



The Hong Kong Special Administrative Region of the People's Republic of China
The Chief Executive's 2017 Policy Address

(index.html)

Speech by the Chief Executive in delivering "The Chief Executive's 2017 Policy Address" to the Legislative Council

Mr President, Honourable Members and fellow citizens,

Today, with much relief, I present the first Policy Address in my term of office to the Legislative Council. During the past three months, the community has voiced a lot of expectations towards this Policy Address. I have listened to them all. I appreciate that many issues in the community require the Government's attention. At the same time, I have accepted the suggestion of the Non-official Members of the Executive Council that I should make use of the opportunity today to share with Hong Kong people my governance philosophy and to highlight some of the specific measures, rather than following the previous practice of spending two to three hours reading out the Policy Address. Without the constraint of a time limit, the Policy Address I deliver today runs to some 49 000 characters. It comprehensively covers such areas as good governance, diversified economy, nurturing talent, improving people's livelihood, liveable city and connecting with young people. I hope that when you read it, you will get a better grasp of Hong Kong's current situation as well as the vision of the Government. That said, I am fully aware that a lengthy Policy Address does not guarantee flawless policies or effective implementation. Together with my political team, I will continue to listen to the views of Honourable Members and members of the public with humility, so as to ensure that this Policy Address will set a new starting point for Hong Kong.

2. This year marks the 20th anniversary of Hong Kong's return to the Motherland, a milestone for us to build on our achievements and begin a new chapter of development. In his keynote address delivered at the Meeting Celebrating the 20th Anniversary of Hong Kong's Return to the Motherland and the Inaugural Ceremony of the Fifth-term Government of the Hong Kong Special Administrative Region (HKSAR), President Xi Jinping said in all earnestness that the destiny of Hong Kong has always been intricately bound with the Motherland. In the last two decades, thanks to the support of the Motherland and with an international vision, Hong Kong has kept its

distinct features and strengths. This fully demonstrates that “One Country, Two Systems” is the best institutional arrangement to ensure Hong Kong’s long-term prosperity and stability after our return to the Motherland. It is a workable solution and an achievable goal welcomed by the people. Thus, everybody with a passion for Hong Kong has the responsibility to ensure that, here in Hong Kong, “One Country, Two Systems” advances in the right direction, the obligation to say “no” to any attempt to threaten our country’s sovereignty, security and development interests, as well as the duty to nurture our next generation into citizens with a sense of national identity, an affection for Hong Kong and a sense of social responsibility.

3. Furthermore, through immense contributions made by generations of Hong Kong people and countless challenges overcome, we have established our core values including an independent judicial system, adherence to the rule of law, a highly efficient and clean Government, freedom of the press, respect for human rights, pluralism and inclusiveness as well as the freedom of expression. Since our return to the Motherland, these institutional strengths, rights and freedoms have been protected by the Basic Law under the principle of “One Country, Two Systems”. These constitutional bulwarks and cornerstones of a civilised society and our moral values are unbreachable. The HKSAR Government and myself will, with our utmost endeavours, implement the “One Country, Two Systems” principle, uphold the Basic Law and safeguard the rule of law.

4. In the past three months, in my new capacity as Chief Executive, the honour as well as the immense responsibility of the office are most deeply felt. Some of the decisions cannot be delegated. Certain views must be stated in unequivocal terms. And some of the tasks have to be taken up by myself. What I find most encouraging and touching is the warm support I have received from numerous leaders in our community. Some of them have joined the Executive Council and various statutory bodies or advisory bodies, some have participated in outbound business delegations or summit meetings, and some have spoken in support of Hong Kong through their liaison with Mainland and overseas organisations. I will capitalise on this rich talent pool during my tenure in working on Hong Kong’s future.

5. In the coming few years, Hong Kong is entering a period when opportunities and challenges co-exist. The Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development of our country will bring enormous opportunities for Hong Kong’s economy. We must leverage the unique advantages of the HKSAR and the support we receive from the Central Authorities. We will continue to respect the rules governing the economy and market operations and promote free trade. With a new, proactive style of governance, strong commitment embodied in the new roles of the Government as well as a new fiscal philosophy to manage our finances wisely, we will inject new and continuous impetus to Hong Kong’s economy.

6. Sound public finance and optimal use of public resources are key to good governance. With years of practical experience in public finance, I fully appreciate the requirements stipulated in the Basic Law of keeping expenditure within the limits of revenues and avoiding fiscal deficits as far as possible. But the fact is the HKSAR Government last went into deficit in 2003-04. Taking into account the investment return previously injected into the Housing Reserve, the Government currently has a fiscal reserve in excess of \$1,000 billion. We are well positioned to use our accumulated fiscal surpluses, which are wealth derived from the community, wisely to benefit the community. On the premise of ensuring the health of our public finance, I will adopt forward-looking and strategic financial management principles in making investment for Hong Kong and relieving our people's burdens.

7. On people's livelihood, meeting the public's housing needs is our top priority. The Government has no magic wands, but in the past few months the Directors of Bureaux concerned have demonstrated their readiness to think out of the box in a bid to address the community's pressing needs. We strive to meet public expectations by pursuing new directions and new initiatives. On care for the elderly, we do not see the ageing population as a threat to public finance. We have, instead, taken the opportunity to devise a variety of effective elderly care services. We will continue to devote resources to poverty alleviation as well as support for the disadvantaged in order to build a caring and inclusive society. On education, we will uphold the "Led by Professionals" principle and deploy the necessary resources to nurture our next generation.

8. If I am to put in simple terms the style of this Policy Address, I would say that it speaks of determination, boldness in innovation as well as a conscientious effort to address the needs of the people.

9. Our economy has been performing very well this year, expanding by 4.0% in real terms year-on-year in the first two quarters. Entering into the third quarter, our positive economic development has continued with export growing notably and domestic demand remaining firm, displaying an encouraging performance. The local labour market has continued to see full employment, with the employed population increasing steadily and the unemployment rate dropping to 3.1% in recent months. This is the lowest level in almost two decades. Household income has generally recorded solid increases, with the earnings of full-time employees in the lowest decile group increasing by 4.5% in real terms after discounting inflation. Inflation has dropped for six consecutive years. Barring abrupt negative shocks externally, our overall economic growth this year is expected to go higher than 3.5%, the mid-point in the earlier forecast range of 3-4%, and would fare better than the annual average of 2.9% over the past decade.

10. However, in order to sustain these favourable trends for our economy, diversifying our economy is the only solution. The current-term Government is determined to boost the development of emerging industries in addition to our traditional industries, and considers that both innovation and technology (I&T) and the creative industries have a competitive edge and much potential. They will not only bolster economic growth, but also create quality employment opportunities for our young people.

11. For Hong Kong to catch up in the I&T race and to become an international I&T hub, the Government will step up efforts in eight key areas, viz. resources for research and development (R&D), nurturing a talent pool, venture capital, scientific research infrastructure, legislation review, opening up data, government procurement and popular science education, to propel I&T development and will put in necessary resources.

12. We have set a goal to double the Gross Domestic Expenditure on R&D as a percentage of the Gross Domestic Product from the current 0.73% to 1.5% within the current-term Government's five-year tenure. We have set aside no less than \$10 billion as university research funding, and will provide additional tax deduction for R&D expenditure incurred by enterprises. The Education Bureau will make available \$3 billion to provide studentships for local students admitted to University Grants Committee-funded research postgraduate programmes. The Innovation and Technology Bureau will launch a \$500 million "Technology Talent Scheme", including the establishment of a "Postdoctoral Hub". Our aim is to encourage our young people to engage in research and product development. At the same time, I will strive to attract top overseas scientific research institutions to Hong Kong. In the past three months, several internationally renowned institutions approached me directly and expressed interest in setting up key technology collaborative platforms here. We will also invest \$700 million to immediately take forward several projects to develop Hong Kong into a Smart City.

13. To press ahead with I&T development at full steam, I will personally lead a high-level, inter-departmental Steering Committee on Innovation and Technology to examine and steer measures under the eight areas of I&T development as well as Smart City projects. The Chief Executive's Council of Advisers on Innovation and Strategic Development, to be formed by revamping the Economic Development Commission and the Commission on Strategic Development, will also offer ideas and advice to the Government on I&T development to maintain Hong Kong's competitiveness in the global arena and enhance Hong Kong's alignment with the development of our country.

14. Creative industries cover a very broad scope. Capitalising on Hong Kong's established advantages and coupled with financial assistance, the Government will seek to promote the further development of these diverse sectors, in particular the

design industry. We propose injecting \$1 billion into the CreateSmart Initiative, and providing more resources to the Hong Kong Design Centre to implement a series of measures to reinforce Hong Kong's status as a city of design excellence in Asia. The Commerce and Economic Development Bureau will identify more room for development through integrating design and industry. It will also foster closer links between Hong Kong's design industry and Shenzhen and other design cities in the Mainland and overseas to open up new markets for Hong Kong.

15. Apart from fostering the development of the emerging industries, we will also reinforce and further enhance our financial services sector, transportation services and logistics industry, tourism, construction and related professional services sectors, legal services, etc. Through policy steer, allocation of resources and external promotion, we will seize the opportunities arising from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development. Take the financial services sector as an example. The Financial Leaders Forum chaired by the Financial Secretary will put forward strategic and forward-looking proposals, which will be followed up by relevant departments. The Government will allocate more resources to the Financial Services Development Council to enhance its role in promoting market development and nurturing talent. The Government will also take the lead in arranging the issuance of a green bond in the next financial year and promote the establishment of green bond certification schemes that meet international standards by local entities.

16. In order to further enhance the competitiveness of Hong Kong, we will demonstrate greater determination in our taxation policies. The Financial Services and the Treasury Bureau has made proposals on the two tax measures put forward in my Election Manifesto, with a rate of tax reduction even deeper than what I had proposed, and will strive to implement them within 2018. On the two-tier profits tax system, the profits tax rate for the first \$2 million of profits of enterprises will be lowered to 8.25%, or half of the standard profits tax rate, instead of 10% as proposed in my Election Manifesto. Profits above that amount will continue to be subject to the standard tax rate of 16.5%. To ensure that the tax benefits will target small and medium enterprises, we will introduce restrictions such that each group of enterprises may only nominate one enterprise to benefit from the lower tax rate. To encourage research and R&D investment by enterprises, we propose that the first \$2 million eligible R&D expenditure will enjoy a 300% tax deduction with the remainder at 200%.

17. In recent years, government departments have been shouldering an increasing workload, and might not have been able to fully meet public expectations in policy implementation. We are determined to improve the situation on several fronts. First, we will augment the civil service establishment by at least 3% in the next financial year to provide immediate relief to the workload pressure on colleagues and to respond to public aspirations. We will proceed to ask the Heads of Departments to

streamline administration, foster innovation and collaboration, and leverage technology. We will revamp the Central Policy Unit into the “Policy Innovation and Co-ordination Unit” and place the Efficiency Unit under the Innovation and Technology Bureau to enhance inter-departmental collaboration and assist departments in technology application. In the long term, I propose establishing a new civil service college with upgraded facilities in Hong Kong so as to better equip the civil service for various challenges. The Civil Service Bureau has already commenced project planning and site search.

18. Innovative approaches may also be applied to the formulation of concrete measures aimed at benefitting people’s livelihood. To relieve the burden of long-distance public transport expenses on commuters, colleagues in the Transport and Housing Bureau, after three months of diligent effort, propose to introduce a non-means tested Public Transport Fare Subsidy Scheme to provide fare subsidy, to an extent, for commuters if their monthly public transport expenses exceed a specified level. Our proposal is to set the line at \$400 in the monthly expenditure on public transport, with the Government providing a subsidy amounting to 25% of the actual expenses in excess of this level, subject to a cap of \$300 a month. We anticipate that over two million commuters will benefit from the scheme, which will cover the fares of MTR, franchised buses, green minibuses, ferries and trams. The scheme will be simple and easy to understand, and will not require any application. The Government aims to launch the scheme within one year after obtaining funding approval from the Finance Committee of the Legislative Council.

19. For quite a long time, a variety of problems have persisted in the community. Some of them have been set aside due to incessant arguments. Some of them have not been taken forward for fear of criticisms. The current-term Government sets no easy goals and avoids no difficult tasks. With this style of governance, we will make every effort to solve these problems for our people.

20. First, the difficulty in achieving home ownership and the poor living conditions. My housing policy comprises the following four elements:

- (1) housing is not a simple commodity. Our community has a rightful expectation towards the Government to provide adequate housing. This is also fundamental to social harmony and stability. Therefore, while maintaining respect of a free market economy, the Government has an indispensable role to play in this area;
- (2) we will focus on home ownership to enable our people to live happily in Hong Kong and call it their home. The Government will strive to build a housing ladder to rekindle the hopes of families in different income brackets to become homeowners;
- (3) focusing on supply and based on the Long Term Housing Strategy, we will step up our effort in increasing the supply of housing units; and

(4) with insufficient land and when new supply is not yet available, we will strive to optimise the existing housing resources to meet the housing needs of families that have long been on the waiting list for public rental housing (PRH) and to help residents in poor living conditions.

21. PRH is the first rung on the housing ladder. At present, there are about 756 000 households living in PRH, among which 19% are elderly persons and 16% are receiving Comprehensive Social Security Assistance. PRH is a long-established safety net for the grassroots and low-income families. The Government will strive to shorten the waiting time for PRH while stepping up our effort to help those relatively better-off PRH tenants to move up the housing ladder and vacate their units for allocation to the needy.

22. One approach is to substantially increase the supply of units under the Green Form Subsidised Home Ownership Scheme (GSH), which specifically caters for PRH tenants. The Hong Kong Housing Authority (HKHA) launched the GSH Pilot Scheme in 2016 and selected a PRH project in San Po Kong to provide 857 units for sale at affordable prices to enable Green Form Applicants to become home-owners. The project was nearly 18 times over-subscribed and all units were sold. PRH units in different districts are in turn vacated for allocation to those on the waiting list.

23. From the perspectives of housing policy, utilisation and allocation of the HKHA's resources, and public aspirations for home ownership, GSH has its merits and no shortcomings. In fact, apart from assisting PRH tenants to become home-owners, PRH applicants who have passed the detailed eligibility vetting are also eligible for GSH and can thus more quickly fulfil their aspirations for home ownership. In view of this, I consider that our future public housing developments should include more GSH units instead of PRH units. I have requested the HKHA to complete the review on GSH as soon as possible, with a view to regularising the Scheme and offering more GSH flats for sale. After a preliminary technical assessment, the Housing Department considers that some 4 000 new PRH units in Fo Tan, Sha Tin can be converted into GSH units for sale in late 2018.

24. Newly-constructed Home Ownership Scheme (HOS) flats on the housing ladder have all along been providing middle-income White Form applicants with the opportunities to own subsidised flats. The Government will continue to increase the supply of HOS flats. In the past, HOS flats with premium unpaid used to be available for sale on the secondary market only to Green Form applicants. The HKHA launched two rounds of the Interim Scheme of Extending the HOS Secondary Market to White Form Buyers (Interim Scheme) in 2013 and 2015 respectively on a pilot basis to allow eligible White Form applicants to purchase HOS flats with premium unpaid. This allows tenants of private premises more opportunities to become home-owners and at the same time facilitates the turnover of HOS flats.

25. Taking into account the Tenants Purchase Scheme flats with premium unpaid, there are a total of 380 000 flats available on the secondary market for purchase by White Form buyers. I propose that the HKHA regularise the Interim Scheme.

26. In my Election Manifesto, I proposed to introduce, on top of HOS, affordable “Starter Homes” for middle-class families in Hong Kong, thus re-igniting the hopes of families with a higher income to own a home in the face of hiking private property prices. This has generated a lot of attention in the community. I must reiterate that given the limited land supply for public housing, the Government will provide the proposed “Starter Homes” units only on the premise that the existing supply of public housing will not be affected. It now appears that the land supply for “Starter Homes” will have to come from sites already owned by private developers or to be bought from the Government.

27. Our initial thinking is to incorporate provisions into the land lease to require developers to pursue mixed developments, i.e., to design, build and offer for sale a specified number of “Starter Homes” units in addition to private housing units, and to sell these units to target buyers who meet the eligibility criteria set by the Government. These criteria include, among others, Hong Kong residents who have lived in Hong Kong for seven years or more and have never owned any property here. Their income will fall between the income limits for HOS applicants and about 30% higher than the HOS limits. Based on the prevailing HOS income limits, the upper income limit for the new scheme will be set at not exceeding \$34,000 a month for singletons and \$68,000 for households with two or more members. The prices and sizes of such units will be determined having regard to the affordability of eligible buyers. The alienation restrictions may be tighter than those for the HOS. We need to further consider how to deal with the subsidy given to the buyers at the time of purchase, i.e., the issue of premium payment.

28. As “Starter Homes” is a new concept and a type of Government-subsidised flats for sale, the implementation details will intertwine with those of HOS and GSH, which will see a notable increase in supply. The Government will discuss with the HKHA and relevant sectors and listen carefully to the views of the community. Details of the scheme will be finalised for announcement in mid-2018, so as to dovetail with our proposal to launch a pilot scheme by the end of next year using a residential site at Anderson Road, Kwun Tong on the Government’s Land Sale Programme to provide about 1 000 residential units.

29. Even if our housing policy has broad community support, it takes time to find land for increasing the housing supply. The current-term Government will think out of the box to facilitate the implementation of various short-term community initiatives to

increase the supply of transitional housing, with a view to alleviating the hardship faced by families on the PRH waiting list and the inadequately housed. Specific measures that may be considered include:

- (1) optimising the use of idle government premises by providing rental housing units like those under the “Light Housing” project launched by Light Be in Sham Tseng;
- (2) supporting the Community Housing Movement initiated by the Hong Kong Council of Social Service on a pilot basis, including encouraging the Urban Renewal Authority to participate by offering units in old buildings;
- (3) facilitating the Hong Kong Housing Society in allowing the owners of its subsidised housing to rent out their flats with premium unpaid to needy families at below market rentals on a pilot basis;
- (4) exploring the wholesale conversion of industrial buildings into transitional housing with waiver of land premium; and
- (5) supporting non-profit-making organisations to explore the feasibility of constructing pre-fabricated modular housing on idle sites.

30. Admittedly, these measures on transitional housing are unable to resolve the problem of insufficient supply we face today. Nevertheless, they will help us pool community efforts and resources and demonstrate our determination in tackling this priority livelihood issue together.

31. The determination to resolve problems together is precisely the consensus we need in tackling the issue of increasing land supply. Established in September this year, the Task Force on Land Supply (Task Force) will lead the community to examine the pros and cons of different land supply options in a thorough and macro manner, with a view to achieving the broadest consensus in the community. With an important mission to achieve within a tight time frame, the Task Force plans to launch a public engagement exercise in the first half of 2018. I appeal to all sectors of the community to consider the difficult issues of land supply in an inclusive, open and rational manner. We also look to the Task Force to draw up a comprehensive package of proposals and a visionary land supply strategy.

32. To maintain and consolidate the international status of our convention and exhibition industry, there is a pressing need for new venues. Otherwise, Hong Kong will miss the opportunities to host some of the large-scale conventions and exhibitions that are either internationally important or newly launched. The current-term Government is determined to tackle this long-standing problem. After a detailed study, we consider that the priority is to build a new convention and exhibition venue of international standard in the proximity of the existing Hong Kong Convention and Exhibition Centre (HKCEC) in Wan Chai. The new venue must be connected to and integrated with the existing HKCEC to maximise the benefits. Therefore, we have

decided that for the time being, we will give up the identified site at the Wan Chai Sports Ground announced by the Government earlier. Instead, we will demolish and redevelop the three government buildings next to the HKCEC in Wan Chai North into a new wing that can be connected to and integrated with the existing HKCEC. Based on an initial estimate, the project will add about 23 000 square metres of connected convention and exhibition facilities. Hotel facilities, which complement convention and exhibition activities, and Grade A office space, which can help alleviate the market shortfall, can be built on top of the new convention and exhibition venue.

33. The proposed new wing of the HKCEC will not be sufficient to make up for the venue shortage. We will continue with the development of a new convention centre above the Exhibition Station of the Shatin to Central Link to provide the market with an additional 15 000 square metres of convention space. As a longer-term plan, when the reprovisioning of the Wan Chai Sports Ground is satisfactorily resolved, the site may be earmarked for the further development of convention and exhibition facilities so as to reinforce and enhance the status of Wan Chai North as a convention and exhibition hub in Asia. We will also continue to explore the feasibility of expanding other existing convention facilities.

34. With an ageing population, the challenges faced by public hospitals will be huge. They will not be able to fully address the demand for healthcare services even with the Government's allocation of additional resources for hospital development projects and for the Hospital Authority, not to mention that prevention is better than cure and that home care and community care services will better meet the aspirations of the elderly to enjoy their golden years. Through the Working Party on Primary Health Care led by Professor Rosie Young, the Government had put forward a proposal as early as 1990 to step up the development of primary healthcare in Hong Kong. I happened to be the secretary of this working party and was responsible for drafting its report. Twenty-seven years on, while there has been advancement in disease prevention, health education and family medicine, our public healthcare services are still hospital-oriented and a large portion of public resources is devoted to hospitals. The Secretary for Food and Health, herself an expert in primary healthcare, has been an advocate in this area for many years. I shall give her my full support in drawing up a blueprint for the development and delivery of primary healthcare services, and the setting up of the first district health centre with a new operation model on a pilot basis in Kwai Tsing District.

35. The "offsetting" arrangement under the Mandatory Provident Fund (MPF) Scheme is another issue that has beleaguered the labour sector. At present, over \$3 billion of accrued benefits from employers' MPF contributions is used each year for offsetting severance payment or long service payment, thus reducing the total amount of employees' MPF benefits on retirement. The current-term Government has made

clear its stance that the “offsetting” arrangement should be abolished and is willing to increase its financial commitment to mitigate the impact of the abolition on enterprises, in particular micro, small and medium enterprises. The Secretary for Labour and Welfare will continue to discuss with the business sector and labour sectors, with a view to putting forward a proposal that takes into account the interests of both employers and employees in the coming months.

36. Under my new fiscal philosophy, the Government should make the right investments and in a timely manner so as to reduce the extra expenditure which may have to be incurred if action is delayed. Moreover, public resources should be used to address people’s most pressing needs. In my Policy Address, I pledge to reduce the waiting time to zero for two kinds of services: first, pre-school rehabilitation services for children with special needs, such as those suffering from autism, hyperactivity disorder, language disorder or dyslexia; and second, appropriate home and community care services for the elderly in need of support, including those discharged from hospital. In the year ahead, we will increase the places for pre-school rehabilitation services from 3 000 to 7 000 and the number of community care service vouchers from 3 000, as from early this year, to 6 000. The Government is ready to allocate more resources in order to achieve the target of zero waiting time.

37. Ageing and dilapidation of buildings is another issue that has plagued the public for a long time. At present, there are over 5 000 residential and composite buildings aged above 50 years in Hong Kong. Without timely inspection and maintenance, they will pose hazards to both the residents and passers-by. To further safeguard public safety and to assist owners in need, the Government will launch “Operation Building Bright 2.0” at a cost of \$3 billion. The Government will devote another \$2 billion to subsidise old buildings to meet the fire safety requirements under the Fire Safety (Buildings) Ordinance. The Development Bureau and the Security Bureau will take forward these two schemes in collaboration. The Urban Renewal Authority is setting up a one-stop Building Rehabilitation Platform to provide comprehensive assistance to owners.

38. To secure public support for the Government, we must adopt a people-oriented approach and be attentive to the needs of the people. Thus, we have put forward an array of initiatives in this regard in the Policy Address, including:

- (1) providing a recurrent Air-conditioning Grant for public schools starting from the next school year so as to provide a more comfortable teaching and learning environment for teachers and students in hot weather;
- (2) providing more assistance for patients with uncommon disorders, including providing subsidies for specific drug treatments according to individual patients’ special clinical needs as well as subsidies for eligible patients to participate in compassionate programmes of individual pharmaceutical companies;

- (3) significantly enhancing the Low-income Working Family Allowance Scheme whereby, for a four-person household with two eligible children, the monthly payment will increase by 23% from the current \$2,600 to \$3,200 if the monthly household income is \$19,000 or below and the total monthly working hours of all household members are not less than 192;
- (4) setting up a Special Needs Trust for parents in need so that they can rest assured that their children with intellectual or other disabilities will receive proper care through the use of the assets they left behind after their departure;
- (5) proposing to increase the statutory paternity leave from three days to five days and commencing a study and the related work on extending the duration of the 10-week statutory maternity leave;
- (6) doubling the number of internship places in government departments for students with disabilities from 50 to 100 a year, thereby enhancing their competitiveness when they enter the work force;
- (7) conducting a comprehensive review on the entry requirements relating to Chinese proficiency for all grades in the civil service so as to increase government job opportunities for the ethnic minorities;
- (8) resuming the construction of new public markets to offer wider choices of fresh provisions to the public, and improving the facilities and management of existing public markets, including expediting the installation of air-conditioners;
- (9) establishing a Countryside Conservation Office under the Environment Bureau, drawing on the experience of the countryside conservation efforts in Lai Chi Wo, to co-ordinate conservation projects in remote countryside areas. The initiative will not only protect natural ecology and cultural resources, but also promote eco-tourism; and
- (10) taking the lead, including providing subsidies, to encourage telecommunications companies to extend the fibre-based network to villages in remote locations. It is estimated that about 170 000 villagers in about 380 villages currently without high-speed broadband network coverage will benefit.

39. During my election campaign, I pledged to connect with young people. As stated in the Policy Address, we will strive to do our best in youth development work by addressing their concerns about education, career pursuit and home ownership, and encouraging their participation in politics as well as public policy discussion and debate. Education is the key to nurturing talent, and Government expenditure on education is the most meaningful investment for our future development. I proposed during my election campaign an immediate increase of recurrent education expenditure by \$5 billion a year. This was much welcomed by the community. Various quality education initiatives funded by the \$3.6 billion allocation are being launched progressively starting from this school year. As to how the remaining \$1.4 billion recurrent funding should be put to good use, the Government will examine the relevant issues and continue to discuss with the education sector. We will also provide

additional resources where necessary. We need to carry out in-depth reviews on eight key areas of education, including professional development of teachers, curriculum arrangement, assessment system, vocational and professional education and training, self-financing post-secondary education, school-base management, parent education and University Grants Committee's funding on research and student hostels. The Education Bureau will set up task forces this year to take forward the reviews on these various areas. Under the principles of "Led by Professionals" and "Listening to Views Directly", we will invite education experts, including professionals with good knowledge of the situation of frontline teachers and student learning, to participate in the work of the task forces.

40. As regards encouraging young people to participate in public policy discussion and debate, we will appoint more young people to various government committees with the aim of increasing the overall ratio of youth members to 15% within the current-term Government. As a start, we will invite young people to become members of selected boards and committees in areas such as youth development, I&T and the environment by self-recommendation through the pilot member self-recommendation scheme. We will soon start the recruitment of 20 to 30 young people aspiring to pursue a career in policy research as well as policy and project co-ordination to join the proposed Policy Innovation and Co-ordination Unit on a non-civil service contract basis, so that they can gain experience in public administration and the voices of young people can be heard at senior levels of the Government.

41. Honourable Members and fellow citizens, my vision is for a Hong Kong of hope and happiness – a city we are all proud to call our home. I see a vibrant international metropolis that is just, civilised, safe, affluent, enjoys the rule of law, compassionate and well-governed. To achieve this vision, we need to have a society that is united, harmonious and caring. This vision is not, in reality, that far off. In fact, it has been Hong Kong's way to success for more than half a century. We have not lost our intrinsic advantages. Hong Kong people are still brilliant and the Hong Kong spirit has not been eroded. As the lyrics of "Hong Kong Our Home", the HKSAR 20th Anniversary Theme Song, go:

"We've built wonders through hard work
Believing in ourselves evermore
That's why I treasure Hong Kong
That's why I appreciate Hong Kong."

As long as we can achieve consensus, and capitalise on our strengths, the best of Hong Kong is yet to come!

42. Let's connect for hope and happiness!

[Important Notices \(important.html\)](#) | [Privacy Policy \(privacy.html\)](#) 2017©

Last revision date: October 11, 2017