

The 2003 Policy Address

Policy Agenda

Introduction

This booklet describes the policy agenda of the Second Term Government of the Hong Kong Special Administrative Region (HKSAR) in the next eighteen months.

It lists, under the five guiding principles of *Effective Governance, Vibrant Economy, Caring and Just Society, Enlightened People with a Rich Culture,* and *Environmentally Responsible Development*, policy initiatives designed to take Hong Kong forward. They envision Hong Kong as one of the most important cities in China and a world city of Asia. They will build on its strengths and capitalise on its strategic location in the Pearl River Delta area.

In this vision, Hong Kong will continue to develop as a world-class financial and trade centre providing high-value-added services. The city has played, and will continue to play, an irreplaceable role in China's economic modernisation; it will strengthen its role as a bridge between China and the world and continue to benefit from China's phenomenal economic success.

The character of a city is defined by its people. These policy initiatives envisage a city of well educated, healthy, and increasingly affluent people enjoying a good quality of life, committed to their civic responsibilities, proud of their identity, and global in their outlook.

They conceive of a caring, just and inclusive society. They reckon that Hong Kong is rising to the challenges of its economic integration with the Mainland, its transformation from an industrial to a knowledge-based economy, and its sustainable and balanced development.

The second-term HKSAR Government will focus on the immediate goals of reviving the economy, restoring fiscal balance, and promoting effective governance.

We have thrived on and are determined to maintain the rule of law, particularly in the pursuit of government initiatives. We are committed to maintaining a small but responsive and responsible government and will continue to take forward our constitutional development in accordance with the relevant provisions of the Basic Law.

In realising the initiatives set out in the agenda, the HKSAR Government will count on the support of every citizen and will work in close partnership with the community.

The list is neither exhaustive nor final. It focuses on the next 18 months to coincide with the term of the current Legislative Council and will be refined from time to time in the light of changing circumstances. Many of these initiatives are new and some are ongoing, but in due course you will become aware of them and be involved through consultation in appropriate cases, through the publication of bills, and through initiatives unveiled in the Legislative Council. The implementation of initiatives requiring additional funding will be, of course, subject to the approval of the Legislature.

We are always conscious that governments cannot be all things to all people. No honest government can ever claim to solve all life's problems in a single stroke. We are well aware that it is not the total number of initiatives that count but the number that can be brought successfully to fruition.

The initiatives that are referred to here are the ones we consider to be in line with our strategic goals, practical, and to the greatest benefit of Hong Kong.

Effective Governance

Preamble

We will work to provide a sound foundation through effective governance to maintain and further develop Hong Kong's position as a world city of Asia. We are determined to maintain the rule of law in Hong Kong and will continue to take forward our constitutional development in accordance with the Basic Law. We will restore our fiscal balance to foster an environment conducive to continued economic growth and success. We are committed to maintaining a small but responsive and accountable government, and a permanent, meritocratic, professional, politically neutral and clean civil service.

New Initiatives

We will:

- Formulate an effective budget strategy with the objective of balancing the operating revenue and expenditure accounts by 2006-07. This will include levying a tax from early 2004 on passengers departing Hong Kong by land/sea in order to generate revenue to help finance improvement of boundary facilities.
- Implement a general recruitment freeze to the civil service and consider implementing a second Voluntary Retirement Scheme with a view to reducing the size of the civil service and facilitating the Government's efforts to reduce operating expenditure.
- Take forward the 2003 civil service pay adjustment and related matters in consultation with staff.
- Review the Accountability System for Principal Officials after its first year and report to the Legislative Council.
- Make practical arrangements to ensure that the 2003 District Council elections are conducted in a fair, open and honest manner following the expansion in the number of elected seats.
- Enact legislation to provide for the delineation of geographical constituencies and functional constituencies for the 2004 Legislative Council elections. We will also put in place new electoral arrangements, adopt measures to facilitate the development of political parties and political groups, and support independent candidates in these elections.

- Begin to make suitable preparations for the review of constitutional developments after 2007.
- Enhance administrative efficiency and effectiveness of bureaux and departments through re-engineering, re-organisation and re-prioritisation of service delivery.
- Enhance motivation and commendation schemes for civil servants in recognition of distinguished service.
- Review the structure and functions of advisory/statutory bodies.
- Enact domestic legislation to implement Article 23 of the Basic Law.
- Introduce legislative amendments to enhance the capability of law enforcement agencies to combat terrorism and transnational organised crimes.
- Act on proposals to relieve prison over-crowding and improve prison management for both the short and long term.

Ongoing Initiatives

We are:

- Implementing measures to control growth in public expenditure in 2003-04 to 2006-07 to ensure that the Budget is balanced and public expenditure is 20% of GDP or less by 2006-07.
- Continuing to implement “One Country, Two Systems” and to demonstrate its success.
- Taking steps to issue the Smart ID card in phases starting from mid-2003 to enhance security, facilitate boundary crossing, and provide other value-added services.
- Enhancing the credibility of the existing police complaints system by making the Independent Police Complaints Council a statutory body.
- Continuing discussion with the Mainland and other jurisdictions on bilateral legal co-operation in criminal matters relating to Mutual Legal Assistance, Surrender of Fugitive Offenders, and Transfer of Sentenced Persons.
- Putting in place electoral arrangements for 2003 rural elections.
- Enacting legislation to authorise and regulate soccer betting in Hong Kong.

Vibrant Economy

Preamble

The Government will play a limited but proactive role in the economy, focusing on maintaining a market-oriented and business-friendly environment. We will aim to attract and develop talent and to boost Hong Kong's role in the Pearl River Delta. We will promote sectors that generate higher value for our economy, including financial, logistics, professional, and producer services, as well as sectors like tourism and local community economy which provide more job opportunities for the people. While doing this, we will maintain our traditional institutional strengths including the rule of law, a level playing field, clean and efficient Government, free flow of information, low and simple taxes and good order.

New Initiatives

We will:

- Foster interaction with the Pearl River Delta as a key to economic revival in Hong Kong. A bridge linking Hong Kong (Lantau Island), Macau and Zhuhai is being pursued as a priority project.
- Pursue a series of measures to facilitate the movement of people and goods across the boundary including co-location of immigration and customs facilities, preparation for automated passenger clearance and automated vehicle clearance and a new bridge to connect Lok Ma Chau and Huanggang.
- Study the feasibility of a new express railway linking Hong Kong, Shenzhen and Guangzhou.
- Maintain Hong Kong's position as an international financial centre and the premier capital formation centre of China through enhancing the quality of our financial market. Specific initiatives include upgrading corporate governance, enhancing investor protection and facilitating the introduction of new products by the market. These are achieved through company law reform, deposit protection, streamlining of prospectus-related requirements to facilitate the offerings of shares and debentures, etc.
- Decide on the study findings of the merging of the MTRCL and the KCRC.

- Re-engineer the methodology for the planning and implementation of infrastructural projects with a view to improving efficiency and cost effectiveness.
- Select a suitable site in North Lantau for the development of a modern Logistics Park to provide efficient and high value-added logistics services.
- Develop a Digital Trade and Transportation Network (DTTN) System to facilitate information flow and sharing amongst the trade and logistics industry stakeholders.
- Relocate departments now occupying the Central Police Station, Victoria Prison and former Magistracy to enable the private sector to convert the compound into a retail, dining, cultural and entertainment area.
- Work with industry and professional representatives to devise a programme to position Hong Kong as a fashion hub for the region, and to promote innovation and design in industry and strengthen the design industry in this process.
- Set aside \$50 million from the Film Development Fund for the proposed Film Guarantee Fund and implement the proposed loan guarantee arrangement by April 2003.

- Implement various measures to improve the four existing Small and Medium Enterprises (SMEs) schemes to provide further assistance to SMEs.
- Implement new measures to help place the middle-aged unemployed in jobs.
- Implement the series of housing measures set out in the Statement on Housing Policy made by the Secretary for Housing, Planning and Lands on 13 November 2002.
- Evaluate divestment options for the Housing Authority's retail and car-parking facilities with a view to developing an implementation plan.

Ongoing Initiatives

We are:

- Working to secure an early and beneficial outcome to our discussion with the Mainland on the Mainland/Hong Kong Closer Economic Partnership Arrangement.
- Together with the Pearl River Delta municipalities, attracting more overseas enterprises to invest in Hong Kong.
- Assisting the Airport Authority to develop intermodal connections such as transit passenger ferry service between the Hong Kong International Airport and the Pearl River Delta.
- Developing a new exhibition centre at Chek Lap Kok jointly with the Airport Authority and a private sector consortium.
- Promoting Science Park and Cyberport more aggressively overseas through Invest Hong Kong, our Economic and Trade Offices, the Hong Kong Trade Development Council and specially commissioned agents.
- Furthering the development of the Hong Kong Jockey Club Institute of Chinese Medicine as a centre of excellence in pioneering science and evidence-based Chinese medicine.
- Providing a platform for the sports sector to engage business partners in organising international sports events.

- Inviting proposals to develop the former Marine Police Headquarters in Tsim Sha Tsui as a tourism project and to award the project in the first half of 2003 for completion in 2007.
- Pressing ahead with the implementation of the Kowloon Southern Link; commencing detailed design of Shatin to Central Link; beginning construction of the Shenzhen Western Corridor/Deep Bay Link and assessing the viability and timing of the Island Line Extensions and South Hong Kong Island Line.
- Encouraging departments to cut red tape, remove outdated or unnecessary regulations, and improve services to the business community.
- Taking forward the recommendations by the Standing Committee on Company Law Reform on enhancing our corporate governance regime; commencing operation of the Securities and Futures Ordinance to promote a fair, transparent and orderly market with upgraded intermediary services for better protection of investors and minority shareholders; and continuing to improve the quality of the capital market to maintain Hong Kong's competitiveness as a premier capital formation centre particularly for the Mainland. The Securities and Futures Commission will step up regulation of sponsors for initial public offerings of securities.

- Introducing the Copyright (Amendment) Bill to make permanent the main effects of the suspension arrangements, and introducing legislative amendments to extend the exemptions or relax certain provisions in the Copyright Ordinance.
- Strengthening tripartite cooperation among the Government, employers and employees to maintain harmonious labour relations and help resolve employment issues.
- Stepping up enforcement and publicity to combat illegal employment.
- Stepping up enforcement against wage offences.
- Pressing ahead with the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme to cater for youths aged 15 to 24.
- Exploring further opportunities for outsourcing the Housing Authority's services.
- Introducing a title registration system to give greater security to interests in land and property and simplify conveyancing.

Caring and Just Society

Preamble

Our vision for a Caring and Just Society celebrates the rich diversity of our community, recognising that each individual is endowed with different strengths. We aim to create an environment in which all people get every opportunity to develop their potential. Warm, supportive and stable families are what count most in nurturing the healthy development of individuals. We will strengthen family solidarity and foster mutual care and support in the community, so that all individuals are embedded in a network of care, trust, support and reciprocity. We will introduce health, social and housing policies and initiatives that enable individuals to enhance their community involvement. We will also ensure that there is a safety net so that those in need will also participate in economic and social life with dignity and self-reliance.

New Initiatives

We will:

- Establish a coherent and comprehensive population policy.
- Implement an effective and sustainable safety net, particularly through the Comprehensive Social Security Assistance Scheme, to assist the financially vulnerable.
- Further facilitate child adoption through amendments to the Adoption Ordinance and give effect to the Hague Convention on Protection of Children and Cooperation in respect of Intercountry Adoption.
- Develop a fee assistance scheme to allow the elderly to have more choices and flexibility in using residential care services.
- Develop a multi-pronged strategy to minimise the risk of avian influenza outbreaks.
- Regulate and develop Chinese medicine and introduce Chinese medicine into the public health care system.
- Ensure that the public enjoy a smokeless environment in work and other public places through amendments to the Smoking (Public Health) Ordinance.
- Protect the public from misleading or untruthful health claims through amendments to the Undesirable Medical Advertisement Ordinance.
- Safeguard the health and safety of the public by developing a regulatory framework on the supply and use of medical devices.

- Improve overall food safety and control on agricultural and fisheries operations that have an impact on public health or the environment.
- Review the operating environment of public transport and develop a more rational process for fare adjustment.
- Review the mechanism for the determination of domestic rents for public housing, subject to the outcome of the current judicial review of the Housing Authority's decision to defer review of rents.

Ongoing Initiatives

We are:

- Strengthening community-building work at the district level.
- Considering legislation against racial discrimination.
- Operating the \$300 million Community Investment and Inclusion Fund to encourage mutual concern and aid, and encourage community participation.
- Developing a new service delivery model to integrate family welfare services and community-based services to provide a continuum of preventive, supportive and remedial services.
- Enhancing youth services through an integrated and holistic approach.
- Promoting active and healthy ageing.
- Conducting studies with a view to developing a sustainable financial support system that better targets resources at elders most in need.
- Improving accessibility for people with disabilities by enhancing guidelines for barrier free access.
- Creating an enabling environment to develop women's full potential and to build up their capability to face life's challenges and participate fully in all aspects of community life.
- Enhancing primary medical care for the public through developing a pluralistic primary care model in the public health sector.

- Working out a sustainable long-term funding arrangement for the Hospital Authority to ensure the provision of quality public health care services.
- Maintaining supply of public rental housing for needy applicants within an average waiting time of three years.

Enlightened People with a Rich Culture

Preamble

The Government will enrich Hong Kong's quality of life through a variety of policies and programmes, among which education ranks the highest. As Asia's world city, we will create an environment which fosters innovative thinking, mutual respect and team spirit, and we hope citizens can cultivate their artistic interests and personal tastes for their spiritual enhancement and cultural enrichment. We expect our society to be one which encourages self-initiative, entrepreneurship and aspirations, while valuing creativity and diversity.

New Initiatives

We will:

- Facilitate the development of creative industries and enhance our efforts in assisting local community economy.
- Initiate new partnerships with the sports sector and the community pursuant to the Sports Policy Review.
- Formulate a comprehensive development package for the integrated arts, cultural and entertainment district in West Kowloon.
- Improve language education and the language proficiency of our people, i.e. biliterate in written Chinese and English and trilingual in Cantonese, Putonghua and spoken English through a package of measures recommended by the Standing Committee on Language Education and Research.
- Develop a cultural and arts, sports and youth network in the Pearl River Delta.
- Develop a comprehensive approach to heritage preservation.
- Rationalise and simplify the teaching grade structure of public sector schools.

Ongoing Initiatives

We are:

- Continuing with our comprehensive programme of education reforms which cover the admission system to help promote students' balanced, all-round development; the curricula and teaching methods; and the assessment mechanism to help enhance learning and teaching effectiveness.
- Planning with schools still operating in bi-sessional mode to work towards enabling all primary school students to study in whole day schools.
- Conducting parallel reviews of the Medium of Instruction Policy and the Secondary School Places Allocation System.
- Implementing the University Grants Committee's recommendations of the Higher Education Review.
- Setting up a qualifications framework and the associated quality assurance mechanism.
- Facilitating the promotion of major arts and cultural events and festivals in Hong Kong, highlighting our status as an international city.
- Initiating a study on the feasibility of setting up a Hong Kong Visual Arts Academy.
- Improving the governance and operations of cultural services in Hong Kong, including libraries, museums and performance facilities.

- Continuing consultation on measures to provide temporary protection to the most meritorious historical buildings.
- Finalising the detailed planning study on the development of a stadium complex and sports facilities in South East Kowloon.
- Enhancing the work on the promotion of youth development, civic education and racial harmony.

Environmentally Responsible Development

Preamble

Environmentally responsible development is about the delivery of a better quality of life for every one of our citizens, for now and for generations to come. We must tackle immediate problems —air pollution from power plants and vehicle emission, and water pollution in the harbour —with renewed vigour and determination. We owe it to future generations to act now and preserve the environment through the promulgation of sound policies on nature conservation, waste reduction and recycling, total water management and greening as well as the implementation of effective programmes. The community, the business sector and the Government are stakeholders as much as they are partners in the protection and improvement of our environment. It is incumbent upon all parties to take up this responsibility to collaborate fully, working together with commitment to Hong Kong —a place where we and our children build our sustainable home.

New Initiatives

We will:

- Introduce a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of emissions in the same air shed as part of our current programme with the Guangdong Provincial Government to improve air quality in the Pearl River Delta Region.
- Implement the polluter pays principle and introduce a landfill charging scheme for construction and demolition waste in 2004. This is expected to provide economic incentives for waste producers to reduce such waste and carry out sorting to facilitate reuse/recycling.
- Introduce in 2003 a pilot scheme to test out the economics and logistics of wet-and-dry garbage sorting which, if successful, will be extended into large-scale domestic waste recycling as part of the overall integrated waste management programme. A benchmark for waste reduction will also be established.
- Promulgate in 2003 a comprehensive nature conservation policy including practicable measures to better conserve ecologically important habitats in close partnership with academics and non-governmental organisations (NGOs). Consider the introduction of a rating system for ecological values of different locations as well as benchmarking against other developed cities or states with similar climatic and physical conditions.

- Implement the Total Water Management programme in which water conservation and water resource protection are enhanced through education and promotion, while examining technologies for recycling and desalination through pilot schemes.
- Develop a land use, transport and environment strategy under the Hong Kong 2030 study to guide the long-term development of Hong Kong.
- Consult various stakeholders with a view to making preliminary proposals on small house policy for more in depth discussion.
- Enhance building management and maintenance of private housing through education, publicity, and greater participation of professional bodies and the private sector, and initiate discussions on ways to providing one stop service to owners of private buildings.

Ongoing Initiatives

We are:

- Implementing incentive schemes to encourage replacement of diesel taxis with LPG taxis by end-2003 and replacement of diesel light buses with LPG or electric light buses by end-2005.
- Promoting the installation of particulate traps and catalytic converters on pre-Euro diesel vehicles through provision of financial assistance and taking steps to introduce legislation to make the installation mandatory upon completion of retrofit programme.
- Promoting the adoption of state-of-the-art, environmentally friendly technology by bus companies in their new fleet purchases and encouraging them to deploy cleaner vehicles along busy corridors. New franchise conditions will be introduced requiring bus companies to adopt the latest commercially available environmental technologies in their new buses. Operators who promote environmentally friendly measures will be given a better chance to secure the right to operate new bus route packages. Building on the existing arrangement whereby only Euro II and Euro III engine buses are deployed to bus routes operating in Causeway Bay corridors, we will work with bus companies to promote the use of more Euro II and Euro III engine buses in other busy corridors.
- Exploring opportunities to reuse inert construction and demolition materials outside Hong Kong.
- Encouraging the use of recycled construction and demolition materials in public works projects.

- Striving to reduce by 2010 the emission of four major air pollutants in the region by such levels as will enable Hong Kong to achieve the current air quality objectives.
- Concluding in 2003 trials and studies on the four options recommended by the International Review Panel on the remaining stages of the Harbour Area Treatment Scheme, before public consultation in 2004.
- Promoting the integration of sustainability in the Government and the community and setting up the Council for Sustainable Development.
- Implementing a comprehensive greening policy for Hong Kong through the collaboration of different departments and with the input of experts and specialists in the area, and aiming initially to develop the most sustainable greening programme for the urban areas.
- Promoting the wider application of renewable energy.
- Improving the legislative framework for building control and building safety.
- Streamlining the town planning process under the Town Planning Ordinance and enhancing openness of the planning system.