

The 2005-06 Policy Address Policy Agenda

Introduction

This booklet describes the policy agenda of the Second Term Government of the Hong Kong Special Administrative Region (HKSAR) under the new Chief Executive for the period from July 2005 to June 2007.

It contains policy initiatives designed under the five guiding principles of *Effective Governance, Vibrant Economy, Caring and Just Society, Enlightened People with a Rich Culture, and Environmentally Responsible Development* 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 region and the opportunities brought by the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

In this vision, Hong Kong will continue to develop and strengthen its role 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 HKSAR Government's most important tasks are to pursue excellence in governance, foster a harmonious community and help the economy power ahead at full steam.

We have thrived on and are determined to maintain the rule of law. We will pursue "people-based" governance and endeavour to be sensitive and responsive to the community's needs and aspirations. We are committed to the "Big Market, Small Government" and "Market Leads, Government Facilitates" principles 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 endeavour to cultivate and maintain a good relationship with the Central Government, and will count on the support of every citizen and work in close partnership with the community.

The list is neither exhaustive nor final. It sets out the core programme of activities to be pursued in the next two years. The policy initiatives will be refined from time to time in the light of changing circumstances, particularly the Government's priorities and financial position. Directors of Bureaux will separately account for the progress in implementing the policy initiatives published in the last issue of the Policy Agenda booklet, including items which have been completed or dropped owing to changing priorities, through the Legislative Council. As for the new initiatives unveiled in this booklet, members of the public will be involved through consultation or participation in appropriate cases. The implementation of initiatives requiring additional funding will be, of course, subject to the approval of the Legislature, where appropriate.

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 counts but the number that can be brought successfully to fruition.

The initiatives covered in this booklet 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 cultivate and maintain a good relationship between the HKSAR and the Central Government, pursue “people-based” governance, and, on the basis of an executive-led government, raise our capacity to govern. 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 will strengthen our relations with the international communities and actively co-ordinate the efforts of government departments and public bodies to promote Hong Kong overseas. 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. We will encourage public participation in politics to lay a more solid foundation for implementing “Hong Kong people ruling Hong Kong”.

New Initiatives

We will:

- Examine the possibility of further developing the existing political appointment system through creating new non-civil service positions (such as assistants to Directors of Bureaux) to be taken up by appointments of people from various sectors, including the political, professional and business sectors as well as the civil service.
- Deliver government services based around the needs and expectations of citizens by segment. A pilot Citizen-centric Services Programme will be implemented to deliver quality, joined-up services and raise the standards of government services. We will also launch a brand new one-stop access portal serving as the main gateway to online government information and services.
- Strengthen the Integrated Call Centre's capability to respond to citizen complaints regarding government services and assist bureaux and departments in resolving cross-departmental issues in a more timely and effective manner.
- Enhance the law drafting skill of law draftsmen through an in-house mentorship programme and enrich their drafting experience through short-term attachments to other common law jurisdictions.
- Enhance the quality of criminal justice by conducting a comprehensive review of the disclosure arrangements of the law enforcement agencies in relation to material which requires to be revealed to the defence to ensure the fair and proper conduct of criminal cases.

- Develop the standards of appellate advocacy and preparation in criminal cases through the compilation of a Criminal Appeals Manual.
- Strengthen liaison with the International Association of Prosecutors in order to facilitate its work in the Asia/Pacific Region and to promote co-operation amongst prosecutors at the global level in the combat of crime.
- Introduce a voluntary registration scheme for vehicle mechanics to enhance the standard of the vehicle maintenance trade.
- Work in collaboration with the construction industry to monitor and control payment of workers' wages and reduce non-value added multi-layer subcontracting to raise industry standards.
- Further improve the quality and efficiency of the Electrical and Mechanical Services Trading Fund by adopting a "Total Quality Management" approach and participating in a quality award programme in 2006 to benchmark itself with other well-managed organisations.
- Introduce legislation to give effect to proposals to reform the betting duty system and the regulatory regime of horse race betting so as to combat illegal gambling activities more effectively.
- Draw up legislative proposals on the regulation of interception of communications and covert surveillance.

Ongoing Initiatives

We are:

- Continuing to take forward constitutional development after 2007. In doing so, we will consider carefully the views collected from the community on how the methods for the selection of the Chief Executive in 2007 and for forming the Legislative Council in 2008 may be changed in accordance with the Basic Law and the Decision of the Standing Committee of the National People's Congress of 26 April 2004. The Constitutional Development Task Force will soon publish its fifth report to set out the Government's proposals. The Task Force will strive to gain the support of the public and the Legislative Council. We very much hope that a consensus on the way forward will emerge by late 2005 and that work on local legislation can commence by early 2006.
- Preparing for the review of the role, functions and composition of District Councils. In doing so, we will take into account the experience of the operation of the second term District Councils. Public consultation on the review is expected to commence in the first quarter of 2006.
- Continuing to facilitate the implementation of "One Country, Two Systems" and to demonstrate its success; and to facilitate the promotion of public awareness and understanding of the Basic Law.
- Funding higher education institutions to undertake public policy research. The Research Grants Council of the University Grants Committee is now processing the first round of funding applications, and will announce results by the end of 2005.

- Continuing with the development of an improved civil service pay adjustment mechanism which helps maintain a clean, stable and efficient civil service and is also considered as fair and reasonable by the community. The exercise includes the conduct of a pay level survey, review of the annual pay trend survey and developing a better mechanism to facilitate both upward and downward pay adjustments in future. We have appointed a consultant to proceed with the pay level survey field work for completion in early 2006.
- Continuing with the review of civil service allowances following the judgment of the Court of Final Appeal on the appeal in respect of the Public Officers Pay Adjustment Ordinances. We will take full account of staff views before deciding on any change proposals for implementation in 2006.
- Facilitating the maintenance of a lean and efficient civil service and reduction of the civil service establishment to about 160 000 by 2006-07 by providing the necessary management tools to assist bureaux and departments to achieve staff savings and enhance efficiency.
- Continuing to provide civil servants with training and development opportunities. We shall also continue to enhance the variety and content of the training materials on our e-learning portal, and promote wider use of e-learning, as part of our endeavours to fortify a culture of continuous learning in the civil service.
- Continuing to maintain and enhance the morale of the civil service, and encourage fuller use of various commendation schemes to recognise and motivate exemplary performance.
- Reinforcing actions taken to manage staff who do not measure up, through strengthening the deterrent effects of our disciplinary system against misconduct and further streamlining the

procedures for removing under-performers, whilst sustaining efforts to further improve efficiency and productivity in the civil service.

- Reviewing the policy on the post-retirement employment of civil servants to ensure that the policy will continue to contribute to public confidence in the integrity and impartiality of the civil service. Having completed our consultation with staff on the draft proposals, we will revise the proposals in the light of staff views and aim to promulgate the improvement measures within 2005.
- Promoting understanding of the rule of law in and outside Hong Kong and considering reforms to improve the legal system.
- Promoting transparency in the area of public prosecutions and implementing practical steps to avoid miscarriages of justice.
- Liaising with our justice partners to enhance the quality of criminal justice and taking of measures to secure a better deal for victims of crime and witnesses.
- Continuing the Bilingual Law Information System to provide easy access to our bilingual laws of Hong Kong and improving the standard of government lawyers in respect of bilingualism in law.
- Developing a Works Project Information Standard to facilitate the electronic exchange of public works project data and the reliability of electronic communications among stakeholders.
- Continuing to examine the feasibility of adopting Public-Private-Partnership for the in-situ reprovisioning of the Sha Tin Water Treatment Works and related issues.
- Carrying out testing, tuning and software customisation of the Enterprise Resource Planning corporate computer system, which helps enhance the efficiency and service quality of the Electrical

and Mechanical Services Trading Fund (EMSTF); and continuing the effort to set up e-portals for EMSTF major clients.

- Targetting the Architectural Services Department to achieve the overall outsourcing to 68% in 2005-06 and 70% in 2006-07 for the delivery of new projects under its re-engineering programme.
- Continuing to monitor the performance of the new Customer Care and Billing System for over 2.6 million customers of the Water Supplies Department in improving operational efficiency and customer service.
- Achieving effective communication with the general public and the media by publicising on the web-site of the Water Supplies Department updated information on the Water Mains Replacement and Rehabilitation projects.
- In line with the principle of keeping expenditure within the limits of revenue, continuing to strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of GDP; reviewing our tax base and continuing to implement the asset sale and securitisation programme.
- Reviewing the issues involved in the existing system of advisory and statutory bodies, and exploring practical ways to streamline its structure and enhance its functions.
- Reviewing the arrangements for rural elections in the light of experience gained in 2003, and working on the way forward for the next cycle of elections in 2007.
- Implementing the existing gambling policy and regulating authorised gambling activities conducted by licensed operators.

- Working closely with the Football Betting and Lotteries Commission to ensure proper regulation of authorised football betting and lotteries.
- Continuing discussions with the Mainland and other jurisdictions on bilateral co-operation relating to Mutual Legal Assistance in Criminal Matters, Surrender of Fugitive Offenders, and Transfer of Sentenced Persons, and in Reciprocal Enforcement of Judgments in Civil Matters.
- Taking active steps to introduce a new type of passport featuring biometric capability in 2006-07 to tie in with the first tide of applications for renewal of HKSAR passport valid for 10 years from July 1997.
- Taking steps to implement a facial recognition system to facilitate the verification of identity of suspect visa applicants and arriving passengers.
- Putting into effect, through legislation and other means, the recommendations of the Financial Action Task Force on Money Laundering to further enhance our anti-money laundering and counter-terrorist financing regime.
- Continuing to ensure that our legislative regime for combating terrorism is current and meets the need of changing circumstances.
- Continuing to seek long-term solutions to address the problems of overcrowding and outdated facilities in our penal institutions.
- Issuing the Smart ID Card in phases starting from mid-2003 to enhance security, facilitate boundary crossing, and provide other value-added services.

- Providing a legal basis for the existing police complaints system by making the Independent Police Complaints Council a statutory body.

Vibrant Economy

Preamble

We will anchor economic development as the focus of the Government and help the economy power ahead at full steam; uphold the principles of “Big Market, Small Government” and “Market Leads, Government Facilitates”; adhere to the principles of free enterprise and fair competition, respect private ownership and honour contractual obligations; adopt an economic strategy rooted in leveraging China’s growth for Hong Kong’s global economic success to consolidate and strengthen Hong Kong’s position as “Asia’s World City” and the territory’s role as a key financial, trade, tourism and information centre of China; and boost Hong Kong’s role in the Pan-Pearl River Delta (PPRD) Region. We will promote sectors that generate higher value for our economy, including financial, logistics, professional and producer services. We will make job creation an important consideration in formulating public policies. We will increase investment in our infrastructure, enhance employment opportunities and upgrade our human capital. 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, to provide a business-friendly environment.

New Initiatives

We will:

- Establish a Mainland Affairs Liaison Office (MALO) in the Constitutional Affairs Bureau. The MALO will co-ordinate Hong Kong's regional co-operation initiatives with the Mainland and keep an overview of the liaison functions of the Beijing Office and the Guangdong Economic and Trade Office with the relevant Mainland authorities.
- Strengthen our representation in the Mainland and Europe to further the economic and investment interests of Hong Kong.
- Review and update the existing telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services.
- Enable commercial exploitation of the intellectual property in the Government IT systems originally developed by contractors, thus creating a better business environment for Hong Kong.
- Put in place a new standing offer procurement facility for IT professional services that focuses on overall value to the Government and sustains the vibrant economy.
- Outsource the Government Central Computer Centre with a view to creating operational efficiency and fostering the development of the local industry.

- Map out an e-procurement strategy for departmental purchases so that Government procurement could better facilitate opportunities for businesses.
- Review the law of arbitration with a view to making it more user-friendly and thereby attract more international arbitrations to Hong Kong.
- Review the Government' s competition policy and the composition, terms of reference and operation of the Competition Policy Advisory Group (COMPAG). The Competition Policy Review Committee (CPRC) – an independent committee chaired by a non-official, with members drawn from different sectors of the community, is examining the effectiveness of the existing competition policy and whether additional measures including legislation are needed to ensure fair competition in Hong Kong. The CPRC has commenced work in June 2005. The review is scheduled to be completed in mid-2006.
- Assess the competition situation in the auto-fuel retail market in Hong Kong and consider the need for further measures to ensure fair competition in the market. COMPAG has commissioned an independent consultant in July 2005 to conduct the study, which is expected to be completed around end 2005.
- Review the air traffic management system and formulate development strategy to support the continued growth and development of the civil aviation industry.
- Launch a global promotion campaign “2006 Discover Hong Kong Year” to attract more visitor arrivals, leveraging on the commencement of key tourism infrastructure projects, including Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360 (i.e. Tung Chung Cable Car System).

- Work with Ocean Park Hong Kong and relevant parties on how to implement its Redevelopment Plans to strengthen Hong Kong's position as a premier destination for family visitors in the region.
- Initiate and plan new projects under the Tourism District Enhancement Programme. These include the Aberdeen Tourism Project to complement the redevelopment plan of the Ocean Park, enhancement of the Lei Yue Mun waterfront, and development of an open plaza in Tsim Sha Tsui.
- Relax the scheme rules for the Special Incentive Allowance Scheme for Local Domestic Helpers (LDHs) to further promote the LDH market.
- Improve the Youth Pre-employment Training Programme for young people aged 15 to 19 to enhance its vocational training value.
- Set up a job centre each in Yuen Long and North District.
- Strengthen co-operation with the PPRD on financial services.
- Provide all necessary support to the Housing Authority to relaunch the Initial Public Offering of The Link Real Estate Investment Trust.

Ongoing Initiatives

We are:

- Participating actively in PPRD regional co-operation to implement the PPRD Regional Co-operation Framework Agreement signed in June 2004 with the governments of the various PPRD provinces and regions.
- Reviewing the procedures and mechanisms associated with contract management and performance monitoring in accordance with best practices to ensure that the use of the private sector to deliver government services is done efficiently and cost-effectively.
- Examining the opportunities for greater private sector involvement in public works projects to deliver better value for money and help meet economic and fiscal policy objectives for the Government.
- Working with the World Trade Organisation to ensure the successful hosting of the Sixth Ministerial Conference in Hong Kong in December 2005.
- Working closely with the Mainland authorities at the central, provincial and municipal levels to ensure the smooth and effective implementation of CEPA; promoting greater understanding of the opportunities under CEPA and making use of the standing consultation mechanism of CEPA to seek to discuss with the Mainland authorities on further trade liberalisation and additional market access opportunities for Hong Kong goods and services.

- Undertaking joint promotional efforts with relevant authorities in the Mainland to attract more overseas enterprises to invest in Hong Kong and use Hong Kong as a platform to tap the business opportunities in the Mainland.
- Stepping up promotional efforts to attract Mainland enterprises to invest in Hong Kong and to use Hong Kong to reach out to the rest of the world.
- Developing a new exhibition centre at Chek Lap Kok jointly with the Airport Authority and a private sector consortium.
- Pursuing legislative amendments to the Copyright Ordinance to implement recommendations of the recent review of a number of provisions in the Ordinance, including the scope of criminal liability for end-user piracy; and continuing to review the effective protection of copyright in the digital environment.
- Pursuing a series of measures to facilitate the movement of people and goods across the boundary including the establishment of a new boundary control point on the Hong Kong - Shenzhen Western Corridor and installation of automated passenger, vehicle and cargo clearance systems.
- Providing assistance to small and medium enterprises (SMEs) through the SME funding schemes.
- Implementing the framework for the migration from analog to digital terrestrial television broadcasting with a view to commencing digital terrestrial television broadcasting by 2007 and achieving within 2008 digital coverage for 75% of the area of Hong Kong.
- Planning to consult the public on the proposal to merge the Broadcasting Authority and the Telecommunications Authority into a unified regulator for the electronic communications sector.

- Reviewing the broadcasting regulatory regime in view of technological and market convergence.
- Continuing to support the film industry through a variety of measures.
- Initiating a review of the Digital 21 Strategy in 2006 while keeping up our efforts under the current Strategy to harness the benefits of information technology for the business and the community and to strengthen Hong Kong's position as a leading digital city in the world.
- With the opening of new support facilities in Cyberport in 2005, positioning Cyberport as the one-stop hub providing a variety of infrastructure, resources and support services to the digital entertainment industry in Hong Kong.
- Implementing the new strategic framework for innovation and technology development through the establishment of five research and development (R&D) centres to conduct applied R&D and promote technology transfer to the industry.
- Continuing to enhance collaboration in science and technology with the Mainland through the Mainland-Hong Kong Science and Technology Co-operation Committee.
- Continuing to work closely with the Guangdong Provincial Department of Science and Technology under the Expert Group on Co-operation in Innovation and Technology of the Hong Kong-Guangdong Co-operation Joint Conference to promote research and development collaborations between research institutions and enterprises in the region.
- Implementing the DesignSmart Initiative to promote wider use of design and innovation in industries to help them move up the value chain.

- Continuing to plan and promote actively the International Telecommunication Union (ITU) TELECOM WORLD 2006 and host a successful event in December 2006.
- Reviewing and developing a comprehensive radio frequency spectrum management and policy framework.
- Implementing a new regulatory regime by end of 2005 to license Internet telephony services.
- Continuing to consult the industry in order to develop a framework for the deployment of broadband wireless access technologies and services.
- Preparing legislation to contain the problem of unsolicited electronic messages, with a view to introducing legislation into the Legislative Council in 2006.
- Overseeing socio-legal research being conducted by consultants into the supply of, and demand for, legal services in the community.
- Facilitating further discussions with Mainland authorities on legal co-operation; implementing legal co-operation agreements with individual Mainland Justice Department or Justice Bureau; enhancing exchanges between Hong Kong legal profession and the Mainland counterparts; and promoting greater understanding of business opportunities among Hong Kong lawyers in business opportunities in the Mainland.
- Contributing to the development of a legal services information website.
- Assisting in the development of Hong Kong as a regional centre for legal services and dispute resolution.

- Exploring with Hong Kong legal profession, and discussing and concluding with Mainland authorities, on further market access opportunities for legal services under CEPA III.
- Conducting the Port Cargo Forecast Study to work out the optimal timing for the construction of Container Terminal 10.
- Conducting the Ecology Study on Northwest Lantau to assess the environmental suitability of this location for the development of Container Terminal 10.
- Conducting a detailed feasibility study on the Lantau Logistics Park project to fulfil the statutory requirements for the subsequent zoning and reclamation of the site for the Park.
- Co-ordinating Government's efforts to help ensure smooth opening and operation of various major tourism infrastructure projects, including the Hong Kong Disneyland, Hong Kong Wetland Park and the Tung Chung Cable Car System.
- Preparing legislation to provide the legal instrument for the partial privatisation of the Airport Authority.
- Implementing the measures recommended by the Hong Kong Port - Master Plan 2020 Study to enhance the competitiveness of the Hong Kong Port.
- In the context of cross-boundary logistics co-operation, further enhancing collaboration and continuing to discuss with the Guangdong authorities measures to reduce cross-boundary trucking cost to enhance freight flow and improve logistics efficiency between the two sides.
- Taking steps to develop new cruise terminal facilities. We will openly invite private sector to submit proposals for the development.

- Following Stage I of the public consultation which concluded in April 2005, proceeding to seek the views of the public on the proposed regulatory arrangement for the electricity market after the expiry of the current Scheme of Control Agreements in 2008 under Stage II of the public consultation exercise in end 2005.
- Facilitating the launch of the Digital Trade and Transportation Network (DTTN) System in 2005 and monitoring its implementation in accordance with the Operating Agreement signed with the DTTN Limited.
- Assisting the Airport Authority to expand intermodal connections such as transit passenger ferry service between the Hong Kong International Airport and the Pearl River Delta region.
- Monitoring the implementation of the Tung Chung Cable Car Project and heritage tourism project at the site of the former Marine Police Headquarters in Tsim Sha Tsui for completion by early 2006 and 2008 respectively.
- Continuing with the Work Trial Scheme for 2 000 unemployed persons having special difficulty in finding jobs.
- Continuing with the Work Orientation and Placement Scheme to help place 1 000 people with disabilities into employment.
- Continuing with the Re-employment Training Programme to help place middle-aged unemployed into jobs.
- Continuing with the Youth Work Experience and Training Scheme and integrating it with the Youth Pre-employment Training Programme to provide young people aged 15 to 24 with training and employment opportunities.
- Extending some of the temporary jobs in the public sector to meet operational needs.

- Pursuing the preparatory work for the Hong Kong-Zhuhai-Macao Bridge, including commencing the conceptual design of the Bridge.
- Considering Kowloon-Canton Railway Corporation (KCRC)' s study report on the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and discussing with the Mainland authorities concerned the best way to proceed with the project.
- Continuing discussion with the MTR Corporation Limited and the KCRC on a possible merger.
- Continuing to actively pursue the planning of various proposed railway projects giving careful consideration to changing community needs. The work includes planning the Shatin to Central Link, Northern Link and West Island Line, and assessing the viability of the South Island Line.
- Continuing to monitor the progress of the Lok Ma Chau Spur Line and the Kowloon Southern Link for timely commissioning in 2007 and 2009 respectively.
- Continuing to monitor the construction of the Hong Kong section of the Hong Kong-Shenzhen Western Corridor and Deep Bay Link for timely completion by end 2005 and subsequent commissioning in 2006 to tie in with the completion of the boundary-crossing facility at Shekou.
- Reviewing the existing cross-boundary vehicle quota system with a view to further facilitating vehicular movement across the boundary, in anticipation of the commissioning of the Hong Kong-Shenzhen Western Corridor.

- Continuing to consider measures to regulate traffic including fiscal and traffic management means with a view to reducing congestion along major transport corridors and to consult the community on the proposals.
- Implementing improvement measures by phases to better coordinate the change in non-franchised bus services with demand and to enhance regulation of their operation.
- Establishing a Construction Industry Council as an umbrella organisation with self-regulatory powers to pursue continuous quality improvements and to take ownership of a reform programme mapped out by the Construction Industry Review Committee.
- Carrying out registration of existing construction workers, and subsequently, prohibiting unregistered construction workers from carrying out construction work on construction sites as well as employment of unregistered construction workers for such purpose.
- Monitoring and reviewing the re-engineered methodology for planning and implementing infrastructural projects with a view to deriving better efficiency and cost-effectiveness by various means, including the wider adoption of a partnering approach, alternative dispute resolution mechanisms, alternative designs and procurement methods, as well as systematic risk management techniques.
- Formulating the Concept Plan for Lantau, with input from public participation, with a view to providing fresh impetus for Hong Kong's economic development and maintaining a balance in conservation of the environment.

- Continuing the work of the Economic and Employment Council to facilitate business development and job creation through encouraging departments to cut red tape, and remove outdated or unnecessary regulations. These work objectives will be achieved mainly through regulatory reviews and promoting a business facilitating culture.
- Preparing for the implementation of the New Basel Capital Accord (commonly known as Basel II) to enhance the risk management capability and stability of the banking sector.
- Continuing to facilitate the smooth operation of personal renminbi business in Hong Kong, and to explore how the business scope can be expanded with due regard to the pace of financial reform and liberalisation in the Mainland.
- Rolling out the Deposit Protection Scheme.
- Continuing our efforts to promote Hong Kong's asset management industry, with a view to enhancing Hong Kong's position as a major asset management centre in Asia.
- Continuing our efforts in promoting bond market development. The Securities and Futures Commission is consulting the public on possible reforms to the law relating to public offers of shares and debenture.
- Continuing our efforts to promote the quality of our financial markets through enhancing the regulatory regime and fostering good corporate governance practices. A Securities and Futures (Amendment) Bill is being prepared to give statutory backing to important listing requirements.
- Working on new legislation for establishing the Financial Reporting Council so as to enhance oversight of auditors and quality of financial reporting.

- Providing a platform for the sports sector to engage business partners in organising international sports events.
- Further facilitating the development of creative industries, pursuant to consultation with local creative industries and organisation of various activities to arouse public interest.
- Organising various types of local community economy projects in collaboration with District Councils and local bodies.
- Refining the Land Titles Ordinance. We will introduce amendments to the Land Titles Ordinance and the supporting regulations to prepare for the effective implementation of the new title registration system.
- Continuing to co-ordinate the timetable for the disposal of railway property developments to ensure that there would not be adverse impact on the property market.
- Exploring various options for disposal of the Housing Authority' s surplus Home Ownership Scheme blocks.
- Taking steps to facilitate private sector participation in the solemnisation of marriages and to provide greater flexibility and convenience to members of the public.

Caring and Just Society

Preamble

Our vision is to foster a Caring and Just Society. We will endeavour to imbue the community with a sense of harmony; safeguard values such as freedom, equality, rule of law and the fight against corruption; protect human rights and other fundamental rights which Hong Kong citizens are entitled to enjoy; enforce the role of the Government as an agent and guardian of Hong Kong's overall and long-term interests with regard to the principles of equality and impartiality, and ensure equal opportunities; engender a social environment that promotes harmony within the community, safeguard the heterogeneity of our community and promote tolerance, develop new opportunities and provide more choices for personal development. Warm, supportive and stable families are what count most in nurturing the healthy development of individuals. We will reinforce the importance of family, engender a family-friendly society and community, support and strengthen families, 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 enhance public health and improve quality of life. We will introduce health, social and housing policies and initiatives that enable individuals to enhance their community involvement. We will protect labour rights, care for the elderly, sick and underprivileged, 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. We will build partnerships with organisations

representing different segments of the community on the basis of shared responsibility, working hand in hand with them for the social development of Hong Kong.

New Initiatives

We will:

- Increase the maximum penalty for wage offences.
- Together with relevant stakeholders, encourage further development of social enterprises to help enhance the employability of the able-bodied unemployed.
- Reinforce the district-based approach in preventing and alleviating poverty by providing districts with additional resources and support.
- Establish a pilot “Children’s Rights Education Funding Scheme” to support public education projects for the promotion of children’s rights.
- Ensure effective and rational use of housing resources by promoting sustainable public housing development.
- Strengthen the manpower of the Licensing Office of the Residential Care Homes for the Elderly to enhance the inspection and monitoring of residential care homes for the elderly.
- Train additional Enrolled Nurses for the welfare sector.
- Provide new transitional residential services, ambulatory day training, care and support services to the severely disabled including tetraplegic patients to facilitate their return to community living.

- Launch an International Festival of Inclusive Arts in December 2006 for integrating people with disabilities and challenges into the community through co-operation and exchange of arts experiences.
- Strengthen training and support services for family members and carers of people with disabilities.
- Provide convalescent and continuing rehabilitation day services to discharged patients with mental, neurological or physical impairment to facilitate their early reintegration into the community.
- Launch a Visiting Medical Practitioner Scheme for people with disabilities living in residential rehabilitation service centres.
- Launch two batterers intervention pilot projects.
- Provide support to the Women's Commission in taking forward their strategies to tackle domestic violence and proposals to nurture caring families.
- Launch a Family Support Programme to increase connection with vulnerable families, which are unmotivated, so that their problems can be tackled early and appropriate services provided.
- Adopt a proactive approach in poison prevention and control through the provision of information service support to the medical profession, enhanced training for health care professionals and systematic collection and analysis of data from poisoned patients.
- Formulate effective public health policies for cancer prevention and control through the establishment of a comprehensive cancer surveillance regime.

- Promote healthy eating habit among school children to protect the public from life-style diseases.
- Explore the feasibility of introducing an electronic medical record system in Hong Kong in consultation with the Hospital Authority and other relevant parties and professions.
- Establish a department dedicated to oversee food safety, animal inspection and quarantine matters.
- Formulate measures to streamline food business licensing.
- Review the policies related to the provision of cemeteries, columbaria and crematoria facilities and strive to provide more facilities to meet future demand.
- Study the feasibility of long-term options for better meeting demands for emergency ambulance service.

Ongoing Initiatives

We are:

- Examining the findings of studies on specific topics of Population Policy, with a view to consulting the public and publishing a review report in 2005-06.
- Strengthening tripartite co-operation among the Government, employers and employees to maintain harmonious labour relations and help resolve employment issues.
- Stepping up enforcement action against wage offences.
- Stepping up enforcement action and publicity to combat illegal employment.
- Discussing with the franchised bus companies to develop a more objective and transparent process for fare adjustment with a view to implementing the new mechanism in 2006.
- Reviewing the existing policies and measures to assist the unemployed to move from welfare to self-reliance, and to reduce the risks of intergenerational poverty.
- Promoting a more inclusive society marked by rich social capital and a balance between societal care and personal responsibility.
- Enhancing our network at district level, which has proved invaluable in implementing Team Clean initiatives.
- Providing continual researches, preventive education, remedial counselling and treatment services for addressing gambling-related problems.

- Continuing our work on the promotion of human rights, including (among others) children' s rights, racial harmony, and the rights of the sexual minorities.
- Introducing legislation to extend the prohibition of racial discrimination to the private sector.
- Implementing the improvement measures for the Pre-Sale Consent Scheme, following completion of a review.
- Consulting Heung Yee Kuk on proposed measures to speed up the processing of application for small houses with a view to implementing them as soon as possible.
- Reviewing the mechanism for the determination of domestic rents for public housing.
- Maintaining supply of public rental housing for needy applicants with an average waiting time of around three years.
- Updating and enhancing our legislative framework for prevention and control of infectious diseases through revamping the Quarantine and Prevention of Disease Ordinance.
- Further enhancing our infectious disease emergency responsiveness by strengthening the work of the Centre for Health Protection.
- Examining the feasibility of developing a medium-sized poultry slaughtering plant to reduce the risk of human infection of avian influenza.
- Reviewing strategies on health care services development and health care financing options in consultation with the revamped Health and Medical Development Advisory Committee.

- Introducing legislation to ban smoking in indoor work places and other public places to safeguard public health.
- Establishing a statutory Specialist Register for dentists to facilitate development of specialist practice in dentistry profession through amendments to the Dentists Registration Ordinance.
- Drawing up legislative proposals to prohibit the abstraction of seawater from specified areas along the coast for keeping live seafood with a view to enhancing the quality of fish tank water for protection of public health.
- Drawing up legislative proposals to regulate restricted dining places to safeguard public health.
- Formulating measures to promote sustainable development of the fishing industry and to conserve fisheries resources in Hong Kong waters.
- Overseeing the administration of the \$200 million Partnership Fund for the Disadvantaged to promote the development of partnership between the business community, the welfare sector and the Government in helping the disadvantaged.
- Reviewing the Comprehensive Social Security Assistance (CSSA) Scheme with a view to strengthening the assistance to able-bodied CSSA recipients to move into work. This includes reviewing the provision of disregarded earnings to encourage employment seeking.
- Delivering the preventive, supportive and counselling services for needy families through the transformed Integrated Family Service Centres.

- Strengthening district welfare planning and co-ordination, including the fine-tuning of the newly developed protocol for the district welfare planning mechanism, review of the District Co-ordinating Committee mechanism and continuous operation of the District Liaison Groups for handling domestic violence.
- Continuing to strengthen services and staff training relating to the handling of family crises and violence, and suicide; and to review the Domestic Violence Ordinance.
- Providing more residential care placements for vulnerable children and youth coming from problem families to meet the demand for such services.
- Continuing to provide psychological support for children and youth suffering abuse and other problems, and enhancing support for youth at risk and young offenders.
- Addressing the developmental needs of children and youth, especially targeting the learning, employment and social needs of children and youth of deprived circumstances at district level.
- Providing additional fee-waiving places of After School Care Programme to facilitate members of low income families to work. Also, schools are encouraged to collaborate with non-governmental organisations in providing school-based after school learning and other support services for needy students.
- Strengthening the assistance to young people with disabilities; providing vocational rehabilitation to those with employment difficulties; providing specialised support service to those with early sign of mental health problem.
- Strengthening the rehabus services through addition of new buses and rationalisation of service.

- Examining ways to improve accessibility of public transport to the disabled.
- Continuing to convert subvented residential care places into long-term care places for frail elders to meet the growing care needs of elders.
- Developing a multi-pronged strategy to minimise the risk of avian influenza outbreaks.
- Improving overall food safety and control on agricultural and fisheries operations that have an impact on public health or the environment.
- Promoting the continuous development of Chinese medicine.
- Enhancing primary medical care for the public to reduce reliance on hospital care through developing a pluralistic primary care mode and strengthening the community mode of health care delivery.
- Working out a sustainable long-term funding arrangement for the Hospital Authority to ensure the provision of quality public health care services.
- Reviewing the regulatory framework for animals, birds and fish for the purpose of enhancing public health and food safety.
- Operating the \$300 million Community Investment and Inclusion Fund to encourage mutual concern and aid, and encourage community participation.
- Overseeing the operation of the Trust Fund for SARS.
- Preparing the subsidiary legislation and the administrative procedures on child adoption under the amended Adoption Ordinance.

- Continuing to improve IT and communication support for people with severe disabilities.
- Continuing the three-year Capacity Building Mileage Programme to encourage and facilitate women to pursue continuous learning.
- Further studying the financing model for residential care of frail elders to allow them more choices and flexibility in using residential care services.
- 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.
- Implementing the pilot Comprehensive Child Development Service which aims to provide integrated health, education and social services to ensure early identification of the varied needs of young children and their families so that appropriate services can be made available to them in a timely manner.
- Continuing to gradually introduce the use of the Gender Mainstreaming Checklist in different policy areas, and work with the Women' s Commission to evaluate the mechanism and publish an experience sharing booklet to further promote gender mainstreaming within the Government. Continuing public education and publicity programmes.

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 will actively promote cultural exchanges with other places to provide momentum to cultural development in Hong Kong. We expect our society to be one which encourages self-initiative, entrepreneurship and aspirations, while valuing creativity and diversity.

New Initiatives

We will:

- Increase resources, including topping up of the Language Fund, for enhancing the language standards of the community.
- Join hands with all sectors in the community to prepare for the hosting of the 2008 Olympic and Paralympic Equestrian Events. We will make use of this opportunity to showcase Hong Kong and enrich the sports culture in Hong Kong. We will make the Events a success to bring pride to our home and our nation.
- Formulate the way forward for the integrated arts, cultural and entertainment district in West Kowloon.

Ongoing Initiatives

We are:

- Participating in the work of the Standing Committee on Legal Education and Training to oversee and promote reforms in legal education.
- Proceeding with the heritage tourism project at the Central Police Station, Victoria Prison and the former Central Magistracy. We are reviewing the tender arrangement.
- Studying the possibility of simplifying and rationalising the teaching grade structure of public sector schools.
- Planning with schools still operating in bi-sessional mode to work towards enabling all primary school students to have opportunities to study in whole-day primary schools.
- Consolidating the views expressed during the public consultation on the long-term arrangements of the Medium of Instruction for Secondary Schools and Secondary School Places Allocation System and deciding on the way forward.
- Taking forward the new senior secondary education and higher education reform and continuously engaging and consulting stakeholders during preparation for implementation in 2009.
- Continuing our efforts to developing Hong Kong as a regional education hub by facilitating the admission of non-local students to study in Hong Kong as well as encouraging student exchange activities.

- Implementing a qualifications framework by phases through the formation of industry training advisory committees to develop competency-based qualifications for the industries. We are taking steps to implement a quality assurance mechanism to underpin the qualifications framework.
- Providing additional resources starting from the 2005-06 school year for public sector primary schools to implement specialised teaching, firstly for English to be followed by Mathematics and/or Chinese.
- Continuing the implementation of the school-based professional support programmes to provide targeted support at the school level to empower frontline educators in capacity building and to take forward education initiatives in a strategic manner.
- Working closely with the Sports Commission in pursuit of a new vision for sports development in Hong Kong, and a long term re-development plan for the Hong Kong Sports Institute.
- Launching the second phase of public consultation exercise to seek the views of the public on the policy of heritage conservation in Hong Kong and review the policy in the light of the views received.
- Reviewing the current market situation and studying relevant overseas models to determine the way forward on the two Private Sector Finance projects on leisure and cultural facilities in Kwun Tong and Tseung Kwan O.
- Planning the development of a stadium complex in South East Kowloon.
- Preparing for the organisation of the 5th East Asian Games to be held in 2009. A Planning Committee with wide representation has been established in June 2004.

- Considering the best option to strengthen tertiary visual arts training in Hong Kong.
- Developing a cultural, arts and sports network in the Pearl River Delta.
- Facilitating the promotion of major arts and cultural events and festivals in Hong Kong, highlighting our status as an international city.
- Improving the governance and operation of cultural services in Hong Kong, including libraries, museums and performance facilities; and encouraging stronger involvement of the cultural sector and the community in the process.
- Continuing consultation on measures to provide protection to the most meritorious historical buildings, and to assess the heritage value of selected historical buildings.
- Enhancing the work on the promotion of youth development in conjunction with the Commission on Youth, particularly on civic and social participation of young people.
- Providing young people with appropriate non-formal education and training through supporting the activities of youth uniformed groups.
- Enhancing the work on the promotion of civic education outside schools in conjunction with the Committee on Promotion of Civic Education, particularly on promotion of national education and corporate citizenship.

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 will support environmental protection and promote sustainable development. We must tackle immediate problems – air pollution from power plants and vehicle emissions, 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:

- Propose a new regulation to control the volatile organic compound content of selected products.
- Propose measures to strengthen the control of emissions from petrol and Liquefied Petroleum Gas (LPG) vehicles including the use of roadside remote sensing equipment and the use of dynamometers for emission testings.
- Tighten vehicle emission standards to Euro IV in 2006 in tandem with the European Union.
- Publish “A Road-map for the Management of Municipal Solid Waste in Hong Kong” to set out the proposed way forward to 2014. The discussion paper will focus on the core idea of using economic tools which enshrine the “Polluter-pays” Principle to induce behavioural changes to ultimately reduce waste. Initiatives in the paper will include introducing product responsibility legislation; implementing territory wide source separation of waste; making new economic activities on recycling feasible through the establishment of the EcoPark; developing long term plans for state-of-the-art large-scale waste treatment facilities; and introducing municipal solid waste charging. The public will be invited to support the Road-map and endorse their expected share of contribution under the “Polluter-pays” Principle to enable the Government to go full steam ahead with the implementation of the initiatives.

- Introduce legislation to control and regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.
- Prepare a legislative proposal for the introduction of a mandatory energy efficiency labelling scheme to facilitate consumers to choose energy efficient electric appliances, taking into account the views expressed by the public and the trades during the three-month public consultation period.
- Launch a public consultation exercise in 2005 on a proposed mandatory building inspection scheme and ways to enhance window safety, and the related support measures.

Ongoing Initiatives

We are:

- Enhancing the public engagement process for the Sustainable Development Strategy for Hong Kong, with the aim of encouraging greater public awareness of and participation in this process.
- Implementing a comprehensive greening policy for Hong Kong through the collaboration of different departments and with the input of experts and specialists in the field, and aiming to develop a sustainable greening programme for the urban areas. We have set up a high level Steering Committee on Greening, completed the planting of 14 million trees, shrubs and annuals in 2004-05, and will complete the planting of another 10 million in 2005-06. We have completed the greening master plans for Tsim Sha Tsui and Central in mid 2005 and will continue to produce greening master plans for Sheung Wan/Wan Chai/Causeway Bay and Mong Kok/Yau Ma Tei by end 2006. For implementation of greening enhancement measures, six pilot schemes in Tsim Sha Tsui commenced in July for completion by end 2005. We will continue to implement greening works in Tsim Sha Tsui and Central for completion by end 2006. The Community Garden Programme has been extended to cover 18 districts in 2005-06. We will continue to organise various greening and horticultural activities to promote greater public awareness and support for a green environment.
- Refining the Building Management Ordinance to improve certain provisions in the legislation for the benefit of owners' corporations and property owners.

- Continuing to closely work with the Hong Kong Housing Society and the Urban Renewal Authority to assist owners of older buildings to properly manage and maintain their buildings through the two bodies' rehabilitation programmes. We are also continuing our efforts to enhance building management and maintenance of private housing through public education, publicity and participation of professional bodies.
- Ensuring that our planning and land use objectives are geared towards our mission to protect the Victoria Harbour and enhance it for the enjoyment of our residents and visitors alike, with the participation of the community. Apart from Central, Wan Chai North and Kai Tak, the Government will not undertake any further reclamation in the Harbour. Our policy will be reflected in relevant town plans.
- Developing a land use, transport and environment strategy under the Hong Kong 2030 study to guide the long-term development of Hong Kong.
- Developing a performance-based regulatory system to facilitate modern and innovative building design.
- Finalising the proposals on a minor works control system to streamline statutory procedures for processing such works in order to improve the legislative framework for building control and building safety.
- Undertaking a review of the urban regeneration policy with a view to speeding up urban renewal, including engaging the public in the review of the Urban Renewal Strategy and examining ways to facilitate private sector participation in urban renewal.

- Consulting various stakeholders with a view to formulating preliminary proposals on small house policy for more in-depth discussion.
- Decking over 16 sections of nullahs in the next ten years to improve the living environment. The land obtained from decking of the nullahs will be used for public purposes such as greening, amenity and road widening.
- Continuing the implementation of the Total Water Management programme to promote water conservation and water resource protection through education and publicity; to collect test data and canvass public acceptance on desalination by commissioning a pilot plant; and to explore uses of reclaimed water through two pilot schemes at the Ngong Ping Sewage Treatment Plant and the Shek Wu Hui Sewage Treatment Plant.
- Enhancing the use of energy efficient devices and promoting wider adoption of renewable energy in public works projects.
- Implementing the flood prevention programme by completing 31 major flood prevention projects since 1997, carrying out 16 and putting 16 under planning and design. We will have substantially minimised the risk of regional flooding in the northern New Territories by 2006 upon the completion of Regulation of Shenzhen River Stage III and Drainage Rehabilitation Works at Ping Yuen River.
- Continuing with the Landslip Preventive Measures Programme which has greatly improved slope safety and visual impact of the built environment. We will upgrade and landscape 250 substandard government slopes as well as conduct safety-screening for 300 private slopes in the coming year.

- Reviewing the Landslip Preventive Measures Programme to identify possible scope for improved cost-effectiveness of the slope upgrading works, managing the risk posed by natural terrain landslides on the dense population in Hong Kong, and according priority to dealing with natural slopes which are susceptible to potential landslip.
- Pursuing the phased implementation of Stage 2 of the Harbour Area Treatment Scheme with the aim of completing Stage 2A by 2013-14, and advancing the provision of disinfection at the Stonecutters Island Sewage Treatment Works to 2008-09, subject to the acceptance by the community of the need for the full recurrent costs to be recovered through the sewage services charging scheme. The timing for Stage 2B will be subject to further review at a later date.
- Drawing up an implementation plan for meeting the obligations under the Stockholm Convention on Persistent Organic Pollutants, with a view to submitting the plan to the Central Government in 2006.
- Monitoring the progress of the power companies in implementing pilot production-scale wind energy projects for public demonstration and evaluation purposes and promoting the wider application of renewable energy.
- Reviewing the existing sewage services charging scheme according to the “Polluter-pays” principle with a view to achieving an equitable sharing of the funding responsibility in respect of the provision of sewage services.

- Continuing to implement the “Polluter-pays” principle. We will implement the disposal charging scheme for construction and demolition waste in December 2005. This will provide economic incentives to reduce such waste and carry out sorting to facilitate reuse or recycling.
- Continuing to make possible the reuse of inert construction and demolition materials outside Hong Kong. We signed the “Implementation Scheme on the management of cross-boundary marine dumping” and the “Implementation Scheme on Hong Kong disposal of inert construction and demolition materials in the Mainland” with the South Sea Branch of the State Oceanic Administration which stipulates the technical details of cross-boundary marine dumping and disposal of inert construction and demolition materials of Hong Kong in mainland waters on 15 June 2005. We will continue to work closely with the relevant authorities to reuse public fill in Mainland reclamation projects with the objective of letting out tenders by the end of 2005.
- Continuing with the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government including efforts to reduce the emission of four major air pollutants in the Pearl River Delta (PRD) to reach the agreed levels by 2010, through the retrofit programme of desulphurization plants, upgrading of vehicle standards (Euro III for Guangdong, Euro IV for HK), adoption of cleaner production technologies for industries and the introduction of a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of air emissions under the same air shed. In 2005, we started the joint air monitoring project in PRD with the Guangdong Provincial Government, covering 16 stations.

- Imposing caps on the total emissions of power companies and requiring them to maximize the use of natural gas in power generation.
- Implementing an incentive scheme to encourage replacement of diesel light buses with LPG or electric light buses.
- Implementing the programme to retrofit pre-Euro heavy diesel vehicles with catalysts through provision of financial assistance and introducing legislation to make the installation mandatory upon completion of the retrofit programme.
- Overseeing the implementation of the pilot scheme on management agreement and Public-Private Partnership promulgated under the New Nature Conservation Policy, with the objective of enhancing conservation of ecologically important habitats on private land.
- Promoting the use of environmentally friendly buses by adding a provision in new bus franchises on the adoption of the latest commercially available and proven environmentally friendly technologies for acquiring new buses; encouraging bus companies to deploy cleaner vehicles along busy corridors; and including the provision of environmentally friendly measures as appropriate as a criterion in selecting operators for new bus route packages.