

The Chief Executive's 2021 Policy Address

**Building a Bright Future
Together**

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Mr President, Honourable Members and fellow citizens,

I. Foreword: A New Era

1. Today I present the fifth Policy Address in my term of office, which is also the last one of the current-term Hong Kong Special Administrative Region (HKSAR) Government's five-year tenure. Despite this, my team and I attach great importance to this Policy Address. I have personally chaired 40 online and offline consultation sessions, attended live programmes and visited school campuses, meeting with over 3 500 members of the public from different sectors of the community. Coincidentally, some participants who spoke at the sessions shared my view that the double safeguards of The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law) and the improved electoral system of the HKSAR have ushered in a new era whereby it is time for us to strive ahead with renewed perseverance and plan for the future of Hong Kong.

2. At the same time, we must bear in mind that this favourable era has come a long way. In contrast to two years ago on the same occasion when the Legislative Council (LegCo) Chamber was disrupted and paralysed by Members who were anti-China and even causing chaos in Hong Kong in an attempt to subvert the state power, today I can peacefully stand before you to deliver this Policy Address and all LegCo Members can solemnly perform their constitutional function to receive the policy address of the Chief Executive. This is a clear manifestation that the HKSAR has got back on the right track of "One Country, Two Systems" and that governance has returned to normal under the protection of the National Security Law and the principle of "patriots administering Hong Kong". For Hong Kong's long-term prosperity and stability, each and every Hong Kong citizen should have a more comprehensive understanding of "One Country, Two Systems", safeguard national security with greater loyalty, and take pride in

the development of our country and our Chinese identity, while striving hard to bring Hong Kong's unique strengths into full play to better integrate into the overall national development.

3. While today's Policy Address will focus on developing and mapping out Hong Kong's future, the 202-page Policy Address Supplement also published today provides a summary, in graphic and text form, of the effectiveness of our policies over the past four years or so to give the public a comprehensive account of our work. Despite the severe and unprecedented challenges faced by the current-term Government, we have maintained the spirit of overcoming all challenges and proactively serving the people, advocating policy breakthroughs and striving to resolve society's problems. Let me give a few examples:

- (i) 96% of over 900 policy initiatives proposed in the past four Policy Addresses have been completed or are progressing on schedule;
- (ii) we have adhered to the philosophy of the financial centre serving the real economy and introduced measures which include the two-tiered profits tax rates regime, enhanced tax deductions for research and development expenditure, and tax concessions to attract specific industries to develop their businesses in Hong Kong; we have issued Government Green Bonds and Silver Bonds, launched a public annuity scheme and revised our listing regime to cater for the needs of new economy enterprises;
- (iii) to nurture talents and promote innovation and technology (I&T), we have increased our recurrent expenditure on education by over \$13 billion and invested over \$130 billion in I&T;
- (iv) we have strived to improve people's livelihood by significantly increasing our recurrent spending on healthcare and social welfare to \$95.9 billion and \$105.7 billion respectively for the current financial year, an increase of 53% and 62% respectively over the past four years;

- (v) we have introduced various initiatives on labour rights and benefits, including extending statutory paid maternity leave from 10 to 14 weeks, progressively increasing the number of statutory holidays to be on par with general holidays, substantially completing the preparatory work for the legislation for abolishing the “offsetting” arrangement under the Mandatory Provident Fund (MPF) system, and enhancing the employment terms and conditions of non-skilled workers engaged under government service contracts; and
- (vi) in the top priority area of housing, the Government has adopted a number of measures. These include tilting towards public housing in land allocation, establishing the housing ladder for home ownership, delinking the price of Home Ownership Scheme flats from market prices, imposing tenancy controls on subdivided units through legislation, providing cash allowances to eligible public rental housing (PRH) applicants who have been waiting for PRH for a long time, and building transitional housing units. As for land supply, a multi-pronged approach has been adopted to press ahead with the related work at full steam.

4. I must express my gratitude to the Central Government for its staunch and unfailing support for the HKSAR. My appreciation also goes to all Honourable Members here for their diligence and dedication, to the statutory bodies for their professional co-operation, as well as to the numerous government advisory committees for their suggestions and advice. I must also thank my governing team and civil servants at all levels for their hard work, as well as members of the public for their encouragement. I hope that the 2021 Policy Address delivered today will gain the recognition and support of the LegCo and the public at large.

II. Steadfastly and Successfully Implementing “One Country, Two Systems”

Staying True to Our Original Aspiration

5. This year marks the centenary of the founding of the Communist Party of China (CPC). The smooth return of Hong Kong to the Motherland on 1 July 1997 is an integral part of the CPC’s century-old cause. In his speech at the ceremony celebrating the 100th anniversary of the founding of the CPC, Secretary General Xi Jinping remarked that we should stay true to the letter and spirit of the principle of “One Country, Two Systems”, under which “the people of Hong Kong administer Hong Kong” with a high degree of autonomy; we should ensure the exercise of overall jurisdiction over Hong Kong by the Central Government and the implementation of the legal systems and enforcement mechanisms for the HKSAR to safeguard national security; and while protecting China’s sovereignty, security and development interests, we should ensure social stability in Hong Kong and maintain lasting prosperity and stability in the HKSAR. This important speech is a further unequivocal affirmation of the Central Government’s unwavering determination to uphold the “One Country, Two Systems” principle, consistent with the decision adopted at the fourth plenary session of the 19th Central Committee of the CPC in 2019 on “upholding the principle of ‘One Country, Two Systems’, maintaining lasting prosperity and stability of Hong Kong and Macao, and promoting the peaceful reunification of China” as one of the notable strengths of the state and governance systems of our country.

6. Over the past two years, Hong Kong has encountered unprecedented political challenges, putting national security at huge risk. Nevertheless, the Central Government has continued to act in accordance with the Constitution of the People’s Republic of China (the Constitution) and the Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (the Basic Law) by upholding the principle of “One Country, Two Systems”. The promulgation and implementation of the National Security Law has provided a timely curb on the chaos in the

city, while “patriots administering Hong Kong” has been ensured under the improved electoral system of the HKSAR. In this process, the Central Government has shown its firm commitment and stayed true to its original aspiration in the implementation of “One Country, Two Systems”. I have a profound first-hand understanding of this by being deeply involved in the related work over the past two years as the Chief Executive. Any accusation that these two major initiatives of the Central Government have undermined “One Country, Two Systems” is nonsense and groundless.

Improving the Implementation of “One Country, Two Systems”

Upholding the HKSAR’s Constitutional Order

7. In his address at the Celebrations of the 20th Anniversary of Hong Kong’s Return to the Motherland and the Inaugural Ceremony of the Fifth Term HKSAR Government held on 1 July 2017, President Xi Jinping pointed out that as a pioneering initiative, the implementation of “One Country, Two Systems” was an evolving process. The experience over the past two years or so has clearly shown that in addressing new scenarios and new issues, we can only resort to steadfastly upholding “One Country, Two Systems” and implementing the Central Government’s overall jurisdiction over Hong Kong while adhering to law-based administration without wavering. In the face of anti-China, destabilising forces entering the political system of the HKSAR through elections, deluding and inciting young people through education and the media, undermining Hong Kong’s stability through illegal violent acts, and endangering national security through collusion with external forces, the Central Government has taken resolute action to defuse the crisis for Hong Kong and make sure that the implementation of “One Country, Two Systems” gets back on track. To ensure the robustness of “One Country, Two Systems”, the HKSAR must continually improve the governance system under “One Country, Two Systems”, resolve the problems at root and restore order from chaos.

Safeguarding National Security

8. The National Security Law was promulgated for implementation on 30 June last year. Since then, the Committee for Safeguarding National Security of the HKSAR which I chair and the relevant enforcement authorities, under the guidance of the National Security Adviser appointed by the Central Government and with the support of the Office for Safeguarding National Security of the Central People's Government in the HKSAR, have spared no effort to fulfil our responsibility to prevent, suppress and punish acts and activities that endanger national security in accordance with the law. That said, to safeguard national security in a comprehensive manner, there is still a substantial amount of work for the HKSAR Government, including:

- (i) taking forward proactively the enactment of local legislation to implement Article 23 of the Basic Law in Hong Kong. By making reference to past studies and information, the implementation experience of the National Security Law and relevant court verdicts, as well as taking into account the actual circumstances in Hong Kong, the Secretary for Security is drawing up effective and pragmatic proposals and provisions, and formulating effective publicity programmes to prevent those who are opposed to China and attempt to destabilise Hong Kong from taking advantage of the situation to mislead the public with ill intentions;
- (ii) reviewing or reviving existing legislation to ensure that, on the mission of comprehensively safeguarding national security, relevant laws are available to the enforcement authorities for action and strict enforcement, so as to bring offenders to account. The Film Censorship (Amendment) Bill 2021 already scrutinised by the LegCo is one of the examples. Other issues which need to be addressed include combating fake news and safeguarding cyber security. The Chief Secretary for Administration will co-ordinate the relevant work;

- (iii) strengthening the work on the prevention of terrorist activities and proactively strengthening public communication, guidance, supervision and regulation measures over matters concerning national security, including those relating to schools, social organisations, the media and the internet. In this regard, the Secretary for Education has already requested schools to formulate and implement as early as possible plans on national security education;
- (iv) strengthening national security education and raising law-abiding and national security awareness of Hong Kong people, in particular the youth, through different activities and approaches. I am pleased to note that under the leadership of the Secretary for Security, the six disciplined services and the two auxiliary services are committed to enhancing their work in helping young people develop positive thinking and law-abiding awareness. For example, the Correctional Services Department will launch the Walk with YOUTH Programme and set up a Change Lab to assist young persons in custody; and
- (v) implementing further the oath-taking requirements for public officers as stipulated in Article 6 of the National Security Law and the amended local legislation, including for example all members of the just-formed Election Committee.

Fully Implementing the New Electoral System

9. Following the passage of the decision on improving the electoral system of the HKSAR by the National People's Congress (NPC) in March this year and the adoption of the amended Annex I and Annex II to the Basic Law by the Standing Committee of the NPC on 30 March, the HKSAR Government has spared no effort to take forward the relevant work with the co-operation of the LegCo, and completed the necessary procedures on time, such as enactment of local legislation and relevant voter registration arrangements. The Election Committee Subsector Ordinary Elections, the first elections after improving the electoral system,

were successfully held on 19 September. The Constitutional and Mainland Affairs Bureau (CMAB) will work closely with the Electoral Affairs Commission to ensure that the two upcoming elections, namely the Seventh Term LegCo Election and the Sixth Term Chief Executive Election, are conducted in a fair, open and honest manner in accordance with the law, thereby fully implementing the principle of “patriots administering Hong Kong”. By drawing on our experience, we will improve the polling arrangements and take forward various enhancement measures. In light of the COVID-19 epidemic, the CMAB is also actively examining proposals to enable Hong Kong electors in the Mainland to cast their vote in the LegCo Election to be conducted in December.

Strengthening Education on the Constitution and the Basic Law

10. To ensure that the “One Country, Two Systems” principle is fully and accurately implemented, we must adhere to the Constitution and the Basic Law. The Basic Law Promotion Steering Committee will continue to take forward publicity and public education on the Basic Law through diversified approaches, whilst the Secretary for Justice is planning to host a Basic Law conference and publish the Basic Law: Selected Drafting Materials and Significant Cases in April next year. On education at the school level, the Citizenship and Social Development subject has been introduced to replace the Liberal Studies subject starting from Secondary Four in the current school year, with “Hong Kong under ‘One Country, Two Systems’ ” as one of the three themes of the subject. I found this an excellent start when I visited a secondary school to observe a lesson in early September. To enable teachers of the Citizenship and Social Development subject to have a better grasp of the constitutional status, powers and functions of the Chief Executive under “One Country, Two Systems”, I have proposed to the Secretary for Education that I myself can give a class to teachers who are interested.

11. More channels should be provided for public education work. Radio Television Hong Kong (RTHK), as a public service broadcaster, should play an active role in promoting the Constitution and the Basic Law, so as to fulfil its public purposes and mission under the Charter of RTHK,

which include promoting public understanding of the implementation of “One Country, Two Systems” in Hong Kong, as well as engendering a sense of citizenship and national identity. In this regard, I have expressly requested the Director of Broadcasting to follow up.

Showing Respect for the National Flag, National Emblem and National Anthem

12. The national flag, national emblem and national anthem are the symbols and signs of our country and must be protected by the law and respected by the people. Over the past year or so, the LegCo has already passed the National Anthem Ordinance and the National Flag and National Emblem (Amendment) Ordinance. We will introduce corresponding amendments to the Regional Flag and Regional Emblem Ordinance, with a view to fulfilling the constitutional responsibility of the HKSAR.

Strengthening the Rule of Law

13. The rule of law is a core value and the cornerstone of Hong Kong’s success. Hong Kong’s rule of law has rock solid foundation: our mature legal system is renowned for being transparent, trustworthy and fair; the Department of Justice (DoJ) initiates criminal prosecutions without any interference; our courts exercise judicial power independently free from any interference; and a robust legal aid system is in place to ensure that all Hong Kong residents are equal before the law. These essential elements are protected under the Basic Law. Since our return to the Motherland, Hong Kong’s laws and judicial independence have been held in high regard.

14. To consolidate and promote Hong Kong as a city upholding the rule of law requires community-wide participation and people’s self-awareness of safeguarding the authority of the rule of law. To enhance the community’s proper understanding and practice of the rule of law, the Secretary for Justice has personally steered the 10-year initiative Vision 2030 for Rule of Law. A rule of law database with objective data will be set up to assist in assessing the rule of law and facilitate research and capacity

building. A booklet entitled Vision 2030 - Empowerment has also been published recently in simple language to instil law-abiding awareness in our secondary and primary school students.

15. Fair trial and due process are essential elements of the rule of law. In this respect the Judiciary plays a pivotal role. In discharging their responsibilities, judges look only at the letter and the spirit of the law without any interference. This notwithstanding, independent judicial power does not preclude a party from lodging a review of a court ruling or a complaint against the conduct of individual judges. In this regard, the Judiciary should also keep abreast of the times. Since taking office in January this year, the Chief Justice of the Court of Final Appeal, Mr Andrew Cheung Kui-nung, has refined the system for handling public complaints and proactively addressed the backlog of cases. I have asked relevant departments to fully assist the Judiciary in tackling the problem of courtroom shortage. Apart from the facilities currently under conversion and the re-opening of the de-commissioned Tsuen Wan Law Courts Building, an additional mega courtroom and supporting facilities will be set up at Wanchai Tower to handle cases involving a large number of defendants before the commissioning of the new District Court building at the end of 2027. The improvement works will commence in the first half of next year.

Strengthening Civil Service Training

16. As the backbone of the HKSAR Government, the civil service plays a vital role in implementing the principle of “One Country, Two Systems”. All serving civil servants have either taken an oath or signed a declaration to uphold the Basic Law and swear allegiance to the HKSAR. To raise their self-awareness of safeguarding national security in discharging their duties, we must enhance civil servants’ understanding of the Constitution and the Basic Law, reinforce their sense of national identity and deepen their capability for broad and strategic thinking. We have included the National Security Law in induction training for public officers, and are making continuous efforts to enhance serving officers’ understanding of the constitutional order of the HKSAR. With the

establishment of the Civil Service College in its interim accommodation at the end of this year and with its Head assuming office next year, the Civil Service Bureau (CSB) will put in place a more systematic training framework and arrange for more middle and senior-level civil servants to take part in national studies programmes or thematic visits in the Mainland. The CSB will press ahead at full steam with the construction of the Civil Service College in Kwun Tong to further strengthen civil service training, and endeavour to rigorously uphold the loyalty and integrity of civil servants.

Strengthening Executive-Legislature Relationship

17. Ensuring “patriots administering Hong Kong” is cardinal to improving the HKSAR’s electoral system. It is also conducive to enhancing the effective governance of the HKSAR. Assuming the dual role as head of the HKSAR and the HKSAR Government, the Chief Executive takes full responsibility for the implementation of the “One Country, Two Systems” principle and the Basic Law in Hong Kong, with the HKSAR adhering to the executive-led structure under the core leadership of the Chief Executive, who is directly accountable to the Central People’s Government. I believe that in actual operation, there is no conflict between an executive-led system and the system of mutual co-operation with checks and balances between the executive authorities and the legislature. Nonetheless, the politics in the LegCo from some time in the past had become so extreme that tactics such as “filibustering” and “mutual destruction” had seriously damaged the otherwise constructive and interactive relationship between the Government and the legislature, impeding the legislative and funding allocation work that will drive Hong Kong’s economic development and improve people’s livelihood. Since those Members who opposed for the sake of opposing left the LegCo in November last year, the current legislative session has seen fruitful outcomes. Having duly exercised its constitutional powers and functions, a total of 46 bills are expected to be enacted and funding of more than \$320 billion to be approved.

18. The legislative session of the Seventh LegCo Term will commence on 1 January next year. Under the improved electoral system, 90 Members from various sectors who fulfil the criterion of “patriots administering Hong Kong” will be vested with the function of overseeing the work of the Government. To strengthen the executive-legislature relationship, I will announce along with the Policy Address today 40 legislative proposals compiled by the HKSAR Government for early discussion at the community level, so that the LegCo can better perform its role in conveying public opinions. Many of these proposals have taken on board the views raised by incumbent Members in the past, including introducing mandatory reporting for child abuse prevention, streamlining the statutory procedures for land development, and strengthening regulation over the service quality of residential care homes for the elderly and persons with disabilities. All Secretaries of Departments and Directors of Bureaux will also enhance communication with Members both inside and outside the Chamber, with a view to achieving good administration and governance.

III. New Paradigm for a New Future

Introduction

19. To cater for local population growth and to meet the needs of economic development, the Government has put in enormous efforts in town planning over the past half-century, including developing new towns in Tsuen Wan, Sha Tin, Tai Po and Tuen Mun in the early years, as well as New Development Areas (NDAs) in Kwu Tung North/Fanling North and Hung Shui Kiu/Ha Tsuen in recent years. Though such planning developments have yielded significant achievements, there are also inadequacies in attaining “home-job balance” and self-sufficiency for instance. Furthermore, the excessive politicisation in the councils and the deliberate opposition and resistance orchestrated by “anti-government” radicals in recent years made it extremely difficult for us to make any move for our town planning work, leading to serious impediments on social and economic development and causing acute problems in people’s livelihood. With the implementation of the National Security Law and improvement to our electoral system, chaos has ended and social order has been restored. We are now embracing a new era where we can focus on economic development. The HKSAR Government should be visionary and resolute in mapping out the future of Hong Kong in a proactive manner.

Planning for the Future

20. To this end, I propose to develop the northern part of Hong Kong into a metropolitan area ideal for people to live, work and travel, and we should create more land resources for residential use and the development of industries. With an area of 300 square kilometres, the proposed metropolis covers from the west to the east the Shenzhen-Hong Kong Boundary Control Points Economic Belt, as well as the deeper hinterlands. It is well-positioned to share the fruits of not only complementarity between the respective strengths of Hong Kong and Shenzhen but also their integrated development, and will in turn facilitate Hong Kong to better integrate into the overall development of our country. This Northern Metropolis will be developed as an international I&T hub with unique

metropolitan landscape marked with “Urban-Rural Integration and Co-existence of Development and Conservation”, while the Harbour Metropolis supporting Hong Kong’s status as an international financial centre will be expanded to include the reclaimed land of the Kau Yi Chau Artificial Islands under the Lantau Tomorrow Vision. The two metropolises located in the north and south of Hong Kong will provide massive land and enhance the spatial layout of Hong Kong. These two metropolises, spearheading their respective economic engines and complementing each other, will drive the future development of Hong Kong.

The Northern Metropolis

Planning Background

21. We will concurrently release the Northern Metropolis Development Strategy (the Development Strategy) today to give a detailed account of the planning background, general principles, objectives and action agenda of the Northern Metropolis for discussions and expression of views from different sectors of the community. Under the framework of “One Country, Two Systems”, the Development Strategy is the first strategic action agenda devised by the HKSAR Government with a spatial concept and strategic mindset going beyond the administrative boundary of Hong Kong and Shenzhen. Formulated on the basis of the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 (the Hong Kong 2030+), the Development Strategy has taken full account of our country’s support for Hong Kong as underlined in the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long Range Objectives Through the Year 2035 (the 14th Five-Year Plan), its aspirations for Hong Kong in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and the enormous opportunities brought about by the Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone for Hong Kong. Now that Hong Kong is back on the right track of “One

Country, Two Systems”, this ground-breaking and visionary plan, which maps out new action directions and approaches for the long-term development prospects of Hong Kong, bears particular significance.

Spatial Layout

22. The Northern Metropolis covers two district administration areas including Yuen Long District and North District, with a total land area of about 300 square kilometres. Metropolis does not refer to a region with a statutory status or regime and an administrative boundary. On the contrary, it is a large-scale urban space which is formed by interactions among various factors including geographic characteristics, economic functions, ecological environment, transport connections and development policies. In the metropolis, the multi-functional land uses with highly concentrated residential and working population and enterprises can drive the economic development in its neighbouring areas. It is lively and attractive with radiate effect, and its people enjoy enriched lives in a unique spatial context with iconic nature, human civilisation and building landscapes.

23. The Northern Metropolis encompasses the mature new towns in Tin Shui Wai, Yuen Long and Fanling/Sheung Shui and their neighbouring rural areas, as well as six NDAs and Development Nodes in different planning and development stages, namely Kwu Tung North/Fanling North, Hung Shui Kiu/Ha Tsuen, Yuen Long South, San Tin/Lok Ma Chau, Man Kam To and the New Territories North New Town. It is the most vibrant area where urban development and major population growth of Hong Kong in the next 20 years will take place. With as many as seven land-based boundary control points, the Northern Metropolis will be the most important area in Hong Kong that facilitates our development integration with Shenzhen and connection with the GBA. Under the Development Strategy, the proposed individual development projects together with the surrounding rural and conservation areas will be integrated in an innovative and organic manner conducive to upgrading the entire region to a metropolitan area. Such an integration can create the development capacity to meet the needs of our economy and our people’s

livelihood, and a quality environment for sustainable development. All these will help us better respond to the new opportunities brought about by deepened co-operation between Hong Kong and Shenzhen.

Twin Cities, Three Circles

24. In the course of reform and opening-up of our country over the past 40 years or so, there has been very close interaction between Hong Kong and Shenzhen. The construction of seven land boundary control points and connected transport infrastructure from the west to the east has enabled the two cities to go beyond the Deep Bay, the Mirs Bay and the Shenzhen River to connect with each other, thereby forming a spatial framework of “Twin Cities, Three Circles”.

25. The “Twin Cities” refers to Hong Kong and Shenzhen, whereas the “Three Circles” includes, from the west to the east, the Shenzhen Bay Quality Development Circle, the Hong Kong-Shenzhen Close Interaction Circle and the Mirs Bay/Yan Chau Tong Eco-recreation/tourism Circle. The concept of “Twin Cities, Three Circles” covers the Shenzhen-Hong Kong Boundary Control Points Economic Belt and the most maturely developed metropolitan core in Shenzhen, as well as the Northern Metropolis in Hong Kong where the development potential is enormous with resources for urban development being speedily pooled in. The formation of the spatial concept of “Twin Cities, Three Circles” will facilitate close collaboration between the governments of Hong Kong and Shenzhen in areas such as economic development, infrastructure, I&T, people’s livelihood and ecological environment. By joining hands, we will be able to achieve the synergy effect of “one plus one is greater than two”.

Transport Infrastructure-led Development

26. In my Lantau Tomorrow Vision proposal put forward in the 2018 Policy Address, the transport infrastructure-led concept won wide acceptance. The consolidation of the Northern Metropolis and its expansion in terms of development capacity will also be driven by a transportation system with railways as its backbone. The railway projects proposed in the Development Strategy include:

- (i) constructing the Hong Kong-Shenzhen Western Railway linking up Hung Shui Kiu/Ha Tsuen and Qianhai of Shenzhen;
- (ii) extending the Northern Link, which is being planned, northwards to connect to the new Huanggang Port in Shenzhen via the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) in the Lok Ma Chau Loop (the Loop);
- (iii) exploring the extension of the East Rail Line to Luohu, Shenzhen and the provision of co-location arrangement at the boundary control point on the Shenzhen side and provision of a new railway station for non-boundary crossing service between the existing Lo Wu Station and the Sheung Shui Station, with a view to unleashing the development potential around Lo Wu/Man Kam To and Sheung Shui North;
- (iv) extending the Northern Link eastwards from the Kwu Tung Station to connect with the areas of Lo Wu, Man Kam To and Heung Yuen Wai, and further southwards to Fanling via Ta Kwu Ling and Queen's Hill; and
- (v) examining the feasibility of constructing an automated people mover system from Tsim Bei Tsui to Pak Nai to promote the development of the area and Lau Fau Shan.

Increasing Land Supply for I&T Uses

27. In recent years, Hong Kong has made considerable achievements in I&T. Under the strategy of re-industrialisation, the development of advanced manufacturing industries, which are based on new technologies and smart production, is also showing promising prospect. Yet, the shortage of land will impede such development. While the 87-hectare HSITP in the Loop now underway will provide a planned gross floor area about three times that of the Hong Kong Science Park at Pak Shek Kok, its scale is relatively humble when compared with the Shenzhen Innovation and Technology Zone (Shenzhen I&T Zone) on the northern shore of the

Shenzhen River with an area of more than 300 hectares. The Development Strategy puts forward a proposal to make an optimal use of the land vacated upon relocation of the Lok Ma Chau Control Point to the new Huanggang Boundary Control Point in Shenzhen, and a portion of the adjacent fish ponds and rural land. This, together with the original land use planning in the San Tin/Lok Ma Chau Development Node, will provide about 150 hectares of additional land for I&T uses to develop the San Tin Technopole, with a view to creating a critical mass of I&T facilities with greater economy of scale.

Developing Industries and Creating Job Opportunities

28. The Plan to expand the Qianhai Co-operation Zone aims to foster a globally competitive business environment, which will bring about tremendous opportunities for Hong Kong's professional services. The Development Strategy suggests that Hong Kong should leverage this opportunity to upgrade Hung Shui Kiu/Ha Tsuen and make it the New Territories North Modern Services Centre, and to build sizable landmark I&T facilities in Lau Fau Shan facing Qianhai on the other side of the Shenzhen Bay, to provide enormous job opportunities in the Northern Metropolis. To achieve "home-job balance", the Development Strategy suggests that we should formulate clear policies and administrative guidelines and select, as far as possible, the Northern Metropolis as the location for government facilities and offices which are "non-location-bound and employment-driven".

Building an Eco-environment

29. The Northern Metropolis has diverse habitats. There are wetlands on the List of Wetlands of International Importance under the Ramsar Convention to the west, a vast area of fish ponds in the centre, and the proposed Robin's Nest Country Park, a marine park and the world-class Geopark to the east. The Development Strategy suggests that a proactive conservation policy should be formulated and implemented. Through the gradual resumption of several hundred hectares of private wetlands and fish ponds by the Government for enhanced management, the ecological

functions of around 2 000 hectares of conservation area, including the Mai Po Inner Deep Bay Ramsar Site, will be enhanced, thus achieving better conservation of wetlands in Hong Kong while creating a quality living environment for the Northern Metropolis.

Increasing Land Supply for Housing

30. At present, a number of development projects planned or under planning in the Northern Metropolis are estimated to provide about 350 000 residential units. An additional 600 hectares of land or so could be developed within the Northern Metropolis for residential and industry purposes, with an estimated provision of about 165 000 to 186 000 residential units. Upon the full development of the entire Northern Metropolis, a total of 905 000 to 926 000 residential units, including the existing 390 000 residential units in Yuen Long District and North District, will be available to accommodate a population of about 2.5 million. The total number of jobs in the Metropolis will increase substantially from 116 000 at present to about 650 000, including 150 000 I&T-related jobs.

Strengthening the Implementation Mechanism

31. To effectively implement the Development Strategy for the Northern Metropolis, the HKSAR Government must strengthen high-level steer, promote collaboration across bureaux and departments, formulate performance indicators for monitoring purposes, and work closely with the Shenzhen Municipal Government to take forward the relevant projects together. Our next step is to deliberate the details of the implementation mechanism. A possible option will be to create a Deputy Secretary of Department post in the next-term Government to steer large-scale regional developments such as the Northern Metropolis and the Lantau Tomorrow Vision.

Enhancing the Effectiveness of Governance

Re-organising the Government Structure

32. Even if there is no large-scale regional development project, I am of the view that there is still a need to re-organise the policy bureaux to complement our policy focuses and meet social expectations. I propose that the current-term Government shall consult various sectors and stakeholders in the coming months to work out a detailed re-organisation proposal for consideration and implementation by the next-term Government. After consolidating our experience in administration as well as taking account of the views of the LegCo and relevant sectors, my initial thinking on the re-organisation may take the following directions:

- (i) to set up a Culture, Sports and Tourism Bureau to consolidate the culture portfolio and the creative industries and tourism portfolio currently under the Home Affairs Bureau (HAB) and the Commerce and Economic Development Bureau respectively, thereby facilitating the development of Hong Kong as an East-meets-West centre for international cultural exchange;
- (ii) to split the Transport and Housing Bureau (THB) to provide a more dedicated high-level steer for these two major policy areas, enabling in particular the new Transport Bureau to focus on transport infrastructure, public transport services and traffic management which are matters closely related to people's livelihood, while facilitating the development of the logistics industry, as well as consolidating and enhancing Hong Kong's status as an international transportation centre and an international aviation hub;
- (iii) to explore whether there is room to rationalise the work of the Housing Bureau upon the split and the Development Bureau (DEVB), which is responsible for land development and public works, in order to expedite land supply for housing;

- (iv) to expand the Innovation and Technology Bureau into the Innovation, Technology and Industry Bureau to change the perception that local industries are declining and highlight the role of I&T in promoting the development of re-industrialisation in Hong Kong; and
- (v) to re-organise the HAB into the Youth and District Affairs Bureau to step up efforts to address district issues of daily concern to the public with a district-based approach, and to provide a one-stop platform for promoting and supporting youth development.

33. The above views are only intended to stimulate further thought. I hope that the new-term LegCo may commence discussion on the re-organisation of policy bureaux immediately upon its formation. In the next few months, I and all Secretaries of Departments and Directors of Bureaux will exchange views with stakeholders on this matter and formulate detailed proposals.

Strengthening the Governing Team

34. Having put in place an enhanced government structure for more effective governance, what we also need is a professional and highly efficient governing team consisting of people devoted and loyal to the country and Hong Kong, adept at policy making as well as execution, and driven by a strong sense of responsibility and commitment to serving the people of Hong Kong with assiduity. I have served for three terms of the HKSAR Government as Director of Bureau, Chief Secretary for Administration and now the Chief Executive. I fully recognise and have actually come across the difficulties in attracting talents to join this “hot kitchen”. I hope that with an improved electoral system, more patriots who love Hong Kong and who have the aspirations, ability and commitment will be willing to accept the challenges and join the governing team to make contributions to Hong Kong and the country.

35. In addition, directorate civil servants including Permanent Secretaries and Heads of Departments, who are at the core and highest echelons of the civil service, also play a critical role in the effective implementation of policies in the HKSAR. I have asked the Secretary for the Civil Service to review the existing selection and appointment mechanism for the senior levels of the civil service in the coming months in accordance with the principle of meritocracy, with a view to appointing the most visionary and competent officers to the most suitable positions. I will invite the Public Service Commission to participate in the related work.

Advocating Dedicated Positions with Specific Responsibilities

36. Concerning manpower deployment of the public sector, I have in recent years encouraged colleagues to play an “advocacy” role in certain specific areas. In this respect, the work of creating dedicated commissioner posts with specific responsibilities, such as Commissioner for Heritage, Commissioner for Sports and Commissioner for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area, is bearing fruit. The dedicated commissioner posts serve to highlight the importance the Government attaches to the relevant policy areas. Also, the undesirable situation of fragmentation of responsibilities among different departments or that people have nowhere to turn to for assistance could be avoided. I have suggested to Directors of Bureaux that they may make greater use of commissioner posts to take forward the relevant work. The post of Commissioner for Children, for example, should be conducive to helping the Labour and Welfare Bureau (LWB) promote child protection, whereas the post of Commissioner for Harbourfront should facilitate the beautification of the harbourfront by the DEVB, both within and outside the Government.

Enhancing Government’s Capability in Information Dissemination and Public Communication

37. In this era of information explosion, an important aspect of governance is effective dissemination of government information so that the public can better and more quickly understand the policies of the

government and the latest situation. I must admit this is an area that warrants the HKSAR Government's immediate improvements. Many people have told me from time to time that the contents of Government press releases are too technical and not easily communicated to the public. The old-fashioned approach in message delivery has also failed to draw the attention of the community or allay public concerns promptly. The malicious attacks on or biased reports against the Government over the past two years have highlighted that there is much room to improve our capability to communicate with the public. I have requested all Secretaries of Departments and Directors of Bureaux, with the support of the Director of Information Services and his team, to place more emphasis on information dissemination and public communication on government policies.

IV. New Impetus to the Economy: Integration into the National Development

Leveraging Our Country and Engaging Ourselves Globally

38. The loud and clear heading of “Integration into the National Development” in the economy chapter in this year’s Policy Address has expressly stated that the developments of Hong Kong and our country are closely related. Only by leveraging the Central Government’s policies in support of Hong Kong can we give full play to our unique strengths, which will in turn bring continuous impetus to our economy.

39. Hailed as an economic miracle, Hong Kong has evolved from an obscure fishing port to an international financial, trade and transportation centre today. Having undergone numerous rounds of restructuring, regardless of whether they occurred before or after our return to the Motherland, the Hong Kong economy has always been closely intertwined with the development of our country. Driven by changes to the external environment, guided by the direction of the Mainland policies and led by the market forces, all these restructuring processes have been attributed to the remarkable acumen, brilliant versatility and “can-do” spirit of Hong Kong entrepreneurs. The current-term Government stresses that we should play the role of a “facilitator” and a “promoter” to keep connecting with the world to open up markets and explore business opportunities for our enterprises. Yet, notwithstanding the huge Mainland market, the local political forces against the Central Government have more often than not stood in our way, preventing us from reaping fully the benefits of our country’s development.

40. Fortunately, the implementation of the National Security Law and the improvement to our electoral system have restored safety and stability in society. Hong Kong is now ready again for a new start for economic development. The 14th Five-Year Plan, the Outline Development Plan for

the Guangdong-Hong Kong-Macao Greater Bay Area, the Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone, the economic development pattern of not only greater domestic circulation but also domestic and international dual circulation, as well as the Belt and Road Initiative, have brought unlimited opportunities for enterprises and professional services providers in Hong Kong, thereby allowing Hong Kong to benefit from its proximity to the Mainland. I will highlight how we shall leverage the Central Government's support to enhance our competitiveness as the eight international centres or hubs charted in the 14th Five-Year Plan with a view to building a brighter future for Hong Kong. We have prepared fact sheets on each centre/hub for promotional purposes. All are welcome to read and help distribute to those interested.

Enhancing Hong Kong's Status as an International Financial Centre

41. The financial services industry is an important pillar of our economy and the most internationalised industry of all. Despite unprecedented challenges in the past two years, our financial system has remained stable and business has been vibrant. Evidently the Mainland's sustained economic growth and the further opening up and reform of its financial sector have provided strong support for the development of our financial services industry. Capitalising on our advantages under "One Country, Two Systems", Hong Kong's role as a bridge for international investors to access the Mainland market and for Mainland funds to reach out to the international market will be all the more significant.

42. At the talks on the 14th Five-Year Plan for various sectors in Hong Kong, the Central Government delegation has reiterated support for Hong Kong to further promote mutual financial market access with the Mainland, develop offshore Renminbi (RMB) business, strengthen its position as an international asset management centre and a risk management centre, develop into a green finance centre in the GBA and promote, amongst

others, its financial services towards high-end and high value-added development. In this connection, we will step up our efforts in the following five areas:

- (i) supporting the Hong Kong Exchange and Clearing Limited (HKEX) to further enhance our listing regime, and to establish a listing regime for special purpose acquisition companies in Hong Kong after consulting the market;
- (ii) expanding further the channels for the two-way flow of cross-boundary RMB funds and developing offshore RMB products and tools, including looking into specific measures to enhance demand for the issuance and trading of RMB securities and allow stocks traded via the southbound trading under Stock Connect to be denominated in RMB;
- (iii) further attracting family offices to establish a presence in Hong Kong by considering the provision of tax concessions, thereby enhancing Hong Kong's status as an international asset and wealth management centre;
- (iv) supporting the HKEX to promote co-operation with the Guangzhou Futures Exchange in financial product development related to the areas of carbon emission trading, and assessing the feasibility of developing Hong Kong into a regional carbon trading centre, thereby strengthening Hong Kong as a regional green and sustainable finance hub; and
- (v) promoting cross-border financial technologies (Fintech) and actively exploring with the Mainland the formation of a one-stop sandbox network to facilitate financial institutions and information and technology companies from Guangdong, Hong Kong and Macao to test cross-border Fintech applications.

Enhancing Hong Kong's Status as an International Transportation Centre

43. To enhance Hong Kong's status as an international transportation centre, our port has to maintain its strengths of high efficiency, good connectivity and wide coverage. We will also need to promote wider application of digital technology in business processes and operations by the maritime and port industry for the development of a "Smart Port". We will explore, in collaboration with the industry, concrete initiatives to drive the development of a "Smart Port". On logistics, we have to further facilitate the flow of logistics information in the GBA and improvements to intermodal operation. We also need to develop high value-added logistics and encourage the logistics industry to make wider use of technology to enhance productivity.

44. Another major development direction is high value-added maritime business services, including ship registration, ship finance and management, marine insurance, and maritime legal and arbitration services. Tax concessions will be introduced to attract members of the maritime industry to establish a business presence in Hong Kong. The HKSAR Government will also expand the overseas service network of the Hong Kong Shipping Registry of the Marine Department. In addition to desk services in London, Shanghai, Singapore and Sydney, new desks will be set up in San Francisco, Tokyo and Toronto to provide better support for Hong Kong registered ships.

45. In terms of cross-boundary land transport, three major cross-boundary infrastructure projects, namely the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the Liantang Port/Heung Yuen Wai Boundary Control Point, were completed one after another in the past few years, thereby helping Hong Kong integrate into the "one-hour living circle" in the GBA and enhancing connectivity of infrastructure in the GBA. The governments of Hong Kong and Shenzhen have established the "Task Force for Hong Kong-Shenzhen Co-operation on Cross-Boundary Railway

Infrastructure” to jointly develop the “GBA on the Rail”. Besides, the governments of Guangdong and Hong Kong are pressing ahead with the “Quota-free Scheme for Hong Kong Private Cars Travelling to Guangdong via the HZMB”. After the epidemic situation is brought under control and the removal of quarantine requirements for cross-boundary travel is gradually implemented, the Scheme will allow eligible Hong Kong private cars to travel between Hong Kong and Guangdong via the HZMB without the need to obtain a regular quota in advance. The governments of Guangdong and Hong Kong have also agreed to extend the Scheme to cover another land boundary control point in due course.

Enhancing Hong Kong’s Status as an International Trade Centre

46. Having the advantage of being a highly internationalised city, Hong Kong plays an important role in international trade. Last year, our global ranking in terms of total merchandise trade value rose to the sixth place. Benefitting from the stable supply chains maintained through effective control of the epidemic in the Mainland, the value of Hong Kong’s total merchandise trade has rebounded since the fourth quarter of last year and hit a record high of \$6,509.9 billion for the first eight months of this year.

47. The current-term Government is keen to foster closer commercial, trade and investment relations with the Association of Southeast Asian Nations (ASEAN). We are also seeking to join the Regional Comprehensive Economic Partnership (RCEP) as soon as possible. In the context of “domestic circulation” under the “dual circulation” development pattern of our country, we will continuously seek to create more favourable conditions for Hong Kong enterprises to enter the Mainland market under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

48. The convention and exhibition (C&E) industry is crucial to Hong Kong as an international trade centre. To cope with the impact of the pandemic, the Government is implementing the Convention and Exhibition

Industry Subsidy Scheme with a commitment of over \$1 billion to provide impetus for the C&E industry. The Government will further extend the validity of the Scheme to the end of next year, and will enhance its implementation details to provide timely and more targeted assistance to the industry. In the long run, the Government will continue to expand C&E facilities, including redeveloping the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station into C&E facilities, hotel and Grade A offices, as well as expanding the AsiaWorld-Expo, in order to consolidate and enhance Hong Kong's status as an international C&E hub.

49. Small and medium enterprises (SMEs) play an indispensable role in the real economy of Hong Kong, but they may encounter liquidity problem from time to time. The existing paper-based trading processes and dispersed storage of commercial data have rendered it difficult for banks to collect and verify the relevant information. If credit assessments cannot be made according to up-to-date operational or financial data, banks may instead require enterprises to provide collateral such as property to reduce credit risks. This is a long-standing problem in SME financing.

50. We think that the optimal use of data may offer a solution to the problem. To this end, the Hong Kong Monetary Authority is in the process of developing the Commercial Data Interchange, which is expected to commence operation next year. This new financial infrastructure offers a centralised platform for connecting to banks through which enterprises can authorise service providers such as payment systems, public bodies or utility companies to furnish the banks with data. The banks can then make more accurate predictions about the sales and operation of the enterprises, thereby reducing the need for enterprises to provide collateral.

51. The Commercial Data Interchange enables SMEs to make use of their own data to gain access to more convenient financing services. It is also a major breakthrough in the development of financial infrastructure in Hong Kong, under which a platform is established to facilitate secure data sharing based on the consent of enterprises and allow the local banking system to serve the real economy more efficiently.

Developing into a Centre for International Legal and Dispute Resolution Services in the Asia-Pacific Region

52. The rule of law in Hong Kong provides reassurance to Mainland and international investors when conducting business transactions and resolving commercial disputes in Hong Kong. To press ahead with the development of Hong Kong into a major centre for international legal and dispute resolution services in the Asia-Pacific region, we will adopt a wide range of measures including attracting international legal and dispute resolution institutions to set up offices in the Hong Kong Legal Hub, promoting international legal co-operation and exchanges, as well as securing international organisations to hold decision-making meetings in Hong Kong. The DoJ has successfully secured the hosting of the Asian-African Legal Consultative Organization Annual Meeting and the inter-sessional meeting of Working Group III of the United Nations Commission on International Trade Law in Hong Kong at the end of this year.

53. To enable the legal sector to meet the need for legal and dispute resolution services in the GBA, the DoJ will continue to organise the GBA Legal Professional Examination, develop a set of unified qualification, accreditation and other relevant standards for mediators in the GBA, take forward the measures of allowing wholly-owned Hong Kong enterprises registered in Qianhai, Shenzhen to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong, and strive to extend such measures to other areas of Shenzhen and even the entire GBA.

Developing into an International Innovation and Technology Hub

54. The current-term Government has made unprecedented strides to promote I&T development by investing more than \$130 billion over four years. Hong Kong's I&T industry is flourishing at the moment, and the interaction among the Government, industry, academia and research sectors has also been strengthened significantly. To sustain this good momentum,

we are keen to develop a more comprehensive I&T ecosystem, so as to enable re-industrialisation to take root in Hong Kong and complement I&T development in Shenzhen and the GBA, thus making I&T a new impetus to the economy of Hong Kong and developing Hong Kong into an international I&T hub as promulgated in the 14th Five-Year Plan.

Land/Infrastructure for I&T

Science Park

55. Next year marks the 20th anniversary of the Hong Kong Science and Technology Parks Corporation (HKSTPC), the flagship I&T institution in Hong Kong. The Science Park is now home to about 900 technology enterprises and start-ups in areas such as artificial intelligence, life and health, environmental technology, and four unicorns have been incubated therein so far. In the past three years, its tenants/incubatees have raised funds amounting to \$33 billion. It is estimated that for every \$1 invested by the HKSTPC, an external investment of \$13 would be attracted.

56. The Science Park expansion is being carried out in full swing so that more space can be provided for technology enterprises and start-ups. To prepare for future needs, I propose that the Government should immediately explore expanding the Science Park's capacity. In this regard, the Government will revive the Ma Liu Shui reclamation project which, together with the land to be vacated by the relocation of the Sha Tin Sewage Treatment Works to caverns, will provide a total of 88 hectares of new land. We propose that the newly provided land should be mainly for I&T development rather than the originally suggested residential use, so as to strengthen the development of the Eastern Corridor with I&T as a major economic function. We agree that opportunity should be taken to improve the public transport service connection of Pak Shek Kok and the Science Park. The Government will invite the MTR Corporation Limited (MTRCL) to study the construction of a new Science Park/Pak Shek Kok Station of the East Rail Line at the current site of The Hong Kong Education University (EdUHK) Sports Centre at Pak Shek Kok, and its reprovisioning at a site near EdUHK's main campus in line with the university's earlier request to

facilitate the use by its students. The Government will also make the best use of the development potential of the station site and its adjoining land to provide more housing and parking spaces, shops and public facilities for local residents. I have asked the DEVB, the THB and the Education Bureau (EDB) to work in collaboration with the MTRCL and EdUHK to press ahead with the project.

Cyberport

57. Cyberport is another landmark I&T community in Hong Kong. Cyberport has accommodated a number of technology enterprises and incubated five unicorns, covering the areas of Fintech, smart living and digital entertainment. It is estimated that for every \$1 invested by Cyberport, an external investment of \$13 would be attracted. Over the past three years, the start-ups in Cyberport have also attracted investment of over \$12.5 billion. The Cyberport 5 Project, which will increase the gross floor area of Cyberport by more than 40% within four years, has commenced. In the long run, the proposed upgrading of the Hung Shui Kiu/Ha Tsuen as the New Territories North Modern Services Centre under the Northern Metropolis Development Strategy will be expanded to include Lau Fau Shan. Consideration may be given to the building of landmark I&T facilities with a scale comparable to Cyberport at a location facing Qianhai, Shenzhen on the other side of the Shenzhen Bay.

The Loop

58. We are studying ways to expedite the construction of the HSITP in the Loop. Furthermore, the work related to “one zone, two parks” in the Shenzhen-Hong Kong I&T Co-operation Zone is making good progress. In the long run, under the Development Strategy, the HSITP and the areas around Lok Ma Chau/San Tin will be consolidated to form the San Tin Technopole where land for I&T-related uses is estimated to amount to about 240 hectares. This, together with the Shenzhen I&T zone, will form the Shenzhen-Hong Kong I&T Co-operation Zone of approximately 540 hectares,

combining the strengths of both Hong Kong and Shenzhen to pool local and non-local talents, and becoming an essential propeller for the development of an international I&T hub in the GBA.

Universities' Research Work

59. Our strong research capabilities have all along been well recognised both nationally and internationally. To date, Hong Kong has 16 State Key Laboratories, 6 Hong Kong Branches of Chinese National Engineering Research Centres and 22 Joint Laboratories with the Chinese Academy of Sciences. In recent years, the Central Government has made available quite a number of national research and development projects and funding schemes to researchers in Hong Kong. Hong Kong is blessed with a wealth of talents, with five world top-100 universities and many scholars and experts winning top international and national research awards.

60. To consolidate Hong Kong's leading position in basic research, we have accepted in principle the proposals of the University of Hong Kong (HKU) and The Chinese University of Hong Kong (CUHK) to provide the two universities with land for research use, including reserving a 4-hectare site currently zoned "Green Belt" at Pokfulam for HKU to construct facilities for deep technology research, as well as supporting CUHK to use a 2.5-hectare site in the vicinity of the CUHK Medical Centre mainly zoned "Government, Institution or Community" to build research facilities and expand the Medical Centre, and at the same time improving the existing public transport interchange and parking facilities at the University Station of the East Rail Line. We will also support The Hong Kong Polytechnic University (PolyU) in exploring the use of its Hung Hom Bay Campus, which is currently used for self-financing post-secondary education, for academic and research development.

Industrial Estates

61. The Government will continue to promote re-industrialisation with a five-pronged approach, namely infrastructure, talents, capital, technology and research, so as to make our industrial value chain more complete and our economy more diversified. The Advanced Manufacturing

Centre at the Tseung Kwan O Industrial Estate and the Microelectronics Centre at the Yuen Long Industrial Estate will be completed in the middle of next year and in 2023 respectively. The good industry response to these two facilities indicates that many enterprises share the view that high value-added and technology-intensive manufacturing processes and production lines can be set up in Hong Kong. In view of this, I have invited the HKSTPC to start planning for the construction of the second Advanced Manufacturing Centre.

Promoting Research and Development

62. Hong Kong has a solid foundation to develop into a global research collaboration hub. As a flagship project, the InnoHK research clusters have already attracted world-class universities and research institutes to collaborate with local universities in setting up 28 research laboratories. During my recent visits to some of these laboratories, I was impressed by the passion and perseverance of the research teams in pursuing technological breakthroughs and innovative business opportunities. I strongly believe that these laboratories and talents can help Hong Kong scale new heights in I&T development and further consolidate our position as a hub for global research collaboration.

63. Looking ahead, with the emphasis of the 14th Five-Year Plan on frontier fields such as life and health disciplines, I believe that Hong Kong should better leverage its strengths in life and health sciences to meet the country's needs. We have a solid foundation in research and a good number of world-renowned experts, whose achievements have been widely acclaimed. Our clinical trial centres are recognised by the National Medical Products Administration, and their data which meet the relevant clinical trial standards are also widely recognised by relevant bodies in the United States and the European Union. I now propose the setting up of an InnoLife Healthtech Hub in the HSITP in the Loop, with the 16 life and health-related laboratories in the InnoHK research clusters and the 8 State Key Laboratories in life and health disciplines as the basis, to focus on related research work. I know that quite a number of start-ups and large enterprises in life and health disciplines are interested in gaining a foothold

in Hong Kong, so as to leverage our strengths in this area and the market potential of the GBA. The San Tin Technopole will be able to provide land for the relevant research and advanced manufacturing industries.

64. Clinical data, clinical trials and drug registration are some of the key areas essential to the development of life and health technology. To this end, I have asked the Food and Health Bureau (FHB), the Hospital Authority (HA) and the Department of Health (DH) to conduct a comprehensive review of the current practices.

Technology Investments

65. The Government's Innovation and Technology Venture Fund (ITVF) co-invests with venture capital funds on a matching basis in local I&T start-ups. So far, ITVF has 11 Co-investment Partners. The HKSTPC's Corporate Venture Fund and Cyberport's Cyberport Macro Fund have expanded their investment coverage to beyond Series A stage. Furthermore, we have deployed 10% of the Future Fund to establish the Hong Kong Growth Portfolio last year for strategic investments in projects with a "Hong Kong nexus", with I&T being one of the target industries. To complement the existing multiplicity of funding schemes for the development of I&T sector and markets, the Government will make relevant investments by partnering with suitable private equity firms, focusing on assisting fast-growing I&T enterprises including start-ups. Besides, the HKSTPC will set up the GBA InnoExpress to help nurture start-ups on all fronts and support enterprises to "go global" and "attract foreign investment". I encourage more enterprises and fund investors to support the I&T development in Hong Kong.

Involvement in National Research and Development Work

66. Over the years, local universities have established close collaborative relationships with research institutions in the Mainland in various research programmes of which many have borne fruit. For instance, we are all proud of the fact that some of the instruments currently used on the Moon and Mars were developed by PolyU, which has actively

participated in our nation's space exploration projects. I encourage Hong Kong scientists to continue taking part in these meaningful collaborations in order to contribute to our country.

Consolidating Hong Kong's Status as an International Aviation Hub

67. With its geographical advantage, managerial expertise and vast pool of aviation talents, Hong Kong has over the years established an extensive international aviation network, laying the foundation for the Hong Kong International Airport (HKIA) to become a pre-eminent international aviation hub. Although the global aviation industry, with Hong Kong being no exception, has been hard hit by the COVID-19 pandemic, I remain confident that our status as an international aviation hub could be consolidated and enhanced.

68. The construction of the Three Runway System to increase capacity is a strategic investment to enhance the competitiveness of the HKIA. It is also a key infrastructure project to enable a "city airport" to transform into an "Airport City". The reclamation of around 650 hectares of land has been largely completed, as have the pavement works for the 3 800-metre Third Runway. The commissioning of the Third Runway is targeted for 2022 and the full completion of the Third Runway System is scheduled for 2024. The Airport Authority Hong Kong (AAHK) has also undertaken various projects to improve the efficiency of the airport and overall passenger experience. It is proceeding at full speed with various high-end logistics projects in view of the rapid development of cross-boundary e-commerce in the region.

69. With the support of the Central Government and the Guangdong Province, I proposed in my Policy Address last year to leverage the HZMB to strengthen Hong Kong-Zhuhai airport co-operation, with the AAHK injecting equity in the Zhuhai Airport on the basis of market principles. While actively following up on the equity injection, the HKSAR Government also endeavours to establish a high-end aviation industrial cluster in Zhuhai in collaboration with the Guangdong Province, encompassing such fields as

aircraft maintenance engineering, manufacturing and distribution of aircraft parts and components, and research on aircraft engineering. The Hong Kong International Aviation Academy (HKIAA) will also help nurture technical talents for the aviation sectors of Hong Kong, Zhuhai and the GBA.

Developing into an East-meets-West Centre for International Cultural Exchange

70. The cultural industries in Hong Kong have been given a boost of confidence by the 14th Five-Year Plan for its clear support towards Hong Kong developing into an East-meets-West centre for international cultural exchange. The Government will seize upon Hong Kong's unique creative atmosphere where Chinese and Western cultures meet to position Hong Kong as Asia's city of culture and creativity. To realise our new cultural positioning, the HKSAR Government will work on five directions, namely (1) developing world-class cultural facilities and a pluralistic cultural environment; (2) strengthening our connections with overseas arts and culture organisations; (3) enhancing cultural exchange and co-operation with the Mainland; (4) leveraging technology; and (5) nurturing talents.

71. To enhance the steer of culture affairs in the HKSAR and strive for effective co-ordination and promotion of work related to cultural and creative industries currently undertaken by different policy bureaux, the LegCo and society generally support the setting up of a dedicated Culture Bureau. We will consider the proposal seriously in the context of re-organising the government structure mentioned earlier. The overseas Economic and Trade Offices (ETOs) and Mainland Offices will also play an important role in promoting the cultural industries of Hong Kong.

Developing into a Regional Intellectual Property Trading Centre

72. The 14th Five-Year Plan states for the first time the support for Hong Kong to develop into a regional intellectual property (IP) trading centre. The HKSAR Government will implement a series of initiatives to

promote the development of IP trading in Hong Kong including further promoting and developing the “original grant patent” system by building up the substantive examination capability of the Intellectual Property Department (IPD), exploring with the Mainland authorities on broadening the scope of application of the Patent Co-operation Treaty to cover the “original grant patent” system, and extending other major international IP treaties to Hong Kong.

73. The HKSAR Government will also strengthen our IP regime, as well as stepping up promotion, education and external collaboration. For example, we plan to revive the Copyright Ordinance amendment exercise by consulting the public on the modernisation of the copyright regime in the light of the digital environment, with the target of introducing a bill to amend the Copyright Ordinance in the next term of the LegCo.

Continuous Investment in Infrastructure

74. The Government will continue investing in infrastructure to enhance Hong Kong’s competitiveness. In response to the impact of the epidemic on our economy, we will also position infrastructure investment as a major counter-cyclic measure in stimulating the economy. In this legislative session, the funding for capital works projects approved by the Finance Committee has reached a record high of \$220 billion. We expect that the annual capital works expenditure will exceed \$100 billion in the coming years.

75. The DEVB will continue to implement “Construction 2.0” and lead the construction industry to reform by advocating “innovation”, “professionalisation” and “revitalisation”, so as to uplift the productivity and skill level of the sector. Wider use of I&T and Modular Integrated Construction (MiC) will also be promoted to shorten construction time, reduce manpower and enhance safety in construction sites. To promote reform of the construction industry and enhance project performance, we are making active preparations for the hosting of an International Construction Leaders Summit next year to share experience and formulate strategies with various stakeholders.

Supporting Tourism

76. The tourism industry has been hard hit by the pandemic and is still in hardship. Besides providing support to the sector, we also need to get prepared for the recovery of the industry. The current-term Government has launched various tourism initiatives and measures over the past four years along the Development Blueprint for Hong Kong's Tourism Industry promulgated in 2017, including establishing the statutory Travel Industry Authority, strengthening efforts in taking forward cultural, heritage, green and creative tourism projects, completing the strategic planning for cruise industry development, and facilitating the staging of various events and C&E activities. The Government will continue to implement various measures to consolidate the position of Hong Kong as a core demonstration zone for multi-destination tourism and an international tourism hub. The relevant work includes deepening co-operation with the GBA cities, establishing the GBA tourism brand, and attracting more events and C&E activities to Hong Kong through various funding and promotion programmes.

Supporting the Development of the Agriculture and Fisheries Industry

77. We will continue to promote the sustainable development of the agriculture and fisheries industry by helping the sectors involved to adopt advanced technology and seize new opportunities. We will be more proactive in helping the industry to make good use of the Sustainable Fisheries Development Fund and the Sustainable Agricultural Development Fund. The construction of Phase 1 of the Agricultural Park in Kwu Tung South, which is going to be completed by phases starting from the end of this year, will facilitate modernisation of farm management. The Agriculture, Fisheries and Conservation Department (AFCD) is actively promoting smart greenhouse technology, and assisting the industry in improving efficiency and making good use of production space through the development of precise and automated hydroponic production technology. On the fisheries front, the use of modern deep sea mariculture is a global trend. The AFCD will continue to perform the role of a "facilitator" in taking forward development in this aspect.

Safeguarding Hong Kong's Business Environment

78. Hong Kong is a free, open and diversified economy and a metropolis that attracts talents, organisations and enterprises of different scales from all over the world. Last year, Hong Kong ranked third globally in foreign direct investment inflows, after the United States and the Mainland. Attaching great importance to the business environment of Hong Kong, the HKSAR Government has been maintaining communication with local and foreign chambers of commerce and addressing their concerns. The National Security Law has been promulgated and implemented for a period of time. According to our observations, the initial concerns of foreign businesses have notably subsided and they are now most concerned about the restrictions on cross-border travel. As indicated in the latest annual surveys, the number of business operations in Hong Kong with parent companies overseas or in the Mainland and the number of start-ups in Hong Kong reach an all-time high of 9 049 and 3 755 respectively this year. It can be seen that our business environment has not been undermined by the impact of the pandemic and the biased reports of Hong Kong's situation by certain Western media. More detailed information is provided in the Report on Hong Kong's Business Environment: A Place with Unique Advantages and Unlimited Opportunities published recently for enterprises' reference.

Strengthening Ties with the Mainland

79. The 14th Five-Year Plan supports Hong Kong to strengthen co-operation with the Mainland in the areas of trade and I&T. In fact, the HKSAR Government has established co-operation mechanisms with not only the Guangdong-Hong Kong-Macao Greater Bay Area but also the Pan-Pearl River Delta region, Beijing, Shanghai, Fujian and Sichuan respectively to promote co-operation on multiple fronts. With the support of the Central Government, we have proceeded with the establishment of a new Hubei-Hong Kong high-level co-operation mechanism with the Hubei Province.

80. Unlike overseas ETOs, the Mainland offices of the HKSAR Government have to, on top of promoting trade, facilitating investment and providing support for Hong Kong businessmen, foster communication and exchanges with Mainland provinces and municipalities in various aspects, promote Hong Kong, maintain liaison with Hong Kong people studying, working and residing in the Mainland, etc. I have asked the CMAB to review the role of our Mainland offices and the effectiveness of their work in due course, and examine the need to retitle these offices so as to better reflect their extensive duties.

V. Increasing Housing and Land Supply

Housing Supply

Guiding Principle

81. Providing decent accommodation for all is the primary goal of my housing policy. Noting the public concern on the matter, I reviewed the progress and set out my vision on the issue of housing and land during the Chief Executive's Question and Answer Session on 15 July this year. In my concluding remarks, I said that the solution to address the housing problem of people in Hong Kong more thoroughly rested not on "quick fixes" to deal with current situations, but rather on the determination to sustain land supply, as well as the courage to remain steadfast with the policies implemented in face of short-term economic changes or fluctuations in property prices.

Public Housing Supply

82. The current-term Government has demonstrated just that determination and courage. We revised the public/private housing split from 60:40 to 70:30 in 2018 to further step up our policy efforts in producing more public housing units, and our ongoing efforts in identifying land have also begun to bear fruit. We have identified about 350 hectares of land to produce some 330 000 public housing units for the coming 10-year period (i.e. from 2022-23 to 2031-32), slightly higher than the figure announced last year, and can meet the estimated public housing demand of around 301 000 units in the coming 10-year period. The THB will provide more details in the Long Term Housing Strategy Annual Progress Report 2021 to be published at the end of this year.

83. Although the overly long waiting time for PRH allocation is worrying, public housing production in the five-year tenure of the current-term Government will in fact reach 96 500 units, an increase of 30 000 units compared to the previous five-year period. The production of over 300 000 units in the ten years ahead will be back-loaded, with only one-third to be delivered within the first five years. I have urged the

Secretary for Transport and Housing to make every endeavour to compress the construction workflow of the Hong Kong Housing Authority (HKHA) to deliver more units as early as possible. In this connection, the HKHA and the Hong Kong Housing Society (HKHS) will adopt the MiC and other innovative construction technology more widely. The HKHA will also adopt a new procurement model to suitable projects to allow contractors to undertake design and construction in a bundle, thereby releasing resources for the Housing Department to carry out preliminary design, as well as leveraging the contractors' expertise to further enhance the entire construction workflow. To make good on my promise last year to provide personal steer on housing and land related work, I have requested the DEVB and the THB to submit quarterly reports on all public housing sites for the next five-year period, i.e. from 2027-28 to 2031-32. I will give instructions personally if the time to deliver the sites or the progress of construction is less than satisfactory.

Private Housing Supply

84. On private housing, including railway property developments, we will strive to secure approximately 170 hectares of land in the coming ten years, and make available to the market sites for the production of about 100 000 units through land sales or putting up railway property developments for tender. This figure has not taken into account development projects undertaken by the Urban Renewal Authority (URA) and other private land development projects. With the Government's determination to further streamline the land development process, we are confident that there will be a steady supply of land for private housing development.

Redevelopment of Public Rental Housing Estates

85. In addition to newly-built units, we rely on the existing yearly recovery of about 8 000 PRH units for allocation to applicants on the waiting list. Taking into account the need for equitable distribution of PRH resources, we consider it imprudent to re-launch the Tenants Purchase Scheme and allow rental units to become inheritable or saleable assets. It is

also difficult to redevelop a large number of aged public housing estates as the existing tenants have to be rehoused to units that could otherwise be allocated to applicants on the waiting list. I sincerely hope that Council Members who have advocated these two housing initiatives over the years will understand the situation.

86. The HKHA has been reviewing and considering whether individual aged public housing estates should be redeveloped in accordance with the established policies and actual circumstances. Given the availability of suitable rehousing resources for Sai Wan Estate and Ma Tau Wai Estate and their build-back potential of providing more housing units upon redevelopment, I will invite the HKHA to conduct a study on the redevelopment of these two about 60 year-old estates under suitable conditions, and with the support of the DEVB, to seek to include the adjacent areas into the redevelopment sites so that these two prime urban sites could provide more public housing units to meet public aspirations.

Redevelopment of Tai Hang Sai Estate

87. Regarding the redevelopment of Tai Hang Sai Estate that has been discussed for years, the Executive Council has recently given approval for the Hong Kong Settlers Housing Corporation Limited (HKSHCL) and the URA to jointly implement the project, on condition that the HKSHCL will provide proper rehousing arrangements for existing tenants. According to the plan of the HKSHCL and the URA, the redevelopment project can provide over 3 300 units upon completion, more than double the existing number, including 1 300 units to rehouse existing tenants and 2 000 “Starter Homes” units to be provided by the URA.

Increasing the Supply of Transitional Housing

88. To alleviate the hardship faced by families yet to be allocated with PRH units, the current-term Government has adopted a new mindset and decided to introduce transitional housing. The provision of transitional housing requires tripartite collaboration among community organisations, the business sector and the Government. Apart from providing timely and adequate accommodation, the non-government organisations responsible

for the preparatory work and running of transitional housing programmes have also introduced measures to promote neighbourhood mutual help and provide employment support, setting a good example of social capital building. The THB has identified sufficient land to provide the targeted 15 000 units as originally pledged and recently some owners of private land have expressed interest in joining such programmes. I now propose to increase the overall supply of transitional housing to 20 000 units in the coming few years by providing 5 000 additional units, and increase the amount of funding under the relevant funding scheme to \$11.6 billion. In addition, under the Cash Allowance Trial Scheme, we have disbursed cash allowances to about 30 000 eligible General Applicant households as at the end of August, amounting to about half of the eligible applications received. Subject to passage by the LegCo, the ordinance to implement tenancy control on subdivided units will come into operation in January next year, which will provide reasonable and effective protection to tenants in subdivided units.

Land Supply

Government-led and Multi-pronged Approach

89. Under the multi-pronged land supply strategy, we are pressing ahead with a number of NDA development projects in the New Territories and the Tung Chung East reclamation works simultaneously. There are views that the Government is leaving brownfield sites untouched and that it is reluctant to deal with interests associated with land in the New Territories. As a matter of fact, over 50% of brownfield sites have been covered by a number of development projects. Over the past two years, the Government has resumed 90 hectares of land in the New Territories for development by applying the Lands Resumption Ordinance, much more than the 20 hectares of land resumed over the past five years. Looking ahead, as many as 700 hectares of land is expected to be resumed by the Government in the coming few years. The Land Sharing Pilot Scheme, which aims to use the planning resources of the private sector to unleash the development potential of private land in the New Territories primarily for public housing developments, is another measure to consolidate and

develop land in the New Territories. The DEVB is processing three such applications involving 23 hectares of private land and 17 850 proposed units, of which 70% are for public housing. We adhere firmly to the principle of optimisation of land use. For example, with the concerted efforts of the HKHS and relevant departments, the number of public housing units made available by redevelopment of the three urban squatter areas in Cha Kwo Ling, Ngau Chi Wan and Chuk Yuen United Village has increased substantially from the original 6 300 to 8 700, and the intake will commence progressively from 2029 onwards.

90. To ensure a sustainable land supply beyond the next ten years, we are actively pressing ahead with relevant studies on the reclamation works for the Kau Yi Chau Artificial Islands and the various development areas in the New Territories North. As for near-shore reclamation, the DEVB will conduct studies on the Lung Kwu Tan reclamation (about 220 hectares) and the re-planning of Tuen Mun West area (about 220 hectares). Our target is to seek funding approval from the LegCo in the first half of next year to kick start the planning and engineering study for the land development. We will look into different development options before deciding the way forward. The Government will also revive the Ma Liu Shui reclamation project to provide land mainly for I&T uses. In addition, we are carrying out a series of projects to relocate government facilities to caverns and it is expected that, starting from 2027, more than 40 hectares of land will be released progressively for housing and other beneficial uses.

91. Subject to the studies and assuming a domestic plot ratio of 4 to 6.5, the ongoing large-scale projects and projects under planning are expected to provide about 400 000 to 500 000 public and private housing units in the medium to long term. Together with the 165 000 to 186 000 units that can be built on the newly identified land under the Northern Metropolis Development Strategy, the supply of housing units can go up to 565 000 to 686 000 units in the period of 10 to 15 years after 2031-32.

92. We cannot avoid the question of how much land Hong Kong lacks, as the projected shortfall will guide our spatial development strategy. The Secretary for Development will later announce the final report of the Hong Kong 2030+. The updated study duly presents the opportunities brought to Hong Kong by the multiple strategic planning initiatives of our country, the future economic and social needs of Hong Kong, as well as public expectations on the living environment. The final projections suggest that from 2019 to 2048, Hong Kong will have a shortfall of around 3 000 hectares of land. Through successful implementation of various NDAs and reclamation projects, as well as taking forward the Northern Metropolis initiative, we are confident that we will be able to meet the shortfall of land in the medium to long term.

93. Meanwhile, we will speed up land supply by implementing the following measures:

- (i) conducting a further review of the “Green Belt” zone: of the 210 sites being rezoned progressively, about 30% involve the “Green Belt” zone which however account for only 2% of Hong Kong’s 16 000-hectare of land zoned “Green Belt”. Given the lower ecological value of many sites zoned “Green Belt” as compared with the country parks, the development potential of these “Green Belt” sites could be further reviewed. The Planning Department will conduct a new round of systematic review on the “Green Belt” zone with emphasis on sites on steeper slopes as well as those located farther away from built-up areas. It is anticipated that the screening work will be completed in the middle of next year and technical studies will commence thereafter. As regards the development of wetlands and wetland buffer areas, it will be dealt with under the Northern Metropolis Development Strategy;
- (ii) unlocking Tso/Tong lands in the New Territories: despite the absence of official statistics, there is a considerable number of Tso/Tong lands in the New Territories that can be used for

development. During the Policy Address consultation sessions, I received quite some views suggesting that the Government should relax the sale restrictions of Tso/Tong lands through amendment to the New Territories Ordinance, and provide a reasonable mechanism for addressing issues arising from vacancies of Tso/Tong managers. I agree that to pragmatically break the current impasse in developing Tso/Tong lands, we may consider amending the New Territories Ordinance on the premise that the Tso/Tong tradition should be respected and the legitimate interests of Tso/Tong members be protected. To this end, the Secretary for Home Affairs will set up a working group with the Heung Yee Kuk New Territories to conduct a review and work out specific amendment proposals within a year in collaboration with the DEVB and other relevant departments;

- (iii) extending the standardisation of land premium assessment to the land in the New Territories: with the positive response of the market and the sector to the pilot scheme for charging land premium at “standard rates” for redevelopment of industrial buildings, four redevelopment projects have accepted the premium assessment based on “standard rates” so far. The DEVB will extend the approach of using “standard rates” for premium assessment to in-situ land exchange applications in NDAs under the “Enhanced Conventional New Town Approach”. The DEVB and the Lands Department will work out the details of the scheme, which is targeted for launch in the first quarter of next year; and
- (iv) extending the implementation period of two existing measures for revitalising industrial buildings to October 2024, which include relaxing the plot ratio for redevelopment of old industrial buildings and exempting the waiver fees chargeable for wholesale conversion. As for the Land Sharing Pilot Scheme, we encourage interested parties to submit their applications as early as possible before the deadline in May 2023.

Streamlining Procedures while Moving with the Times

94. The process of developing land for housing construction involves various statutory and administrative procedures, ranging from technical studies, planning permissions, detailed design of works, works gazettal, public objection handling, funding application, land resumption, rehousing and compensation, land formation and provision of infrastructure. There is a need for each of the above procedures. None of them should be abandoned lightly. That said, in order to speed up land and housing supply, the DEVB is spearheading the compression of workflow of land development with relevant departments. I have requested the DEVB to review the existing statutory procedures and administrative arrangements on town planning, environmental impact assessment, land resumption and road works in a more thorough and comprehensive manner. We plan to put forward proposals to the LegCo and other stakeholders to gauge their views in the first half of next year, and seek to introduce legislative amendments within the same year. The Environment Bureau (ENB) will also streamline and enhance the public-private partnership arrangements under the New Nature Conservation Policy to better balance development and conservation.

VI. Building a Liveable City

Vision for Our City

95. During my five-year tenure as the Secretary for Development, I and my colleagues outlined our vision for a quality city, and we have been working towards its realisation since then. Under innovative policies such as Conserving Central, Revitalising Historic Buildings Through Partnership Scheme and Energizing Kowloon East, we have adopted a place-making approach to promote urban development, urban renewal, heritage conservation, harbourfront enhancement as well as landscaping and greening, and our efforts have borne fruit. Though Hong Kong still faces various issues including a shortage of land for housing, traffic congestion and ageing buildings, these challenges should not hinder our determination to build a quality living environment for our people. At the same time, Hong Kong must put words into action in addressing the crisis of extreme weather brought by global climate change.

Striving towards Carbon Neutrality before 2050

96. As carbon dioxide is the major culprit in climate change, our country and many parts of the world have pledged to draw up timetables and roadmaps for decarbonisation. Hong Kong is no exception. As announced in my Policy Address last year, Hong Kong would strive to achieve carbon neutrality before 2050. The Steering Committee on Climate Change and Carbon Neutrality chaired by me will formulate the overall strategy and oversee the co-ordination of various actions. The Hong Kong's Climate Action Plan 2050, to be announced shortly by the Secretary for the Environment, will set out more proactive strategies and measures on reducing carbon emissions to attain carbon neutrality, and will pursue more vigorous interim decarbonisation targets to reduce Hong Kong's carbon emissions by 50% before 2035 as compared to the 2005 level. To oversee the effective implementation of all these actions, the ENB will set up the Office of Climate Change and Carbon Neutrality to strengthen co-ordination and

promote deep decarbonisation. Also, a dedicated advisory committee will be formed to offer advice and promote active participation of major stakeholders including young people.

97. About two-thirds of Hong Kong's greenhouse gas emissions come from electricity generation, followed by 18% from the transport sector and 7% from waste. Our decarbonisation efforts must target these three sources, with "net-zero carbon emissions for electricity generation", zero carbon emissions from the transport sector and achieving carbon neutrality on waste management as the ultimate goals.

98. In order to achieve "net-zero carbon emissions for electricity generation" before 2050, we must first change the fuel mix of local power plants. Our interim target is to cease using coal for daily electricity generation by 2035. This is not a remote target as the share of coal has already been reduced to less than one quarter in the fuel mix for electricity generation. Power companies must continue to phase down coal-fired generation units and replace the use of coal with other alternatives such as natural gas and renewable energy for electricity generation. The Government will grapple with Hong Kong's geographical and environmental constraints in driving the development of renewable energy, and strive to increase its share in the fuel mix for electricity generation through facilitating local projects, regional collaboration and joint ventures, etc.

99. Another strategy to achieve "net-zero carbon emissions for electricity generation" is to reduce energy demand. At present, buildings account for 90% of the electricity consumption in Hong Kong. Promoting green buildings, improving energy efficiency of buildings and stepping up efforts to lead a low-carbon lifestyle will reduce the demand for power consumption and generation, and lessen the financial burden on the public due to the increased use of clean fuels for electricity generation. Our goal is to reduce the electricity consumption of commercial buildings by 30% to 40% and that of residential buildings by 20% to 30% from the 2015 level by 2050. We hope to achieve half of the above targets by 2035.

100. The development of green transport helps improve air quality and is vital to achieving zero carbon emissions in the transport sector. The Government announced the Hong Kong Roadmap on Popularisation of Electric Vehicles early this year to put forward various measures, including ceasing new registration of fuel-propelled and hybrid private cars in 2035 or earlier and announcing the strategies for and targets of installing charging facilities. We will proactively promote the development of electric and other new energy public transport and commercial vehicles, including working with franchised bus companies to conduct trials of hydrogen fuel cell buses, with a view to formulating a specific roadmap and timetable for the use of new energy public transport in 2025.

101. As for carbon emissions from waste, we will step up our efforts in mobilising the entire community to practise waste reduction, developing waste-to-energy facilities and supporting the circular economy in accordance with the Waste Blueprint for Hong Kong 2035 unveiled by the Government early this year.

102. Climate change represents both a challenge and an opportunity. In the next 15 to 20 years, the Government will devote about \$240 billion to take forward various measures on climate change mitigation and adaptation. Substantial resources from the private sector will also be necessary to achieve low-carbon transformation. Green economy transformation has become a world trend. As an international financial centre with a huge financial market and a robust world-class regulatory framework, Hong Kong draws in world-leading financial and professional institutions, green assessment and certification organisations, as well as international investors. With these capabilities and advantages, we are well placed to develop our city into the regional green finance hub. By serving as a premier financing platform for green enterprises and projects, we have a significant role to play in addressing climate change.

Waste Reduction and Resources Recovery

103. The passage of the legislation on municipal solid waste (MSW) charging by the LegCo in August this year is an important milestone in Hong Kong's waste reduction work. We will embark on the preparatory work for the implementation of MSW charging, which includes strengthening support for community recycling of resources, increasing the number of collection points and enhancing service efficiency of the community recycling network. We will also make good use of smart technologies. The Government has rolled out central collection services for food waste and waste plastics on a pilot basis, and our efforts have begun to bear fruit. We will soon expand the two pilot schemes to extend their territorial coverage and service targets. To complement the upstream collection of recyclables, we will further promote the development of downstream waste-to-energy and waste-to-resources infrastructure to gradually reduce our reliance on landfills. For enhanced synergy, I have asked the Environmental Protection Department to take over the management of refuse collection points and household refuse collection services from the Food and Environmental Hygiene Department, so as to bring the collection, recycling, delivery and treatment of waste under the same umbrella.

Urban Renewal

104. Our current urban renewal strategy places emphasis on both redevelopment and rehabilitation. Apart from acquisition, demolition and redevelopment of aged buildings by the URA or developers, the current-term Government has allocated over \$19 billion in total to subsidise owners of aged buildings to maintain and repair their properties. However, with the rapid ageing of buildings, the number of private buildings aged 50 years or above has surged from 3 900 to 8 600 over the past decade. Coupled with dilapidation of more than 5 000 "three-nil buildings" across the territory, we must adopt more effective policy measures to expedite the pace of redevelopment and renewal.

105. We will adopt a multi-pronged approach. First, based on the recently completed Yau Mong District Study, the URA will step up urban renewal with an innovative and district-based approach for Yau Ma Tei and Mong Kok, including piloting planning tools such as transfer of plot ratio and street consolidation in suitable redevelopment projects. Such tools will also be applicable to privately-led redevelopment projects and other districts where appropriate. Second, I will invite the URA to commence similar district planning studies on the old districts of Tsuen Wan and Sham Shui Po with a view to formulating renewal plans for these two districts. Third, we will explore ways to lower the compulsory sale thresholds under the Land (Compulsory Sale for Redevelopment) Ordinance to expedite redevelopment of aged buildings. During the process, the DEVB will give due consideration to factors such as minority owners' interests and building conditions, and gauge the views of stakeholders.

Invigorating Island South

106. In my Policy Address last year, I put forward the Invigorating Island South initiative. The DEVB set up the Invigorating Island South Office in February this year and formulated the first Conceptual Master Plan to gauge local views on beautifying, revitalising and greening the Wong Chuk Hang, Aberdeen and Ap Lei Chau areas. In tandem, we are taking forward several minor works projects in the areas to improve pedestrian connectivity and the waterfront, thereby enhancing the vibrancy of the district. These include a Green Link connecting MTR Wong Chuk Hang Station and Aberdeen Country Park, which will commence works next year.

107. Following the official opening of the Water World of Ocean Park, the Government and the Ocean Park Corporation are actively taking forward the future strategy for Ocean Park, including conducting a tendering exercise to identify partners for the development of the Park, commencing the technical studies for the proposed pier projects at Deep Water Bay and Tai Shue Wan next year, and exploring the feasibility of

providing temporary landing facilities prior to the completion of the pier projects for better connection between the Park and other areas through the water bodies and water transport.

108. In addition, the Government is inviting a non-government partner to design, construct and operate a water sports complex for the general public at the rehabilitated Shek O Quarry Site through open tender, including providing windsurfing elite training facilities for the exclusive use of the Hong Kong Sports Institute (HKSI). It is expected that the tender will be awarded in the first quarter of next year, with the target of bringing the water sports complex into full operation in about five years. Besides, we are studying the technical feasibility of the redevelopment and consolidation of the existing sports ground, sports centre, recreation ground and swimming pool facilities in Wong Chuk Hang, with a view to optimising the use of existing land under the “single site, multiple use” model and providing better services to the community. We will also commence an investigation and design study on the expansion of the Aberdeen Typhoon Shelter next year to provide more vessel berthing area.

Harbourfront Enhancement

109. The Government has been striving to enhance the harbourfront on both sides of the Victoria Harbour. Through the collaborative efforts with the Harbourfront Commission, a total of 15 harbourfront sites will have been opened within the period from October last year to the end of this year, further extending the promenade along the Victoria Harbour to 25 kilometres. Also, the management mode of “Harbourfront Shared Space” adopted on a trial basis has been well received by the public. We will continue to implement the open management approach in more harbourfront sites for the public to freely enjoy the harbourfront space in an inclusive environment. Besides, we will adopt a completely fence-free stepped-down water edge design for the first time at the Victoria Harbour to enable visitors to sit by the sea and enjoy an unobstructed view of the beautiful Victoria Harbour.

110. Many of us have a special affection for the Victoria Harbour. With the endeavours of the Government over the past few years, the harbourfront has become a prime public space. Recently, there have been views saying that the Protection of the Harbour Ordinance should be amended. I have no objection to reviewing the ordinance which has been implemented for more than two decades, but I believe that the purpose of any amendment to the said legislation should be to improve connectivity of the harbourfront and increase public space, and not for reclamation to provide land for sale or housing development. The Secretary for Development will commence discussion on the matter in due course.

Cycle Tracks

111. Cycling has become a popular outdoor activity in recent years. The 60-kilometre cycle track connecting Tuen Mun and Ma On Shan and the 2-kilometre cycle track at the Tsuen Wan waterfront were opened in September last year and July this year respectively. They are well received by the public. Continued efforts will be made to take forward the construction works of the remaining track of about 20 kilometres between Tuen Mun and Tsuen Wan, so as to complete the cycle track network connecting eastern and western New Territories. As for the urban area, the 13-kilometre GreenWay for shared use by pedestrians and cyclists in the Kai Tak Development Area will be completed in phases from 2023 onwards.

Smart City

112. Rapid progress has been made since the launch of 5G services last year, with network coverage now topping 90%, and even up to 99% in core business districts. According to a report by an international market survey institution this year, Hong Kong ranks first and second in the world in terms of 5G coverage and stability respectively, bringing vast potential for various commercial services and smart city applications. The Government will promote 5G development on various fronts, including releasing more 5G spectrum for auctioning by the end of this month to satisfy the needs of various 5G services in terms of speed, capacity and coverage. Through the Subsidy Scheme for Encouraging Early Deployment of 5G, we will

subsidise more sectors to boost efficiency and productivity by adopting innovative 5G applications such as telemedicine, distance maintenance support and real-time safety monitoring in construction sites.

113. Smart Mobility is another key initiative to promote smart city development. The Transport Department will progressively implement the Free-Flow Tolling System at government tolled tunnels and the Tsing Sha Control Area from the end of next year. The system will bring convenience to motorists and improve tunnel traffic. Of the seven automated parking system projects, those in Tsuen Wan and Tai Po will be commissioned this year and next year respectively. To promote autonomous vehicles, the THB will submit a bill to the next term of the LegCo on the establishment of a new regulatory framework for autonomous vehicles to enable wider and more flexible trial and use. In addition, the Smart Traffic Fund was launched in March this year to provide funding support to projects that enhance commuting convenience for motorists, increase transport efficiency and improve driving safety.

Sports Development

Elite Sports

114. The Hong Kong, China Delegation staged a distinguished performance at the Tokyo Olympic Games, achieving the best results in Hong Kong's history and making all Hong Kong people proud. Hong Kong athletes have also done a great job in the events at the Paralympic Games with remarkable and encouraging results. The success of the Hong Kong athletes has not come about by chance. In addition to their own efforts and the support of different sectors, the Government's policy directives and allocation of resources are also indispensable.

115. To further support the development of elite sports, I announced earlier that we will expedite the construction of the new facilities building of the HKSI. With funding approval by the LegCo, we will seek to complete the works in mid-2024. We will also finance jointly with the Hong Kong

Jockey Club Charities Trust the setting up of a \$300 million special fund to enhance, through research in sports science and sports medicine, the competitiveness of athletes in international sports events.

116. Furthermore, the Government will continue to provide support for retired athletes (including athletes with disabilities). This year, more than 70 retired athletes have joined the Retired Athletes Transformation Programme, which was launched in 2018. They are employed by eligible schools and sports organisations to assist in promoting sports and identifying potential sports talents. We will allocate more resources to expand the Programme. The target is to double the number of retired athletes joining the Programme within five years to provide them with more opportunities for career transformation.

Professionalisation of Sports and Development of the Sports Industry

117. In addition to the policy objectives of supporting elite sports, maintaining Hong Kong as a centre for major international sports events and promoting sports in the community, we will explore ways to further promote sports development in Hong Kong through enhanced professionalism in the sports sector and development of sports as an industry. The commissioning of the Kai Tak Sports Park in 2023 and opportunities arising from the GBA will foster more diversified development in sports and provide young people as well as retired athletes with job and development opportunities. A working group chaired by the Secretary for Home Affairs will discuss with the business and sports sectors on how to further support the development of the sports industry in Hong Kong and submit a report to me in due course.

Hosting the 15th National Games in 2025

118. I am grateful for the trust and support of the Central Government in allowing Guangdong, Hong Kong and Macao to host the 15th National Games in 2025. We will spare no effort to work closely with the relevant

ministries of the Central Government, and the governments of Guangdong Province and the Macao SAR to organise a “simple, safe and wonderful” 15th National Games.

New Cultural Landmark

119. Our cultural sector is thrilled by the support for Hong Kong as stated in the 14th Five-Year Plan to develop into an East-meets-West centre for international cultural exchange. The flagship projects of the West Kowloon Cultural District, namely the M+ Museum, the Hong Kong Palace Museum and the Lyric Theatre Complex, as well as the East Kowloon Cultural Centre under the Leisure and Cultural Services Department, and the Kai Tak Sports Park which can also stage cultural performances, will be completed successively in the coming years. With these new cultural landmarks and the five major policy directions I mentioned earlier to support cultural development, the vision of developing Hong Kong into a cultural metropolis will soon be realised. This will definitely offer a unique experience of the blend of Chinese and Western cultures and a fruitful cultural journey for locals and visitors.

VII. Continuously Improving People's Livelihood

Increased Expenditure on Welfare

120. As reflected in the allocation of resources, the current-term Government is committed to building a caring community and looking after the underprivileged. Recurrent expenditure on social welfare has significantly increased from \$65.3 billion in 2017-18 to \$105.7 billion in 2021-22, an increase of 62% over four years. It is the biggest expenditure area amongst different policy areas, accounting for about 20% of overall recurrent government expenditure. In the face of the uncertainties in our economic outlook and serious fiscal deficits, the Government will focus on the implementation of planned policy initiatives in the year ahead and review their effectiveness from time to time to ensure that needy citizens can benefit.

Poverty Issue

121. The wealth gap issue in Hong Kong is the community's primary concern. It is the responsibility of the Government to take care of those in need by providing a social safety net through income redistribution. According to statistics released at the end of last year, the size of the poor population in 2019, after taking into account all the cash and PRH benefits, decreased significantly from the pre-intervention 1.49 million to 0.64 million. This shows that the safety net has effectively achieved the function of income redistribution by providing concrete support for the grassroots and lifting them out of poverty.

122. The setting of a poverty line for Hong Kong based on the concept and methodology of relative poverty, which only measures income without considering assets, was advocated by me as Chairman of the Commission on Poverty, in my capacity as the Chief Secretary for Administration. The objective is to monitor the poverty situation and alleviate poverty with targeted efforts through regular data collection and analysis. Past analyses show that elderly and working poor households are two groups requiring

special attention, and PRH is the most effective poverty alleviation measure. As such, there are views that the poverty problem of Hong Kong is in fact a housing problem. Besides expediting the development of PRH, the current-term Government has significantly improved cash welfare over the past few years. First, the introduction of the Higher Old Age Living Allowance (OALA) has enabled some 570 000 elderly persons, including those with owner-occupied property or living with income-earning family members, to receive a higher monthly allowance of \$3,815. Second, enhancements to the Working Family Allowance (WFA) Scheme have substantially increased the rates of allowances and relaxed the eligibility criteria, thus allowing a four-person household with two children which has an income not exceeding \$22,400 to receive a maximum monthly allowance of \$4,200. Third, a series of measures to improve the Comprehensive Social Security Assistance (CSSA) have been implemented, including substantially increasing the rent allowance and relaxing the eligibility for a range of special grants. As a result of the implementation of these three initiatives and other improvement measures, the total recurrent expenditure on cash welfare has increased to \$67.4 billion in 2021-22, which is 56% higher than that in 2017-18.

123. The Government's poverty alleviation strategies will focus on four areas in future. First, we will continue to lift needy elderly out of poverty by providing cash welfare including the CSSA and the OALA. We will merge the Normal and Higher OALA in the second half of next year so that the more lenient asset limits of the Normal OALA will be adopted across-the-board, and eligible applicants will receive payment at the Higher OALA rate. Second, we will continue to develop our economy, provide training and retraining, encourage employment, and provide financial support for working households with lower incomes, particularly those with children, through the WFA Scheme. Third, we will vigorously speed up PRH construction, build more transitional housing, and provide cash allowances to eligible PRH applicants who have been waiting for PRH for more than three years. Fourth, under the principle of shared responsibility, we will strengthen the MPF retirement protection. The priority task is to take forward the abolition of the "offsetting" arrangement by introducing

legislative amendments in the next legislative year. We will also endeavour to lower the management cost of the MPF by implementing the eMPF Platform at full steam, and put in place the measure of the Government paying MPF contributions for low-income workers. Furthermore, we will further explore ways to better encourage the public to convert their one-off assets under the MPF into an annuity which they can receive on a regular basis after retirement, so as to provide a steady income for the elderly.

Elderly and Rehabilitation Services

124. Apart from welfare measures in the form of cash subsidies, the current-term Government has substantially increased the recurrent expenditure on elderly services by 85% and that on rehabilitation services by 66%. Notwithstanding this, the demand for subsidised residential care services has exceeded the supply due to an ageing population. We must boost the short, medium and long-term supply of residential care services through a multi-pronged approach, including buying more places from private residential care homes, requiring private developers through conditions in suitable land sale projects to build specified welfare facilities, developing welfare facilities on Government sites, and in respect of suitable public housing projects in future, setting aside premises equivalent to about 5% of the total domestic gross floor area for welfare purposes.

125. Meanwhile, we will continue to increase the service places for day care and home care services to enable the elderly and persons with disabilities to age in place and live with their families. To facilitate our elderly people to retire in the Mainland, the Government will explore the extension of the Residential Care Services Scheme in Guangdong to cover other eligible residential care homes for the elderly in Mainland cities of the GBA, and the relaxation of the one-year continuous residence in Hong Kong requirement regarding applications for the OALA and the Old Age Allowance.

Pro-child

126. We have successively implemented a number of measures to strengthen child care services, which include the incorporation of the planning ratios for aided child care services into the Hong Kong Planning Standards and Guidelines, the provision of more child care service places, the introduction of the Child Care Centre Parent Subsidy, and the regularisation of measures to improve the Fee-Waiving Subsidy Scheme for After School Care Programme. In the year ahead, our pro-child efforts will focus on two areas. First, we must take action immediately to prevent child abuse tragedies from happening again. Upon consultation with stakeholders, we are formulating a legislative proposal to provide for a mandatory reporting mechanism on child abuse cases. Training for practitioners in the relevant professions to identify child abuse cases will be enhanced at the same time. Our target is to introduce the relevant bill into the next-term LegCo for scrutiny as soon as possible. Second, we will further increase the number of places of the On-site Pre-school Rehabilitation Services from 9 000 this year to 10 000 in the 2022/23 school year. With the gradual increase of service places, the policy objective of “zero waiting” time could be achieved in the foreseeable future.

Women Affairs

127. The current-term Government has implemented a number of measures to promote women’s development. These measures include extending statutory maternity leave to 14 weeks, strengthening child care services, providing more baby care rooms in government premises, and amending legislation to make discrimination against and harassment of breastfeeding illegal. I am also pleased to see that our efforts in promoting women’s participation in public affairs in my term of office are gradually bearing fruit. The percentage of female members in advisory and statutory bodies (ASBs) has reached 35% in June this year, meeting the target set in earlier years.

Strengthening Support for Ethnic Minorities

128. The Government places great emphasis on creating an equitable and caring society for our culturally diverse groups. The current-term Government has implemented around 30 measures to enhance support for ethnic minorities, covering the areas of education, employment support, healthcare, social welfare and social inclusion. As a next step, the Government will set an example by taking the lead in providing ethnic minorities with more employment opportunities.

Labour Welfare

129. The current-term Government has made all-out efforts to respond to the long-standing demands of the labour sector. We have extended statutory maternity leave to 14 weeks, with the Government subsidising the additional four weeks of maternity leave pay. From next year onwards, we will also increase progressively the number of statutory holidays to 17 days to bring them on par with general holidays. We have acted resolutely to abolish the “offsetting” arrangement under the MPF system and are going to introduce the relevant bill into the LegCo in the next legislative year. We also attach great importance to occupational safety and health. We are preparing to raise the relevant penalties through legislative amendment. Moreover, we will launch a Pilot Rehabilitation Programme for Employees Injured at Work next year to help injured employees recover and return to work early.

Public Healthcare System

130. With our anti-epidemic efforts sustained over the past 21 months, all confirmed COVID-19 patients have received timely and proper treatment in hospitals. This is an extraordinary achievement which demonstrates the remarkable efficiency, professionalism and high adaptability of the healthcare system in Hong Kong. That said, there are still inadequacies in our healthcare system. We need to make improvements in multiple aspects in order to tackle the challenges posed to

our healthcare services by an ageing population. Among these, there is a pressing need to vigorously promote the development of primary healthcare services and foster medical-social collaboration.

131. I have advocated, as early as in my 2017 Policy Address, the setting up of District Health Centres (DHCs) with a brand new operation mode to promote primary healthcare to relieve the pressure on the HA. After years of hard work, we have and are going to set up DHCs in Kwai Tsing, Sham Shui Po, Wong Tai Sin, Tuen Mun, Southern District and Yuen Long, and DHC Expresses have also been set up in another 11 districts. In parallel, the FHB has proceeded with a comprehensive review on the planning of primary healthcare services and governance framework to formulate a blueprint for the sustainable development of primary healthcare services in Hong Kong. Enhancement of medical-social collaboration will be a crucial part of the review.

Public Health Strategy

132. The COVID-19 pandemic has presented exceptional challenges to public health authorities around the world. Hong Kong is no exception. We will take stock of the progress made over the past 21 months and consolidate our experience in combating the epidemic. We will also consider strengthening the core functions of the DH in formulating and implementing public health strategies, as well as monitoring and facilitating the development of health technology and the research and development of drug, so as to enhance its capability to cater for the future development of society and public health.

Healthcare Manpower

133. The Government has been adopting a multi-pronged approach to enhance healthcare manpower, including increasing continuously the local healthcare training places offered by the University Grants Committee (UGC)-funded universities and self-financing institutions, and admitting non-locally trained healthcare professionals, with a view to supporting the development of various healthcare services.

134. The healthcare system in Hong Kong is renowned for its quality and reliability. Nevertheless, just like other advanced economies, our healthcare system is facing many challenges, including an ageing population, increasing number of diseases triggered by lifestyle and rising public expectations towards healthcare services. To cope with these challenges, sufficient healthcare manpower is a must. While the number of locally trained places for healthcare professionals will be increased, the LegCo has finished the scrutiny of the relevant amendment bill to enable qualified non-locally trained doctors to practise in Hong Kong, thereby increasing our overall manpower supply of doctors.

135. In addition, we have to strengthen the roles of other healthcare professionals in the local healthcare system, especially in the primary healthcare setting. The FHB will follow up with the statutory Boards and Councils of various healthcare professions on the recommendations in the Report of the Strategic Review on Healthcare Manpower Planning and Professional Development promulgated in 2017, including proposing legislative amendments to allow patients to have direct access to healthcare professional services (e.g. physiotherapy and occupational therapy) without a doctor's referral so as to avoid delay in treatment. Furthermore, to ensure the professional competency of healthcare personnel, we will legislate to make continuing professional education and/or continuing professional development a mandatory requirement for supplementary medical professionals under the relevant ordinance, as well as nurses and dentists. Drawing on the experience in implementing the ongoing voluntary Accredited Registers Scheme for Healthcare Professions, the FHB will also explore the feasibility of introducing a statutory registration regime for those healthcare professionals who are currently not subject to any statutory registration requirements, such as clinical psychologists, speech therapists and dietitians, with a view to protecting public interest.

Chinese Medicine

136. Having affirmed the positioning of Chinese medicine in the development of medical services in Hong Kong, the Government has rolled out various measures, including the construction of the Chinese Medicine Hospital and the Government Chinese Medicines Testing Institute, the provision of Government-subsidised out-patient services and integrated Chinese-Western medicine in-patient services, and the establishment of the Chinese Medicine Development Fund. To promote the long-term development of the Chinese medicine sector, the Government will explore empowering Chinese medicine practitioners to prescribe diagnostic imaging (such as X-ray) and laboratory tests for their patients.

VIII. Nurturing Talents and Youth Development

Quality Education

Vision for Education

137. Talent is the most important element in the future development of Hong Kong and education is the key to nurturing talents. During my term of office, I have been proactively realising my vision for education, i.e. nurturing our young people into quality citizens with a sense of national identity and social responsibility, an affection for Hong Kong as well as an international perspective. I have also delivered my electoral promise by providing additional resources for education. However, as a minority of our students have been deluded and radicalised to take part in illegal acts and even participate in organising extreme political activities, we must pay more attention to the sense of national identity, values and civic-mindedness of our next generation.

Strengthening Government's Role

138. A nation will prosper when its young people thrive. The role of a government in education for a nation or region is not merely a provider of resources, but also a policy maker, administrator and regulator. To enhance the quality of education, I have always heeded the advice of stakeholders in the education sector, and have asked the EDB to conduct in-depth reviews on eight areas of education to come up with recommendations on how our education system can be improved. I am glad to see that the EDB is working with school sponsoring bodies, schools and relevant institutions on the implementation of the recommendations. Meanwhile, the EDB must also safeguard the well-being of students by effectively monitoring and following up on any issues that involve school management and the conduct of teachers, with a view to restoring Hong Kong's educational order.

Early Childhood Education

139. The current-term Government has devoted substantial resources to early childhood education, with the aim of providing highly affordable and good quality kindergarten education to all children, irrespective of their family background. Currently, as many as 90% of the half-day kindergartens joining the kindergarten education scheme are free of charge. We will further enhance the professional development of teachers, reinforce the support to students with diverse needs, strengthen the Quality Assurance Framework, promote parent education, etc. with a view to improving the quality of education.

Family Education

140. For Chinese people, family always comes first. Our parents, irrespective of their education background, teach us to respect our elders, love our siblings, be kind to our neighbours and abide by the rules. These are the values parents would like their children to hold onto. I believe that the educational function of families is an integral part of a civilised society and parents' influence on their children is irreplaceable. The EDB will continue to support various initiatives for reinforcing home-school co-operation and promoting parent education.

Basic Education

141. Regarding basic education, to better cater for learning and growth of students, small class teaching has been implemented in the vast majority of the public sector primary schools, and improvement to teacher-to-class ratio as well as enhancement of non-teaching staff support have also been made to public sector primary and secondary schools, so that teachers can focus on teaching. The current-term Government has shown its utmost sincerity and support for teachers by implementing in one go the all-graduate teaching force policy in public sector primary and secondary schools starting from the 2019/20 school year. I hope that the teaching force will perform its mission of nurturing talents, equip themselves to keep abreast of social developments and the demand for talents, and help

students lay a solid foundation for learning through basic education in areas like language and reading proficiency, innovative thinking and developing an interest in science.

Diversified Progression Pathway

142. To provide students with a diversified and flexible progression pathway and enrich their learning opportunities, we have completed the review of the school curriculum and implemented measures for optimising the four senior secondary core subjects at Secondary Four from this school year onwards. Also, we will review the Diploma Yi Jin subsidy scheme to continue to provide an alternative pathway for Secondary Six school leavers as well as adult learners to obtain a formal qualification for the purposes of employment and further study. On vocational and professional education and training, we will continue to promote Applied Learning as a valued senior secondary elective subject by developing more diversified and up-to-date courses, as well as placing equal emphasis on practice and theory to cater for the diverse interests of students and facilitate their exploration of multiple pathways for further study and career pursuits.

Post-secondary Education

143. The current-term Government has rolled out various initiatives to ensure that all students attaining “3322” in the Hong Kong Diploma of Secondary Education Examination and aspiring to study further will now have access to subsidised undergraduate education. In fact, the post-secondary education of Hong Kong is where our strengths lie. Not only will it nurture local talents for us, but it will also contribute to building a pool of talents for the GBA.

144. I visited eight UGC-funded universities around July and August this year to understand their latest developments. I am pleased to learn that the resources invested by the current-term Government in university research have been creating very positive impact and the outcomes are most encouraging. Take the results of the Research Assessment Exercise 2020 announced by the UGC earlier as an example. About 16 000 research items involving 41 disciplines in 13 areas were assessed by distinguished

overseas and local scholars. Among them, 25% were judged to be world leading and a further 45% were judged to be internationally excellent. The Research Matching Grant Scheme, which covers a period of three years, is due to end in July next year under the original plan. I propose to extend the Scheme for another two years, so that the industrial and commercial sectors can continue to make good use of the Scheme to support the research work of the higher education sector.

Special Education

145. We are committed to catering for students with special education needs. The current-term Government has doubled the recurrent expenditure on integrated education to about \$3.6 billion per year, while the recurrent expenditure on special education has also increased from about \$2.5 billion to about \$3.5 billion per year. The allocation has not included the provision of the On-site Pre-school Rehabilitation Services for pre-school children under the LWB.

Non-Chinese Speaking Students

146. To encourage non-Chinese speaking parents to send their children to local kindergartens, starting from the 2017/18 school year, the EDB has been providing additional subsidy for kindergartens under the kindergarten education scheme admitting non-Chinese speaking students. What is more important, however, is to assess the effectiveness of this initiative and make adjustments as appropriate, in the hope that language will no longer be a barrier for non-Chinese speakers to integrate into the local community and enter the job market.

National Education and Values Education

147. The child is father to the man. This is particularly true for a person's character and sense of national identity. Education on these attributes must begin from an early age. Students should acquire through education and at an early age a correct understanding of the history and culture of our country, as well as the way of life of its people, including the constitutional order of the HKSAR. Many veteran educators and I have

great expectations on the efforts of the HKSAR Government in making Chinese History an independent compulsory subject for the junior secondary level and revising the curriculum since the 2018/19 school year, as well as on the Citizenship and Social Development subject which has been introduced to replace the Liberal Studies subject starting from this school year. The EDB will assume a monitoring role in this respect.

148. Moral education is an important part of school education. To develop students' positive values and attitudes, the EDB has in recent years launched funding programmes under the Quality Education Fund (QEF) to support schools in promoting values education to help students cope with adversities with a positive attitude and develop positive thinking. To safeguard against the adverse effects of disinformation on the Internet, we will enhance the media and information literacy of teachers and students, and optimise the use of the QEF to support schools in promoting media and information literacy education, teaching students how to distinguish the authenticity of information and nurturing their critical thinking skills, thereby consolidating values education.

Attracting Talents

Building up a Talent Pool

149. Confronted with the challenges brought by a rapidly ageing population and a declining fertility rate, Hong Kong will face a bottleneck in manpower supply. As a small economy, Hong Kong cannot meet the needs of economic development simply by nurturing local talents. We need to attract non-local talents more proactively to enrich our talent pool, promote high-end economic development and seize the development opportunities as provided under the 14th Five-Year Plan and in the GBA.

Quality Migrant Admission Scheme

150. Following the Government's announcement last year to double the annual quota under the Quality Migrant Admission Scheme to 2 000 in an attempt to expand the talent pool of Hong Kong, over 1 700 talents from

more than a dozen of countries and regions were approved with a quota. I have decided to double the annual quota of the Scheme to 4 000 to attract talents from all over the world to work in Hong Kong.

Talent List

151. The first Talent List of Hong Kong was promulgated by the Government in 2018. Upon the completion of a review recently, we decide to add the new professions of “financial professionals in compliance in asset management” and “professionals in Environmental, Social and Governance” to the list. We will also expand the scope of some existing professions to include experts of “medical and healthcare sciences”, “microelectronics”, “integrated circuit design” and “arts technology” and refine the requirements on legal and dispute resolution professionals, with a view to complementing Hong Kong’s future policy direction to develop the key areas of finance, I&T, arts and culture, as well as dispute resolution services. In addition, through the network of our ETOs and Mainland Offices, we will assist relevant bureaux in attracting talents to work in Hong Kong.

Financial Services Talents

152. As an international financial centre with mutual access to the Mainland’s capital market, Hong Kong has a huge demand for financial services personnel. The Financial Services and the Treasury Bureau will collaborate with the EDB and the LWB to explore the development of professional qualification standards under the Qualifications Framework for the Fintech sector, so as to provide a clearer and recognised professional development pathway for employers and practitioners in the industry. Meanwhile, more courses related to finance will be included in the list of reimbursable courses under the Continuing Education Fund to attract more talents to join the industry.

Legal Talents

153. The DoJ will introduce a range of measures to attract and retain top legal talents, such as relaxing the qualification requirements in handling international commercial disputes and clarifying the types of supporting documents required for transactional lawyers. Moreover, the DoJ will regularise the pilot scheme introduced in June last year to allow eligible non-Hong Kong residents to participate in arbitral proceedings in Hong Kong as visitors on a short-term basis, without the need to obtain employment visas beforehand. The scheme will strengthen Hong Kong's position as an international centre for legal and dispute resolution services in the Asia-Pacific region.

Intellectual Property Talents

154. Fostering the IP manpower capacity of private enterprises is the key to developing Hong Kong into an IP trading centre. Therefore, the IPD will enhance and organise more training courses under the IP Manager Scheme, with a view to assisting SMEs to build up their manpower resources in IP protection, management and commercialisation.

Research Talents

155. In recent years, the Government has been sparing no effort in expanding the I&T talent pool. For example, the Global STEM Professorship Scheme proposed in my Policy Address last year is a huge success. Over 40 distinguished scholars and their research teams from eight economies recruited in the first tranche are gradually arriving Hong Kong. We will continue to implement the Scheme to attract more renowned I&T scholars and their research teams to Hong Kong such that our local universities will scale new heights in I&T research and development activities.

156. To encourage the UGC-funded universities to flexibly deploy resources to nurture more research talents in support of their research activities, the over-enrolment ceiling of UGC-funded research postgraduate (RPg) programme students will be further relaxed from 70% to 100%.

Meanwhile, we have already invited the UGC to assess the supply of and demand for UGC-funded RPg places and consider the feasibility of increasing the number of funded places.

Aviation Talents

157. The HKIAA was established in 2016 with the aim of nurturing aviation management talents for Hong Kong and the region. Apart from actively collaborating with organisations including local educational and vocational institutions and the International Civil Aviation Organization in offering related training, the HKIAA also partners with the National School of Civil Aviation of France to co-organise the Advanced Master Programme in Air Transport Management, which has successfully attracted students from Hong Kong and the Belt and Road countries. Approval has been given by the Ministry of Education for senior management in the Mainland's aviation sector to enrol in the Advanced Master Programme starting from next year.

Arts and Culture Talents

158. Talents are the key to arts and cultural excellence. We will put more emphasis on nurturing talents in different artistic and creative fields such as arts administration, arts technology and script writing. In respect of Cantonese opera, we will provide training for young talents and support the continued professional development of practitioners. As for the film industry, we will nurture budding directors and scriptwriting talents through the Film Development Fund.

Facilitating Flow of Talents within the GBA

159. To enhance the two-way flow of talents within the GBA and respond proactively to the aspirations of the international chambers of commerce in Hong Kong for the facilitation of non-Chinese Hong Kong residents to travel to the Mainland cities of the GBA, I have put forward concrete proposals to the Central Government. I learnt that relevant Central Authorities would actively consider facilitating the flow of talents between Guangdong and Hong Kong, especially the relevant arrangements which

will facilitate non-Chinese nationals residing in Hong Kong to travel to the Mainland cities of the GBA for business, research, exchanges and visits, etc. To this end, they have agreed to discuss the matter with the HKSAR Government by the end of this year. These efforts will enhance Hong Kong's attractiveness to foreign businesses and overseas talents.

Connecting with Young People

160. Over the past two years, Hong Kong has faced severe challenges, prompting us to rethink the positioning and focus of our youth work. On the one hand, we should establish more effective channels to gauge the views of young people of different backgrounds in order to better meet their needs in areas such as education, career pursuits, housing, upward mobility and development of their potential. On the other hand, we need to put more emphasis on nurturing young people's positive thinking to help them develop positive values, and enable them to become a new generation with a sense of responsibility, and with an aspiration and willingness to strive for the future of our country and of Hong Kong. In this connection, I will invite the Youth Development Commission to explore ways to enrich its existing programmes and launch new funding initiatives. For the Policy Address public consultation this year, I have arranged three special sessions to meet with students and young people and listened to their views in person. I hope there will be more exchange opportunities following the delivery of this Policy Address.

161. The Central Government also cares about our young people. The 14th Five-Year Plan mentions facilitating the young people of Hong Kong and Macao to study, work and start businesses in the Mainland cities of the GBA, and establishing a brand of quality exchanges among the young people of Guangdong, Hong Kong and Macao. Recently, the Central Authorities and relevant municipal governments have also introduced measures to support the development of Hong Kong young people in the Mainland, including support for the Funding Scheme for Youth Entrepreneurship in the GBA and the GBA Youth Employment Scheme as stated in my Policy Address last year, as well as support for enhancing various Mainland internship and exchange programmes.

162. To encourage young people to participate in policy discussion, we have regularised the Member Self-recommendation Scheme for Youth (MSSY), under which young people aged between 18 and 35 are recruited on a regular basis to participate in government advisory committees. Up till now, around 440 posts are held by about 270 young people who have been appointed to ASBs through the MSSY. The overall ratio of appointed youth members in ASBs has increased from 7.8% at the end of 2017 to currently 14.8%, gradually reaching the target of 15% set by the current-term Government.

IX. Emerging from the Epidemic

163. While we have ambitious plans to deliver, our top priority right now remains clear, i.e. we have to do our best to control the epidemic for the community, so that normal cross-boundary flow of people can be resumed as early as possible. Looking back, in our fight against the epidemic over the past 21 months, I and my colleagues, as well as the HA and our expert teams have strictly implemented, with scientific justifications, the strategy of guarding against the importation of cases and the resurgence of local infections. Thanks to the staunch support of the general public, we have weathered four waves of surging cases, and have aptly adjusted our anti-epidemic strategy in light of experience. This strategy has proven effective as Hong Kong's figures on confirmed and fatal cases are among the lowest in the world. For a city as compact as Hong Kong and with the magnitude of flow of people and goods, every Hong Kong citizen should be given credit for this achievement. I would like to express my sincere thanks to each and every one who has joined the fight against the epidemic, be they from the civil service, the healthcare and residential care sectors or other trades. Their commitment and dedication have enabled society to maintain normal operation as far as practicable amid the epidemic. What is more, on behalf of the HKSAR, I have to extend our heartfelt gratitude to the Central Government for its care and support for our anti-epidemic work.

164. Last month, the Chief Secretary for Administration led a delegation of the HKSAR Government to attend a meeting on anti-epidemic work with relevant authorities in the Mainland. During the meeting, the two sides explored in detail matters relating to the gradual and orderly resumption of quarantine-free travel between the two places and assessed the possible risks after resumption of quarantine-free travel. The two sides will further study the related details and strive to hold a second meeting as soon as possible. To resume cross-boundary travel, the support of the public is vital. If you, your family or friends have not got a job yet, please do not hesitate anymore and get vaccinated as soon as possible to prevent yourself and your family from infection, and help create favourable conditions for cross-boundary travel.

X. Closing Remarks: United for a Future

165. Mr President, Honourable Members and fellow citizens, as I sum up the last Policy Address for my five-year term of office, I would like to express a few words that are dear to my heart.

166. I left university and joined the Government 41 years ago. It has always been my belief that, with a vision to serve the community and the readiness to act with a proactive style, I could help build a fairer and more compassionate society for Hong Kong from within the establishment. It has been my honour to participate in the successful return of Hong Kong to the Motherland. Since Reunification, I have worked in different positions to implement “One Country, Two Systems” to ensure the long-term prosperity and stability of Hong Kong. When I assumed office as the Chief Executive of the HKSAR some four years ago, I deeply felt that I was charged with a heavy responsibility. I realised that this would be the greatest honour in my career, and no doubt the biggest challenge in my life.

167. Within two years of taking office, I came under unprecedented pressure due to opposition to the proposed legislative amendments to the Fugitive Offenders Ordinance, the social unrest, the incessant and gross interference in Hong Kong affairs by external forces as well as the impact of the COVID-19 pandemic. The driving force backing me up in overcoming all these challenges comes from the earnest words of the Central Government that it will always provide staunch support to Hong Kong, my pledge to always stand by the side of the people of Hong Kong when I took office, and the unfailing trust and support of my family. Today, under the double safeguards of national security and the improved electoral system, Hong Kong is back on the right track of “One Country, Two Systems”. I am confident that Hong Kong is much stronger than ever, and I am most convinced that Hong Kong can integrate into the overall development of the country and play an irreplaceable role as our country strides towards the second centenary goal of the nation. And of course, I wish that we can

nurture a new generation with a sense of national identity and social responsibility as well as an affection for Hong Kong, and pass on the torch to them.

168. The coming year 2022 will mark the important occasion of the 25th anniversary of Hong Kong's return to the Motherland. Led by the Chief Secretary for Administration, a committee comprising bureaux and departments has commenced preparatory work for a series of celebration activities, and will liaise with various sectors of the community in due course to jointly organise more exciting events for the public to rejoice in celebration of our return to the Motherland. There have been views that the 25th anniversary of the establishment of the HKSAR is halfway of the journey that things shall remain "unchanged for 50 years" as enshrined in the Basic Law, and the beginning to the second half of the implementation of "One Country, Two Systems". In my view, however, under the steer of the Central Government and with the co-operation of the HKSAR, we have, through "One Country, Two Systems", improved our legal system and the enforcement mechanisms required for safeguarding national safety, and enhanced our electoral system that conforms to the constitutional order of the HKSAR. Safeguarded by the Constitution and the Basic Law, "One Country, Two Systems" has already become one of the strengths of the governance system of our country. So long as the HKSAR firmly observes and upholds the principle of "One Country" and fulfils the requirement of "patriots administering Hong Kong", the "Two Systems" will definitely thrive and flourish, and Hong Kong will continue to be cherished by our country. At this new start, the 2021 Policy Address has unfolded a new paradigm and set out a new blueprint. Let us stand united and set off to build a bright future together!