.g. sunshine, wind speed, rainfall, etc. Compared with 2016, there were more days in 2017 with meteorological conditions favouring the formation of regional photochemical smog or disfavoured the dispersion of pollutants (e.g. sunny and windless weather, or influence of outer subsiding air associated with tropical cyclones). As a result, there were more days in 2017 with AQHI at "7" or above.

My responses to the two specific questions raised by Mr KWOK are as follows:

- (1) The Environmental Protection Department ("EPD") conducted a short-term air quality monitoring study from 2013 to 2015 by installing diffusion tubes⁽¹⁾ at 172 roadside monitoring points across the territory where pedestrian and vehicular traffic were heavy or air dispersion conditions were poor to measure the NO₂ levels at these monitoring points. Each measurement period lasted for 21 days. The purpose of the study was to examine roadside NO₂ levels on busy roads in various districts by using simple monitoring equipment, thereby ascertaining whether our existing roadside air quality monitoring stations could reflect the situations at roadsides where air pollution was high. The results of the study showed that
- (1) Diffusion tube is a kind of simple instrument for measuring air pollutant levels. While diffusion tubes in general cannot achieve the same level of accuracy attained by the instrument deployed in the air quality monitoring station, their measured results could roughly reflect the relative pollution level and they are commonly used for studying the broad spatial distribution of air pollutants within a specific area.

the overall NO₂ levels measured next to the three existing roadside air quality monitoring stations were higher than the average NO₂ level recorded at different types of roadside monitoring points, indicating that the data collected by the existing monitoring stations could reflect the situations at roadsides with high air pollution level⁽²⁾ (Table 1 in Annex 1). Detailed locations of all the monitoring points under the study and the NO₂ levels recorded are at Table 2 in Annex 1.

- (2) Poorly maintained petrol and LPG vehicles could emit pollutants (including carbon monoxide, hydrocarbons and nitrogen oxide) up to 10 times of their normal levels, thereby aggravating roadside air pollution. To further improve roadside air quality and protect public health, EPD has been deploying, since 1 September 2014, roadside remote sensing equipment ("RRSE") to identify petrol and LPG vehicles emitting excessively, for strengthening the control over them. For any vehicle found to be emitting excessively by the RRSE, we will issue an Emission Testing Notice ("ETN") to its owner under section 77B of the Road Traffic Ordinance (Cap. 374). The owner will be required to rectify the excessive emission problem and send the vehicle to a designated vehicle emission testing centre for an emission test with the aid of a chassis dynamometer within 12 working days so as to confirm the rectification of the excessive emission problem. If the owner fails to send the vehicle to the testing centre or the vehicle fails to pass the emission test, the Transport Department may cancel the vehicle licence. From 2014 to 2017, EPD's RRSE monitored a total of some two million petrol or LPG vehicles. About 10 600 ETNs were issued. The number of registered vehicles and the monitoring statistics relating to the use of RRSE are at Annex 2. We are planning to increase the number of remote sensing monitoring points from three to five this year.
- (2) As the measurements only lasted for 21 days, and diffusion tubes in general cannot achieve the same level of accuracy attained by the instrument deployed in the air quality monitoring station, and are more susceptible to influence by nearby environmental factors, the monitored data by diffusion tubes should be used for general reference only.

Results of Short-term Air Quality Monitoring Study 2013-2015

(Monitoring periods: Dec 2013 to Jan 2014, Apr 2014 to May 2015 and Jan 2015)

Table 1: Summary of average NO₂ concentrations at different types of roadside monitoring points

<i>Types of Roadside Monitoring Point</i>		<i>Number of Monitoring points</i>	<i>Average NO₂ Concentration (µg/m³)</i>
A	Heavy Vehicular Traffic	65	90
B	Heavy Pedestrian Traffic	48	85
C	Poor Dispersion of Vehicular Emission	56	97
	Next to the 3 existing Roadside Air Quality Monitoring Stations (Heavy Vehicular Traffic)	3	127

Table 2: Detailed locations of all the monitoring points under the study and the NO₂ levels recorded

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
Island District			
1	North Lantau Highway (from Tung Chung Eastern Interchange to Western End at Chek Lap Kok)	A	83
2	North Lantau Highway (from Tung Chung Eastern Interchange to Western End at Chek Lap Kok)	A	76
3	North Lantau Highway (Ngong Shuen Au to Tung Chung Eastern Interchange)	A	75
4	North Lantau Highway (Ngong Shuen Au to Tung Chung Eastern Interchange)	A	80
5	Tat Tung Road (close to Fung Tung Plaza)	B	65

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
6	Tat Tung Road (close to Ngong Ping Cable Car Terminal)	B	99
7	North Lantau Highway (close to Tung Chung Eastern Interchange)	C	96
8	North Lantau Highway (close to Tung Chung Eastern Interchange)	C	93
Kwai Tsing District			
1	Kwai Chung Road (from Princess Margaret Hospital Interchange Slip Road to Kwai Chung Road to Tsuen Wan Road)	A	112
2	Kwai Chung Road (from Princess Margaret Hospital Interchange Slip Road to Kwai Chung Road to Tsuen Wan Road)	A	106
3	Tsuen Wan Rd (from Kwai Tsing Road Roundabout to Texaco Road Roundabout)	A	109
4	Tsuen Wan Rd (from Kwai Tsing Road Roundabout to Texaco Road Roundabout)	A	130
5	Hing Ning Road (close to Kwai Fong MTR)	B	84
6	Hing Ning Road (close to Kwai Fong MTR)	B	93
7	Container Port Road South	C	119
8	Container Port Road South	C	114
9	Kwai King Road	C	105
10	Kwai King Road	C	96
11	Kwai Chung Road (under Tsing Kwai Highway)	C	122
12	Kwai Chung Road (under Tsing Kwai Highway)	C	119
Tsuen Wan District			
1	Tuen Mun Road (from Sham Tseng to Tsing Long Highway - Ting Kau Bridge)	A	82
2	Tuen Mun Road (from Sham Tseng to Tsing Long Highway - Ting Kau Bridge)	A	98
3	Tsuen Wan Road (close to Kerry Warehouse [Tsuen Wan])	A	95

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
4	Texaco Road (close to Lung Shing Factory Building)	A	97
5	Sha Tsui Road (from Wo Tik Street to Ham Tin Street)	B	75
6	Sha Tsui Road (from Wo Tik Street to Ham Tin Street)	B	139
7	Chung On Street	B	87
8	Cheung Pei Shan Road (under Tsuen Kam Interchange)	C	91
9	Cheung Pei Shan Road (close to Tsuen Tak Gardens)	C	113
10	Cheung Pei Shan Road (close to Octagon)	C	92
Yuen Long District			
1	San Tin Highway (from Kam Tin Road to Fairview Park Boulevard)	A	93
2	San Tin Highway (from Kam Tin Road to Fairview Park Boulevard)	A	81
3	Yuen Long Highway (from Shap Pat Heung Interchange to Tong Yan San Tsuen Interchange)	A	85
4	Yuen Long Highway (from Shap Pat Heung Interchange to Tong Yan San Tsuen Interchange)	A	88
5	Castle Peak Road (close to Tai Tong Road)	B	79
6	Castle Peak Road (close to Tai Tong Road)	B	96
7	Yuen Long On Lok Road (under Long Ping MTR)	C	68
8	Yuen Long On Lok Road (under Long Ping MTR)	C	83
North District			
1	Fanling Highway (close to Kau Lung Hang Lo Wai)	A	71
2	Fanling Highway (from Wo Hop Shek Interchange to Kau Lung Hang Lo Wai)	A	60

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
3	Fanling Highway (from Wo Hop Shek Interchange to Kau Lung Hang Lo Wai)	A	78
4	San Wan Road	B	93
5	San Wan Road	B	74
6	Lung Sum Avenue	B	83
7	Lung Sum Avenue	B	57
8	Lung Wan Street	B	57
9	Lung Wan Street	B	77
10	Fanling Highway Interchange	C	100
11	Fanling Highway Interchange	C	103
12	Fanling Highway (close to Fanling MTR)	C	100
13	Fanling Highway (close to Fanling MTR)	C	98
Tuen Mun District			
1	Tuen Mun Road (close to Yuk Hong Street)	A	94
2	Tuen Mun Road (close to Tsing Hang Path)	A	100
3	Tuen Mun Road (close to Tsing Tin Road)	A	98
4	Tuen Mun Road (close to Footbridge to Tuen Mun Hospital)	A	96
5	Tuen Shing Street	B	83
6	Tuen Shing Street	B	68
7	Tuen Shun Street	B	79
8	Tuen Shun Street	B	79
9	Tuen Fat Road (under Tuen Mun Town Plaza)	C	101
10	Tuen Hi Road (under Tuen Mun Town Plaza)	C	116
Shatin District			
1	Tai Po Road-Shatin (from Shatin Rural Committee Road to Fo Tan Road)	A	90
2	Tai Po Road-Shatin (from Shatin Rural Committee Road to Fo Tan Road)	A	80
3	Lion Rock Tunnel Road (from Hung Mui Kuk Road to Lion Rock Tunnel)	A	92
4	Lion Rock Tunnel Road (from Hung Mui Kuk Road to Lion Rock Tunnel)	A	95
5	Tai Wai Road	B	61

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
6	Tai Wai Road	B	59
7	Tsuen Nam Road	B	64
8	Tsuen Nam Road	B	61
9	Mei Tin Road (under Tai Wai MTR)	C	99
10	Mei Tin Road (under Tai Wai MTR)	C	88
11	Shatin Centre Street (close to New Town Plaza)	C	91
12	Shatin Centre Street (close to New Town Plaza)	C	94
Tai Po District			
1	Tolo Highway (from north of Ma Liu Shui Interchange to Yuen Shin Road Interchange)	A	88
2	Tolo Highway (from north of Ma Liu Shui Interchange to Yuen Shin Road Interchange)	A	101
3	Fanling Highway (from Lam Kam Road Roundabout to Kau Lung Hang Lo Wai)	A	77
4	Fanling Highway (from Lam Kam Road Roundabout to Kau Lung Hang Lo Wai)	A	82
5	Kwong Fuk Road (close to Kwong Fuk Lane)	B	95
6	Nam Wan Road (close to Elegance Garden)	B	63
7	Po Nga Road (close to Tai Wo MTR)	C	76
8	Po Nga Road (close to Tai Wo MTR)	C	70
9	Kwong Fuk Road (close to Po Heung Street)	C	75
10	Kwong Fuk Road (close to Po Heung Street)	C	93
Sai Kung District			
1	Wan Po Road (from Chiu Shun Road to Chun Yat Street)	A	53
2	Po Ning Road (from Ying Yip Road to Po Lam Road North)	A	77
3	Chui Ling Road (close to Hong Kong Design Institute)	A	57
4	Tseung Kwan O Tunnel Road (close to Tseung Kwan O Sports Centre)	A	54
5	Po Shun Road (from Tseung Kwan O Tunnel Road Roundabout to Po Ning Road)	A	52

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
6	Wan Po Road (close to LOHAS Park)	A	65
7	Wan Lung Road (close to Tseung Kwan O Sports Centre)	A	51
8	Slip Road from Po Shun Road to Po Hong Road	A	65
9	Po Tung Road (close to Man Nin Street)	A	68
10	Sheung Ning Road (close to Hau Tak Shopping Centre)	B	63
11	Fuk Man Road	B	61
12	Ming Shing Street	C	69
13	Po Shun Road (close to Chung Ming Court)	C	59
14	Mau Yip Road (close to Po Lam MTR)	C	56
Kwun Tong District			
1	Kwun Tong Road (from Ping Shek Estate Eastern to Wai Yip Street Flyover)	A	92
2	Kwun Tong Road (from Ping Shek Estate Eastern to Wai Yip Street Flyover)	A	88
3	Tseung Kwan O Road (Lei Yue Mun Road to Sau Mau Ping Road)	A	118
4	Tseung Kwan O Road (Lei Yue Mun Road to Sau Mau Ping Road)	A	144
5	Lin Tak Road (Tseung Kwan O Road Entrance)	A	108
6	Yue Man Square	B	90
7	Ngau Tau Kok Road (close to Amoy Garden)	B	87
8	Ngau Tau Kok Road (close to Amoy Garden)	B	84
9	Kwun Tong Road (close to APM)	C	75
10	Kwun Tong Road (close to APM)	C	74
11	Lei Yue Mun Road (under Sceneway Garden)	C	137
12	Lei Yue Mun Road (under Sceneway Garden)	C	168
Sham Shui Po District			
1	Ching Cheung Road (from Castle Peak Road to Tai Po Road Interchange)	A	77
2	Ching Cheung Road (from Castle Peak Road to Tai Po Road Interchange)	A	91

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
3	Tsing Kwai Highway (from Mei Foo Sun Tsuen Phase 1 Western Slip Road to/from Mei Foo Roundabout to Ching Lai Court Slip Road to/from Ching Cheung Road)	A	107
4	Un Chau Street	A	95
5	Cheung Sha Wan Road (close to Sham Shui Po MTR)	B	107
6	Junction of Cheung Sha Wan Rd and Yen Chow Street (close to Sham Shui Po MTR)	B	142
7	Fuk Wah Street (between Kweilin Street and Nam Cheong Street)	B	61
8	Tung Chau Street (under West Kowloon Corridor)	C	81
9	Cheung Sha Wan Road (close to Lai Chi Kok MTR)	C	129
10	Cheung Sha Wan Road (close to Lai Chi Kok MTR)	C	96
Kowloon City District			
1	Prince Edward Road East (from the Nullah to Prince Edward Road West)	A	113
2	Prince Edward Road East (from the Nullah to Prince Edward Road West)	A	122
3	Chatham Rd North (from Wuhu Street to Hong Chong Road)	A	106
4	Chatham Rd North (from Wuhu Street to Hong Chong Road)	A	119
5	Tak On Street (Whampoa Garden)	B	104
6	Shung King Street (Whampoa Garden)	B	61
7	Ma Tau Chung Road	B	143
8	Ma Tau Kok Road	B	102
9	Hung Hom Bypass (under Harbour Place)	C	75
10	Hung Hom Bypass (under Harbour Place)	C	87
11	Fat Kwong Flyover	C	91
12	Fat Kwong Flyover	C	77

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
13	Chatham Rd North (under East Kowloon Corridor)	C	107
14	Chatham Rd North (under East Kowloon Corridor)	C	109
Wong Tai Sin District			
1	Prince Edward Road East (from Choi Hung Bus Terminus to Eastern Road)	A	105
2	Prince Edward Road East (from Choi Hung Bus Terminus to Eastern Road)	A	74
3	Lung Cheung Road (from Hammer Hill Road to Wong Kuk Avenue)	A	82
4	Lung Cheung Road (from Hammer Hill Road to Wong Kuk Avenue)	A	103
5	Lung Cheung Road (close to Wong Tai Sin MTR)	B	101
6	Lung Cheung Road (close to Wong Tai Sin MTR)	B	117
7	Wang Tau Hom South Road	C	70
8	Wang Tau Hom South Road	C	93
9	Chuk Yuen Road (close to Chuk Yuen Sports Centre)	C	67
10	Chuk Yuen Road (close to Chuk Yuen Sports Centre)	C	73
11	Lung Cheung Road (under Po Kong Village Road)	C	125
12	Lung Cheung Road (under Po Kong Village Road)	C	105
Eastern District			
1	Gloucester Road/Victoria Park Road (from Cross Harbour Tunnel South Interchange to Houston Street)	A	82
2	Gloucester Road/Victoria Park Road (from Cross Harbour Tunnel South Interchange to Houston Street)	A	135

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
3	Island Eastern Corridor (from Hing Fat Street Interchange to Tong Shui Road Interchange)	A	77
4	Island Eastern Corridor (from Hing Fat Street Interchange to Tong Shui Road Interchange)	A	81
5	King's Road (close to North Point MTR)	B	152
6	King's Road (close to Ming Yuen Western Street)	B	77
7	King's Rd (close to Fortress Hill MTR)	B	117
8	King's Rd (close to Fortress Hill MTR)	B	88
9	King's Rd (between North Point MTR and Fortress Hill MTR)	C	133
10	King's Rd (between North Point MTR and Fortress Hill MTR)	C	154
Southern District			
1	Wong Chuk Hang Road (from Nam Long Shan Road to Nam Fung Road)	A	75
2	Wong Chuk Hang Road (from Nam Long Shan Road to Nam Fung Road)	A	90
3	Wong Chuk Hang Road (from Nam Long Shan Road to Ap Lei Chau Bridge)	A	86
4	Wong Chuk Hang Road (from Nam Long Shan Road to Ap Lei Chau Bridge)	A	149
5	Nam Ning Street (close to Hoi Wu Court, Aberdeen Centre)	B	75
6	Nam Ning Street (close to Hoi Wu Court, Aberdeen Centre)	B	79
7	Wong Chuk Hang Road (between Yip Fat Street and Tong Bin Lane)	C	117
8	Wong Chuk Hang Road (between Yip Fat Street and Tong Bin Lane)	C	111
Yau Tsim Mong District			
1	Close to Mong Kok AQMS (Junction of Nathan Road and Lai Chi Kok Road)	A	141
2	Bute Street (close to Fa Yuen Street)	B	78
3	Sai Yee Street	C	99

	<i>Diffusion Tube Installation Location</i>	<i>Type of Roadside Monitoring Point</i>	<i>Average NO₂ Concentration (µg/m³)</i>
Wan Chai District			
1	Close to Causeway Bay AQMS (1 Yee Wo Street, Causeway Bay)	A	134
2	Paterson Street	B	73
3	Paterson Street	C	78
Central and Western District			
1	Close to Central AQMS (Junction of Des Voeux Road Central & Chater Road)	A	106
2	D'Aguilar Street (close to Lan Kwai Fong)	B	82
3	D'Aguilar Street (close to Entertainment Building)	C	115

Annex 2

Table 1: Number of registered vehicles by vehicle class

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Motor cycle	63 860	68 368	72 332	76 438
Private car	541 751	567 886	583 037	600 443
Taxi	18 138	18 138	18 163	18 163
Franchised bus	5 845	5 927	5 986	6 014
Non-franchised bus	7 053	7 045	7 043	7 038
Private bus	592	617	651	680
Public light bus	4 350	4 350	4 350	4 350
Private light bus	3 021	3 081	3 122	3 094
Goods vehicle	116 542	114 194	114 757	115 468
Special purpose vehicle	1 758	1 777	1 840	1 883
Government vehicle	6 289	6 251	6 287	6 311
Total	769 199	797 634	817 568	839 882

Table 2: Annual monitoring statistics relating to the use of roadside remote sensing equipment with a breakdown by vehicle class

	2014*			2015		
	<i>Vehicles</i>	<i>Vehicle trips</i>	<i>ETNs issued</i>	<i>Vehicles</i>	<i>Vehicle trips</i>	<i>ETNs issued</i>
Light goods vehicle	312	542	6	496	1 427	11
Private car	81 343	118 827	508	193 012	428 492	1 010
Light bus	1 336	7 480	77	2 421	23 941	195
Taxi	14 817	42 537	658	18 985	211 204	2 476
Total	97 808	169 386	1 249	214 914	665 064	3 692

Note:

* Figures between September and December 2014

	2016			2017		
	<i>Vehicles</i>	<i>Vehicle trips</i>	<i>ETNs issued</i>	<i>Vehicles</i>	<i>Vehicle trips</i>	<i>ETNs issued</i>
Light goods vehicle	334	808	5	339	652	2
Private car	169 000	372 662	650	190 550	359 528	792
Light bus	1 649	17 638	126	2 111	16 410	177
Taxi	17 976	196 588	1 871	18 718	178 068	2 017
Total	188 959	587 696	2 652	211 718	554 658	2 988

The Employment in One-stop in Tin Shui Wai

4. **MR SHIU KA-CHUN** (in Chinese): *President, in December 2011, the Government established, on a pilot basis, a one-stop employment and training centre called "Employment in One-stop" ("EOS") in Tin Shui Wai to provide job seekers with the basic employment services of a job centre, as well as case management and employment support services to be delivered by a non-governmental organization commissioned under an outsourced service contract ("commissioned organization"). In this connection, will the Government inform this Council:*

	2014		2015		2016		2017		Total	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
(v) <i>Number of participants returning to mainstream full-time schooling</i>										
(vi) <i>Training activities organized by the commissioned organization:</i>										
• <i>Number of training activities</i>										
• <i>Total number of hours of training activities</i>										
• <i>Number of participants</i>										
(vii) <i>Referrals to training/retraining courses organized by the Employees Retraining Board:</i>										
• <i>Number of referrals for enrolling in placement-tied training courses</i>										
• <i>Number of referrals for enrolling in other courses</i>										
(viii) <i>Number of referrals for enrolling in training/retraining courses organized by other organizations</i>										
(ix) <i>Number of referrals to other related community support services</i>										

- (3) *as the Government stated in July 2014 that it would review the effectiveness of the service model of EOS after two years, of the outcome of such a review; whether it will make public the review report concerned; if so, when it will do so; if not, the reasons for that; and*
- (4) *whether it has plans to (i) establish EOSs in other districts, and (ii) establish in certain districts EOSs dedicated to serving EMs; if so, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the question raised by the Member is as follows:

- (1) Details of the basic employment services provided at Employment in One-stop ("EOS") respectively for (a) the ethnic minorities ("EMs") and (b) all job seekers in each of the past four years are as follows:

	2014		2015		2016		2017		Total	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
(ii) Actual number of participants	4	580	9	403	10	306	19	288	38	1 577
• Number of cases referred by the Social Welfare Department	4	569	9	399	10	297	11	242	34	1 507
• Number of other voluntary participants	0	11	0	4	0	9	8	46	8	70
(iii) Number of cases in which participants received job referrals	4	1 681	2	1 351	34	1 281	121	1 627	161	5 940
(iv) Number of cases in which participants were hired (and the number of participants hired) [†]	2 (1)	716 (467)	4 (4)	543 (323)	12 (10)	438 (239)	18 (11)	356 (221)	36 (26)	2 053 (1 250)
(v) Number of participants returning to mainstream full-time schooling	0	22	0	13	1	20	2	23	3	78
(vi) Training activities organized by the commissioned organization [#] :										
- Number of training activities	-	137	-	152	-	140	-	202	-	631
- Total number of hours of training activities	-	294	-	328	-	318	-	392	-	1 332
- Number of participants	-	1 438	-	1 454	-	1 039	-	942	-	4 873
(vii) Referrals to training/retraining courses organized by the Employees Retraining Board [#] :										
- Number of referrals for enrolling in placement-tied training courses	-	89	-	44	-	54	-	57	-	244
- Number of referrals for enrolling in other courses	-	94	-	57	-	55	-	57	-	263
(viii) Number of referrals for enrolling in training/retraining courses organized by other organizations [#]	-	21	-	30	-	18	-	30	-	99
(ix) Number of referrals to other related community support services [#]	-	252	-	280	-	400	-	291	-	1 223

Notes:

@ As the major service targets of the case management and employment support services of EOS are unemployed able-bodied recipients of the Comprehensive Social Security Assistance ("CSSA") referred by the Social Welfare Department, the actual number of participants has been affected by this number of CSSA recipients. LD has not set any target on the number of participants.

† Including placements secured by participants on their own. Some participants have secured more than one placement.

EOS does not have breakdowns on these items by job seekers' ethnicity.

(3) and (4)

The Government reviewed the operation, relevant data and information of EOS in 2016. It was found that the overall number of unemployed able-bodied CSSA cases had been declining continuously as a result of the buoyant employment market in recent years and it was difficult to conclusively ascertain the effectiveness of the case management and employment support services of EOS. The relevant data and information on EOS reviewed at that time was only used for the Government's internal discussion, and no review report was prepared for public consumption.

The Government subsequently decided to continue to operate EOS under the existing mode of operation, and closely monitor various aspects of EOS' performance before reviewing it again to map out the way forward. The Government has no plan at present to establish EOS in other districts or EOS dedicated to serving EMs. Nonetheless, starting from May 2017, LD has engaged employment assistants proficient in EM languages at EOS and the Kowloon West Job Centre on a pilot basis to provide employment services for EM job seekers (especially those of South Asian origins).

Applications for water supply made by restaurants

5. **MR TOMMY CHEUNG** (in Chinese): *President, in July 2015, several samples of drinking water taken from a number of public and private housing estates were tested and found to have a lead content exceeding the provisional guideline value set by the World Health Organization. Recently, some members of the catering industry have relayed to me that since the occurrence of the aforesaid incident, the Water Supplies Department ("WSD") has put in place a number of additional testing procedures in respect of the applications for carrying out water works in restaurants. This, coupled with the time taken for the exchange of correspondence, have led to longer and longer time needed for processing new applications made by restaurants for water supply and installation of water meters. Although the authorities have indicated that they have already added staff for such processing work and refined the relevant processing procedures, the situation has not been improved so far. Such people have also pointed out that during the period when such applications are awaiting*

vetting and approval, the restaurants concerned may not open for business but still have to pay for rents and staff salaries. As a result, their operating risks and difficulties have greatly increased. In this connection, will the Government inform this Council:

- (1) in every 12 months from 1 July 2013 to 30 June of last year, of:
 - (i) the number of new applications for water supply and installation of water meters received by WSD from restaurants,*
 - (ii) the average time taken for processing those applications which were approved, and*
 - (iii) WSD's manpower responsible for processing such applications;**
- (2) whether WSD will further increase its manpower or outsource parts of the work procedures, with a view to expediting the processing of such applications; if so, of the details; if not, the reasons for that; and*
- (3) whether WSD will further refine the relevant procedures, with a view to expediting the processing of such applications; if so, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the approval process of applications for water supply generally includes vetting of plumbing proposals and checking of the proposed pipes and fittings submitted by the applicants, as well as inspecting the completed plumbing works. Since the incidents of excess lead found in drinking water in July 2015, the Water Supplies Department ("WSD") has implemented various measures to enhance water safety. These include strengthening the approval and control of plumbing materials, introducing new inspection items on completed works and enhancing water sampling test requirements. We understand that the vetting of applications for water supply now involved more procedures and the processing time is therefore lengthened. To avoid delay in the vetting process of applications for water

supply, WSD has implemented various measures, including streamlining internal workflow and deploying as well as recruiting additional manpower to handle the applications. These measures are proved to be effective. WSD will continue to review and enhance these measures to further shorten the time needed to process applications for water supply.

My response to the three parts of Mr Tommy CHEUNG's question is as follows:

- (1) The number of applications from the catering industry for water supply, their average processing time and the manpower involved in handling all applications for water supply according to the WSD's record are tabulated as follows:

	<i>July 2013 to June 2014</i>	<i>July 2014 to June 2015</i>	<i>July 2015 to June 2016</i>	<i>July 2016 to June 2017</i>
Number of applications received from catering industry [#]	376	385	255	217
Average processing time of cases with approval of supply on completed works (calendar days) ^{##}	76	80	132	102
Manpower involved in handling all applications [*]	74	75	98	108

Notes:

Figures represent the number of applications received in that year that have also obtained approval of supply on completed works.

Processing time includes the time needed for WSD to handle applications, and the time needed for the applicants to submit their revised proposals and supplementary information and also the time needed to carry out rectification of non-conforming works.

* As the applications from the catering industry are handled among other applications by the same team under WSD, a breakdown figure of the manpower involved in handling applications from the catering industry alone is not available.

- (2) As shown in the table, WSD has deployed and recruited additional manpower to handle applications for water supply. WSD will continue to review the manpower requirement based on the workload condition.

- (3) In response to the concern raised by the catering industry regarding processing time, WSD has implemented a pilot scheme in November last year to enhance the vetting procedures of applications submitted by the catering industry for water supply. The plumbing industry has been briefed on the pilot scheme. As of January this year, 126 applications have been received under the scheme and among which 20 have obtained approval of water supply on completed works, with an average processing time of 30 days. Preliminary results of the pilot scheme show that the processing time of applications by catering industry for water supply can be substantially shortened which is welcomed by the plumbing industry. WSD will continue to monitor the performance of the pilot scheme. If its effectiveness could sustain, WSD is prepared to adopt such scheme as a standing arrangement.

Unlawful occupation of on-street metered parking spaces

6. **MR CHRISTOPHER CHEUNG** (in Chinese): *President, some members of the public have relayed to me that some shop operators have persistently used goods and miscellaneous items to unlawfully occupy on-street metered parking spaces in front of their shops in order to facilitate the loading and unloading of goods, which aggravates the shortage of on-street parking spaces. Also, some restaurant operators unlawfully occupy such parking spaces so as to operate valet parking business, and they pay parking fees on behalf of the drivers only when law enforcement officers come around, thus causing loss of public money. Regarding unlawful occupation of on-street metered parking spaces, will the Government inform this Council:*

- (1) *of the number of complaints received by the authorities in the past three years about unlawful occupation of such parking spaces, and the number of the various types of law enforcement operations taken in this respect; the locations at which such acts were more rampant and the relevant details;*
- (2) *whether it has estimated the loss of public money in each of the past three years caused by such acts; if so, of the details; if not, the reasons for that; and*

- (3) *of the new measures to curb such acts to ensure that such parking spaces are used only for short-duration parking?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the various parts of Mr Christopher CHEUNG's question is as follows:

- (1) Currently, the daily management, operation, maintenance and repair of the parking meter system are the responsibilities of a contractor engaged by the Transport Department ("TD") through public tender. In monitoring the utilization of parking meters, the contractor inspects on-street metered parking spaces of all districts in the territory at least once every four days in accordance with the contract signed with TD. If a parking space is found to be improperly occupied by objects other than vehicles, the contractor will refer the case to relevant government departments for follow-up actions and notify TD. Since the cases may involve different types of objects, the relevant government departments will handle the cases and follow up in accordance with appropriate legislation under their ambit, for example, the Land (Miscellaneous Provisions) Ordinance (Cap. 28). In the past three years (2015 to 2017), the contractor referred a total of around 2 700 such cases to government departments for follow-up action.

If individual on-street parking spaces are frequently found to be occupied by vehicles but without payment of parking fees, the contractor will refer the cases to the Hong Kong Police Force ("Police"), which will issue penalty tickets pursuant to the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237). In the past three years, the contractor referred a total of 5 200 cases to the Police.

Apart from tackling the problem through proactive inspections conducted by the contractor, TD also received a total of 173 complaints from the public over the past three years on improper occupation of on-street metered parking spaces. TD has requested relevant departments to take appropriate follow-up actions having regard to the circumstances of each complaint.

As regards the unlawful occupation of on-street metered parking spaces by shop and restaurant operators, the Police have not maintained statistics on the complaints, the law enforcement operations undertaken, and the locations at which such acts were more rampant.

- (2) Under the Road Traffic (Parking) Regulations (Cap. 374C), the maximum fee for use of metered parking spaces is currently \$2 per 15 minutes. Since the existing parking meter system is unable to detect whether individual on-street parking spaces are occupied or record the occupation time, it is difficult for TD to assess the impact of unlawful occupation on government revenue.
- (3) The Government plans to install a new generation of parking meters starting from 2019-2020. Each new parking meter is fitted with a vehicle sensor to detect whether the relevant on-street parking space is occupied or not. The back-end computer of the parking meter system can consolidate the utilization situation and payment information collected by vehicle sensors, thereby identifying the locations of parking spaces which are being occupied but without payment of parking fees. The Police could, as far as practicable, deploy frontline officers to the locations concerned to take enforcement actions. This could enhance enforcement efficiency and in turn bring a stronger deterrent effect and help ensure that on-street parking spaces are provided to meet only the short-term parking needs of motorists.

Furthermore, the relevant departments will continue to take appropriate follow-up actions in accordance with their authorities to curb unlawful acts, including making use of the Fixed Penalty (Public Cleanliness and Obstruction) Ordinance (Cap. 570) that has come into operation since September 2016 to impose fixed penalties so as to tackle the problem of occupation of public places by shops in front of or adjacent to their premises (including lay-bys, roads and metered parking spaces in their vicinity) more efficiently.

Development of a Trade Single Window in Hong Kong

7. **MR JIMMY NG** (in Chinese): *President, to maintain Hong Kong's competitiveness as a trading and logistics hub and to align with the international trend, the Government announced in the 2016-2017 Budget that a Trade Single Window ("TSW") would be set up as a one-stop electronic platform for the trading community to submit to the Government trade documents required for all trade declaration and customs clearance purposes. In this connection, will the Government inform this Council:*

- (1) *as it has been reported that TSW has been piloted in 31 provinces/regions/municipalities on the Mainland and the Mainland authorities will establish a nationwide TSW in 2020 to facilitate connectivity under the Belt and Road Initiative, but the full and mandatory implementation of TSW in Hong Kong will not take place until 2024, of the measures the authorities will put in place so that Hong Kong will not miss the business opportunities and will not have its competitiveness hampered due to the delay in developing TSW;*
- (2) *whether it has estimated the amount of annual savings in administrative costs for the relevant sectors such as logistics, retail and import and export upon the full and mandatory implementation of TSW;*
- (3) *whether it will formulate guidelines specific to the small and medium enterprises in different sectors and provide them with training and technical support, so as to assist them in adjusting their related procedures and systems to dovetail with the implementation of TSW; if so, of the details; if not, the reasons for that;*
- (4) *given that TSW will operate round the clock, of the authorities' measures to prevent a backlog of trade documents submitted by traders to the authorities over long holidays; and*
- (5) *given that at present, traders may submit Import and Export Declarations and other relevant documents within 14 days after the shipment of goods into or out of Hong Kong, and this long-standing practice allows flexibility in the event of urgent orders and a short*

delivery period, whether such practice will be retained upon the implementation of TSW; if so, of the details; if not, the reasons for that?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, our reply to the question raised by Mr Jimmy NG is as follows:

- (1) Hong Kong has always been a free port that exercises minimal licensing control on goods entering or leaving the territory. Over the years, the Government has introduced many initiatives to ease the burden of trade control over the trading community and to speed up customs clearance. At present, many schemes are in place to help the trade meet the relevant trade document requirements by electronic means. One of these schemes is the Government Electronic Trading Services introduced in 1997 for the trading community to submit commonly used trade documents (including Import and Export Declarations ("TDEC")) electronically to the Government through service providers. Hence, while Hong Kong has yet to implement the Trade Single Window ("TSW"), we remain very competitive in respect of trade facilitation and customs efficiency. According to the Global Competitiveness Report published by the World Economic Forum in September 2017, Hong Kong was ranked the world's sixth-most competitive economy, and was ranked third worldwide for the indicator of "burden of customs procedures" (the higher the ranking, the lower the burden).

To further facilitate trade in goods and closely follow international development, the Government announced in 2016 that it would establish a TSW in Hong Kong. Taking into account the views collected during the public consultation, we have revised parts of the proposal (for details please refer to Part (5) of the reply below) and are pressing full steam ahead with the development of TSW. TSW is a mega project involving a lot of complexities. The Commerce and Economic Development Bureau needs to coordinate the work of over 10 government departments, secure passage of the relevant legislative and funding proposals, and conduct tendering exercise(s) to appoint contractor(s) for the design and development of the information technology system. We plan to roll out TSW in three

phases. Phase 1 will be launched in mid-2018 covering over 10 types of trade documents whose applications could be made on a voluntary basis. Phases 2 and 3 are expected to be implemented respectively in 2022 and 2023 the earliest.

- (2) It is expected that TSW would save time and cost for the trading community, as they will no longer need to approach different government agencies individually and can lodge import and export trade documents electronically round the clock through a centralized platform. Under TSW system, data can be reused more conveniently, thus minimizing data input effort and errors. The trade can also check the status of their applications and the submitted information through the centralized TSW platform anytime.

In addition, upon full implementation of TSW, cargo hold-ups during clearance can be minimized, bringing a smoother and seamless cargo clearance, thus enhancing trade efficiency in the long run. Furthermore, streamlining and rationalization of various existing submission requirements of pre-shipment and post-shipment cargo information should also save time and cost.

- (3) TSW system will strive for a simple and user-friendly interface. The trade should be able to meet, with commonly used web browsers, the basic technical requirements for using TSW system. Before the launch of Phase 1, we have already closely liaised with the relevant stakeholders for documents covered by Phase 1 and invited them to participate in functionality test and provide feedback. We will soon arrange briefings for the trade on details of TSW, including how to use TSW system, etc. TSW Operation Office under the Customs and Excise Department will also provide service counters, customer support as well as 24-hour hotline service. These measures will assist the trade (including the small and medium enterprises) in adapting to the new submission arrangement.

We will continue to engage the trade, and will listen to their views through six User Consultation Groups with membership covering various stakeholders in the trading and logistics sectors to ensure that the phased implementation of TSW can meet their needs and be user-friendly.

- (4) TSW will operate 24 hours a day in order to provide the trade with maximum flexibility. If a heavier volume of applications and submissions are received during certain periods, the processing time may be longer than usual. That said, we believe that the relevant government departments will endeavour to process and vet applications as soon as practicable in order to facilitate the trade's operations.
- (5) During the public consultation in 2016, there was general support from the trade for the development of TSW, though concerns were expressed over the then pre-shipment documentation proposal. Thereafter, we have further engaged the trade, and have revised the proposal to address the trade's concerns and briefed the Legislative Council Panel on Commerce and Industry on the revised proposal in April 2017.

Under the revised proposal, we will maintain the existing arrangement for TDEC (i.e. TDEC may still be submitted within 14 days after import or export) and will encourage traders to submit TDEC at the pre-shipment stage voluntarily. Besides, we will unify the submission requirements of advance cargo information for all modes of transport (the data items will be modelled on those under the existing Road Cargo System). Moreover, carriers and forwarders will be required to submit master-level and house-level pre-shipment Cargo Reports respectively (the data items are mainly those in the existing Cargo Manifests) which will replace and rationalize the existing myriad of submission requirements concerning Cargo Manifests.

Supporting local artists and arts groups to conduct cross-boundary cultural exchanges

8. **MR MA FUNG-KWOK** (in Chinese): *President, the Chief Executive indicated in the Policy Address she presented in October 2017 that the Government would allocate more resources to support the local cultural and arts sector, and would, in the coming years, increase the grants for local artists and arts groups to stage performances and exhibitions on the Mainland and overseas. In this connection, will the Government inform this Council:*

- (1) *given that the Arts Development Fund (Cultural Exchange Project) under the Home Affairs Bureau provides grants for cultural exchanges between Hong Kong and other places, of the following details about the grant applications in each of the past three years (set out in a table):*
- (i) *the number of applications received,*
 - (ii) *the number of applications approved,*
 - (iii) *the total amount of grants approved,*
 - (iv) *the average amount of grants for approved applications,*
 - (v) *the respective numbers of applications whose amounts of approved grants (a) were less than \$100,000, (b) ranged from \$100,000 to less than \$300,000 and (c) were \$300,000 or above,*
 - (vi) *the respective numbers of artists and arts groups involved in the approved applications,*
 - (vii) *a breakdown on the number of approved applications by the types of activities involved (e.g. exhibition, drama, dance, music, opera, visual art and others), and*
 - (viii) *a breakdown on the number of approved applications by the regions (e.g. the Mainland, North America, Europe, Asia and Australia) where the activities involved were held;*
- (2) *whether the Government will consider relaxing the criteria for applying for and approval of grants under the funding scheme mentioned in (1) (e.g. expanding the scope of the projects which are eligible for grants, increasing the percentage of the grants in the budgeted total expenditure), with a view to enhancing the promotion of cross-boundary cultural exchanges; if so, of the details; if not, the reasons for that;*

- (3) *given that in celebration of the 20th anniversary of the establishment of the Hong Kong Special Administrative Region, the Government earmarked an additional provision of some \$50 million in 2017-2018 to support cross-boundary cultural and arts performances and related activities conducted by local artists and arts groups, of the name(s) of the arts group(s) and the amount of grant involved in each performance/activity for which grant was given, as well as the date(s) and place(s) for holding the activity; whether the Government has assessed the effectiveness of such performances/activities; if so, of the details; if not, the reasons for that;*
- (4) *whether the Government will consider providing, on a regular basis in each year from this financial year onward, the some \$50 million provision mentioned in (3) to support more local artists and arts groups to conduct cross-boundary cultural exchanges; if so, of the details; if not, the reasons for that;*
- (5) *of the current measures taken by overseas Hong Kong Economic and Trade Offices ("ETOs") and Offices on the Mainland ("the Mainland Offices") to strive for opportunities for Hong Kong artists and arts groups to stage performances and exhibitions in the countries/regions concerned; whether the Government has assessed the effectiveness of those measures; if so, of the details; the details of the support offered at present by ETOs and the Mainland Offices to Hong Kong artists and arts groups when they stage performances and exhibitions in the places concerned;*
- (6) *given that the Hong Kong Office in Beijing has set up a Cultural Exchange Division, whether the Government will consider setting up cultural exchange divisions or appointing dedicated staff in various ETOs and other Mainland Offices, so as to assist Hong Kong artists and arts groups in conducting cross-boundary cultural exchanges in the places concerned;*
- (7) *of the efforts made by the Government in the past two years to promote cross-boundary cultural exchanges between local cultural and arts sector and their counterparts in the countries along the*

"Belt and Road", as well as the Government's promotion plans in the coming three years; and

- (8) *whether the Government has any plans to implement cooperation initiatives with the relevant authorities of the Mainland cities within Guangdong-Hong Kong-Macao Bay Area, with a view to promoting cross-boundary cultural exchanges and opening up more development opportunities for local artists and arts groups?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, our reply to the questions raised by Mr MA Fung-kwok is as follows:

- (1) and (2)

From 2015-2016 to 2017-2018 Financial Year (as at 20 February 2018), the Arts Development Fund ("ADF") administered by the Home Affairs Bureau received 285 applications and approved 229 of them with a total funding support of over \$12 million. The breakdown by year is summarized at Annex 1.

The eligibility criteria for ADF are:

- (i) the applicants must be Hong Kong residents or registered local organizations with a high level of artistic excellence or a proven track record in arts; and
- (ii) the applicants must be on official invitations of either non-local government/quasi-government organizations, or any fairly reputable and prominent non-local arts and cultural organizations.

In general, arts groups and artists in Hong Kong are eligible to apply for ADF. ADF's Notes on Application has set out, inter alia, the funding support from ADF shall be used to cover expenses on travelling, transportation, insurance and production of video tapes/discs on the cultural exchanges project. The approved grants shall not exceed two thirds of the budgeted total expenditure.

In 2014, ADF raised its ceiling grants amount from not more than one third of the budgeted total expenditure to not more than two thirds, but at present, the amount of grants of only a few approved applications have reached this ceiling. Besides, the figures at Annex 1 also show that about 80% of the applications are approved. Therefore, the Government has no plan to modify the eligibility criteria and rules of grant for ADF.

(3) and (4)

To celebrate the 20th anniversary of the establishment of the Hong Kong Special Administrative Region, 36 Hong Kong artists/ensembles/arts groups visited 66 cities from February to November 2017, attracting over 100 000 audiences. Detailed breakdown is at Annex 2.

The Government will assess the effectiveness of each sponsored event through overseas Hong Kong Economic and Trade Offices ("ETOs") and ETOs on the Mainland ("the Mainland Offices"), as well as reports from the arts groups involved, taking into account relevant indicators such as number of participants, media coverage, etc.

Apart from introducing Hong Kong culture to other people, local arts groups and artists would also benefit from connecting with audiences of different places, gaining understanding of the arts scene elsewhere, and exchanging experience with different working staff through staging performances and exhibitions outside Hong Kong. This will also benefit their long-term development.

Our vision is to create an environment conducive to the diversified development of culture and the arts, and develop Hong Kong into an international cultural metropolis. The Chief Executive has announced in the Chief Executive's 2017 Policy Address that we will allocate more resources to local artists and arts groups in the next few years and support them to perform and stage exhibitions in the Mainland and overseas, including participation in large-scale international and national arts and cultural events to expand their opportunities and promote the cultural soft-power of Hong Kong. The Home Affairs Bureau and related departments and agencies have already taken that into account when formulating the estimates

for next financial year, including increase of subvention to the nine major performing arts groups and Hong Kong Arts Development Council ("HKADC"), which could use their recurrent subvention on cultural exchange.

(5) and (6)

ETOs (except the Geneva ETO which specializes in World Trade Organization matters) and the Mainland Offices have all along been promoting Hong Kong's arts and culture and strive for opportunities for our artists and arts groups to stage performances and exhibitions in the regions concerned. ETOs and the Mainland Offices often support exchanges by arts groups of different scales in Hong Kong through organizing, co-organizing or sponsoring arts and cultural events such as concerts, dance performances and arts exhibitions, etc., and providing publicity support as well as inviting different audiences to the events. ETOs and the Mainland Offices will also, taking into account the relevant considerations at the time (including resources and manpower arrangements, cultural environment of individual areas, etc.), provide assistance to Hong Kong artists and arts groups including liaison with relevant local partners and arts and cultural organizations to facilitate their cooperation with Hong Kong's counterparts; and assistance in publicity through different channels, etc.

Promotion of cultural exchanges between Hong Kong and other places has always been one of the main functions of ETOs and the Mainland Offices. The Government will review the relevant support measures from time to time and continue to fully utilize the existing resources to strengthen its work in this regard. There is no further plan to set up cultural exchange divisions in ETOs and the Mainland Offices.

(7) We strive to promote our arts and culture through performances, exhibitions, conferences and forums in Hong Kong, the Mainland and overseas, and encourage arts groups and artists of countries along Belt and Road ("Belt and Road countries") to participate in cultural exchange activities in Hong Kong in order to promote the people-to-people bond among Belt and Road countries. For example, the Home Affairs Bureau hosted the 10th Asia Cultural Co-operation Forum ("ACCF") in Hong Kong in November 2017

with the attendance of cultural ministers and senior officials of 10 Asian countries to exchange ideas and share views on the furtherance of cultural cooperation to promote the development of culture and the arts. Among them, Republic of Kazakhstan and Kyrgyz Republic are Belt and Road countries joining ACCF for the first time. We plan to hold the 11th ACCF in 2019. We also hold the "Miles upon Miles: World Heritage along the Silk Road" exhibition at the Hong Kong Museum of History from November 2017 to March 2018 showcasing the cultural relics from Shaanxi, Henan, Gansu and Xinjiang; and Kyrgyzstan and Kazakhstan. The exhibition provides valuable cultural exchange experience and opportunities to educate citizens and students of the culture of the Silk Road. If there are suitable opportunities in future, we will also organize similar exhibitions with Belt and Road countries again. Furthermore, Guangdong, Hong Kong and Macao each sent its arts groups to participate in the "China-Arab Cultural Journey along the Silk Road" held in Bahrain from late September to early October 2017 to promote cultural exchanges between the three places and Belt and Road countries.

We will continue to support cultural exchanges between our arts sector and Belt and Road countries through various channels. Indeed, the Home Affairs Bureau and HKADC have different funding schemes for arts groups to apply for such activities. At the same time, the Home Affairs Bureau has also been making efforts to enhancing cooperation with other countries in the field of culture and the arts through the signing of Memorandum of Understanding on Cultural Cooperation ("MoU"). As at 27 February 2018, we have signed MoUs with 16 countries, including Belt and Road countries such as Russia and Indonesia.

- (8) The Home Affairs Bureau, the Department of Culture of Guangdong Province and the Cultural Affairs Bureau of Macao have established a cultural framework within the Greater Pearl River Delta Region since 2002, and have been following up cultural cooperation initiatives in different areas under the framework. The three places have frequent cooperation in the past, for example, the Leisure and Cultural Services Department has invited major arts groups from the Mainland to perform folk song and dances as well as Guangdong and Macao folk craft artists to provide demonstration in Lunar New Year and Mid-Autumn Lantern Carnivals, and organized "A Showcase of

Guangdong, Hong Kong and Macao Cantonese Opera Masters/New Stars" in the three places; Chung Ying Theatre Company has cooperated with the Guangdong Performing Arts Company and Theatre Famers in Macao for a cultural exchange scheme in theatre arts; and Guangdong and Hong Kong has staged the "Cantonese Music Assembly" Cross-Disciplines Guangdong Music Concert, etc. We will continue to foster cultural cooperation network in performing arts, programmes, arts festivals and other celebration events in the Bay Area under the framework.

Annex 1

ADF

Funding Support from 2015-2016 to 2017-2018 Financial Year
(as at 20 February 2018)

Year	No of applications received	No. of applications approved	No. of applications approved (breakdown by the amount of approved grants)			Total amount of grants approved (\$)	Average amount of grants for approved applications (\$)
			less than \$100,000	\$100,000 to less than \$300,000	\$300,000 or above		
2015-2016	91	72	64	6	2	3,640,000	50,556
2016-2017	110	86	78	7	1	4,149,400	48,249
2017-2018	84	71	59	9	3	4,587,780	64,617
Total	285	229	201	22	6	12,377,180	54,049

A breakdown on the number of approved applications by the number of artists and arts groups, and the types of activities involved are as follows:

Year	No. of applications approved			No. of the types of activities involved						
	Artists	Art groups	Total	Drama	Dance	Music	Chinese Opera	Visual arts	Multi-media	Others ⁽¹⁾
2015-2016	25	47	72	23	11	7	2	7	5	17
2016-2017	40	46	86	19	16	12	1	16	5	17
2017-2018	35	36	71	19	6	13	2	13	7	11
Total	100	129	229	61	33	32	5	36	17	45

Note:

(1) Most of these projects are artist residency programmes.

A breakdown on the number of approved applications by region where the activities involved were held is as follows:

<i>Year</i>	<i>Mainland and Taiwan</i>	<i>North America</i>	<i>South America</i>	<i>Europe</i>	<i>Asia</i>	<i>Oceania</i>	<i>Multi-region⁽²⁾</i>	<i>Total</i>
2015-2016	24	6	2	22	15	1	2	72
2016-2017	26	9	4	22	21	3	1	86
2017-2018	22	7	0	27	11	4	0	71
Total	72	22	6	71	47	8	3	229

Note:

(2) Projects that involve more than one region.

Annex 2

Details of Performances/Exhibitions to Celebrate the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region

<i>Region</i>	<i>Countries/ Cities (in alphabetical order)</i>	<i>Date</i>	<i>Name of Artists/Ensembles/ Arts Groups Involved (in alphabetical order)</i>	<i>Number of Performances/ Exhibitions</i>	<i>Actual Expenditure that requires Government Sponsorship as at 27 February 2018[#] (\$)</i>
Mainland	- Beijing - Changsha - Chengdu - Chongqing - Fuzhou - Guangzhou - Hangzhou - Jinan - Nanjing - Nanning - Shanghai - Shenyang - Shenzhen	March to November 2017	- Asian Youth Orchestra - Chung Ying Theatre Company - City Contemporary Dance Company - Drip Music - Hong Kong Ballet - Hong Kong Children's Symphony Orchestra - Hong Kong Chinese Orchestra - Hong Kong Dance Company	59 performances	12,703,423

<i>Region</i>	<i>Countries/ Cities (in alphabetical order)</i>	<i>Date</i>	<i>Name of Artists/Ensembles/ Arts Groups Involved (in alphabetical order)</i>	<i>Number of Performances/ Exhibitions</i>	<i>Actual Expenditure that requires Government Sponsorship as at 27 February 2018[#] (\$)</i>
	- Tianjin - Wuhan - Xiamen - Xi'an - Zhengzhou		- Hong Kong Philharmonic Orchestra - Hong Kong Repertory Theatre - Hong Kong Symphony Orchestra - Trey Lee - Vivian Cheng - Yat Po Singers		
Asia	- Singapore - Korea - Japan	March to October 2017	- Asian Youth Orchestra - City Contemporary Dance Company - Hong Kong Arts Festival - Hong Kong Chinese Orchestra - Hong Kong Philharmonic Orchestra - Perry Chiu Experimental Theatre - Romer String Quartet - Zuni Icosahedron	13 performances and 1 exhibition	5,416,760
Oceania	- Australia - New Zealand	May to August 2017	- Hong Kong Children and Juvenile Chinese Opera Troupe - Hong Kong Philharmonic Orchestra - Hong Kong YWCA Chinese Orchestra	9 performances	3,165,300
Europe	- Austria - Belgium - Czech Republic - Finland - France - Germany	February to October 2017	- Asian Youth Orchestra - Drip Music - Hong Kong Arts Festival - Hong Kong Chinese Orchestra - Hong Kong Dance Company	52 performances	11,500,493

<i>Region</i>	<i>Countries/ Cities (in alphabetical order)</i>	<i>Date</i>	<i>Name of Artists/Ensembles/ Arts Groups Involved (in alphabetical order)</i>	<i>Number of Performances/ Exhibitions</i>	<i>Actual Expenditure that requires Government Sponsorship as at 27 February 2018[#] (\$)</i>
	<ul style="list-style-type: none"> - Italy - Luxembourg - Poland - Portugal - Russia - Spain - Sweden - Switzerland - The United Kingdom 		<ul style="list-style-type: none"> - Hong Kong Sinfonietta - Hong Kong String Orchestra - Music for Our Young Foundation - Music Lab - Musica Viva - Musicus Society - Philharmonia APA - Tang Shu-wing Theatre Studio - Wuji Ensemble - Yat Po Singers 		
North America	<ul style="list-style-type: none"> - Canada - The United States of America 	April to September 2017	<ul style="list-style-type: none"> - Alan Kwan, Ashley Chui and Patrick Lui - Asian Youth Orchestra - Chung Ying Theatre Company - Galison Lau and Aristo Sham - Hong Kong Generation Next Arts - Hong Kong Oratorio Society - R&T (Rhythm & Tempo) - Vantage Music - Warren Mok - Zuni Icosahedron 	18 performances and 1 exhibition	4,263,114

Note:

In addition to the amount listed in the table, Government sponsorship for the Asian Youth Orchestra's World Tour is \$15,756,318.

Calculation of medical inpatient bed occupancy rates

9. **DR PIERRE CHAN** (in Chinese): *President, quite a number of public hospital doctors have relayed to me that the medical inpatient bed occupancy rates of public hospitals published daily by the Hospital Authority ("HA") during influenza surges do not reflect the actual situation. In this connection, will the Government inform this Council if it knows:*

- (1) *the following information on each of the public hospitals listed in the table below as at midnight each day from the 21st to 27th of last month: (i) medical inpatient bed occupancy rate, (ii) number of medical inpatients, (iii) actual number of medical inpatient beds, (iv) number of medical regular beds, (v) number of medical time-limited beds, (vi) number of medical temporary beds, and (vii) number of beds for other specialties occupied by medical patients due to full occupation of medical wards (set out the figures in tables of the same format as the table below);*

As at midnight on — January 2018

<i>Hospital cluster</i>	<i>Hospital</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>	<i>(v)</i>	<i>(vi)</i>	<i>(vii)</i>
<i>Hong Kong East</i>	<i>Pamela Youde Nethersole Eastern Hospital</i>							
	<i>Ruttonjee and Tang Shiu Kin Hospitals</i>							
<i>Hong Kong West</i>	<i>Queen Mary Hospital</i>							
<i>Kowloon Central</i>	<i>Kwong Wah Hospital</i>							
	<i>Queen Elizabeth Hospital</i>							
<i>Kowloon East</i>	<i>Tseung Kwan O Hospital</i>							
	<i>United Christian Hospital</i>							

<i>Hospital cluster</i>	<i>Hospital</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>	<i>(v)</i>	<i>(vi)</i>	<i>(vii)</i>
<i>Kowloon West</i>	<i>Caritas Medical Centre</i>							
	<i>Princess Margaret Hospital</i>							
	<i>Yan Chai Hospital</i>							
<i>New Territories East</i>	<i>Alice Ho Miu Ling Nethersole Hospital</i>							
	<i>North District Hospital</i>							
	<i>Prince of Wales Hospital</i>							
<i>New Territories West</i>	<i>Pok Oi Hospital</i>							
	<i>Tuen Mun Hospital</i>							

- (2) *whether the base numbers of beds used by various public hospitals for calculating medical inpatient bed occupancy rates include (i) medical time-limited beds, (ii) medical temporary beds, (iii) beds in the wards of various medical specialties (e.g. nephrology, cardiology), (iv) beds in the departments of medical sub-specialties such as rehabilitation, palliative services as well as beds in isolation wards, (v) beds for the Accident and Emergency ("A&E") specialty occupied by patients waiting for admission to medical wards, and (vi) beds for other specialties occupied by medical patients;*
- (3) *whether the numbers of medical inpatients calculated by various public hospitals include the numbers of medical patients occupying the various types of beds as follows: (i) medical time-limited beds, (ii) medical temporary beds, (iii) beds in the wards of various medical specialties (e.g. nephrology, cardiology), (iv) beds in medical sub-specialties such as rehabilitation, palliative services as well as beds in isolation wards, (v) beds for the A&E specialty, and (vi) beds for other specialties;*
- (4) *whether the HA headquarters has issued guidelines to various public hospitals on the method for calculating medical inpatient bed*

occupancy rates; if so, whether HA can provide the relevant documents; if not, whether a consistent calculation method has been adopted by various hospitals;

- (5) *whether HA reviews regularly the usage of hospital beds in various public hospitals; if so, of the details; and*
- (6) *whether HA will publish the actual numbers of (i) medical inpatients and (ii) medical inpatient beds in various public hospitals as at midnight each day during influenza surges, so as to enhance information transparency?*

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

- (1) The medical inpatient bed occupancy rate and the number of medical inpatient patient days (which is largely the same as the number of medical inpatients on that day) in the acute hospitals under the Hospital Authority ("HA") from 21 to 27 January 2018 are set out in Annex 1 while the number of medical beds in HA's acute hospitals as at 31 December 2017 is set out in Annex 2.

From 21 to 27 January 2018, the average number of time-limited beds for major specialties of hospitals under HA was 569 (provisional figure) while the average number of temporary beds in acute hospitals was 1 122 (provisional figure). Given that HA will flexibly deploy hospital beds according to operational and clinical service needs and individual wards may receive patients from different specialties, plus the fact that beds are provided for more than one specialty in mixed specialty wards, HA does not have a breakdown of the number of patient days for other specialties occupied by medical inpatients in Annex 1 and can only provide overall figures at hospital level.

(2) and (3)

The medical inpatient bed occupancy rate means the ratio of the number of inpatients to the number of inpatient beds (covering time-limited beds) under the charge of medical departments (including such specialties as geriatrics, respiratory medicine, medical infectious disease and cardiology) as at midnight. The methodology used in the calculation of the medical inpatient bed occupancy rate also applies to other specialties.

- (4) HA adopts a clear and consistent methodology to calculate the inpatient bed occupancy rates of various hospitals and specialties. The statistics concerned are retrievable from the relevant information system.
- (5) HA regularly monitors the number and operation of hospital beds through Key Performance Indicators ("KPIs"), and has put in place a mechanism for clusters to report relevant situations on a quarterly basis. It also submits reports on KPIs to the HA Board and the Food and Health Bureau on a regular basis.
- (6) During the winter surge period, HA provides daily service statistics of public acute hospitals, including the number of Accident and Emergency ("A&E") first attendances, the number of inpatient admissions to medical wards via A&E departments and medical inpatient bed occupancy rate, on its website and the "HA Touch" mobile application for public reference. The statistics can reflect the overall utilization of A&E departments and medical inpatient services in acute hospitals.

To enhance information transparency, HA also publishes information on general outpatient clinics, A&E waiting time and weekly average numbers of time-limited beds and temporary beds in public hospitals on its website and the "HA Touch" mobile application.

Annex 1

**Medical inpatient bed occupancy rates and
numbers of medical inpatient patient days in acute hospitals under HA
(from 21 to 27 January 2018) (provisional figures)**

<i>Hospital cluster</i>	<i>Hospital</i>	<i>21 January 2018</i>		<i>22 January 2018</i>		<i>23 January 2018</i>		<i>24 January 2018</i>	
		<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient patient days</i>	<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient patient days</i>	<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient patient days</i>	<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient patient days</i>
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	105%	565	103%	557	99%	531	100%	541
	Ruttonjee and Tang Shiu Kin Hospitals	110%	345	110%	345	107%	336	109%	342
Hong Kong West	Queen Mary Hospital	105%	386	110%	402	106%	387	108%	394
Kowloon Central	Kwong Wah Hospital	100%	347	99%	343	96%	333	91%	314
	Queen Elizabeth Hospital	121%	764	121%	762	118%	740	117%	734
Kowloon East	Tseung Kwan O Hospital	117%	381	114%	373	117%	381	116%	379
	United Christian Hospital	136%	587	128%	556	127%	552	123%	532
Kowloon West	Caritas Medical Centre	115%	511	110%	489	111%	494	111%	492
	North Lantau Hospital	70%	14	75%	15	90%	18	105%	21
	Princess Margaret Hospital	112%	735	113%	744	110%	721	108%	709
	Yan Chai Hospital	112%	368	118%	386	112%	368	110%	361
New Territories East	Alice Ho Miu Ling Nethersole Hospital	103%	269	104%	271	103%	270	101%	264
	North District Hospital	103%	348	102%	346	103%	347	99%	333
	Prince of Wales Hospital	125%	590	132%	624	125%	593	121%	572
New Territories West	Pok Oi Hospital	118%	358	119%	363	119%	362	118%	360
	Tuen Mun Hospital	119%	919	123%	950	123%	949	118%	914

<i>Hospital Cluster</i>	<i>Hospital</i>	<i>25 January 2018</i>		<i>26 January 2018</i>		<i>27 January 2018</i>	
		<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient days</i>	<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient days</i>	<i>Medical inpatient bed occupancy rate</i>	<i>No. of medical inpatient days</i>
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	101%	546	100%	540	102%	552
	Ruttonjee and Tang Shiu Kin Hospitals	104%	329	107%	338	99%	311
Hong Kong West	Queen Mary Hospital	110%	402	104%	382	98%	360
Kowloon Central	Kwong Wah Hospital	90%	313	90%	311	92%	317
	Queen Elizabeth Hospital	115%	723	111%	700	109%	685
Kowloon East	Tseung Kwan O Hospital	115%	375	113%	369	118%	387
	United Christian Hospital	121%	526	119%	517	119%	514
Kowloon West	Caritas Medical Centre	113%	504	110%	489	112%	498
	North Lantau Hospital	115%	23	115%	23	100%	20
	Princess Margaret Hospital	103%	674	101%	663	96%	630
	Yan Chai Hospital	110%	361	107%	350	94%	308
New Territories East	Alice Ho Miu Ling Nethersole Hospital	99%	258	101%	263	101%	264
	North District Hospital	95%	322	91%	306	91%	306
	Prince of Wales Hospital	119%	565	113%	536	112%	528
New Territories West	Pok Oi Hospital	122%	372	109%	330	104%	315
	Tuen Mun Hospital	118%	911	118%	915	115%	892

Notes:

St. John Hospital and Tin Shui Wai Hospital are not included.

Inpatients are those who are admitted into hospitals via A&E Department or those who have stayed for more than one day.

Annex 2

Number of medical beds in acute hospitals under HA as at 31 December 2017
(provisional figures)

<i>Hospital cluster</i>	<i>Hospital</i>	<i>No. of medical beds (including inpatient and day beds)</i>
Hong Kong East	Pamela Youde Nethersole Eastern Hospital	561
	Ruttonjee and Tang Shiu Kin Hospitals	315
Hong Kong West	Queen Mary Hospital	396
Kowloon Central	Kwong Wah Hospital	403
	Queen Elizabeth Hospital	623
Kowloon East	Tseung Kwan O Hospital	335
	United Christian Hospital	526
Kowloon West	Caritas Medical Centre	465
	North Lantau Hospital	20
	Princess Margaret Hospital	734
	Yan Chai Hospital	309
New Territories East	Alice Ho Miu Ling Nethersole Hospital	252
	North District Hospital	327
	Prince of Wales Hospital	496
New Territories West	Pok Oi Hospital	316
	Tuen Mun Hospital	878

Note:

St. John Hospital and Tin Shui Wai Hospital are not included.

Fostering the development of the fashion industry

10. **MR HO KAI-MING** (in Chinese): *President, in January this year, the Government announced that in order to fully capitalize on Sham Shui Po being a traditional garment and fabric wholesale and retail hub, it planned to set up a design and fashion base in the district. The plan aims to nurture a new generation of design talents and fashion designers for Hong Kong, and link up the design, manufacturing and retail elements of the fashion industry. However,*

many practitioners in the fashion industry have pointed out that fashion manufacturers have continuously relocated their production processes to other places over the years, leading to a decline of the local fashion industry. In this connection, will the Government inform this Council:

- (1) whether it knows the respective numbers of (i) establishments which and employees who engaged in the fashion industry and (ii) persons completing fashion design training programmes and clothing technology training programmes, in each of the past five years;*
- (2) whether the authorities will step up (i) the matching of fashion manufacturers with fashion designers and (ii) the technical support provided for the latter to develop local fashion products of original design; if so, of the details; if not, the reasons for that;*
- (3) whether the authorities will adopt other measures to promote the development of the fashion industry, such as the granting of land for the construction of a fashion centre that gathers the design, manufacturing and retail elements, thereby giving full play of the clustering effect; if so, of the details; if not, the reasons for that; and*
- (4) as the Chief Executive stated in the Policy Address delivered in October last year that "there is much room for development by combining design and industry", whether the authorities will adopt concrete measures to encourage manufacturers to move back to Hong Kong to set up factories for the production of high value-added fashion products, in order to promote the collaboration between fashion designers and fashion manufacturers in manufacturing fashion products under the brand of "Made in Hong Kong"; if so, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in consultation with the Education Bureau, the Labour and Welfare Bureau and the Innovation and Technology Bureau, my consolidated reply to the Honourable Member's question is as follows:

- (1) According to the Census and Statistics Department, the numbers of establishments and persons engaged in fashion design and the textiles and wearing apparel industry between 2012 and 2016 are tabulated as follows:

<i>Year</i>	<i>Number of establishments</i>		<i>Number of persons engaged</i>	
	<i>Fashion Design</i>	<i>Textiles and Wearing Apparel</i>	<i>Fashion Design</i>	<i>Textiles and Wearing Apparel</i>
2012	370	1 450	830	13 440
2013	430	1 350	870	12 350
2014	450	1 140	950	9 390
2015	470	990	980	7 820
2016	490	830	1 000	6 710

Note:

The above figures are rounded to the nearest ten.

As regards manpower training for the fashion and clothing industries, the numbers of graduates from the relevant programmes in the past five years are as follows:

<i>Programmes</i>	<i>Number of Graduates</i>
Programmes funded by University Grants Committee	3 752
Self-financed full-time locally accredited sub-degree and undergraduate degree programmes (Relevant information for 2016-2017 is not available)	1 285
Higher diploma of the Vocational Training Council and in-service training programmes	7 918
Post-secondary programmes of the Clothing Industry Training Authority	3 483

Note:

Breakdown is not available as some programmes cover both fashion and clothing.

(2) and (3)

The Government is committed to promoting the development of the fashion industry through various measures.

To strengthen the connection between fashion designers and fashion manufacturers, the Government has spared no efforts in, through sponsorship by the CreateSmart Initiative ("CSI") or other channels, supporting various industry-related activities such as the Fashion Asia Forum sponsored by Create Hong Kong and organized by the Hong Kong Design Centre; the Hong Kong Fashion Week hosted by the Hong Kong Trade Development Council ("HKTDC"); as well as trade missions to stage exhibitions in the Mainland cities and other Asian countries. Through participation in a diverse range of activities such as exhibitions, forums and fashion shows, designers can expand their business networks and engage in more business discussion with manufacturers and other practitioners to explore more market opportunities.

The Government also actively encourages and supports fashion designers to participate in international fashion shows. For example, we subsidized HKTDC to lead more than 15 Hong Kong fashion designers to participate in the Copenhagen Fashion Week in Denmark, the Tokyo Fashion Week, the New York Fashion Week and the Shanghai Fashion Week in 2017. A series of fashion shows were staged and short-term exhibition halls were set up to enhance the international profile of Hong Kong fashion designers, strengthen the interaction and establishment of business networks among Hong Kong fashion designers, local and overseas fashion manufacturers and buyers as well as other trade practitioners.

In addition, the Government launched the Fashion Incubation Programme in 2017 with CSI funding to nurture budding fashion talents and brands. Among other things, participating designers are provided with studio space at the Training Centre of the Clothing Industry Training Authority ("CITA") in Kowloon Bay. Designers are also introduced to suitable companies or persons for networking and technical support necessary for fashion co-creation projects and collaborations.

As mentioned in the question, the Government has started the preparatory work for the Sham Shui Po Design and Fashion Project. We have obtained the support of the Urban Renewal Authority to earmark space for the Project in one of its redevelopment projects in the district. The Project will make full use of this long-standing garment and fabric wholesale and retail hub by combining design, fashion, garment and retail so as to boost clustering effect and create new synergy. The district will be turned into a local as well as territory-wide design and fashion landmark, thereby driving tourism development in Sham Shui Po District and boosting the local economy.

The Government is also committed to enhancing its technical support to designers. The SME Development Fund ("SDF") administered by the Trade and Industry Department provides funding support to non-profit-distributing organizations for implementing projects that aim at enhancing the competitiveness of Hong Kong's small and medium-sized enterprises ("SMEs") in general or in specific sectors (including the fashion design and manufacturing industry). As at end January 2018, 11 projects related to the textiles and fashion industry were approved under SDF, involving a total funding amount of about \$20 million. In particular, SDF approved a grant of \$5 million to CITA in 2016 to set up a Sample Development Centre to help fashion design SMEs transform their ideas into prototypes with affordable budget. The Centre also offers studio space, equipment and facilities to support newly established fashion design SMEs to create their own collections.

- (4) The Government's policy on support for industry is to create a business-friendly environment and provide timely and appropriate support for the trade so that it can flourish. Some enterprises, including those in the fashion industry, are well-positioned to consider carrying out high value-added production processes that are less land and labour-intensive in Hong Kong. Hong Kong enterprises, including those interested in relocating their operations back to Hong Kong, can obtain support through support schemes under various government departments and quasi-government organizations in areas such as financing and enhancing their overall competitiveness.

Moreover, the Hong Kong Productivity Council ("HKPC") has been in cooperation with trade and industrial organizations in the textiles and apparel industry in the areas of fashion manufacturing and design, with a view to raising the industry's competitiveness and shortening the product development cycle through providing support for technology adoption.

HKPC also facilitates the local fashion industry to carry out high value-added design process, sample production work and low-volume but wide-variety manufacturing processes in Hong Kong by providing the relevant technical support services, including Industry 4.0, automatic production machines and robotics, etc. In addition, the Hong Kong Science and Technology Parks Corporation revised the Industrial Estate Policy in 2015 to advance Hong Kong's reindustrialization, promote smart production and attract high value-added technology industries and manufacturing processes to Hong Kong.

Besides, the Hong Kong Research Institute of Textiles and Apparel ("HKRITA") has been enhancing the international competitiveness of the local textile and clothing industry through research and development ("R&D") as well as technological transfer activities. HKRITA has conducted a lot of original and high value-added R&D activities in areas such as high performance materials (which can be used in sports, industry and health care, etc.), wearable electronics and green materials, which are conducive to the promotion of reindustrialization.

Provision of quarters and subsidized public housing for serving and retired civil servants

11. **MR ANDREW WAN** (in Chinese): *President, at present, apart from providing departmental quarters and other civil servant quarters for some civil servants, the Government also implements the Civil Service Public Housing Quota Scheme ("CSPHQ Scheme"), which enables junior civil servants as well as rank and file officers of the disciplined services to enjoy better opportunities for allocation of public rental housing ("PRH") units than the general public. Over the four years starting from 2015-2016, a total of 1 000 additional quota places*

were provided under CSPHQ Scheme. The Government also made an arrangement in 2016 for a special one-off allocation of 200 PRH units to some of the applicants under CSPHQ Scheme and 250 Green Form Certificates to them for purchase of Home Ownership Scheme ("HOS") units. Some members of the public are concerned whether the aforesaid measures will result in the average waiting time of general PRH applicants becoming increasingly longer (which has now risen to 4.7 years). In this connection, will the Government inform this Council:

- (1) of the respective numbers of PRH units and HOS units newly completed in each year since 2014-2015;
- (2) regarding (i) disciplined services departmental quarters and (ii) other civil servant quarters, of the respective numbers of existing and newly completed units in each year since 2014-2015 (set out in Table 1);

Table 1

Year	Total number of existing units		Total number of newly completed units	
	(i)	(ii)	(i)	(ii)
2014-2015				
2015-2016				
2016-2017				
2017-2018				
2018-2019 (Estimates)				

- (3) of the respective numbers of units of disciplined services departmental quarters and other civil servant quarters which are expected to be completed within the coming five years;
- (4) of (i) the number of retired disciplined services officers, the respective numbers of applications submitted by retired/retiring disciplined services officers under CSPHQ Scheme for (ii) allocation of PRH units and (iii) purchase of HOS units, and the respective numbers of retired disciplined services officers who (iv) were allocated PRH units and (v) obtained approval for purchasing HOS

units under the Scheme, in each year since 2014-2015 (set out in Table 2);

Table 2

<i>Year</i>	<i>(i)</i>	<i>Number of applications</i>		<i>Number of successful applicants</i>	
		<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>	<i>(v)</i>
<i>2014-2015</i>					
<i>2015-2016</i>					
<i>2016-2017</i>					
<i>2017-2018</i>					
<i>2018-2019 (Estimates)</i>					

- (5) *of the respective breakdowns of the numbers of applicants mentioned in (4)(ii) and (iii) and other civil servants who applied for PRH units under CSPHQ Scheme since 2014-2015 by the age group to which they belonged;*
- (6) *given that the Chief Executive introduced in the Policy Address she delivered in October last year an initiative for extending the length of service of civil servants so that some serving civil servants may choose to retire at the age of 65, of (i) the number of civil servants covered by the initiative and (ii) the impact of the initiative on the demand for civil servant quarters; and*
- (7) *of the number of PRH units allocated by the Hong Kong Housing Authority in each of the past 10 years, with a breakdown by type and relevant percentages; the respective current average waiting times of retired disciplined services officers and other civil servants for allocation of PRH units, and how such times compare with that of general PRH applicants?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President, under the Civil Service Public Housing Quota Scheme ("CSPHQ"), the Government provides, on a discretionary basis, junior civil servants with a better opportunity to obtain public housing. CSPHQ comprises a Special Quota ("SQ") and a

General Quota ("GQ"). SQ is for rank and file disciplined services officers. The applicants shall be residing in departmental quarters and have retired since the previous financial year or will reach retirement age within the coming 10 years; or singletons not residing in departmental quarters and will reach retirement age or will proceed on pre-retirement leave within six months from the deadline of application for SQ. GQ is applicable to civilian grades junior officers as well as rank and file disciplined services officers who are not eligible for SQ. The Civil Service Bureau issues circular memoranda around the fourth quarter each year to invite applications from eligible civil servants for CSPHQ. Applicants may choose to apply for public rental housing ("PRH") or for Green Form Certificates ("GFC") for purchasing subsidized housing including flats sold under the Home Ownership Scheme and the Green Form Subsidised Home Ownership Pilot Scheme ("HOS"). There is no waiting list arrangement under CSPHQ. Eligible applicants not allocated a quota in a year may decide whether to apply again when the next annual exercise is launched.

Apart from disciplined services departmental quarters, other individual departments also provide quarters for their civil servants who have to perform duties at special locations. Those quarters are provided at the facilities concerned or within their vicinity and their number is small. In addition, the Government provides non-departmental quarters for eligible officers (officers on local terms must be at Master Pay Scale Point 45 or above at the time of application) appointed before 1 October 1990. Since the number of officers eligible for non-departmental quarters will gradually decrease, the Government has ceased constructing new non-departmental quarters.

Having consulted the bureaux, departments and organization concerned, our consolidated reply to the respective parts of the question is as follows, seriatim:

- (1) The number of newly completed public housing units, including those provided by the Hong Kong Housing Authority ("HA") and the Hong Kong Housing Society ("HS"), each year from 2014-2015 to 2017-2018 are set out in the following table:

<i>Financial year</i>	<i>Rental flats</i>	<i>Sale flats^{Note}</i>	<i>Total</i>
2014-2015	9 938	0	9 938
2015-2016	14 264	988	15 252
2016-2017	11 416	3 017	14 433

<i>Financial year</i>	<i>Rental flats</i>	<i>Sale flats^{Note}</i>	<i>Total</i>
2017-2018 (as at end December 2017)	9 620	0	9 620

Note:

The figures include the completed units under the Home Ownership Scheme and Green Form Subsidised Home Ownership Pilot Scheme of HA and the completed subsidized sale flats of HS, but exclude the 322 subsidized sale flats provided by the Urban Renewal Authority on a one-off basis in 2015-2016.

- (2) Regarding (i) departmental quarters for the disciplined services and (ii) other civil service quarters, the respective numbers of existing and newly completed units in each year since 2014-2015 are set out in the table below:

<i>Financial year</i>	<i>Total number of existing units</i>		<i>Total number of newly completed units</i>	
	<i>(i)^{Note}</i>	<i>(ii)</i>	<i>(i)</i>	<i>(ii)</i>
2014-2015	22 633	744	0	0
2015-2016	22 653	702	140	0
2016-2017	22 785	665	0	0
2017-2018	22 718	616	0	0
2018-2019 (Estimated)	22 707	559	248	0

Note:

The number of quarters may vary from one financial year to another due to different factors (including addition of new quarters and quarters that are demolished or not available for use because of redevelopment or re-provisioning projects).

- (3) A total of 3 095 units of disciplined services quarters is expected to be completed in the coming five years from 2018-2019, assuming smooth progress. Regarding non-departmental quarters, as mentioned above, the Government has ceased constructing new non-departmental quarters.
- (4) The number of disciplined services officers who retired each year since 2014-2015 is set out in the table below:

<i>Financial year</i>	<i>Number of retired disciplined services officers</i>
2014-2015	1 698
2015-2016	1 743
2016-2017	1 795
2017-2018	1 884
2018-2019 (Estimated)	1 872

For GQ, the Government and HA do not maintain breakdown statistics on the number of applications from disciplined services officers who are retiring soon. As for SQ, the number of applications and successful applicants in each CSPHQ exercise from the 2014-2015 to 2016-2017 exercises is set out in the following table:

<i>CSPHQ Exercise</i>	<i>Number of applications</i>		<i>Number of successful applicants^{Note}</i>	
	<i>PRH</i>	<i>GFC for HOS</i>	<i>PRH (as at 31.1.2018)</i>	<i>GFC for HOS</i>
2014-2015	3 017	218	413	176
2015-2016	4 152	231	469	176
2016-2017	4 414	319	154	176

Note:

Allocation of PRH quota places under the above CSPHQ exercises are still in progress while all quota places for GFC for HOS have been allocated.

As applications for the 2017-2018 CSPHQ exercise are now being processed while the 2018-2019 exercise is not yet launched, the relevant figures are not available at this stage.

- (5) The Government and HA do not maintain statistics on the number of civil service applicants for PRH by age group.
- (6) The Government launched last week the consultation exercise on the proposal for allowing serving civil servants who joined the Government between 1 June 2000 and 31 May 2015 to choose to

retire at 65 (for civilian grades) or 60 (for disciplined services grades). The number of serving civil servants who joined the Government within the aforesaid period is about 57 000.

As the measure is yet to be implemented, the number of disciplined services rank and file officers choosing to extend their service and its impact on the demand for disciplined services departmental quarters remain unknown.

For non-departmental quarters, as mentioned above, only those eligible officers appointed before 1 October 1990 may apply. As such, the measure of extending the service of civil servants will have no impact on the demand for non-departmental quarters from eligible officers.

- (7) The actual number of PRH units allocated by HA in the past 10 years from the financial year of 2007-2008 to 2016-2017 is set out in the following table:

<i>Application category</i> <i>Financial Year</i>	<i>General public</i> <i>(including PRH applications, transfers and compassionate rehousing etc.)</i>	<i>CSPHQ</i>	<i>Total</i>
2007-2008	22 318 (97.7%)	517 (2.3%)	22 835 (100%)
2008-2009	38 879 (98.1%)	738 (1.9%)	39 617 (100%)
2009-2010	34 823 (97.7%)	827 (2.3%)	35 650 (100%)
2010-2011	24 801 (97.4%)	662 (2.6%)	25 463 (100%)
2011-2012	30 487 (97.3%)	846 (2.7%)	31 333 (100%)
2012-2013	26 182 (96.9%)	828 (3.1%)	27 010 (100%)
2013-2014	32 342 (97.3%)	906 (2.7%)	33 248 (100%)

<i>Application category</i> <i>Financial Year</i>	<i>General public</i> <i>(including PRH applications,</i> <i>transfers and compassionate</i> <i>rehousing etc.)</i>	<i>CSPHQ</i>	<i>Total</i>
2014-2015	20 859 (96.0%)	869 (4.0%)	21 728 (100%)
2015-2016	21 617 (96.5%)	779 (3.5%)	22 396 (100%)
2016-2017	32 504 (96.3%)	1 252 (3.7%)	33 756 (100%)

As mentioned above, applications for CSPHQ are invited annually through circular memoranda issued by the Civil Service Bureau, and there is no waiting list arrangement. The Government and HA do not maintain statistics on the time lapsed between the applicants' first applications and their successful applications (or last applications).

Computer theft incident of the Registration and Electoral Office

12. **MR LAM CHEUK-TING** (in Chinese): *President, on 27 March last year (i.e. the day following the 2017 Chief Executive ("CE") Election), the Registration and Electoral Office ("REO") discovered that two notebook computers placed in a room of the Asia World-Expo (which was the fallback venue for the CE Election) were lost, one of which contained the personal data (including names, addresses and identity card numbers) of 3.78 million Geographical Constituencies electors across the territory. The Police subsequently classified the incident as theft. The then Secretary for Constitutional and Mainland Affairs established a task force in April last year to examine the causes of the incident and recommend improvement measures on related issues. The task force submitted its report in June last year. In this connection, will the Government inform this Council:*

- (1) *of the progress of the Police's investigation into the aforesaid case;*
- (2) *as REO indicated in July last year that it was following up thoroughly the various improvement measures recommended in the*

aforesaid report, whether those measures will be implemented in the 2018 Legislative Council By-election to be held on the 11th of next month; and

- (3) *as the aforesaid report suggested that the authorities should consider taking follow-up actions by commencing the performance appraisal or disciplinary procedures in respect of the officers and their supervisors concerned, whether the Civil Service Bureau has taken follow-up actions in this regard; if so, of the outcome; if not, the reasons for that?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President, our reply to Mr LAM Cheuk-ting's question is as follows:

- (1) On 27 March 2017, staff of the Registration and Electoral Office ("REO") found that two notebook computers stored inside a room at the AsiaWorld-Expo, the fallback venue for the 2017 Chief Executive Election, were suspected to be stolen. On the same day, REO staff reported the incident to the Police which then classified the case as theft and initiated criminal investigation. The investigation is still ongoing and no arrests have been made so far.
- (2) On 13 June 2017, the Task Force on the Computer Theft Incident of the Registration and Electoral Office (the Task Force) published a report putting forward a series of observations and recommendations regarding the REO's handling of personal data, information technology ("IT") security, general security of election venues, as well as on aspects pertaining to the permanent establishment of the department. REO has implemented the majority of the recommendations made by the Task Force. Such measures will be implemented in the 2018 Legislative Council By-election to be held on 11 March 2018.

On handling of personal data, REO has updated the relevant internal guidelines and procedures which will be circulated among staff on a regular basis. Briefing sessions for staff concerned will be arranged before every major election in future to enhance their awareness on personal data protection. In this regard, a briefing session was held

in January 2018 for the Legislative Council By-election to be held on 11 March. As for the implementation of a privacy management programme ("PMP"), it has been introduced in the REO's updated internal operation guidelines. REO is now working in parallel on the formulation of a PMP in the long run, including commissioning a suitable consultant through tender to assist in the development and implementation of the system.

In respect of IT security, all members of the REO staff are prohibited from using the "Electors Information Enquiry System" (the system was installed on one of the notebook computers suspected to be stolen during the 2017 Chief Executive Election) in election venues, including those for this Legislative Council By-election, for the purpose of verifying voters' identity and handling enquires. REO has also updated its internal guidelines on IT security, and will ensure that its IT systems are in keeping with the latest requirements of the Government's IT security policies, procedures and guidelines.

As for the general security of election venues, REO will formulate a venue security plan for each election (including the coming By-election), and seek comments from the Police and the Electoral Affairs Commission on the relevant security arrangements. The arrangements for the usage of personal data, together with the security arrangements, will be personally endorsed by the Chief Electoral Officer. REO will also avoid storing any personal data in fallback sites before their actual activation.

As regards the establishment, the Constitutional and Mainland Affairs Bureau has already submitted a proposal to the Legislative Council for converting the time-limited supernumerary Principal Electoral Officer post of the department into a permanent one, so that the planning and operational aspects of electoral activities can be overseen effectively, and that valuable experiences can be retained for sustainable review and improvement of the electoral system. Subject to the approval of the Legislative Council Finance Committee ("FC"), the proposal will be implemented with effect from 1 April 2018 at the earliest, or with immediate effect upon approval of FC, whichever is later. Moreover, a number of

permanent posts will also be created under REO to retain part of the core staff with electoral experience at the end of an election cycle to enable a detailed review of the electoral arrangements and the exploration of feasible improvement measures, so that electoral work will be better organized in the next election cycle. REO will also assign civil servants occupying permanent posts to take up key planning and supervisory duties as far as possible.

- (3) As regards the disciplinary investigations against civil servants concerned, civil servants of various ranks were involved in the incident. The Constitutional and Mainland Affairs Bureau is following up on the case in accordance with the established civil service disciplinary mechanism. We will not comment on individual cases.

Measures to improve the air quality in Tung Chung

13. **MR CHAN CHI-CHUEN** (in Chinese): *President, in its reply to a question raised by me on 22 February last year, the Government said that the air quality in Tung Chung continued to improve from 2012 to 2016. However, quite a number of Tung Chung residents have recently relayed to me that they feel that the air quality in Tung Chung has deteriorated in recent months. Given the imminent commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), they are worried that the vehicular flow in Tung Chung will increase upon HZMB's commissioning, thus aggravating the air pollution problem in the district. Regarding the air quality in Tung Chung, will the Government inform this Council:*

- (1) *of the respective numbers of exceedances of concentrations of various pollutants (including respirable suspended particulates (i.e. PM10), fine suspended particulates (i.e. PM2.5), ozone, sulphur dioxide, nitrogen dioxide and carbon monoxide), as recorded by the air quality monitoring station in Tung Chung last year, against the Air Quality Objectives or other relevant objectives, and the details of the exceedances of each type of pollutants, including the respective average and maximum extent of exceedances and concentrations;*

- (2) *of the measures to be implemented to ensure that the air quality in Tung Chung will not deteriorate upon the commissioning of HZMB; and*
- (3) *whether it has regularly reviewed the effectiveness of the various air quality improvement measures for improving the air quality in Tung Chung; if so, of the outcome; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (1) The Environmental Protection Department ("EPD") is still validating the air quality monitoring data for 2017 which has just ended. According to the preliminary monitoring data for that year, the levels of air pollutants including respirable suspended particulates ("PM10"), fine suspended particulates ("PM2.5"), nitrogen dioxide ("NO2"), sulphur dioxide ("SO2") and carbon monoxide recorded at the Tung Chung Air Quality Monitoring Station ("AQMS") were comparable with those recorded in 2016 and fully comply with the relevant Air Quality Objectives ("AQOs"), except for the ozone level which rose due to the influence of regional pollution. The annual average concentrations of air pollutants recorded at the Tung Chung AQMS between 2013 and 2017 are at Annex 1, and the AQOs compliance status of Tung Chung in 2017 is at Annex 2.

(2) and (3)

The Highways Department completed the Environmental Impact Assessment ("EIA") Report on the Hong Kong Projects related to the Hong Kong-Zhuhai-Macao Bridge ("HZMB") under the EIA Ordinance in 2009. The report included assessment of air quality impact in Tung Chung and the vicinity of North Lantau upon commissioning of the bridge. The results showed that the air quality at sensitive receivers in the vicinity of HZMB would comply with relevant AQOs.

To improve our air quality and protect public health, the Hong Kong Special Administrative Region ("SAR") Government is committed to

reducing local air pollutant emissions. In recent years, the SAR Government has undertaken air quality enhancement measures focused on the control of local pollution sources. Key measures include phasing out some 82 000 pre-Euro IV diesel commercial vehicles by the end of 2019; subsidizing franchised bus companies to retrofit their eligible Euro II and III buses with selective catalytic reduction devices; strengthening the vehicle emission control regime for petrol and liquefied petroleum gas vehicles by using roadside remote sensing equipment; progressively tightening emission caps for power plants; tightening emission standards for newly registered vehicles in phases; setting up the Pilot Green Transport Fund to encourage our transport sectors and non-profit-making organizations to try out innovative green transport technologies; introducing new regulations on statutory emission standards for non-road mobile machinery newly supplied for local use; encouraging walking and the use of public transport, offering first registration tax concessions for buyers of electric vehicles ("EVs") and lower vehicle licence fees for EVs, capping the sulphur content of locally supplied marine light diesel at 0.05%; and requiring ocean-going vessels to switch to marine fuel with sulphur content not exceeding 0.5% while at berth in Hong Kong, etc.

Over the past five years (i.e. 2013-2017), the ambient and roadside concentrations of major air pollutants including PM10, PM2.5, NO2 and SO2 have dropped by 26% to 38%, indicating the effectiveness of the control measures implemented in recent years. The SAR Government will continue to take forward emission reduction measures targeting various pollution sources. Such measures include expanding the scope of the control programme for volatile organic compounds ("VOC") with effect from 1 January 2018, preparing legislation to require mandatory use of low sulphur fuel by all vessels navigating in Hong Kong waters, etc. To assess the effectiveness of our air quality enhancement measures, we will continue to monitor the air quality in various districts, including Tung Chung, in Hong Kong. EPD is also reviewing the current AQOs with a view to exploring new practicable air quality enhancement measures.

To keep enhancing the air quality in Hong Kong, we will also continue to work closely and proactively with the Guangdong Provincial Government on reducing air pollutant emissions within the region. Collaborations include a joint study on PM_{2.5} in the Pearl River Delta Region conducted by the governments of Guangdong, Hong Kong SAR and Macao, the findings of which can provide solid scientific foundations for the formulating strategies to further enhance regional air quality; and the inclusion of VOC monitoring in the Regional Air Quality Monitoring Network in phases from 2018, so as to collect more data related to the formation and movement of ozone within the region, thereby facilitating the formulation of policies and measures to reduce regional ozone concentrations.

Annex 1

Annual concentrations of air pollutants
recorded at the Tung Chung Air Quality Monitoring Station
between 2013 and 2017

<i>Air Pollutant</i>	<i>Annual Concentration ($\mu\text{g}/\text{cu m}$)</i>					<i>Changes between 2013 and 2017*</i>
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017*</i>	
Respirable Suspended Particulates (PM ₁₀)	42	39	36	33	34	-19%
Fine Suspended Particulates (PM _{2.5})	26	24	22	21	21	-19%
Nitrogen Dioxide	49	45	40	36	36	-27%
Sulphur Dioxide	14	13	8	10	9	-36%
Ozone	44	46	45	40	48	+9%
Carbon Monoxide	665	546	583	730	591	-11%

Note:

* Figures to be validated.

**Compliance Status of the air quality of Tung Chung in 2017
with existing Air Quality Objectives**

<i>Air Pollutant</i>	<i>Averaging Time</i>	<i>AQOs</i>		<i>2017 (Preliminary Data)</i>		
		<i>Concentration Limit (µg/cu m)</i>	<i>Number of Exceedances Allowed</i>	<i>Highest Reference Concentration (µg/cu m)*</i>	<i>Number of Exceedances</i>	<i>AQOs Compiled</i>
Respirable Suspended Particulates (PM10)	Annual	50	-	34	-	Yes
	24-hour	100	9	81 ⁽¹⁾	5	Yes
Fine Suspended Particulates (PM2.5)	Annual	35	-	21	-	Yes
	24-hour	75	9	57 ⁽¹⁾	2	Yes
Ozone	8-hour	160	9	187 ⁽¹⁾	14	No
Nitrogen Dioxide	Annual	40	-	36	-	Yes
	1-hour	200	18	144 ⁽²⁾	2	Yes
Sulphur Dioxide	10-minute	500	3	80 ⁽³⁾	0	Yes
	24-hour	125	3	21 ⁽³⁾	0	Yes
Carbon Monoxide	1-hour	30 000	0	1 810	0	Yes
	8-hour	10 000	0	1 544	0	Yes

Notes:

* The highest average concentration unless otherwise specified.

(1) The 10th highest average concentration.

(2) The 19th highest average concentration.

(3) The 4th highest average concentration.

Working environment and employees' rights and interests of cleaning workers

14. **MR STEVEN HO** (in Chinese): *President, regarding the working environment and employees' rights and interests of the workers employed by outsourced service contractors ("contractors") to provide cleaning services for*

the Food and Environmental Hygiene Department ("cleaning workers"), will the Government inform this Council:

- (1) whether it knows (i) the number of cleaning workers and (ii) the year-on-year percentage change of such number, in each of the past five years;*
- (2) whether it knows the average number of garbage bags and masks provided to each cleaning worker per week at present;*
- (3) whether the authorities received complaints from cleaning workers in the past five years that the significant staff cutbacks by some contractors had rendered them unable to take a rest day in every seven days to which they were entitled under the law; if so, of the details, and whether the authorities have taken follow-up actions and instituted prosecutions against the contractors concerned;*
- (4) whether it will explore measures to improve the scheme for evaluating tenders for outsourced services, including (i) lowering the weighting of a tender's scores on price aspect against the overall score to, say, not more than 50%, (ii) stipulating that contractors must arrange sufficient manpower and deploy appropriate equipment for providing cleaning services in order to alleviate cleaning workers' hardship, and (ii) stipulating that contractors must offer better remuneration packages for workers; if so, of the details; if not, the reasons for that;*
- (5) given that at present, cleaning workers have to lift up the bulky lids of litter containers and tilt them sideways before they can clean the ashtrays on the top of the lids, and that cleaning workers, who are mostly aged, making such a movement are prone to injuries and musculoskeletal disorders, whether the authorities will improve the design of litter containers; if so, of the details; if not, the other solutions to this problem; and*
- (6) whether it will step up publicity and promotion (such as organizing recycling bin design competitions) to urge members of the public to reduce the production of waste and separate waste properly, with a*

view to reducing the workload of cleaning workers; if so, of the details (including timetable); if not, the reasons for that?

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

- (1) The information sought is provided as follows:

<i>Position</i>	<i>Number of workers</i>				
	<i>2017-2018 (as at 31 December 2017)</i>	<i>2016-2017 (as at 31 March 2017)</i>	<i>2015-2016 (as at 31 March 2016)</i>	<i>2014-2015 (as at 31 March 2015)</i>	<i>2013-2014 (as at 31 March 2014)</i>
Cleansing worker	9 217 (+4.41%)	8 828 (-0.53%)	8 875 (+2.58%)	8 652 (-6.23%)	9 227

- (2) While the public cleansing services contracts of the Food and Environmental Hygiene Department ("FEHD") do not specify the quantity of garbage bags to be used, the contractors are responsible for supplying sufficient cleansing equipment, vehicles, materials and tools to ensure the delivery of the services in a safe, proper and efficient manner. The contracts require the adoption of a good green management practice in the use of plastic bags as the inner linings of litter containers and dog excreta collection bins which should be replaced only as and when required. In addition, it is stipulated in the contracts that the contractors should ensure that all their employees wear tidy and clean uniforms or special protective clothing which the Government Representative may consider necessary or appropriate while they are providing the services. This includes the replacement of mask at least once at the beginning of a work shift or immediately after the mask is damaged. The contractors are obliged to provide and replace these uniforms and special protective clothing for their staff. FEHD has also imposed a condition in newly awarded contracts requiring the submission of a uniform supply and distribution plan within two weeks after the commencement of the contracts by the contractors for approval by the Government Representative. The contractors are also required to keep a detailed record of the distribution of such items to

individual staff, including their acknowledgement with signature of receipt of such items. Such record should be produced for inspection upon request by the Government Representative.

- (3) In the past five years, FEHD did not receive any complaints from cleansing workers concerning such irregularity.
- (4) An inter-bureau and inter-departmental working group ("the working group") has been set up by the Secretary for Labour and Welfare to look for ways to improve the Government's outsourcing system with a view to strengthening protection of the non-skilled workers employed by Government service contractors with respect to reasonable remuneration and labour rights. The working group will look into the marking scheme for evaluating tenders with the aim of enabling the non-skilled workers employed under Government outsourced contracts to get more reasonable remuneration while meeting the requirement of enhancement of service quality. The working group will also examine the contents of the "Standard Employment Contract" and the duration of the Government service contracts to reinforce protection of the labour rights to which all eligible workers are entitled. As a member of the working group, FEHD will take a proactive role in the above review, which is expected to be completed by the third quarter of this year.

It is stipulated in current tender documents for provision of public cleansing services that the contractors must fulfil the manpower requirement set by FEHD. An adequate supply of cleansing equipment, tools and materials of the required quality by the cleansing services contractors is also required under the contract terms to ensure the delivery of the services in a safe, proper and efficient manner. FEHD has also introduced a new condition in new street cleansing contracts requiring contractors to use equipment/devices such as leaf blower, walk-behind mini-street sweeper and pressure washer surface cleaner to enhance efficiency and alleviate the workers' hardship.

- (5) In the past, litter containers and recycling bins provided by the Government in public places were procured by different departments to suit their own needs. To meet the requirement of the community for litter containers and recycling bins, to further enhance public

participation in waste reduction and clean recycling and to facilitate better inter-departmental coordination and innovation, the Environment Bureau has set up the Steering Group on the Modification of Recycling and Refuse Collection Facilities in Public Places ("the Steering Group") to review the distribution and design of recycling bins and litter containers in public places and to recommend on new designs. The Steering Group has commissioned a consultancy study and consulted various stakeholders (including frontline cleansing workers) in setting the design direction and identifying key issues, including the principles of user-friendliness and occupational safety, that should be taken into account. The Steering Group will consult the various stakeholders again when a design proposal is available.

- (6) As mentioned in part (5) above, the Steering Group has commissioned a consultancy to conduct a study on the design of recycling bins and make recommendations to the Government and will consult various stakeholders in due course. In addition, the Government is rolling out a new round of publicity and public education campaign, striving to encourage participation by all in enhancing waste reduction at source to reduce the waste load and in promoting source separation of waste and clean recycling to reduce the chance of recyclables being contaminated (such contaminants will add difficulty to the subsequent recycling process).

Measures to alleviate study pressure of primary students

15. **DR CHIANG LAI-WAN** (in Chinese): *President, according to the findings of Progress in International Reading Literacy Study, the scores of Hong Kong Primary Four students in "engagement in reading lessons" in 2016 ranked the lowest among the 50 participating countries and places around the globe. On the other hand, the reading attainment of students who did not attend tutorial classes after school was even better than that of the students who attended such classes. Some academics have pointed out that parents forcing their children excessively to learn is counterproductive in that it will make children lose interest in learning, and in the end they will only "win at the starting line but lose at the finishing line". On alleviating the study pressure of primary students, will the Government inform this Council:*

- (1) *of the number of requests for assistance or complaints received from parents of primary students regarding their children being unable to cope with study pressure and the follow-up actions taken, by the authorities in each of the past three years;*
- (2) *as it has been reported that the Primary Six students of a primary school which adopted the teaching concept of "happy learning" achieved rather satisfactory results in the Secondary School Places Allocation exercise last year, whether the authorities will promote the teaching concept of happy learning in primary schools across the territory, as so to enhance students' craving for knowledge and motivation to learn; if so, of the details; if not, the reasons for that;*
- (3) *whether the authorities studied, in the past three years, the implementation of a "zero homework" policy under which schools are required to designate some sessions as tutorial classes so that students can finish at school the exercises of all subjects under teachers' guidance; if so, of the outcome; if not, whether they will conduct such a study;*
- (4) *whether the authorities will formulate guidelines on the maximum daily homework load; if so, of the implementation timetable; if not, the reasons for that; and*
- (5) *whether the authorities will provide additional resources to schools so that the parent-teacher associations of schools may organize more activities to enable parents to better deal with their children's emotional problems caused by study pressure; if so, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President, my reply to the question raised by Dr CHIANG Lai-wan is as follows:

- (1) In the 2014-2015, 2015-2016 and 2016-2017 school year, the Education Bureau received one, two and zero complaints about study pressure respectively. Upon receipt of the complaints, the Education Bureau took follow-up actions in accordance with the established complaint handling mechanism. These complaints were

about the school-based professional arrangements relating to curriculum, homework and assessment, etc. In the contact with the schools concerned, the Education Bureau sought to obtain more details about the school-based measures including communication with the stakeholders and the review mechanism. If deemed necessary, the Education Bureau would provide professional advice and support to the schools that facilitated their continuous improvement and development. Besides, the school stakeholders (including parents) would contact the Education Bureau officers through different channels from time to time to enquire about various issues or seek assistance. The Education Bureau officers would render appropriate support to enquirers based on the nature and details of the cases. However, regarding such contacts, the Education Bureau has not compiled the statistics on the number of cases.

- (2) Since the implementation of the education reform starting from 2000, the Education Bureau has all along emphasized the importance of whole-person development, enjoying learning and unleashing potentials. In the updated version of the "Basic Education Curriculum Guide—To Sustain, Deepen and Focus on Learning to Learn (Primary 1-6)" (2014), it is reiterated that schools should cater for students' learning diversity, adopt diversified learning and teaching materials and strategies, design interesting learning activities, meaningful and effective assessment tasks and homework based on students' abilities, learning styles and interests etc. with the aims of developing and strengthening students' learning motivation, enriching their learning experiences, enabling them to learn and experience the meaning and enjoyment of learning. To facilitate students' learning as well as balanced physical and mental health development, schools should also make use of the lesson time flexibly to create a pleasant and harmonious environment.
- (3) Homework is an important component in the learning and teaching in schools. It comes in different forms outside lesson time, enables students to consolidate their learning in class, stimulates thinking, enhances their understanding of lesson topics and helps them construct their knowledge. We stress that it is the quality of homework rather than the quantity that matters. As quoted in the

question above, parents pressing their children excessively to learn would result in their children's lack of interest in learning. Schools could design meaningful homework based on their specific contexts and cater for the diverse learning needs and abilities of students. The factors behind whether a student would feel that there is pressure from homework are multifaceted and complicated. It is not desirable to require schools to implement "zero homework" policy as a single solution. We encourage whole-day primary schools with longer school days to allocate their lesson time flexibly by providing students with suitable homework support with regard to their school-based circumstances. Schools could provide tutorial sessions or homework guidance periods to give students in need extra individual guidance or to allow them to complete part of their learning assignments at school with a view to helping them solve their problems in learning. To our understanding, many schools have already implemented related measures.

- (4) There are diverse learning needs and abilities among students, and the factors affecting the amount of time required by a student to complete his/her homework are multifaceted. The expectations of parents on the quality and quantity of homework given to their children may be different even in the same school. Setting a daily maximum amount of homework load or time on an across-the-board basis can neither cater for the needs of less able students nor develop the potential of gifted students. Such an arrangement is not conducive to catering for learner diversity and is disrespectful to the professionalism of the school management and teachers. Under the principles of school-based management, transparency and effective communication, parents may directly put forward their views and suggestions for improvements in respect of their children's homework and assessment matters to schools for refinements of their homework and assessment policy. The Education Bureau will gain an understanding of the implementation of schools' homework policy continuously through various means, including external school reviews, focus inspections, school visits and daily contacts, etc. If there are cases where schools are unable to formulate appropriate homework policies or there is still room for improvements in their homework policies, we will urge the schools to make improvements.

- (5) Parents have a great impact on the psychological well-being of their children. In helping students manage their study pressure or emotional problems, parents and schools both play an important role. All along, the Education Bureau and the Committee on Home-School Co-operation ("CHSC") have been promoting home-school cooperation and encouraging schools to establish Parent-Teacher Associations ("PTAs") to promote parent-school communication and support students facing academic and social challenges. CHSC takes an active role in organizing parent activities and seminars to equip parents with the necessary knowledge about helping their children in respect of growth and development, as well as enhancing their parental skills. Each year, CHSC, Federations of Parent-Teacher Associations ("FPTAs") and regional associations of school heads jointly invite psychiatrists to conduct parents talks, aiming at providing parents with information on students' physical and mental development, so that parents can learn to identify and support students with emotional problems and stress.

Besides, the Education Bureau has also provided subsidies to schools, PTAs, and FPTAs in various districts for organizing home-school cooperation and parent education activities. In the 2016-2017 school year, PTAs and FPTAs organized about 3 400 activities of a great variety on home-school cooperation and parent education, covering such topics as supporting children in learning or growth, nurturing positive values and raising happy kids, with a total funding of about \$26 million from the Education Bureau.

The Education Bureau has also newly launched a parent education website called "Smart Parent Net" to enable parents with children from kindergarten to primary and secondary school levels to access easily useful information on supporting the physical and mental development of students, which includes parent-child relationship, character development, parenting skills and emotional management of parents, with a view to promoting parent education.

In addition, the Government set up the Task Force on Home-School Co-operation and Parent Education under the Education Commission in December 2017 with a view to reviewing the existing approach in

promoting parent education and home-school cooperation, formulating the direction and strategy in accordance with the review outcome to fostering home-school cooperation and promoting parent education, so as to enable parents to assist their children to learn effectively and grow up healthily and happily. We will also assess the existing provision of resources to PTAs and FPTAs, as well as exploring the ways to avoid excessive competition. The Government will continue to actively explore how to further strengthen home-school cooperation and parent education, and provide better support to students in accordance with their learning needs as well as physical and mental health development.

Arrangements for compulsory resumption of property titles for redevelopment projects

16. **MR LEUNG YIU-CHUNG** (in Chinese): *President, to take forward the Tonkin Street/Fuk Wing Street Redevelopment Project, the Urban Renewal Authority ("URA") has, since September 2014, made efforts through private negotiation to acquire property titles from owners of 81 affected properties. Early last year, upon having successfully acquired 54 or 67% of the property titles, URA made an application to the Secretary for Development under section 29 of the Urban Renewal Authority Ordinance (Cap. 563) for invoking section 3 of the Lands Resumption Ordinance (Cap. 124) to resume the remaining property titles under the Project which have not yet been acquired, so that the ownership of such titles would revert to the Government ("compulsory resumption of property titles"). Some property owners who have rejected the relevant acquisition offers made by URA have criticized that such a move of URA is tantamount to robbing people of their properties. In this connection, will the Government inform this Council:*

(1) *of the following details concerning the redevelopment projects in respect of which URA applied, in the past decade, for compulsory resumption of the relevant property titles before it had acquired through private negotiation 80% of the total number of the affected property titles (set out one by one in a table):*

(i) *project name and site area,*

- (ii) *the number and percentage of the property titles under the project that URA had acquired before making the application,*
 - (iii) *the number of property titles under the project acquired through compulsory resumption and the total amount of compensation or ex-gratia allowances paid to the owners concerned, and*
 - (iv) *if the authorities approved the application, the relevant justifications;*
- (2) *of the criteria adopted by the authorities for deciding whether or not to approve URA's applications for compulsory resumption of property titles; whether they will consider amending the law to provide that before making an application for compulsory resumption of property titles under a redevelopment project, URA must have respectively acquired specified percentages of the total numbers of property titles (i) in the whole project and (ii) in each lot/each building under that project, so as to take care of the interests of the property owners of different lots/buildings; if so, of the details; if not, the reasons for that;*
- (3) *whether it knows if there were past cases in which URA implemented redevelopment projects in collaboration with the affected owners; if there were not, whether URA will consider adopting this approach when implementing redevelopment projects; if there were, of the details of such projects (including the project name, site area and number of affected property titles), and whether there were owners who discontinued the collaboration in the course of implementing the projects; if so, of the projects concerned and the reasons for their discontinuing the collaboration; and*
- (4) *as it was reported that the Managing Director of URA had earlier indicated that the restriction of "having to acquire the property titles expeditiously" was one of the reasons why most of the redevelopment projects implemented by URA had recorded losses, of the details of such a restriction?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, under section 29 of the Urban Renewal Authority Ordinance ("URAO"), the Urban Renewal Authority ("URA") may make an application to the Secretary for Development ("SDEV") requesting him to recommend to the Chief Executive in Council the resumption of land required for the implementation of the URA's redevelopment project pursuant to the Lands Resumption Ordinance ("LRO"). Generally speaking, land resumption shall cover the entire lot, including the private titles to the affected land which have been transferred to URA, in order to extinguish all and any rights and interests in the land concerned which include those illegal occupiers of the common areas of the buildings on that land.

Even though URA can apply for resumption of land for redevelopment pursuant to URAO, for every development project, it will always make best efforts to make acquisition offers to the owners concerned through negotiation for acquiring their property titles before land resumption by the Government. Neither URAO nor LRO has laid down a percentage of property titles successfully acquired by URA through negotiation which must be achieved before an application for land resumption can be made. When URA considers that its acquisition exercise has entered a mature stage and it is difficult to make further acquisition, it will consult the District Council concerned to listen to the views of local community. After that, URA will request SDEV to initiate the process and consider putting up a proposal to the Chief Executive in Council for resuming the land necessary for the relevant redevelopment project pursuant to LRO. This will ensure acquisition of all the titles for early commencement of rehousing and redevelopment.

After consulting URA and the Lands Department ("LandsD"), my reply to the four-part question is as follows:

- (1) Over the past 10 financial years, there were a total of 10 projects in respect of which URA had acquired less than 80% of the property titles concerned and resumption of land was approved. Please see the attached Annex for details.

When examining the relevant proposal for land resumption, the Chief Executive in Council will consider in accordance with the legislation whether the resumption of land for the development project concerned is in the interest of the public. All relevant information concerning the land resumption, including the progress

of the development project, objections, outstanding interests to be resumed, as well as compensation and rehousing arrangements, will be submitted to the Chief Executive in Council for consideration.

- (2) As the percentages of successful acquisition of property titles through negotiation by URA vary in different projects due to a number of factors, such as owners' preference, market situation, location of the project, distribution of ownership, how the property is occupied, problem of title defects and proportion of untraceable owners, etc., it is difficult to give a general percentage in this regard. For this reason, it is not appropriate for the Government to lay down a specific percentage of the total number of property titles successfully acquired under a project which must be achieved before an application for compulsory resumption of property titles can be made.
- (3) Except for the conservation cum redevelopment project at Nga Tsin Wai Village ("NTWV"), Wong Tai Sin,⁽¹⁾ URA will in general invite tenders from private developers to implement redevelopment projects as joint-venture partners. Upon completion of the projects, units will be sold in private market. This mode of operation will ensure that URA has sufficient resources to commence new redevelopment projects, carry out other works such as buildings rehabilitation and preservation, and take forward urban renewal in a sustainable manner.

To enhance the efficiency of urban renewal, URA will investigate the feasibility of various development approaches and evaluate the financial implications of these approaches under the Yau Mong District Planning Study which is now underway.

- (1) The NTWV project at Wong Tai Sin is a conservation cum redevelopment project jointly undertaken by URA and the property owner. The NTWV project was a project announced in 1998 but which had yet to be commenced by the former Land Development Corporation. Before the establishment of URA in 2001, most of the interests of the properties in NTWV had already been acquired and owned by a single owner. In view of public concerns about the conservation of NTWV and with the support of the District Council, URA intervened, undertook the project jointly with that single owner, and announced the commencement of the related work in 2007.

- (4) As provided by section 29 of URAO, URA should, within 12 months after the authorization for a development project is granted, make an application to SDEV requesting him to recommend to the Chief Executive in Council the resumption of land required for the implementation of the URA's redevelopment project pursuant to LRO. In this connection, what Mr WAI Chi-sing, Managing Director of URA, said in a newspaper interview earlier on means to say that given the above statutory time limit for land resumption, URA needs to commence the work on acquisition of property titles as soon as possible after the authorization for the project is granted. That said, it was interpreted by the press as "a limitation that property titles needs to be acquired as soon as possible".

Annex

Land Resumption Approved for URA Projects in the Past 10 Financial Years
before URA Had Acquired 80% of the Relevant Property Titles

<i>Year</i>	<i>(i) Project Name</i>	<i>(ii) Project Area (sq m)</i>	<i>(iii) The number of private property titles acquired by URA before invoking the Ordinance for land resumption[#]</i>	<i>(iv) The percentage of private property titles acquired by URA before invoking the Ordinance for land resumption^{#^} (%)</i>	<i>(v) The accumulated amount of expenditure incurred by LandsD on compensation and ex-gratia payments after land resumption* (HK\$ million) (approximately)</i>
2007- 2008	Mallory Street/Burrows Street (WC/001)	329	3	75.00	1.05

<i>Year</i>	<i>(i) Project Name</i>	<i>(ii) Project Area (sq m)</i>	<i>(iii) The number of private property titles acquired by URA before invoking the Ordinance for land resumption[#]</i>	<i>(iv) The percentage of private property titles acquired by URA before invoking the Ordinance for land resumption^{#^} (%)</i>	<i>(v) The accumulated amount of expenditure incurred by LandsD on compensation and ex-gratia payments after land resumption* (HK\$ million) (approximately)</i>
2007- 2008	Lai Chi Kok Road/Kweilin Street and Yee Kuk Street (SSP/1/001 & 002)	3 339	117	72.67	143.29
2007- 2008	Fuk Tsun Street/Pine Street (TKT/2/001)	559	60	75.00	39.09
2008- 2009	Yu Lok Lane/Centre Street (SYP/1/001)	2 150	61	76.25	56.59
2009- 2010	Chi Kiang Street/Ha Heung Road (TKW/1/001)	931	47	77.05	26.50
2011- 2012	NTWV (K1)	4 637	20	64.52	7.46
2011- 2012	Anchor Street/Fuk Tsun Street (TKT/2/002)	726	55	74.32	58.57
2012- 2013	Shanghai Street/Argyle Street (MK/01)	916	27	75.00	87.90

<i>Year</i>	<i>(i) Project Name</i>	<i>(ii) Project Area (sq m)</i>	<i>(iii) The number of private property titles acquired by URA before invoking the Ordinance for land resumption[#]</i>	<i>(iv) The percentage of private property titles acquired by URA before invoking the Ordinance for land resumption^{#^} (%)</i>	<i>(v) The accumulated amount of expenditure incurred by LandsD on compensation and ex-gratia payments after land resumption* (HK\$ million) (approximately)</i>
2013- 2014	Ma Tau Wai Road/Chun Tin Street (TKW/1/002)	3 377	122	76.73	91.13
2015- 2016	Reclamation Street/Shantung Street (YTM-010)	1 640	126	72.83	88.15

Notes:

As at the date on which the resumption notice was affixed on-site according to LRO

^ The percentage is based on the total property interests of the lots involved

* The respective expenditure was paid by URA and included the amount paid to all owners and tenants

Statistical information on judicial review cases

17. **MS TANYA CHAN** (in Chinese): *President, will the Government inform this Council of the following statistical information on judicial review ("JR") cases since the establishment of the Hong Kong Special Administrative Region:*

- (1) *the respective annual numbers of applications for leave to apply for JR which were (i) filed, (ii) granted and (iii) refused (set out in Table 1);*

Table 1

<i>Year</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
<i>1997</i>			
<i>...</i>			
<i>2017</i>			

- (2) *(i) the annual number of JR cases heard in the Court of Final Appeal and the High Court in which the Government was involved, together with a breakdown of such number by the court judgements which were (ii) in favour and (iii) not in favour of the Government as well as the respective percentages (set out in Table 2);*

Table 2

<i>Year</i>	<i>(i)</i>	<i>(ii)</i>		<i>(iii)</i>	
		<i>Number of cases</i>	<i>Percentage</i>	<i>Number of cases</i>	<i>Percentage</i>
<i>1997</i>					
<i>...</i>					
<i>2017</i>					

- (3) *the respective annual numbers of legal aid applications (i) received and (ii) approved by the Legal Aid Department ("LAD") in respect of JR cases, and regarding those approved cases, the respective annual numbers of cases in which the court judgements were (a) in favour and (b) not in favour of the legal aid recipients as well as the respective percentages (set out in Table 3); and*

Table 3

<i>Year</i>	<i>(i)</i>	<i>(ii)</i>	<i>(a)</i>		<i>(b)</i>	
			<i>Number of cases</i>	<i>Percentage</i>	<i>Number of cases</i>	<i>Percentage</i>
<i>1997</i>						

<i>Year</i>	<i>(i)</i>	<i>(ii)</i>	<i>(a)</i>		<i>(b)</i>	
			<i>Number of cases</i>	<i>Percentage</i>	<i>Number of cases</i>	<i>Percentage</i>
...						
2017						

- (4) *(i) the total amount of LAD's annual expenditure, and the (ii) amount in and (iii) percentage of such expenditure incurred for JR cases (set out in Table 4)?*

Table 4

<i>Year</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>
1997			
...			
2017			

SECRETARY FOR HOME AFFAIRS (in Chinese): President, under Hong Kong's legal system, which is based on the common law, judicial review ("JR") is an integral part of the regime for safeguarding the rule of law. The Hong Kong Special Administrative Region ("HKSAR") Government fully respects the people's right to seek judicial relief through JR, and will uphold the rule of law to ensure that such cases are dealt with appropriately in accordance with the relevant legal procedures.

Currently, the JR system in the HKSAR adopts a two-stage approach. Before the court hears a JR application substantively, the applicant must first file an ex parte application to the Court of First Instance of the High Court for leave to apply for JR.

Having consulted relevant departments and the Judiciary, we set out below our consolidated reply to the various parts of the question raised by Ms Tanya CHAN:

- (1) Statistics from the Judiciary on applications for leave to apply for JR and their outcome are at Annex 1.

- (2) Statistics provided by the Department of Justice on the numbers of decisions or judgments in JR cases handed down by the Court of Final Appeal or the High Court in respect of which the HKSAR Government was involved, together with a breakdown of the outcome in favour of or not in favour of the Government and the respective percentages, are at Annex 2.

- (3) and (4)

Statistics from the Legal Aid Department ("LAD") on the numbers of legal aid applications and legal aid certificates granted in respect of JR cases, the success rate for legally-aided JR cases and the legal expenditure on legally-aided JR cases are at Annex 3.

Annex 1

Statistics on applications for leave to apply for JR
(1997 to 2017)

<i>Year</i>	<i>Number of leave applications to apply for JR filed</i>			<i>Outcome of leave applications⁽³⁾ (as at 3.1.2018)</i>	
	<i>Total</i>	<i>Number of right of abode cases out of total⁽¹⁾</i>	<i>Number of torture claim cases out of total⁽²⁾</i>	<i>Granted</i>	<i>Refused</i>
1997	112				
1998	105				
1999	147				
2000	2 752				
2001	3 848	3 732			
2002	204	102			
2003	131	6		90	33
2004	150	4		83	50

<i>Year</i>	<i>Number of leave applications to apply for JR filed</i>			<i>Outcome of leave applications⁽³⁾ (as at 3.1.2018)</i>	
	<i>Total</i>	<i>Number of right of abode cases out of total⁽¹⁾</i>	<i>Number of torture claim cases out of total⁽²⁾</i>	<i>Granted</i>	<i>Refused</i>
2005	155	6		94	52
2006	132	0		76	41
2007	143	0		80	55
2008	147	0		71	62
2009	144	0		68	72
2010	134	0	1	68	58
2011	103	0	4	51	41
2012	161	0	57	72	79
2013	182	0	67	69	92
2014	168	0	28	84	66
2015	259	0	103	67 ⁽⁴⁾	141 ⁽⁴⁾
2016	228	0	60	26 ⁽⁴⁾	144 ⁽⁴⁾
2017	1 146	0	1 006	16 ⁽⁴⁾	228 ⁽⁴⁾

Notes:

- (1) The Judiciary has not kept pre-2001 statistics on JR for right of abode cases.
- (2) The Judiciary has not kept pre-2010 statistics on JR for torture claim cases.
- (3) The Judiciary has not kept pre-2003 statistics on the outcome of leave applications. Figures in this column represent the number of leave applications to apply for JR filed in the year in which leave was granted or refused by the court (the Court of First Instance of the High Court, or the Court of Appeal of the High Court, or the Court of Final Appeal) as at the report generation date. It should be noted that statistics on the outcome of leave applications to apply for JR may vary with the report generation date and time since they are real-time data.
- (4) Figures should be read and interpreted with care since 7%, 14% and 76% of the applications filed in 2015, 2016 and 2017 respectively were still pending determination as at the report generation date.

Numbers of decisions or judgments in JR cases
handed down by the Court of Final Appeal and the High Court
in respect of which the HKSAR Government was involved,
together with a breakdown of the outcome in favour of or not in favour of
the Government and the respective percentages
(1997 to 2017)

<i>Year</i>	<i>(i) Number of decisions or judgments in JR cases handed down by the Court of Final Appeal or the High Court in respect of which the Government was involved</i>	<i>(ii) In favour of the Government</i>		<i>(iii) Not in favour of the Government</i>	
		<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
1997	32	22	69%	10	31%
1998	91	76	84%	15	16%
1999	133	105	79%	28	21%
2000	1 381	1 353	98%	28	2%
2001	165	106	64%	59	36%
2002	4 662	4 639	99.5%	23	0.5%
2003	126	108	86%	18	14%
2004	112	92	82%	20	18%
2005	114	89	78%	25	22%
2006	127	106	83%	21	17%
2007	90	72	80%	18	20%
2008	124	90	73%	34	27%
2009	95	68	72%	27	28%
2010	103	84	82%	19	18%
2011	103	73	71%	30	29%
2012	120	93	78%	27	22%
2013	91	62	68%	29	32%
2014	119	76	64%	43	36%
2015	111	62	56%	49	44%
2016	140	123	88%	17	12%
2017	119	101	85%	18	15%

Annex 3

Statistics on the number of legal aid applications in respect of JR cases and the legal expenditure for legally-aid JR cases

- (1) Number of legal aid applications involving JR received by LAD and the number of legal aid certificates granted from 2001 to 2017⁽¹⁾

<i>Year</i> ⁽²⁾	<i>Number of legal aid applications involving JR received</i>	<i>Number of legal aid certificates granted for JR cases</i> ⁽³⁾
2001	147	20
2002	144	17
2003	146	20
2004	125	18
2005	180	24
2006	174	42
2007	234	99
2008	364	190
2009	552	200
2010	268	93
2011	229	58
2012	506	92
2013	432	119
2014	266	74
2015	500	107
2016	437	27
2017	1 046	29

Notes:

- (1) Statistics in the table include legal aid applications received and legal aid certificates granted which involve JR and are related to non-refoulement claims. Among the 1 046 legal aid applications involving JR received by LAD in 2017, 841 of them were submitted by non-refoulement claimants seeking JR against the decisions made in relation to their claims.
- (2) LAD has kept the number of legal aid applications involving JR since 2001.
- (3) Legal aid certificates may not be granted in the same year when the respective applications were received.

- (2) Number and percentage of legally-aided JR cases concluded with the outcome in favour of the legally-aided person in the past five years

<i>Year</i>	<i>In favour of the legally-aided person^{Note}</i>	
	<i>Number</i>	<i>Percentage</i>
2013	44	52%
2014	41	60%
2015	46	52%
2016	111	72%
2017	58	51%

Note:

Figures include cases in which (1) judgement was in favour of the aided person; (2) precedent was set by the court subsequent to the grant of legal aid, thus favourable to the case of the aided person; (3) relief was given to the aided person by the opponent (government department/organization) before conclusion of the legal proceedings; and (4) policy amendment was made by the opponent (government department/organization) so that relief could be obtained by the aided person who therefore did not have to continue with the legal proceedings. LAD has not kept statistics on legally-aided JR cases with the outcome not in favour of the aided person and pre-2013 statistics on legally-aided JR cases with the outcome in favour of the aided person.

- (3) Legal expenditure on legally-aided JR cases in the past five financial years and the respective percentages out of the total legal aid costs in the corresponding financial years

<i>Financial year</i>	<i>Legal expenditure on cases involving JR (\$ million)^{Note}</i>	<i>Percentage out of total legal aid costs of the financial year</i>
2012-2013	21.9	4.27%
2013-2014	33.9	5.95%
2014-2015	22.7	4.00%
2015-2016	29.4	5.17%
2016-2017	36.3	5.02%

Note:

The legal expenditure on cases involving JR was the total expenditure for legally-aided cases involving JR in the financial year, including the expenditure for cases where the legal aid certificates were not granted within that financial year. LAD has not kept consolidated data preceding the financial year 2012-2013.

Government sites granted by way of temporary government land allocations and let by way of short-term tenancies

18. **MR JEREMY TAM** (in Chinese): *President, regarding the government sites granted by the Lands Department to policy bureaux or government departments by way of temporary government land allocations ("TGLA sites") and the government sites let by the Department to parties outside the Government for temporary uses by way of short-term tenancies ("STT sites"), will the Government inform this Council:*

- (1) *of the respective current numbers of (i) TGLA sites and (ii) STT sites in the territory and the (a) location and (b) site area of each site (set out in a table), and (c) mark the locations of these two types of sites separately on maps; among the STT sites, the number of those which have already been committed to long-term planning uses; if such information is not readily available, whether the Government will consider compiling such information;*
- (2) *given that in its reply letter to a Member of this Council on 23 November last year, the Government indicated that of the 2 945 hectares of TGLA sites being used as works sites/works areas, about two thirds by area of the sites were expected to become parts of infrastructure facilities, of the titles of the works projects to which such infrastructure facilities belong and, which of them are major infrastructure work projects; whether it has conducted studies on the future uses of the remaining one third by area (about 1 000 hectares) of such sites; if so, of the objectives and contents of such studies; if not, whether it will conduct such studies immediately; of the detailed uses (e.g. for storing tools or workers' belongings) of the works areas during the period when works are in progress;*
- (3) *in respect of Annex 4 to the Government's reply to a question raised by a Member of this Council on 7 June last year, of (i) the respective government departments to which TGLA sites were granted for use as "storage", as well as the types of articles being stored on such sites, (ii) the percentage of those TGLA sites for use as "open space" which are currently open for public use, and (iii) the details on the usage of each of the TGLA sites the uses of which were classified as "others" (set out in a table); and*

- (4) *as the Government indicated in its reply as mentioned in (3) that it had no readily available information on those TGLA sites which were due to be returned in the coming three years, five years and 10 years, whether the Government has compiled such information since then; if so, of the details (set out in a table); if not, whether it will compile such information?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, my reply to the four-part question is as follows:

- (1) and (2)

As at February 2018, the total number of short-term tenancies ("STTs") granted by the Lands Department ("LandsD") is 5 407. The locations and site areas of these sites are as follows:

Location (breakdown by District Lands Office)	Number of STTs	Site area (hectare) (approx.)
Hong Kong East	165	18
Hong Kong West and South	507	50
Kowloon East	132	51
Kowloon West	127	63
Islands	492	1 721 ^{Note}
North	450	55
Sai Kung	1 013	50
Sha Tin	326	57
Tuen Mun	303	49
Tai Po	525	43
Tsuen Wan and Kwai Tsing	277	143
Yuen Long	1 064	123
Sites for railway development projects	26	35
Total	5 407	2 458 ^{Note}

Note:

Including an STT granted to the Airport Authority Hong Kong for land formation and related works of the Three-Runway System (1 640 hectares).

As at February 2018, the total number of temporary government land allocations ("TGLAs") granted by LandsD is 3 745. The locations and site areas of these sites are as follows:

Location (breakdown by District Lands Office)	Number of TGLAs	Site area (hectare) (approx.)
Hong Kong East	287	187
Hong Kong West and South	449	97
Kowloon East	303	222
Kowloon West	171	56
Islands	360	681
North	364	346
Sai Kung	331	410
Sha Tin	277	39
Tuen Mun	144	264
Tai Po	258	146
Tsuen Wan and Kwai Tsing	258	427
Yuen Long	398	211
Sites for railway development projects	145	137
Total	3 745	3 223

At present, STT sites are used to support various uses, including mainly works areas/works sites required for public rental housing/Home Ownership Scheme/railway development projects/the airport Three-Runway System, and public utilities/religious/community/other non-profit making uses, and open storage, container storage and temporary fee-paying car parks. The applicants are parties outside the Government. For works areas or works sites required for various types of public housing development projects, railway development and airport infrastructure projects, the total area measures approximately 1 750 hectares, or 71% of the total area of sites under STT. Regarding these STT sites granted for works areas/works sites, upon completion of the construction works, LandsD will grant a land lease for the long-term development use, and the relevant site(s) for the infrastructure will then be handed over to the responsible organizations for management and operation of the facilities concerned. In other words, these STTs are in fact issued

as a transitional arrangement to enable works to commence for implementation of the long-term development uses of the sites. Most of these sites will eventually become part of the infrastructure concerned.

TGLA is the mechanism for temporary allocation of a parcel of Government land to a government department/bureau for specific works or use (e.g. storage, open space, etc.). The area of TGLAs which are used as works areas/works sites is around 2 750 hectares, accounting for about 85% of the total area of TGLA sites. For these sites which are granted for use as works areas/works sites of government projects, they are allocated for implementation of the permanent use and the works sites concerned will normally become part of the future infrastructure upon expiry of TGLA. The major infrastructure projects involved in these works areas/works sites include the Shatin to Central Link project, the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road projects of the Hong Kong-Zhuhai-Macao Bridge, the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Liantang/Heung Yuen Wai Boundary Control Point and associated works, etc.

The Government's reply dated 23 November 2017 to the follow-up enquiries from a Member on the reply to Question 6 for the Legislative Council meeting on 7 June 2017 stated that, as a ballpark, about two-thirds of the TGLA sites used for works areas/works sites are expected to become part of the infrastructure. We should point out that this is a rough estimate. Upon completion of an individual project, whether or not the works area or works sites will be included as part of the infrastructure and the relevant area and coverage will be determined having regard to the final design and operation needs of the project.

As regards the long-term planned uses for STT sites and TGLA sites, the Government, under the multi-pronged strategy to increase land supply, has been conducting various land use reviews with a view to identifying more developable sites for housing and other uses in the short to medium term to optimize the use of land resources.

- (3) The TGLA sites granted for use as "storage", as mentioned in Annex 4 to the Government's reply to Question 6 for the Legislative Council meeting on 7 June 2017, are mainly allocated to the Highways Department, Civil Engineering and Development Department, Food and Environmental Hygiene Department, Water Supplies Department and Drainage Services Department. The types of articles being stored differ according to the different operational needs of the various departments.

As to whether the TGLA sites for use as "open space" (such as parks, courts/pitches) are open for public use, while LandsD does not have readily available information on the specific percentage, these venues are generally open for public use.

- (4) Having considered the substantial time and resources required for compiling the information regarding TGLA sites due to be returned in the coming 3 years, 5 years and 10 years, as well as the existing work priorities, we are unable to accord resource priority for compiling and providing the relevant information at this stage. In any event, if it is necessary to implement the long-term planned uses of the sites concerned or priority should be given to another temporary use in the light of changing circumstances, LandsD will terminate the concerned TGLA at an appropriate time to make way for implementation of the relevant long-term use or other temporary uses.

Due to resources and work priorities considerations, we are unable to provide a map indicating the location of over 9 000 STTs and TGLAs (Part (1) of the question refers), and the details of around 1 400 TGLA sites classified as "others" (Part (3) of the question refers).

Development of an Islamic financial market in Hong Kong

19. **MR CHAN CHUN-YING** (in Chinese): *President, as early as in 2007, the then Chief Executive first mentioned in his Policy Address the development of an Islamic financial market and set the introduction of Islamic finance and the development of an Islamic bond ("sukuk") market in Hong Kong as one of the Government's first initiatives. To that end, this Council passed amendments to*

the Inland Revenue Ordinance (Cap. 112) and the Stamp Duty Ordinance (Cap. 117) in July 2013. In 2014, the Government offered its inaugural sukuk under the Government Bond Programme. The Chief Executive of the last term reiterated in 2016 that Hong Kong would strive to set up a platform conducive to the development of Islamic finance, and its efforts included enhancing the related market infrastructure, providing manpower training, and promoting the development of Islamic financial products and cooperation with other Islamic financial markets. In this connection, will the Government inform this Council:

- (1) whether it has assessed if the Government's efforts in developing an Islamic financial market in the past 10 years have achieved the expected effects, and the major changes in relevant opportunities during the period; if it has assessed, of the details, including the annual changes in Hong Kong's market share in global Islamic financial activities; if not, the reasons for that;*
- (2) whether, for the purpose of developing an Islamic financial market, the current-term Government has specific plans in the areas such as enhancing market infrastructure, providing manpower training, and promoting product development and cooperation with other Islamic financial markets; if so, of the details; if not, the reasons for that; and*
- (3) whether it has formulated quantitative indicators for the next 5, 10 and 15 years for assessing the effectiveness of its efforts in developing an Islamic financial market; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, to promote the development of Islamic finance including the sukuk market in Hong Kong, we amended our laws in 2013 and 2014 respectively to provide a tax structure for sukuk which is comparable with that for conventional bonds, and to allow for the issuance of sukuk under the Government Bond Programme ("the Programme"). In 2014, 2015 and 2017, three sukuk were issued under the Programme to demonstrate to the global market the strengths of our Islamic finance platform, with a view to attracting more issuers and investors to participate in the capital market of Hong Kong.

The development of the sukuk market depends on a number of factors, including market education, and issuer and investor appetite. An array of Islamic financial products and services have already been introduced in Hong Kong, including the listing of global sukuk on the Hong Kong Stock Exchange, Islamic funds and Islamic banking windows.

Regarding talent development, the Hong Kong Monetary Authority and Bank Negara Malaysia have jointly organized Islamic finance conferences in Hong Kong. The Treasury Markets Association has also organized training sessions and seminars on Islamic finance.

The global financial market is fast-changing. We will continue to monitor the development of the domestic and global Islamic finance market, and introduce timely measures to further the development of Islamic finance in Hong Kong.

Land requirement and supply

20. **DR FERNANDO CHEUNG** (in Chinese): *President, in October 2016, the Planning Department published a topical report entitled "Consolidated Land Requirement and Supply Analysis" ("the Report"), which projected that "from now to long term", there would be a supply of 202, 1 440 and 1 872 hectares ("ha") of lands respectively for (i) economic uses, (ii) housing sites and (iii) uses as Government, Institution and Community sites, open space and transportation facilities. In this connection, will the Government inform this Council:*

- (1) *given that the Report has classified the lands to be supplied for economic uses into two groups, namely "Market-driven" (121 ha) and "Others", and further classified the former into three items, namely (i) "Central Business District Grade A Offices" (18 ha), (ii) "Industries" (-17 ha) and (iii) "Special Industries" (120 ha), and the latter as a single item of (iv) "Industrial" (81 ha), of a breakdown of these four items by source of land as set out in Table 1;*

Table 1

<i>Source of land</i>	<i>Market-driven (ha)</i>			<i>Others (ha)</i>
	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>
<i>Hung Shui Kiu New Development Area</i>				

<i>Source of land</i>	<i>Market-driven (ha)</i>			<i>Others (ha)</i>
	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>
<i>Kwu Tung North New Development Area</i>				
<i>Yuen Long South</i>				
<i>East Lantau Metropolis (Kau Yi Chau)</i>				
<i>New Territories North</i>				
<i>Redevelopment of Multi-Storey Car Park at Murray Road</i>				
<i>Site 3 & Site 5 at the New Central Harbourfront</i>				
<i>Topside Development of the Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Terminus</i>				
<i>Redevelopment of Excelsior Hotel</i>				
<i>Redevelopment of Queensway Plaza</i>				
<i>West Kowloon Cultural District</i>				
<i>Bus Terminus at Chung Kong Road</i>				
<i>Redevelopment of Rumsey Street Multi-Storey Car Park</i>				
<i>Redevelopment of Wan Chai Government Offices</i>				
<i>Kai Tak Development</i>				
<i>Sale Site in Kowloon East</i>				
<i>Potential Sale Site in Kowloon East</i>				
<i>Redevelopment of Taikoo Place</i>				
<i>Urban Renewal Authority Kwun Tong Town Centre</i>				
<i>Sale Site in Cheung Sha Wan</i>				
<i>Food and Environmental Hygiene Department's Depot, North Point</i>				
<i>Water Supplies Department's Depot, North Point</i>				

<i>Source of land</i>	<i>Market-driven (ha)</i>			<i>Others (ha)</i>
	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>
<i>Tung Chung New Town Extension</i>				
<i>Topside Development of Hong Kong Boundary Crossing Facilities Island</i>				
<i>Sale Site in Kwai Chung</i>				
<i>Potential Industrial Sites in Fanling, Fo Tan, Kwai Chung and Tsuen Wan</i>				
<i>Potential Industrial Sites on Stonecutters Island</i>				
<i>On Lok Tsuen Industrial Area (Intensification)</i>				
<i>Lam Tei Quarry Sites and Cavern Areas</i>				
<i>Sale Site in Tsing Yi</i>				
<i>Tuen Mun Areas 38/49</i>				
<i>Airport Island and North Lantau Development</i>				
<i>Ma Liu Shui Reclamation</i>				
<i>Others (please specify)</i>				
<i>Total area</i>	<i>18</i>	<i>-17</i>	<i>120</i>	<i>81</i>

- (2) of (i) the respective areas of land used for developing public and private housing among, and (ii) the respective numbers of public and private housing units that may be provided by, the lands to be supplied for housing site, and provide breakdowns of such figures by source of land as set out in Table 2;

Table 2

<i>Source of land</i>	<i>(i) (ha)</i>		<i>(ii) (unit)</i>	
	<i>Public housing</i>	<i>Private housing</i>	<i>Public housing</i>	<i>Private housing</i>
<i>Land Use Reviews—Some 25 Potential Housing Sites (2019-2020—2023-2024) (2017 Policy Address)</i>				

<i>Source of land</i>	<i>(i) (ha)</i>		<i>(ii) (unit)</i>	
	<i>Public housing</i>	<i>Private housing</i>	<i>Public housing</i>	<i>Private housing</i>
<i>Land Use Reviews—Some 150 Potential Housing Sites (2014-2015—2018-2019) (2014 Policy Address)</i>				
<i>Increasing Land Supply—42 Potential Housing Sites (2013 Policy Address)</i>				
<i>Kai Tak Development</i>				
<i>Diamond Hill Comprehensive Development Area Site</i>				
<i>Ex-Cha Kwo Ling Kaolin Mine (included in the some 150 sites announced in the 2014 Policy Address)</i>				
<i>Anderson Road Quarry (included in the some 150 sites announced in the 2014 Policy Address)</i>				
<i>Ex-Lamma Quarry</i>				
<i>Kam Tin South Public Housing Development (included in the some 150 sites announced in the 2014 Policy Address)</i>				
<i>Railway Property Developments—Committed Projects</i>				
<i>Urban Redevelopments Implemented by Urban Renewal Authority</i>				
<i>Kwu Tung North and Fanling North New Development Areas</i>				
<i>Tung Chung New Town Extension</i>				
<i>Hung Shui Kiu New Development Area</i>				
<i>Yuen Long South Development</i>				
<i>Tseung Kwan O Area 137</i>				

<i>Source of land</i>	<i>(i) (ha)</i>		<i>(ii) (unit)</i>	
	<i>Public housing</i>	<i>Private housing</i>	<i>Public housing</i>	<i>Private housing</i>
<i>Railway Property Developments—Potential Projects in Medium/Long Term (including Pat Heung Maintenance Depot and Siu Ho Wan Depot)</i>				
<i>Others (please specify)</i>				
<i>Total</i>				

- (3) given that the facilities to be provided on the aforesaid 1 872 ha of lands may be classified into two categories, namely (i) "Major special facilities" and (ii) "Population-related facilities", set out, by name of development project and in Table 3, the current situation (i.e. committed/planned/under advance planning) of the projects and the respective areas which will be occupied by these two categories of facilities;

Table 3

<i>Name of development project</i>	<i>Current situation</i>	<i>(i) (ha)</i>	<i>(ii) (ha)</i>
<i>(e.g. North East New Territories New Development Areas)</i>			
<i>Total area</i>		<i>1 020</i>	<i>852</i>

- (4) as it is projected in the Report that within 30 years from 2016, the demand for housing units arising from redevelopment projects would be about 318 400 units, of the respective numbers of public and private housing units that may be provided upon completion of the redevelopment projects concerned; and
- (5) as the Report estimated that the number of housing units to be provided upon completion of the redevelopment projects concerned would be less than that before redevelopment, of the ratio of these two numbers and how that ratio was arrived at?

SECRETARY FOR DEVELOPMENT (in Chinese): President, "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") serves to update the territorial development strategy. In the study process of Hong Kong 2030+, the Planning Department ("PlanD") has made broad-brush assessment on the long-term land and space requirement for various housing, economic activities, "government, institution and community" ("G/IC") facilities and transport needs. In this regard, apart from making reference to "Long Term Housing Strategy" and the provision targets and guidelines for various facilities under the "Hong Kong Planning Standards and Guidelines" as well as consulting relevant bureaux and departments, PlanD has also carried out a consultancy study on "Review of Land Requirement for Grade A Offices, Business and Industrial Uses". The aforementioned analyses of land supply and demand, including the methodologies in estimating and assessing the land supply and demand, have been set out in the topical paper on "Consolidated Land Requirements and Supply Analysis" <www.hk2030plus.hk/document/Consolidated%20Land%20Requirement%20and%20Supply%20Analysis_Eng.pdf> (Topical Paper).

According to the broad-brush projection under "Hong Kong 2030+", it is estimated that the total additional land requirement for different uses in the long term will be no less than 4 800 hectares. Taking into account the land supply from the committed, planned and under advance planning development projects (including redevelopment projects), about 3 600 hectares of land can be provided. Hong Kong in the long term is thus short of at least 1 200 hectares of land. It is worth to note that, as a strategic study, the land uses covered by the "Hong Kong 2030+" analyses are not exhaustive, and such macro study is unable to make detailed estimation or analysis for individual projects. The relevant data can only reflect, at the time when the estimation was made (i.e. 2015-2016), the various major land supply items and their respective expected land use in a broad-brush manner. For certain projects which are still undergoing studies, their project details (including development parameters, number of flats, housing types and completion year) are subject to adjustments as the projects are taken forward. On the other hand, details of ongoing projects are subject to changes arising from statutory and other procedures (such as feasibility/technical studies, consultation, rezoning, detailed design, works funding, land resumption, compensation, rehousing, etc.) and project progress.

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

(1) to (3)

The projected land supply for economic uses under "Hong Kong 2030+" stands at about 202 hectares. Of these, the land supply for market-led economic uses is projected to be 121 hectares, mainly including 18 hectares for Grade A offices in Central Business Districts, 120 hectares for special industries and the 17 hectares of negative supply expected for industrial land. The land supply for other economic uses is about 81 hectares, mainly including land for port back-up facilities and industrial estates. Details have been set out in Chapter 1 of the Topical Paper.

Regarding sources of the 1 440 hectares projected housing land supply, it includes various known short-to-medium term land supply items (such as the some 210 housing sites identified under the land use review, former quarry sites, Kai Tak Development Area, and railway property development projects), medium-to-long term land supply items (such as the various New Development Areas and New Town Extension projects, and potential railway development projects), as well as other known or anticipated private development and redevelopment projects (mainly items with approved building plans and/or planning permissions). The major relevant sites are expected to provide over 600 000 residential flats, while the target for the ratio of overall public-private housing supply remains at 60:40 as set out in the Long Term Housing Strategy. As mentioned above, details of individual projects (including quantity and housing type) are subject to change as the project progresses.

As for the estimated 1 872 hectares supply for G/IC, open space and transport facilities, 852 hectares of which is for population-related facilities, while the remaining 1 020 hectares is mainly land for special government facilities which have been committed/planned/under advance planning, as required by

individual Policy Bureau/departments. Details are set out in Chapter 3 of the Topical Paper.

Details of the above land supply for economic activities, housing and G/IC, open space and transport facilities are set out at Annex 1 and Annex 2.

(4) and (5)

The projection of the overall housing demand from 2016 to 2046 at about 1 million flats under "Hong Kong 2030+" has made reference to the methodology of the Long Term Housing Strategy, which includes 318 400 flats required for households displaced by redevelopment. For the first 10 years (i.e. 2016 to 2026), "Hong Kong 2030+" has directly adopted the supply target in the "Long Term Housing Strategy Annual Progress Report 2015", including 45 400 flats required by households displaced by redevelopment. For the next 20 years (i.e. 2026 to 2046), the projection methodology is broadly similar to that for the first 10 years. As regards the 273 000 flats required by households displaced by redevelopment therein, we assume that the redevelopment scale for public housing for each of the following 10 years is similar to that for the first 10 years. As for private housing, the assumption on number of private housing flats to be demolished and redeveloped is derived from the demolition rates of private housing stock by age cohorts over the past 5 years from 2010 to 2014 and applying similar rates to the future private building stock. With strategic planning considerations in mind, we expect that the long term built-back ratio for some redeveloped private residential buildings would be lower than the existing level, but the actual data is subject to the actual circumstances of individual redevelopment projects. Details are set out in Chapter 2 of the Topical Paper.

Annex 1

Major Land Supply Initiatives

<i>Major Land Supply Items^(a)</i>	<i>Estimated Developable Land Area (about) (hectares)</i>	<i>Estimated Flat Production/ Economic Use Gross Floor Area ("GFA")^(b) (about)</i>	<i>Estimated Economic Land Supply^(b) (about) (hectares)</i>	<i>Estimated Housing Land Supply (about) (hectares)</i>	<i>Estimated G/IC, Open Space, Transportation Facilities Land Supply (about) (hectares)</i>
Land Use Reviews (including Ex-Cha Kwo Ling Kaolin Mine, Anderson Road Quarry and Kam Tin South Public Housing Development)	500	Over 310 000 units	-	500	-
Kai Tak Development ("KTD")	320	Flat number: 50 000 units Commercial GFA: 2.3 million sq m ^(c)	41	49	202
Diamond Hill Comprehensive Development Area Site	7.42	4 050 units	-	2.83	4.59
Ex-Lamma Quarry	20	1 900 units	3.5	6	10.5
Railway Property Developments—Committed Projects ^(d)	18	12 000 units	-	18	-
Urban Redevelopments Implemented by the Urban Renewal Authority ("URA") ^(e)	2.38	3 310 units	-	2.38	-
Energizing Kowloon East	7	Business GFA: 680 000 sq m	7	-	-
New Central Harbourfront	19	Commercial GFA: 200 000 sq m	19	-	-
Kwu Tung North New Development Area ("NDA")	230	Flat number: 35 260 units Commercial/ Industrial GFA: 696 000 sq m	17.5	51	133

<i>Major Land Supply Items^(a)</i>	<i>Estimated Developable Land Area (about) (hectares)</i>	<i>Estimated Flat Production/ Economic Use Gross Floor Area ("GFA")^(b) (about)</i>	<i>Estimated Economic Land Supply^(b) (about) (hectares)</i>	<i>Estimated Housing Land Supply (about) (hectares)</i>	<i>Estimated G/IC, Open Space, Transportation Facilities Land Supply (about) (hectares)</i>
Fanling North NDA	90	Flat number: 24 640 units Commercial GFA: 140 000 sq m	-	34	85
Tung Chung New Town Extension	196	Flat number: 49 400 units Commercial GFA: 877 000 sq m	16.8	71.9	107.7
Hung Shui Kiu NDA	441	Flat number: 61 000 units Commercial/ Industrial GFA: 6.37 million sq m	105	80	256
Yuen Long South Development	185	Flat number: 28 500 units Commercial/ Industrial GFA: 570 000 sq m	11	60	114
Railway Property Developments— Potential Projects in Medium/Long Term (including Pat Heung Maintenance Depot and Siu Ho Wan Depot)	54	Over 21 000 units	-	54	-

Notes:

- (a) Individual major land supply initiatives such as the housing sites identified in land use reviews (including Ex-Cha Kwo Ling Kaolin Mine, Anderson Road Quarry and Kam Tin South Public Housing Development) may also involve the supply of relevant economic, G/IC, open space, and transportation facilities land. As the land areas for the various uses under the concerned land supply initiatives estimated under "Hong Kong 2030+" might be different due to the differences in methodologies and/or the planning progress of the projects at different point of time, the estimated land supply breakdown in the above table does not entirely match with the relevant land supply estimates under "Hong Kong 2030+". Besides, the estimated developable land area, flat production and economic use GFA provision of the various initiatives are subject to changes.

- (b) Unlike the demand analysis under "Hong Kong 2030+", the estimated floor area and land supply for economic uses in the above table include various types of economic uses (e.g. retail) under individual projects.
- (c) This is the estimated total commercial GFA in KTD, which comprises about 1.8 million sq m of commercial floor area and about 0.5 million sq m of government office floor space under planning and commercial/government office floor space currently in use.
- (d) Excluding West Rail Pat Heung Maintenance Depot site and potential property developments (e.g. Siu Ho Wan Depot).
- (e) Based on URA's commenced residential projects with projected tender invitation timetable in the five years from 2017-2018 to 2021-2022.

Annex 2

Summary of Findings of Supply and Demand Assessment on
Major Special Facilities

	<i>Estimated New Land Requirement (hectares)</i>	<i>Potential Land Supply in Committed/Planned/under Advance Planning Projects (hectares)</i>	<i>Long Term Shortfall (hectares)</i>
<i>Special G/IC Uses</i>			
Government uses*	> 100	about 310	about 87
Educational facilities	> 35		
Medical facilities	< 5		
Recreation and leisure facilities	> 250		
<i>Agricultural Uses</i>			
Agricultural Park	80	Land already reserved	-
<i>Open Space</i>			
Regional open space, etc.	> 55	Land already reserved	-
<i>Transport-related Facilities</i>			
Railway maintenance depot	> 15	-	about 17
<i>Other Uses and Installations</i>			
Landfill extension	> 310	Land already reserved	-
Port extension and related facilities	> 45		-
Telecommunications-related facilities	> 15		-

	<i>Estimated New Land Requirement (hectares)</i>	<i>Potential Land Supply in Committed/Planned/under Advance Planning Projects (hectares)</i>	<i>Long Term Shortfall (hectares)</i>
Construction and demolition materials handling facilities	about 30	about 190	about 193
Waste management and handling facilities	> 40		
Sewage treatment works	> 130		
Desalination plant/water treatment works/other water-related facilities	> 40		
Stormwater storage tank/flood lakes/river channels	> 55		
Columbaria	> 75		
Quarries and rock processing facilities	about 90	-	about 131
LPG/oil/town gas/natural gas facilities	> 35		
Driving school	about 4		
TOTAL	about 1 448	about 1 020	about 428

Note:

- * Mainly include correctional institutions, reservoirs/service reservoirs, depots/workshops/storage areas for various departments, police facilities, court facilities, and vehicle examination and driving testing centres.

Realization of the concept of financial inclusion

21. **MR WU CHI-WAI** (in Chinese): *President, at present, there are only five vehicle-converted bank mobile branches in the territory, which station, by rotation, in districts where the coverage of banking services is insufficient. Many people therefore still need to travel a long distance to visit bank branches in other districts in order to use banking services, which is particularly inconvenient to the elderly. The Hong Kong Association of Banks ("HKAB")*

announced in November last year that starting from March this year, it would, in collaboration with EPS Company (Hong Kong) Limited and a chain convenience store, provide for the elderly EPS cash withdrawal service without the requirement to make purchases ("cash withdrawal service for the elderly") at 34 convenience stores located in relatively remote areas, such as the outlying islands and Tin Shui Wai. On the other hand, the Government indicated in 2006 that as the service scope of the Hongkong Post ("HKP") was bound by the Post Office Ordinance (Cap. 98) and the Trading Funds Ordinance (Cap. 430), HKP could not provide withdrawal and deposit services on behalf of banks. However, HKP announced early this month that it would provide cash withdrawal service for the elderly in phases in seven selected post offices starting from April this year. Regarding realization of the concept of financial inclusion, will the Government inform this Council:

- (1) whether it knows the specific implementation date for the cash withdrawal service for the elderly to be provided at convenience stores, the service restrictions and other details; whether HKAB is currently discussing with other chain convenience stores, supermarkets or shops the provision of such service; if discussion is underway, of the details and progress;*
- (2) whether it knows if the various banks have plans in the coming three years to (i) launch more mobile branches and (ii) introduce other measures for realizing the concept of financial inclusion; if they do, of the details;*
- (3) of the details of the cash withdrawal service for the elderly to be provided by HKP, including (i) the specific implementation date, (ii) the names of the seven post offices, (iii) the set-up costs, and (iv) the estimated annual recurrent expenditure; as it has been reported that the banks participating in the initiative of providing cash withdrawal service for the elderly at convenience stores need to pay a transaction cost of about \$6 per transaction, of the fee that HKP will charge the banks for each transaction of the cash withdrawal service for the elderly;*
- (4) of the criteria adopted by HKP for selecting the seven post offices, and whether HKP has plans to extend the cash withdrawal service for the elderly to other post offices; if so, of the details;*

- (5) *of the restrictions imposed by the two aforesaid ordinances in respect of HKP's provision of withdrawal and deposit services on behalf of banks; whether the Government will study the provision of other banking services in post offices; and*
- (6) *whether the Government will study setting aside some areas in other government venues (such as the cultural and recreational facilities under the Leisure and Cultural Services Department) for banks to install automatic teller machines or provide other services, in order to further realize the concept of financial inclusion?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, having consulted the relevant Policy Bureaux, our consolidated reply to the question raised by Mr WU Chi-wai is as follows:

- (1) and (2)

To promote financial inclusion, the Hong Kong Monetary Authority ("HKMA") has been actively following up and coordinating with retail banks to further enhance the coverage of banking networks in remote areas and public housing estates ("PHEs"). Positive responses were received from banks, which have undertaken to set up some 10 branches and 3 mobile branches gradually starting from 2017. As at the end of this January, 7 branches have already started operations in Tin Shui Wai North, Sha Tin and Kwai Chung, while 3 mobile branches have commenced services in PHEs, adding up to a total of 5 mobile branches for serving 24 locations in Hong Kong.

HKMA encourages banks to apply new technologies and operation modes, such as video teller machines ("VTMs"), to supplement the existing banking networks apart from providing physical branches. Currently, there are more than 200 VTMs in Hong Kong, which allow bank staff at customer service centres to provide interactive banking services and engage in real-time conversations with customers through video imaging. HKMA will continue to monitor the operation of mobile branches and VTMs, and explore with banks the feasibility of further enhancing the relevant services.

HKMA has also been encouraging the banking industry to enhance banking services for senior citizens and residents living in remote areas through various means. In response to our earlier request for the Hong Kong Association of Banks ("HKAB") to consider the proposal of allowing elders to withdraw cash at convenience stores without the need to make purchases, the banking industry, the EPS Company (Hong Kong) Limited ("EPS Company") and a convenience store chain decided in November 2017 to roll out the arrangement. A pilot will be launched in early March this year allowing senior citizens to withdraw cash via EPS service at 34 convenience stores in the more remote areas, such as Cheung Chau, Lantau Island, Yuen Long, Tin Shui Wai and Sheung Shui, without making purchases. The arrangement will cover all the 20 member banks of the EPS Company. Except for the daily rush hours from 7:30 am to 10:00 am, holders of senior citizen cards can withdraw cash using banking cards with EPS function at selected convenience stores without making purchases, subject to a cap of HK\$500 each transaction and a maximum of two transactions per day. HKAB and EPS Company will review the effectiveness of the pilot scheme before considering extension of the service to more areas. The target is to expand the service to most of the outlets of the convenience store chain in question by the end of this year. HKMA will continue to follow up with HKAB, and encourage HKAB to recruit more merchants to join the programme so as to provide more convenient cash withdrawal services for the elderly.

(3) to (5)

In response to calls for financial inclusion, Hongkong Post ("HKP") will introduce a cash withdrawal service for senior citizens to complement the existing networks for senior citizens to withdraw cash. HKP currently plans to introduce the service progressively in April this year in 7 Post Offices mainly in the New Territories and on outlying islands, for senior citizens to withdraw cash up to \$500 per transaction. The selection of these Post Offices is mainly based on operational considerations of HKP (e.g. manpower and equipment, cash and counter management, etc.). HKP is now discussing with EPS Company the operational details and commercial terms of this agency service, and will announce the service details in due course. Whether HKP will provide the same

service in more Post Offices will depend on the actual need and other relevant factors. For the time being, HKP has no intention to introduce other banking services.

- (6) Currently, automatic teller machines ("ATMs") are installed at government premises, such as the Immigration Tower in Wan Chai and the Tai Po Government Offices, through tendering procedures. Relevant departments will review from time to time the availability of locations for banks to set up ATMs. Where suitable sites are available, we will further explore with the banking industry the feasibility of setting up ATMs.

Influenza surges

22. **MR HOLDEN CHOW** (in Chinese): *President, Hong Kong is now in the winter surge of influenza, with sporadic outbreaks of influenza in the community, institutions and schools. As at the 8th of this month, more than 400 winter influenza outbreaks were recorded by the Centre for Health Protection, outnumbering the figure of the same period last year. In this connection, will the Government inform this Council:*

- (1) *whether it knows, in each of the past five years, the quantities of influenza vaccines supplied to and used by the healthcare systems of the public and private sectors respectively;*
- (2) *of the normal differences between the influenza epidemic during the influenza summer surge and winter surge; whether it has compiled statistics on the respective numbers of persons diagnosed with influenza during the influenza summer surge and winter surge in each of the past five years and, among them, the respective numbers and percentages of children and elderly persons;*
- (3) *of the methods adopted by the Government for projecting the future trend of influenza epidemic; whether it has formulated new measures to ensure that the supply of influenza vaccines for and the number of hospital beds in the healthcare systems of the public and private sectors in Hong Kong are sufficient for tackling influenza surges; and*

- (4) *whether it knows, in each of the past five years, the respective numbers of influenza patients who sought treatment at the accident and emergency departments of public and private hospitals and, regarding those patients among them who needed to be hospitalized for treatment, the respective average duration for which they had to wait for admission to the wards?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President,

- (1) Each year, the Government provides free and subsidized influenza vaccination to eligible Hong Kong residents through the Government Vaccination Programme ("GVP") and Vaccination Subsidy Scheme ("VSS") (details at Annex 1 and Annex 2 respectively).

The number of people receiving seasonal influenza vaccination under GVP and VSS over the past five years are set out in the following table:

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
GVP	241 800	240 700	356 100	392 100	414 500
VSS	202 100	222 100	234 700	184 300	288 400
Total	443 900	462 800	590 800	576 400	702 900

Note:

The above figures do not include the number of people receiving vaccination in the private sector at their own expenses.

The quantity of influenza vaccines procured by the Government under GVP and imported by vaccine suppliers for private market over the past five years are listed below:

<i>Year</i>	<i>Influenza vaccines procured by the Government under GVP (doses)</i>	<i>Influenza vaccines imported by vaccine suppliers for private market (doses)[#]</i>
2012-2013	285 000	about 567 500
2013-2014	285 000	about 585 000
2014-2015	378 453	about 622 000

<i>Year</i>	<i>Influenza vaccines procured by the Government under GVP (doses)</i>	<i>Influenza vaccines imported by vaccine suppliers for private market (doses)[#]</i>
2015-2016	402 730	about 539 000
2016-2017	426 107	about 596 500

Note:

Information provided by vaccine suppliers.

- (2) Seasonal influenza, a common respiratory infection in Hong Kong, is prevalent throughout the year, particularly during the influenza seasons. Hong Kong usually experiences two influenza seasons every year, the winter influenza season normally occurs between January and March/April, and the summer influenza season between July and August. Past experience has shown that winter is the main influenza season in Hong Kong. Comparatively speaking, the summer influenza season normally lasts for a shorter period with lower influenza activity than that in the winter season. However, there are exceptions such as the summer influenza season last year which was far more severe than the winter influenza season early last year.

For healthy individuals, influenza is usually self-limiting with recovery within a week. The majority of infected cases in the community are not tested and confirmed. Given its prevalent nature, seasonal influenza is not a statutory notifiable disease in Hong Kong. Hence, the Centre for Health Protection ("CHP") of the Department of Health ("DH") does not maintain statistics on the total number of people diagnosed with influenza in the community. Nevertheless, CHP conducts routine surveillance of the number of admissions with principal diagnosis of influenza in public hospitals. The total number of public hospital admissions associated with influenza in each winter/summer influenza season over the past five years were in the range of 569 to 9 813 (median: 1 780), while the percentages of children aged under 18 and elders aged 65 or above ranged from 16.1 to 49.4% and 21.0 to 67.8% respectively. The relevant figures are listed out in the table below:

Year	Influenza season	Persons aged 0-17		Persons aged 18-64		Persons aged 65 or above		Accumulative total
		Number	%	Number	%	Number	%	
2013	2012-2013 Winter	533	46.2%	378	32.8%	242	21.0%	1 153
	2013 Summer	429	34.2%	217	17.3%	610	48.6%	1 256
2014	2013-2014 Winter	1 516	39.0%	1 119	28.8%	1 255	32.3%	3 890
	2014 Summer	166	29.2%	100	17.6%	303	53.3%	569
2015	2014-2015 Winter	1 118	16.1%	1 118	16.1%	4 698	67.8%	6 934
	2015 Summer	537	23.3%	439	19.0%	1 329	57.7%	2 305
2016	2015-2016 Winter	2 356	49.4%	1 170	24.5%	1 248	26.1%	4 774
	2016 Summer	276	29.0%	148	15.5%	528	55.5%	952
2017	2016-2017 Winter	396	39.3%	207	20.6%	404	40.1%	1 007
	2017 Summer	2 586	26.4%	1 947	19.8%	5 280	53.8%	9 813

- (3) CHP has been closely monitoring the activities of influenza and various respiratory pathogens in the community through a series of surveillance systems. It has established laboratory surveillance and sentinel surveillance networks which cover childcare centres, residential care homes for the elderly, the Hospital Authority ("HA")'s general outpatient clinics ("GOPCs"), clinics of private practitioners, the Accident and Emergency ("A&E") departments in public hospitals and Chinese medicine clinics. In addition, CHP has been monitoring the weekly number of admissions in public hospitals with diagnosis of influenza and the daily number of admissions with laboratory confirmation of influenza.

Regarding the monitoring of influenza severity, CHP conducts routine surveillance of pediatric influenza-associated severe

complications or deaths among children (aged below 18). For adults, CHP has collaborated with HA and private hospitals to monitor the cases of intensive care unit admission or death with laboratory confirmation of influenza. This surveillance mechanism has been regularized as a routine surveillance operating throughout the year since 2018. Forecast of the trend of local influenza activity will be carried out according to the data of various local surveillance systems, the situation of neighbouring and overseas areas, and local epidemiological experience. Meanwhile, publicity and risk communication activities will also be conducted in a timely manner, including issuing press releases and letters to schools, residential care homes and doctors, with a view to raising risk awareness among the public and health care personnel and enabling them to remain vigilant at all times.

On the supply of influenza vaccines, the World Health Organization ("WHO") will review the global epidemiology of influenza every year to recommend virus strains for inclusion in influenza vaccine for use in the northern hemisphere in accordance with the available data. Each year, the Government will determine the scope of GVP and VSS with reference to the expert recommendations of WHO and the Scientific Committee on Vaccine Preventable Diseases. Given the limited global supply of influenza vaccines and the time required for manufacturing vaccines (take around six to eight months) and the vaccines manufactured are for use only for a single influenza season, the Government must estimate in advance at the beginning of each year the quantity of vaccine doses required for the coming season under GVP. The Government will then place orders with the suppliers in accordance with its established procurement procedures to secure adequate supply of vaccines for GVP. On the supply of vaccines in local private health care sector, private health care institutions will purchase directly from vaccine suppliers on their own. Nevertheless, DH will also actively liaise with vaccine suppliers in order to reserve sufficient stock of vaccines for use by private health care institutions, including those participating in VSS.

In respect of beds in public hospitals, HA has been progressively increasing the number of beds and addressing the shortage of manpower through allocating manpower and resources under its

annual plans and progressing with the ten-year Hospital Development Plan, so as to meet the incremental service demand. Besides, to cope with the upsurge in service demand during influenza surges, HA will allocate additional resources for provision of additional time-limited beds and temporary beds during peak seasons every year, and adopt a wide range of measures to strengthen the services. These measures include:

- (a) continuing to recruit full-time and part-time health care staff, and encouraging higher participation of existing health care staff during peak seasons through the Special Honorarium Scheme;
 - (b) enhancing virology services to facilitate and expedite patient management decision;
 - (c) enhancing ward rounds of senior clinicians and related supporting services in the evenings, at weekends and on public holidays to facilitate early discharge of patients;
 - (d) enhancing discharge support (e.g. non-emergency ambulance transfer service, pharmacy and portering services) to shorten the waiting time for patients on discharge so that their beds can be allocated to other patients at the earliest possible time;
 - (e) increasing the service quotas of GOPCs during Christmas, Lunar New Year and Easter holidays as well as the whole surge period to enhance the service capacity of GOPCs; and
 - (f) strengthening geriatrics support to A&E departments and continuing the A&E Support Session Programme.
- (4) HA and DH do not maintain statistics on the number of influenza patients who sought treatment at the A&E departments of public and private hospitals, as well as the average waiting time for admitting these patients to the wards.

GVP 2017-2018 (free seasonal influenza vaccination)

<i>Priority groups recommended by Scientific Committee on Vaccine Preventable Diseases</i>	<i>Eligible groups of GVP 2017-2018</i>
1. Pregnant women	Pregnant women who are Comprehensive Social Security Assistance ("CSSA") recipients or holders of valid Certificate for Waiver of Medical Charges issued by Social Welfare Department ("Certificate")
2. Elderly persons living in residential care homes	Residents of residential care homes for the elderly ("RCHEs")
3. Long-stay residents of institutions for persons with disabilities	Residents of residential care homes for the disabled ("RCHDs")
4. Persons aged 50 years or above	Community-living persons: - 65 years or above: all elderly - 50 years to under 65: CSSA recipients or valid Certificate holders
5. Persons with chronic medical problems [*]	Community-living persons: - Receiving Disability Allowance: clients of HA or clinics of DH - With intellectual disabilities: clients of HA, DH clinics, designated day centres, sheltered workshops or special schools
	Aged under 50 years attending public clinics: CSSA recipients or valid Certificate holders with high-risk conditions [#]
	Inpatients (including paediatric patients) of HA: hospitalized patients with high-risk conditions [#] (including those in infirmary, psycho-geriatric, mentally ill or mentally handicapped units/wards)
	Paediatric outpatients: with high-risk conditions [#] or on long-term aspirin
6. Health care workers ("HCWs")	HCWs of DH, HA, RCHEs, RCHDs or other Government departments

<i>Priority groups recommended by Scientific Committee on Vaccine Preventable Diseases</i>	<i>Eligible groups of GVP 2017-2018</i>
7. Children aged 6 months to under 12 years	Children aged 6 months to under 12 years from families receiving CSSA or holding valid Certificate <i>Where to vaccinate?</i> - 6 months to under 6 years: Maternal and Child Health Centres of DH - 6 years to under 12 years: Student Health Service Centres of DH
8. Poultry workers	Poultry workers or workers who may be involved in poultry-culling operations
9. Pig farmers or pig-slaughtering industry personnel	Pig farmers or pig-slaughtering industry personnel

Notes:

* For details, please refer to Recommendations on Seasonal Influenza Vaccination for the 2017-2018 Season (June 2017).

High-risk conditions include risk factors for both invasive pneumococcal disease and seasonal influenza:

- History of invasive pneumococcal disease, cerebrospinal fluid leakage or cochlear implant;
- Chronic cardiovascular (except hypertension without complications), lung, liver or kidney diseases;
- Metabolic diseases including diabetes mellitus or obesity (Body Mass Index 30 or above);
- Immunocompromised states related to weakened immune system due to conditions such as asplenia, Human Immunodeficiency Virus infection/Acquired Immune Deficiency Syndrome or cancer/steroid treatment;
- Chronic neurological conditions that can compromise respiratory functions or the handling of respiratory secretions or increase the risk for aspiration, or those who lack the ability to take care of themselves; and
- Children and adolescents (aged 6 months to 18 years) on long-term aspirin therapy.

VSS 2017-2018 (subsidized seasonal influenza vaccination)

<i>Priority groups recommended by Scientific Committee on Vaccine Preventable Diseases</i>	<i>Eligible groups of VSS 2017-2018 (\$190 per dose)</i>
1. Pregnant women	All pregnant women
2. Children aged 6 months to under 12 years	All children aged 6 months to under 12 years
3. Persons with chronic medical problems*	Community-living persons with intellectual disabilities or receiving Disability Allowance, regardless of disability (including disabled physical, mental, intellectual or other conditions)#
4. Persons aged 50 years or above	All elderly aged 65 years or above

Notes:

* For details, please refer to Recommendations on Seasonal Influenza Vaccination for the 2017-2018 Season (June 2017).

High-risk conditions include:

- History of invasive pneumococcal disease, cerebrospinal fluid leakage or cochlear implant;
- Chronic cardiovascular (except hypertension without complications), lung, liver or kidney diseases;
- Metabolic diseases including diabetes mellitus or obesity (Body Mass Index 30 or above);
- Immunocompromised states related to weakened immune system due to conditions such as asplenia, Human Immunodeficiency Virus infection/Acquired Immune Deficiency Syndrome or cancer/steroid treatment;
- Chronic neurological conditions that can compromise respiratory functions or the handling of respiratory secretions or increase the risk for aspiration, or those who lack the ability to take care of themselves; and
- Children and adolescents (aged 6 months to 18 years) on long-term aspirin therapy.

GOVERNMENT BILL**First Reading and Second Reading of Government Bill****First Reading of Government Bill**

PRESIDENT (in Cantonese): Government Bill: First Reading.

APPROPRIATION BILL 2018

CLERK (in Cantonese): Appropriation Bill 2018.

Bill read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Government Bill

PRESIDENT (in Cantonese): Government Bill: Second Reading.

APPROPRIATION BILL 2018

FINANCIAL SECRETARY (in Cantonese): President, Honourable Members and fellow citizens, good morning. I move that the Appropriation Bill 2018 be read a Second time.

Introduction

At the start of the Chinese New Year, I deliver the first Budget of the current-term Government with a thankful heart.

Over the past few weeks, the public has engaged in extensive discussions and expressed diverse opinions on the Budget. I am indebted to you all, and appreciate fully that various sectors of the community have different needs and aspirations.

The preparation of this year's Budget has enlightened me in many ways. Budget consultation has revealed once again the wide-ranging, diverse and even conflicting demands within the community. At the same time, it has brought me closer to the public, enabling me to see things from the perspective of the people whom I serve, so that I could consider how best to use the resources pooled from them to meet their needs and those of Hong Kong. Therefore, in preparing the speech, I have placed much emphasis on explaining, in a more systematic way, the Government's priorities in using public resources, as well as our visions for the future, development direction and financial planning.

The initiatives put forward in this Budget are underpinned by three main objectives:

- (1) Diversified economy: we have to diversify our economy to create wealth for Hong Kong and provide wider and better development opportunities for our young people.
- (2) Investing for the future: the outbreak of winter influenza has reminded us once again of the pressing need to improve health care services; an ageing population poses challenges which need to be overcome by deploying resources and making early preparation; and we also need to improve our living environment to make Hong Kong an ideal smart city to work and live in.
- (3) Caring and sharing: children and young people should be given more care, protection and opportunities; middle-class families need relief from financial burdens, while the grassroots and underprivileged require more support. Besides, a fulfilling life calls for not only materialistic improvements, but also better quality of life and spiritual enrichment.

In reality, no abundance of resources would ever enable the Government to satisfy the needs of all. It is my responsibility to take care of various sectors of the community. While addressing the pressing needs, I must also be proactive, innovative and bold in investing for the future of Hong Kong. I will elaborate on this in the ensuing parts of my speech.

Economic Development

The Gross Domestic Product ("GDP") per capita of Hong Kong amounts to US\$46,000, and is among the highest in the world. However, our average annual economic growth rate over the past decade was merely 2.7%, reflecting a slower growth momentum. We must leverage our strength and take a forward-looking approach in positioning our future development and seeking new impetus. This will enable our economy to grow in a diversified manner, provide our young people with more room for development and improve people's quality of life.

Global Trends

In view of the global economic landscape, we need to keep abreast of three major trends and ride on them.

First, the unstoppable wave of innovation and technology ("I&T") has swept through the world, fundamentally changing the global economic structure and the way we live and consume. The application and omnipresence of communication technology, artificial intelligence and big data have not only spurred the birth of many new industries that operate across industries, sectors and geographical areas, as well as the emergence of the sharing economy, but also revolutionized the traditional and capital intensive business model based on tangible assets. They have generated keen competition along with opportunities for transformation. New technologies facilitate business start-up and foster new ideas, innovative products and services that generate economic benefits. This explains why major economies over the world all strive to develop I&T and regard it as the new driver of economic growth. To stay ahead of the game, we must enhance our I&T environment, attract companies from new economy sectors and research institutions to set up their presence in Hong Kong and nurture talent for a knowledge-based economy.

Second, the shift in global economic gravity from West to East is now established. Over the past five years, China has contributed over 30% to the global economic growth and, together with other developing regions in Asia, has made up a share of almost 60%. In the foreseeable future, the developing regions in Asia will continue to drive the global economy. Since the reform and opening up of our country four decades ago, China's economy grew by about

9.5% per annum in real terms on average, and has risen to a US\$12 trillion economy last year. Its per capita GDP also increased from just about US\$200 in 1978 to over US\$8,000 today. The future directions and strategies of our country's economic development have a major global bearing. They are also the linchpin of Hong Kong's sustained prosperity.

Third, since the outbreak of the global financial crisis in 2008, there have been incessant protests against free trade and calls for de-globalization in some advanced economies. Protectionism is also on the rise. The multilateral trade system advocated by the World Trade Organization over the past few decades has encountered enormous challenges. More economies have turned to regional or bilateral trade negotiations for promoting and maintaining their trading activities. While safeguarding multilateral trade, Hong Kong must also strive to conclude more regional and bilateral trade agreements.

Seizing Opportunities

In response to the three major trends just mentioned, Hong Kong needs to consolidate and build on its existing strengths, rise with the tide and seize the opportunities before us.

In the Dedicated Chapter on Hong Kong and Macao in the 13th Five-Year Plan, our country indicates support for Hong Kong to leverage its unique advantages, reinforce and enhance its status as an international financial, transportation and trade centre, and strengthen Hong Kong's status as a global hub for off-shore Renminbi ("RMB") business and our role as an international asset management centre, and move various services up the value chain. It also expresses support for Hong Kong in developing the I&T industry and establishing itself as a centre for international legal and dispute resolution services in the Asia-Pacific region.

As stated in the report to the 19th CPC National Congress, the national economy has been transforming from a phase of rapid growth to high-quality development, and China will continue to forge ahead with consumption upgrading and the supply-side structural reform. The report also proposed to pursue the Belt and Road Initiative as a priority and give equal emphasis to "bringing in" and "going global", with a view to boosting two-way investment and trade flows between China and other countries, thus making new ground for

opening up on all fronts. Moreover, the report advocated the implementation of a coordinated regional development strategy, including the development of the Guangdong-Hong Kong-Macao Bay Area ("Bay Area"). On the other hand, the report pointed out the importance of forestalling and resolving major risks, especially the financial risks.

The direction and strategies of China's economic development have created enormous opportunities for Hong Kong. Take the financial services industry as an example. With the unique advantage of "one country, two systems", Hong Kong has become the premier listing and fund-raising platform for Mainland enterprises and the global centre for off-shore RMB business. We have been contributing to our country's financial reforms and RMB internationalization in a risk controlled manner. We have also played an unparalleled role in connecting the Mainland and the international markets and investors, and achieved significant development in the process.

Looking ahead, our financial services industry will have ample room for more diversified development. We will map out a development blueprint for it.

Hong Kong's trade volume is four times its gross economic volume, and free trade is the cornerstone of our economy. We have all along been fostering economic development by expanding the boundaries and scale of our market. In the face of rising trade protectionism and anti-globalization sentiments, the Belt and Road Initiative and the Bay Area development serve to enlarge the hinterland for business development of our enterprises and expand our market coverage.

Belt and Road Initiative

The Belt and Road Initiative spans from east to west, covering both land and sea routes. By effectively improving the flow of people, goods and capital through facilities connectivity and policy coordination, the initiative will generate great demand for infrastructure, capital, as well as professional, legal and other high-end services over which Hong Kong has advantages. Supporting the Belt and Road development and assisting Mainland enterprises in going global will open up new room for the development of our enterprises as well as financial and professional services.

Bay Area

The Bay Area development is of strategic significance to Hong Kong in three key aspects, namely, "two markets", "I&T industries" and "land resources".

With a population of 68 million and GDP amounting to US\$1,400 billion, the Bay Area is an enormous market for our financial and high-end services industries. Furthermore, as Hong Kong is the most cosmopolitan city offering the best professional services in the region, our enterprises and those in the Mainland may join forces in tapping new markets.

The Bay Area covers not only Shenzhen which houses many leading I&T enterprises, but also a large number of cities transforming towards an advanced manufacturing economy. As such, the Bay Area and Hong Kong can complement each other in the field of I&T industries, thereby creating an international innovation and technology hub where talent, research and development ("R&D") institutes and enterprises cluster.

The Bay Area has abundant room for development as well as rich land resources. Upon the completion and commissioning of various transport infrastructure projects, travel within the Bay Area will be very convenient. With policy breakthroughs, it would offer more convenience to Hong Kong people who operate business, study, work and live in the Bay Area.

Rising to Challenges

To seize the opportunities, we must look squarely into the problems of land and manpower, which have been hindering the economic and social development of Hong Kong.

Land Supply

Hong Kong has been plagued by land shortage for years. The problem not only affects people's livelihood, but also restrains our growth potential. We must proactively address this problem with firm resolve. The Task Force on Land Supply established last year is striving to forge a consensus in the community on this issue.

Human Capital

Furthermore, a shortage of workforce and talent has also impeded the economic development and competitiveness of Hong Kong.

The latest unemployment rate of below 3% reflects a tight labour market in Hong Kong. With a rapidly ageing population, our workforce will fall from its peak in the coming few years. On the premise that local workers' priority for employment will be safeguarded, we should consider increasing imported labour in a timely manner and on an appropriate scale to address the specific needs of individual sectors.

The Commission for the Planning of Human Resources led by the Chief Secretary for Administration will commence operation shortly. Fostering collaboration across bureaux and various sectors, the Commission will examine and coordinate existing policies and measures from a macro perspective.

In parallel, the Government will continue to invest in education, training and retraining to enhance the quality and competitiveness of our workforce. In order to cater for the development needs of various sectors and industries, we will also enhance our talent admission arrangements to attract talent from outside Hong Kong. The Labour and Welfare Bureau is finalizing the talent list, which is scheduled for completion in mid-2018.

Building Consensus

The land and manpower problems in Hong Kong cannot be solved with financial resources alone. We should not shy away from the different voices in the community. Instead, in the spirit of "seeking common ground while shelving major differences", we should build consensus in a pragmatic and rational manner, and join hands to overcome constraints. While there are vast opportunities for Hong Kong's development, they do not knock twice or wait for anyone. We have to stay united and seize each and every opportunity.

Under these circumstances, what are the roles of the Government?

The Government's Role

Our free and highly efficient market has won worldwide acclaim. Under normal circumstances, the market is the most efficient mechanism to allocate resources. One should therefore respect market forces when formulating economic policies.

That said, with the upsurge of I&T and fierce competition between economies, the current-term Government will examine Hong Kong's competitiveness, our economy as well as the current state and direction for development of our industries from a forward-looking and strategic perspective. Playing the role as a "facilitator" and a "promoter", we will introduce timely and appropriate measures to support industries where we have strengths and development potentials, and tap new markets. We will also review regulatory and tax requirements to remove red tape and create a business-friendly environment. Our various initiatives in promoting I&T and financial development are some examples.

The Government will focus in particular on removing land and manpower constraints. At the same time, we will maintain a simple and competitive tax regime as well as a transparent and efficient regulatory system, while encouraging investment and innovation. Under the present macro environment in which opportunities abound, I am confident that we can find more drivers for growth to support the development of our society.

Now, let us review our economic performance over the past year.

Economic Situation in 2017

Throughout 2017, the global economic landscape continued to improve. The economies of the United States, Eurozone and Japan recovered further with a synchronized acceleration of growth. The Mainland economy, sustaining strong growth momentum at 6.9%, bolstered regional trade flows in Asia. Hong Kong's exports of goods registered appreciable growth of 5.9% in real terms. Exports of services also returned to a steady growth of 3.5% in real terms.

Domestic demand remained particularly resilient. Full employment, coupled with the positive wealth effect, drove strong consumer confidence. Last year, private consumption expenditure grew by 5.4% in real terms, the fastest

since 2011. Investment expenditure also increased by 4.2% in real terms for the year.

Overall, due to the better-than-expected outturn in the external environment, Hong Kong's economy grew by 3.8% last year, higher than the forecast in last year's Budget and the average trend growth rate of 2.9% over the decade from 2007 to 2016.

In a state of full employment, the labour market further tightened in the latter half of the year. The latest unemployment rate dropped to a 20-year low of 2.9%. Strong economic growth spurred a gradual increase in employment during the year, with broad-based improvement in wages and earnings in real terms. The headline inflation rate for 2017 was 1.5%, as inflationary pressure remained moderate. Netting out the effects of the Government's one-off measures, the underlying inflation rate was 1.7% in 2017, the sixth consecutive year of easing.

Economic Prospects for 2018 and Medium-term Outlook

Looking ahead, I am cautiously optimistic. The global economy remains on an upward trend, with a synchronized upturn in major economies. The International Monetary Fund lately forecast that the global economic growth this year should reach 3.9%, the fastest since 2011. Yet, we need to remain alert to changes in the global monetary environment and geopolitical situations, as well as policy risks of major economies.

The performance of the United States economy last year exceeded expectation, with unemployment rate falling below the levels before the financial tsunami. As the United States implemented a tax reform at the end of last year, we need to continue monitoring its potential impact on the United States and global economy, as well as the capital flows worldwide. The pace of monetary policy normalization of the Federal Reserve is another major factor affecting the global economic and monetary environment this year.

The recovery momentum in the Eurozone becomes more entrenched as the unemployment rate continues to fall. The policy moves by the European Central Bank following its tapering of monthly asset purchases early this year and the progress of Brexit negotiations deserve attention.

In the Mainland, as it deepens the supply-side structural reform to promote economic upgrading and transformation, and continues to prevent and control financial risks, it is expected to maintain a medium-high rate of economic growth and remain the main engine of global economic growth this year.

All in all, the prevailing external environment is promising. The expected gradual pick-up in demand from major economies will lead to considerable growth in Asian exports. Hong Kong's exports of goods should be able to grow steadily. If the recovery of tourism in recent months can be sustained, Hong Kong's retail sector will also see a more vibrant performance.

Our favourable employment and income conditions will spur consumption growth in Hong Kong this year. Sanguine local economic sentiment and positive business confidence should also sustain investment growth. In the light of the global and local economic situations at this juncture, I forecast economic growth of 3% to 4% for Hong Kong this year.

On inflation, local cost pressures will go up somewhat amid sustained economic growth. Imported inflation will also edge up alongside the global economic upturn, but such pressure is unlikely to be high. Overall, inflation will remain moderate this year. For 2018 as a whole, I forecast that the headline inflation rate will be 2.2% with an underlying inflation rate at 2.5%.

Since the start of this year, the expectation of a United States interest rates adjustment has triggered substantial fluctuations in the global financial markets. I urge all investors to stay vigilant. As always, the Government is committed to ensuring an orderly and steady operation of our financial system.

Over the past few years, with a tight supply of residential flats, ultra-low interest rates and an influx of capital, property prices have soared beyond the affordability of ordinary citizens. However, I believe that the key factors underpinning soaring property prices over the past few years are gradually undergoing fundamental changes. First, the supply of residential flats will increase. The private sector will, on average, produce about 20 800 residential units annually in the coming five years (from 2018 to 2022), an increase of 50% over the annual average in the past five years. Besides, as at end-December 2017, the projected supply from the first-hand private residential property market in the next three to four years will remain at a high level of approximately 97 000 units. We anticipate that the tight supply situation in the property market will

ease. Besides, as the United States interest rate normalization process continues, the ultra-low interest rate environment of the past few years will no longer persist. The changes in these key factors will put pressure on the property market. The Government will keep a close watch over changes in the property market. Before making a home purchase decision, the public should carefully assess the risks involved, especially the impact of interest rate hikes on their ability to repay.

Public Finances

New Fiscal Philosophy

Next, I wish to talk about public finances. The Chief Executive has put forward a new fiscal philosophy for the current-term Government. It envisages that on the premise of ensuring the health of our public finance, the Government should adopt forward-looking and strategic financial management principles in optimizing the use of surplus to invest for Hong Kong and relieve our people's burdens. I agree entirely with her view.

In formulating fiscal policies, we should strive to be innovative, responding to community aspirations promptly and effectively and making a head start to foster long-term development.

Budget Strategies for 2018-2019

In preparing this year's Budget, I have ensured that adequate resources are provided to implement the various policy initiatives put forth in the Policy Address. I have also adopted the following seven strategies:

- (a) proactively promoting economic development by providing favourable conditions for emerging industries such as I&T and identifying growth opportunities on the one hand, and strengthening the competitiveness of the pillar industries on the other, so that our economy will prosper in a sustained and diversified manner, creating quality jobs for our young people;
- (b) making bold investments to break through the development bottlenecks. The Budget will optimize the use of surplus to build capacity in terms of land and human capital;

- (c) improving the existing services and quality of life;
- (d) preparing to meet the community's long-term needs for health care and elderly care;
- (e) while maintaining the competitiveness of our tax regime, making suitable adjustments to ease the burden on taxpayers and enterprises, having regard to our prevailing fiscal position;
- (f) caring for and sharing with the community by enhancing support for the disadvantaged and enabling members of the public to enjoy the fruits of our economic success; and
- (g) maintaining adequate fiscal reserves.

I now turn to three issues on public finances which were frequently raised during the consultation exercise.

Annual Surplus

It is expected that the Government will have an estimated surplus of \$138 billion in 2017-2018. As pointed out in my Budget last year, when considering how our annual surplus is to be deployed, I will carefully take into account the source and nature of the surplus, and make optimal allocation of resources in the light of the external and local economic environment, social needs and public expectations. This year, I will follow the same principle by sharing with the community about 40% of the projected annual surplus, and using the remaining for improving services and investing in the future.

Fiscal Reserves

We have a healthy fiscal surplus, but as a small and highly open economy, Hong Kong is susceptible to changes in the external economic environment. The linked exchange rate system leaves us limited room to adjust our monetary policy. Therefore, healthy public finances are vital for Hong Kong as they enable us not only to accelerate our development and expand our capacity when the economy is stable, but also to introduce counter-cyclical measures promptly and effectively in times of economic downturn, thereby stabilizing the economy and safeguarding people's livelihood.

As we all know, Hong Kong has a narrow tax base, and our revenue sources are concentrated. In 2017-2018, profits tax, salaries tax, stamp duties and land premium account for about 74% of total government revenue. Among them, land premium and stamp duties fluctuate the most and they account for 27% and 15% of our total revenue respectively.

Fiscal surpluses in recent years were attributable mainly to the buoyancy of asset markets. However, experience shows that asset markets can be highly volatile and any downturn will put our revenue and fiscal position under pressure.

When considering the allocation of resources, I often remind myself to take a more forward-looking perspective. To better care for people in need, the Government has implemented measures proactively for elderly care and support for the disadvantaged over the past few years. In the face of a rapidly ageing population and fierce competitions from other economies, we need to enhance our economic structure, strengthen health care and elderly services, nurture talent, increase land supply and housing, improve labour welfare, and build a caring and just society. These are significant commitments.

Moreover, the Budget is prepared on a cash basis and mainly reflects the projected cash receipts and disbursements of the new financial year with forecasts for the following four years. It does not fully reflect our liabilities and committed expenditure, such as the outstanding commitment of over \$350 billion for ongoing works projects. Besides, the financial implications of policy initiatives may not be fully reflected in the Budget of the new financial year because of the lead time required for implementation.

Relationship between Public Expenditure and GDP

In the past, it was a budgetary criterion that public expenditure should be kept at or below 20% of GDP. One of the considerations was to avoid over-expansion of the Government, which might not be conducive to resource deployment. Today, while acknowledging the forces and roles of the market, we have to be more proactive in managing public finances in the face of various development needs of society and the economy. During the period between the 2018-2019 Budget and the subsequent years in the Medium Range Forecast, the public expenditure will be slightly higher than 21% of our GDP, but I will ensure that the increase in public expenditure is necessary to meet the actual needs of Hong Kong, and broadly in line with our affordability in the long run.

Revised Estimates for 2017-2018

The 2017-2018 revised estimate on government revenue is \$612.4 billion, 20.6% or \$104.7 billion higher than the original estimate. This is due mainly to much higher-than-expected revenues from land premium and stamp duties.

The revenue arising from the sale of several residential and commercial sites in the urban area and a sharp increase in the number of land exchange agreements concluded with developers, land premium increases by \$62.6 billion to \$163.6 billion or 62% higher than the original estimate. As a result of heated trading in both the property and stock markets last year, the revenue arising from stamp duties would be \$39.7 billion or 75% higher than estimated, reaching \$92.7 billion.

As for government expenditure, I forecast a revised estimate of \$474.4 billion, 3.5% or \$17 billion lower than the original estimate. This is mainly because the expenditure on certain initiatives, such as the Old Age Living Allowance ("OALA") and the Low-income Working Family Allowance ("LIFA"), were lower than the original estimate.

For 2017-2018, I forecast a surplus of \$138 billion. Fiscal reserves are expected to reach \$1,092 billion by 31 March 2018 while the Housing Reserve will reach \$78.8 billion.

Budget Measures for 2018-2019

Diversified Economy

Economic development increases income and enables us to improve people's livelihood and drive for society progress.

Innovation and Technology

I&T is undoubtedly an economic driver in the new era.

To shine in the fierce I&T race amidst keen competition, Hong Kong must optimize its resources by focusing on developing its areas of strength, namely biotechnology, artificial intelligence, smart city and financial technologies

("Fintech"), and forge ahead according to the eight major directions set out by the Chief Executive. In order to achieve results, our targeted efforts must be underpinned by adequate resources. In last year's Budget, I reserved \$10 billion for supporting I&T development. This year, I will set aside an additional \$50 billion.

Lok Ma Chau Loop

Of this, \$20 billion will be used on the first phase of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop for, inter alia, site formation, infrastructure, superstructure and initial operation. Given the scale of the development, it is estimated that the whole project will eventually cost far more than \$20 billion. When the relevant planning studies are finished, we will make reference to the findings and provide additional resources in a timely manner so that the Park can come into operation as early as possible.

Innovation and Technology Fund

Besides, we will inject \$10 billion into the Innovation and Technology Fund ("ITF"). The ITF's financial support for I&T development in Hong Kong has increased from about \$700 million in 2013-2014 to \$1.5 billion in 2017-2018. It is anticipated that the demand for funds will continue to increase. As our fiscal position is strong this year, I believe that a funding injection is opportune. The ITF will continue to support applied R&D work in Hong Kong with the additional resources.

Establishing Technology Research Clusters

I will also earmark \$10 billion to support the establishment of two research clusters on health care technologies and on artificial intelligence and robotics technologies, to attract the world's top scientific research institutions and technology enterprises to Hong Kong for conducting more midstream and downstream R&D projects in collaboration with local universities and scientific research institutions. Such clusters will pool and nurture more technology talent in Hong Kong. I will provide financial support for non-profit-making scientific research institutions that will establish their presence in these two clusters.

Science Park

To reinforce the role of the Science Park as Hong Kong's flagship technology infrastructure, I will allocate \$10 billion to the Hong Kong Science and Technology Parks Corporation ("HKSTPC"). Of this, about \$3 billion will be used to construct research-related infrastructure and facilities, whereas the remaining \$7 billion will be used for HKSTPC to enhance support for its tenants and incubatees, and set up a Smart Campus in the Park, etc.

Cyberport

Moreover, I will allocate \$200 million to Cyberport to enhance the support for start-ups and promote the development of digital technology ecosystem. Cyberport is going to launch an "easy landing" programme to attract multinational companies (including overseas and Mainland leading Internet enterprises and Fintech companies) to set up offices and R&D units in Hong Kong. It will also roll out a new support scheme, offering financial assistance up to \$200,000 for each eligible start-up to conduct market research and promotion, as well as participate in business missions, trade fairs and exhibitions, etc. outside Hong Kong. The financial assistance offered under Cyberport's incubation programme to individual start-ups will also increase by 50% to \$500,000.

E-sports

In recent years, e-sports have been developing rapidly with tremendous potential. Last December, Cyberport completed a study on the promotion of e-sports in Hong Kong and made a number of recommendations. To promote the development of e-sports, I will allocate \$100 million to Cyberport. The Cyberport Arcade will become a local e-sports and digital entertainment node providing a competition venue for e-sports. Support will also be provided for the e-sports sector in areas such as technological development and talent nurturing.

Encouraging Research and Development

To encourage R&D, the Chief Executive announced in her Policy Address the provision of additional tax deduction for domestic expenditure on R&D

incurred by enterprises. Enterprises will enjoy a 300% tax deduction for the first \$2 million qualifying R&D expenditure, and a 200% deduction for the remainder. Drafting of the legislation and consultation have already commenced.

Promoting "Re-industrialization"

I set up the Committee on Innovation, Technology and Re-industrialization last April to promote re-industrialization. The Data Technology Hub and the Advanced Manufacturing Centre under construction are expected to be completed in 2020 and 2022 respectively. We are also expanding the Science Park, which is expected to provide extra space for start-ups and other technology companies in two years. Moreover, the Hong Kong Productivity Council established an Inno Space last October to provide working space and technical support for start-ups, students and graduates to help them develop their innovative ideas into industrial design, which may subsequently be translated into products through prototyping.

Technology Voucher Programme

In addition to the above new initiatives, the Government will also relax the eligibility criteria for the Technology Voucher Programme. All local enterprises, irrespective of size and duration of operation, may apply. This will enable more medium enterprises and start-ups to benefit from the Programme.

Innovation and Technology Talent

We will earmark \$500 million under the ITF to implement, in the second half of the year, the Technology Talent Scheme as announced in the Policy Address. One of the initiatives is to establish a Postdoctoral Hub programme to provide funding support for all eligible institutions to recruit postdoctoral talent. The Scheme will also provide funding to subsidize local enterprises on a matching basis for training staff on high-end technologies.

While we foster the development of new industries, we should also strengthen the traditional industries where we enjoy clear advantages.

Financial Services Industry

Financial Talent

Hong Kong has long been leading Asia in financial services industry. Looking ahead, China will continue to take centre stage in driving global economic development. We must upgrade and enrich our pool of financial talent if we are to maintain our leading edge and firmly remain the most competitive financial centre in Asia.

To this end, I have asked the Hong Kong Monetary Authority ("HKMA") to make plans to set up an academy of finance in collaboration with the Financial Services Development Council, the financial sector, tertiary institutions, professional training bodies and regulators for promoting cross-sector expertise sharing and collaboration in applied research.

Listing Platform

The Financial Leaders Forum I chair has laid down the general principles on developing Hong Kong into a preferred listing platform for emerging and innovative enterprises. The new regime should be in place in the second quarter of this year after the Stock Exchange of Hong Kong ("SEHK") has consulted the market on the proposed specific arrangements and the amendments to the Listing Rules. It will boost Hong Kong's competitiveness as a listing platform and attract listing applications from emerging and innovative enterprises, including large enterprises with weighted voting rights structure and pre-revenue biotechnology enterprises. We will ensure appropriate safeguards for investors and uphold the quality of our market under the new regime.

Developing Bond Market and Green Finance

We have seen rapid growth in the Asian bond market in recent years, with US\$300 billion worth of US dollar bonds issued in Asian economies other than Japan last year, 60% more than 2016. We expect that the Asian bond markets will continue to expand. To encourage more investors and issuers from the Mainland, Asia and along the Belt and Road to participate in the Hong Kong

bond market, the Government plans to launch an array of measures to enhance our competitiveness, including attracting corporate bond issuance, facilitating investors participation and broadening investment platform.

Pilot Bond Grant Scheme

First, I propose to launch a three-year Pilot Bond Grant Scheme to attract local, Mainland and overseas enterprises to issue bonds in Hong Kong. The pilot scheme will cover eligible enterprises issuing bonds in Hong Kong for the first time. The amount of grant for each bond issuance is equivalent to half of the issue expenses, capped at HK\$2.5 million. Each enterprise can apply for a grant for two bond issuances at most. HKMA will announce the details in due course.

Qualifying Debt Instrument Scheme

I also propose to amend the qualifying debt instrument scheme by increasing the types of qualified instruments. In addition to instruments lodged and cleared by the Central Moneymarkets Unit of HKMA, debt securities listed on SEHK will also become eligible. We will also extend the scope of tax exemption from debt instruments with an original maturity of not less than seven years to instruments of any duration. Under the enhanced scheme, Hong Kong investors will enjoy tax concession for interest income and trading profits derived from a more diverse range of debt instruments.

Government Bond Programme

On developing retail bonds, I propose to continue the issuance of Silver Bonds in 2018 and 2019, targeting Hong Kong residents aged 65 or above.

Green Bond and Green Finance

To demonstrate the Government's commitment to promoting green finance, I propose to launch a green bond issuance programme with a borrowing ceiling of \$100 billion. The sums borrowed will be credited to the Capital Works Reserve Fund to provide funding for green public works projects of the Government. The measure will encourage more issuers to arrange financing for their green

projects through our capital markets. The Government will submit a resolution to the Legislative Council as soon as possible so that the inaugural government green bond can be issued in 2018-2019.

The Hong Kong Quality Assurance Agency launched the Green Finance Certification Scheme last month to provide third-party certification service for potential green bond issuers. We will introduce a Green Bond Grant Scheme to subsidize qualified green bond issuers in using the Certification Scheme.

Asset and Wealth Management

The Government has introduced a number of initiatives in recent years to sharpen the competitive edge of Hong Kong's fund industry and diversify the management platform. These initiatives include removing constraints in the existing legal structure, providing a more facilitating tax environment and expanding the distribution network. It is expected that the regime for open-ended fund companies to be used as a fund vehicle and the relevant tax exemption arrangements can commence operation later this year. Besides, we will review the existing tax concession arrangements applicable to the fund industry with regard to international requirements on tax cooperation. The Government will also examine the feasibility of introducing a limited partnership regime for private equity funds and the related tax arrangements.

Corporate Treasury Centres

To attract multinational and Mainland enterprises to establish corporate treasury centres in Hong Kong, the Government will further amend the Inland Revenue Ordinance to extend the coverage of profits tax concession to specified treasury services provided by qualifying corporate treasury centres to all their onshore associated corporations.

Offshore Renminbi Business

Hong Kong maintains the world's largest offshore RMB liquidity pool. Apart from issuing RMB sovereign bonds in Hong Kong nine years in a row, the Ministry of Finance also issued US dollar sovereign bonds here last October. This is not only conducive to the development of the Hong Kong bond market, but also helps promote the integration of the Mainland financial market into the

global market. We have provided profits tax exemption for non-RMB (including US dollar) sovereign bonds issued in Hong Kong by the Central People's Government so as to ensure that Hong Kong continues to be the premier platform for our country to issue sovereign bonds in different currencies. Moreover, to promote mutual market access between Hong Kong and the Mainland, we will continue to explore the possibility of including a wider range of investment products in the two-way mutual access mechanism.

Faster Payment System and Virtual Banks

HKMA is prepared to launch a Faster Payment System offering 24-hour real-time payment function. This will allow banks and Stored Value Facility service providers to provide real-time, round-the-clock, cross-institution payment and fund transfer service to their business and personal customers.

Moreover, since virtual banks are considered commercially and technically viable based on overseas experience, HKMA is consulting the industry on reviewing and amending the relevant guidelines, and will make the best endeavour to issue licences within this year.

Insurance Industry

I will ask the Insurance Authority to explore ways of enhancing Hong Kong's competitiveness as an insurance hub, including tax arrangements and other regulatory requirements, in collaboration with the industry.

Annuity Scheme

The Hong Kong Mortgage Corporation Limited ("HKMC") will launch a Life Annuity Scheme in the middle of this year. Purchasers will only have to pay a lump sum in exchange for a stable flow of monthly income. In view of the community's positive response to the Scheme, HKMC will actively consider increasing its issuance size.

Deferred annuity products are already available in the market. They can be purchased by means of contributions, allowing greater flexibility in the amount and duration of payment. To encourage the development of the deferred annuity

market, thereby offering more options to people in making financial arrangements for retirement, I will ask the Insurance Authority to issue guidelines, and enable all deferred annuity products available in the market meeting the guidelines to enjoy tax concessions.

As contributions made to such financial products for retirement protection are similar in nature to voluntary contributions made to the Mandatory Provident Fund ("MPF"), the proposed tax concessions will be applicable to MPF voluntary contributions. To meet the long-term saving objective for retirement protection, voluntary contributions which have enjoyed tax deduction will be transferred to the mandatory contribution accounts, and subject to the same withdrawal restrictions on mandatory contributions.

Dedicated Provision for Development of Financial Services Industry

I have set aside a dedicated provision of \$500 million for the development of the financial services industry in the coming five years, providing necessary support for bond market development, Fintech, green finance, manpower training and other aspects of financial services.

Trading and Logistics Industry

Expanding our Free Trade Agreement ("FTA") and Investment Promotion and Protection Agreement ("IPPA") networks would help Hong Kong businesses and investors open up new markets, protect their overseas investments and attract foreign investors to Hong Kong. In addition to signing the Closer Economic Partnership Arrangements ("CEPA") with the Mainland and Macao, we have forged four FTAs and 20 IPPAs with other economies. The signing of Comprehensive Avoidance of Double Taxation Agreements ("CDTAs") not only will benefit our businessmen, but will also attract more enterprises to use Hong Kong as their base for overseas investments. The Government has so far concluded CDTAs with 38 tax jurisdictions.

We will actively seek to sign FTAs, IPPAs and CDTAs with other economies, including those along the Belt and Road, to fortify our position as an international trade and investment hub.

As a facilitator and a promoter for economic development, the Government will be more proactive in strengthening and consolidating Hong Kong's edge as a trading and logistics hub. The Government will actively enhance the supporting infrastructure to increase the handling capacity of both air and maritime cargo, with a view to moving the trading and logistics industry up the value chain.

On air transport, the Hong Kong International Airport ("HKIA") has been the world's busiest cargo airport for seven years in a row. The cargo it handled accounted for about 1.6% of total cargo volume by weight, but 40% of imports and exports by value.

Situated at the heart of Asia, HKIA boasts a vast global network. This, together with its proximity to the Pearl River Delta and the Bay Area as well as the imminent commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), promises ample opportunities for our air cargo industry. The booming of global e-commerce has generated demands for cross-border logistics and delivery services, particularly air delivery and transshipment services. In December 2017, the Airport Authority Hong Kong ("AA") made available a site of around 5.3 hectares at the South Cargo Precinct of the Airport Island to develop a modern air cargo logistics centre.

We are actively considering the redevelopment of the Air Mail Centre at HKIA, which has been operating for 20 years. The Centre will be equipped with modern facilities to significantly enhance its efficiency and capacity. For fiscal planning, I have set aside \$5 billion for the project. In addition, we are engaging with AA and other postal authorities to explore collaboration with a view to maximizing the use of the centre's transit handling capability to foster cross-border logistics and trading activities

Our strategic objective is to develop Hong Kong into a trading, storage, logistics and distribution hub for high-value goods such as pharmaceuticals. Between 2014 and 2016, pharmaceuticals handled by HKIA grew by over 30%. AA and the industry will continue to proactively enhance HKIA's capacity to handle high-value temperature-controlled goods and adopt the necessary temperature control facilities to cater for the special needs in handling such goods.

Hong Kong is a free port. As we upgrade our facilities, we will also move ahead with times and review existing measures timely with a view to facilitating the trade and attaining the greatest economic benefits. At present, trade declaration is not required for transshipment cargo via Hong Kong, and the level of declaration charges for imports and exports are kept at a low level. To encourage the trading and logistics industry to move up the value chain, the Government will cap the charge for each declaration at \$200, so as to further lower the cost of importing and exporting high-value goods to and from Hong Kong, and enhance Hong Kong's advantage as a trading hub. The measure is expected to save the trade \$458 million per year and benefit about 900 000 cases.

The Hong Kong Maritime and Port Board was established in 2016 to foster the development of our maritime and port sectors and high-value-added maritime services. The Transport and Housing Bureau is now working with the sector to map out strategies and explore measures that will facilitate the development of the maritime industry in Hong Kong. The Government will continue to devote resources to promote our maritime industry. Invest Hong Kong ("InvestHK") will also set up a dedicated team to strengthen promotion to attract more renowned maritime enterprises to operate in Hong Kong.

Tourism

We strive to develop Hong Kong into a world-class premier tourism destination to ensure the healthy and sustainable development of the industry.

I will allocate an additional \$396 million to the tourism industry in the new financial year, of which \$226 million will be provided for the Hong Kong Tourism Board ("HKTB") to implement the Development Blueprint for Hong Kong's Tourism Industry released by the Tourism Commission last year.

The Development Blueprint sets out four development strategies, namely (1) to develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors; (2) to nurture and develop tourism products and initiatives with local and international characteristics; (3) to develop smart tourism; and (4) to upgrade the service quality of our tourism industry. Highlights include:

- (a) supporting the trade in exploring tourism business opportunities arising from the Belt and Road Initiative, the development of the Bay Area, as well as the commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") and HZMB, including organizing a tourism forum under the themes of the Belt and Road and the Bay Area with a business matching conference in collaboration with HKTG;
- (b) providing new experience for visitors by incorporating design elements and making use of I&T application as well as light and art installations that blend with district characteristics at major tourist spots;
- (c) promoting green tourism by enhancing supporting facilities at popular hiking trails and those with good tourism potentials; and
- (d) allocating an additional funding of \$30 million to the Travel Industry Council of Hong Kong for enhancing the Pilot Information Technology Development Matching Fund Scheme for Travel Agents.

I will also allocate a total of \$310 million in the next few years to support the Ocean Park in developing education and tourism projects. For the benefits of local students, the Ocean Park will distribute 10 000 complimentary admission tickets to primary and secondary school students in the coming year.

Business and Professional Services

The Government is committed to expanding its network of Economic and Trade Offices ("ETOs"). At present, we have 12 overseas ETOs. To enhance trade relations with the Association of Southeast Asian Nations ("ASEAN"), open up the emerging opportunities there, as well as actively participate in and support the Belt and Road Initiative, the Chief Executive announced that an ETO would be set up in Thailand. We are in close liaison with the Thai Government to this end. Regarding our proposal to set up new ETOs in countries including Korea, India, Russia and the United Arab Emirates, we are actively following up with the governments concerned.

The Government has launched the Professional Services Advancement Support Scheme to provide funding support for business and professional organizations, thereby facilitating external promotion and enhancement of Hong Kong's professional services. I encourage the professional services sector to work with other sectors in applying for funding and exploring new business opportunities.

Support for Small and Medium Enterprises

Hong Kong is home to about 330 000 small and medium enterprises ("SMEs"), accounting for over 98% of the total number of local enterprises. To help SMEs, including start-ups, grasp economic opportunities and boost their competitiveness, I will enhance the current funding schemes as follows:

- (a) injecting \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund");
- (b) injecting \$1 billion into the SME Export Marketing and Development Funds;
- (c) extending the geographical scope of the Enterprise Support Programme under BUD Fund from the Mainland to include ASEAN countries. The respective cumulative funding ceiling for enterprises undertaking projects in the Mainland and ASEAN markets will be \$1 million;
- (d) increasing the cumulative funding ceiling for enterprises under the SME Export Marketing Fund from \$200,000 to \$400,000, and removing the existing condition on the use of the last \$50,000 of grants;
- (e) extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 28 February 2019; and
- (f) in the five financial years from 2018-2019, providing a total of \$250 million additional funding to the Hong Kong Trade Development Council ("HKTDC") for assisting local enterprises (SMEs in particular) in seizing opportunities arising from the Belt

and Road Initiative and the Bay Area development, promoting the development of e-commerce, and enhancing Hong Kong's role as a premier international convention, exhibition and sourcing centre.

External Promotion

The Information Services Department, our ETOs overseas and in the Mainland, InvestHK and HKTDC will strengthen collaboration and take a more proactive approach in promoting our advantages overseas and attracting investments to Hong Kong.

Construction Industry

Despite its acclaim for high efficiency, Hong Kong's construction industry must continue to upgrade through wider adoption of innovative technology to enhance productivity, built quality, environmental performance and site safety. The Construction Industry Council ("CIC") established the Construction Innovation and Technology Application Centre last year, leading the industry to embrace innovation through collecting, exhibiting and experiencing the latest construction technologies and applications.

Starting this year, the Government will adopt building information modelling ("BIM") technology in the design and construction of major government capital works projects. CIC will formulate BIM technical standards, help equip the industry and encourage the use of such technology in private works projects.

Furthermore, we are now assisting the industry in establishing large-scale, highly automated steel reinforcing bar prefabrication yards. The Government will also take the lead in piloting Modular Integrated Construction ("MiC") in public projects. We are considering extending the current gross floor area concessions for promoting green and innovation buildings to cover buildings adopting MiC. We are also conducting studies on relevant manufacturing facilities to promote the wider use of such a construction method in Hong Kong.

Construction Innovation and Technology Fund

I propose to set up a \$1 billion Construction Innovation and Technology Fund to boost the capacities of enterprises and practitioners in the construction

industry to adopt new technology, and support the industry to harness innovative technology. Eligible contractors, registered sub-contractors and consultants can apply for financial support from the Fund to acquire the software and hardware as well as to nurture the expertise required for using local and overseas innovative construction technologies, such as BIM, steel reinforcing bar products produced in local prefabrication yards and MiC when carrying out construction projects. The Fund will also support students and practitioners of the construction industry to receive training on innovative construction technologies.

Creative Industries

Since 2009, the Government has injected a total of \$1 billion into the CreateSmart Initiative ("CSI"). In the new financial year, the Government intends to inject another \$1 billion into CSI to strengthen support for the development of the creative industries, especially in nurturing youths and helping start-ups, and also to enable the Hong Kong Design Centre to implement initiatives to enhance public understanding of the value of creativity and design.

Manpower Training

Talents are essential elements for economic development and social progress. The Government must invest heavily in nurturing talent; provide diversified learning, training and development opportunities; and create employment and business start-up opportunities with good prospects for our young people.

Education

Upon taking office, the current-term Government has pledged to increase recurrent expenditure on education by \$5 billion, of which \$3.6 billion has been approved by the Legislative Council.

I propose to commit an additional recurrent expenditure of \$2 billion to achieve quality education. The initiatives to be launched include enhancing the professional development of teachers, strengthening support for kindergartens, reviewing and improving integrated education, and supporting schools in enhancing promotion of life-wide learning.

I also propose to allocate \$2.5 billion for launching the eighth round of the Matching Grant Scheme to help the 10 publicly-funded post-secondary institutions tap more funding sources, promote community involvement and improve the quality of education.

Furthermore, the Government will invite the Quality Education Fund Steering Committee to consider allocating \$3 billion for application by primary and secondary schools, kindergartens and special schools, through simplified procedures, for launching school-based curriculum development and student support measures, as well as the relevant school improvement works and procurement of supplies.

I will also make an additional provision of \$2 billion to expedite installation of lifts for public sector schools as needed to build barrier-free campuses.

In the 2018-2019 school year, I will regularize the Pilot Scheme on Promoting Interflows between Sister Schools in Hong Kong and the Mainland, under which participating schools will receive a grant of \$150,000 per annum. The additional annual expenditure is expected to be around \$170 million.

To cater for students with care needs, the Government will increase the nursing support of schools for children with intellectual disability, schools for children with physical disability and schools for children with visual impairment cum intellectual disability. Nurses will also be provided for schools for children with visual impairment as well as schools for children with hearing impairment. The additional annual expenditure is expected to be around \$26 million.

I propose to inject \$800 million into the Gifted Education Fund in 2018-2019 to enhance the development of gifted students. Another \$800 million will be injected into the HKSAR Government Scholarship Fund to increase the number of scholarships starting from the 2019-2020 academic year to incentivize students to pursue excellence in both academic and non-academic areas.

As the Hong Kong Jockey Club Life-wide Learning Fund is coming to an end, I will earmark \$2.5 billion to set up a new Student Activities Support Fund. The Fund will continue to provide support for students with financial needs to participate in life-wide learning activities for whole-person development.

Since the 2014-2015 academic year, we have implemented the Pilot Training and Support Scheme through the Vocational Training Council to provide quality and diversified vocational and professional education and training for young people. The Scheme will continue to be implemented in the 2018-2019 academic year. I will provide adequate resources to regularize the Scheme. The Education Bureau will review the implementation of the Scheme this year to finalize the regularization arrangements.

Continuing Education

To encourage members of the public to pursue self-enhancement, the Government will raise the subsidy ceiling of the Continuing Education Fund ("CEF") from \$10,000 to \$20,000 per applicant. Those who once opened a CEF account may also benefit from this initiative. In parallel, we will extend the upper age limit for CEF applicants to 70, lift the restrictions on the validity period and the number of claims, and expand the scope of CEF to include all courses in the Qualifications Register. I will further inject an additional \$8.5 billion into CEF. It is expected that a total of about 610 000 recipients will benefit from the enhancements.

Youth Development

Youth development has a significant bearing on the future of Hong Kong. We will set up the Youth Development Commission in the first half of this year. Chaired by the Chief Secretary for Administration, the Commission will promote youth development in a more holistic manner and address young people's concerns about education, career pursuit, home ownership, public policy discussion and debate and participation in politics. I will set aside \$1 billion to support the work of the Commission, with a view to giving young people more room to unleash their potential and more opportunities for upward mobility.

Enhancing Liveability

We will make good use of our resources and invest for the future to enhance the quality of life, with a view to building Hong Kong into a more ideal place for living and working.

Land Resources

Land for Housing

Land and housing supply has been a long standing problem in Hong Kong. The Government has been making every effort to identify land and boost housing supply. Over the past few years, through land use reviews, we have identified over 210 sites with housing development potential in the short to medium term. The sites can provide a total of more than 310 000 flats, of which about 70% will be for public housing. The majority of these sites require the completion of feasibility studies and necessary procedures (including planning, consultation, rezoning, funding acquisition, land resumption, clearance, reprovisioning and site formation) before they are ready for housing construction.

As for the actual supply of housing units, the estimated public housing production for the next five years is about 100 000 units, of which about 75 000 are public rental housing units and about 25 000 are subsidized sale flats. On private housing flats, based on the preliminary estimation, the private sector will, on average, complete about 20 800 residential units annually in the next five years, representing an increase of about 50% over the past five years.

Including the 15 sites rolled over from 2017-2018, the 2018-2019 Land Sale Programme comprises a total of 27 residential sites capable of providing about 15 200 residential units. Together with railway property development projects, the Urban Renewal Authority's projects and private development/redevelopment projects, the potential land supply for the whole year is expected to have a capacity to produce about 25 500 units. The Development Bureau will announce tomorrow the Land Sale Programme for the next financial year.

In the short to medium term, we will provide about 380 000 residential flats in total by rezoning sites, increasing development density as appropriate, and taking forward projects at the Kai Tak Development Area and Anderson Road Quarry, railway property development projects and urban renewal projects. As for the medium to long term, we will press ahead with a number of projects in new development areas and railway property development projects such as Siu Ho Wan, in order to provide about 220 000 residential units. Of these projects,

reclamation works of the Tung Chung New Town Extension have started. The 130 hectares of land to be formed is expected to provide some 49 000 residential units from 2023-2024 in phases.

Industrial/Commercial Land

The Government will continue to increase the supply of commercial floor area through various means. Apart from releasing approximately 560 000 sq m of commercial/office floor area through re-provisioning the existing government facilities in the two action areas in Kwun Tong and Kowloon Bay, it is expected that a number of commercial sites located at the Kai Tak Development Area, above the terminus of the Hong Kong Section of XRL, and at the new Central Harbourfront, Caroline Hill Road, Queensway Plaza and Sai Yee Street, etc. will also be put up for sale in the next few years. These sites will provide a total floor area of about 1.1 million sq m. Among these sites, four commercial/hotel sites will be included in the 2018-2019 Land Sale Programme, capable of providing about 530 000 sq m of floor area.

Long-term Development

The Task Force on Land Supply will launch a public engagement exercise in the first half of this year to discuss with all sectors of the community the options and priorities for increasing land supply. Recommendations will be submitted to the Government by the end of this year.

Optimizing the Use of Government Land

At present, vacant government sites or school premises are available for use by non-governmental organizations ("NGOs") through short-term tenancies. However, since these sites may have been left idle for a long time, restoration or other works are required before they can be put to use. I will set aside \$1 billion to subsidize the costs of basic works of eligible projects, and coordinate the efforts of government departments in providing technical advice to the user organizations to make better use of these vacant government sites and school premises.

We will also pursue the "single site, multiple use" model in multi-storey developments on "Government, Institution or Community" sites. One example is the proposed redevelopment of Tuen Mun Clinic. With a view to optimizing land use, our initial thinking is to re-provision and consolidate the existing health care and other government services in the new high-rise building where elderly care facilities needed in the district will also be provided.

Health Care

Apart from land and housing, health care is another issue of utmost concern to the community. The Government has increased its recurrent expenditure on health care by an average of 7% over the past decade. A 10-year hospital development plan amounting to \$200 billion has also commenced. The expenditure on public health care services will increase by 13.3% to \$71.2 billion in 2018-2019, accounting for 17.5% of total recurrent expenditure.

Hospital Authority

An additional recurrent funding of nearly \$6 billion will be allocated to the Hospital Authority ("HA") in 2018-2019 to increase the number of hospital beds, operating theatre sessions, the quota for general outpatient and specialist outpatient services and the manpower required. The Government will progressively increase the recurrent provision for HA on a triennium basis, having regard to population growth and demographic changes. This will enable more effective resource planning by HA. To tackle the recent influenza surge, HA has deployed \$500 million for implementing relief measures to alleviate the work pressure on frontline health care personnel. HA will also examine the abolition of the policy on incremental pay freeze in the first two years of service in respect of certain new recruits, so as to boost morale and retain staff. I will ensure the availability of adequate resources.

Public Health Care Facilities

In the light of an increasing demand for health care services, I have invited HA to start planning the second 10-year hospital development plan instead of waiting for the mid-term review of the first 10-year plan to be conducted in 2021. The second 10-year plan will cover the study of in-situ redevelopment of Princess Margaret Hospital and Tuen Mun Hospital, construction of a new hospital at the

King's Park site (i.e. the existing Queen Elizabeth Hospital site) and expansion of North Lantau Hospital. It is expected to deliver 3 000 to 4 000 additional hospital beds, provide additional facilities and quota for consultation.

The Government will also plan for other public health care facilities such as community health centres and ambulatory care centres, and improve the clinic facilities under the Department of Health ("DH") by phases.

Health Care Manpower Training

Over the past decade, the number of University Grants Committee ("UGC")-funded health care training places has substantially increased by about 60% to almost 1 800, of which the number of bachelor degree places in medicine has increased from 250 to 470, representing a rise of almost 90%. The Government is discussing with UGC further increase in publicly-funded training places for doctors, dentists, nurses and relevant allied health professionals in the coming three years. The Government has invited the universities concerned and the Prince Philip Dental Hospital to actively consider further enhancing and increasing teaching facilities so as to expand their capacity for health care manpower training.

To support the second 10-year hospital development plan, improve the clinic facilities in DH, and upgrade and increase health care teaching facilities, I have set aside a sum of \$300 billion as an initial provision.

There will be a total of over 2 000 medical graduates in the coming five years. I will ensure that HA has adequate resources to employ all local medical graduates. Some additional \$200 million will be allocated each year to enhance the health care professional training provided by HA, including clinical practicum, as well as specialist and higher training.

Community Health Care Services

The Government is conducting a comprehensive review of the planning for primary health care services with a view to drawing up a blueprint. The first district health centre will be set up in Kwai Tsing District in the third quarter of next year, after which we will progressively set up such centres in all 18 districts. Provision of community health care services can raise public awareness of

personal health management, enhance disease prevention and strengthen medical and rehabilitation services in the community, thereby reducing unwarranted use of hospital services. I will set aside necessary resources to fully support this initiative.

Controlling Non-communicable Diseases and Promoting Mental Health

I will provide an additional annual funding of \$100 million for DH to promote a healthy lifestyle in the community in order to reduce non-communicable diseases such as cardiovascular diseases, cancers, diabetes and chronic respiratory diseases. At the same time, DH will promote mental health and enhance public education to minimize stigmatization.

Dental Services

The Government will provide about \$54 million to launch a three-year project for more NGOs to provide free oral check-ups, dental treatments and oral health education for adults with intellectual disability. We will also increase the funding for the Prince Philip Dental Hospital to provide special care training for participating dentists and dental surgery assistants. I have asked the departments concerned to improve existing dental care services for the elderly.

Elderly Health Care Vouchers

The accumulation limit of Elderly Health Care Vouchers will be raised from \$4,000 to \$5,000 in 2018 to allow greater flexibility to users. In addition, I will provide, on a one-off basis, an additional \$1,000 worth of vouchers to all eligible elderly persons, which will involve an expenditure of about \$796 million. Elderly Health Care Vouchers can be used on services provided by medical practitioners, dentists and Chinese medicine practitioners in the non-public sector.

Colorectal Cancer Screening Programme

The Colorectal Cancer Screening Pilot Programme enables early identification of sufferers and high-risk individuals. The Government will regularize the Programme and progressively extend it to cover individuals aged between 50 and 75. This initiative will incur a total expenditure of \$940 million over the coming five years.

Development of Chinese Medicine

I propose to establish a \$500 million fund to promote the development of Chinese medicine by providing support in areas such as applied research, Chinese medicine specialization, knowledge exchange and cross-market cooperation, and helping local Chinese medicines traders with the production and registration of Chinese proprietary medicines. The Chinese Medicine Unit to be set up by the Food and Health Bureau will be responsible for the coordination work.

Voluntary Health Insurance Scheme

The Food and Health Bureau will announce the details of the Voluntary Health Insurance Scheme shortly. I propose to provide a tax deduction for people who purchase eligible health insurance products for themselves or their dependants under the Scheme. The annual tax ceiling of premium for tax deduction is \$8,000 per insured person.

Subsidizing Drug Treatments

In recent years, HA has carried out appraisals of new drugs and expanded the coverage of the Drug Formulary regularly. It will closely monitor the R&D of new drugs and the related medical evidence so that patients can receive appropriate treatment as soon as possible.

The Community Care Fund ("CCF") has launched an assistance programme to provide eligible patients with subsidies for the purchase of ultra-expensive drugs (including those for treating uncommon diseases). It will also extend the scope of the programme to subsidize individual patients with special clinical needs in using specific drugs. HA will complete a review of the patient's co-payment mechanism under the CCF's programme in the first half of this year and propose improvement measures. I will set aside \$500 million for this purpose.

Arts and Culture

Hong Kong is an international city with a unique blend of the East and the West, displaying richness and diversity in arts and culture.

The Xiqu Centre of the West Kowloon Cultural District will be completed this year; while other major facilities will also come on stream in the next few years. In order to continuously upgrade our cultural hardware, I will set aside \$20 billion for the improvement and development of cultural facilities. Projects to be rolled out in the coming 10 years include the construction of the New Territories East Cultural Centre and the Heritage Conservation and Resource Centre; the expansion of the Hong Kong Science Museum, Hong Kong Museum of History and Hong Kong City Hall; and the renovation of the Hong Kong Cultural Centre. I will also allocate \$500 million to the Leisure and Cultural Services Department ("LCSD") for the acquisition of museum collections and holding exhibitions.

On support for arts groups and artists, starting from 2018-2019, an additional recurrent provision of \$55 million will be provided to support the nine major performing arts groups as well as small and medium arts groups funded by the Hong Kong Arts Development Council. More resources will be allocated to the small and medium arts groups under the Venue Partnership Scheme implemented by LCSD.

I will inject an additional \$500 million into the Art Development Matching Grants Pilot Scheme and consider relaxing its matching parameters to encourage donations from the business and private sectors in support of the development of arts groups.

To showcase Hong Kong's art and culture, I will, from 2018-2019 onwards, progressively increase the recurrent provision to \$50 million to support Hong Kong's arts groups and artists to perform and stage exhibitions outside Hong Kong. Moreover, in the coming five years, I will provide \$40 million additional funding to the Hong Kong Arts Festival Society for commissioning creative works and performances by local arts groups and artists during the Arts Festival; \$20 million to expand the Community Cultural Ambassador Scheme, and another \$140 million to support local arts groups and artists for cultural exchanges in the Bay Area.

The Government announced the first Representative List of the Intangible Cultural Heritage ("ICH") of Hong Kong last year. I will allocate \$300 million to strengthen the protection, promotion and transmission of ICH. Furthermore, I

will inject \$70 million into the Cantonese Opera Development Fund to support the production and performances of local Cantonese opera troupes, with a view to promoting the development of Cantonese opera as a world intangible cultural heritage item.

Cultivating a reading habit among the public is conducive to promoting culture and enhancing humanistic qualities. In the coming five years, I will allocate an additional \$200 million to the Hong Kong Public Libraries to promote reading among children and families. Besides, LCSD will work with the Education Bureau, community partners, local authors and publishers to promote the culture of reading for all.

Sports

In recent years, the number of people participating in major sports events and community sports activities is rising, and Hong Kong's athletes have achieved remarkable results in various sports competitions. The Government will continue to allocate resources to promote sports in the community, support elite sports and develop Hong Kong into a centre for major international sports events.

I will inject \$1 billion into the sports portion of the Arts and Sport Development Fund to support sports organizations in the training of athletes and hosting competitions. I will also allocate \$100 million for the launch of a five-year District Sports Programmes Funding Scheme to encourage wider community participation in sports.

On top of the \$1 billion injection into the Elite Athletes Development Fund announced in January last year, I have decided to inject another \$5 billion, bringing the total to \$6 billion, into the Fund to provide greater support for elite athletes.

I will allocate \$500 million for a new Major Sports Events Matching Grant Scheme to encourage the business sector to sponsor large-scale sports events, thereby providing our athletes with more opportunities to compete in high-level competitions on home ground.

This year, LCSD will conduct a comprehensive review of the Sports Subvention Scheme. We will make reference to the review findings and provide the necessary resources for the Scheme. We will also conduct a technical feasibility study on the redevelopment of the Olympic House to provide office and activity space for the Sports Federation & Olympic Committee of Hong Kong, China and "national sports associations".

Environment

The Government will continue its endeavour to improve the environment and combat climate change.

Following the allocation of \$200 million last year, I will set aside another \$800 million this year to further promote the installation of renewable energy facilities at government buildings, venues and community facilities. The Government will also enhance tax concessions for capital expenditure incurred by enterprises in procuring eligible energy efficient building installations and renewable energy devices by allowing tax deduction to be claimed in full in one year instead of the current time frame of five years. The Environment Bureau will announce the details later.

To improve roadside air quality and reduce air pollutant emissions in a sustained manner, we will continue to encourage walking and the use of public transport, and take forward other initiatives, such as promoting the use of electric vehicles. The current first registration tax ("FRT") concessions for electric vehicles will cease on 31 March 2018. Taking into account factors such as the technological development and market situation of electric vehicles, road traffic conditions and views of stakeholders, the Government has decided to continue to waive in full the FRT for electric commercial vehicles, electric motor cycles and electric motor tricycles until 31 March 2021.

As for electric private cars, on the one hand, the Government has to contain the number of private cars to prevent traffic congestion and aggravation of roadside air pollution; on the other hand, we hope to encourage car owners to go for electric vehicles as far as possible. Hence, apart from continuing with the current FRT concession of up to \$97,500, we will also launch a "one-for-one replacement" scheme from today to allow eligible private car owners who buy a

new electric private car and scrap an eligible private car they own to enjoy a higher FRT concession of up to \$250,000. The above concessions will remain in force until 31 March 2021. The Environmental Protection Department and Transport Department will announce the details later.

District Facilities

There is rising expectation to increase district facilities. The District Councils have also put forward various suggestions in the past such as building community complexes and improving pedestrian links. I will set aside \$8 billion to respond to the proposals of the 18 districts. The Home Affairs Bureau will coordinate and follow up with the relevant Policy Bureaux and departments.

On public markets, apart from making available resources to build public markets in districts with such needs, I will earmark \$2 billion for implementing a Market Modernization Programme over the next 10 years, which will entail a comprehensive review of nearly 100 existing markets and improvement works including early installation of air-conditioning systems, major overhaul or redevelopment.

Caring and Sharing

I will make optimal use of our resources to cater for those in need with the aim to build a caring and sharing society.

Elderly Services

Last October's Policy Address proposed an array of measures to improve elderly services, involving a total recurrent provision of about \$1,263 million and non-recurrent expenditure of about \$2,229 million. These measures include:

- (a) increasing the number of vouchers under the Pilot Scheme on Community Care Service Voucher for the Elderly;
- (b) setting up the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care;

- (c) providing professional outreach services and visiting medical practitioner services for residents in private residential care homes for the elderly and residential care homes for persons with disabilities ("RCHDs"); and
- (d) increasing the salaries of frontline care staff of subsidized elderly service units.

Furthermore, I will make an additional provision of about \$63 million to provide speech therapy services for elderly service units which will benefit some 22 000 elderly persons with swallowing difficulties or speech impairment.

Rehabilitation Services

Last year, the Government announced the provision of trust services for parents whose children have special needs. I will allocate \$50 million to set up a dedicated office for this purpose. Moreover, I will make an additional annual provision of \$660 million to improve the rehabilitation services through various measures, including:

- (a) increasing 2 469 subvented rehabilitation service places and purchasing an additional 500 private RCHD places;
- (b) providing speech therapy services in hostels for moderately mentally handicapped persons, hostels for severely mentally handicapped persons, hostels for severely physically handicapped persons with mental handicap and care and attention homes for severely disabled persons;
- (c) providing additional places under the Extended Care Programme and Work Extension Programme;
- (d) providing clinical psychological service to strengthen support for ex-mentally ill persons and step up community education for early prevention of mental illness, as well as enhancing support for visually impaired persons, children of hearing impaired persons and children of ex-mentally ill persons;

- (e) strengthening the professional support provided by medical social workers in the Child Assessment Centres of DH and the general and psychiatric hospitals of HA;
- (f) regularizing the Pilot Project on Strengthening Support for Persons with Autism and their Parents/Carers; and
- (g) increasing the number of parents resource centres to support children with disabilities or special needs and their parents or carers.

Supporting the Disadvantaged and Caring for the Young

The Government will allocate an additional annual provision of some \$92 million to strengthen the manpower for residential child care services, and will make use of the Lotteries Fund to improve the environment of small group homes. The Government will also set up five centres for separated or divorced families, and will strengthen the manpower of Integrated Family Service Centres and Family and Child Protective Services Units of the Social Welfare Department ("SWD") to enable early identification and more effective intervention for families at risk of separation or divorce. The additional recurrent provision involved will be around \$56 million.

In recent months, it is sad to see several child abuse cases. I will allocate some \$504 million from the Lotteries Fund to launch a three-year pilot scheme to provide social work services in phases for about 150 000 children and their families in all aided child care centres, kindergartens and kindergarten-cum-child care centres. Moreover, from the 2018-2019 school year, more resources will be provided for public sector primary schools to encourage them to strengthen and enhance their social work and counselling services according to school-based circumstances, with a view to ultimately achieving the target of "one school social worker for each school". Besides, we will improve the provision of school social workers in special schools. I will strengthen the manpower of SWD's Family and Child Protective Services Units, and the workforce of NGOs supporting the Educational Programme on Stopping Domestic Violence. The recurrent expenditure involved will amount to some \$43 million.

I will provide subvention to NGOs for setting up cyber youth support teams to reach out to high-risk or hidden youths to provide early intervention and support. I will also enhance the District Support Scheme for Children and Youth Development by raising the ceiling of cash assistance and increasing the number of quotas for disadvantaged children and youths. The additional recurrent expenditure involved will be \$20.5 million and \$11 million respectively.

Strengthening Support for Ethnic Minorities

There were some 250 000 ethnic minorities in Hong Kong, making up 3.8% of our whole population. Many of them have taken root in Hong Kong and regard Hong Kong as their home. The Government always strives to encourage and facilitate the integration of ethnic minorities into society. Yet, they are still facing a lot of difficulties. To enhance collaboration within the Government on support for the ethnic minorities, the Chief Secretary for Administration will set up a steering committee to coordinate, review and monitor work in this area. I will earmark \$500 million to strengthen support for ethnic minorities.

Support for Employment

To encourage employers to hire job seekers with special employment needs, I will make an additional annual funding of \$48 million to enhance the special employment programmes of the Labour Department. These initiatives include:

- (a) providing an on-the-job training allowance of up to \$4,000 per month for a period of 6 to 12 months for employers engaging people aged 60 or above who have left the workforce or are unemployed;
- (b) raising the monthly on-the-job training allowance ceiling under the Youth Employment and Training Programme by \$1,000 to \$4,000 per month for a period of 6 to 12 months; and
- (c) extending the work adaptation period under the Work Orientation and Placement Scheme from two months to three months and increasing the maximum amount of allowance payable to employers engaging people with disabilities by \$16,000 to \$51,000.

Government Outsourcing System

The employment rights of non-skilled workers employed by government service contractors is a matter of great concern to the Government. The inter-bureaux/departmental working group set up by the Secretary for Labour and Welfare is exploring options to improve the government outsourcing system with a view to enhancing the protection of the reasonable employment terms and conditions as well as labour benefits of these non-skilled employees. It is expected that the working group will complete the review within this year. I will provide the necessary financial support having regard to the outcome of the review.

Abolishing the Arrangement for "Offsetting" Severance Payment or Long Service Payment against MPF Contributions

To effect the abolition of the MPF "offsetting" arrangement, the Government is striving to put forth as soon as possible a proposal which is more acceptable to both employers and employees and will consult major stakeholders. The Government has clearly indicated its willingness to increase its financial commitment, and I will set aside \$15 billion for these measures.

Reducing Tax Burdens on Individuals

We are working towards the implementation of the two-tiered profits tax rates system. To alleviate the tax burden on salary earners, I propose to implement the following measures starting from the year of assessment 2018-2019:

- (a) widening the tax bands for salaries tax from the current \$45,000 to \$50,000, increasing the number of tax bands from four to five, and adjusting the marginal tax rates to 2%, 6%, 10%, 14% and 17% respectively. These measures will reduce the tax burden of 1.34 million taxpayers and reduce tax revenue by \$4.09 billion a year;

- (b) increasing the basic and additional child allowances from the current \$100,000 to \$120,000. This will benefit 335 000 taxpayers and reduce tax revenue by \$1.31 billion a year;
- (c) increasing the allowances for maintaining a dependent parent or grandparent. This will benefit about 607 000 taxpayers and reduce tax revenue by about \$580 million a year. I will make the following three adjustments:
- increasing the allowance for maintaining a dependent parent or grandparent aged 60 or above from the current \$46,000 to \$50,000. The same increase applies to the additional allowance for taxpayers residing with parents or grandparents continuously throughout the year;
 - increasing the allowance for maintaining a dependent parent or grandparent aged between 55 and 59 from the current \$23,000 to \$25,000. The same increase applies to the additional allowance for taxpayers residing with parents or grandparents continuously throughout the year; and
 - raising the deduction ceiling for elderly residential care expenses from the current \$92,000 to \$100,000 for taxpayers whose parents or grandparents are admitted to residential care homes.
- (d) introducing a personal disability allowance for eligible taxpayers, at a rate on par with the current disabled dependent allowance of \$75,000. This will reduce tax revenue by about \$450 million a year.

As for the proposed tax deduction for the premium of the Voluntary Health Insurance Scheme mentioned earlier, it will reduce tax revenue by around \$800 million a year. Subject to the passage of the relevant legislative amendments by the Legislative Council, I hope that the measure will be implemented from the following year of assessment.

At present, if both husband and wife have income assessable to tax and wish to elect for personal assessment, they must jointly make an election. I propose to relax this requirement starting from the year of assessment 2018-2019 by allowing the husband and wife the option to decide whether to elect for personal assessment, thereby providing greater flexibility to taxpayers. The relaxation will entail amendments to the Inland Revenue Ordinance.

Sharing Fruits of Success

Other Concessionary Measures

Having regard to our substantial fiscal surplus this year, I will introduce the following measures to share the fruits of our economic success with the community:

- (a) reducing salaries tax and tax under personal assessment for 2017-2018 by 75%, subject to a ceiling of \$30,000. The reduction will be reflected in the final tax payable for 2017-2018. This will benefit 1.88 million taxpayers and reduce tax revenue by \$22.6 billion;
- (b) reducing profits tax for 2017-2018 by 75%, subject to a ceiling of \$30,000. The reduction will be reflected in the final tax payable for 2017-2018. This will benefit 142 000 taxpayers and reduce tax revenue by \$2.9 billion;
- (c) waiving rates for four quarters of 2018-2019, subject to a ceiling of \$2,500 per quarter for each rateable property. This proposal is estimated to benefit 3.25 million properties and reduce government revenue by \$17.8 billion;
- (d) providing an extra allowance to social security recipients, equal to two months of the standard rate Comprehensive Social Security Assistance ("CSSA") payments, Old Age Allowance, OALA or Disability Allowance. This will involve an additional expenditure of about \$7 billion. Similar arrangements will apply to recipients of Low-income Working Family Allowance and Work Incentive

Transport Subsidy, involving an additional expenditure of about \$379 million. Moreover, I will invite CCF to consider providing short-term relief for low-income households not living in public housing and not receiving CSSA (commonly known as the "N have-nots households");

- (e) providing a one-off grant of \$2,000 to each student in need to support learning. This proposal is estimated to benefit 371 000 students, involving an expenditure of about \$740 million; and
- (f) paying the examination fees for candidates sitting for the 2019 Hong Kong Diploma of Secondary Education Examination, involving an expenditure of about \$180 million.

Estimates for 2018-2019

The major policy initiatives announced by the Chief Executive in her Policy Address involve an operating expenditure of \$40 billion and capital expenditure of \$23.5 billion. I will ensure that adequate resources are provided to fully support the launch of these initiatives.

Total government revenue for 2018-2019 is estimated to be \$604.5 billion, of which earnings and profits tax is estimated at \$218.4 billion. The revenue from land premium is estimated to be \$121 billion, while that from stamp duties is estimated to be \$100 billion. The overall expenditure of the Government for 2018-2019 is estimated to be \$557.9 billion, an increase of 17.6% compared with the revised estimate for 2017-2018. Operating expenditure for 2018-2019 is estimated to be \$441.5 billion, a year-on-year increase of 18.4% or \$68.6 billion. Recurrent expenditure, which accounts for over 90% of operating expenditure, will reach \$406.5 billion, a year-on-year increase of 11.8% or \$42.8 billion.

In 2018-2019, the estimated recurrent expenditure on education, social welfare and health care accounts for about 60% of government recurrent expenditure, exceeding \$230 billion in total. Recurrent expenditure in these three areas recorded a cumulative increase of 42.8% over the past five years.

The Government will increase manpower to support the implementation of various new policies and initiatives and ease the work pressure on civil servants. In 2018-2019, the civil service establishment is expected to expand by 6 700 posts to 188 451. This represents a year-on-year increase of about 3.7%, the highest since reunification.

Moreover, I will allocate a one-off provision to Policy Bureaux in 2018-2019, equivalent to 3% of the recurrent non-personal emoluments portion of their envelopes, to allow greater operational flexibility in coping with price adjustments, implementing new initiatives of a smaller scale or making service improvement.

Taking all these into account, I forecast a surplus of \$46.6 billion in the Consolidated Account in the coming year. Fiscal reserves are estimated to be \$1,138.6 billion by the end of March 2019, equivalent to 40.3% of GDP.

Medium Range Forecast

For the medium term, the average growth rate is forecast to be 3% per annum in real terms from 2019 to 2022, slightly higher than the trend growth rate of 2.7% over the past decade; and the underlying inflation rate is expected to average 2.5% per annum. The medium-term economic forecast has taken into account the impact of an ageing population on economic growth, with the assumption that there are no severe external shocks during the period. That said, as the complicated and volatile political and economic environment around the world may cause fluctuations in the financial markets, and affect Hong Kong's asset prices and economic sentiments, we must remain vigilant.

The Medium Range Forecast projects, mainly from a macro perspective, the Government's expenditure requirements from 2019-2020 to 2022-2023. It is noteworthy that annual expenditure on infrastructure projects will soon exceed \$100 billion, but this projection has not fully reflected the expenditure that may be incurred by all the land development, highway and railway projects under planning. Besides, over the medium term from 2019-2020 to 2022-2023, growth of recurrent government expenditure is estimated to range between 6.1%

and 9.7% per annum, consistently higher than the average annual nominal economic growth of 5% over the same period.

Regarding revenue, the land premium estimate for 2018-2019 mainly makes reference to the Land Sale Programme and the land supply target of the coming year. From 2019-2020 onwards, the medium range forecast on land premium is based on the average proportion of land revenue to GDP over the past decade, which is 3.6% of GDP. I also assume that the growth rate of revenue from profits tax and other taxes will be similar to the economic growth rate in the next few years.

Based on the above assumptions, I forecast an annual surplus in the Operating Account for the coming five financial years but a small deficit would surface in the Capital Account in 2021-2022. Fiscal reserves are estimated at \$1,222.6 billion by the end of March 2023, representing 35.6% of GDP or equivalent to 21 months of government expenditure.

Taking all these into account, the Government will have an overall surplus in the next five years. The above forecast has not taken into account the tax rebate and relief measures that the Government may implement from 2019-2020 to 2022-2023.

Concluding Remarks

In planning and preparing this Budget, I have been wrestling with what kind of a Budget would enable Hong Kong to forge ahead and make it a better place to live and work in. In formulating the initiatives in this Budget, I have taken into account the views received from different stakeholders and members of the public whom I consulted. The Budget is not a panacea for all our problems, but I am deeply grateful for the many people who devote themselves to the betterment of our home, Hong Kong. Their devotion has bolstered my confidence in the future.

Our country's economic development has entered a new phase. This, coupled with the ever-changing global economic landscape, has created a very favourable external environment for Hong Kong. If we can capitalize on the opportunities, the wind beneath our wings will bear Hong Kong far and high.

On the economic front, the current-term Government is ready to think out of the box and act proactively to open up new horizons for Hong Kong. To improve people's livelihood, we are resolute in devoting resources and will spare no effort in solving problems.

Over the years, Hong Kong has weathered many storms, and always emerged stronger through changes. What remain unchanged are our commitment to diversity and openness, our pursuit of fairness and justice, and our aspiration for a happy life. I strongly believe that as long as we embrace hope, find the right direction and steel our resolve, we will be able to brave the wind and the billows to turn our dreams into reality.

Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Appropriation Bill 2018 be read the Second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Estimates are referred to the Finance Committee for examination before the debate on the Bill resumes.

MEMBER'S MOTION

PRESIDENT (in Cantonese): Member's motion.

Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Hospital Authority Ordinance (Amendment of Schedule 1) Order 2018, which was laid on the Table of this Council on 7 February 2018.

I call upon Ms Alice MAK to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS ALICE MAK (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed. In my capacity as Chairman of the Subcommittee, I move that the motion under my name, as printed on the Agenda, be passed.

At the House Committee meeting on 9 February 2018, Members formed a subcommittee to study the Hospital Authority Ordinance (Amendment of Schedule 1) Order 2018 which was laid on the table of the Legislative Council on 7 February 2018. To allow the Subcommittee more time to complete its scrutiny work on the subsidiary legislation, members agreed that I would move a motion to extend the scrutiny period of the subsidiary legislation to the Legislative Council meeting of 28 March 2018.

President, I urge Members to support this motion.

Ms Alice MAK moved the following motion:

"RESOLVED that in relation to the Hospital Authority Ordinance (Amendment of Schedule 1) Order 2018, published in the Gazette as Legal Notice No. 20 of 2018, and laid on the table of the Legislative Council on 7 February 2018, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 28 March 2018."

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

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Alice MAK 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 respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11:00 am on Wednesday, 21 March 2018.

Adjourned accordingly at 12:55 pm.

Supplement

EFFECT OF THE PROPOSED RATES CONCESSION⁽¹⁾ ON MAIN PROPERTY CLASSES

<i>Property Type</i>	<i>2018-19⁽²⁾</i>			
	<i>No Concession</i>		<i>With Rates Concession</i>	
	<i>Average Rates Payable (\$ for the year)</i>	<i>Average Rates Payable (\$ per month)</i>	<i>Average Rates Payable (\$ for the year)</i>	<i>Average Rates Payable (\$ per month)</i>
Private Domestic Premises ⁽³⁾				
Small	6,384	532	216	18
Medium	13,368	1,114	4,152	346
Large	28,716	2,393	19,128	1,594
Public Domestic Premises ⁽⁴⁾	3,108	259	2	less than 1
All Domestic Premises⁽⁵⁾	6,252	521	1,080	90
Shops and Commercial Premises	45,600	3,800	37,728	3,144
Offices	50,916	4,243	42,372	3,531
Industrial Premises ⁽⁶⁾	17,760	1,480	10,548	879
All Non-domestic Premises⁽⁷⁾	40,368	3,364	33,552	2,796
All Properties	10,584	882	5,208	434

- (1) The proposal involves rates concession for four quarters of 2018-19, subject to a ceiling of \$2,500 per quarter. About 87.2% of domestic ratepayers and 54.9% of non-domestic ratepayers (or 83.1% overall) need not pay any rates during 2018-19.
- (2) The rates payable have reflected the changes in rateable values for 2018-19 after the General Revaluation.
- (3) Domestic units are classified by saleable areas, as follows –

Small	up to 69.9m ²	(up to 752 ft ²)
Medium	70m ² to 99.9m ²	(753 ft ² to 1 075 ft ²)
Large	100m ² and over	(1 076 ft ² and over)
- (4) Including Housing Authority and Housing Society rental units.
- (5) Including car parking spaces in domestic premises.
- (6) Including factories and storage premises.
- (7) Including miscellaneous premises such as hotels, cinemas, petrol filling stations, schools and car parking spaces in non-domestic premises.

*Supplement***SALARIES TAX****Proposed Changes to Tax Bands**

<i>Present</i>		<i>Proposed</i>	
Tax Band	Marginal Tax Rate (%)	Tax Band	Marginal Tax Rate (%)
Net chargeable income		Net chargeable income	
First \$45,000	2	First \$50,000	2
Next \$45,000	7	Next \$50,000	6
Next \$45,000	12	Next \$50,000	10
Remainder	17	Next \$50,000	14
		Remainder	17
	Standard Rate*		Standard Rate*
	(%)		(%)
	15		15

- * Salaries tax payable is calculated at progressive rates on a taxpayer's net chargeable income or at standard rate on his/her net income (before deduction of the allowances), whichever is lower.

*Supplement***Proposed Changes to Allowances and Deductions**

	<i>Present</i> (\$)	<i>Proposed</i> (\$)	<i>Increase</i> (\$) (%)	
Personal Allowances:				
Basic	132,000	132,000	—	—
Married	264,000	264,000	—	—
Single Parent	132,000	132,000	—	—
Disabled	—	75,000	New allowance	
Other Allowances:				
Child:				
1st to 9th child				
Year of birth	200,000	240,000	40,000	20
Other years	100,000	120,000	20,000	20
Dependent Parent/Grandparent:				
Aged 60 or above				
Basic	46,000	50,000	4,000	9
Additional allowance (for a dependant living with the taxpayer)	46,000	50,000	4,000	9
Aged 55 to 59				
Basic	23,000	25,000	2,000	9
Additional allowance (for a dependant living with the taxpayer)	23,000	25,000	2,000	9
Dependent Brother/Sister	37,500	37,500	—	—
Disabled Dependant	75,000	75,000	—	—
Deduction Ceiling:				
Self-Education Expenses	100,000	100,000	—	—
Home Loan Interest (Number of years of deduction)	100,000 (20 years of assessment)	100,000 (20 years of assessment)	—	—
Approved Charitable Donations	35% of income	35% of income	—	—
Elderly Residential Care Expenses	92,000	100,000	8,000	9
Contributions to Recognised Retirement Schemes	18,000	18,000	—	—

Supplement

**EFFECT OF THE PROPOSED
ONE-OFF REDUCTION OF SALARIES TAX,
TAX UNDER PERSONAL ASSESSMENT AND PROFITS TAX**

Year of Assessment 2017/18

Salaries tax and tax under personal assessment-
75% tax reduction subject to a cap at \$30,000 per case

Assessable Income	No. of taxpayers	Average amount of tax reduction	Average % of tax reduced
\$200,000 and below	307 000	\$590	75%
\$200,001 to \$300,000	406 000	\$3,010	75%
\$300,001 to \$400,000	314 000	\$7,870	75%
\$400,001 to \$600,000	386 000	\$15,730	70%
\$600,001 to \$900,000	244 000	\$25,070	48%
Above \$900,000	219 000	\$29,880	12%
Total	1 876 000	—	—

Note: As at 31 December 2017, Hong Kong had a working population of 3.96 million.

Profits tax-
75% tax reduction subject to a cap at \$30,000 per case

Assessable Profits	No. of businesses [#]	Average amount of tax reduction	Average % of tax reduced
\$100,000 and below	44 000	\$4,170	75%
\$100,001 to \$200,000	19 000	\$17,690	75%
\$200,001 to \$300,000	12 000	\$28,110	72%
\$300,001 to \$400,000	8 000	\$30,000	54%
\$400,001 to \$600,000	10 000	\$30,000	38%
\$600,001 to \$900,000	9 000	\$30,000	26%
Above \$900,000	40 000	\$30,000	1%
Total	142 000	—	—

Note: As at 31 December 2017, there were about 1.26 million corporations and 260 000 unincorporated businesses in Hong Kong.

[#] Including 110 000 corporations and 32 000 unincorporated businesses.

ECONOMIC PERFORMANCE IN 2017

1. Rates of change in the Gross Domestic Product and its expenditure components and in the main price indicators in 2017 ^(Note 1):

	(%)
(a) Growth rates in real terms of:	
Private consumption expenditure	5.4
Government consumption expenditure	3.4
Gross domestic fixed capital formation	4.2
<i>of which :</i>	
Building and construction	3.0
Machinery, equipment and intellectual property products	1.9
Total exports of goods	5.9
Imports of goods	6.9
Exports of services	3.5
Imports of services	1.8
Gross Domestic Product (GDP)	3.8
<i>Per capita GDP in real terms</i>	3.0
<i>Per capita GDP at current market prices</i>	HK\$360,200 (US\$46,200)
(b) Rates of change in:	
Underlying Composite Consumer Price Index	1.7
GDP Deflator	3.0
Government Consumption Expenditure Deflator	2.4
(c) Growth rate of nominal GDP	6.9

Supplement

2. Annual rates of change in total exports based on external merchandise trade index numbers:

	<i>Total exports</i>	
	<i>In value terms</i> (%)	<i>In real terms</i> (%)
2015	-2	-2
2016	0	1
2017	8	6

3. Annual rates of change in real terms of total exports by major market based on external merchandise trade quantum index numbers:

	<i>Total exports</i>					
	<i>Total</i> (%)	<i>The Mainland</i> (%)	<i>EU</i> (%)	<i>US</i> (%)	<i>India</i> (%)	<i>Japan</i> (%)
2015	-2	-2	-4	1	8	-4
2016	1	2	-1	-2	18	-2
2017	6	5	5	2	35	10

4. Annual rates of change in real terms of imports and retained imports based on external merchandise trade quantum index numbers:

	<i>Imports</i> (%)	<i>Retained imports</i> (%)
	2015	-3
2016	1	-1
2017	7	8

5. Annual rates of change in real terms of exports of services by type:

	<i>Exports of services</i>				
	<i>Total</i> (%)	<i>Transport services</i> (%)	<i>Travel services</i> (%)	<i>Financial services</i> (%)	<i>Other services</i> (%)
2015	0	1	-4	9	-1
2016	-3	2	-9	-5	0
2017 <i>(Note 1)</i>	4	7	1	4	1

6. Hong Kong's goods and services trade balance in 2017 reckoned on GDP basis *(Note 1)*:

	(HK\$ billion)
Total exports of goods	4,190.2
Imports of goods	4,377.2
<i>Goods trade balance</i>	-187.0
Exports of services	810.3
Imports of services	602.3
<i>Services trade balance</i>	208.1
<i>Combined goods and services trade balance</i>	21.0

Note 1 Preliminary figures.

Supplement

7. Annual averages of the unemployment and underemployment rates and growth in labour force and total employment:

	<i>Unemployment rate (%)</i>	<i>Underemployment rate (%)</i>	<i>Growth in labour force (%)</i>	<i>Growth in total employment (%)</i>
2015	3.3	1.4	0.8	0.8
2016	3.4	1.4	0.4	0.4
2017	3.1	1.1	0.9	1.2

8. Annual rates of change in the Consumer Price Indices:

	<i>Composite CPI</i>		<i>CPI(A)</i>	<i>CPI(B)</i>	<i>CPI(C)</i>
	<i>Underlying (%)</i>	<i>Headline (%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
2015	2.5	3.0	4.0	2.9	2.1
2016	2.3	2.4	2.8	2.3	2.1
2017	1.7	1.5	1.5	1.4	1.5

ECONOMIC PROSPECTS FOR 2018

Forecast rates of change in the Gross Domestic Product and prices in 2018:

	(%)
Gross Domestic Product (GDP)	
<i>Real GDP</i>	3 to 4
<i>Nominal GDP</i>	5.5 to 6.5
<i>Per capita GDP in real terms</i>	2.2 to 3.1
<i>Per capita GDP at current market prices</i>	HK\$376,900-380,500 (US\$48,300-48,800)
Composite Consumer Price Index	
<i>Underlying Composite Consumer Price Index</i>	2.5
<i>Headline Composite Consumer Price Index</i>	2.2
GDP Deflator	2.5

Appendix A

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Appendix A – Contd.

SECTION I FORECASTING ASSUMPTIONS AND BUDGETARY CRITERIA

1 The Medium Range Forecast (MRF) is a fiscal planning tool. It sets out the high-level forecast of government expenditure and revenue covering the five-year period including the budget year, i.e. from 2018-19 to 2022-23.

2 A wide range of assumptions underlying the factors affecting Government's revenue and expenditure are used to derive the MRF. Some assumptions are economic in nature (the general economic assumptions) while others deal with specific areas of Government's activities (other assumptions).

General Economic Assumptions*Real Gross Domestic Product (real GDP)*

3 GDP is forecast to increase by 3% to 4% in real terms in 2018. We have used the mid-point of this range forecast in deriving the MRF. For planning purposes, in the four-year period 2019 to 2022, the trend growth rate of the economy in real terms is assumed to be 3% per annum.

Price change

4 The GDP deflator, measuring overall price change in the economy, is forecast to increase by 2.5% in 2018. For the four-year period 2019 to 2022, the GDP deflator is assumed to increase at a trend rate of 2% per annum.

5 The Composite Consumer Price Index (CCPI), measuring inflation in the consumer domain, is forecast to increase by 2.2% in 2018. Netting out the effects of various one-off relief measures, the underlying CCPI is forecast to increase by 2.5% in 2018. For the ensuing period 2019 to 2022, the trend rate of increase for the underlying CCPI is assumed to be 2.5% per annum.

Nominal Gross Domestic Product (nominal GDP)

6 Given the assumptions on the rates of change in the real GDP and the GDP deflator, the GDP in nominal terms is forecast to increase by 5.5% to 6.5% in 2018, and the trend growth rate in nominal terms for the period 2019 to 2022 is assumed to be 5% per annum.

Other Assumptions

- 7** Other assumptions on expenditure and revenue patterns over the forecast period are as follows –
- The operating expenditure for 2019-20 and beyond represents the forecast expenditure requirements for Government.
 - The capital expenditure for 2018-19 and beyond reflects the estimated cash flow requirements for capital projects including approved capital works projects and those at an advanced stage of planning.
 - The revenue projections for 2019-20 and beyond basically reflect the relevant trend yields.

Budgetary Criteria

8 Article 107 of the Basic Law stipulates that "*The Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.*"

9 Article 108 of the Basic Law stipulates that "*... The Hong Kong Special Administrative Region shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation.*"

10 For the purpose of preparing the MRF, the following criteria are also relevant –

– Budget surplus/deficit

The Government aims to achieve, over time, a balance in the consolidated account.

– Expenditure policy

The general principle is that, over time, the growth rate of expenditure should commensurate with the growth rate of the economy.

– Revenue policy

The Government aims to maintain, over time, the real yield from revenue.

– Fiscal reserves

The Government aims to maintain adequate reserves in the long run.

SECTION II MEDIUM RANGE FORECAST

11 The financial position of the Government for the current MRF period (*Note (a)*) is summarised below –

Table 1

(\$ million)	2017-18 Revised Estimate	2018-19 Estimate	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Operating Account						
Operating revenue (<i>Note (b)</i>)	436,885	456,139	507,974	504,993	531,965	568,654
Less: Operating expenditure (<i>Note (c)</i>)	372,870	441,500	470,300	498,000	526,000	557,100
Operating surplus	64,015	14,639	37,674	6,993	5,965	11,554
Capital Account						
Capital revenue (<i>Note (d)</i>)	175,500	148,370	125,690	129,899	138,050	147,059
Less: Capital expenditure (<i>Note (e)</i>)	101,536	116,388	117,851	121,874	138,956	138,664
Capital surplus / (deficit)	73,964	31,982	7,839	8,025	(906)	8,395
Consolidated Account						
Government revenue	612,385	604,509	633,664	634,892	670,015	715,713
Less: Government expenditure	474,406	557,888	588,151	619,874	664,956	695,764
Consolidated surplus before repayment of bonds and notes	137,979	46,621	45,513	15,018	5,059	19,949
Less: Repayment of bonds and notes (<i>Note (f)</i>)	-	-	1,500	-	-	-
Consolidated surplus after repayment of bonds and notes	137,979	46,621	44,013	15,018	5,059	19,949
Fiscal reserves at 31 March	1,091,939	1,138,560	1,182,573	1,197,591	1,202,650	1,222,599
In terms of number of months of government expenditure	28	24	24	23	22	21
In terms of percentage of GDP	41.0%	40.3%	39.9%	38.5%	36.8%	35.6%

Appendix A – Contd.

Fiscal Reserves

12 Part of the fiscal reserves has, since 1 January 2016, been held in a notional savings account called the Future Fund, which is placed with the Exchange Fund with a view to securing higher investment returns over a ten-year investment period. The initial endowment of the Future Fund was \$219,730 million, being the balance of the Land Fund on 1 January 2016. \$4.8 billion of the consolidated surplus from the Operating and Capital Reserves was transferred to the Future Fund as top-up in 2016-17. The arrangement thereafter is subject to an annual review by the Financial Secretary.

Table 2

Distribution of fiscal reserves at 31 March					
	2017-18 Revised Estimate	2018-19 Estimate	Future Fund	Operating and Capital Reserves	Total
(\$ million)					
General Revenue Account	619,925	715,770	4,800*	710,970	715,770
Funds with designated use	252,284	203,060		203,060	203,060
Capital Works Reserve Fund	180,578	132,194		132,194	132,194
Capital Investment Fund	2,917	2,583		2,583	2,583
Civil Service Pension Reserve Fund	35,129	38,316		38,316	38,316
Disaster Relief Fund	17	80		80	80
Innovation and Technology Fund	6,776	4,979		4,979	4,979
Loan Fund	3,726	2,557		2,557	2,557
Lotteries Fund	23,141	22,351		22,351	22,351
Land Fund	219,730	219,730	219,730	-	219,730
	<u>1,091,939</u>	<u>1,138,560</u>	<u>224,530</u>	<u>914,030</u>	<u>1,138,560</u>
In terms of number of months of government expenditure	28	24	5	19	24

* Being one-third of 2015-16 consolidated surplus.

13 The fiscal reserves would be drawn on to fund contingent and other liabilities. As detailed in Section IV, these include over \$350 billion for capital works projects under way and about \$470 billion as statutory pension obligations in the coming ten years.

Appendix A – Contd.

Notes –

(a) *Accounting policies*

- (i) The MRF is prepared on a cash basis and reflects forecast receipts and payments, whether they relate to operating or capital transactions.
- (ii) The MRF includes the General Revenue Account and eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund). It does not include the Bond Fund which is managed separately and the balance of which does not form part of the fiscal reserves.

(b) *Operating revenue*

- (i) The operating revenue takes into account the revenue measures proposed in the 2018-19 Budget, and is made up of –

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
(\$ million)	Revised Estimate	Estimate	Forecast	Forecast	Forecast	Forecast
Operating revenue before investment income	421,262	428,470	482,570	480,273	505,252	535,912
Investment income	15,623	27,669	25,404	24,720	26,713	32,742
Total	<u>436,885</u>	<u>456,139</u>	<u>507,974</u>	<u>504,993</u>	<u>531,965</u>	<u>568,654</u>

- (ii) Investment income under the Operating Account includes investment income of the General Revenue Account (other than the portion notionally held for the Future Fund) which is credited to revenue head Properties and Investments. The rate of investment return is 4.6% for 2018 (vs 2.8% for 2017) and is assumed to be in the range of 3.7% to 4.9% a year for 2019 to 2022.
- (iii) Investment income of the Future Fund includes investment income of the relevant portion of the General Revenue Account and investment income of the Land Fund, compounded on an annual basis. It will be retained by the Exchange Fund for reinvestment and will not be paid to Government until the end of the ten-year placement (i.e. 31 December 2025) or a date as directed by the Financial Secretary.

(c) *Operating expenditure*

This represents expenditure charged to the Operating Account of the General Revenue Account. The figures for 2019-20 and beyond set out the forecast expenditure requirements for Government.

Appendix A – Contd.

(d) Capital revenue

(i) The breakdown of capital revenue is –

(\$ million)	2017-18 Revised Estimate	2018-19 Estimate	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
General Revenue Account	1,390	10,184	5,176	3,906	4,434	4,433
Capital Investment Fund	818	1,238	911	1,016	1,211	1,181
Capital Works Reserve Fund	163,687	121,010	106,686	112,021	117,623	123,502
Disaster Relief Fund	1	-	-	-	-	-
Innovation and Technology Fund	51	4	-	-	-	-
Loan Fund	2,276	2,273	2,309	2,339	3,022	3,470
Lotteries Fund	1,167	1,152	1,135	1,119	1,103	1,087
Capital revenue before asset sales and investment income	169,390	135,861	116,217	120,401	127,393	133,673
Asset sales	293	371	460	412	412	412
Investment income	5,817	12,138	9,013	9,086	10,245	12,974
Total	175,500	148,370	125,690	129,899	138,050	147,059

(ii) Land premium included under the Capital Works Reserve Fund for 2018-19 is estimated to be \$121.0 billion. For 2019-20 onwards, it is assumed to be 3.6% of GDP, being the ten-year historical average.

(iii) Investment income under the Capital Account includes investment income of the Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund. The rate of investment return is 4.6% for 2018 (vs 2.8% for 2017) and is assumed to be in the range of 3.7% to 4.9% a year for 2019 to 2022.

(e) Capital expenditure

The breakdown of capital expenditure is –

(\$ million)	2017-18 Revised Estimate	2018-19 Estimate	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
General Revenue Account	4,525	6,388	7,196	8,088	6,881	7,043
Capital Investment Fund	1,058	1,694	4,141	2,818	2,718	1,552
Capital Works Reserve Fund	87,815	98,293	97,018	101,663	122,700	123,869
Disaster Relief Fund	63	-	-	-	-	-
Innovation and Technology Fund	1,484	2,085	2,313	2,422	2,109	2,099
Loan Fund	5,148	4,947	2,742	2,681	2,667	2,648
Lotteries Fund	1,443	2,981	4,441	4,202	1,881	1,453
Total	101,536	116,388	117,851	121,874	138,956	138,664

(f) Repayment of bonds and notes

Repayment of bonds and notes is only in respect of the global bond issue in 2004. The outstanding principal of \$1,500 million would be fully repaid in 2019-20.

(g) Housing Reserve

The Housing Reserve, which was established in 2014 to support large-scale public housing development projects, now stands at \$78.8 billion. The sum is retained within the Exchange Fund to earn the same rate of investment return as stipulated in *Note (b)(ii)*. The Housing Reserve is kept outside the Government's accounts and does not form part of the fiscal reserves. Government will seek the approval of the Finance Committee before offering to draw on the Housing Reserve for injections into the Housing Authority.

SECTION III RELATIONSHIP BETWEEN GOVERNMENT EXPENDITURE/PUBLIC EXPENDITURE AND GDP IN THE MEDIUM RANGE FORECAST

14 For monitoring purposes, expenditure of the Trading Funds and the Housing Authority (collectively referred to as “other public bodies” in this Appendix) is added to government expenditure in order to compare public expenditure with GDP.

Government Expenditure and Public Expenditure in the Context of the Economy

Table 3

(\$ million)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Revised Estimate					
Operating expenditure	372,870	441,500	470,300	498,000	526,000	557,100
Capital expenditure	101,536	116,388	117,851	121,874	138,956	138,664
Government expenditure	474,406	557,888	588,151	619,874	664,956	695,764
Expenditure by other public bodies	38,306	40,695	40,502	43,649	45,797	47,415
Public expenditure (Note (a))	512,712	598,583	628,653	663,523	710,753	743,179
Gross Domestic Product (calendar year)	2,662,637	2,822,400	2,963,500	3,111,700	3,267,300	3,430,600
Nominal growth in GDP (Note (b))	6.9%	6.0%	5.0%	5.0%	5.0%	5.0%
Growth in recurrent government expenditure (Note (c))	5.5%	11.8%	9.7%	6.8%	6.1%	6.4%
Growth in government expenditure (Note (c))	2.7%	17.6%	5.4%	5.4%	7.3%	4.6%
Growth in public expenditure (Note (c))	3.6%	16.7%	5.0%	5.5%	7.1%	4.6%
Public expenditure in terms of percentage of GDP	19.3%	21.2%	21.2%	21.3%	21.8%	21.7%

Notes –

- (a) Public expenditure comprises government expenditure and expenditure by other public bodies. It does not include expenditure by those organisations, including statutory organisations in which the Government has only an equity position, such as the Airport Authority and the MTR Corporation Limited.
- (b) For 2018-19, the nominal GDP growth of 6% represents the mid-point of the range forecast of 5.5% to 6.5% for the calendar year 2018.
- (c) The growth rates for 2017-18 to 2022-23 refer to year-on-year change. For example, the rates for 2017-18 refer to the change between revised estimate for 2017-18 and actual expenditure in 2016-17. The rates for 2018-19 refer to the change between the 2018-19 estimate and the 2017-18 revised estimate, and so forth.

Appendix A – Contd.

15 Table 4 shows the relationship amongst the sum to be appropriated in the 2018-19 Budget, government expenditure and public expenditure.

**Relationship between Government Expenditure
and Public Expenditure in 2018-19**

Table 4

(\$ million)	Appropriation	Government expenditure and revenue			Public expenditure
		Operating	Capital	Total	
Expenditure					
General Revenue Account					
Operating					
Recurrent	406,494	406,494	-	406,494	406,494
Non-recurrent	35,006	35,006	-	35,006	35,006
Capital					
Plant, equipment and works	4,014	-	4,014	4,014	4,014
Subventions	2,374	-	2,374	2,374	2,374
	447,888	441,500	6,388	447,888	447,888
Transfer to Funds	2,590	-	-	-	-
Capital Investment Fund	-	-	1,694	1,694	1,694
Capital Works Reserve Fund	-	-	98,293	98,293	98,293
Innovation and Technology Fund	-	-	2,085	2,085	2,085
Loan Fund	-	-	4,947	4,947	4,947
Lotteries Fund	-	-	2,981	2,981	2,981
Trading Funds	-	-	-	-	5,546
Housing Authority	-	-	-	-	35,149
	450,478	441,500	116,388	557,888	598,583
Revenue					
General Revenue Account					
Taxation		389,217	15	389,232	
Other revenue		66,922	10,169	77,091	
		456,139	10,184	466,323	
Capital Investment Fund		-	1,360	1,360	
Capital Works Reserve Fund		-	129,909	129,909	
Civil Service Pension Reserve Fund		-	1,657	1,657	
Disaster Relief Fund		-	3	3	
Innovation and Technology Fund		-	288	288	
Loan Fund		-	2,778	2,778	
Lotteries Fund		-	2,191	2,191	
		456,139	148,370	604,509	
Surplus		14,639	31,982	46,621	

Appendix A – *Contd.***SECTION IV CONTINGENT AND MAJOR UNFUNDED LIABILITIES**

16 The Government's contingent liabilities as at 31 March 2017, 31 March 2018 and 31 March 2019, are provided below as supplementary information to the MRF –

Table 5

(\$ million)	2017	At 31 March 2018	2019
Guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance	36,799	39,528	42,037
Legal claims, disputes and proceedings	29,324	30,021	26,243
Guarantees provided under the SME Financing Guarantee Scheme – Special Concessionary Measures	20,811	18,147	10,721
Subscription to callable shares in the Asian Development Bank	5,804	6,110	6,110
Guarantees provided under the SME Loan Guarantee Scheme	4,544	4,482	4,801
Subscription to callable shares in the Asian Infrastructure Investment Bank	-	4,782	4,782
Guarantees provided under a commercial loan of the Hong Kong Science and Technology Parks Corporation	1,957	1,911	1,866
Guarantees provided under the Special Loan Guarantee Scheme	899	307	219
Total	100,138	105,288	96,779

17 The Government's major unfunded liabilities as at 31 March 2017 were as follows –

(\$ million)	
Present value of statutory pension obligations (<i>Note (a)</i>)	919,197
Untaken leave (<i>Note (b)</i>)	27,232
Government bonds and notes issued in 2004	1,500

Notes –

- (a) The statutory pension obligations for the coming ten years are estimated to be about \$470 billion in money of the day.
- (b) The estimate for “untaken leave” gives an indication of the overall value of leave earned but not yet taken by serving public officers.

18 The estimated outstanding commitments of capital works projects as at 31 March 2017 and 31 March 2018 are \$310,334 million and \$350,711 million respectively. Some of these are contractual commitments.

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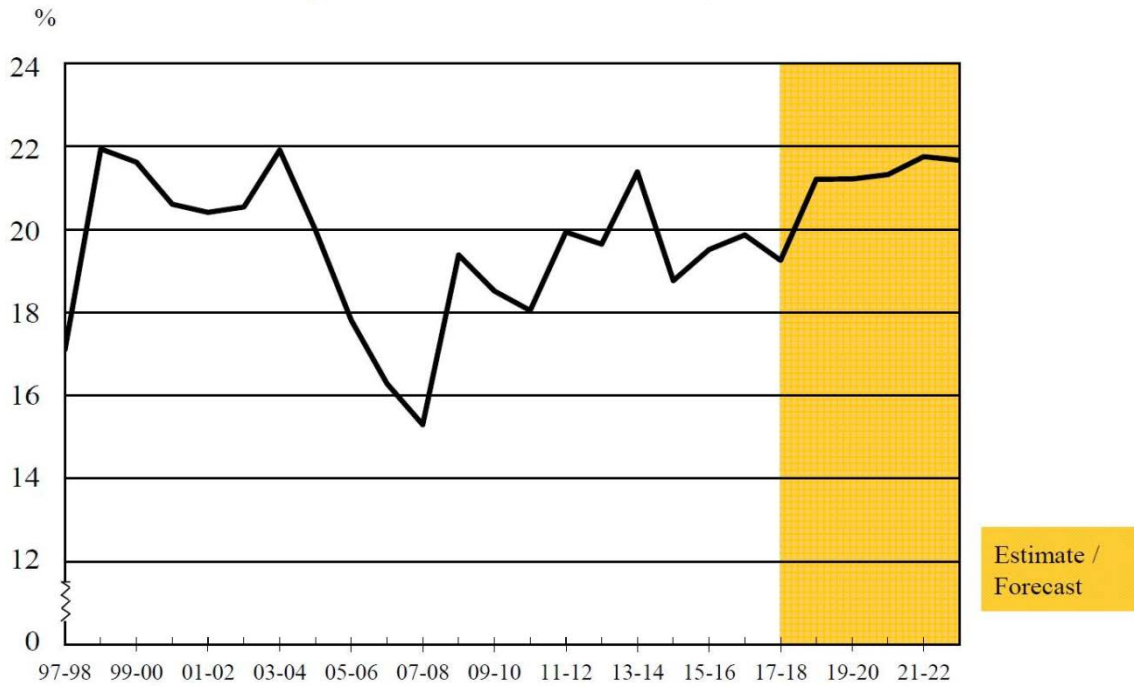
SECTION I THE ESTIMATES IN THE CONTEXT OF THE ECONOMY

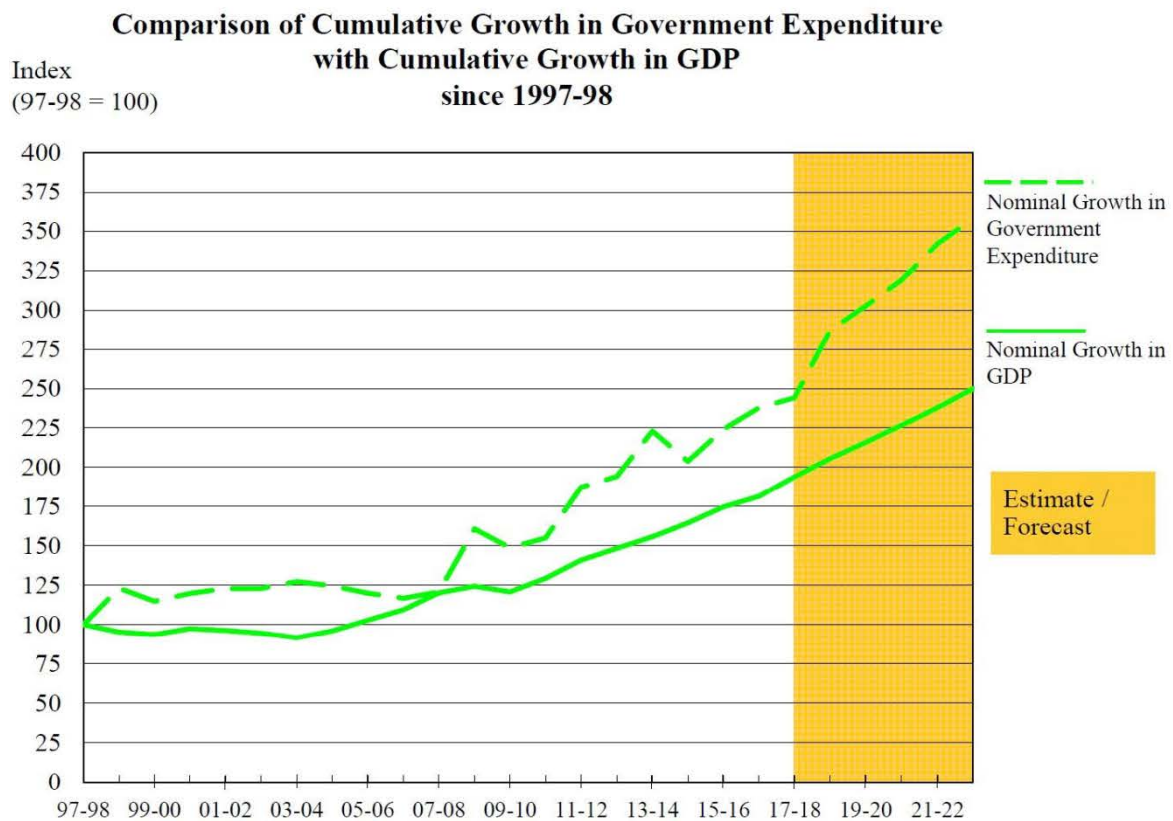
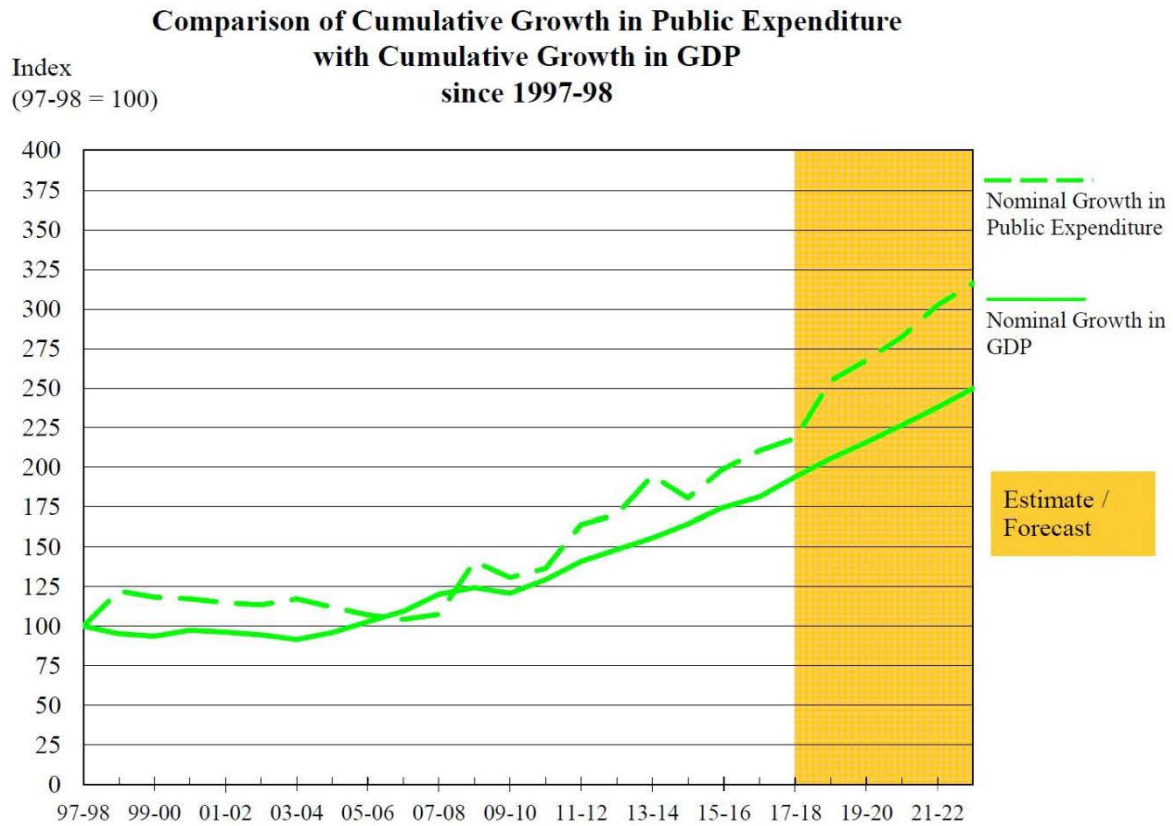
Relationship between Government Expenditure, Public Expenditure and GDP

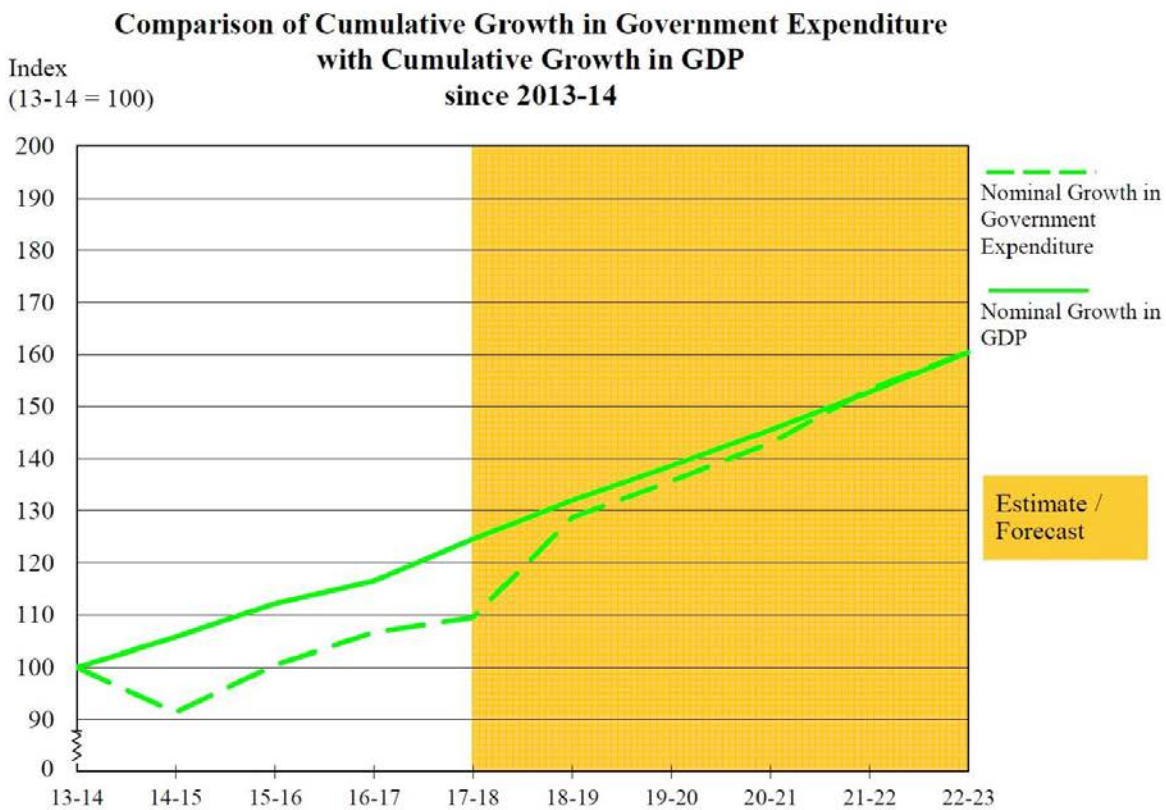
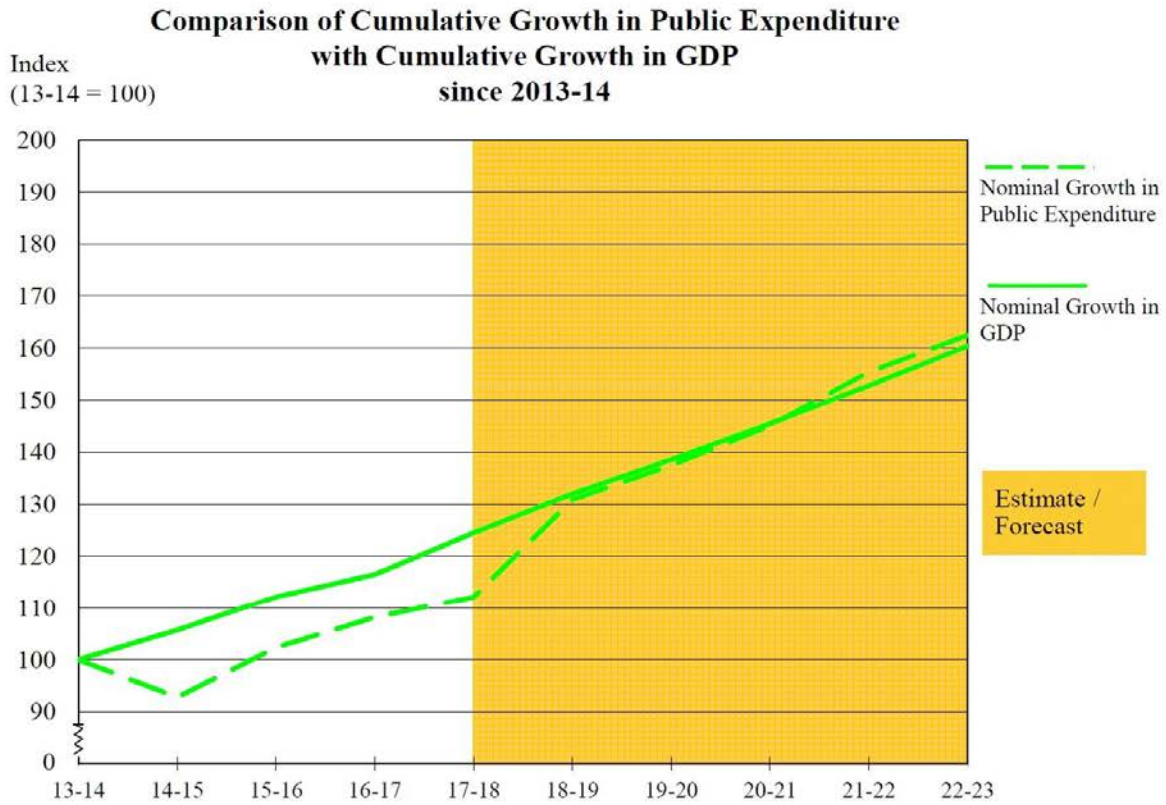
	2018-19 Estimate \$m
General Revenue Account	
Operating	441,500
Capital	6,388
	<hr/> 447,888
Capital Investment Fund	1,694
Capital Works Reserve Fund	98,293
Innovation and Technology Fund	2,085
Loan Fund	4,947
Lotteries Fund	2,981
Government Expenditure	<hr/> 557,888
Trading Funds	5,546
Housing Authority	35,149
Public Expenditure	<hr/> 598,583
GDP	2,822,400
Public Expenditure in terms of percentage of GDP	21.2%

Appendix B – Contd.

Public Expenditure in terms of Percentage of GDP







Appendix B – *Contd.*SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP

Recurrent Public Expenditure : Year-on-Year Change

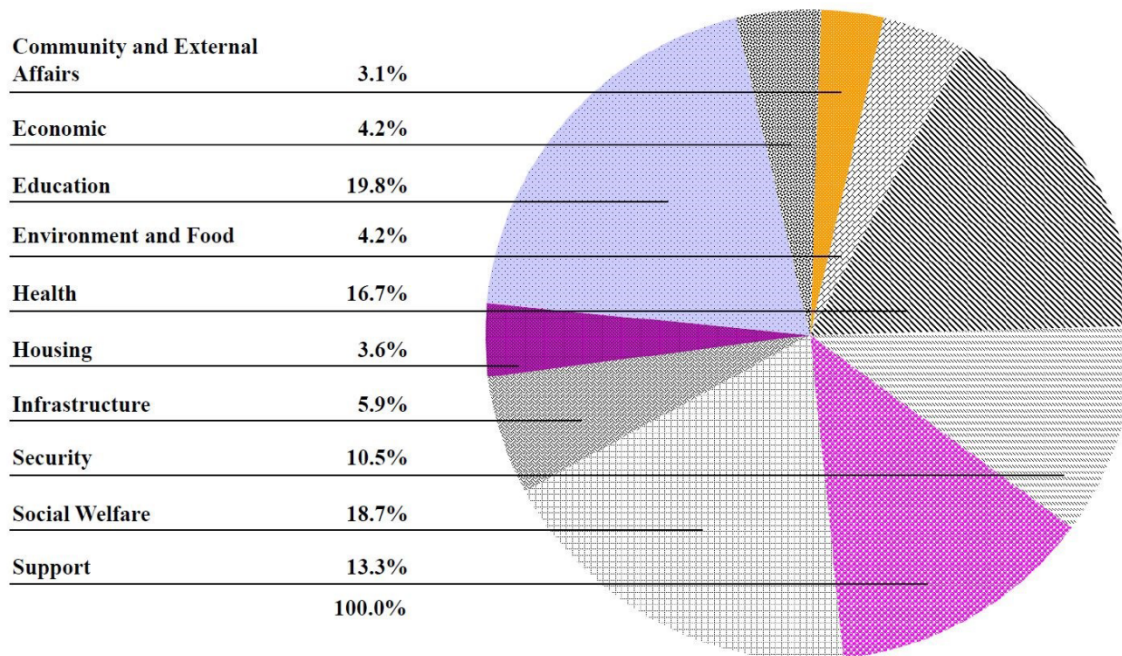
	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	75,533	80,141	84,649	5.6	4.9
Social Welfare	63,548	65,832	79,824	21.3	19.9
Health	58,712	62,802	71,158	13.3	12.5
Security	38,933	40,741	44,861	10.1	9.4
Infrastructure	21,045	22,267	25,173	13.1	12.0
Environment and Food	14,551	15,467	17,739	14.7	13.0
Economic	15,082	16,271	17,728	9.0	7.3
Housing	13,616	14,434	15,495	7.4	4.9
Community and External Affairs	12,227	12,692	13,263	4.5	3.0
Support	48,872	52,050	56,921	9.4	9.0
	<u>362,119</u>	<u>382,697</u>	<u>426,811</u>	11.5	10.6
GDP growth in 2018				5.5% to 6.5%	3% to 4%

Appendix B – *Contd.*SECTION II RECURRENT PUBLIC/GOVERNMENT EXPENDITURE
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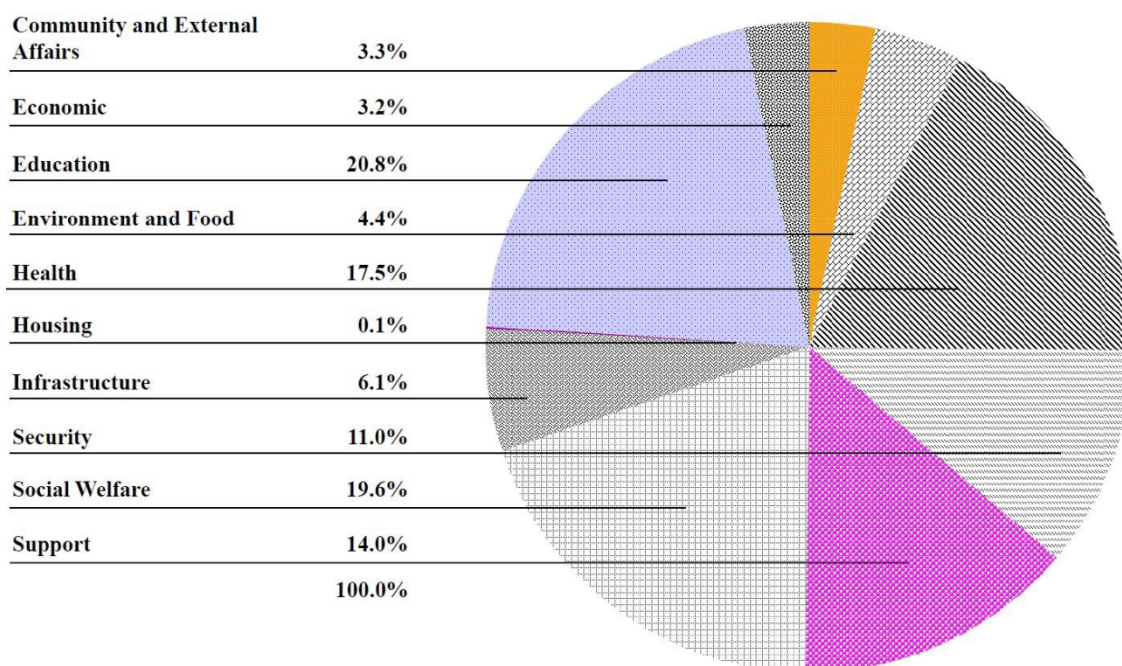
Recurrent Government Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	75,533	80,141	84,649	5.6	4.9
Social Welfare	63,548	65,832	79,824	21.3	19.9
Health	58,712	62,802	71,158	13.3	12.5
Security	38,933	40,741	44,861	10.1	9.4
Infrastructure	20,838	22,053	24,931	13.1	12.0
Environment and Food	14,551	15,467	17,739	14.7	13.0
Economic	11,051	11,514	12,724	10.5	9.3
Housing	373	400	424	6.0	5.8
Community and External Affairs	12,227	12,692	13,263	4.5	3.0
Support	48,872	52,050	56,921	9.4	9.0
	<u>344,638</u>	<u>363,692</u>	<u>406,494</u>	11.8	10.9
GDP growth in 2018				5.5% to 6.5%	3% to 4%

**Percentage Share of Expenditure by Policy Area Group
 Recurrent Public Expenditure : 2018-19 Estimate**



**Percentage Share of Expenditure by Policy Area Group
 Recurrent Government Expenditure : 2018-19 Estimate**



Appendix B – *Contd.*

**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Public Expenditure : Year-on-Year Change

	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate in Nominal Terms %	in Real Terms %
Education	82,436	88,507	113,672	28.4	26.0
Social Welfare	68,151	70,850	92,194	30.1	27.5
Health	66,474	71,234	77,979	9.5	7.7
Security	43,162	46,048	53,259	15.7	13.7
Infrastructure	89,402	87,284	85,901	-1.6	-5.6
Environment and Food	20,834	22,046	26,709	21.2	17.6
Economic	29,365	21,498	26,517	23.3	20.7
Housing	28,875	33,673	35,698	6.0	1.9
Community and External Affairs	14,851	16,555	25,606	54.7	51.2
Support	51,266	55,017	61,048	11.0	9.7
	<u>494,816</u>	<u>512,712</u>	<u>598,583</u>	16.7	14.1

GDP growth in 2018

5.5% to 6.5% 3% to 4%

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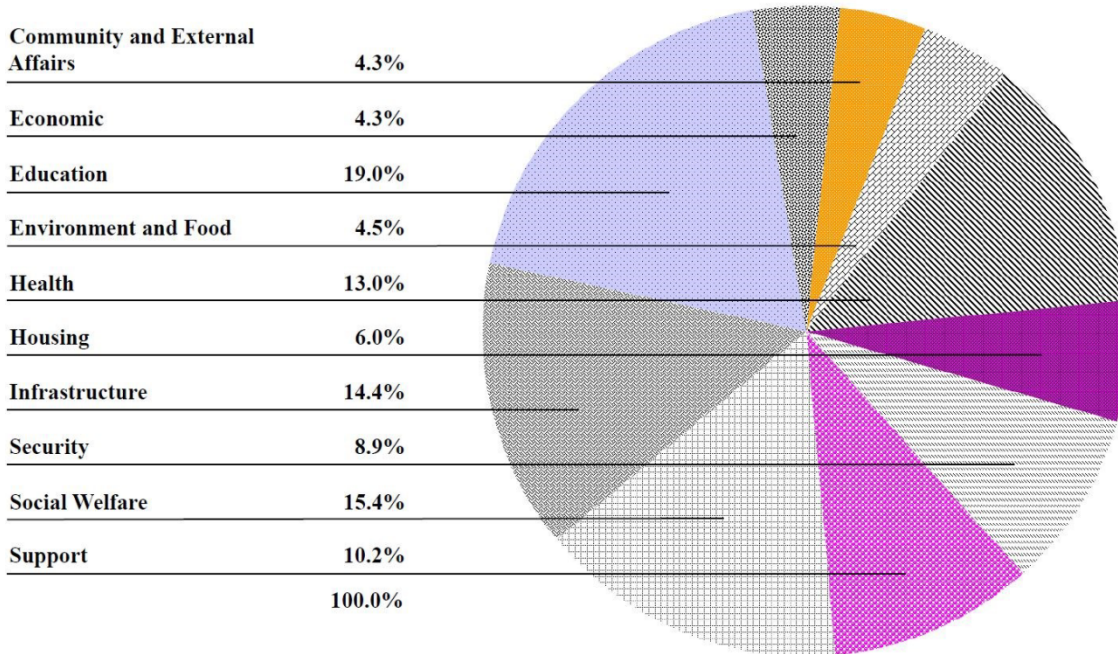
**SECTION III TOTAL PUBLIC/GOVERNMENT EXPENDITURE
BY POLICY AREA GROUP**

Total Government Expenditure : Year-on-Year Change

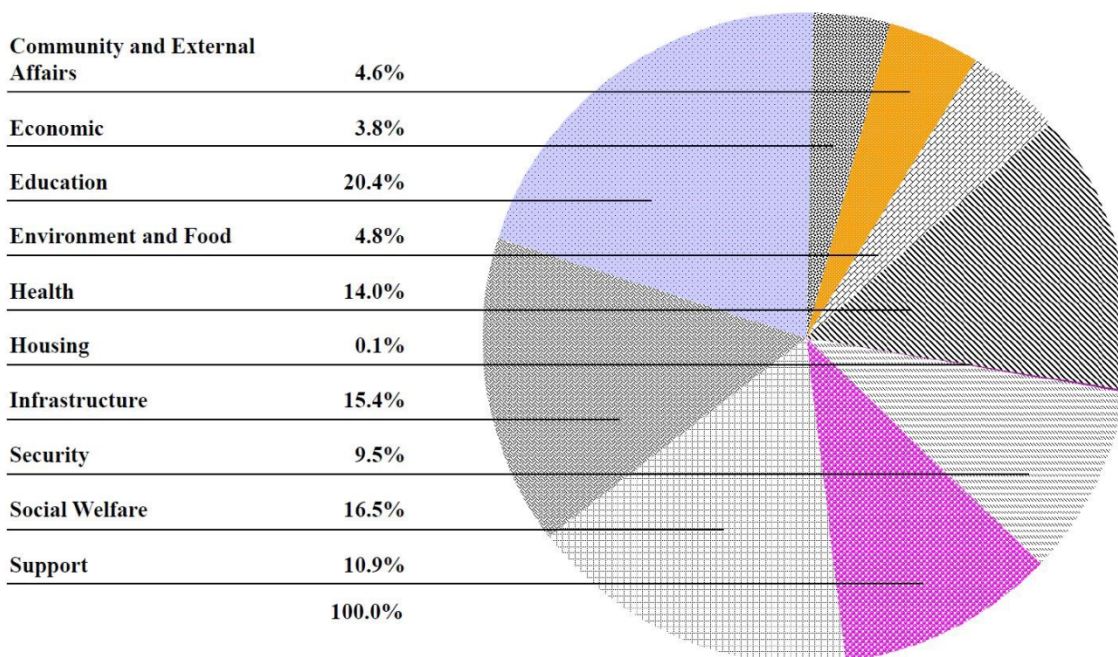
	2016-17 Actual \$m	2017-18 Revised Estimate \$m	2018-19 Estimate \$m	Increase/Decrease over 2017-18 Revised Estimate	
				in Nominal Terms %	in Real Terms %
Education	82,436	88,507	113,672	28.4	26.0
Social Welfare	68,151	70,850	92,194	30.1	27.5
Health	66,474	71,234	77,979	9.5	7.7
Security	43,162	46,048	53,259	15.7	13.7
Infrastructure	89,190	87,052	85,636	-1.6	-5.6
Environment and Food	20,834	22,046	26,709	21.2	17.6
Economic	25,218	16,565	21,236	28.2	25.6
Housing	470	532	549	3.2	1.3
Community and External Affairs	14,851	16,555	25,606	54.7	51.2
Support	51,266	55,017	61,048	11.0	9.7
	<u>462,052</u>	<u>474,406</u>	<u>557,888</u>	17.6	15.0
 GDP growth in 2018				5.5% to 6.5%	3% to 4%

Appendix B – *Contd.*

Percentage Share of Expenditure by Policy Area Group
Total Public Expenditure : 2018-19 Estimate



Percentage Share of Expenditure by Policy Area Group
Total Government Expenditure : 2018-19 Estimate



SECTION IV MAJOR CAPITAL PROJECTS PLANNED FOR COMMENCEMENT IN 2018-19

Major capital projects estimated to begin in 2018-19 include –

	Project Estimates \$ billion
Health	31.8
— Redevelopment of Queen Mary Hospital, phase 1—main works	
— New Acute Hospital at Kai Tak Development Area—foundation, excavation and lateral support, and basement excavation works	
— Redevelopment of Kwong Wah Hospital—main works (superstructure and associated works for Phase 1)	
Infrastructure	28.1
— West Kowloon drainage improvement—inter-reservoirs transfer scheme	
— Lift and pedestrian walkway system between Castle Peak Road and Kung Yip Street, Kwai Chung	
— Elevated pedestrian corridor in Yuen Long Town connecting with Long Ping Station	
— Retrofitting of noise barriers on Tai Po Road (Sha Tin Section)	
— Development of Lok Ma Chau Loop—land decontamination and advance engineering works	
— Kai Tak development—stage 4 and stage 5 infrastructure at the former runway and south apron	
— Cross Bay Link, Tseung Kwan O—construction	
— Widening of Tai Po Road (Sha Tin Section)—construction	
— Implementation of Water Intelligent Network, stage 2	
— Water supply to new housing developments in Sheung Shui and Fanling	
— Design and construction for first stage of desalination plant at Tseung Kwan O—main works	
— Road improvement works at Ma On Shan, Sha Tin	
Environment and Food	14.8
— Re-provisioning of Fu Shan Public Mortuary at Sha Tin	
— Provision of columbarium at Cape Collinson Road in Chai Wan	
— Upgrading of Central and East Kowloon sewerage—phase 3	
— Rehabilitation of trunk sewers in Tuen Mun	
— Expansion of Sha Tau Kok Sewage Treatment Works—phase 1	
— Upgrading of sewage pumping stations and sewerage along Ting Kok Road	
— Shek Wu Hui Effluent Polishing Plant—main works stage 1	
— Relocation of Sha Tin sewage treatment works to caverns—site preparation and access tunnel construction	
Support	8.7
— Building a government data centre complex—construction	
— Joint-user Government Office Building in Cheung Sha Wan—construction	
— Inland Revenue Tower in Kai Tak Development	

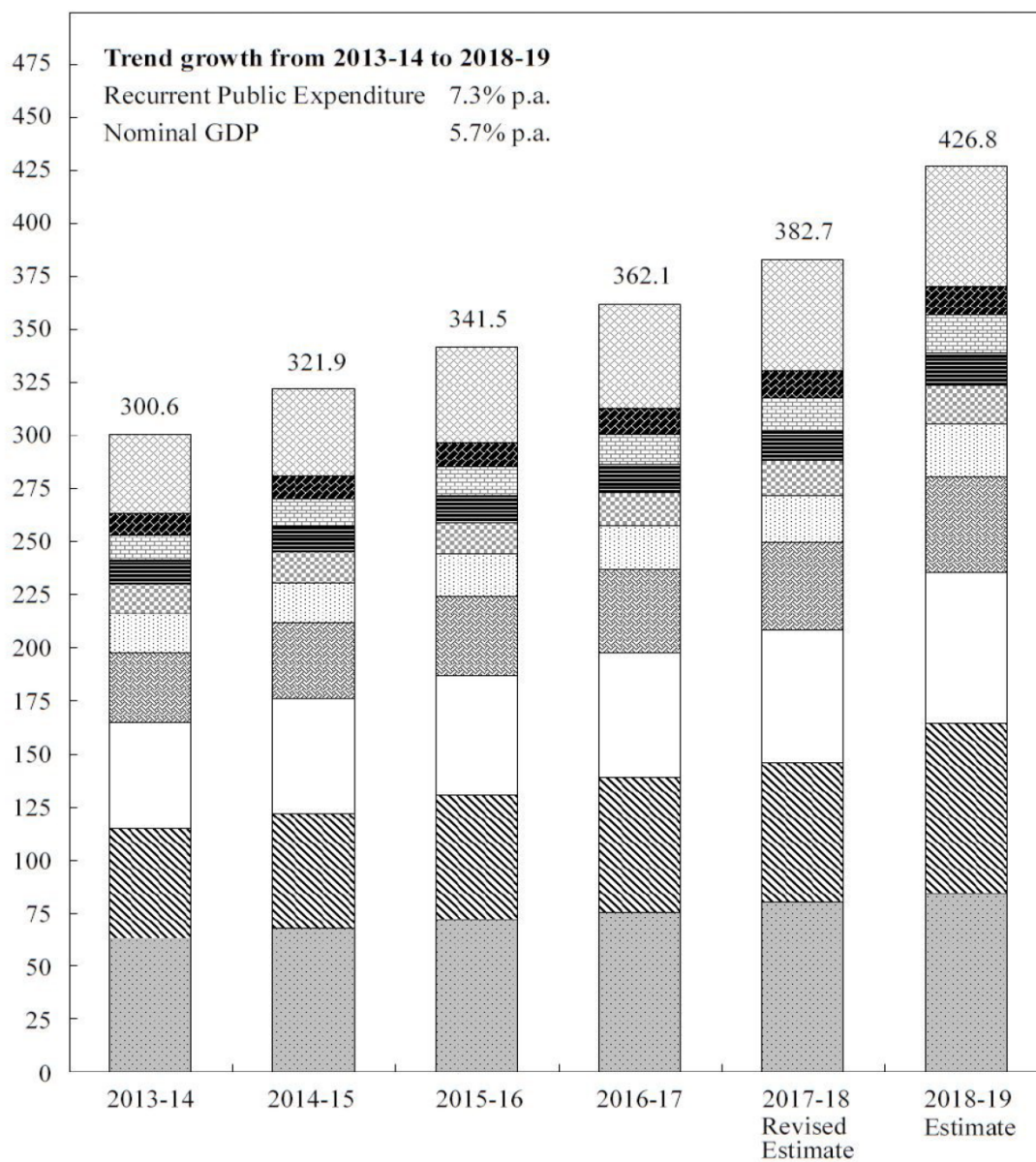
Appendix B – *Contd.*

	Project Estimates \$ billion
Community and External Affairs	5.5
— Provision of heated pool at the Morse Park Swimming Pool Complex, Wong Tai Sin	
— Swimming pool complex and open space in Area 107, Tin Shui Wai	
— Station Square at Kai Tak	
— Youth Hostel Scheme—construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long	
— Community hall cum social welfare facilities at Queen's Hill, Fanling	
Economic	1.6
— Re-provisioning of the Hongkong Post's Headquarters	
Security	1.6
— Construction of departmental quarters for Customs and Excise Department at Tseung Kwan O Area 123 (Po Lam Road)	
— Construction of departmental quarters for Customs and Excise Department at No. 57 Sheung Fung Street, Tsz Wan Shan	
Education	1.3
— A 30-classroom primary school at Tonkin Street, Cheung Sha Wan	
— Pre-construction works for development of new campus of Vocational Training Council (VTC) at Kowloon East (Cha Kwo Ling)	
— Joint Universities Research Archive	

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2013-14 TO 2018-19

Recurrent Public Expenditure by Policy Area Group

(\$billion)

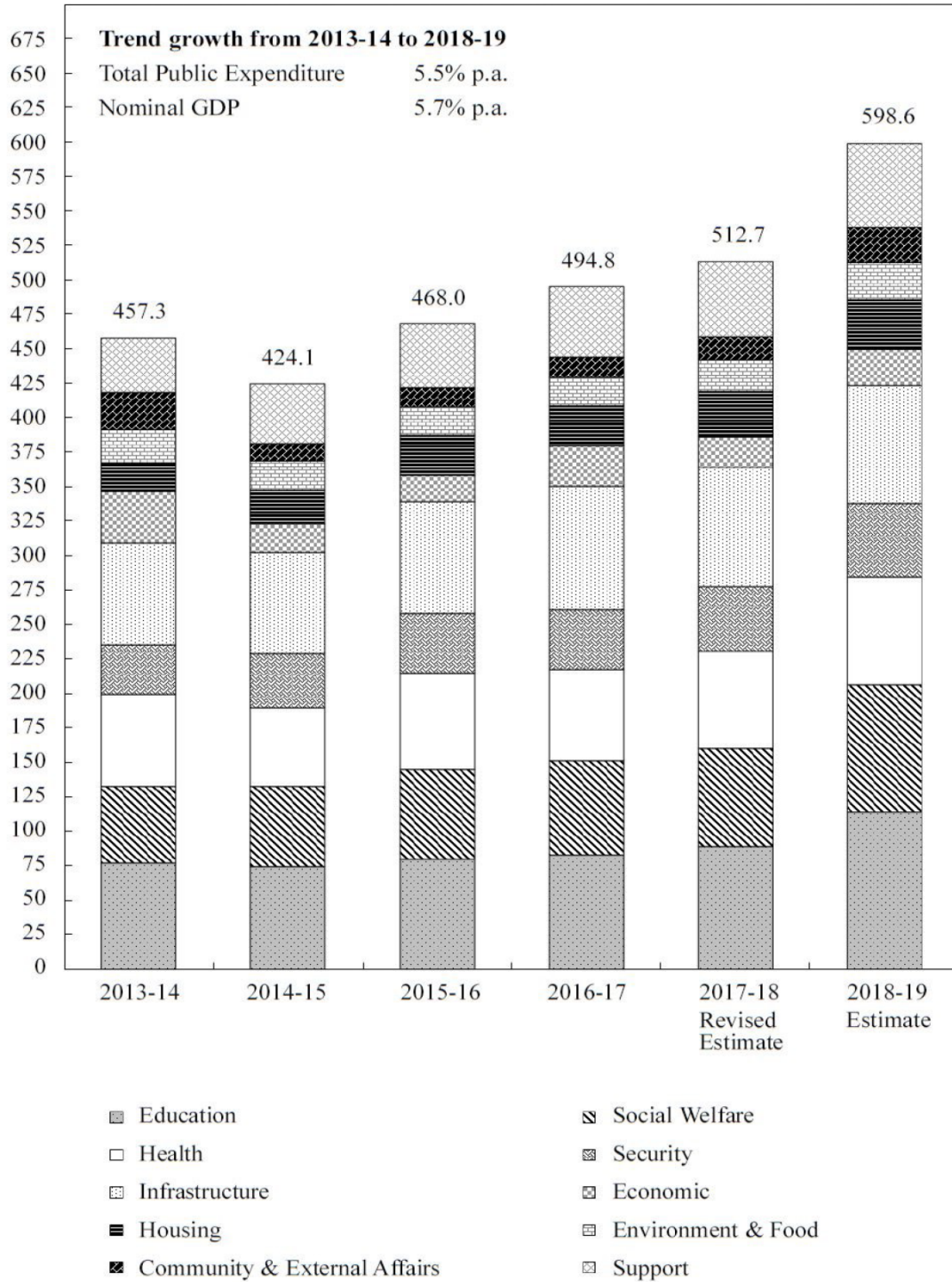


- | | |
|--------------------------------|----------------------|
| ■ Education | ■ Social Welfare |
| □ Health | ■ Security |
| ▨ Infrastructure | ■ Economic |
| ■ Housing | ▨ Environment & Food |
| ■ Community & External Affairs | ▨ Support |

SECTION V TRENDS IN PUBLIC EXPENDITURE : 2013-14 TO 2018-19

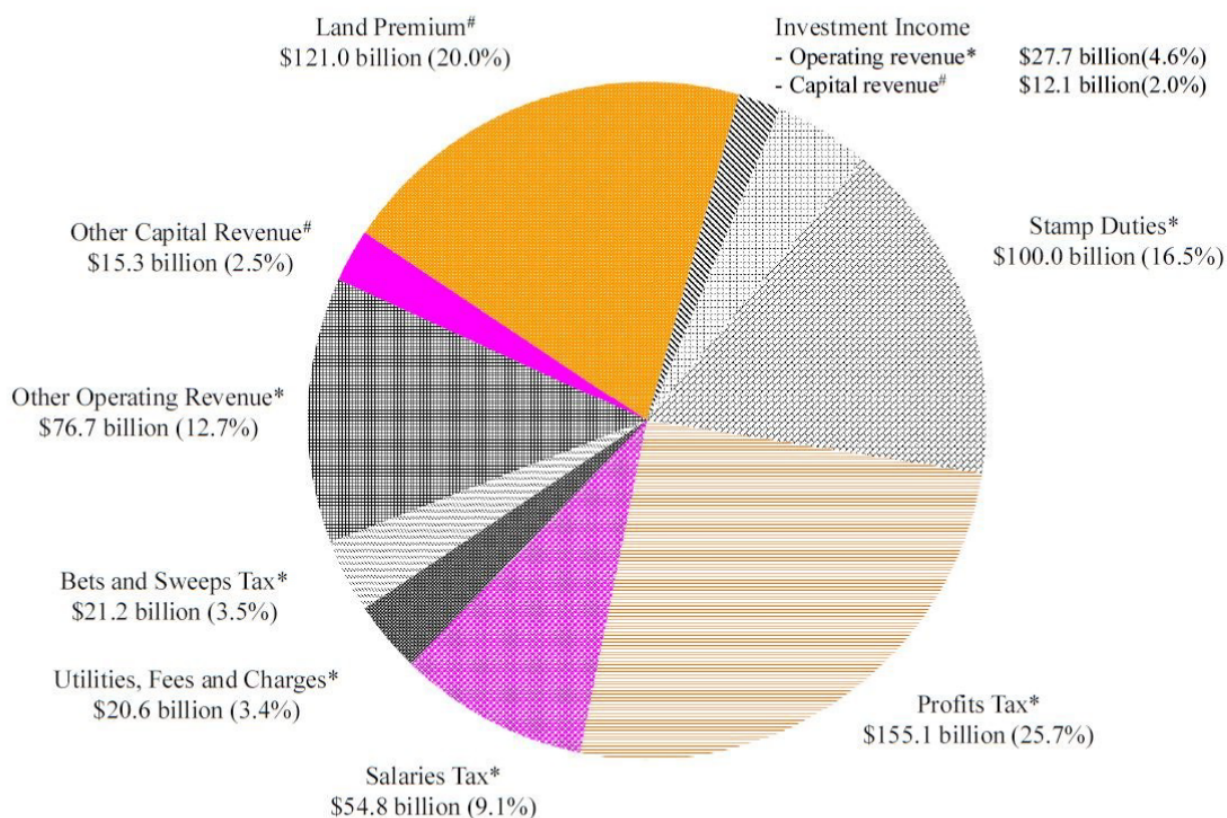
Total Public Expenditure by Policy Area Group

(Sbillion)



SECTION VI ANALYSIS OF GOVERNMENT REVENUE

2018-19 Estimate (\$604.5 billion)



	2018-19 Estimate	% Share of Government Revenue	% of GDP
* Operating Revenue	\$456.1 billion	75.5%	16.2%
# Capital Revenue	\$148.4 billion	24.5%	5.2%
Total	\$604.5 billion	100%	21.4%

Appendix B – *Contd.*

SECTION VII CLASSIFICATION OF POLICY AREA GROUP

Policy Area Group	Policy Area (<i>Note</i>)	
Community and External Affairs	19	District and Community Relations
	18	Recreation, Culture, Amenities and Entertainment Licensing
Economic	3	Air and Sea Communications and Logistics Development
	6	Commerce and Industry
	8	Employment and Labour
	1	Financial Services
	17	Information Technology and Broadcasting
	34	Manpower Development
	4	Posts, Competition Policy and Consumer Protection
	7	Public Safety
5	Travel and Tourism	
Education	16	Education
Environment and Food	2	Agriculture, Fisheries and Food Safety
	32	Environmental Hygiene
	23	Environmental Protection, Conservation, Power and Sustainable Development
Health	15	Health
Housing	31	Housing
Infrastructure	22	Buildings, Lands, Planning, Heritage Conservation, Greening and Landscape
	21	Land and Waterborne Transport
	24	Water Supply, Drainage and Slope Safety
Security	12	Administration of Justice
	13	Anti-corruption
	10	Immigration Control
	9	Internal Security
	11	Legal Administration
20	Legal Aid	
Social Welfare	14	Social Welfare
	33	Women's Interests
Support	26	Central Management of the Civil Service
	30	Complaints Against Maladministration
	28	Constitutional and Mainland Affairs
	27	Intra-Governmental Services
	25	Revenue Collection and Financial Control
	29	Support for Members of the Legislative Council

Note: Details of individual heads of expenditure contributing to a particular policy area are provided in an index in Volume I of the 2018-19 Estimates. The index further provides details, by head of expenditure, of individual programmes which contribute to a policy area.

GLOSSARY OF TERMS

Note: Terms shown in *bold italic* are defined elsewhere in the glossary.

Capital expenditure. This comprises all expenditure charged to the Capital Account of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund (including interest on government bonds and notes but excluding repayment of the bonds and notes), Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund. Major items are highlighted below –

General Revenue Account

equipment, works and capital subventions of a minor nature

Capital Investment Fund

advances and equity investments

Capital Works Reserve Fund

acquisition of land
 capital subventions
 computerisation
 interest and other expenses on government bonds and notes issued in 2004
 major systems and equipment
 Public Works Programme expenditure

Disaster Relief Fund

relief to disasters that occur outside Hong Kong

Innovation and Technology Fund

projects promoting innovation and technology upgrading in manufacturing and service industries

Loan Fund

loans made under various development schemes supported by the Government
 loans to schools, teachers, students, and housing loans to civil servants, etc.

Lotteries Fund

grants, loans and advances for social welfare services

Capital surplus/deficit. The difference between *capital revenue* and *capital expenditure*.

Capital revenue. This comprises certain revenue items in the General Revenue Account and all receipts credited to seven Funds, as highlighted below –

General Revenue Account

disposal proceeds of government quarters and other assets
 estate duty
 loan repayments received
 recovery from Housing Authority

Capital Investment Fund

dividends from investments
 interest on loans
 investment income
 loan repayments received
 proceeds from sale of investments

Appendix C – *Contd.**Capital Works Reserve Fund*

investment income
land premium
recovery from MTR Corporation Limited

Civil Service Pension Reserve Fund

investment income

Disaster Relief Fund

investment income

Innovation and Technology Fund

investment income
loan repayments received
proceeds from sale of investments

Loan Fund

interest on loans
investment income
loan repayments received
proceeds from sale of loans

Lotteries Fund

auctions of vehicle registration numbers
investment income
loan repayments received
share of proceeds from the Mark Six Lottery

Consolidated surplus/deficit before repayment of bonds and notes. The difference between *government revenue* and *government expenditure*.

Fiscal reserves. The accumulated balances of the General Revenue Account, Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund.

Future Fund. It is the part of the fiscal reserves which is set aside for longer-term investment with a view to securing higher investment returns for the fiscal reserves. It is a notional savings account established on 1 January 2016. It comprises the balance of the Land Fund as its initial endowment and top-ups from consolidated surpluses to be transferred from *Operating and Capital Reserves* which is the part of the fiscal reserves outside the Future Fund.

Government expenditure. The aggregate of *operating expenditure* and *capital expenditure*. Unlike *public expenditure*, it excludes expenditure by the Trading Funds and the Housing Authority.

Government revenue. The aggregate of *operating revenue* and *capital revenue*.

Operating and Capital Reserves. With the establishment of the *Future Fund*, the part of the fiscal reserves outside the *Future Fund* is collectively known as the Operating and Capital Reserves.

Operating expenditure. All expenditure charged to the Operating Account of the General Revenue Account.

Appendix C – *Contd.*

Operating revenue. This comprises all revenue credited to the General Revenue Account (except those items which are treated as *capital revenue*) and the Land Fund, as highlighted below –

General Revenue Account

- duties
- fines, forfeitures and penalties
- investment income
- rents and rates
- royalties and concessions
- taxes
- utilities, fees and charges

Land Fund

- investment income

With the establishment of the Future Fund as from 1 January 2016, the investment income of the Land Fund will be reinvested and will not be paid to Government until the end of the ten-year placement (i.e. 31 December 2025) or a date as directed by the Financial Secretary.

Operating surplus/deficit. The difference between *operating revenue* and *operating expenditure*.

Public expenditure. *Government expenditure* plus expenditure (operating and capital) by the Trading Funds and the Housing Authority.

Transfer to Funds. Transfers between the General Revenue Account and the eight Funds (Capital Investment Fund, Capital Works Reserve Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund) are not counted as government revenue and expenditure as these are merely internal transfers within Government's accounts.