

# **OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 8 November 2023**

**The Council met at Eleven o'clock**

## **MEMBERS PRESENT:**

THE PRESIDENT

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

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

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE CHAN HAN-PAN, B.B.S., J.P.

THE HONOURABLE KWOK WAI-KEUNG, J.P.

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

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

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

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

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

THE HONOURABLE HOLDEN CHOW HO-DING, J.P.

THE HONOURABLE SHIU KA-FAI, J.P.

THE HONOURABLE YUNG HOI-YAN, J.P.

THE HONOURABLE CHAN CHUN-YING, J.P.

THE HONOURABLE LUK CHUNG-HUNG, J.P.

THE HONOURABLE LAU KWOK-FAN, M.H., J.P.

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

THE HONOURABLE VINCENT CHENG WING-SHUN, M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S., J.P.

THE HONOURABLE DOREEN KONG YUK-FOON

THE HONOURABLE CHU KWOK-KEUNG

THE HONOURABLE STANLEY LI SAI-WING, M.H., J.P.

DR THE HONOURABLE HOEY SIMON LEE, M.H., J.P.

THE HONOURABLE ROBERT LEE WAI-WANG

THE HONOURABLE DOMINIC LEE TSZ-KING

IR THE HONOURABLE LEE CHUN-KEUNG, J.P.

DR THE HONOURABLE TIK CHI-YUEN, S.B.S., J.P.

THE HONOURABLE STANLEY NG CHAU-PEI, S.B.S., J.P.

DR THE HONOURABLE JOHNNY NG KIT-CHONG, M.H., J.P.

THE HONOURABLE CHAU SIU-CHUNG

DR THE HONOURABLE CHOW MAN-KONG

DR THE HONOURABLE DAVID LAM TZIT-YUEN

THE HONOURABLE LAM CHUN-SING

THE HONOURABLE LAM SO-WAI

THE HONOURABLE NIXIE LAM LAM

DR THE HONOURABLE DENNIS LAM SHUN-CHIU, J.P.

THE HONOURABLE LAM SAN-KEUNG, J.P.

THE HONOURABLE ANDREW LAM SIU-LO, S.B.S., J.P.

THE HONOURABLE DUNCAN CHIU

THE HONOURABLE YIU PAK-LEUNG, M.H., J.P.

DR THE HONOURABLE WENDY HONG WEN

THE HONOURABLE DENNIS LEUNG TSZ-WING, M.H.

THE HONOURABLE LEUNG MAN-KWONG, M.H.

THE HONOURABLE EDWARD LEUNG HEI

THE HONOURABLE KENNETH LEUNG YUK-WAI, J.P.

THE HONOURABLE CHAN YUET-MING, M.H.

THE HONOURABLE ROCK CHEN CHUNG-NIN, S.B.S., J.P.

THE HONOURABLE CHAN PUI-LEUNG

THE HONOURABLE CHAN YUNG, B.B.S., J.P.

THE HONOURABLE SUNNY TAN

THE HONOURABLE JUDY CHAN KAPUI, M.H., J.P.

THE HONOURABLE MAGGIE CHAN MAN-KI, M.H., J.P.

IR THE HONOURABLE CHAN SIU-HUNG, J.P.

THE HONOURABLE CHAN HOI-YAN

THE HONOURABLE JOEPHY CHAN WING-YAN

THE HONOURABLE CHAN HOK-FUNG, M.H., J.P.

IR THE HONOURABLE GARY ZHANG XINYU

THE HONOURABLE LILLIAN KWOK LING-LAI

THE HONOURABLE BENSON LUK HON-MAN

DR THE HONOURABLE KENNEDY WONG YING-HO, B.B.S., J.P.

THE HONOURABLE EDMUND WONG CHUN-SEK

THE HONOURABLE KINGSLEY WONG KWOK, B.B.S., J.P.

THE HONOURABLE YANG WING-KIT

REVD CANON THE HONOURABLE PETER DOUGLAS KOON HO-MING,  
B.B.S., J.P.

THE HONOURABLE TANG FEI, M.H.

THE HONOURABLE TANG KA-PIU, B.B.S., J.P.

THE HONOURABLE LAI TUNG-KWOK, G.B.S., I.D.S.M., J.P.

PROF THE HONOURABLE LAU CHI-PANG, B.B.S., J.P.

THE HONOURABLE KENNETH FOK KAI-KONG, J.P.

THE HONOURABLE LOUIS LOONG HON-BIU

DR THE HONOURABLE NGAN MAN-YU

THE HONOURABLE CARMEN KAN WAI-MUN

DR THE HONOURABLE TAN YUEHENG, J.P.

DR THE HONOURABLE SO CHEUNG-WING, S.B.S., J.P.

THE HONOURABLE YIM KONG

THE HONOURABLE ADRIAN PEDRO HO KING-HONG

THE HONOURABLE SHANG HAILONG

PROF THE HONOURABLE CHAN WING-KWONG

PROF THE HONOURABLE WILLIAM WONG KAM-FAI, M.H.

## **PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE CHEUK WING-HING, G.B.S., J.P.  
DEPUTY CHIEF SECRETARY FOR ADMINISTRATION

MR JOSEPH CHAN HO-LIM, J.P.  
UNDER SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY,  
AND  
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE TANG PING-KEUNG, G.B.S., P.D.S.M., J.P.  
SECRETARY FOR SECURITY

THE HONOURABLE TSE CHIN-WAN, B.B.S., J.P.  
SECRETARY FOR ENVIRONMENT AND ECOLOGY

DR LIBBY LEE HA-YUN, J.P.  
UNDER SECRETARY FOR HEALTH AND  
SECRETARY FOR HEALTH

THE HONOURABLE WINNIE HO, J.P.  
SECRETARY FOR HOUSING

MS LILLIAN CHEONG MAN-LEI, J.P.  
UNDER SECRETARY FOR INNOVATION, TECHNOLOGY AND  
INDUSTRY, AND  
SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY

THE HONOURABLE CHRIS SUN YUK-HAN, J.P.  
SECRETARY FOR LABOUR AND WELFARE

## **CLERKS IN ATTENDANCE:**

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

MS DORA WAI, DEPUTY SECRETARY GENERAL

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MS MIRANDA HON, ASSISTANT SECRETARY GENERAL

## LAYING OF PAPERS ON THE TABLE OF THE COUNCIL

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

### Papers

Travel Industry Authority

Annual Report 2022-23 (including Financial Statements and Independent Auditor's Report)

Office of the Privacy Commissioner for Personal Data, Hong Kong

Annual Report 2022-23 (including Financial Statements and Independent Auditor's Report)

## ORAL ANSWERS TO QUESTIONS

**PRESIDENT** (in Cantonese): Questions. First question.

### Initiatives on encouraging childbearing

1. **MR SHIU KA-FAI** (in Cantonese): *President, the 2023 Policy Address has proposed a number of initiatives to encourage childbearing. Many members of the community have expressed their agreement to the initiatives, with some members of the public holding the view that the Government may improve the relevant initiatives and step up efforts in their implementation. In this connection, will the Government inform this Council:*

- (1) *whether it will consider disbursing an annual cash bonus of \$40,000 to each newborn baby of the grass-roots until the baby reaches the age of five to six; if so, of the details; if not, the reasons for that;*
- (2) *as there is a proposal that the Government should introduce a child tax allowance to be calculated on a progressive basis to encourage childbearing among middle-class families, i.e. a tax allowance of \$150,000, \$300,000 and \$600,000 for the first, second and third child*

*respectively, whether the authorities have studied and considered the proposal; if so, of the reasons for not adopting the proposal; if not, whether they will consider the proposal; and*

- (3) *as there is a proposal that the Government should introduce a tax deduction for the expenses of employing foreign domestic helpers (“FDHs”) in order to encourage childbearing, reduce the expenses of young families on employing FDHs after childbirth, and unleash the female labour force, whether the authorities have studied and considered the proposal; if so, of the reasons for not adopting the proposal; if not, whether they will consider the proposal?*

**DEPUTY CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese):  
President,

- (1) All countries and places worldwide are facing a decline in fertility rate. Hong Kong is no exception. Our birth rate remains at a low level, falling to a low point of mere 0.9 in 2022. Meanwhile, Hong Kong has the longest life expectancies in the world. The proportion of elderly persons aged 65 and above will increase from 20% of Hong Kong’s population to nearly one-third in 10 years’ time.

In the face of such challenges, the Government must formulate measures to raise fertility rate. During the Policy Address consultation exercise, aspirations for the Government to take measures in this regard came through loud and clear. As such, the Chief Executive announced in his 2023 Policy Address an array of measures to promote fertility by adopting a “combination punches” approach. These measures, including giving families with newborns priority on flat selection and allocation, enhancing child care support, increasing tax concessions and providing newborn baby bonus, aim to encourage fertility by creating a conducive environment for childbearing. We strive to deliver a strong message to society that the Government is making every effort to boost childbirth, so as to reverse the low level of local birth rate, to provide the manpower required for the long-term economic development of Hong Kong and to alleviate the problem of an ageing population.



Under the newborn baby bonus scheme, the Government will provide a cash bonus of \$20,000 to eligible parents (that is either parent must be a Hong Kong permanent resident at the time of application) for each baby born in Hong Kong on or after 25 October 2023. The scheme would run for three years.

The question proposes to disburse an annual cash bonus of \$40,000 to each newborn baby of grass-roots citizens until the baby reaches the age of five to six. In other words, each newborn baby would be disbursed with \$200,000 to \$240,000 within a span of five to six years. A preliminary estimate of the expenditure incurred by the proposal is that it would reach tens of billions of dollars. This is a colossal financial burden and not a good use of resources either. The Government has no plan to adopt the proposal concerned.

As mentioned earlier, the provision of the newborn baby bonus is only one of the whole array of measures to promote fertility. Right from the inception of contemplating such policy initiatives, the Government does not consider that the introduction of the baby bonus scheme alone would be able to substantially increase the fertility rate. Therefore, what we have proposed is a host of measures. Among them, setting aside a quota for families with newborns to ballot for Subsidized Sale Flats (“SSFs”) and giving them flat selection priority as well as reducing the Public Rental Housing (“PRH”) waiting time for such families are policy breakthroughs and quite attractive. We hope that these measures coupled with enhancement of child care support and increase in tax concessions etc. would help make young families to positively consider adding new members to their families.

- (2) Starting from the year of assessment 2023-2024, the basic child allowance and the additional child allowance for each child born during the year of assessment have been raised from \$120,000 to \$130,000. In addition, to support families with newborn children, the Chief Executive proposed in the recently delivered Policy Address that, starting from the year of assessment 2024-2025, the deduction ceiling for home loan interest or domestic rents will be raised from \$100,000 to \$120,000, for taxpayers who live with their first child born on or after 25 October this year until the child reaches the age of 18. We believe that these existing or announced tax measures will help alleviate the financial burden of taxpayers from raising children.

When considering proposals in respect of allowances under salaries tax, it is essential that the Government takes into account the impact of the proposals on public finance and whether the proposals are in line with the principles of simplicity and fairness of the tax regime, so as to strike a balance between reducing taxpayers' tax burden and maintaining healthy public finance. Based on our preliminary assessment, if allowances of \$150,000, \$300,000 and \$600,000 are granted for a taxpayer in respect of his/her first, second and third child respectively, it is estimated that government revenue will decrease by about \$4.2 billion per year, which is about 5% of the total revenue from salaries tax and tax under personal assessment in 2022-2023. As the proposal will significantly increase the financial burden on the Government, the Government has no plan to adopt the proposal concerned.

- (3) As for the proposal to introduce tax deduction for the expenses of employing foreign domestic helpers, as in our reply on child allowances given above, in considering tax measures, including whether to introduce new tax deductions, it is essential for the Government to carefully scrutinize the impact of the proposals on public finance, and whether the proposals are in line with the principles of simplicity and fairness of the tax regime. The ultimate objective is to strike a balance between reducing taxpayers' tax burden and maintaining healthy public finance.

As mentioned in our reply to part (1) of the question, the Chief Executive has announced a series of initiatives in this year's Policy Address to promote fertility through a multi-pronged approach. Regarding the proposal of introducing tax deduction for expenses on the employment of foreign domestic helpers, the Government has no plan to adopt the proposal concerned. Thank you, President.

**MR SHIU KA-FAI** (in Cantonese): *President, just now I have heard the Deputy Chief Secretary say that the expenditure incurred would reach tens of billions of dollars. Yet, our proposal this time around is not to benefit all newborn babies, but to focus on helping those in need.*

*At present, the Government already provides a working family allowance to certain families, and the total monthly allowance for each child of these families this year is \$1,344. On this basis, those children who are full-time students would have received the allowance up to the age of 21, whereas the cash allowance I propose is only payable until the child reaches the age of 6. Based on these figures, it will only cost about \$570 million in the first year, \$1.14 billion in the second year, and only \$3.4 billion by the time the child reaches the age of six. This sum of money can help the working grass-roots people. Will the Deputy Chief Secretary consider the proposal afresh and focus our tax resources on helping those in need? Thank you.*

**DEPUTY CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese):

President, the amount of cash bonus under the newborn baby bonus scheme proposed in the Policy Address is in fact higher than the proposed amount that we have heard during the consultation period. Even so, the amount set by us is not high when compared with similar schemes around the world. Anyway, based on the calculations made this year, we estimate that funding of some \$2 billion will be required after the scheme has been implemented for three years, which is not a small amount. We have duly considered whether the amount concerned is appropriate, and have taken our financial position into account.

Just now, Mr SHIU pointed out that his proposal was not to provide a cash bonus to all babies, but to target mainly at newborn babies of the grass-roots people. In fact, it is difficult for us to differentiate who are “newborn babies of the grass-roots people”. The proposal that we have now put forward is to provide a cash bonus regardless of their social strata, and this will entail very low administrative costs. But then, if we target the bonus to specific social strata, as the Chief Executive said in his reply to a question on this issue, it may incur substantial administrative expenses.

Leaving aside whether the cash bonus will only be provided to babies of the grass-roots people, if we calculate on the basis of the number of babies born in 2022 (i.e. about 33 000) and without differentiating among them, the estimated expenditure would reach some \$30 billion to nearly \$56 billion if each newborn baby is disbursed with an annual bonus of \$40,000 within a span of five to six years as proposed. Even if we can sort out a way to distinguish who are grass-roots people, and even if they only make up a certain percentage, actually it still involves a huge sum.

We are extremely grateful to Mr SHIU for his views, but owing to holistic financial consideration, we still hope to maintain the proposal put forward in the Policy Address to provide a one-off newborn baby bonus of \$20,000 for each newborn baby. Thank you, President.

**MR SUNNY TAN** (in Cantonese): *President, boosting the fertility rate is the key to tackling the structural shortage of workforce in Hong Kong.*

*I highly welcome the array of new initiatives introduced in this Policy Address to encourage childbearing. I have drawn reference from the examples of Asian countries such as South Korea. Take Seoul as an example, a “multi-children card” has been introduced to encourage childbearing, whereby multi-children families can access various public facilities, such as the Science Museum, for free or at half price. Besides, children can enjoy various discounts on transportation expenses, tutorial fees and shopping at bookstores until they graduate from high school.*

*I would like to ask the Government whether it will study the introduction of more diversified measures to encourage childbearing, such as mobilizing efforts of the business sector to promote the provision of more concessions and supporting measures for child-rearing, as well as raising the status of parents in society and the identity of being a parent among the new generation through enhanced public education?*

**DEPUTY CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): President, the measures to facilitate childbearing introduced by the Government this time around have actually sought to create a conducive environment for child-rearing in different aspects as far as possible.

Regarding the measures mentioned by Mr TAN just now, we can study them, but we must consider the financial requirements of the relevant measures. Take the aforesaid subsidy for tutorial classes for instance, we must evaluate its financial requirements. How is the operability of the measures? For example, how should the special concessions for multi-children families be implemented? Consideration should also be given to the intended results. Of course, there are other complementary measures for the newborn baby bonus of \$20,000 now being

proposed. What will be its overall attractiveness? Will it be helpful if the aforementioned measures are incorporated as well? We would consider the matter from a holistic perspective.

Of course, we strongly welcome different enterprises to formulate family and childbearing-friendly measures. This time around, the Government has conveyed a clear message through the Policy Address that it has set a firm policy direction to encourage childbearing. This policy direction should help enterprises to plan for the implementation of measures to encourage childbearing, including providing concessions for multi-children families. I am very grateful to Mr TAN, since he comes from the business sector, and he said that he could mobilize the efforts of the business sector. We will actively consider this matter.

As regards Mr TAN's suggestion to raise the status of parents in society, this actually involves social values. Certainly, apart from the status of parents, family values, marriage concepts, etc. are also related to newborn babies. We will take them into consideration when we consider the publicity and education work on encouraging childbearing. Thank you, President.

**MS STARRY LEE** (in Cantonese): *President, I greatly appreciate the “combination punches” approach to promote childbirth in the Policy Address. As the Deputy Chief Secretary said just now, the array of measures cover cash bonus, priority arrangement for public housing, and even increases in tax deductions.*

*Frankly speaking, many people say that it costs several million dollars to raise a child in Hong Kong. In fact, the tax concessions currently proposed only serve as an incentive. Of course, it would be the best if more concessions are available, but what I am most concerned about is the priority arrangement for public housing allocation. It is because I think housing and education are the two core issues that will affect a family's decision on whether or not to have children.*

*To my understanding, the priority arrangement for public housing allocation is not a priority arrangement in the real sense. It is only that when these families apply for Home Ownership Scheme (“HOS”) flats—let me take HOS flats as an example—the Government will set aside a certain quota for such families. In the event of oversubscription, the families concerned will have to apply again next time if their applications are unsuccessful. On a previous occasion, Secretary HO also*

*said that if the application was unsuccessful, the family concerned could apply again next time or have one more child. I think this approach is not satisfactory enough. Can the Government improve it and consider allowing all families with children to enjoy priority in applying for HOS flats? In case of oversubscription, can consideration be given to setting up a waiting list for HOS flats and allowing families with children to be placed at the top of the list, so as to prevent these families which are willing to bear children from worrying too much about the housing problem in Hong Kong?*

**DEPUTY CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): President, I am very grateful to Ms Starry LEE for supporting our measures to encourage childbearing and for putting forward the aforesaid views.

I wish to respond to one of her viewpoints, which is also what a lot of people are saying, that it costs several million dollars to raise a child. I do not know if what I am going to say is pleasing to the ear, but I am a bit sceptical of the saying that it costs several million dollars to raise a child. To be honest, several million dollars is not a small amount of money. If this kind of thinking is deeply rooted in the minds of the people, I think it will scare off many young families, making them worry that they cannot afford to raise their children.

In fact, 33 000 babies were born in 2022, and my estimation is that those parents would not think that with the addition of a new family member, they need to set aside \$4 million, or even \$6 million as people are saying now, in a certain period of time in the future for the upbringing of their children.

Having said that, regarding the priority arrangement for housing allocation mentioned by Ms LEE just now, Ms LEE's understanding is correct, that is, not all families with newborns can successfully apply for HOS flats or SSFs, or can be allocated PRH flats.

Let me begin with home purchase. The Government will reserve a quota (i.e. 10%) for the operation of the relevant scheme. At present, the Government has already reserved a quota of 30% of flats for priority application by families with elderly members. Together with this 10% quota, there will be a quota of 40% in total available for application by these families. Since our housing supply is limited, we are unable to meet the needs of all families with newborns. Just now I have mentioned the number of births in a year. Take the figure in 2022 as an example, there were 33 000 babies. It is unrealistic to expect that all families

with newborns can successfully apply for housing, because the demand far exceeds the quota set aside by the Government for the general public.

On the other hand, although Ms LEE did not mention this point just now, I have to take the trouble to reiterate that apart from the priority arrangement for purchase of SSFs, applications of families that have babies born on or after 25 October will have their waiting time for PRH flats reduced by one year. This is also a great incentive.

As to whether it is possible to set up a separate waiting list where there is oversubscription, so as to allow families with newborns to enjoy priority, I need to reflect the views to colleagues in the Housing Bureau regarding the relevant actual implications and operational arrangements. Thank you, President.

**MR TOMMY CHEUNG** (in Cantonese): *Thank you, President. The Liberal Party highly welcomes the Chief Executive's proposals to assist and encourage the middle class in this year's Policy Address. However, it was mentioned in the main reply just now that government revenue would decrease by \$4.2 billion if tax allowances of \$150,000, \$300,000 and \$600,000 were granted. I would like to ask the Deputy Chief Secretary to do the calculations again after going back. When we do business, it is most undesirable for us to look only at the expenditure but not the revenue, for this will make it impossible for us to do any business.*

*I would like to remind the Deputy Chief Secretary that the revenue should be quite considerable. When a family has a third child and visits the Disneyland, they need to purchase six admission tickets instead of one. Families without children will not visit the Disneyland at all. The same applies to a visit to Ocean Park, which also requires six admission tickets. Let us not talk about diapers first, when a family goes out for dinner in the evening—we hope there is a thriving night market—there are already five family members, and together with a domestic helper, there will be six of them. That is so great!*

*In fact, I can tell the Deputy Chief Secretary, when a family has a third child ... Take myself as an example, my income has increased tenfold five years after the birth of my third child. I can tell the authorities that if they only look at the reduction in tax revenue without considering the fact that parents will pay more tax as a result of the increase in income, the authorities would have made a mistake in their calculations.*

*Therefore, I hope that the Deputy Chief Secretary can do the calculations again seriously after the meeting. Instead of focusing solely on the \$4.2 billion shortfall in revenue, he should calculate the additional revenue that can be generated from other sources. He will then realize that this proposal put forward by the Liberal Party is actually beneficial to the Government.*

**DEPUTY CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): President, I thank Mr Tommy CHEUNG for his views. Just now, I actually cannot fully grasp why Mr CHEUNG's income has increased after the birth of his third child. No matter what the reason is, it seems that there is no causal relationship between the two. Is it true that having more children will lead to an increase in income and consequently an increase in tax payment? We just want to point out in the main reply that—perhaps we should ask Mr CHEUNG to advise how there will be an increase in income—looking at this proposal alone, that is, suppose a taxpayer can claim a tax allowance of \$150,000, \$300,000 and \$600,000 for his or her first, second and third child respectively, we estimate that the government coffers will receive \$4.2 billion less in revenue. We just want to raise this point. Thank you, President.

**PRESIDENT** (in Cantonese): Second question.

### **Improving weather forecast operation**

2. **MR CHAN CHUN-YING** (in Cantonese): *President, it has been reported that the Hong Kong Observatory ("HKO") plans to introduce new measures to enhance the accuracy of weather forecasts, including the development of new weather radars and the introduction of artificial intelligence ("AI") in weather forecasting. In this connection, will the Government inform this Council:*

- (1) *as HKO has pointed out that it attained a weather forecast accuracy of 92% last year, but a public opinion survey conducted last year indicated that the percentage of HKO's weather forecasts considered accurate by the public was 77%, whether HKO has examined the reasons for the discrepancy between these two figures; if so, of the details; if not, the reasons for that;*



- (2) *of the progress of introducing AI in weather forecasting, and whether it has studied how AI enhances the accuracy of weather forecasts; if so, of the details; if not, the reasons for that; and*
- (3) *as some members of the public are of the view that, in respect of the issuance of weather warnings linked to the arrangements for the suspension of work and classes (e.g. Black Rainstorm Warning Signal and Tropical Cyclone Warning Signal No. 8 or higher), the advance notice given by HKO is too short, and they are dissatisfied with the timing of issuing such signals, whether HKO has studied the room for using technology for further improving the issuance of weather warnings; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese):  
President,

- (1) As a scientific department dedicated to serving the public, the Hong Kong Observatory (“HKO”) has always adhered to rigorous and objective scientific methods in developing weather forecast products and regularly evaluates its service quality.

To assess the accuracy of weather forecasts, HKO calculates the “percentage of accurate weather forecasts” using an objective verification method. This objective method takes into account the differences between the Local Weather Forecast and actual observations for each day of the year, including weather elements such as temperature, wind speed, cloud cover, visibility and rainfall, to objectively calculate the accuracy of weather forecasts. In 2022, the “percentage of accurate weather forecasts” was 92%, with the average percentage for the past 10 years (2013 to 2022) exceeding 90%.

To collect feedback from users and to understand their needs regarding weather services, HKO has been commissioning independent survey companies to conduct annual opinion surveys. Survey results show that, over the past five years (2018 to 2022), the average percentage of forecasts perceived as accurate by the public was 78%, which is a slight increase compared to the average of 76% in the previous five-year period (2013 to 2017). In addition, HKO

also conducts opinion surveys among frequent users of its forecast services, such as airlines and ship captains. The results show that the accuracy of weather forecasts as perceived by these users was over 95%, which is even higher than the “percentage of accurate weather forecasts” calculated from HKO’s objective verification method.

We note that the accuracy of HKO’s forecast services as perceived by frequent users was over 95%. On the other hand, the results of public opinion surveys also reflect to a certain extent public concern about changes in weather conditions. Furthermore, as weather information becomes more widely available, the expectations of the public about weather forecast services continue to rise. HKO will strive to enhance service levels and develop new services with reference to public opinion. Such efforts include the continuous introduction of new instruments and technologies, such as the deployment of a new and more advanced radar system at Tai Mo Shan next year, and active participation in the World Meteorological Organization (“WMO”) of the United Nations to enhance knowledge exchange with members with advanced forecasting technology to keep the overall service quality up to date.

- (2) As regards the provision of rainfall nowcast, HKO has started to apply artificial intelligence (“AI”) in recent years to optimize its rainfall nowcasting system. This system can generally provide alerts at ten to several tens of minutes before the rainfall amount reaches the rainstorm warning criteria. However, the development of rainstorms is highly random and can change drastically within a short period of time, making the prediction of rainstorms a major challenge for the global scientific community. HKO, with its internationally recognized technical capabilities, has been designated by WMO as one of the three Regional Specialized Meteorological Centres for nowcasting. Nevertheless, we will continue to strive to identify ways to improve the effectiveness of rainfall nowcasting.

As for tropical cyclone warnings, global numerical weather prediction models are important forecasting tools. As regards the application of AI, HKO has been conducting trials of an AI weather prediction model since the middle of this year to provide forecasts for wind direction, wind speed, temperature and sea-level pressure to provide

references for compiling the 9-Day Weather Forecast and the forecast track of tropical cyclones. In October this year, HKO also launched the weather forecast charts of the “Pangu Computer Model” on its website to provide users with more information about future weather changes. However, the application of artificial intelligence in this area is still in the preliminary stage, and further accumulation of data is necessary before we can ascertain its effectiveness in improving forecast accuracy.

- (3) Tropical cyclones and rainstorms are two different weather systems. Tropical cyclones generally have a larger geographical coverage compared to that of rainstorms. HKO closely monitors each tropical cyclone when it is relatively far away from Hong Kong and issues the Tropical Cyclone Warning Signals No. 1, No. 3, No. 8, etc., as appropriate. HKO typically issues an advance notice two hours before the issuance of the Tropical Cyclone Warning Signal No. 8 to allow the public to make preparations.

However, it is important for the public to understand that, when a tropical cyclone edges closer to Hong Kong, even slight changes in its position and intensity can result in different wind conditions from the previous forecast. If these changes lead to a rapid increase in local wind strength, it may be necessary to upgrade the warning signal from No. 8 to No. 9 or higher within a short period of time. HKO will make every effort to provide advance notices to the public whenever feasible.

In recent years, HKO has actively employed more reliable computer forecast models to predict tropical cyclones. However, there are still limitations in the world-leading computer forecast models in predicting the subtle changes of tropical cyclones as they approach Hong Kong, including insufficient spatial resolution. When a tropical cyclone gets close to the territory, it is often necessary to continuously assess the latest storm situation based on actual observations and the latest forecasts to issue warnings.

Compared to tropical cyclones, the geographical coverage of rainstorms is usually smaller. The average lead time for issuing rainstorm warnings has increased in the past few years. However,

the development of rainstorms is highly random, and significant changes can occur within a short period of time. There are still technological limitations that prevent further extension of the lead time for issuing rainstorm warnings. HKO will continue to utilize the latest technologies and actively collaborate with meteorological agencies, including those within the Greater Bay Area (“GBA”), to enhance forecasting capacities. In addition, HKO will actively follow up the measures proposed in this year’s Policy Address to develop a risk-based decision support system. By utilizing AI and big data technology to analyse historical and real-time rainfall and flooding data, a flood risk alert system will be established to assist relevant departments in taking prompt response actions. Thank you, President.

**MR CHAN CHUN-YING** (in Cantonese): *President, the main reply has expounded in detail that in recent years, HKO has been enhancing its technologies in weather forecasting and warning operations in order to provide advance notices of the time of issuance and withdrawal of typhoon warning signals, so that the public can make early preparations. However, it has also stated that the prediction of regional rainstorms is extremely difficult. Advance notices of such warnings can be very short. For example, in the once-in-500-years event of torrential rain earlier, there was only a 15-minute advance notice before the Rainstorm Warning Signal was changed from Red to Black. Given that such rainstorms may lead to serious disasters, such as flooding in tunnels or subways, within a short period, members of the public may possibly fall into danger if they do not have a timely grasp of these situations. Now that the Emergency Alert System is in place, may I ask the Secretary whether this system can be used to notify the public in the event of such extreme weather occurring within a short period to facilitate their prompt responses in the future? Thank you.*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): President, be it in respect of typhoon or rainstorm, various channels are currently available for HKO to disseminate information, including television and radio, and such information is provided on the Internet too. If one has installed HKO’s mobile phone application, one will also receive the relevant notification instantly. Members of the public actually have immediate access through these channels, which I consider quite effective at present. As regards the Emergency Alert

System, I believe it will be used in the future for situations that we are usually not too concerned about, such as serious earthquakes or tsunamis, which are not something that we usually learn about through the channels for weather information. Only under such situations will it be used. In this regard, we do not see the need to deploy the Emergency Alert System. Nevertheless, HKO will make continuous efforts to improve its forecasting capability, with a view to giving advance notices as early as possible, so that members of the public can have more time to make preparations. Thank you, President.

**MR KENNETH LEUNG** (in Cantonese): *Thank you, President. In September this year, the Government commenced the preparation work for the Guangdong-Hong Kong-Macao Greater Bay Area Meteorological Monitoring and Warning Center (Hong Kong) (“the Center”). The Center will make use of AI technologies such as big data to enhance the overall forecasting performance. Now there is still some time before the completion of the Center. May I ask the Bureau whether, after the completion of the Center, there will be any measures of cooperation with the Mainland and Macao whereby we can enhance our weather forecasting performance? Thank you, President.*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): As a matter of fact, HKO has quite a lot of cooperation and exchanges with the Mainland, be it the China Meteorological Administration, or the Guangdong Meteorological Service and the Macao Meteorological and Geophysics Bureau, both of which are in GBA. HKO has all along maintained communication with the relevant parties in respect of typhoon and weather forecasts.

After the establishment of the Center, apart from exploring how to step up the sharing of information to improve our respective capabilities in terms of experience exchanges and cooperation, we will also examine the possibility of collaboration to see whether there are new ways of weather forecasting. As I have mentioned in the main reply, we may apply AI on a pilot basis. Currently, we are using forecast charts known as the “Pangu Computer Model” on a pilot basis. We will also collaborate with other places in the use of this model to examine its effects and see if it can help us forecast the weather more accurately in the future.

In fact, we have made some preliminary observations. When we adopt AI, we note that the forecast of typhoon tracks, for example, seems to be more accurate

than that made by the conventional methods. However, in terms of the forecast of wind strength, initially it seems that it tends to underestimate the changes in wind strength. We may need to have more cooperation and experience to see how we can improve such technologies, but the three places will definitely engage in more cooperation in this regard.

**MR MARTIN LIAO** (in Cantonese): *President, there are several civilian meteorological organizations in Hong Kong, which are formed by astronomical and meteorological enthusiasts, and many of them are professionals. They have their own websites and dedicated pages. Apart from sharing meteorological information, they would also conduct live broadcasts of typhoons. May I ask whether the authorities will consider conducting exchanges and cooperation with these civilian meteorological organizations, so that members of the public can have a better grasp of weather forecasts?*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): President, many of these private meteorological organizations in the community, be they websites or individuals, have a keen interest in meteorology, and they actually have a lot of exchanges with HKO. So, they would also try to use different ways to forecast the weather.

As we have noted, overall speaking, they are not as accurate as HKO in weather forecasting. However, as they have a lot of people making forecasts, it turns out that the forecasts made by certain people in certain cases may be more accurate. As a matter of fact, those that are inaccurate may not have been noticed. There are in fact many exchanges between the two parties, but overall speaking, the forecasts made by HKO are more accurate and on the whole more reliable.

**PROF LAU CHI-PANG** (in Cantonese): *Thank you, President. HKO is a world-class meteorological agency, as we all know. It has done a very good job in providing typhoon and rainstorm warnings. My question is that although Hong Kong is a small place, there are still regional differences, especially among the school nets, and there are also great differences between the New Territories and the urban areas. Very often, we find that when it is raining in the urban areas, there is no rain in the New Territories, and when it is raining heavily in the New Territories, there may be no rain in the urban areas. I have been asking this*

*question for many years. Now that technology has advanced, is it possible to at least divide the territory into the North and South districts or the East and West districts in the future, so that there will not be cases where we see the sun in the New Territories while the Red or Black Rainstorm Warning Signal is hoisted in the urban areas, or vice versa? Can consideration be given to introducing such an early warning system and mechanism? Thank you, President.*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): President, we thank the Member for his supplementary question. In fact, HKO has been making efforts in this regard, with a view to improving the rainstorm forecasting capability. But, of course, we have noted that due to technological limitations, there may be difficulties in shortening the time required for forecasting. Hence, one of HKO's directions is to explore the feasibility to conduct analyses of rainfall amounts at different places in Hong Kong for public perusal.

In fact, Members may have noticed that HKO's website already contains information on district rainfall, which can be viewed instantly. Therefore, in this regard, they will look into ways to make further improvement in forecasting. However, I believe that some of the technical difficulties may not concern technical matters, but it is a question of how members of the public, the relevant schools or means of transport can respond to the situation if different rainstorm signals are issued for different districts. This may lead to more complicated problems. Let me give an example. Suppose we find that the rainfall in Tsuen Wan is particularly intense and a black rainstorm warning should be in force there, whereas in other districts, it may be a red rainstorm warning, and the students concerned may not live in Tsuen Wan. Those students or teachers may not live in that district, and many people may work in other districts. If a Black Rainstorm Warning Signal is hoisted in that district, how should the public actually react? If different warnings are issued for different districts, the issue may become even more complicated. This warrants more discussions within the Government. As regards the technicality involved in the provision of information on rainstorms in different districts, HKO has in fact been providing such information, and more information can be disseminated in this respect in the future.

**IR DR LO WAI-KWOK** (in Cantonese): *President, in the main reply, the Secretary has mentioned collaboration with agencies in GBA to enhance weather forecasting capacities. In fact, insofar as the serious impact of extreme weather*

*is concerned, it can be said that Hong Kong and the Mainland cities in GBA are interdependent. Therefore, may I ask the Secretary whether any regular mechanism is currently in place to facilitate actual collaboration with the Mainland cities in GBA, be it in terms of weather forecasting or coping with extreme weather, so as to better deliver the relevant work?*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): President, as a matter of fact, we have been sharing information on weather forecasts. In our view, the need to further enhance cooperation does not lie in the sharing of information. For example, at present, HKO also reports on the weather in other GBA cities, and the information can be forwarded and reposted. There is already mutual access to information. The focus of our cooperation should, instead, be put on how we can improve our weather forecasting capability by drawing on each other's experience and incorporating more information into the forecasts. Different models will also be tried out. As we all know, weather forecasting requires the use of different computer simulations and programmes. We hope that through the exchange of experience, we can explore how to improve the accuracy of forecasts. We see the need of more cooperation in this respect. At present, our information is in fact mutually accessible.

**MS LILLIAN KWOK** (in Cantonese): *Thank you, President. During the strike of Typhoon Koinu in Hong Kong, HKO once hoisted Typhoon Warning Signal No. 9. As a result, the MTR Corporation Limited ("MTRCL") immediately suspended train and Light Rail services in the open sections, causing a large number of people to be stranded at the stations. Many operators of railways (including the high-speed rail of China, Shinkansen of Japan and TGV of France) would actually use real-time wind speed data along the railway lines and make operational decisions based on these data and gale warning systems.*

*May I ask whether the authorities will request MTRCL to use real-time wind speed data to support the relevant operation, so that immediate contingency measures can be taken at the earliest possible time? Thank you, President.*

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): Insofar as HKO is concerned, its most important responsibility is weather forecasting and collecting weather information for dissemination to the public, in



addition to circulating such information to the relevant departments to support their work. We will refer the viewpoints raised by Ms KWOK to the Transport and Logistics Bureau, which will consider with the railway company what is most suitable for them in terms of operation.

**MR MICHAEL TIEN** (in Cantonese): *Secretary, when Hong Kong was hit by Typhoon Koinu in early October this year, MTR services in the open sections were suspended, causing great inconvenience to many members of the public who were stranded at the intermediate stations. President, some people boarded the train at Wu Kai Sha Station when Typhoon Signal No. 8 was still in force. In issuing the notice on when the typhoon signal would be upgraded to No. 9, HKO did not give them sufficient time in advance, and it turned out that the typhoon signal was changed in the middle of their journey. Passengers who had boarded the train had to endure much suffering.*

*At present, the longest MTR route should be the Tuen Ma Line, which takes about 75 minutes to complete the whole journey from Tuen Mun to Wu Kai Sha. Therefore, we in Roundtable request that when deciding to upgrade the typhoon signal from No. 8 to No. 9 in the future, HKO must simultaneously provide all the people with an advance notice which should not in any case be less than 75 minutes. That is to say, all trains can complete the whole journey after the issue of the advance notice, so that members of the public can return home. Once HKO has made the announcement, MTRCL must immediately announce at the terminus that the last stop has been changed, while the intermediate stops need not be changed, and the next train will run between the terminus and the next stop, and so on. In this way, passengers will know clearly that the train they board will only reach the last stop before the open section, thereby enabling them to make proper arrangements. Can the Secretary undertake to request HKO to do so? In fact, it is very simple. How many times in the history of Hong Kong has typhoon signal changed from No. 8 to No. 9 ...*

**PRESIDENT** (in Cantonese): Mr Michael TIEN, you have already raised your supplementary question. Please sit down.

Secretary, please reply.

**SECRETARY FOR ENVIRONMENT AND ECOLOGY** (in Cantonese): President, I understand that Mr TIEN's supplementary question is whether HKO can undertake to give not less than 75 minutes' advance notice before upgrading the typhoon signal to No. 9. As I explained just now, Typhoon Signal No. 9 will be hoisted only when the typhoon is very close to Hong Kong, and even slight changes in the typhoon track will make it necessary to upgrade the signal to No. 9 within a short period of time. HKO can only do its best in issuing the advance notice, but it cannot undertake to provide the notice 75 minutes or longer in advance because such an undertaking may possibly lead to disastrous consequences under certain circumstances. Therefore, in this regard, it can hardly make such an undertaking, but it will exert its best efforts.

**PRESIDENT** (in Cantonese): Third question.

### **Government-subsidized Chinese medicine outpatient services**

3. **PROF CHAN WING-KWONG** (in Cantonese): *President, to tie in with the objective announced by the Government in the 2022 Policy Address, the Chinese Medicine Clinics cum Training and Research Centres ("CMCTRs") established by the Hospital Authority, non-governmental organizations and local universities under a tripartite collaboration model in the 18 districts across the territory have increased their annual disc quota for government-subsidized Chinese medicine outpatient services ("subsidized disc quota") to 800 000 since the 1st of last month. In this connection, will the Government inform this Council:*

- (1) whether it knows the total attendance at each CMCTR since January this year, as well as the current number and salary levels of Chinese medicine practitioners employed by each CMCTR;*
- (2) whether it knows, following the increase in subsidized disc quota, the approximate daily service disc quota that can be provided by each CMCTR, as well as the criteria adopted by the authorities for allocating the subsidized disc quota; and*
- (3) given that many members of the public have relayed that, following the increase in subsidized disc quota, it is still difficult to make an appointment for the relevant services and it is even "so hard to secure*

*one single disc”, whether the authorities will consider formulating new measures to meet the demand of members of the public; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR HEALTH** (in Cantonese): President, I would like to thank Prof CHAN Wing-kwong for his question. In consultation with the Hospital Authority (“HA”), the reply is as follows:

Chinese medicine (“CM”) is an integral part of Hong Kong’s healthcare system. To promote the professional development and manpower training for CM in Hong Kong, we have established Chinese Medicine Clinics cum Training and Research Centres (“CMCTRs”) in all 18 districts across the city. They are run by HA, non-governmental organizations (“NGOs”) and universities under a tripartite collaboration model, with daily operation undertaken by the respective NGOs. In addition to the government-subsidized outpatient services, CMCTRs also provide citizens with the option of other non-government-subsidized services. CMCTRs also support services such as integrated Chinese-Western medicine and Civil Service Chinese Medicine Clinic services, and bear the functions of nurturing CM talent and taking forward scientific research projects.

CMCTRs provide services for over 1.2 million attendances each year on average, of which the annual quota of government-subsidized outpatient services has increased by more than 30% from about 600 000 to 800 000 since 1 October this year. Recipients of the Comprehensive Social Security Assistance and recipients aged 75 or above of the Old Age Living Allowance are entitled to waiver of charges. The total number of attendances at CMCTRs from January to September 2023 is in Annex 1.

As at the end of 2022, there were a total of 419 Chinese medicine practitioners (“CMPs”) of various ranks employed by CMCTRs across 18 districts. The relevant information is set out in Annex 2. The terms of employment and remuneration package of the CMPs concerned are determined by their NGO employers. The respective NGOs review and adjust the salary level of CMPs from time to time based on the market situation every year. According to the information submitted by these NGOs at the end of 2022, the monthly salaries of CMP trainees at the 18 CMCTRs ranged from \$24,000 to \$34,000, while the monthly salaries of other CMPs of various ranks ranged from \$35,000 to \$110,000 depending on their experience, qualifications and duties. To our understanding,

the salaries of the CMPs concerned would also be increased by about 4% to 5% based on the personnel management mechanisms of individual NGOs in 2023-2024. The aforementioned CMP trainees are newly graduated and registered CMPs who have chosen to work at the 18 CMCTRs to accumulate clinical experience. As indicated by the very positive responses of job applications received, the work nature and remuneration packages of the CMP trainees are attractive to applicants to a certain extent.

As regards the distribution of government-subsidized service quotas, the annual service quota of 800 000 are distributed evenly among the 18 CMCTRs. Generally speaking, half of the service quota distributed to each CMCTR will be allocated for appointment by patients with episodic illnesses, and the other half for follow-up consultation for patients. In addition, CMCTRs in various districts will flexibly adjust the allocation of their daily service quotas according to clinic operation and manpower arrangements, hence such quotas may vary. In line with the increased service quotas, CMCTRs in various districts have taken corresponding measures, including increasing the number of consultation rooms and treatment rooms, upgrading facilities and fittings of outpatient clinics, employing extra manpower.

Since the further increase of the service quotas, the overall service capacities of the 18 CMCTRs have risen in the first two weeks of October 2023<sup>(Note)</sup>. A service quota of about 2 900 is available daily, which is an increase of over 60% compared with the same period last year (a daily quota of about 1 800). The average daily service quota of each CMCTR is about 130 to 160, a significant increase compared with the same period last year (about 90 to 110 daily).

On booking methods, at present, patients with episodic illnesses may call individual CMCTRs in the 18 districts or use HA's "18 CM Clinics" mobile application to make an appointment for government-subsidized CM services. Citizens who have previously registered for services at any of the CMCTRs may use the mobile application to make an appointment. Alternatively, they may ask their relatives or friends to do so on their behalf.

We will continue to work with HA to review the usage of and demand for government-subsidized CM outpatient services, and increase the service capacities through re-provisioning of some CMCTRs. Hong Kong's CM services will also be greatly enhanced when the first Chinese Medicine Hospital in Hong Kong starts to commence service by phases in 2025. In parallel, we wish to liaise with the

CM sector to formulate a Chinese Medicine Development Blueprint, in which we will conduct a comprehensive review on the long-term strategies and planning for the development of CM services as well.

I would also like to stress that CM outpatient services constitute an integral part of the primary healthcare system, and private service providers in Hong Kong play a significant role in delivering primary healthcare services. Contributing the majority of resources in the CM sector, the private sector has recorded around 10 million attendance for CM outpatient services per year. Currently, apart from providing subsidies for CMCTR services, the Government also offers Elderly Health Care Vouchers for elderly persons aged 65 or above to pay for private primary healthcare services rendered by CMPs. In 2022, the amount claimed for CM services was about \$850 million, with around 1.65 million transactions of voucher claims. We will continue to develop various primary healthcare services (including CM services) in accordance with the Primary Healthcare Blueprint, thereby optimizing the use of resources in both the public and private CM sectors. Thank you, President.

Note: From 1 to 15 October 2023.

#### Annex 1

Total number of attendances (Note) at CMCTRs from January to September 2023

<b>District</b>	<b>Number of attendances from January to September 2023</b>
Central and Western	72 369
Tsuen Wan	83 783
Tai Po	77 636
Wan Chai	69 950
Sai Kung	67 353
Yuen Long	72 036
Tuen Mun	59 718
Kwun Tong	68 893
Kwai Tsing	62 009
Eastern	87 575
North	88 786

<b>District</b>	<b>Number of attendances from January to September 2023</b>
Wong Tai Sin	55 659
Sha Tin	80 865
Sham Shui Po	61 351
Southern	75 827
Kowloon City	67 758
Yau Tsim Mong	65 442
Islands	69 390
<b>Total</b>	<b>1 286 400</b>

Note: Including attendances of government-subsidized services, non-subsidized services, COVID-19 rehabilitation and treatment services specially enhanced due to the epidemic, the Integrated Chinese-Western Medicine Pilot Programme and the Civil Service Chinese Medicine Clinics service.

## Annex 2

Number of CMPs (Note) of various ranks in CMCTRs as at 31 December 2022

<b>District</b>	<b>Number of CMPs as at 31 December 2022</b>
Central and Western	30
Tsuen Wan	26
Tai Po	30
Wan Chai	22
Sai Kung	18
Yuen Long	20
Tuen Mun	25
Kwun Tong	24
Kwai Tsing	19
Eastern	29
North	22
Wong Tai Sin	20
Sha Tin	23
Sham Shui Po	21
Southern	29
Kowloon City	21

District	Number of CMPs as at 31 December 2022
Yau Tsim Mong	19
Islands	21
<b>Total</b>	<b>419</b>

Note: The figures, indicating the number of CMPs employed by NGOs operating CMCTRs, are provided by the relevant NGOs.

**PROF CHAN WING-KWONG** (in Cantonese): *Thank you, President, and I also thank the Secretary for her reply. I am very glad to hear from the Secretary that CM services in Hong Kong will be enhanced through, among others, reprovisioning of some CMCTRs. However, from the Government's reply, we learned that the total number of attendances at CMCTRs in the 18 districts from January to September exceeded 1.28 million. A rough calculation shows that the total number of attendances at each CMCTR is about 300 to 350 per day, but compared to a subsidized quota of only 130 to 160 per day at each CMCTR, the supply obviously falls short of the demand.*

*In this connection, may I ask the Secretary whether more CMCTRs will be set up in the 18 districts and consideration be actively given to setting up CM departments in public hospitals to provide CM services, in order to better respond to the keen public demand for CM services and at the same time demonstrate the Government's commitment to CM development? Thank you.*

**SECRETARY FOR HEALTH** (in Cantonese): President, I thank Prof CHAN for his supplementary question. Prof CHAN has raised two questions. The first is whether this subsidized service will be expanded. In fact, 18 CMCTRs have already commenced operation since 2014, and subsidized services have been provided only since 2020. This year, the quota of government-subsidized outpatient services has increased from 600 000 to 800 000, accounting actually for 60% of the service quotas at all CMCTRs.

In order to attract some NGOs to continuously operate CMCTRs and at the same time allow the public to choose non-subsidized services and make their own choices of CMPs, as well as allow people aged over 65 to use their Elderly Health Care Vouchers for these non-subsidized services, we must reserve some quotas for non-subsidized services.

As I have just said, despite our hope to expand the services of CMCTRs, the space available is limited. So, we hope that through the reprovisioning of CMCTRs, more space will be provided and their service capacities can hence be enhanced. Having said that, let us not forget that CMCTRs concurrently play two significant roles that are most conducive to the overall CM development, namely, training and scientific research. Therefore, the Government will have to take into account the development of education and scientific research when considering the provision of subsidies and space for CMCTRs.

Apart from enhancing the capacities of subsidized services at CMCTRs, we also need to look into other options in the long term. Should we simply rely on CMCTRs to increase the service capacities? For instance, when the Chinese Medicine Hospital commences services in 2025, is it possible to increase the provision of subsidized services in that hospital? So, we very much look forward to having more in-depth and detailed discussions in the Chinese Medicine Development Blueprint.

In addition, there are about 10 000 registered CMPs in Hong Kong. Most of them are in private practice, with only around some 400 CMPs being employed at CMCTRs. As in the case of primary healthcare services, we should focus on making good use of these CMPs practising in the private sector. We look forward to further exploring in the Chinese Medicine Development Blueprint how we can utilize and engage private CMPs in this service. Thank you, President.

**MR CHAN HAN-PAN** (in Cantonese): *Thank you, President. CMCTRs are, in fact, venues for nurturing talents because they provide education and research in parallel with consultation services. So, for the many CMPs who can join CMCTRs after graduation, they are actually a very good place for them to practise and learn from everyday medical consultations.*

*According to the Government's main reply, the service quota has risen from 1 800 daily last year to 2 900 this year, an increase of more than 1 000 attendances. It shows that these CMCTRs are very popular, and many members of the public have become more receptive to CM after the pandemic, which is also a good thing.*

*However, these CMCTRs will not be able to conduct researches if they are overwhelmingly busy every day. So, I wish to ask the Government this: Given that there are only 18 CMCTRs now, will the Government, in the light of public demand or according to the rate of increase, consider developing more CMCTRs and*



*increasing their number from 18 to 19, 20 or even 30, in order to increase the consultation quotas at CMCTRs? Thank you.*

**SECRETARY FOR HEALTH** (in Cantonese): President, I thank the Member for his supplementary question. The services of CMCTRs have been popular actually because of two reasons. In addition to subsidized services, they also provide non-subsidized services. Non-subsidized services cost around \$130 to \$300 per visit and this is why they are well received by the public, and we also found that in respect of non-subsidized services, almost half of the patients are over 65 years old.

Therefore, when we consider increasing the service capacities, consideration has to be given to increasing both non-subsidized and subsidized services, and the key lies in the availability of space. Can we identify more places for setting up more CMCTRs? Members who have visited our CMCTRs would have found that these CMCTRs are actually packed and overstuffed. Apart from the consultation rooms, we need to reserve space for CM dispensary, and we also need to upgrade the facilities to cater for the needs of education and scientific research. Therefore, in the long term, we are actively exploring whether there are other places where CMCTRs can be reprovisioned, so that there can be more space to enhance service capacities. So, this is in our plan.

Another key point is whether the quota of subsidized CM outpatient services can be increased after the commissioning of the Chinese Medicine Hospital in 2025. This is also among the issues that we are exploring. We hope that a timetable for implementation can be drawn up in the Chinese Medicine Development Blueprint to show us what steps should be taken to this end.

**MS CHAN HOI-YAN** (in Cantonese): *Thank you, President. First of all, these CMCTRs operating under a tripartite collaboration model are indeed well received, providing services that are reasonably charged and of very good quality. So, I am very grateful to the CMPs and the relevant personnel working there. But much to our regret, the arrangement made by HA regarding the quotas has been most undesirable and unsatisfactory. In the main reply, the Secretary pointed out that these CMCTRs would flexibly adjust the allocation of their daily service quotas according to clinic operation and manpower arrangement in respective districts. The fact is that the quota available for a day is released only on that day, and not even the staff know anything about it.*

*I very much hope that the Government and HA can be empathetic towards the patients in the districts. They already do not mind queuing up. Their humble request is merely to be told how many quotas there are and which CMCTR they can go in other districts to seek medical consultation, so that they can know their options. But there is no way for them to find out any of this. Online appointments are unavailable, and when they try to make an appointment by phone, the telephone recordings are always full. When they go to these CMCTRs in person, they are told that there is no more slot available, thus leaving them in a state of utter helplessness.*

*Therefore, my question is: Can the Government urge HA to allocate those additional 200 000 service quotas according to the demand in the districts, and make prior announcements of the quotas available on a daily or even monthly basis, so that the elderly will know where they should go to seek medical consultation? Thank you.*

**SECRETARY FOR HEALTH** (in Cantonese): Thank you, Ms CHAN. In fact, CM outpatient services are currently provided by appointments only, and patients cannot go to CMCTRs to seek medical consultations without appointment. There are two ways to make an appointment for outpatient services, namely, by phone or by using mobile application. Actually, we strongly recommend the public to use this mobile application because from this mobile application they can find out which of these CMCTRs in the 18 districts still have quotas, and new quotas are also made available daily for booking, similar to the arrangement at general outpatient clinics. All the information are clearly provided.

With her considerable influences in the districts, Ms CHAN can teach the public to use the mobile application and this will make it easier for them to find out where the quotas are available. As to whether there is room for improvement to enable the public to make an appointment more easily, we will reflect this to HA for it to look into whether there can be ways to improve the booking system.

At present, one less desirable aspect is that the 18 CMCTRs are actually operated by different NGOs in the 18 districts and so, there is not a centralized telephone number, and the public have to memorize the telephone numbers of the clinics in order to call them for an appointment. We will study whether some coordination or adjustment can be made in this regard, so as to make the service more convenient and user-friendly. Thank you, President.

**DR KENNEDY WONG** (in Cantonese): *President, from the Government's reply we learned that there is a huge demand for CMCTRs in the 18 districts. So, it is not that easy to make an appointment for medical consultation, and the supply of quotas falls short of the demand.*

*My supplementary question is this: There are now some innovative technologies and for example, I learned from The Hong Kong University of Science and Technology that teleconsultation can be provided with the use of some apps and through these innovative technologies, doctors can obtain patients' information such as body temperature, blood pressure, blood glucose, and so on. If the CM sector considers this viable, can the Government introduce teleconsultation services at these CMCTRs to ameliorate the shortfall in the quotas?*

**SECRETARY FOR HEALTH** (in Cantonese): I thank the Member for his supplementary question. The question raised by the Member is about teleconsultation or telemedicine services. I am not a CMP myself but I believe that before making a diagnosis, CMPs have their own protocols to perform, such as “inspection, listening and smelling, inquiry and palpation”. Can innovative technologies really replace pulse-reading by a medical practitioner? Because what Western medical practitioners will do is different. When Western medical practitioners read a patient's pulse, they will check the speed of the patient's pulse to see whether it is regular or in other words, whether it presents a pattern. But do CMPs need to make more considerations when reading a patient's pulse? I think it is necessary to discuss with the CM sector and see if these technologies or new software can serve the purpose. We will consider it.

However, during the outbreak of the novel coronavirus epidemic, we did provide CM teleconsultation services. But it was an extraordinary time back then and now, as we are not experiencing an epidemic, is face-to-face consultation better for CMPs in diagnosis, and is it better for the safety of patients? I believe we should discuss this with the sector. Yet, this still points to a general direction on the viability of applying innovative technology to enhance the overall healthcare services, and I think studies are warranted in various respects. Thank you.

**MR BENSON LUK** (in Cantonese): *Thank you, President. This oral question actually reflects that the CM system and even the entire healthcare system are facing a heavy burden. The measures mentioned by the Secretary in the main reply can slightly alleviate the current situation of patients finding it hard to get an appointment in the CM system, but they cannot tackle the problem thoroughly.*

*CM often stresses the concept of “treating the disease before its onset”, and Western medicine also advocates the adage “prevention is better than cure”. Hong Kong now faces another potential healthcare risk, i.e. bedbug problem in Korea. Bedbug infestation is sweeping all parts of Korea, and there are frequent exchanges between Hong Kong and Korea. From the perspectives of “prevention is better than cure” and “treating the disease before its onset”, and in order not to add to the heavy burden of our healthcare system, may I ask the Secretary what precautionary measures will be taken by the SAR Government to address the problem of bedbugs in Korea? Thank you, President.*

**PRESIDENT** (in Cantonese): Mr Benson LUK, your supplementary question differs from the theme of the main reply.

Secretary, can you give a brief reply?

**SECRETARY FOR HEALTH** (in Cantonese): Sure, President. Let me try to answer Mr LUK’s question on bedbugs. In fact, my colleagues in the Department of Health have already raised the issue of possible bedbug invasion in Hong Kong with immigration-related authorities, such as the Airport Authority, in the hope that there can be more public announcements and preventive measures. Other relevant government departments will also handle this matter carefully.

In fact, from a medical point of view, bedbugs do not cause serious disease as far as the general physical health is concerned—I mean health, not hygiene—and we need to address the problem on the hygiene perspective. I trust that the relevant government departments will make announcements on the prevention and handling of bedbugs later, and Mr LUK can pay attention to them.

**PRESIDENT** (in Cantonese): Fourth question.

**Management of Tenants Purchase Scheme estates**

4. **DR NGAN MAN-YU** (in Cantonese): *President, it has been reported that while the Subsidised Housing Committee of the Hong Kong Housing Authority endorsed in May this year the implementation of enhanced measures for the Marking Scheme for Estate Management Enforcement (“the Marking Scheme”), the misdeed items applicable to public rental housing flats in Tenants Purchase Scheme (“TPS”) estates continue to remain at 14, and the misdeeds under the Marking Scheme are still not applicable to the public areas of such estates, resulting in the management of such estates failing to improve with the implementation of the enhanced measures. In this connection, will the Government inform this Council:*

- (1) of the situation of the tenants of TPS estates being allotted penalty points in each of the past five years (with a tabulated breakdown by District Council district and misdeed); among such cases, the respective numbers of those in which the tenancies of the tenants concerned were terminated and their flats were recovered due to the allotment of 16 penalty points or more to them;*
- (2) whether it knows the number of complaints received by the authorities (including the Owners’ Corporations (“OCs”) of TPS estates) about the hygiene and noise in public areas of TPS estates in each of the past five years, as well as the details and the follow-up situations of those complaints; and*
- (3) whether it will launch targeted actions in respect of the management of TPS estates, such as enhancing the Marking Scheme, and coordinating or taking joint actions with OCs; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR HOUSING** (in Cantonese): *President, in Tenants Purchase Scheme (“TPS”) estates, more than 80% of flats have been sold and become private properties. The general estate management is no different from that of private properties, which is undertaken by their respective Owners’ Corporations (“OCs”) by virtue of the powers granted under the Building Management Ordinance (Cap. 344) and the Deed of Mutual Covenant (“DMC”).*

As regards the public rental housing (“PRH”) flats in TPS estates, the tenants are currently subject to 14 misdeed items under the “Marking Scheme for Estate Management Enforcement” (“the Marking Scheme”) of the Hong Kong Housing Authority (“HA”). In support of the Government’s measures to tackle territory-wide environmental hygiene issues, HA approved in May 2023 the implementation of enhanced measures of the Marking Scheme. Among the enhanced measures, three are applicable in TPS estates, including “causing noise nuisance”, of which the penalty points will be increased from five to seven, and “using leased premises for illegal purpose” and “damaging down/sewage pipes causing leakage to the flat below”, of both the penalty points will be increased from 7 to 15, while the warning system for the latter misdeed will no longer be applicable. When 16 points or above have been allotted to a tenant, HA will also issue a notice-to-quit. The enhanced measures will take effect from mid-December 2023.

Regarding the common areas of TPS estates, if a resident commits misdeed such as damaging environmental hygiene or creating nuisance, irrespective of whether he/she is an owner or a tenant, the property management company (“PMC”) appointed by OC can take action to regulate the misdeed in accordance with the provisions of DMC. If OC or PMC refers any case involving PRH tenants committing misdeed in the common areas to the Housing Department (“HD”), HD will take follow-up action, including conducting investigation, carrying out joint operation with PMC or other departments, and taking tenancy enforcement action, such as issuance of warning letters, against the offending tenant. For serious cases, the tenancy will be terminated to recover the PRH flat.

My consolidated reply to the questions raised by Dr NGAN Man-yu is as follows:

At present, there are about 30 000 PRH households in the 39 TPS estates. In the past five years (2018 to 2022), the number of points allotment cases under the Marking Scheme in TPS estates per year by 18 districts is set out in the Annex. The misdeeds mainly include not allowing HA staff or its authorized persons to enter the premises for inspection and carrying out works, keeping animal inside the premises, accumulating a large quantity of refuse inside the premises creating hygienic nuisance. Among the cases, there was one case where the tenancy was terminated and the PRH flat was recovered after seven penalty points were allotted thrice due to accumulating a large quantity of refuse inside the premises.

In the past five years, HA received about 800 complaints and enquiries relating to hygienic and noise nuisances in the common areas of TPS estates. HD had relayed these cases to the respective OCs and PMCs and requested them to follow up. Upon receiving reports from OC or PMC on misdeeds committed by PRH tenants in the common areas of TPS estate, HD will interview the tenant concerned and ask him/her to rectify. Written warning will be issued to uncooperative tenants. For serious cases, HD may consider terminating the tenancy concerned. The HD staff will also discuss with PMCs or other government departments on whether to conduct joint operations, for example, to investigate noise nuisance, water dripping from air conditioners, and throwing objects from heights. For individual tenants with special circumstances, such as having the need for medical or counselling services, upon obtaining their consent, HD will refer their cases to relevant government departments or social welfare organizations with a view to providing appropriate assistance and counselling to them. HA does not have information on complaints relating to the common areas received by OCs direct.

HA has all along been actively participating in and supporting the estate management work of TPS estates. Through participating in the management committee, the HD staff will proactively tender advice and information on property management, share HA's management experience in particular on matters relating to building safety, public facilities, environmental hygiene and good management practices. HA will seriously implement tenancy management policies and stop misdeeds through tenancy management and the Marking Scheme.

HA will promote the enhanced measures of the Marking Scheme to the tenants through different channels, explain the salient points of the enhanced measures to OCs and PMCs, communicate proactively with OCs to maintain close cooperation, and conduct joint operation against the misdeeds of PRH tenants.

Regarding Member's suggestion of incorporating the misdeeds committed by PRH tenants in the common areas of TPS estates into the Marking Scheme, HA will seriously consider the proposal and will communicate with OCs and PMCs to study the details, targeting to formulate specific recommendations to HA's Subsidised Housing Committee in the second quarter of 2024. Thank you, President.

## Annex

## Point Allotment Situation in TPS Estates from 2018 to 2022

## 2018

District Council District		Misdeed Items <sup>#</sup>	Number of Cases
Kowloon	Sham Shui Po	B3	1
		C11	3
New Territories	Sha Tin	B3	2
	Tuen Mun	C5	2
		<b>Total</b>	<b>8</b>

## 2019

District Council District		Misdeed Items <sup>#</sup>	Number of Cases
Kowloon	Wong Tai Sin	B3	1
		C12	1
	Sham Shui Po	B3	1
New Territories	Tuen Mun	C5	1
		C11	3
		<b>Total</b>	<b>7</b>

## 2020

District Council District		Misdeed Items <sup>#</sup>	Number of Cases
Kowloon	Wong Tai Sin	B3	2
		C5	1
		C8	1
	Sham Shui Po	B3	2
New Territories	Kwai Tsing	D1	1
	Sha Tin	C5	3
	Tai Po	B3	1
	Tuen Mun	C1	1
		<b>Total</b>	<b>12</b>

## 2021

District Council District		Misdeed Items <sup>#</sup>	Number of Cases
Kowloon	Wong Tai Sin	C5	1
New Territories	Sai Kung	C11	1
	Sha Tin	C11	1
		C12	1
	Tai Po	C5	1



District Council District		Misdeed Items <sup>#</sup>	Number of Cases
	Tuen Mun	B3	1
		C1	2
	Yuen Long	C5	1
		<b>Total</b>	<b>9</b>

**2022**

District Council District		Misdeed Items <sup>#</sup>	Number of Cases
Hong Kong Islands	Southern	B3	2
Kowloon	Wong Tai Sin	C5	2
		C12	1
		C5	1
New Territories	Sha Tin	B3	1
	Tai Po	C5	2
	Tuen Mun	C1	1
		C11	1
		Total	11

# Only the misdeed items for which tenants in TPS estates have been allotted points are provided. For the 14 items of misdeed applicable to the PRH flats in TPS estates, please refer to the attachment.

**Attachment**

List of 14 Misdeeds under the Marking Scheme applicable to the PRH flats in TPS estates<sup>#</sup>

**Category A (3 penalty points)**

A2*	Hanging floor mop outside the window or balcony
A3*	Putting dripping object at window, balcony or façade
A4*	Dripping oil from exhaust fan

**Category B (5 penalty points)**

B3	Keeping animal, bird or livestock inside leased premises without prior written consent of the Landlord
B9*	Causing mosquito breeding by accumulating stagnant water
B11*	Causing noise nuisance

**Category C (7 penalty points)**

- C1 Throwing objects from height that jeopardize environmental hygiene
- C5\* Not allowing Housing Authority (“HA”) or persons authorized by HA to inspect or carry out inside the leased premises or at any area pertaining to the leased premises (including but not limited to the exterior wall, corridor wall, ventilation window, metal gate) works for which HA is responsible or for compliance with statutory requirements or for implementation of HA’s repair, maintenance or enhancement programme covering the building of which the leased premises form part
- C6\* Refusing repair of leaking pipes or sanitary fittings responsible by the tenant
- C7\* Damaging down/ sewage pipes causing leakage to the flat below
- C8 Using leased premises as food factory or storage
- C11\* Accumulating a large quantity of refuse or waste inside leased premises, creating offensive smell and hygienic nuisance
- C12 Using leased premises for illegal purpose

**Category D (15 penalty points)**

- D1 Throwing objects from height that may cause danger or personal injury

\* *A warning system is in place for these misdeeds. Penalty points will only be allotted if the offender ignores one written warning and repeats the same misdeed for the second time and onwards.*

# *HA will implement enhanced measures starting from mid-December 2023. Among the measures, “refusing repair of leaking pipes or sanitary fittings responsible by the tenant” will be amended to “failure to repair pipes or sanitary fittings for which the tenant is responsible or to rectify unauthorized alterations as demanded by HA”; penalty points of “causing noise nuisance” will be increased from five to seven; penalty points of both “using leased premise for illegal purpose” and “damaging down/sewage pipes causing leakage to the flat below” will be increased from 7 to 15, and the warning system for “damaging down/sewage pipes causing leakage to the flat below” will no longer be applicable.*

**DR NGAN MAN-YU** (in Cantonese): *Thank you, President. I thank the Housing Bureau for proposing specific recommendations to incorporate the misdeeds committed by tenants in the common areas of TPS estates into the Marking Scheme in the second quarter of 2024. However, I would like to ask the Secretary a question. We received many complaints about misdeeds in the past, including noise nuisance, water dripping from air conditioners, throwing objects from*

*heights, as well as feeding animals, placing sundry items, urinating, defecating and spitting in public areas. The crux of the problem is that HD's PMC staff were not present at the scene, and we could only rely on PMC staff appointed by OCs to handle these complaints at the scene. In view of this, how can HD's PMCs enforce the rules under the Marking Scheme in TPS estates in the future? Thank you, President.*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President. I also thank Dr NGAN for the supplementary question. TPS estates are no different from private estates. Among the households of these estates, about 13% are still PRH tenants. In other words, 87% of the units are self-owned properties. **(Appendix 1)** Therefore, HD needs to maintain close communication with PMCs. If any misdeeds are identified, or tenants are found to have caused noise nuisance or accumulated a large quantity of refuse inside their premises, PMCs will notify the HD staff. Our colleagues will then communicate with the tenants involved, explain the situation to them, advise them to make improvements, and issue warning letters if necessary. According to our colleagues, in most cases, through communication and advice, they are able to make tenants improve and rectify their behaviour. In cases of repeated non-compliance, we will allot penalty points under the Marking Scheme.

In fact, there have been precedents in the past. A tenant had accumulated excessive refuse in his unit, causing hygiene problems. As a result, he was allotted seven penalty points each time under our past marking scheme. After the tenant had been allotted a total of 21 penalty points for three consecutive occasions, he was required to vacate the premises, and we also issued a notice-to-quit to him. Thank you, President.

**MS DOREEN KONG** (in Cantonese): *Thank you, President. The Marking Scheme is actually just a means for HA to regulate and restrain its tenants, and tenants will only be required to move out if they have been allotted 16 penalty points or more. All TPS estates are governed by DMCs. I would like to ask about the relationship between the Marking Scheme and DMCs. For example, if a tenant commits a serious misdeed set out in DMC, such as causing severe environmental hygienic nuisance with their premises infested with rats and pests, will HA immediately require the tenant to move out despite the fact that he has not been allotted the necessary penalty points? Thank you.*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President, and thank you, Ms KONG. The Marking Scheme applies to the tenants of HA's premises. As I said just now, at present, 13%, that is, about 30 000 flats, are still occupied by PRH tenants. **(Appendix 2)** Owners of other TPS flats who commit misdeeds prescribed under DMC can be dealt with according to the terms of DMC. Therefore, the Marking Scheme and DMCs complement one another, and we will maintain communication with OCs.

In fact, there are also provisions in our tenancy agreements to regulate relevant misdeeds. Although we have not invoked the provisions of the tenancy agreement to require tenants of TPS estates to move out, in the estates under our management, for example, if a tenant engages in indecent or disorderly conduct in the corridors, we will enforce the tenancy terms to require the tenant concerned to move out. Therefore, similarly, in addition to the Marking Scheme, we can also enforce the tenancy terms to address misdeeds committed by PRH tenants in TPS estates. Thank you, President.

**MR DOMINIC LEE** (in Cantonese): *Thank you, President. In fact, although the Marking Scheme is already in place in PRH estates, its enforcement is not very satisfactory. As the Secretary mentioned just now, in most cases, the Marking Scheme will only be enforced after repeated advice has been given and disregarded. Insofar as TPS estates are concerned, the biggest problem is that the management of public areas is undertaken by private PMCs. For this reason, compared with ordinary PRH estates, the enforcement of the Marking Scheme relies even more on giving advice in the first place. Even if the Marking Scheme is well-established, it is useless if it is not enforced. With this in mind, will the authorities consider strengthening the enforcement of the Marking Scheme in the future?*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President, and thank you, Mr LEE. I believe that the enforcement situation mentioned by Mr LEE probably refers to misdeeds that we can often see in public areas, such as smoking, causing noise nuisance, littering, and fouling public places by pets kept by tenants, all of which take place in public areas. As regards the Marking Scheme currently in place, it covers 28 misdeed items that are applicable to PRH estates under HA, whereas in the case of TPS estates, it mainly deals with certain behaviours of tenants inside their flats, and 14 misdeed items are applicable.

However, as I mentioned in the main reply, we will actively explore extending the application of the other 14 items of misdeed involving public areas to cover PRH tenants residing in TPS estates. In other words, if tenants are found to have committed misdeeds such as littering, causing noise nuisance and smoking in the public areas of TPS estates in the future, we will similarly enforce the Marking Scheme, and we will adopt the enhanced measures of the Marking Scheme. I hope this can serve as a more effective deterrent and ensure that tenants who continue to live in the TPS estates under HA are properly behaved, so that all residents can live and work in peace and contentment, and certain misdeeds can be duly dealt with so as to reduce the nuisances caused to other residents. Thank you, President.

**MR YIM KONG** (in Cantonese): *Thank you, President. Apart from the Marking Scheme, may I ask if the Government will mobilize more local communities, such as the District Services and Community Care Teams (“Care Teams”), to provide volunteer services for estates with poor hygiene conditions and environment? Thank you.*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President, and thank you, Mr YIM. As we all know, Care Teams have been set up, and different estates will maintain close communication with their respective Care Teams. We certainly welcome it if Care Teams can provide assistance. In addition, whether it be PRH estates under HA or TPS estates, we will ensure effective coordination and liaison. In my opinion, the whole issue relies mainly on the collaboration among HD colleagues, PMCs and organizations like Care Teams which are dedicated to helping residents live and work in peace and contentment. We also welcome the joint efforts of all parties in ensuring proper management of environmental hygiene. Thank you.

**MR TONY TSE** (in Cantonese): *Thank you, President. As the Secretary mentioned in the main reply, written warning would first be issued against misdeeds in most cases; but for some serious cases, penalty points would be allotted directly without any warning.*

*From an annex to a document recently submitted by the Government, I have noticed that the number of warnings issued against misdeeds involving noise nuisance and the number of points allotment cases in 2021 were 9 and 17*

*respectively, while the two figures for 2022 were both nine. In this connection, I would like to ask the Secretary whether a review will be conducted in a timely manner to examine which misdeeds should be excluded from the warning system. It is because the figures for 2022 suggest that the number of warnings issued is the same as the number of points allotment cases. Does this actually mean that warnings are ineffective as offenders will commit misdeeds anyway? Thank you, President.*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President, and thank you, Mr TSE. Under our current proposal, we will first increase the penalty points for some misdeeds. For example, the penalty points of using leased premises for illegal purpose and damaging pipes causing an impact to others will be increased from 7 to 15. Furthermore, in cases where damaged sewage pipes cause leakage to the flat below, the warning system will no longer be applicable. We will examine and determine which nuisances may cause severe hygiene issues or serious disturbances to others, and consider not applying the warning system to such misdeeds.

However, some behaviours, such as causing noise nuisance, may only be a momentary mistake, so we hope to issue a warning first. At the same time, frontline staff have also found that communication or warnings can achieve a certain effect. We will keep the situation in view to see which types of behaviours constitute a serious nuisance that warrant the disapplication of the warning system and direct allotment of penalty points. Thank you, President.

**MR DENNIS LEUNG** (in Cantonese): *Thank you, President. First of all, I have to declare that I am a resident of a TPS estate, and also a member of the Subsidised Housing Committee. PRH tenants currently living in TPS estates need to go to the nearby HD office to pay rent. Other than that, generally speaking, Housing Managers (“HMs”) or Housing Officers (“HOs”) in charge of tenancy matters of TPS estates rarely inspect the estates or jointly perform management work with the PMCs concerned. I would like to ask the Secretary whether there is a mechanism under which HMs and HOs are required to visit these estates on a regular monthly basis to communicate or collect more information from PMCs. Thank you, President.*

**SECRETARY FOR HOUSING** (in Cantonese): Thank you, President, and I thank Mr LEUNG for providing his views and feedback on the relevant situation. Regarding estate management, HMs will definitely attend OC meetings, if such meetings are held. As for the frequency of day-to-day inspections and communication, I believe flexibility should be exercised depending on the circumstances of different estates. Nevertheless, I have taken note of Mr LEUNG's views and will discuss with my colleagues to explore ways of improving communication between HD staff and PMCs. Thank you.

**PRESIDENT** (in Cantonese): Fifth question.

### **Purchase of premises for provision of welfare facilities**

5. **MR JIMMY NG** (in Cantonese): *President, in the 2019-2020 Budget, the Government announced that \$20 billion would be allocated for the purchase of 60 properties for accommodating more than 130 welfare facilities. The relevant funding was approved by the Finance Committee of this Council in June 2020. However, it has been reported that notwithstanding the plummeting prices of industrial and commercial properties during the epidemic, the Government had only made sporadic purchases. In this connection, will the Government inform this Council:*

- (1) of the details of the premises purchased by the Government under the aforesaid initiative in the past three years, including the location and purchase price of the premises, as well as the welfare facilities to be accommodated;*
- (2) whether the authorities have encountered any difficulties in the process of extending an open invitation under the aforesaid initiative for the submission of sale proposals by owners with potentially suitable premises; and*
- (3) whether it will set key performance indicators for implementing the aforesaid initiative; if so, of the details and timetable; if not, the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the Government has all along been adopting a multi-pronged approach with long, medium and short-term strategies to identify suitable sites or premises for the provision of welfare services to meet their acute demand.

As a long-term strategy, we have reinstated the population-based planning ratios in the Hong Kong Planning Standards and Guidelines (“HKPSG”) in respect of subvented elderly facilities, with a view to reserving necessary sites and space for these facilities early in the planning process of new and redeveloped areas. Similarly, we have incorporated the population-based planning ratio for the provision of subvented child care centre places into HKPSG to facilitate the planning and reservation of suitable premises for the provision of child care facilities. We have also incorporated population-based planning ratio for the rehabilitation facilities, including pre-school rehabilitation, day rehabilitation, residential care and community support services, with a view to reserving suitable premises for setting up relevant rehabilitation facilities.

As regards the medium-term strategy, the Social Welfare Department (“SWD”) has been maintaining close contact with relevant government departments to identify suitable sites in the development or redevelopment of public housing estates and urban renewal projects for providing welfare facilities. The Government also endeavours to increase the provision of welfare facilities as appropriate through the Land Sale Programmes and the Special Scheme on Privately Owned Sites for Welfare Uses. In addition, we will make the best use of available government accommodation including vacant school premises and explore whether they are suitable for conversion into welfare facilities.

In parallel, SWD also takes forward the short-term initiative of purchasing premises in the private property market.

My reply to various parts of the question raised by Mr Jimmy NG is as follows:

- (1) With the assistance of the Government Property Agency (“GPA”), SWD has been striving to identify suitable premises for purchase through different channels for the provision of welfare facilities. To oversee the premises purchase exercise and make decisions on the purchase of premises, the Government has set up a Steering Committee, with the Director of Social Welfare as the Chairman and



the Government Property Administrator as a member, with a view to ensuring that premises are purchased at a reasonable price, and that public funds are used prudently.

As at 31 March 2023, SWD has incurred approximately \$150 million in actual expenditure on “purchase of welfare premises” under the Capital Works Reserve Fund, covering the payment for four premises, which are located in Sham Shui Po District, Central and Western District, Eastern District and Kwun Tong District respectively, for operating a Parents/Relatives Resource Centre and a Support Centre for Persons with Autism, as well as providing on-site pre-school rehabilitation services.

(2) and (3)

GPA is responsible for assisting SWD in publicly inviting owners in 18 districts across the territory who may have potentially suitable premises available for sale to submit their sale proposals for consideration. GPA will forward the received sale proposals to SWD for assessing the suitability of the premises.

The progress of the purchase of premises will be subject to the availability of suitable properties in the market and various external factors, including the availability of suitable fire safety and barrier-free access facilities in the premises, whether their size and location meet the operational requirements, the compatibility of the surrounding land uses with welfare uses, and whether the prices offered by owners are within the acceptable price ranges determined by GPA with reference to market value. In this regard, we consider it not appropriate to set a performance indicator for the purchase exercise.

SWD and GPA are at present continuing to identify suitable premises for purchase, and have already earmarked a provision of \$789 million for the relevant work in 2023-2024.

**MR JIMMY NG** (in Cantonese): *Thank you, President. The Secretary has just mentioned in his main reply that out of the \$20 billion allocated, only \$100 million or so has been used so far. The current procedure for SWD to purchase premises*

*is quite complex, as it must first seek the approval of the two sub-committees and then identify suitable properties for assessment and valuation before negotiating with the owners for the purchase of the properties. The time required may be lengthened because of the need to go through the two sub-committees, resulting in the welfare facilities being unable to commence operation as soon as possible. I wonder if the Government will shorten the time required for the whole purchasing process in order to alleviate the current shortage of welfare facilities. I hope the Secretary can tell us how long the purchasing procedure takes under normal circumstances. Will the Government consider streamlining the purchasing procedure so that welfare facilities can become operational more quickly? If so, what are the details and timetable; if not, what are the reasons?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): I thank Mr NG for his supplementary question. There are two sub-committees under the Steering Committee that we have set up, both of which aim to: first, ensure proper use of public funds; and second, examine the sale proposals received to see if they meet the relevant requirements. Based on our experience, it is difficult to say exactly how long it will take to handle each property. Members should understand that there are often many details involved in the negotiation process and the requirements for purchase of premises for the provision of welfare facilities are indeed extensive. For example, when purchasing premises for the provision of standalone child care centres, firstly, the height of the premises must not exceed 12 m above ground level; secondly, the land use in the vicinity of the premises must not conflict with the child care use, and it will be inappropriate if there are places of entertainment such as massage parlours nearby. There are quite a lot of restrictions. Many premises which meet the height requirement are old buildings. However, the fire safety and barrier-free access facilities of quite old buildings do not meet our requirements. Therefore, we have to conduct a lot of negotiations throughout the process. We all hope to make the best use of the \$20 billion, especially as I understand that the property market seems to be relatively quiet at present. If there is more room, we will make every effort to purchase as many premises as possible. Thank you, President.

**MR STANLEY LI** (in Cantonese): *Thank you, President. Indeed, there is an acute demand for welfare facilities in society, and that is why the Government has proposed an allocation of \$20 billion in the 2019-2020 Budget for the purchase of the relevant properties. Members of the public are eagerly awaiting and hoping that the authorities can speed up the purchase of premises. As the Secretary has*

*just replied, the approval of the relevant sub-committees has to be sought, and in terms of site selection, there are certain requirements for premises to be used for the provision of welfare facilities. However, I am more concerned about whether more options can be added to the list for consideration so that the authorities can have more choices. I am worried that the relevant list may have been compiled two or three years ago and now, after the epidemic, there may be more suitable units available for sale in the market. Is it possible to expand the list so that the authorities can have more choices and the entire procedure can be compressed? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr Stanley LI for his supplementary question. We share the view of Honourable Members. If there is a suitable property and the price is within our range, we certainly hope that we can negotiate for the purchase as soon as possible and then convert the property into a welfare facility.

As far as the list is concerned, we have kept in touch with the market. So, if there are suitable properties, we will know about them, and we will go through the procedures in the hope of making a successful purchase as soon as possible. As Members can see, our estimated expenditure for this year is much higher than the \$150 million mentioned earlier. We hope that we can make the best use of this sum of money to purchase properties for the provision of welfare facilities while ensuring the proper use of public funds.

**MR BENSON LUK** (in Cantonese): *Thank you, President. President, in the Bureau's main reply, we can see that there are long-term and medium-term strategies, and I believe that using public funds to purchase properties for the provision of welfare facilities is a short-term strategy, which aims to provide more premises for the use of the welfare sector within a certain period of time. However, we have noted that in the span of four years from 2019 to date, only \$150 million has been spent and four properties have been purchased as against the original plan of using \$20 billion to purchase 60 properties. It seems that this strategy of using public funds to purchase premises for use by the welfare sector is not very much in line with the needs of the welfare sector. Would the Secretary consider setting a timeline, so that if, at a certain point in time, the \$20 billion has not been fully utilized, the remaining funds will be ploughed back into the welfare sector for other uses? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I am grateful to Mr Benson LUK. In using the \$20 billion funding, we are guided by the principle of pragmatism, and we hope to do our best to identify suitable premises for the provision of necessary welfare facilities. The \$20 billion was approved by the Finance Committee and there are very clear restrictions that it must be used for the purchase of properties for social welfare purposes. Any deviation from the intended use would violate the funding restrictions. Therefore, in using the \$20 billion, we have to adhere to the use of funding approved by the Finance Committee at the time, and the use of funding is very clear, which is that it can only be used to purchase premises for welfare purposes. Thank you, President.

**MS DOREEN KONG** (in Cantonese): *Thank you, President. President, I have noticed that the website of the Labour and Welfare Bureau contains a very detailed list of potential welfare premises in the 18 districts. As far as I can see, there are actually quite a large number of such premises and the requirements are not too stringent. However, I find it a little puzzling that only \$150 million out of the \$20 billion funding has been used so far. May I ask the Secretary whether this is because the Secretary has been “saving money” and “making low bids”, or there is a disconnect between the actual operation of the programme and the original intention of the programme? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): I am grateful to Ms KONG. In fact, we are very transparent. We have set out on our website and in the submissions to the Legislative Council the premises that we hope to purchase. Members can see that various types of facilities are involved, including child care centres, day care centres for the elderly, rehabilitation facilities, and so on. We have not ceased our efforts, and we have all along hoped to find suitable premises in the market as far as possible to meet the development needs of the welfare sector. I do not think that we have been “making low bids”. As long as the prices are within the price range determined by GPA with reference to market value, we are willing to negotiate and make the purchase.

However, according to the experience of our colleagues in purchasing premises in the past, there are a lot of restrictions on each specific premises. As I specifically mentioned in the main reply just now, we have very clear requirements on fire safety and barrier-free access facilities. In our experience, many of the properties put up for sale in the market are located in old districts and

are mainly old buildings. If they are relatively old buildings, they may not meet our current requirements in respect of fire safety and barrier-free access facilities, and the owners concerned may not be willing to invest a large amount of money in converting their properties to meet our requirements.

Therefore, we can see that in actual operation, there seems to be some challenges. However, even though there are challenges, we are still trying to purchase suitable premises as far as possible. We have also made some adjustments. For example, there are certain types of premises that are relatively easier to purchase. As we all know, some centres have what are called sub-bases and the relevant requirements may not be so extensive. So, we can expedite the purchase of these premises.

We will make adjustments on two fronts. On the one hand, we will try our best to reach out to the market and, on the other hand, we will add to the list some welfare facilities which have a better chance to acquire the necessary premises. By doing so, we hope to make the best use of the resources we have already obtained to cope with the demand for social welfare services. Thank you, President.

**MR DENNIS LEUNG** (in Cantonese): *Thank you, President. President, the Secretary mentioned in the main reply that vacant school premises would be put to good use as far as possible. Indeed, there are quite a number of vacant school premises available for use throughout the territory. How many vacant school premises does the Secretary think have been successfully converted into welfare facilities in recent years to provide better services to the public?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I am grateful to Mr Dennis LEUNG. In fact, we are considering not only vacant school premises, but also vacant government premises, as long as they are available for use. I can provide some examples here. Insofar as vacant school premises are concerned, we have converted three vacant school premises located in Sai Kung, Tai Po and Tuen Mun into elderly and rehabilitation service facilities to provide new places to meet the demand in this regard.

Other major projects include the redevelopment of the ex-Kai Nang Sheltered Workshop and Hostel in Kwun Tong and the ex-Siu Lam Hospital in Tuen Mun. At the site of the ex-Siu Lam Hospital in Tuen Mun, for example, a

service complex has been built to provide a significant number of residential and care places for mentally handicapped, physically handicapped and ex-mentally ill persons. Thank you, President.

**DR NGAN MAN-YU** (in Cantonese): *Thank you, President. The Secretary has just said that every effort has been made to identify some premises. May I ask the Secretary whether he will consider using this funding for renting rather than purchasing premises to increase the choice of sites for social welfare organizations so that services can be provided to the people of Hong Kong at an earlier date? Thank you, President.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Dr NGAN for his suggestion. There are clear restrictions on the use of the \$20 billion funding we obtained from the Finance Committee. When we applied for the \$20 billion funding from the Finance Committee, it was clearly stated that the funds could only be used for purchasing premises. Therefore, at this moment in time, we cannot use this \$20 billion for renting premises, and we must continue to abide by the authorization given to us by the Finance Committee at that time to purchase premises for the provision of welfare facilities. Thank you, President.

**MR TONY TSE** (in Cantonese): *Thank you, President. In fact, this programme has been implemented or approved for almost three years. We are all concerned that only a very small portion of the \$20 billion has been used, so we have doubts about the effectiveness of the programme. I note that the Secretary mentioned in the main reply that SWD, with the assistance of GPA, has been striving to identify suitable premises for purchase through various channels. It is important to be proactive, especially when the market is relatively quiet at present. I would like to know whether GPA has, through different channels in the past, proactively and positively provided information on some potentially suitable premises for consideration by SWD. How many such premises are there? Thank you.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr TSE for his supplementary question. I have some information at hand. Over the past three years, SWD has received from GPA a total of about 450 sale proposals indicating market interest; among them, we have purchased 4 properties,

and about 300 properties have been assessed to be unsuitable due to various reasons. Our main considerations are whether there are suitable fire safety and barrier-free access facilities, and whether the land use in the surrounding area is compatible with our welfare use. We all understand that certain businesses should not exist in the vicinity, particularly when it comes to child care centres. That is why the 300 properties basically do not meet the requirements. The owners of about 60 properties subsequently withdrew their sale proposals and decided not to sell them to us. The prices of another eight properties have far exceeded the market value to which we can make reference. The remaining 70 or so properties are still in the process of follow-up and assessment, and among them, 8 are at the final stage while 28 are undergoing on-site assessment and follow-up. As for the remaining properties, they have not yet reached this stage. In fact, we have already categorized the relevant properties as far as possible.

Members may have had the experience of purchasing properties in the market. Actually, we have received a lot of proposals, but not many of them have been considered suitable after screening. Nevertheless, we will actively follow up the matter. If we can identify suitably located premises that appear to have reasonably good fire safety and barrier-free access facilities, we will try our best to negotiate for a purchase within an acceptable price range. We will do our best to get the job done well. Thank you, President.

**PRESIDENT** (in Cantonese): Last question seeking an oral reply.

### **Exploring tourism projects relating to the history of the disciplined services**

6. **MR YIU PAK-LEUNG** (in Cantonese): *President, the 2022 Policy Address proposed to continue to promote characteristic local tourism and encourage the tourism industry to develop tourism products with cultural and heritage elements. There are views that some of the buildings relating to the disciplined services, such as the old Yau Ma Tei Police Station which is listed as a Grade II historic building, are currently “check-in” hotspots for inbound tourists. In this connection, will the Government inform this Council:*

- (1) *of the current number of buildings graded by the Antiquities Advisory Board as historic buildings that are being managed by each disciplined service and, among them, the number of those which are open to the public;*

- (2) *whether it will study, without affecting the normal operation of the old Yau Ma Tei Police Station, allowing a reasonable degree of access to the Police Station for public visits, so as to complement scenic spots such as the Temple Street night market and Tin Hau Temple in Yau Ma Tei and introduce characteristic tourism elements into the district; and*
- (3) *whether it will set up a disciplined services museum to exhibit decommissioned equipment and modes of transport of historical value from various disciplined services, so as to attract tourist visits?*

**SECRETARY FOR SECURITY** (in Cantonese): President, the development of heritage tourism involves different aspects, including policies on tourism, as well as the usage, promotion and revitalization of historic buildings. Having consulted the Culture, Sports and Tourism Bureau, the Development Bureau and other relevant departments, my reply to the three parts of the question raised by the Member is as follows:

- (1) Currently, 32 of the graded historic buildings in Hong Kong are managed by the disciplinary/auxiliary forces under the Security Bureau. Among them, 2 are accorded with Grade 1 status, 16 with Grade 2 status and the remaining 14 with Grade 3 status. The details are set out in Annex.

The Cotton Tree Drive Marriage Registry (on G/F of Rawlinson House of the old Victoria Barracks) managed by the Immigration Department is a Grade 1 historic building. It provides marriage-related services including solemnization of marriages to members of the public. People may visit the premises during the office hours as long as their visits will not affect the provision of public services. Another Grade 1 historic building is the Stanley Mosque under the management of the Correctional Services Department (“CSD”). The Stanley Mosque is located within the restricted area of CSD. For security reasons, the Stanley Mosque mainly caters for the religious needs of the Muslim staff members of CSD. If members of the public wish to use the Stanley Mosque, they may make applications to CSD in advance.



The other historic buildings are mostly used as departmental facilities (such as police stations, fire stations, staff training venues and office premises). Based on operational and security considerations, these historic buildings are in general not opened for public visit. However, group visit appointments would be accepted for some of the historic buildings if such visits do not affect daily operation and provision of emergency services. Besides, our departments will organize open days in these historic buildings on special occasions like department anniversaries to let members of the public know about the historic buildings and have a better understanding of the work of the departments.

Apart from historic buildings currently owned by the disciplinary/auxiliary forces, the disciplinary forces have released buildings or facilities of historic value that are no longer in use to relevant government departments for other uses. Examples include the former Central Police Station and former Victoria Prison (now Tai Kwun), and the former Hollywood Road Police Married Quarters (now PMQ) in Central, as well as the old Tai O Police Station (now Tai O Heritage Hotel).

- (2) The old Yau Ma Tei Police Station is a Grade 2 historic building. The old wing of the building is now used as Police offices and therefore not suitable for public visit. The new wing of the building is now temporarily occupied by the Highways Department as the work site of the Central Kowloon Route.

To celebrate the 25th anniversary of the establishment of the Hong Kong Special Administrative Region and the centenary of the establishment of the old Yau Ma Tei Police Station, the Hong Kong Police Force (“HKPF”) held a four-day “Old Yau Ma Tei Police Station 100th Anniversary Open Days” event in August 2022, showcasing HKPF’s rich history and remarkable achievements. As aforementioned, our disciplinary/auxiliary forces will continue to organize public visits to these historic buildings on special occasions as appropriate.

I understand that the old Yau Ma Tei Police Station is not within the scope of the Temple Street night market initiative.

- (3) Currently, of the six disciplinary forces, five (excluding the Government Flying Service (“GFS”)) have their own departmental museums/exhibition galleries. Among them, the Police Museum and the Hong Kong Correctional Services Museum are open to the general public and tourists. For the Fire and Ambulance Services Education Centre cum Museum, the Customs Headquarters Building Exhibition Gallery, and the Immigration Service Institute of Training and Development’s Training Gallery, individuals (including tourists) or organizations may make visit appointments. Admissions to these museums/exhibition galleries are free of charge.

Our departments have devoted constant efforts to renewing exhibitions and exhibits in their museums and galleries, and curate thematic exhibitions from time to time in order to enhance the attractiveness of the museums and galleries. For instance, the Police Museum, located at the former Wan Chai Gap Police Station, underwent a revitalization project in mid-2020 and reopened to the public on 15 September 2022 with a new look. Through the revitalization, new interactive technologies and interesting elements are added to the Museum to help citizens and tourists better understand the history, development and daily operation of HKPF. The project has served to preserve the historical heritage of the Police in a more effective manner and promote related historical research.

Equipment and vehicles play a vital role in the daily operation of the disciplinary and auxiliary forces. The forces have made every effort to preserve and display their retired equipment and vehicles in order to facilitate public education. For instance, subsequent to the retirement of two Jetstream 41 fixed-wing aircraft in 2016, GFS has made available one of them to the Leisure and Cultural Services Department for exhibition at the Kai Tak Runway Park. Furthermore, the Energizing Kowloon East Office and the Hong Kong Science Museum have undertaken to arrange a long-term public exhibition for the recently retired aircraft of GFS including one Super Puma helicopter, one EC155 helicopter and one fixed-wing aircraft. The long-term exhibition will tentatively commence in 2027.

Besides, the museums and exhibition galleries of the disciplinary forces mentioned above also display an array of retired vehicles and equipment. The forces will continue to explore different means of preserving and displaying retired equipment and vehicles with relevant departments and organizations.

Other than the display of retired vehicles and equipment as exhibits, the disciplinary and auxiliary forces will from time to time showcase their serving vehicles and equipment on occasions like government events (such as parades), departmental open days and other public education activities (such as the Mountaineering Safety Promotion Day). Most of these activities are open to the public and tourists.

President, building on the existing foundation, the Security Bureau, together with the disciplinary and auxiliary forces, will continue to explore how to better utilize our historic buildings, museums, vehicles and equipment, etc. to facilitate understanding of the work of our disciplinary and auxiliary forces among the public and tourists, and to tell the good stories of Hong Kong. Thank you, President.

Annex

#### Graded Historic Buildings Managed by the Disciplinary/Auxiliary Forces

S/N	Department	Building	Grade	Year of Grading	Current Use of the Building
<b>Grade 1 Historic Buildings</b>					
1	Correctional Services Department (“CSD”)	Stanley Mosque, No. 53 Tung Tau Wan Road, Stanley, H.K.	1	2009	Catering for the religious needs of CSD Muslim staff members
2	Immigration Department	Old Victoria Barracks, Rawlinson House, Cotton Tree Drive, Hong Kong Park, Central, H.K.	1	2009	Cotton Tree Drive Marriage Registry

S/N	Department	Building	Grade	Year of Grading	Current Use of the Building
<b>Grade 2 Historic Buildings</b>					
3	Fire Services Department (“FSD”)	Wan Chai Fire Station, No. 435 Hennessy Road, Wan Chai, H.K.	2	2023	FSD operational facility (Wan Chai Fire Station)
4	FSD	Former Peak School, No. 7 Gough Hill Path, The Peak, H.K.	2	2009	FSD operational facility (Victoria Peak Fire Station)
5	Hong Kong Police Force (“HKPF”)	Old Wan Chai Police Station, No. 123 Gloucester Road, Wan Chai, H.K.	2	2009	Police office
6	HKPF	Cheung Chau Police Station, No. 4 Police Station Path, Cheung Chau	2	2009	Police facility (Cheung Chau Police Station)
7	HKPF	Old Kowloon Police Headquarters, No. 142 Prince Edward Road West, Mong Kok, Kowloon	2	2009	Police facility (Mong Kok Police Station)
8	HKPF	Yau Ma Tei Police Station, No. 627 Canton Road, Yau Ma Tei, Kowloon	2	2009	Police office
9	HKPF	Sham Shui Po Police Station, No. 37A Yen Chow Street, Sham Shui Po, Kowloon	2	2009	Police facility (Sham Shui Po Police Station)
10	HKPF	Lok Ma Chau Police Station, No. 100 Lok Ma Chau Road, Lok Ma Chau, Yuen Long, N.T.	2	2009	Police facility (Lok Ma Chau Police Station)
11	HKPF	Old Sheung Shui Police Station, Sheung Shui Heung, Sheung Shui, N.T.	2	2009	Tai Po District Junior Police Call Clubhouse

S/N	Department	Building	Grade	Year of Grading	Current Use of the Building
12	HKPF	MacIntosh Fort (Kong Shan), Kong Shan, Sha Tau Kok, N.T.	2	2009	Police facility
13	HKPF	MacIntosh Fort (Nam Hang), Nam Hang, Sha Tau Kok, N.T.	2	2009	Police facility
14	HKPF	MacIntosh Fort (Nga Yiu), Nga Yiu, Sha Tau Kok, N.T.	2	2009	Police facility
15	HKPF	MacIntosh Fort (Pak Fu Shan), Pak Fu Shan, Sha Tau Kok, N.T.	2	2009	Police facility
16	HKPF	MacIntosh Fort (Pak Kung Au), Pak Kung Au, Sha Tau Kok, N.T.	2	2009	Police facility
17	HKPF	MacIntosh Fort (Ma Tso Lung), Ma Tso Lung, Ta Kwu Ling, N.T.	2	2009	Police facility
18	HKPF	MacIntosh Fort (Pak Hok Chau), Pak Hok Chau, Mai Po, N.T.	2	2009	Police facility
<b>Grade 3 Historic Buildings</b>					
19-24	CSD	Ma Hang Prison, No. 40 Stanley Village Road, Ma Hang, H.K.— - Block A, Dormitory - Block B, Dormitory - Block C, Dining Hall - Block D, Reception Block - Block E, Segregation Unit - Block F, Clinic	3	2010	Community education and staff training facility

S/N	Department	Building	Grade	Year of Grading	Current Use of the Building
25-28	HKPF	Peak Police Station, No. 92 Peak Road, The Peak, H.K.— - Main Block - Servants and Kitchen Block - Barrack Shed - Former Cell	3	2010	Police facility (Peak Police Station)
29	HKPF	Ta Kwu Ling Police Station, Ping Che Road, Ta Kwu Ling, N.T.	3	2010	Police facility (Ta Kwu Ling Police Station)
30-32	Civil Aid Service	Yuen Tun Tsuen, Tsing Lung Tau, Tsuen Wan, N.T.— - Former Chung Ancestral Hall - Chung Old House (Antiquities Advisory Board (“AAB”) No. 650) - Chung Old House (AAB No. 651)	3	2010	Staff training facility

**MR YIU PAK-LEUNG** (in Cantonese): *Thank you, President. I would also like to thank the Secretary for his reply. I am grateful to the Bureau for its continued support for the development of Hong Kong’s tourism industry. In particular, the Secretary has been personally involved in the enhancement of the facilities and services at boundary control points, as well as the recent efforts to promote the opening up of the Sha Tau Kok Frontier Closed Area.*

*The main reply has set out a number of successful examples of revitalized buildings or facilities that were no longer used by the disciplinary forces, such as Tai Kwun, PMQ, Tai O Heritage Hotel, and the old Tai Po Police Station. These are all very good examples. I hope that the Bureau can have a further breakthrough in its thinking, so that facilities such as the old Yau Ma Tei Police Station, which are of great value but are still in partial use, will become the next successful example of revitalization.*

*May I ask the Secretary, since the MacIntosh Forts in the Sha Tau Kok and Ta Kwu Ling area are no longer in use and can be described as “idle” at present, whether the Bureau has any ideas or plans to further revitalize and open them up, with a view to introducing more historical, cultural and heritage elements into the “blue and green recreation, tourism and conservation circle” to be developed in the Northern Metropolis in the future?*

**SECRETARY FOR SECURITY** (in Cantonese): President, the old wing of the old Yau Ma Tei Police Station is now used as Police offices. As for the new wing, our plan is to also use it as Police offices when the Highways Department returns it after temporarily using it as a work site. As the old Yau Ma Tei Police Station will continue to be used for HKPF’s operational purposes, it is not suitable for full opening.

Even if members of the public do not go into the old Yau Ma Tei Police Station, its main entrance is already an exquisite “check-in” hotspot and in fact, many people take photos at the main entrance. On appropriate occasions, such as anniversary events or other special occasions, we will make special arrangements to organize open days so that members of the public can have the opportunity to take a look inside.

Furthermore, the Honourable Member mentioned the MacIntosh Forts just now. In fact, there are a total of seven MacIntosh Forts, which serve no actual operational purpose in this day and age. Two of them have undergone basic revitalization and are open to the general public on special occasions, whereas the other five are being held in reserve for the time being. If other departments consider it necessary to develop tourist routes, we will be more than happy to render all possible assistance, so that more people can have the opportunity to visit and appreciate the MacIntosh Forts. Thank you, President.

**DR JUNIUS HO** (in Cantonese): *President, I am deeply grateful to Mr YIU Pak-leung for raising this question on characteristic tourism. What does “characteristic tourism” mean? HKPF is one of the disciplinary forces, and it just so happens that the issue of the demolition of the Lai Chi Kok Reception Centre was discussed at the meeting of the Public Works Subcommittee this morning.*

*Why is this so? When the Fenwick Pier was set for demolition, the antiquities and monuments authorities recommended that certain features be preserved to leave us collective memories. Do Members know who have been detained in the Lai Chi Kok Reception Centre? There are “dragons”, “phoenixes”, “flies” and “tigers”, and there are all sorts of people. But today, the authorities propose to spend \$5.5 billion to demolish it and construct a new building to increase its capacity by 410 places, which means that on average, each ...*

**PRESIDENT** (in Cantonese): *Dr Junius HO, please ask your supplementary question and do not bring the debate of the Public Works Subcommittee to the question session of the Council meeting.*

**DR JUNIUS HO** (in Cantonese): *President, please allow me to finish this part quickly. President, we should not forget the past, but instead learn from the lessons of the past. Everything should have a reference point, and the future should reflect the past. In particular, the Government should not squander its money but should increase revenue and reduce expenditure these days. I agree that it is a good idea to promote green tourism or incorporate elements of disciplinary forces, etc., because in Australia, the so-called “prison tours” are also organized to let the participants feel what it is like to sit in a cell. So, I would say that apart from HKPF, the detention centres (e.g. prisons) of other disciplinary forces also have rich characteristics and are a kind of collective memory. For example, we can let citizens experience the environment in which Benny TAI Yiu-ting is detained.*

*Will the Secretary consider preserving long-established prisons, particularly the Lai Chi Kok Reception Centre? Will it be a waste if it is demolished for redevelopment?*



**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. We have to strike a balance between development and conservation. If a building has been graded and we consider it necessary to preserve it after assessment, we will do so. However, if a building has little preservation value and needs to be redeveloped for a better use, say, as a facility for the disciplined services, including a correctional facility, then redevelopment will be essential.

As a matter of fact, some of the correctional facilities (e.g. Ma Hang Prison) have been decommissioned for some time, and we have revitalized them into training venues for young people and our staff. So, they will not be wasted. Thank you, President.

**MS CHAN YUET-MING** (in Cantonese): *Thank you, President. Mr YIU Pak-leung has already asked the supplementary question I wanted to ask, and the Secretary has also given a detailed reply. Thank you, President.*

**PROF LAU CHI-PANG** (in Cantonese): *Thank you, President. I also thank Mr YIU Pak-leung for raising this oral question. The history of the disciplined services is closely related to the history of Hong Kong. For a long time in the past, I have been involved in the grading and revitalization of the historic buildings of the disciplinary forces, and the results have been accepted by the public, much to their delight.*

*I am particularly concerned about the old Yau Ma Tei Police Station mentioned by Mr YIU Pak-leung in his oral question. Among the historic buildings of the disciplinary forces that are of the utmost concern to the public and closely related to their lives, the old Yau Ma Tei Police Station should be at the top of the list. Certainly, the authorities have done a very good job regarding Tai Kwun, the old Tai Po Police Station and the old Tai O Police Station. Is it possible, then, for the Bureau to adopt a more proactive, aggressive, and community-oriented attitude towards this issue and, in collaboration with relevant Policy Bureaux such as the Development Bureau or the Culture, Sports and Tourism Bureau, upgrade the “Grade 2 historic building” status of the old Yau Ma Tei Police Station and revitalize it into a historic building with the theme of disciplinary forces, especially HKPF, so as to cater for the needs of the public in their daily lives? This is because they often come across “Yau Ma Tei Police Station” in their everyday lives, such as TV dramas or films. Thank you.*

**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. As I said earlier, the old Yau Ma Tei Police Station is still being used as offices now, and we also have to balance the actual operational needs. While I agree that buildings graded as “historic buildings” are of historical value in general, does this mean that they have to be separated from their existing uses, vacated and converted to another use before they can be regarded as “preserved” or appreciated by the public?

In my opinion, if we continue to use this fairly distinctive police station for its original purpose while preserving its original features (e.g. the design of the main entrance) for the appreciation of passers-by and opening it to the public on special occasions, this will make people understand that apart from being left vacant or turned into a museum, this building of considerable historical value actually still has an unfinished historical mission and can continue to serve its original purpose. I think this is an alternative form of conservation. Thank you, President.

**MS NIXIE LAM** (in Cantonese): *Thank you, President. My supplementary question also concerns the old Yau Ma Tei Police Station. In fact, the old Yau Ma Tei Police Station is famous thanks to the recommendation on Xiaohongshu, where it is ranked first in the Guide for “Check-in” Hotspots in Yau Ma Tei (油麻地打卡攻略). Many earlier Hong Kong TV dramas, such as Armed Reaction and Line Walker, were warmly received by viewers as well.*

*With regard to the use of resources, although the Secretary has just said that some of the buildings are still serving actual operational purposes, as far as the whole territory is concerned, can the authorities make adjustments to vacate these distinctive buildings and try to link them up with some surrounding non-tourist attractions and package them together, thereby highlighting the characteristics of Hong Kong in the areas concerned? Thank you.*

**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. As I said earlier, regarding the old Yau Ma Tei Police Station mentioned by a number of Honourable Members, the most beautiful and distinctive feature is its main entrance. Even if the old Yau Ma Tei Police Station continues to be used to accommodate the offices of a law enforcement agency, this will not affect people’s experience of “checking in” and taking photos at that beautiful spot.

In fact, we do need space to continue with our work. As I have said before, if we can work in this historic building, this will show members of the public that this historic building continues to fulfil its historical mission, and I think this is also a form of conservation. Thank you, President.

**DR JOHNNY NG** (in Cantonese): *Thank you, President. Apart from historic buildings, tourists are also very interested in the open days and drills of the disciplinary forces. As far as I know, the events of various disciplinary forces are open to the general public. Have the authorities considered organizing more thematic or specific events and opening them up to tourists?*

*In the past, the five major disciplinary forces have organized joint open days at their training schools. For example, a joint open day was held on the National Security Education Day. Moreover, they have arranged regular activities with specific themes, such as counter-terrorism or anti-riot exercises. Through organizing more similar activities, this can help attract tourists in support of the tourism industry and promote Hong Kong's image as a safe city. Thank you, President.*

**PRESIDENT** (in Cantonese): Dr Johnny NG, the theme of your supplementary question differs from that of the main question.

Secretary, do you have anything to add?

**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. We welcome not only Hong Kong residents but also tourists to join our open days.

As for drills, they are not performance programmes. Instead, they are designed to prepare our staff for challenges. They are not performance programmes. During the drills, in order for members of the public to know the actions they should take in similar scenarios in the future, we often include an element of public participation, for example, by arranging for members of the public to play some of the roles. However, as I have just said, these are not tourist activities. Thank you, President.

**DR CHOW MAN-KONG** (in Cantonese): *President, foreign tourists' impressions of Hong Kong are often shaped by films, among which cops-and-gangsters films are particularly appealing. May I ask whether the Security Bureau will cooperate more with the Culture, Sports and Tourism Bureau to strengthen support for the shooting of Hong Kong films and to promote related tourism projects, so as to enhance Hong Kong's overall tourism appeal? Thank you, President.*

**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. I strongly agree with the Member because I, too, joined HKPF after watching cops-and-gangsters films.

We have put in place a system whereby consideration can be given to opening up the facilities of the disciplinary forces to facilitate film shooting as far as possible, provided that operational efficiency will not be compromised. For example, in many previous films, a number of live scenes were shot in our training facilities. We believe that this is not only helpful to the industry concerned, but is also conducive to enhancing our positive image and showcasing our work to the people of Hong Kong and even the rest of the world. Thank you, President.

**MR DOMINIC LEE** (in Cantonese): *Thank you, President. May I ask whether the authorities will consider working with the Hong Kong Tourism Board to produce a guide linking all the tourist attractions relating to the disciplined services into an itinerary for promotion to inbound visitors?*

**SECRETARY FOR SECURITY** (in Cantonese): Thank you, President. We are more than willing to cooperate. For example, as far as I know, some tour groups, including local ones, will visit various attractions, one of which is the Police Museum. As for other attractions, such as the MacIntosh Forts I mentioned earlier, I also think that there is room for development if necessary.

As for some facilities that are still in use, such as the old Yau Ma Tei Police Station, I think there is no harm in allowing the public to visit because it is not necessary for members of the public to go inside. Even if they only admire it from the outside, it is actually a very appealing attraction. Thank you, President.

**PRESIDENT** (in Cantonese): The question session ends here.

## WRITTEN ANSWERS TO QUESTIONS

### “Night Vibes Hong Kong” Campaign

7. **MR BENSON LUK** (in Chinese): *The Government announced on 14 September this year the commencement of the “Night Vibes Hong Kong” activities. Different sectors of the community play their part in staging a wealth of attractive night-time events with local characteristics all over the city starting from mid-September, covering, among others, diversified leisure, harbourfront leisure, festive and vibrant, as well as art and cultural experiences to attract patrons to different districts and stimulate consumption. In this connection, will the Government inform this Council:*

- (1) *whether it has compiled interim statistics or made interim estimations on the “Night Vibes Hong Kong” Campaign; if so, of the following information to date: (i) the number of activities held, (ii) the number of participating commercial organizations, (iii) the number of communities involved, and (iv) the number of participants in various activities; if not, the reasons for that;*
- (2) *of the number of “Night Vibes Hong Kong” activities to be held between now and the next Lunar New Year, and whether it has estimated the number of additional tourists and the economic benefits to be brought to Hong Kong by these activities; if so, of the specific details; if not, the reasons for that;*
- (3) *whether it has plans to regularize some of the “Night Vibes Hong Kong” activities; if so, of the specific details; if not, the reasons for that; and*
- (4) *whether it has formulated short to medium term plans for developing the night-time economy as a whole; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Deputy Financial Secretary** on 8 November 2023 is in **Appendix 3**.

### Measures to prevent the spread of Mpox

8. **DR DENNIS LAM** (in Chinese): *It has been reported that a number of confirmed cases of Mpox have been recorded in Hong Kong this year, whilst the National Health Commission has since September this year included Mpox in the management of Class B infectious diseases, which is on a par with the Coronavirus Disease 2019. In this connection, will the Government inform this Council:*

- (1) *of the number of people who have received Mpox vaccination under the Mpox vaccination programme for high-risk groups since the programme was launched by the authorities in October last year;*
- (2) *of the current promotion and publicity programmes for Mpox vaccination for high-risk groups; and*
- (3) *of the current measures to prevent the spread of Mpox from overseas into Hong Kong?*

The written reply provided by the **Secretary for Health** on 8 November 2023 is in **Appendix 3**.

### Comprehensive Social Security Assistance Scheme

9. **DR WENDY HONG** (in Chinese): *Regarding the Comprehensive Social Security Assistance (“CSSA”) Scheme, will the Government inform this Council:*

- (1) *of the annual number of able-bodied CSSA recipients and their average time of stay on CSSA since 2021, and set out in the table below a breakdown by (i) economically active person (i.e. (a) employed persons and (b) unemployed persons) and (ii) economically inactive person (i.e. (c) homemakers, (d) students, (e) retirees and (f) unpaid carers);*

Able-bodied CSSA recipients		2021	2022	2023 to date
(i)	(a)			
	(b)			
(ii)	(c)			
	(d)			

<i>Able-bodied CSSA recipients</i>		<i>2021</i>	<i>2022</i>	<i>2023 to date</i>
	<i>(e)</i>			
	<i>(f)</i>			
<i>Total</i>				
<i>Average time of stay on CSSA</i>				

- (2) *of the annual number of cases of participation in the Support for Self-reliance Scheme since 2021; among such cases, the number of cases in which the participants successfully secured employment, as well as the number of cases in which the participants withdrew from the CSSA Scheme upon employment and the average time taken to do so;*
- (3) *given that there are views that the current absence of a time limit for CSSA entitlement of able-bodied recipients under the CSSA Scheme is unable to motivate such recipients to actively secure employment and leave the CSSA net, whether the authorities will consider setting a time limit for CSSA entitlement of able-bodied recipients (for example, setting a cap at six months, and if such recipients still need to apply for CSSA after the relevant time limit, they must submit an application afresh and undergo the income and asset tests, or switch to apply for the Working Family Allowance), so as to motivate such recipients to actively join the labour market; and*
- (4) *given that there are views that as the income and asset tests are currently conducted on a household basis under the CSSA Scheme, the amount of assistance received will be affected if individual family members join the labour market or have an increase in income, thus leading to objection by other family members to their employment, whether the authorities will consider disregarding the earnings of family members other than the CSSA applicants and their spouses when conducting the income and asset tests, so as to avoid affecting the CSSA applicants' continued entitlement to CSSA, and suitably raising the asset limits to allow CSSA recipient families to accumulate a certain amount of savings through work, thereby providing an incentive to encourage members of such families to join the labour market, and helping them become self-reliant and leave the CSSA net as early as possible?*

The written reply provided by the **Secretary for Labour and Welfare** on 8 November 2023 is in **Appendix 3**.

**Enhancement of the Lump Sum Grant Subvention System**

10. **MR TANG KA-PIU** (in Chinese): *There are views that the Lump Sum Grant Subvention System (“LSGSS”) implemented since 2001, while boosting the motivation and creativity of social service organizations, has at the same time given rise to various problems, and needs to be comprehensively reviewed and improved in a timely manner. In this connection, will the Government inform this Council:*

- (1) *as the assessment criteria for the District Services and Community Care Teams include (i) being patriotic and loving Hong Kong and being able to support and follow the Government’s leadership, (ii) having a certain level of district network and service experience, (iii) possessing cross-district mobilization capability, and (iv) being able to consolidate and seek community resources, whether the Government will consider adopting the same assessment criteria for non-governmental organizations (“NGOs”) receiving lump sum grant subvention (particularly those receiving recurrent subvention); if so, of the details; if not, the reasons for that;*
- (2) *given that in reply to a question raised by a Member of this Council on the Estimates of Expenditure 2023-2024, the Government indicated that 127 of the Funding and Service Agreements (“FSAs”) signed between the Social Welfare Department (“SWD”) and NGOs are non-time-defined, whether the Government will review the relevant mechanism (including formulating guidelines and performance indicators) to enhance the autonomy of such organizations, and convert such non-time-defined FSAs into time-defined ones; if so, of the details; if not, the reasons for that;*
- (3) *as there are views pointing out that currently some NGOs are unable to seize the opportunity of the system reform by redeploying their resources so as to keep abreast of the times (e.g. increasing support for young people), whether the authorities will formulate long-term plans and relevant guidelines to help such organizations redeploy their resources; if so, of the details; if not, the reasons for that; and*
- (4) *as the Government indicated in reply to a question raised by a Member of this Council on 5 July this year that the funding and sponsorship programmes under Government bureaux and*



*departments would require the recipient organizations to properly acknowledge the source of government funding through relevant funding conditions, whether SWD has currently formulated relevant guidelines to require compliance by organizations receiving funding under LSGSS; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Labour and Welfare** on 8 November 2023 is in **Appendix 3**.

### **Measures to support persons with hearing impairment**

11. **IR GARY ZHANG** (in Chinese): *Some concern groups have relayed that in its “Special Topics Report No. 63—Persons with disabilities and chronic diseases” published in 2021, the Census and Statistics Department adopted a definition for “persons with hearing difficulty” (“the updated definition”) that is different from the one adopted in its previous surveys (“the original definition”). According to the updated definition, there were about 47 900 persons with hearing difficulty in 2020, while the number would be over 240 000 under the original definition. Such a change in definition would have an impact on the Government’s policy towards persons with hearing impairment (“HI”) and might lead to reduced supporting resources for persons with HI. Regarding the measures to support persons with HI, will the Government inform this Council:*

- (1) whether it will consider reverting to the original definition in compiling statistics on persons with HI;*
- (2) as it has been learnt that the grant currently provided by the Social Welfare Department for Comprehensive Social Security Assistance recipients with binaural hearing loss is only enough for purchasing a monaural hearing aid with the most basic features, but quite a number of recipients have relayed that the given hearing aids are useless, whether the authorities will consider providing such recipients with binaural hearing aid fitting and upgrading the quality of the hearing aids, as well as reviewing the existing service mode;*
- (3) whether it has compiled statistics on the current total number of sign language interpreters in Hong Kong; what specific policy is in place to ensure the service quality of sign language interpreters;*

- (4) *whether it has compiled statistics on the current number of counselling experts or psychologists who are able to provide services in sign language for persons with HI; in respect of improving the mental health of persons with HI, whether the authorities will formulate guidelines for counselling experts or psychologists on the provision of mental health services for persons with HI; and*
- (5) *of the existing channels through which students with HI may apply to the Education Bureau for the provision of sign language interpretation service in class; of the amount of funding set aside by the University Grants Committee for application by hearing impaired students with special educational needs in each of the past five years, and the number of students benefited annually?*

The written reply provided by the **Secretary for Labour and Welfare** on 8 November 2023 is in **Appendix 3**.

### **Construction of barrier-free facilities**

12. **MR CHAN YUNG** (in Chinese): *Regarding the construction of barrier-free facilities, will the Government inform this Council:*

- (1) *whether it will change the current practice of outsourcing projects of barrier-free facilities to consultancy firms and instead, by drawing reference from the practices of the Governments of the Shenzhen Municipality and the Shanghai Municipality, sign long-term collaborative research agreements with tertiary institutions, so that the design of such facilities will not be overly homogeneous and can better cater to the needs of the community;*
- (2) *given that the cost of each project under the “Universal Accessibility” Programme (“the Programme”) is capped at \$75 million at present, and it is learnt that the cost of a similar project in the Shenzhen Municipality is just about 30% of the cost of a project under the Programme, whether the authorities have studied the reasons for that, and whether they have plans to adopt measures to reduce the cost of such projects; and*

- (3) *as there are views pointing out that currently all the lifts built under the Programme have adopted the design of transparent glass external walls, and such design will incur additional cleaning, repair and electricity costs (due to the absorption of a large amount of heat energy by the mechanical parts), of the reasons for adopting such design?*

The written reply provided by the **Secretary for Transport and Logistics** on 8 November 2023 is in **Appendix 3**.

### **Budget for housing production of the Hong Kong Housing Authority**

13. **MR ANDREW LAM** (in Chinese): *According to the budgets and financial forecasts released by the Hong Kong Housing Authority (“HA”) in January this year, HA’s cash and investment balance will decrease from around \$58.9 billion at the beginning of April 2022 to around \$49.7 billion by the end of March 2027, while construction and operating expenditures will continue to increase over the period. In this connection, will the Government inform this Council:*

- (1) *of the average (i) maintenance and improvement works costs, (ii) management costs and (iii) construction costs per public rental housing (“PRH”) flat in each of the past five years;*
- (2) *whether it has estimated the rates of increase in the average construction and operating expenditures per PRH flat in each of the next three years; and*
- (3) *of HA’s specific policies or plans to generate revenue and manage costs?*

The written reply provided by the **Secretary for Housing** on 8 November 2023 is in **Appendix 3**.

### **Funding Scheme for Youth Exchange in the Mainland**

14. **MS LILLIAN KWOK** (in Chinese): *The Home and Youth Affairs Bureau and the Youth Development Commission have jointly launched the Funding*

*Scheme for Youth Exchange in the Mainland (“the Scheme”), sponsoring eligible non-governmental organizations to organize youth exchange tours to the Mainland. In this connection, will the Government inform this Council:*

- (1) of the number of organizations that received funding support under the Scheme in each of the past five financial years, and set out, by type of such organizations, their names and the amounts of funding granted;*
- (2) whether it has assessed the effectiveness of the Scheme in each financial year and put in place any improvement measures; if so, of the details; if not, the reasons for that;*
- (3) given that at present an eligible participant for sponsorship under the Scheme must be aged between 12 and 35, whether the Government will consider raising the age ceiling; if so, of the details; if not, the reasons for that; and*
- (4) as it is learnt that at present, some Hong Kong young people aged between 12 and 35 are non-holders of a Hong Kong Permanent Identity Card (“PIC”), whether the Government will consider removing the restriction that participants under the Scheme must hold a PIC; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Home and Youth Affairs** on 8 November 2023 is in **Appendix 3**.

### **Combating unfair trade practices**

15. **MR CHAN KIN-POR** (in Chinese): *Regarding combating unfair trade practices, will the Government inform this Council:*

- (1) whether it knows the number of complaints about unfair trade practices received by the Consumer Council (“CC”) in the past three years, together with a breakdown and percentage by trade practice;*

- (2) *whether it knows the number of complaints about the pre-payment mode of consumption received by CC in the past three years and the total amount of money involved, together with a breakdown by industry (including the beauty and fitness industries);*
- (3) *of the corresponding measures taken in the past three years by the Government to combat unfair trade practices, and whether it has assessed the effectiveness of such measures; and*
- (4) *given that the Commerce and Economic Development Bureau launched a three-month public consultation in 2019 to solicit views on the proposal to implement a statutory cooling-off period through legislation to regulate beauty and fitness services consumer contracts, but the relevant work was affected by factors such as the social environment and the economic situation at the time, whether the authorities will, after assessing the current social environment and economic situation, expeditiously review the relevant proposal; if so, of the specific work and timetable; if not, the reasons for that?*

The written reply provided by the **Secretary for Commerce and Economic Development** on 8 November 2023 is in **Appendix 3**.

### **Arrangements for operation of the securities market under inclement weather**

16. **MR ROBERT LEE** (in Chinese): *It has been reported that the Hong Kong Exchanges and Clearing Limited (“HKEX”) is examining with the Government and regulatory bodies the arrangements for maintaining the operation of the market under inclement weather. Some members of the industry have relayed that before implementing the relevant arrangements, HKEX must adequately consult the industry and stakeholders, and ensure the work safety of the employees concerned as well as the smooth functioning of cross-bank fund transfers and the clearing and settlement systems. In this connection, will the Government inform this Council:*

- (1) *how it coordinates the efforts of various stakeholders to support securities brokers in physical cheque clearing and settlement under inclement weather, so as to ensure the smooth functioning of cross-bank fund flows and transfers, as well as provides clear*

*guidelines on raising the limit for electronic fund transfers and introduces standardized procedures for fund withdrawals and deposits, so as to facilitate large-value fund transfers;*

- (2) as some securities brokers are worried that the technical upgrade of the trading and settlement systems carried out to tie in with maintaining the operation of the market under inclement weather will increase their operating costs, and banks will also charge them the relevant additional fees, whether the authorities have put in place measures to reduce the relevant operating costs of the industry; if so, of the details; if not, the reasons for that; and*
- (3) whether it will draw reference from the experience of maintaining the operation of the markets in other international financial centres under inclement weather, and consider providing the industry with flexible implementation plans, such as allowing securities brokers to defer clearing and settlement, or permitting some of them to choose not to carry out transactions under inclement weather?*

The written reply provided by the **Secretary for Financial Services and the Treasury** on 8 November 2023 is in **Appendix 3**.

### **Provision of diagnoses and treatments for eczema patients**

17. **MS CHAN HOI-YAN** (in Chinese): *At present, the Hospital Authority does not offer specialist outpatient services on dermatology, and relevant services are provided by the nine dermatology clinics under the Department of Health (“DH”). However, it has been reported that the waiting time for such clinics is too long. Regarding the provision of diagnoses and treatments for eczema patients, will the Government inform this Council:*

- (1) whether it knows the number of eczema patients seeking consultation at public hospitals because of eczema in each of the past five years;*
- (2) whether it knows the respective numbers of patients with severe eczema who were referred to the dermatology clinics for follow-up through private healthcare institutions and public hospitals in each of the past five years;*

- (3) *whether it knows the longest, shortest and average waiting time of new cases at the dermatology clinics in each of the past five years (set out in a table);*
- (4) *whether it knows the total number of specialists in dermatology in the public healthcare system at present and, among them, the respective numbers of those working in DH and those who are residents at public hospitals; and*
- (5) *whether it will consider establishing a “dermatology specialist treatment centre” to centrally handle severe eczema cases, and setting up a fleet of “mobile clinics for dermatology specialist services” to provide nursing care for eczema patients with relatively mild conditions in the community, so as to divert eczema patients to different units for receiving services; if so, of the details; if not, the reasons for that?*

The written reply provided by the **Secretary for Health** on 8 November 2023 is in **Appendix 3**.

### **Electric public transport**

18. **MR CHAN HAK-KAN** (in Chinese): *The 2022 Policy Address stated that the Government would announce a roadmap for the promotion of electric public transport and commercial vehicles by 2025, and introduce about 700 electric buses and about 3 000 electric taxis by the end of 2027. In this connection, will the Government inform this Council:*

- (1) *as it is learnt that currently under the Pilot Scheme for Electric Public Light Buses (“the Pilot Scheme”), there are a total of six suppliers of electric public light buses (“PLBs”) complying with the prequalification requirements, of the following information on the PLBs supplied by such suppliers under the Pilot Scheme: (i) the amount of subsidies involved, (ii) the prices of the vehicles, (iii) the number of the vehicles, (iv) the PLB routes involved in the trial, (v) the commencement and completion dates of the trial, as well as (vi) the locations and (vii) the number of the charging stations (set out in Table 1);*

*Table 1*

<i>Supplier complying with the prequalification requirements</i>	<i>(i)</i>	<i>(ii)</i>	<i>(iii)</i>	<i>(iv)</i>	<i>(v)</i>	<i>(vi)</i>	<i>(vii)</i>

- (2) *as the Government indicated in reply to a question raised by a Member of this Council on 26 May 2021 that the Government had identified various public transport interchanges on Hong Kong Island, in Kowloon and in the New Territories which were suitable for conducting the trial of electric PLBs, of the relevant details;*
- (3) *as the Government indicated in reply to a question raised by a Member of this Council on 17 May this year that as at the end of April this year, there had been a total of five pure electric taxis in Hong Kong, representing less than 1% of the total number of 18 163 taxis, of the measures put in place by the Government to increase the number of electric taxis to 3 000 by the end of 2027, and the specific target number of electric taxis at the end of each year from this year to 2026 (set out in Table 2);*

*Table 2*

<i>Year</i>	<i>Target number of electric taxis</i>
<i>End of 2023</i>	
<i>...</i>	
<i>End of 2026</i>	

- (4) *whether it will identify sites for constructing large charging yards for taxis; if so, of the details (including the number of charging piles involved);*
- (5) *as it has been reported that earlier on, some franchised bus companies applied to the Government for opening up the charging facilities in their bus depots for use by other electric public transport (e.g. electric taxis and PLBs) during the daytime, of the total number of relevant applications received by the Government, and the progress of the vetting and approval of such applications;*



- (6) *of the current number of electric buses in Hong Kong, and whether such number meets the Government's expectation; the measures put in place by the Government to ensure that the target of introducing about 700 electric buses by the end of 2027 will be met; and*
- (7) *as a paper provided by the Government at the meeting of the Panel on Environmental Affairs of this Council on 21 April this year indicated that in the coming three years, the Government would provide charging facilities for an additional 7 000 parking spaces in government premises to be completed soon as well as those just completed, whether such parking spaces will be made available for use by electric public transport, and of the locations of such government premises and the number of the additional parking spaces concerned?*

The written reply provided by the **Secretary for Environment and Ecology** on 8 November 2023 is in **Appendix 3**.

### **Promoting green procurement**

19. **IR CHAN SIU-HUNG** (in Chinese): *According to government information, there are already 183 items of products and services with green specifications, which are under 24 categories, on the current green procurement list of the Government. On promoting green procurement, will the Government inform this Council:*

- (1) *of the Government's annual expenditure on green procurement in the past five years; whether it has plans to expand the categories of products and services covered by the green procurement list;*
- (2) *given that the Government's long-term target is to achieve carbon neutrality before 2050, of the measures the Government has put in place to facilitate the achievement of the carbon neutrality target in the aspect of the Government's procurement work, in addition to requiring various policy bureaux and government departments to include green specifications in drawing up tender specifications in the Stores and Procurement Regulations; and*

- (3) *of the further plans to encourage public organizations to implement green procurement?*

The written reply provided by the **Secretary for Environment and Ecology** on 8 November 2023 is in **Appendix 3**.

### **Measures to enhance slope safety**

20. **DR JOHNNY NG** (in Chinese): *It has been reported that the once-in-a-century torrential rain in September this year caused a number of landslide incidents, in which cases involving unauthorized building works (“UBWs”) carried out by some private owners on slopes were uncovered. Regarding the measures to enhance slope safety, will the Government inform this Council:*

- (1) *of the current respective numbers of government and privately-owned man-made slopes and natural hillsides in various districts; whether it has conducted regular examination and assessment on the level of risks of such slopes; if so, of the number of slopes with landslide risks (set out in a table), and whether it will carry out comprehensive inspections on such slopes before the advent of the new rainy season; if so, of the relevant work plan and timetable; if not, the reasons for that;*
- (2) *of (i) the respective numbers of landslides which occurred on privately-owned natural hillsides and man-made slopes, as well as the resultant casualties, and (ii) the number of non-compliant Dangerous Hillside Orders issued by the authorities and the main reasons for non-compliance, in each of the past three years;*
- (3) *whether it (i) carried out inspections on private slopes to verify the existence of UBWs, (ii) issued removal orders to and instigated prosecutions against the relevant owners, and (iii) made assessments on the number of such slopes having the danger of collapse, with the relevant owners being required to undertake slope upgrading works, in the past three years; if so, of the details and numbers; if not, the reasons for that; and*

- (4) *in order to prevent the problem of UBWs on slopes, whether the authorities will increase the penalties or even impose criminal liabilities, including imposing progressive penalties against cases of non-compliance with removal orders within the deadline, as well as recovering the costs of repair works from the relevant non-compliant owners?*

The written reply provided by the **Secretary for Development** on 8 November 2023 is in **Appendix 3**.

### **Tree management**

21. **MR CHAN HAN-PAN** (in Chinese): *Regarding the Government's tree management work, will the Government inform this Council:*

- (1) *of the number of trees that collapsed or were severely broken due to inclement weather, including typhoons and rainstorms, in each of the past five years, with a tabulated breakdown by species;*
- (2) *as it is learnt that some tree species are undesirable (e.g. *Leucaena leucocephala*, which will grow rampantly in the suburb and impede the natural succession of native species), whether the Government has drawn up guidelines to exclude such species from its greening plans; if so, of the details and the timetable; if not, the reasons for that;*
- (3) *whether it has considered removing the currently undesirable tree species; if so, of the details and the timetable; if not, the measures in place to ensure that these trees will not pose a danger to the public; and*
- (4) *as it is learnt that the roots of many roadside trees are currently enclosed by concrete, resulting in poor root growth, and that the disproportionate growth of the roots and the tree crown increases risks of failure, whether the authorities have compiled statistics on the current number of such trees in Hong Kong, and whether inspection and maintenance work will be stepped up; if so, of the details and the timetable; if not, the reasons for that?*

The written reply provided by the **Secretary for Development** on 8 November 2023 is in **Appendix 3**.

**The work of Research and Development Centres**

22. **PROF WILLIAM WONG** (in Chinese): *The Government established five Research and Development (“R&D”) Centres in April 2006, namely the Automotive Platforms and Application Systems R&D Centre, Hong Kong Applied Science and Technology Research Institute, Hong Kong Research Institute of Textiles and Apparel, Logistics and Supply Chain MultiTech R&D Centre, and Nano and Advanced Materials Institute. Regarding the work of these R&D Centres, will the Government inform this Council:*

- (1) *whether it will consider reviewing the role and positioning of the aforesaid R&D Centres, as well as the need for restructuring, so as to dovetail with the strategies set out in the Hong Kong Innovation and Technology Development Blueprint and achieve the objective of developing Hong Kong into an international innovation and technology centre;*
- (2) *whether it has set key performance indicators for the aforesaid R&D Centres in respect of their work on enhancing social benefits; if so, of the details; if not, whether it will consider setting such indicators;*
- (3) *of the respective numbers of new R&D projects undertaken by the aforesaid R&D Centres in each of the past five years and, among them, the number of those for which patents were granted;*
- (4) *of the respective numbers of patents owned by the aforesaid R&D Centres, the patent maintenance costs involved and the number of patent transactions made in each of the past five years;*
- (5) *of the respective numbers of cases of successful transformation and realization of patents by the aforesaid R&D Centres in each of the past five years and, among them, the number of those which generated revenues for the R&D Centres concerned and the amount involved;*
- (6) *of the respective numbers of patents of the aforesaid R&D Centres which were not renewed in each of the past five years, and the criteria and procedure for determining whether such patents should be renewed; and*

- (7) *whether it will consider drawing up relevant guidelines on patent management for the aforesaid R&D Centres?*

The written reply provided by the **Secretary for Innovation, Technology and Industry** on 8 November 2023 is in **Appendix 3**.

## **GOVERNMENT BILL**

### **First Reading and Second Reading of Government Bill**

#### **First Reading of Government Bill**

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

### **STAMP DUTY (AMENDMENT) (RESIDENTIAL PROPERTIES) BILL 2023**

**CLERK** (in Cantonese): Stamp Duty (Amendment) (Residential Properties) Bill 2023.

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

#### **Second Reading of Government Bill**

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

### **STAMP DUTY (AMENDMENT) (RESIDENTIAL PROPERTIES) BILL 2023**

**SECRETARY FOR HOUSING** (in Cantonese): President, I move the Second Reading of the Stamp Duty (Amendment) (Residential Properties) Bill 2023 (“the Bill”).

The Bill seeks to amend the Stamp Duty Ordinance (Cap. 117), in order to implement the adjustments proposed in the 2023 Policy Address in relation to the demand-side management measures (“DSMMs”) for residential properties, including: (1) shortening the applicable period of the Special Stamp Duty (“SSD”) from three years to two years, which means that if a property owner disposes of his/her property two years after acquisition, he/she will no longer need to pay SSD, which amounts to 10% of the property price; (2) reducing the respective rates of the Buyer’s Stamp Duty (“BSD”) and the New Residential Stamp Duty (“NRSD”) by half, from 15% to 7.5%; and (3) providing a mechanism for suspension of payment of BSD and NRSD for incoming talents’ acquisition of residential property in Hong Kong, including conditions pursuant to which the suspended stamp duty will be waived, and circumstances where the outstanding stamp duty will need to be paid.

Maintaining the healthy and steady development of the residential property market is one of the important objectives of the Government’s housing policies. The Government has been adopting a pragmatic approach in continuously evaluating the situation. Against the backdrop of tight housing supply and solid demand for property purchase, the Government has since 2010 introduced several rounds of DSMMs to curb short-term speculation activities and reduce external demand. This has been done to ensure the steady development of the property market and accord priority to the home ownership needs of the people of Hong Kong. Nonetheless, over the past year, interest rates have risen significantly, various economies have shown moderated growth, and transactions of the local residential property market have declined alongside a downward adjustment of property prices. The prevailing market conditions as well as the demand-supply balance have changed substantially compared with the time when DSMMs were introduced. With the increasing housing supply in Hong Kong in the coming years and having considered the overall situation, the Government sees room for suitable adjustment of DSMMs.

President, under the prevailing economic and market conditions, suitable adjustment of DSMMs may help citizens achieve their home ownership aspiration. As regards SSD, a relaxation of SSD may reduce the financial burden on home owners who have need to sell their flats after the holding period of two years, perhaps due to change in personal and family circumstances. The relaxation is also expected to boost market turnover of residential properties by releasing the “locked-up” housing stock, and increase the housing units available for sale in the secondary market for homebuyers.

BSD and NRSD serve to curb external demand and reduce investment demand, thereby according priority to the home ownership needs of the people of Hong Kong. Reducing the respective rates of BSD and NRSD by half can alleviate the financial burden on Hong Kong Permanent Residents (“HKPRs”) who already own residential properties in their acquisition of another residential property, as well as reduce the costs of non-HKPRs in their acquisition of residential properties.

On the other hand, the Government is committed to attracting and retaining incoming talents from around the world, with a view to injecting impetus to the growth of Hong Kong. Last year, as one of the measures to attract and retain talents in the 2022 Policy Address, the Government introduced a refund mechanism under the BSD and NRSD regimes to reduce the cost of home purchase by eligible incoming talents, i.e. the refund arrangement. With due regard to the property market situation as well as views received since the implementation of the refund arrangement, we consider that there is room to enhance the related arrangements to further facilitate home purchase of incoming talents. As such, the 2023 Policy Address proposes to provide a mechanism for suspension of payment of BSD and NRSD for incoming talents’ acquisition of residential property. The payment of the stamp duty concerned is required if the person concerned is subsequently unable to become a HKPR, i.e. the suspension arrangement. The objective is to reduce the upfront cost for incoming talents to acquire a property in Hong Kong, which should help increase their sense of belonging and propensity of staying in Hong Kong for good. To protect the tax revenue of the Government, the Bill provides for the conditions pursuant to which the suspended stamp duty will be waived, and circumstances where the outstanding stamp duty will need to be paid by incoming talents, including requiring incoming talents to pay for the stamp duty concerned for selling the property concerned before they become HKPRs.

To enable property buyers and incoming talents to benefit from these measures immediately on the day when the 2023 Policy Address was delivered, the Chief Executive made the Public Revenue Protection (Stamp Duty) (No. 2) Order 2023 (“the Order”) on 25 October this year to give full force and effect of law to the Bill before its enactment into law. We will fully cooperate with the Legislative Council in the deliberation on the Bill. As the Order will remain in force for four months, we hope that we can have Members’ support, so that the Bill can be passed by the Legislative Council before the Order ceased to take effect.

I so submit. Thank you, President.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Stamp Duty (Amendment) (Residential Properties) Bill 2023 be read the second time.

In accordance with the Rules of Procedure, the Second Reading debate is adjourned and the Bill is referred to the House Committee.

## **MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motion with no legislative effect.

Revd Canon Peter Douglas KOON will move a motion on “Reviewing public finance policies”.

Three Members will move amendments to the motion.

This Council will proceed to a joint debate on the motion and the amendments.

Later, I will first call upon Revd Canon Peter Douglas KOON to speak and move the motion. Then I will call upon Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG to speak in sequence, but they may not move the amendments at this stage.

The joint debate now begins. Members who wish to speak please press the “Request to speak” button.

I now call upon Revd Canon Peter Douglas KOON to speak and move the motion.

## **MOTION ON “REVIEWING PUBLIC FINANCE POLICIES”**

**REVD CANON PETER DOUGLAS KOON** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, earlier on, the International Monetary Fund (IMF) published a report on its assessment of the economy and finance of Hong Kong. One of the



highlights of the report's recommendations is to call on the Government to broaden the tax base across the board, in order to provide a stable source of revenue.

The Government's fiscal reserves have dropped from \$1,170.9 billion in 2018 to only about \$650 billion now, representing a decrease of more than 40%. The total loss in reserves could have exceeded 50% had there not been proceeds from bond issuance and the balance brought back from the Housing Reserve. The existing stock of reserves is only enough for government expenditure for the next nine months, which is also the lowest level in 27 years. In the meantime, the recent years have seen a continuous increase in the liabilities of Hong Kong. An example is the upsurge of the outstanding balance of green bonds as a ratio to GDP from around 0.3% to 4.3% in the past four years, arousing much public concern over whether Hong Kong will repeat the mistake of Western countries in becoming heavily indebted; added to this is a substantial increase in the ratio of public expenditure to GDP from 14.13% initially after the return of Hong Kong to 28.44% in 2022-2023. Although the financial position of the Treasury may not be in dire straits, the fiscal reserves have continued to shrink, and coupled with rising public expenditure in various respects, the Government must be vigilant in times of peace and make early preparations, so as to consolidate its financial foundation in order to cope with any unexpected incidents.

Speaking of broadening the tax base, actually this is no novelty but just an old tune being replayed. As far as I can recall, over the past decade or two, broadening the tax base has been put on the agenda of this Council regularly. The Government would at most set up a review committee and consider its job done after submitting a report. For example, in 2006, the then Financial Secretary proposed the introduction of a sales tax and the proposal was eventually dropped after negotiations for a few months. Subsequently, the Financial Services and the Treasury Bureau published in 2007 the Report of Public Consultation on Tax Reform, in which two points were stressed: first, the Government should continue to study options for broadening the tax base and address this fundamental issue at a suitable time in the future; second, the Government should consult the public further on those options which are more practical; and meanwhile, the Report also pointed out that the public was more receptive to the need to broaden our tax base and broadly agreed that a more stable revenue base would enhance our fiscal health, in order to cope with the longer-term challenges. Unfortunately, over the years, the Government has not faced the problem seriously but invariably adopted a stalling tactic, making no progress at all even when everyone has become old with hair turning grey. If the Government continues to adopt an indifferent attitude in

dealing with the problem, I believe that the general public will suffer in the end. In the blink of an eye, 15 years have passed. The years have been wasted and time is running out. Since society and the public have expressed their worries about the financial situation, it is time for the Government and the governing team to show their commitment and vigour to address the problem squarely, and fulfil the public's aspiration over the years by actively looking into the possibility of broadening the tax base or reforming the tax regime.

President, if we carefully look at the changes in taxation in Hong Kong over the years, we will find that our tax base has not ever been broadened and worse still, it has even become narrower and narrower. Over the past five decades or so, many types of taxes have been abolished, such as the abolition of the public dance-halls tax as far back in 1970, as well as the hotel accommodation tax and wine duty more recently in 2008. I believe that the reason behind the abolition of these taxes is that the amounts of these taxes may indeed be negligible compared with the total amount of other major taxes. But from the perspective of the cost of taxation, the abolition of these minor taxes can be considered a wise move.

As regards tax revenue, in the past three financial years, the five pillars of tax revenue, namely profits tax, stamp duty, salaries tax, betting duty and rates, accounted for about 90% of the tax revenue of the whole year, and each of these taxes generated a substantial amount of revenue of at least several tens of billions of dollars. This aside, regarding the sources of tax revenue in Hong Kong, not only do we have few tax types, but even the number of taxpayers is small. Currently there are a total of 1.82 million taxpayers in the tax net, accounting for about half of the 3.56 million working population. Among these 1.82 million taxpayers, those who pay the most tax, i.e. those who earn an annual salary of approximately over \$700,000, account for 20%, and this group of taxpayers is paying a total of about 90% of the total salaries tax.

The composition of salaries tax is certainly completely tilted, and the profits tax, which is another pillar of tax revenue, also has a similar case. According to the information of the Financial Services and the Treasury Bureau, in the 2019-2020 year of assessment, there were about 1.27 million locally registered companies, of which only 9% or about 110 000 companies were required to pay profits tax. In fact, this percentage has remained unchanged over the past five years. It is worth mentioning that the profits tax contributed by the 5% of registered companies paying the most tax constituted about 90% of the profits tax revenue. To put it simply, if we make calculations on the basis of the number of

taxpayers, 90% of the salaries tax is borne by 20% of the taxpayers, and 90% of the profits tax is borne by some 5 000 enterprises. This can show that the tax base is quite narrow and highly concentrated on a small group of people and enterprises, which is unhealthy in the long run.

President, I agree that the implementation of a low and simple tax regime has all along been the acclaimed cornerstone of Hong Kong's success. It is also the biggest advantage for attracting enterprises from all over the world to invest in Hong Kong. However, with the economic structure of Hong Kong gradually becoming diversified, if we continue to carry the burden of a low and simple tax regime and choose to adopt the attitude of “chopping off toes to avoid the worms”, refusing to comprehensively review and reform the tax regime or broaden the tax base, I am afraid that at the end of the day, we may find ourselves lagging behind and it will be too late to catch up.

In the past, there have been many different discussions in the community on sales tax, progressive property tax, vacant residential property tax, capital gains tax, and so on. Even if some people were opposed to these policies, public discussions could still help the community in knowing more about and understanding the tax reform. On the other hand, if such large-scale projects as the Three Railways and Three Major Roads, Kau Yi Chau Artificial Islands and the Northern Metropolis can be launched as scheduled, coupled with the fact that population ageing will cause various types of public expenditures to rise continuously, I think the financial pressure faced by the Treasury should not be neglected. How we can find a balance in broadening the tax base without affecting the business environment under a low and simple tax regime is indeed a most challenging test of the Government's wisdom. Today, I wish to tap into Members' “inner universe” and, through this motion, to throw out a sprat to catch a mackerel. I hope that Members in this Chamber can offer their advice and suggestions, in order to lead Hong Kong to scale new heights and make further success.

President, I so submit.

**Revd Canon Peter Douglas KOON moved the following motion: (Translation)**

“That as Hong Kong is facing the problem of population ageing, which has caused public expenditure to increase progressively, this Council urges the Government to examine the current conditions of public finance and initiate

studies on increasing the sources of financial revenue, so as to make early preparation for the long-term financial burden arising from the transition to an ageing society.”

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Revd Canon Peter Douglas KOON be passed.

**MR TONY TSE** (in Cantonese): Thank you, President. President, first of all, I thank Revd Canon Peter Douglas KOON for proposing today’s motion, which gives this Council an opportunity to discuss the public finance policy of Hong Kong. As I pointed out in my amendment, about 20 years from now, one in every three people in Hong Kong will be an elderly. Population ageing will lead to a decrease in the labour force and in the number of taxpayers but public healthcare and welfare expenditures tend to rise continuously, which will naturally add to the financial pressure on the Government. In times of economic downturn, the problem of a deficit will emerge. In fact, the Hong Kong Government has recorded a deficit many times in recent years, and this is expected to continue for some time. Therefore, I support the proposal in the original motion of urging the Government to examine the current financial conditions and review the public finance policy, so as to properly make plans for the future.

Having said that, I think the original motion is still inadequate in three ways. First, the original motion only said that the Government should conduct studies on increasing the sources of financial revenue without mentioning expenditure, thus failing to reflect the principle of “keeping the expenditure within the limits of revenues” enshrined in Article 107 of the Basic Law. I, therefore, proposed an amendment to add the wording of “the Government should exercise stringent control over increases in recurrent expenditure”.

The amendments proposed by our two other members of G19, namely, Dr Hoey Simon LEE and Dr Wendy HONG, even went further by stressing “reducing expenditure” and “proactively reducing ineffective and even unnecessary expenditure”. We did not have any discussion beforehand, and it is purely coincidental that we shared the same view. This reflects that we in “G19” are rational and pragmatic, and have the capability for broad and strategic thinking, rather than knowing only to urge the Government to reduce taxes, give out money and provide more welfare benefits.

Second, the original motion mentioned the need “to make early preparation for the long-term financial burden arising from the transition to an ageing society”. This, I think, sounds rather negative. Of course, ageing will bring challenges to society but it does not mean that there cannot be positive development.

As pointed out in this year’s Policy Address, many elderly persons in Hong Kong are healthy and energetic. Some of them have certain working abilities, and some have good spending power. The Policy Address has proposed to launch a Re-employment Allowance Pilot Scheme, encourage lifelong learning among the elderly, establish an Advisory Panel on Silver Economy, and so on. I have also put forward relevant proposals in the past. This will enable elderly persons with the abilities to continue to make contributions to the economy and development of Hong Kong, so that they can lead a more fulfilling and meaningful life. This can also reduce their reliance on public healthcare and social welfare, which will, in turn, alleviate the burden on the younger generation of taxpayers.

Third, the original motion only talks about public finance and makes no mention on the role of the private market. As the Hong Kong Government has recorded a fiscal deficit in recent years and faces population ageing in the future, some people, therefore, have misgivings about large-scale development projects such as the Northern Metropolis or Kau Yi Chau Artificial Islands. They are concerned about whether the Treasury has sufficient financial capability to implement these projects.

As I have always stressed, the Government should not reduce its investment for the future because of economic downturn and a fiscal deficit at one time, or else it will only be caught in a more serious cycle of economic contraction. The industry and I have proposed long before that the Government should tap into private market forces by, among others, introducing diversified and sustainable financing options, as well as different types of public-private partnership, in order to help promote plans that will be conducive to the long-term economic development of Hong Kong and people’s livelihood in the community.

This year’s Policy Address has taken on board the relevant proposal of setting up a Committee on the Financing of Major Development Projects led by the Financial Secretary, as well as a relevant government office. I hope that the work on the financing framework can commence as soon as possible, and that proposals can be put forward as early as possible and implemented expeditiously, so as to help Hong Kong cope with the challenges brought about by population ageing and the launching of large-scale infrastructure projects.

With these remarks, President, I hope that Members will support my amendment.

**DR HOEY SIMON LEE** (in Cantonese): Thank you, President. It has all along been the case that the continuous development of the Hong Kong economy has enabled the Government to have the financial means to provide more services and welfare benefits in response to various public aspirations towards the Government as society gradually becomes more mature. However, just as Revd Canon Peter Douglas KOON pointed out when he raised concern about the problem of an ageing society, it is questionable as to whether or not this approach can continue to be maintained smoothly in the light of the impact of international geopolitical changes on the strategic positioning of Hong Kong as well as the changes in the global economy.

In fact, a standard was already set for the public finance of Hong Kong when the Basic Law was drafted back in the 1980s of the last century. According to Article 107 of the Basic Law, the SAR shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. Certainly, this article should not be interpreted to mean that such a standard has to be met year after year, and flexibility may also be allowed in the light of the trends. But at the same time, such flexibility should not be perceived as something that can be maintained over an excessively long period of time. Besides, since the budget should be commensurate with the gross domestic product, it follows that the rate of increase in government expenditure, or government expenditure per se, should be subject to both upward and downward adjustments. This is the reason why we are here to discuss this topic and problem in this Chamber today.

In the face of the profound changes unseen in a century, the global economic landscape as well as the strategic positioning of Hong Kong have been greatly affected, and coupled with the changes in domestic economic development and the pattern of fiscal revenue resulting from changes in the demographic structure, there is urgency to think about our public finance in line with the provisions of the Basic Law.

All along, the economy of Hong Kong, which has been tilted towards the real estate sector and the financial sector for generating tax revenue, has a certain degree of vulnerability. Added to this is the seriously narrow tax base as

mentioned in detail by Revd Canon Peter Douglas KOON earlier, and while it is certainly fine when the economy grows at high speed, but if the economy grows at a slower pace, or even if there is no growth at all or the pace of growth is not fast enough, a situation may arise where the growth of expenditures will exceed that of the economy and revenue, and if that happens, problems will inevitably arise in public finance.

Meanwhile, in the face of the new international economic pattern of relying on innovation and technology to drive growth, it is necessary for the Government to provide more guidance on investment. In this connection, we should also pay attention to and examine these expenditures or investment to ensure that they are cost effective, socially beneficial and effective in meeting our targets. To this end, we will need to make choices in public finance. A more appropriate approach is to channel money for future investment while reducing various kinds of subsidies when there is no such need, so as to prevent public finance from falling into a situation where demands are politically-led, so to speak. Only in this way can we strengthen the unique advantages of Hong Kong, enhance the momentum of economic development and introduce measures to improve the public finance structure, including the broadening of the tax base.

This structure of a small government underpinned by a low tax regime which is at the same capable of providing enormous welfare benefits has one prerequisite, i.e. high-rate economic growth. But in the event that Hong Kong enters a stage where its economic growth is at a medium or low rate, then the structure and pattern of public finance must give a response.

With these remarks, President, I support the original motion and the three amendments, and I hope that my amendment will have the support of Honourable colleagues. Thank you.

**DR WENDY HONG** (in Cantonese): President, caring for the elderly is a common social value. Improving the welfare for the elderly is beneficial to all, including myself, as I will become an elderly sooner or later. That being said, the provision of elderly services by society actually means that young people have to support the living of the elderly. While the elderly population in Hong Kong is expanding rapidly, the youth population has been shrinking continuously. Can the next generation still afford the cost it takes to support our living? How can we avoid imposing a heavy burden on the next generation and at the same time safeguard the sustainability of public finance?

Today, the public finance of Hong Kong is already facing risks in three respects. First, expenditure has been expanding continuously. Over the past five years, our welfare expenditure has increased by 52.2%, medical and healthcare expenditure by 44% and education expenditure by 21.6%. Which of these expenditures are necessary investment and which are unnecessary burden under populist politics?

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

Second, Hong Kong's fiscal deficit keeps on accumulating. From 2019 to March this year, the deficit in the Operating Account has accumulated to over \$600 billion. This year again records a deficit to the tune of a hundred billion dollars or so, which will add up to a horrifying figure.

Third, our fiscal reserves are shrinking. In March 2019, our fiscal reserves stood at \$1,160 billion but as of now, only half of that amount remains. Our reserves have been shrinking at an average rate of \$100 billion annually.

Obviously, the alarm has been sounded on our fiscal health, and while we strive to increase revenue, we must vigorously cut expenditure at the same time. In respect of increasing the sources of revenue, I do not see any possibility for Hong Kong to increase taxes in the future, and we can only expand the sources of revenue by broadening the economic structure. In recent years, the Government has made a lot of long-term investment, including identifying new engines for economic development, developing large-scale infrastructure and increasing the land reserve. These are investments for the future, which I very much agree on. Yet, it is impossible for these measures to yield immediate results.

For this reason, I proposed in my amendment that we should be “proactively reducing ineffective and even unnecessary expenditure”, in order to cut expenditure vigorously. In recent years, Hong Kong has tended to move towards a welfare society as various welfare benefits have expanded and more and more public housing units have been developed. This has put enormous pressure on public finance.

Some time ago, a report of the Research and Information Division of the Legislative Council showed that among the 20% of households with the lowest income in Hong Kong, three out of four households do not work at all, and some



of their family members are able-bodied persons of working age and do not have any family member who need to be taken care of. Clearly our welfare system has allowed many households with the abilities to completely “lie flat”! As a result, the labour force participation rate of Hong Kong has become the lowest in the region, lagging behind that of Singapore and the Mainland by over 10%. Worse still, it is even dropping year after year, reflecting a serious shortage of labour supply.

Nowadays, many individuals and organizations stand on the moral high ground of “helping the grass roots” and unceasingly demand more welfare benefits. Populist politics is spreading across the territory. I think in providing welfare, our objective should be to provide the public with a minimum safety net, rather than using welfare to settle people at the grass-roots level. Our idea of helping the poor should not be helping them to “lie flat” but should be giving them a hand to stand on their own feet. Specifically, we can focus on two aspects: push and pull.

On the push aspect, we can consider introducing an “exit mechanism” for welfare. For able-bodied persons of working age who have no family member in need of care, is it possible to limit the period of time during which they can live in public housing units and receive Comprehensive Social Security Allowance (“CSSA”)? After all, is it that difficult to find a job nowadays? Besides, as far as I understand it, some families receiving CSSA do not allow their adult children to go out to work, lest the CSSA payment for the whole family will be affected. Can we improve the CSSA system to encourage these families to join the labour market?

On the pull aspect, we should provide incentives to motivate people who have the ability to work to become self-reliant. For example, various retraining or job matching services should be enhanced for people who are neither elderly nor carers, and for new arrivals on One-way Permits; targeting the needs of carers, more support can be provided to help them take up jobs. I absolutely agree that more resources should be injected to assist the grass roots to become self-reliant.

Deputy President, I agree with the proposal put forward by Revd Canon Peter Douglas KOON to “initiate studies on increasing the sources of financial revenue”. But the Government should also review the welfare system and cut inefficient or even unnecessary expenditure, in order to safeguard the soundness of public finance.

Deputy President, I so submit.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Deputy President, first of all, I thank Revd Canon Peter Douglas KOON for proposing the motion on “Reviewing public finance policies”, so that we can listen to Members’ views and the Government can expound the conditions of public finance through this motion.

Hong Kong is a small and open economy, and it is unavoidable that our economic performance is susceptible to external forces. We have faced deficits in recent years precisely because of a decrease of government revenue due to the pandemic over the past few years. This, coupled with the allocation of additional resources to fight the epidemic, has caused expenditure to rise, thus resulting in budget deficits. Also, as the overall economy and the asset market of Hong Kong have performed below the forecast this year, the relevant government revenues, such as land premium and stamp duty, will inevitably be affected. Judging from the current circumstances where revenue falls short of the estimate, we expect that the consolidated deficit for this financial year may exceed \$100 billion, which is higher than the estimate in the 2023-2024 Budget released in February. However, we should not only focus on the short-term performance. Rather, we should look at the situation in the entire economic cycle. The Medium Range Forecast shows that the finance of Hong Kong is expected to improve gradually with the fading of the epidemic and the economy returning to the right track.

The primary policy objective of the Government is striving for the well-being of the people. Of the Government’s recurrent expenditure, the spending on the three major policy areas relating to people’s livelihood, namely healthcare, education and social welfare, currently accounts for about 60% of the total expenditure, with social welfare taking up a share of about 22%. As pointed out in Revd Canon Peter Douglas KOON’s motion, Hong Kong is facing the problem of population ageing. The elderly population, which has increased significantly in recent years, is expected to account for over 30% of the total population by 2046. Government expenditure relating to people’s livelihood has also recorded a significant increase in recent years. For instance, the Government’s recurrent expenditure on social welfare has increased by 52% over a period of five years from 2018-2019 to 2023-2024 in order to enhance the related services and increase the relevant investment. On the one hand, this reflects the Government’s long-term commitment to improving social welfare, but on the other hand, this shows that population ageing has indeed created certain pressure for livelihood-related expenditures to increase. It is, therefore, necessary for the Government to closely monitor the situation and ensure prudent fiscal management.

Regarding the consideration of public finance, Article 107 of the Basic Law clearly provides that “The Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product”. The Government has a constitutional responsibility to uphold the principle of fiscal prudence and achieve a fiscal balance over a period of time. In the long run, the Government’s target is to maintain adequate reserves. We have seen two years of heavy fiscal deficits, while the external environment is still rife with challenges. We will continue to adhere to the principles of exercising fiscal prudence, keeping expenditure within the limits of revenue, committing resources as and when justified and needed, strictly containing the growth of government expenditure and exploring various ways to increase revenue. Faced with the pressure on public finance, the Government will need to increase revenue and reduce expenditure.

With regard to government revenue, the Government will continue to boost revenue through economic development. While Hong Kong has fully recovered after the epidemic, the pace of economic recovery has been slower than expected due to the external economic environment. In view of this, the Policy Address has proposed a number of measures to enhance Hong Kong’s competitiveness in order to attract enterprises and talents to come to Hong Kong for development, and also consolidate, and continue to develop, Hong Kong’s positioning as the “eight centres” under the 14th Five-Year Plan, thereby ensuring Hong Kong’s competitiveness and sustainable economic development. The Government hopes that through an array of initiatives to optimize the business environment, more enterprises and talents will be attracted to set up operations and stay in Hong Kong, and these enterprises and employees are expected to contribute to the tax revenue of Hong Kong.

With regard to cutting expenditure, the Government will continue to maintain the target of zero growth of the civil service establishment in this financial year and implement a Productivity Enhancement Programme in the Government. On the premise of not affecting the expenditure on people’s livelihood, Policy Bureaux and departments are required to cut 1% recurrent expenditure allocation in 2024-2025 and a further 1% in 2025-2026. The resources thus spared will be reallocated for the implementation of new policy initiatives.

Despite the challenges faced by Hong Kong in the past few years, the SAR Government remains committed to maintaining fiscal health and stability. If we can effectively promote the development of the Hong Kong economy and hence

drive an increase in various tax revenues, I believe this can support and facilitate our work in various respects concerning people's livelihood. In the meantime, the Government will also carefully balance the financial implications of various measures and continue to closely monitor the financial situation. In particular, it will review the progress of economic recovery after the epidemic and the situation of government revenue, so as to determine whether it is necessary to implement other expenditure control measures. We will continue to keep expenditure within the limits of revenues and exercise prudence in fiscal management to prevent the fiscal deficit from growing as far as possible.

The SAR Government attaches great importance to the stability and sustainability of public finance. I will listen carefully to Members' speeches and give a consolidated response to the views and suggestions put forward by Members.

Thank you, Deputy President.

**MR LAI TUNG-KWOK** (in Cantonese): Thank you, Deputy President. I thank Revd Canon Peter Douglas KOON for proposing today's motion.

In recent years, Hong Kong has consistently recorded almost the lowest fertility rate and the longest average life expectancies in the world. As a result of the combined effects of these two factors, the number of people aged above 65 in Hong Kong already exceeded 20% of the population in mid-2021, meaning that we have officially entered the stage of a "super-aged society". What is even more serious is that we are not simply hovering around the threshold of an "super-aged society", but with the post-war baby boomers entering their old age, the ageing of population will accelerate drastically for some time in the future, and the ratio of our elderly population will far exceed that of other "super-aged societies" in general.

In making a horizontal comparison, we will see that the ratio of Hong Kong's elderly population was 18% in 2018, compared to 28% in Japan, which is known to be a highly ageing country. So, there was a difference of 10 percentage points but projections show that by 2038, the ratio of Hong Kong's elderly population will soar to 32%, which will not be a lot different from Japan's 34%. In comparison, this percentage of Hong Kong is indeed alarming because even in economies faced with the challenge of population ageing, such as those in Europe and the United States, the projected ratios of their elderly population will still be kept at below 30% for five decades.

The current-term Government, which has been in office for almost two years, is clearly aware of the problems to be brought about by population ageing, and has prescribed the right remedies, including the various measures to compete for talents as announced by the Chief Executive in last year's Policy Address to actively attract overseas talents to come to Hong Kong for development; and in this year's Policy Address, the proposals made by the New People's Party to encourage childbearing have been adopted, such as providing the \$20,000 Newborn Baby Bonus, the policy on supporting assisted reproductive services, and so on.

But when it comes to public revenue, in all fairness, the SAR Government is indeed lacking in new initiatives. Of course, I understand that, as the Financial Secretary has said, the key direction for increasing government revenue is "growing the pie". In other words, in order to revive the economy, sometimes it is inevitable for the SAR Government to first roll out various measures that will reduce revenue in the short term, such as reducing the stamp duty on stock transfer, reducing the rate of the Buyer's Stamp Duty for residential property as well as that of the New Residential Stamp Duty. But anyway, judging from the end result, it seems that the only more original way of the SAR Government to increase government revenue in the past two years is the improved version of the proposal on increasing betting duty, which has been advocated by the New People's Party for many years.

Looking back at the past decade or so, land premium has all along accounted for a substantial proportion of the Government's total revenue, increasing gradually from about 10% in 2002-2003 to over 20% in 2021-2022. However, the revenue from land premium is too dependent on the economic environment. If we rely on land sale revenue, the Government's finance will definitely remain unstable. Against this backdrop, coupled with the inevitable increase in expenditure brought about by an ageing population, it is indeed necessary for Hong Kong to consider conducting studies on increasing the sources of financial revenue.

The public has all along been aware of the problem of a narrow tax base in Hong Kong. As early as between 2000 and 2007, the SAR Government conducted two large-scale consultation exercises on broadening the tax base, and the documents back then also mentioned time and again how population ageing would bring about enormous financial pressure. Unfortunately, the discussion on broadening the tax base had yielded no result in the end, and the Government took no further action except merely making a remark that it would "continue to study options for broadening the tax base and address this fundamental issue at a suitable

time in the future”. In 2017, the SAR Government set up a tax policy unit, a function of which is to “explore broadening the tax base and increasing revenue”. However, no specific proposal on broadening the tax base has been put forward so far.

Deputy President, I understand that any major decision involving the tax base will require extreme caution, but the ageing of the population will not wait for us to study the issue slowly. Since the last consultation on broadening the tax base, Hong Kong has moved from an “ageing society” to a “super-aged society”. I think during its term, the current Government should rise to the challenge and be accountable to the public. Even if the Government cannot implement specific public finance proposals or revenue proposals, it is necessary to start discussions first, so as to give the community sufficient time to digest any new measures that may affect the public.

Deputy President, I so submit.

**MR ROCK CHEN** (in Cantonese): Deputy President, first of all, I thank Revd Canon Peter Douglas KOON for proposing the motion on “Reviewing public finance policies”, so that we, Members of this Council, and the Government can explore this very important issue together. At present, public finance is under tremendous pressure. While population ageing is certainly a main contributing factor, the most fundamental crux of the problem lies in the fact that the Government’s traditional fiscal model, which used to be proven effective, has shown to be structurally flawed in the face of the pressure coming from a slowdown in the domestic and external economies, high US dollar interest rate and international geopolitics. It is a major task for the current-term Government to come up with how it should think out of the box and develop a sustainable public finance policy which is compatible with the new political and economic environment and at the same in compliance with the principle of keeping expenditure within the limits of revenues under Article 107 of the Basic Law.

Corporate profits tax, stamp duty and land premium account for over 50% of government revenue, but these three major sources of revenue have all dropped drastically due to the pandemic, the weak economy, as well as the sluggish stock and property markets, resulting in huge deficits recorded by the Government in the past two years, and the Government’s fiscal reserves have now dropped to a level below \$700 billion.

According to what the Under Secretary told this Council just now, the Government's consolidated fiscal deficit for this year may exceed \$100 billion. If we deduct the \$46.6 billion received from the issuance of Green Bonds, the deficit is actually close to \$150 billion. Anyone with some understanding of the International Financial Reporting Standards will know that bond issuance is not revenue but borrowing that needs to be backed up by high interest costs and repaid at maturity. When the original fiscal formula fails, the Government has to look for another formula that works better. I will try to give my suggestions in the short, medium and long term as follows.

To achieve fiscal balance, all it takes is to keep expenditure within the limits of revenues. I fully appreciate that it is impossible for the Government to forecast its revenue with 100% accuracy, but the Government absolutely has the ability to manage the spending out of its own pocket. It is not easy to increase revenue now and so, the Government should start by streamlining the staff establishment and reducing administrative expenses. Strict control should be imposed on the recruitment of new staff, and all departments should be instructed to review their resource allocation and actively compress inefficient and even unnecessary expenditure. In the meantime, the Government should make good use of advanced technology and workflow reengineering to enhance the work efficiency and productivity of civil servants. The Future Fund should continue to maintain favourable investment returns, so as to provide the Government with a source of back-up funding in times of financial difficulties. Meanwhile, it is necessary to implement the series of policies in the Policy Address, such as competing for enterprises, developing "headquarters economy", attracting companies to redomicile in Hong Kong and competing for talents, with a view to bringing to Hong Kong more capital, talents, tax revenues and financial gains.

In the long run, an ideal financial model of the Government definitely involves economic restructuring, industrial upgrading and development, as well as talent training, in order for government revenue to be more diversified and more evenly distributed. The Government and the community must remain steadfast in implementing the various policies to stimulate the economy in the Policy Address, including enhancing the functions of the "eight centres", moving ahead with the development of the Northern Metropolis, revitalizing tourism, promoting the development of the new energy transport industry, building an international hub for post-secondary education, and developing into a health and medical innovation hub, with a view to injecting new impetus for the future development of Hong

Kong, building new economic pillars on all fronts and reducing the high correlation between the Government's financial revenue and the property and stock markets which are bundled together.

With these remarks, Deputy President, I support the original motion and the amendments.

**MR BENSON LUK** (in Cantonese): Deputy President, I thank Revd Canon Peter Douglas KOON for proposing the motion on “Reviewing public finance policies” today. I also thank Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG for proposing their amendments.

Article 107 of the Basic Law stipulates that the Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. However, we have checked the statistics released by the Financial Services and the Treasury Bureau, which show that a deficit was recorded for nine times in the 25 years from 1998-1999. From this we can see that the SAR Government actually has the experience of coping with a counter-cyclical period and adopting a deficit budget.

The first three largest public expenditure items of the SAR Government, namely healthcare, social welfare and education, altogether account for about 44% of the expenditure. The first two items are closely related to population ageing under discussion today.

The past few years when a deficit was recorded precisely marked the hardest times faced by the general public, and the public had all the more expectations for the Government to plough in more resources to tackle the problems in people's livelihood at these times. For example, during the epidemic, the public would expect the SAR Government to allocate more resources to fight the epidemic, support the economy, safeguard jobs, and benefit the people's livelihood. Looking ahead to the future in the short term or even in a longer term, there will be both opportunities and challenges for Hong Kong, but of course, there will be more opportunities than challenges, and to seize these opportunities, we precisely need to continuously enhance our development momentum.



To this end, I will put forward the following four views for the Government's reference.

Firstly, it is inappropriate to increase the rates of profits tax and salaries tax because a low tax regime has always been an advantage of Hong Kong in fostering a business-friendly environment. Our competitors in the region, such as Singapore, have lowered their tax rates in order to compete for foreign investment and talents. It is inappropriate for us to do just the opposite. I also oppose the introduction of new taxes, such as a sales tax, which will affect the overall consumption and people's livelihood. A simple tax regime is another advantage of the Hong Kong economy. Therefore, I believe that the general public do not quite wish to see the introduction of new taxes, not to mention taxes that will affect people's livelihood. Simply put, I hope that the Government will not make any new moves in respect of these taxes.

Secondly, in the long term, Hong Kong must "grow the pie" and increase the sources of revenue. As the Chief Executive said days ago, the asset and wealth management business of Hong Kong at the end of 2022 amounted to nearly \$4 trillion; and Hong Kong is also Asia's hedge fund hub and the region's second largest private equity centre. So, Hong Kong is still one of the world's most competitive economies. Besides, Hong Kong has recently embarked on the development of industries, such as emerging industries, headquarters economy, family fund investment, and so on. Therefore, the development of these industries will bring momentum to the economy.

Moreover, apart from tax revenue, the Government can also consider increasing the issuance of bonds as a basis for promoting sustainable development of society, among others. Hong Kong still has much room for borrowing. According to the International Monetary Fund, the general government gross debt as a percentage of GDP of 35 advanced economies worldwide in 2022 was around 110%; it was 264% for Japan, 141% for Singapore and 54% for Korea in the same region, whereas ours in Hong Kong remained at a single-digit level of 4%. In fact, we have seen that the Three-Runway System project of the Airport has also been financed through bond issuance, so that public money can be spent on other important causes. Therefore, I support the Government in commencing studies on issuing bonds to raise funds for projects such as the Northern Metropolis and Lantau Tomorrow.

Fourthly, the main sources of government revenue now are, in descending order, profits tax, salaries tax and land sale proceeds. As I said earlier, it is inappropriate to change the rates of the first two of these taxes. Hence, if we will have to increase the revenue from land sales, I believe that in the long term, the Northern Metropolis and Lantau Tomorrow will make available a vast expanse of land, which will enable the Government to generate revenue from land sales and support additional social expenditure, especially that arising from population ageing. In this connection, I hope that the Government can include more commercial considerations in public finance in the future.

Thank you, Deputy President.

**MR CHAN CHUN-YING** (in Cantonese): Deputy President, the public finance policy of Hong Kong has always been known for being sound and stable. Having said that, during the three-year epidemic, considerable financial resources were used to support the economy, resulting in deficits in three of the past four financial years. The deficit for the first three quarters is already close to \$180 billion. As the population continues to age over the next decade, the sustainability of public finance has given cause for concern. Today, Revd Canon Peter Douglas KOON's motion and the amendments proposed by the three Members of "G19" enable us to debate once again our views on the future public finance policy.

The formulation of public finance policy should take four points into full consideration. First, consideration has to be given to the provision in the Basic Law and that is, the principle of keeping expenditure within the limits of revenues under Article 107 of the Basic Law as Members have mentioned. Of course, the Financial Secretary, Mr Paul CHAN, has repeatedly stressed that there is a certain degree of flexibility in the relevant provision, and that we should not just focus on one or two years but rather, we should look at whether a fiscal balance can be achieved in the economic cycle. Second, consideration has to be given to the linked exchange rate system because the implementation of the currency board system, which allows the Hong Kong dollar exchange rate to be maintained within the range of HK\$7.75 to HK\$7.85 per one US dollar, requires the Monetary Base in Hong Kong to be fully backed by US dollar-denominated assets and this will need stable financial backing.

Moreover, consideration has to be given to maintaining public finance in a better position, so that Hong Kong can maintain higher credit ratings and enjoy more favourable costs in borrowing. Lastly, consideration has to be given to

keeping sufficient fiscal buffers. The series of counter-cyclical measures adopted during the epidemic, such as those for safeguarding jobs, disbursement of consumption coupons and rates concessions, were conducive to mitigating the impact of the epidemic on the community. But we must have abundant fiscal reserves before there is leeway for the Government to respond to the situation.

As the Under Secretary mentioned in his speech earlier, healthcare and social welfare expenditures have accounted for a very high proportion of our expenditure, and these expenditures are closely related to the demographic structure. At present, the percentage of Hong Kong people aged above 65 reflects that we are among those places where ageing is most serious in the world. According to the Hong Kong Population Projections 2020-2069 published by the Census and Statistics Department, population ageing is expected to continue, and the population of elderly persons aged 65 and over is projected to nearly double in the next 25 years, from 1.45 million in 2021 to 2.74 million in 2046.

An increase in the elderly population will lead to a sharp rise in the elderly dependency ratio in the coming decades. By 2069, the percentage of elderly people aged above 65 will be 38% and two out of every five Hong Kong people will be elderly. On the other hand, the expensive cost of childbearing and changes in women's perception of childbearing have caused the fertility rate to consistently remain at a low level. The combination of population ageing and a declined birth rate will lead to a decrease in the working population, and every 1 000 people in the working population will have to support the living of 712 elderly persons. This will substantially increase the burden on the working population and pose threats to Hong Kong's competitiveness and affordability in the long term.

In view of the ageing trend, I suggest that the Government should adopt corresponding measures as early as possible, such as giving consideration to appropriately refining the investment structure of the Mandatory Provident Fund ("MPF"), increasing the rate of return and introducing capital preservation products, including investing MPF in Hong Kong's infrastructure assets that offer stable long-term returns, so that the working population will have the resources to be self-sufficient after retirement.

Besides, the Government should expand the policy options, such as the pilot scheme for Hong Kong people to retire in the Greater Bay Area, so as to provide the elderly with more retirement choices, thereby reducing the local public expenditure in some other respects.

In addition, the healthcare system is currently treatment-based, with emphasis on inpatient and acute care services. The development of primary healthcare services has been inadequate, and public hospitals have consistently been overloaded, thus making it difficult for them to cope with the pressure brought about by population ageing in the future. If things go on like this, the healthcare system will continue to be overburdened and the expenditures will continue to rise. I suggest that the Government should continue to enhance the healthcare system with focus on preventive care, in order to alleviate the financial woes brought about by population ageing.

Deputy President, the fiscal reserves have dropped from over \$1,000 billion in the past few years to the latest level of about \$650 billion, which is enough to cover the expenditure for only 9 months and far below the peak level of 28 months shortly after the return of Hong Kong. Our revenue has been so heavily reliant on profits tax, land premium, stamp duty, salaries tax and investment returns. These revenues have been affected by the performance of the property market, but our expenditure is mainly made up of such solid spending in areas such as healthcare, welfare, education and infrastructure. As a result, the cumulative amount of public expenditure has increased by 2.6 times since the return of Hong Kong to the motherland in 1997 while revenues have only increased by 1.2 times.

While this may sound cliché, in order to improve the sustainability of Hong Kong's finance, it is necessary for the Government to immediately review whether various public expenditures have been properly utilized, and to actively explore measures for increasing revenue, with a view to consolidating public finance and rebuilding fiscal buffers.

Deputy President, I agree with Revd Canon KOON's motion and the amendments proposed by the three Members. I so submit.

**MR ANDREW LAM** (in Cantonese): Thank you, Deputy President. I thank Revd Canon Peter Douglas KOON for proposing the motion on "Reviewing public finance policies" and the three Members for proposing their amendments.

Population ageing is a global trend of this era, presenting both challenges and opportunities. Known as a "city of longevity", Hong Kong has seen its spending on elderly care services ever increasing in the Government's finance, persistently putting pressure on the public coffers. There have been changes in

the demographic structure and the situation of ageing is serious. The Government has to cope with the responsibility of caring for the elderly, and has been under financial pressure in doing so. But then, does it mean that the elderly should carry with them a negative label?

As a common saying goes, “elderly persons are the treasure of a family”. I think the elderly are an asset of society, not a burden. We should review afresh the role of the elderly, and we should know how to dig up this “treasure” and cherish it. Apart from striving for the benefits of the elderly, we should also enable them to continuously give play to their strengths in the new economy and even take part in innovative activities.

We must know that the new silver-haired group is characterized by having “three highs”: high income after retirement, high education level and high usage of hi-tech products. While consistently paying attention to the caring of grass-roots elderly, the community has also noticed the trend of a substantial increase in the number of middle-class elderly.

The home ownership ratio dropped to a 20-year low in 2019, with only 7.6% of home owners being in the younger generation and more than 40% of them being elderly, doubling the figure back in 1997. The elderly’s demand for Silver Bonds has also been on the rise in recent years, with the number of subscribers increasing by over 5 times and the amount of subscription increasing by over 18 times in the past five years. In addition, the number of elderly people living at home has increased, and many of them have relatively abundant assets. In fact, most elderly people do not live in straitened conditions, and the “silver economy” has enormous potentials for development.

It takes the silver-haired group and also the black-haired group to make up the “silver economy”. The silver-haired people are users of gerontechnology and elderly services, while those who develop products and provide services are the black-haired generation. With consumption and economic activities, we can all thrive together.

From the perspective of public burden, the retirement system in Hong Kong is relatively homogeneous because other than the Mandatory Provident Fund (“MPF”), the rest of the expenditure on elderly care all relies on the Government. Given its unsatisfactory returns, the actual effect of MPF in providing retirement protection is limited. The demand for the Old Age Living Allowance has

increased, and more and more “fruit grant” has been handed out. The Government’s recurrent expenditure has continued to rise. I think the Government should provide more incentives and adopt policies to motivate and encourage those people who have the means to properly make plans for their retirement protection, so that they can have a secure old age through their properties, insurance, and stable investment.

Looking around the world, people born after the war, especially the “baby boomers”, have the largest share of social and economic resources. The Government should seriously consider how the assets of this age group can be turned into resources for advancing economic construction and future development, rather than leaving these assets to be passed on from one generation to another without any economic multiplier effect.

Today, many elderly people at retirement age are physically strong with a vibrant and innovative mind. Apart from having financial resources, they are even talents capable of contributing to society continuously. The labour force participation rate of the elderly in Hong Kong is still far lower than that of some neighbouring countries in Asia. The Government should adopt a holistic approach to encourage elderly people with the ability and interest to work to rejoin the labour market, so that they can make use of their accumulated experience and knowledge and return to society through various channels, thus becoming a new social resource.

Deputy President, providing the elderly with support for their living and a sense of security and a sense of worthiness concerns every individual nowadays. This is also closely related to future generations. The issue of caring for the elderly should not be simplified as an issue of poverty alleviation and welfare. Prudent fiscal management is certainly important, but the trend of socio-economic development is clearly telling us that if we purely adopt a conservative mindset of cutting expenditure, we will not be able to cope with the foreseeable structural changes.

I am glad to see the proposal in the Chief Executive’s new Policy Address of establishing an Advisory Panel on Silver Economy to invest in the development of the “silver economy”. I hope that the Government will actively introduce investment products for retirement to provide more investment choices, so that the assets of the elderly can maintain the “vitality” to grow. Meanwhile, the Government should consider adopting a more vigorous multi-pronged approach to

release the silver-haired workforce and improve the matching measures for the elderly to rejoin the labour market, so as to alleviate the shrinkage of the labour force caused by population ageing and to reduce the burden on family or the welfare system of the Government.

Deputy President, I so submit.

**DR CHOW MAN-KONG** (in Cantonese): Deputy President, the four major demographic challenges, namely low birth rate, ageing, brain drain and population mismatch, will not only affect Hong Kong's momentum of development, but will also definitely have a structural and adverse impact on the public finance of Hong Kong in the medium to long term if we do not take any proactive measure against them. According to the latest projection of the Census and Statistics Department, one in every five people in Hong Kong now is an elderly aged above 65, and by 2046, more than one-third of the population will be elderly aged 65 or above, representing an increase of about 1.3 million compared to two decades ago.

Compared to Japan, population ageing in Hong Kong is not considered most serious, but it is time to formulate more proactive measures for society to cope with some of the impending impact and challenges as far as possible, and a review of public finance will be an important area of work. I, therefore, support the original motion of Revd Canon Peter Douglas KOON and the amendments.

As I have stressed before, if the Education Bureau, the Labour and Welfare Bureau and other relevant Policy Bureaux or departments still stick to their inherent policy mindset and only emphasize reduction of classes and closure of schools to save resources without formulating some expansionary fiscal policies to ensure stable supply and healthy development of Hong Kong's population and talents, then such problems as low birth rate and population ageing in Hong Kong will only become more and more serious in the future, thus creating the "long-term financial burden" mentioned by Revd Canon Peter Douglas KOON. The impact will be structural and adverse.

It is noteworthy that according to the current trends of population ageing and low birth rate, the SAR Government will inject more resources into the three major areas of social welfare, medical and healthcare, and public housing in the future, meaning that the proportion of expenditure on education will inevitably face a shrinkage. Of course, the problems with the population are not completely irreversible, and the key lies in whether the measures taken by the SAR

Government to trawl for enterprises, as well as attract and retain talents are proactive and aggressive enough. An example is that in the Policy Address, the Chief Executive and the Secretary for Education have accepted my proposal and taken one more step forward by relaxing the admission quota of non-local students to the eight post-secondary institutions to 40%, which means admitting to Hong Kong an additional 6 000 young students. The SAR Government should adopt similar measures in the future, including allowing non-local students to study in secondary schools or self-financing institutions or even sub-degree programmes on a self-financing basis, in order to end the impasse of more people leaving than coming to Hong Kong in recent years and safeguard the stability of our demographic resources as well as tax revenue, thereby maintaining the soundness of our public finances.

Instead of racking our brains and planning to increase taxes as a way to open up new sources of revenue, we might as well leverage on the prevailing circumstances and turn the crisis into an opportunity. A subtitle of the Chief Executive's Policy Address this year is "Silver Economy", emphasizing that "the growing elderly population is emerging as a main consumer group, creating considerable demand for such products and services as medical and healthcare, leisure and recreation, and home and personal care catered for the elderly. These products and services enhance the quality of life for the elderly and spur industry growth and business opportunities". For example, the SAR Government can, by taking advantage of the clustering of innovation and technology ("I&T") enterprises in the Northern Metropolis, invite the 8 government-funded universities, 14 self-financing institutions, and business start-ups to incorporate I&T concepts into innovative designs and strengthen the services and industries related to the silver-haired group, so as to create a new retirees' community combining with I&T applications in the Northern Metropolis. This will facilitate not only the development of smart elderly care services in Hong Kong but also the expansion of these services to other Asian countries, creating an emerging industry with potentials.

In addition, the Government can offer more attractive tax incentives to promote silver-hair financial products, such as the "Retire 3", namely annuity plan, the Reverse Mortgage Programme, and the Policy Reverse Mortgage Programme. These programmes will not only help the elderly accumulate wealth and assets but also reduce their reliance on social welfare, thus achieving the objective of caring for the elderly and enabling them to enjoy their old age. This will in no way create any further burden on the public finance and what is more, we can take advantage of these circumstances to open up new sources of revenue.



Judging from the international trends and with improved conditions in healthcare and education, longer average life expectancies are set to be the general tendency. In Japan, Singapore, South Korea, the Mainland and even Taiwan, China, a lot of work has been done to extend the statutory retirement age. Taiwan, China, enacted legislation as early as in 2008 to extend the retirement age from 60 to 65; Singapore also indicated in the year before last that the retirement age and the maximum re-employment age will be raised to 65 and 70 respectively in phases. Such measures can ease the financial burden on Hong Kong in the relevant areas and increase tax revenue as well.

Therefore, I suggest that the Government should further take the lead to create a more favourable employment environment that embraces the energy and vibrancy of the elderly, so that senior employees who have the will and the ability to work will remain in the workplace to continuously give play to their strengths.

Deputy President, I so submit.

**MR EDMUND WONG** (in Cantonese): Deputy President, I am grateful to Revd Canon Peter Douglas KOON for proposing this motion today, so that just when the fiscal reserves have dropped below the level of \$700 billion for the first time in nearly 10 years, we can put forward to the Government some views and directions on the planning of public finance amid an ageing population.

An increase in public expenditure due to population ageing is a common challenge faced by different developed regions in the world. Many Honourable colleagues have mentioned the problems arising from population ageing and so, I am not going to dwell on them here. I would like to focus on the challenges that we now face in public finance and express some of my views.

Article 107 of the Basic Law provides that Hong Kong shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product (“GDP”). To put it more plainly, “keeping expenditure within the limits of revenues” means “eating rice according to the dishes of food prepared”, and if one wishes to eat more rice, more dishes of food have to be cooked. In the past, the Government all along maintained a simple and low tax regime which had operated effectively over the years, attracting a lot of capital from all over the world to Hong Kong and boosting

the economic growth of Hong Kong. The income of the people and that of enterprises had increased, and the salaries tax and profits tax had also increased in successive years. Under the wealth effect, the Government's land sale proceeds also rose, thus sending up the Government's fiscal reserves to the peak of \$1,100 billion before the epidemic, and I would say that there were "dishes of food all over the table".

However, when there were more dishes, naturally more rice was consumed. The public expenditure of the SAR Government as a percentage of GDP has kept on increasing since the return of Hong Kong, from 14.13% after the return of Hong Kong in 1997-1998 to 21.79% in 2019-2020 and even to 28.44% in 2022-2023. Despite an average annual growth of 1.4% in GDP between 2018 and 2024, we have seen the trend of the total recurrent public expenditure increasing by 6.7% per annum. If we look at these figures alone, obviously the picture is different from that stated in the Basic Law.

It would not have mattered if the revenue was sufficient to offset the expenditure but after the epidemic, the good momentum for generating a high revenue has clearly changed due to various reasons, including the series of measures taken during the pandemic for epidemic prevention and control, the persistently high interest rate, geopolitics, and so on, and recovery did not happen as expected, thus causing the fiscal reserves to plummet by 40% in a short span of several years. Now that on the table there are obviously fewer dishes of food and naturally we must think about how to consume less rice. This is why I very much agree with Revd Canon KOON's motion and the amendments proposed by the three Members. In view of the substantial increase in the recurrent expenditure over the past few years, the Government should indeed clearly think about whether we are in line with the policy of keeping expenditure within the limits of revenues. It should expeditiously conduct a review, cut unnecessary recurrent expenditure and consolidate the existing resources as far as practicable for some new policies and new duties.

Having said that, I wish to emphasize that what I hope the Government will reduce is expenditure, not investment, because investment for the future of Hong Kong is vitally important to the overall development of society. Deputy President, the role of the Government is actually tantamount to that of a trustee tasked to keep public assets for the people and achieve a growth in the value of wealth by relying on the effective operation of the Government. It is undesirable to amass excessive wealth but put it aside and leave it unused, or to have too little

wealth to the extent of inhibiting government operation. It is most important to put assets and wealth to proper use in order to maintain long-term development. Chief Executive John LEE said some time ago that he had no intention to broaden the tax base now and that he hoped to maintain operation by boosting economic activities and competitiveness. I very much agree with him because it is only through maintaining a low and simple tax regime to provide incentives that we can attract overseas enterprises to set up headquarters and develop business in Hong Kong, and attract more high-quality talents to come to Hong Kong. There is no better way to increase the wealth of Hong Kong, and only in this way can we develop a vibrant economy.

Lastly, I wish to point out that in view of the many large-scale development projects of the Government in the future, there will be a massive demand for capital and what is more, there will be the problem of a time lag as it takes many years to record a revenue after making huge upfront investment. The Chief Executive's proposal of setting up the Committee on the Financing of Major Development Projects is a correct direction. Whether for public-private partnership, the "Rail plus Property" model or even further issuance of bonds, it is most important to ensure effective utilization of funds in order to avoid the need to further dig into the fiscal reserves.

With these remarks, Deputy President, I support the original motion and all the amendments.

**MR JIMMY NG** (in Cantonese): Thank you, Deputy President. This motion of Revd Canon Peter Douglas KOON starts by highlighting the problem of population ageing and then goes further to examine the current conditions of public finance and the expenditure on elderly care. In the meantime, it urges the Government to adopt a multi-pronged approach to increase revenue in the hope that the Government will start planning early and be well prepared for the financial burden in the long term. Generally speaking, I agree with this argument but I have one point to add and that is, we must not cause the public to mistakenly establish a link between the burden on public finance and the increase in the elderly population, lest the discussions on controlling spending, reducing expenditure and cutting unnecessary expenditure will eventually reach the conclusion of simply reducing the spending on elderly care. Therefore, I hope that we will refrain from targeting the elderly in cutting expenditure unless it is absolutely necessary to do so.

Hong Kong is entering an ageing society as a result of the continuous drop in birth rate and the rise in average life expectancies. The Chief Executive's proposal in the Policy Address to boost fertility, or encourage childbirth as more commonly referred to in the community, is precisely intended to slow down the pace of Hong Kong in entering an ageing society from the other side of the coin.

Last year, the fertility rate per woman in Hong Kong was only 0.7, a record low in history and the lowest in the world. If we do not boost the birth rate at source, the problem of population ageing will be almost insoluble. Deputy President, please do not think that I have digressed from the topic of elderly care in talking about the fertility rate, because both issues are immensely related to public finance.

Next, I wish to briefly share the experience of Germany concerning how they managed to use financial support to effectively reverse the declining birth rate. In 1994, the birth rate in Germany dropped to an all-time low of 1.24 and then gradually rose to 1.6 in 2016. Despite the pandemic, their fertility rate still stood at 1.58 in 2021. How did Germany do it? Apart from the standard maternity leave and tax allowance for children, three measures were adopted, including the provision of a generous cash allowance, sufficiently long parental/maternity leave, and adequate childcare services. How much from the public coffers was required to support these measures?

In 2019, Germany's welfare spending on family and childcare was equivalent to 3.24% of its GDP, or 2.42% after deducting the tax benefits. Hong Kong's GDP in 2022 was close to HK\$2,820 billion, and 2.42% means about HK\$68.2 billion, or about 10% of the HK\$690 billion recurrent government expenditure of Hong Kong in 2022-2023. In any case, it takes additional financial expenditure to boost the fertility rate, and this amount is what we should prepare to pay or provide as "reserves" for meeting the financial burden in the long term.

Deputy President, the financial position of Hong Kong has been rather bad in recent years as the tax revenue and land sale proceeds have dropped whereas the expenditure on various fronts has increased continuously, creating financial pressure. Recently, the Government has given instructions to Policy Bureaux and departments, asking them to cut expenditure and manpower by at least 1%, so that through central coordination, the resources can be reprovisioned for new service programmes. It is certainly necessary to reduce expenditure but we must also effectively increase revenue and to this end, an important direction is to explore the

possibility of broadening the tax base. Hong Kong has a simple tax regime with few tax types. In the past, there were tax reductions most of the time, and a major reason for it was that the main tax types could generate sizable revenues. But time has changed, and despite with utmost reluctance, we should seriously consider increasing the sources and types of revenue, in order to develop new steady and sustainable sources of revenue for public coffers, with a view to promoting the long-term development of Hong Kong.

Deputy President, I so submit.

**PROF PRISCILLA LEUNG** (in Cantonese): Deputy President, I very much thank Revd Canon Peter Douglas KOON for giving us an opportunity to discuss how we should review the public expenditure of Hong Kong in the light of population ageing.

In my opinion, population ageing and a fast-declining population are actually inter-related, and their torrents have already arrived. Can we deal with them simply by giving out money? Today, we talk about giving out \$40,000 to each newborn, or giving a child some \$100,000 when he or she reaches a certain age. Can we deal with the problem and alleviate it solely by giving out money? Or do we have to rely on tax increases?

Since day one of my joining this Council, I have invariably cited Articles 107 and 108 of the Basic Law whenever I talked about this issue. Article 107 of the Basic Law explicitly requires the Hong Kong Special Administrative Region to achieve a fiscal balance, and Article 108 clearly provides that Hong Kong shall take a low tax policy. Back then when the country endorsed the implementation of “one country, two systems” in HKSAR, these two requirements were considered the most important pillars. So, if we have to change this view today, we certainly have to look into whether the utmost effort has been made in all the other areas of work.

First of all, I think it is most important to increase revenue, cut expenditure, and divert resources. Personally, I very much support a simple tax regime because many of my colleagues who choose to stay in Hong Kong or come to Hong Kong from overseas do so exactly because of the simple tax regime. Therefore, if we wish to change the tax system and make it more complicated, we have to ensure that the public and taxpayers share the view that these changes will be

conducive to Hong Kong's economic development in the long run, and that in particular, the low tax policy and open economic system that are most important to Hong Kong will not be compromised.

I am most pleased that this year's Policy Address mentioned the silver economy, and an advisory panel will eventually be set up. I have championed for the silver economy for as long as 10 years because I always think that Hong Kong people are retiring too early; the retirement age for the disciplined services is 55. However, according to the new age group classifications of the United Nations, youth refer to people aged between 18 and 65; those aged between 66 and 79 are in the middle to old age, and the real elderly people are those aged between 80 and 90. Is the retirement age of public organizations in Hong Kong already outdated?

Many colleagues mentioned the baby boomers. I even consider them hyperactive with great passions for work. They will be unhappy if the issue of retirement is brought up for discussion with them, unless they have health issues. Therefore, the Government should make good use of these people to care for the elderly or children. I have drawn reference from a practice adopted in Shanghai in the Mainland where a programme named "time bank" was first launched in 1999, and retirees aged between 60 and 70 are particularly encouraged to participate in the programme, so that these empty-nest elderly can receive assistance from other volunteers when necessary according to the service hours that they accumulated before. This mechanism is in place in the local community to help the elderly.

Neither children nor elderly would wish to be taken care of by AI (artificial intelligence). We do not wish to be taken care of by robots, and we hope to have love. In Switzerland, there is also a "time bank" under the Federal Social Insurance Office. It operates like a "deposit" as every hour of volunteer work done will be recorded, and these hours of service can then be used in exchange for services such as caring phone calls, moving furniture or even companionship in emergency. There is love, and there is compassion in all these services. As regards Japan, in 1990, a welfare foundation called SAWAYAKA introduced the "caring relationship tickets". For people who have taken part in volunteer work and who, in their old age, do not have family members to take care of them, society will draw resources of volunteer services under this scheme to serve these elderly.

I always hope that Hong Kong can give consideration to the "time bank" programme and I have consistently campaigned for this cause, because in Hong Kong, people aged between 60 and 70, 75 and even 80 take up volunteer work, and

I myself have a volunteer who is 95 years old and has excellent working ability. It will not cost us a lot for paying them an allowance but we can make them feel that their lives are valuable and happy, and this can indeed get the best of both worlds.

Lastly, I think our soft power is most important. Hong Kong should uphold the traditional Chinese family value of “having an elderly member in a family is like having a treasure”. Moreover, children who grow up in monogamous families will have a sense of security and know how to love and care for their family members. So, this soft power must not be abandoned. I think the Government should step up the promotion work, so that our country can have the support of a strong, solid family system.

Deputy President, I so submit.

**IR DR LO WAI-KWOK** (in Cantonese): Deputy President, first of all, I would like to thank Revd Canon Peter Douglas KOON for moving the original motion and the other three Members for moving the amendments.

Deputy President, Hong Kong’s population ageing is expected to continue. According to the Hong Kong population projections for 2022-2046 released by the Census and Statistics Department in August this year, the proportion of elderly persons aged 65 and over in the total population will rise from 20.5% in 2021 to 36% in 2046, meaning that more than one in every three Hong Kong people will be elderly by then. The SAR Government has been devoting a lot of resources to healthcare, of which the 2023-2024 estimate reaches \$104.4 billion, accounting for about 19% of the Government’s recurrent expenditure. As Hong Kong’s population ages, the expenditure on public healthcare services for the elderly will continue to rise, putting a lot of pressure on public finance. I think it is indeed necessary for the SAR Government to prepare for rainy days. This means carefully examining the current conditions of public finance, introducing revenue-raising and expenditure-cutting measures, and carrying out comprehensive and long-term fiscal planning to cope with the challenges posed by an ageing society.

Deputy President, when discussing Hong Kong’s long-term fiscal planning, we must abide by the provisions of the Basic Law, of which Article 107 stipulates that “The Hong Kong Special Administrative Region shall follow the principle of

keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product”. Nevertheless, this principle should not be interpreted too narrowly in its practical application. Over the past few years, when the COVID-19 epidemic was raging and various trades and industries were hard hit, we were pleased to see that the SAR Government had taken on board the suggestions of various sectors of the community, including those of the Business and Professionals Alliance for Hong Kong, by adopting a deficit budget and launching various counter-cyclical fiscal measures to safeguard employment and support businesses, so as to address the imminent needs of members of the public.

At the same time, I have repeatedly suggested that the SAR Government, with due regard to long-term financial commitments, should leverage infrastructural development to drive economic recovery and solve Hong Kong’s persistent land and housing supply problems. Earlier on, the authorities unveiled the Northern Metropolis Action Agenda, in which it is estimated that there will be some 3 000 hectares of new development land in the Northern Metropolis, of which not less than 1 400 hectares will be available for development within the next 10 years, and this will provide more than 500 000 new residential units, making the area a major source of land and housing supply for the future. In addition, the Northern Metropolis will adopt an “industry-driven and infrastructure-led” approach as its key planning axle to promote the development of diversified industries such as innovation and technology, high-end professional services, tourism and logistics, which will create around 500 000 new jobs. As long as the authorities make proper overall planning and financial arrangements, the Northern Metropolis will serve as an important initiative for future investment, which is expected to bring new growth and create new capacity for Hong Kong, and therefore deserves the support of society. On the financial front, I urge the Government to make good use of market forces, including financing and public-private partnership. I believe that the development of the Northern Metropolis can achieve its intended purpose.

Deputy President, at a time when the global economy is full of uncertainties, Hong Kong, as an externally-oriented economy, will face severe challenges. However, in order to maintain Hong Kong’s advantage of pursuing a simple and low tax policy, any discussion on changing tax rates or introducing new tax types should be conducted prudently. Meanwhile, the SAR Government should actively explore ways to cut any non-essential expenditure. According to the authorities, the total expenditure on humanitarian assistance provided for



non-refoulement claimants, including allowance for temporary accommodation, food and transportation, has exceeded \$2.8 billion from 2018 to 2023, imposing a heavy pressure and burden on Hong Kong. Over the years, various sectors of the community have expressed strong views urging the SAR Government to expeditiously review the existing unified screening mechanism for non-refoulement claims, so as to plug the loopholes in the system and combat the various problems arising from the influx of “bogus refugees” into Hong Kong.

What should also not be overlooked is that only when the authorities have a full grasp of the demographic statistics can they be able to formulate long-term fiscal plans. In the past, I have repeatedly urged the SAR Government to face up to the changes in Hong Kong’s demographic structure, including the declining fertility rate, the shrinking labour force and the ageing population, and to set up a dedicated framework for population policy planning so as to promote short, medium and long-term population policies and formulate effective policies for different aspects of the economy (*The buzzer sounded*) ...

Deputy President, I so submit.

**DEPUTY PRESIDENT** (in Cantonese): Ir Dr LO Wai-kwok, your speaking time is up.

Dr Kennedy WONG, please speak.

**DR KENNEDY WONG** (in Cantonese): Deputy President, we often talk about the importance of preparing for a rainy day. Faced with the problem of Hong Kong’s ageing population, the SAR Government indeed needs to give consideration on various fronts. I support the motion moved by Revd Canon Peter Douglas KOON and the amendments proposed by the three Members to review the public finance policies, with a view to increasing revenue and at the same time reduce expenditure, so as to make preparation for the long-term financial burden of an ageing society, which is in line with the interest of the long-term development of society as a whole.

According to the figures of the Census and Statistics Department, as of mid-2022, one in every five people in Hong Kong was an elder. By 2037, 3 in every 10 people will be elders. It is projected that by 2031, two persons in the

working population may have to support one elderly person. Unless Hong Kong changes its immigration policy, it risks becoming one of the world's cities with the highest ageing population.

As regards the Government's financial position, I have noticed that over the past decade, social welfare expenditure has increased from \$51.89 billion in 2013-2014 to \$106 billion in 2022-2023, representing an increase of 104.3%. Health expenditure has increased from \$49.768 billion to \$127.07 billion over the same 10-year period, representing an increase of 155%. As for fiscal reserves, however, we all know that they have now fallen to around \$700 billion.

In the face of the challenges posed by public finance, I have noticed that, apart from foreign currency reserves and fiscal reserves, the Government has indeed made many different investments, such as the three road harbour crossings, the operating rights of which have been taken over by the Government, the Hong Kong International Airport which is wholly owned by the Government, the 75% shareholding in the MTR Corporation Limited ("MTRCL") held by the Government, as well as many other investments in alternative assets. As such, I think that it is indeed necessary for the SAR Government to come up with a better policy for the management of its assets. Although many state-owned enterprises are listed companies, including those listed in Hong Kong, the state holds the majority of shares. We can take a cue from the Central People's Government and set up a committee along the lines of the State-owned Assets Supervision and Administration Commission which, apart from overseeing the relevant assets, can also influence the dividend policy of listed companies and establish a mechanism for the exit of government shares at an appropriate time. In my view, the HKSAR Government is now relying mainly on the CEOs or the management of these enterprises in which the Government has a majority shareholding to determine the development directions of the enterprises. However, as to how these SAR Government assets should be utilized and their potential value enhanced, or whether it is necessary to take control of 75% of the shares in MTRCL, I think this should be considered by a central-level committee.

In addition, we have strong foreign currency reserves. The Financial Secretary has mentioned on many occasions that our foreign currency reserves are currently about 1.7 times Hong Kong's Monetary Base. However, the Hong Kong Monetary Authority also said in reply to my question that it would be sufficient to maintain the linked exchange rate if foreign currency reserves are equivalent to about 1.3 times Hong Kong's Monetary Base. If we multiply the

difference of 1.3 and 1.7 times by the US\$410-odd billion foreign currency reserves at the end of September, the actual amount that can be used is more than HK\$700 billion. I think that the SAR Government can review whether it is possible to increase this amount of foreign currency reserves of Hong Kong, which is not required to maintain the linked exchange rate, and make some alternative investments or plough the sum into public finance in the future, so as to cope with the financial needs of an ageing society in Hong Kong.

In conclusion, I think it is necessary to conduct relevant studies and reviews on the changes in the social structure in the medium to long term in order to strike a balance between revenue and expenditure in the long term as far as possible.

Deputy President, I so submit.

**MR MARTIN LIAO** (in Cantonese): Deputy President, the sustainability of public finance is an important foundation for the stable and prosperous development of Hong Kong's society and economy. As Hong Kong is a small and open economy, the Government needs to have sufficient financial strength to withstand the risks brought about by external changes, so as to ensure the stability of Hong Kong's economy and financial system, as well as the stable livelihood of the public.

Over the past three years since the outbreak of the COVID-19 epidemic, the Government has spent a total of over \$600 billion on anti-epidemic, epidemic prevention and counter-cyclical measures to help Hong Kong regain vigour, which is understandable and has achieved the expected results. Objectively speaking, however, this has also led to a 30% reduction in the fiscal reserves from the peak of over \$1.1 trillion. According to the latest figures released by the Government, Hong Kong's fiscal reserves fell to \$657.1 billion as of 30 September this year, marking the first time in almost a decade that half-yearly fiscal reserves have fallen below \$700 billion.

Deputy President, although major types of revenue, such as salaries tax and profits tax, are mostly collected in the second half of the financial year, both the authorities and the major accounting firms have forecast that the fiscal deficit for the current year will be higher than the \$54.4 billion mentioned in the Budget at the beginning of the year, and may even exceed \$100 billion, given the adverse external economic environment, the slower-than-expected economic recovery in Hong Kong, and the lower-than-expected proceeds from land sales and revenue

from stamp duty for the current year. Public expenditure will inevitably increase in view of the problem of an ageing population and the forthcoming launch of major infrastructure projects such as the Northern Metropolis and the Kau Yi Chau Artificial Islands. How to properly manage Hong Kong's public finance while adhering to the principle of "keeping the expenditure within the limits of revenues" as set out in Article 107 of the Basic Law, is something that the authorities must consider and review. We should not indulge in a false sense of security just because we can always resort to issuing bonds, or because the Hong Kong Government's debt-to-GDP ratio is far lower than that of other developed countries or regions.

As we all know, the essence of fiscal management lies in generating revenue and managing costs. To increase government revenue, it is first necessary to develop the economy and enhance Hong Kong's competitiveness. As long as the economy is on the upswing and the pie is growing bigger, even if the tax rate remains unchanged, the revenue of the Treasury will still increase. This is the fundamental solution to increasing fiscal revenue. I believe more revenue can be generated for the Government if the authorities can bring in more quality enterprises in accordance with the direction set out in the Policy Address, realize Hong Kong's "eight centres" positioning as outlined in the 14th Five-Year Plan, drive investment and the development of the innovation and technology industry, as well as create more quality jobs.

Furthermore, given Hong Kong's narrow tax base, the volatility of fiscal revenue, especially from land sales, and the impact of the changing international tax environment, I think the Government should, in line with the long-term development of Hong Kong, conduct a comprehensive review of the tax regime and consider different options to broaden the tax base.

Deputy President, it is equally important to cut down on expenditure while increasing revenue. On the one hand, the Government should take the lead in cutting expenditure by properly deploying manpower and resources while maintaining zero growth in the civil service establishment. On the other hand, given that there is limited room for spending cuts in such areas as healthcare and education that affect people's livelihood, the authorities must rigorously investigate the misuse of public funds. For example, it should step up cooperation with the Mainland authorities and explore ways to verify the assets owned by public rental housing tenants outside Hong Kong, so as to ensure that government resources are put to good use.

Last but not least, in terms of exploiting market forces, apart from the establishment of the Committee on the Financing of Major Development Projects proposed in the Policy Address, in the face of the serious challenge of an ageing population in Hong Kong, the authorities should fully mobilize and harness market forces to jointly enhance elderly care and healthcare services, thereby easing the pressure that the Government has to bear alone.

Deputy President, I support the original motion of Revd Canon Peter Douglas KOON and the amendments proposed by the other three “G19” Members. I so submit.

**MR DENNIS LEUNG** (in Cantonese): Deputy President, there should not be a problem for society to face the problem of population ageing because, with advances in technology and medical science, it is normal for people to live longer. But the question is whether the elderly people are healthy and whether they can live a better life. And the question of whether these elderly people can live a better life stems from whether or not the system and policies can ensure that they can live with dignity and value. Whether the Government, employers and even the elderly themselves can accumulate wealth before retirement to cope with post-retirement life hinges on three issues.

The first issue is retirement protection. I must criticize the existing Mandatory Provident Fund (“MPF”) system as it has consistently failed to deliver considerable returns to contributors. The vast majority of contributors do not know how to invest. They simply do not have the time to deal with investments while working, nor do they have the opportunity to change their investment strategies in the light of market changes; even if they manage to do so, they are always playing catch-up. Leaving the responsibility to the contributors themselves simply turns MPF into a “deceptive” investment where the ultimate winners are the fund managers. Even the retirement protection for civil servants under the new scheme is also MPF. The Secretary has kept saying that the employer’s contribution for civil servants is higher than 5%, but if the investment method remains unchanged, the result will still be the same, that is, losing out. There is no way to achieve considerable investment returns.

We should take a leaf out of the book of the aided schools’ provident fund system, under which schools hire investment managers themselves. This allows teachers to concentrate on their work and leave the investment matters to the professionals, while the hired investment managers have to strive for returns or risk

being “fired”. This is the right approach. If we look at the performance of the provident fund for teachers over the past decade, it has doubled in value, with a guaranteed return of 5% per annum, and the contributors’ accounts have only seen an increase in wealth. On the contrary, in the case of MPF, it has lost out even in terms of management fees. I strongly suggest that the MPF system be thoroughly overhauled so that funds can be pooled for collective investment by hired managers, and the barriers of vested interests can be dismantled as soon as possible.

The second issue is how to build a healthy life. Wage earners often do not have a good or healthy life. They hope to work eight hours a day and avoid excessive fatigue so that they can have more time to take care of themselves and their families. Regrettably, the problem of long working hours for wage earners remains unresolved. In order to make a living, wage earners do not want to lose their jobs. When their bosses ask them to work overtime, wage earners have no way to object, so they either have to work overtime or quit their jobs. I believe all wage earners in Hong Kong must have felt this pain.

In fact, wage earners wish their bosses well. But when overtime work becomes exploitative or, worse, compulsory, problems arise. Some wage earners have complained to the Hong Kong Federation of Trade Unions that they continue to receive the same wages despite suffering from various work-related health problems. They feel that they might as well quit their jobs because no matter how hard they work, they still cannot earn enough to pay their medical bills. Therefore, any work done beyond the standard working hours, i.e. eight hours, should be compensated, which is reasonable and fair. Wage earners should be rewarded for their efforts, and those who work harder should earn more. This is the right path to take ...

**DEPUTY PRESIDENT** (in Cantonese): Mr Dennis LEUNG, I would like to remind you that the subject of this motion is “Reviewing public finance policies”, so please return to the subject of this motion debate.

**MR DENNIS LEUNG** (in Cantonese): Yes, I have almost come to the point. Thank you for your reminder, Deputy President. We need more wealth to secure our livelihoods. If wage earners have savings and are healthy without illness, the Government can actually save on its health expenditure. Public funds can then be allocated to those who are genuinely in need.

The third issue is housing. The older generations could not afford to buy their own homes because of their lower incomes. The lowest strata of society rely on public housing to solve their problems. It requires financial strength to afford a 10% interest rate. Today, however, wage increases are still not keeping pace with the rise in property prices. Moreover, Home Ownership Scheme flats are priced at market rates. The younger generation is struggling to earn money and is caught between a rock and a hard place. They cannot apply for public rental housing units because of the low income limit, nor can they reach the threshold to enter the private property market, even if they “chase it for life”. This has led to a phenomenon where wage earners are reluctant to take up permanent jobs but are only willing to do casual work.

Therefore, the problem does not really lie in the shortage of labour in Hong Kong, but rather in the realities of the market. I suggest that the Government should introduce more rental housing policies so that more people can join the labour market and different types of people can solve their income and housing problems. When Hong Kong’s economy is prosperous, wage earners will certainly benefit from the labour market, and so will the elderly members of their families. In such a scenario, the Government need not worry at all about public expenditure issues. So, Deputy President, I am coming to the point. I hope that government officials can free their minds and think out of the box by first tackling the housing and labour policies for the grass roots and the middle class, so that more people can join the workforce. When the economy is doing well and “the pie is growing bigger”, everyone will naturally benefit and government revenues will naturally increase. Then, there is no need at all to worry about expenditure issues.

Deputy President, I so submit.

**MS LAM SO-WAI** (in Cantonese): Thank you, Deputy President. I thank Revd Canon Peter Douglas KOON for moving the original motion and several other Members for proposing their amendments. I would support them.

The global economic recovery has been sluggish this year. Dampened by market conditions, the two major sources of revenue, namely land premium and stamp duty, have both suffered a “significant drop” in the past year, with the revenue from land premiums estimated at only about \$12.1 billion in the last two quarters. However, there has been no significant downward adjustment in public

expenditure after the epidemic. Expenditure estimates for the current year exceed \$760 billion, arousing concerns in the community that the Government may cut public expenditure in the future.

Indeed, Hong Kong will face a very serious problem of population ageing in the next decade, which will lead to a gradual increase in public expenditure. Worse still, a number of major infrastructure projects will be launched in the near future, which will inevitably increase the Government's fiscal deficit next year. Although the Government is following the principle of keeping the expenditure within the limits of revenues in its public finance planning and is striving to achieve a fiscal balance, we all expect to see the Government coming up with solutions to increase revenue in different areas. For this reason, I would like to make three suggestions on several fronts.

The first is to promote the “concert economy” in Hong Kong. In fact, after the epidemic, some international superstars gave big concerts all over the world, which were very well received and brought economic benefits to the local communities. The “concert economy” can indeed become one of Hong Kong's city brands, a way of demonstrating our cultural strength. In July, Taylor SWIFT announced that she would be bringing her world tour to Singapore. Why is that? It is because Singapore has a national stadium, which is a first-class performance venue that can hold up to 55 000 people. Ten years on, many large venues in the Asia-Pacific region can hold more than 50 000 people, but the largest performance venue in Hong Kong for the time being can hold only 14 000 people. The Main Stadium of the Kai Tak Sports Park, which will be commissioned next year, can accommodate 50 000 people, but the venues in the Park are to be used on a “sports first” basis and must hold a certain number of sports activities. This will actually limit the development potential of the Park. Therefore, I hope that the Government can consider removing barriers and restrictions in the light of the current situation and seize the opportunity to promote the “concert economy” by proactively inviting Asian, Mainland and international superstars to hold concerts in Hong Kong.

The second is to develop tourism projects with aquatic features to increase the sources of revenue in aquatic tourism. The Clear Water Bay in Sai Kung is endowed with unique marine tourism resources, and has attracted many members of the public to engage in water sports activities in the area, such as rowing, dinghy sailing, stand-up paddling, and so on. I myself have participated in these activities. The Bureau should speed up the development of tourism in Clear



Water Bay in Sai Kung, especially in Area 77 of Tseung Kwan O, and commence the construction of the Water Sports Centre as soon as possible, so as to attract not only local Hong Kong people but also foreign tourists to visit and enjoy it. For example, as part of the supporting facilities, it should provide more berths for rowing and sailing boats, etc. Moreover, activities such as the “Sai Kung Water Festival” should be organized to enhance the attractiveness of aquatic tourism in and around Sai Kung, Tseung Kwan O and Clear Water Bay.

The third is to introduce a “sugar tax”. “Sugar tax” has been a hot topic of discussion among governments around the world in recent years. Many countries, such as the United Kingdom, Ireland, South Africa and Malaysia, have introduced a “sugar tax”. In 2024, Italy is expected to implement the “sugar tax” policy, the essence of which is to use taxation as a means to raise the price of carbonated drinks, energy drinks and even fruit juices in order to suppress the buying behaviour of consumers. By increasing taxes in this regard, the Government can tackle global issues such as the increasing prevalence of obesity, diabetes, tooth decay, and other health problems. I therefore hope that the Government will consider introducing a “sugar tax” in this regard. In addition, the Committee on Reduction of Salt and Sugar in Food has not proved very useful since it was set up and has failed to achieve its objectives. As diabetes has become more prevalent at younger ages in recent years, quite a number of young people in their teens and twenties are suffering from diabetes. In view of this, I hope that the Government can consider introducing a tax in this regard to reduce the likelihood of the citizens suffering from chronic diseases.

Hong Kong will face financial difficulties in the future. Deputy President, I hope the Government will keep abreast of the various situations and make good use of our strengths to strike the right balance and formulate appropriate policies and financial arrangements.

Deputy President, I so submit.

**PROF LAU CHI-PANG** (in Cantonese): Deputy President, I speak in support of Revd Canon Peter Douglas KOON’s motion on “Reviewing public finance policies” and the amendments proposed by the other three Members.

Since its inception in the 1840s, Hong Kong has been characterized as a commercial city where the economy takes precedence. Supported by Hong Kong’s free port policy, re-export trade has emerged as the first pillar of Hong

Kong's economy, which has fuelled the development of industries such as shipping, port services, ship building and ship repair, while at the same time creating abundant job opportunities and fostering a stable and prosperous society.

After the war, Hong Kong's population boomed, and there was a great deal of vitality in the territory. However, the Cold War brought an unprecedented blow to the re-export trade which had always given an economic impetus to Hong Kong's economy, but at the same time, it also provided an opportunity for Hong Kong's industries to develop. Through the collaborative efforts of industrialists and the Government, Hong Kong successfully transformed itself into a pivotal industrial city. The rapid development of industry also re-established Hong Kong as a world-class port.

The manufacturing industry and the re-export trade laid a solid foundation for Hong Kong's economic take-off in the 1970s and 1980s of the last century, setting the stage for the subsequent booms in the property market, the financial sector, the services sector, tourism, and so on. To a considerable extent, the fact that Hong Kong people now enjoy a relatively comfortable and well-fed life is attributable to the favourable performance of Hong Kong's economic pillars over the past decades.

In recent years, Hong Kong has suffered successively from such negative conditions as internal instability, external economic uncertainties and the prolonged epidemic, and our economic performance has gradually shown signs of weakness. This year, the epidemic has come to an end and society has returned to full normalcy, but the four traditional pillars of the economy have not been benefited. Financial services, tourism, trading and logistics, as well as professional services are all in the doldrums, and the economy as a whole is showing signs of recession.

In the past, the people of Hong Kong have always held the belief that Hong Kong is a blessed land, and that it will always turn misfortune into fortune when it encounters difficult times. In fact, this is a historical pattern. Every time when Hong Kong turns adversity around and regains vitality, the driving force is Hong Kong's strong and well-established economic strength and the four economic pillars that I have just mentioned, rather than the effect of geomancy and fung shui.

It is good that the Hong Kong Government is leading the various sectors of the community to actively invest in the future and seek new opportunities. However, it seems that it is difficult for the public to rely on future visions to solve

their pressing problems. The Government should, at the same time, give more thought to traditional industries and actively consider investing more in them, so as to regain momentum and drive Hong Kong's economic development.

Increasing revenue and reducing expenditure are two symbiotic concepts. In times of difficulties, reducing expenditure is the most effective way to preserve capital. However, Hong Kong cannot get out of its predicament merely by preserving capital, maintaining the status quo and reducing expenditure, and we also need to increase revenue. As regards increasing revenue, we are now actively exploring various opportunities. For example, as many Honourable colleagues have mentioned, should the Government not make up its mind and try to allocate more resources to the four traditional industries so as to give new impetus and create new opportunities for Hong Kong's economy?

With these remarks, Deputy President, I support Revd Canon Peter Douglas KOON's motion and the amendments of the other three Members.

**MR KINGSLEY WONG** (in Cantonese): Thank you, Deputy President. While it is indeed very important to increase revenue, effective expenditure reduction can also help to alleviate the pressure on public finance. Reducing expenditure does not necessarily have to be at the expense of manpower and services. For example, improving cross-boundary medical collaboration and adopting the concept of "money follows patient" can not only shorten the waiting time of patients but also potentially reduce the Government's healthcare expenditure.

As mentioned by Revd Canon Peter Douglas KOON, the problem of population ageing in Hong Kong is serious. In fact, Hong Kong people have the longest life expectancy in the world. At present, the local population aged 65 and above has exceeded 1.5 million, and the number will even increase to nearly 2.6 million by 2040, accounting for more than 30% of the total population. The Government will allocate more than \$90.9 billion to the Hospital Authority in 2023-2024. With the increase in the number and proportion of elderly population, public healthcare expenditure will definitely rise. While the Government has spent so much money, patients are still unable to receive timely healthcare services, and healthcare workers are under immense pressure and have many grievances, which is a lose-lose situation for everyone.

I am very pleased that the Policy Address has announced the launch of the Elderly Health Care Voucher Greater Bay Area Pilot Scheme. The preliminary target is to cover about five additional medical institutions and include medical institutions providing dental services. In addition, the Government will also strategically procure healthcare services for Hong Kong people in the Greater Bay Area. There have been cases in the past where Hong Kong elderly people went to the University of Hong Kong-Shenzhen Hospital for knee joint replacement surgeries and had it all done in three days, whereas in Hong Kong, it would easily take seven to eight years of waiting. Moreover, the fees charged there are less than HK\$28,000, which is even lower than that of public hospitals in Hong Kong. I hope that the Government will continue to expand the cross-boundary subsidized healthcare services. On the one hand, this will enable members of the public to receive treatment expeditiously and relieve the pressure on healthcare workers, and on the other hand, this will help reduce the Government's healthcare expenditure, thus creating a triple-win situation.

Deputy President, there are currently more than 200 000 Comprehensive Social Security Assistance ("CSSA") cases, with more than half of the recipients being elderly people, involving an annual fiscal expenditure of \$22 billion. It has been 23 years since the introduction of the Mandatory Provident Fund ("MPF") scheme in 2000. However, many wage earners have not been able to enjoy their twilight years comfortably with their MPF benefits after retirement and have ended up falling into the CSSA net. The stock market has been turbulent over the past two years and MPF has suffered severe losses. In 2022, each member suffered a loss of more than \$40,000 on average; and as of today in 2023, each member has suffered a loss of nearly \$6,000 on average. MPF has been completely unable to fulfil its function of capital preservation and growth. In order for grass-roots workers to be receive protection after retirement, it is necessary to promote the introduction of MPF products with a guaranteed return higher than the inflation rate. This policy measure will help reduce the number of elderly people applying for CSSA and alleviate the financial burden on the SAR Government.

Insofar as public finance is concerned, it is also very important to ensure proper use of funds. The Government's outsourcing expenditure, calculated on the basis of the two-year period from October 2020 to September 2022 alone, amounts to as much as \$45.8 billion in terms of the value of the contracts awarded, involving 20 000 outsourced workers, which is about half of the total number of such workers. After spending such a huge amount of money, 30% of the workers of government outsourced services still earn an hourly wage of less than \$50, and

the median wage is only \$55. According to a study conducted by the Hong Kong Federation of Trade Unions earlier, even if the expenditure on MPF and employee's compensation insurance are included, they only account for 42.3% of the total annualized contract value. Moreover, in order to manage these outsourcing contracts, the Government's management expenses may even exceed 10% of the contract value. When all these figures are added up, they may be higher than the expenses incurred by the Government in hiring workers on its own, and this is not in line with the principle of financial efficiency. Therefore, the Government should review and reform the outsourcing system in a timely manner, so as to ensure that public funds are used properly.

Deputy President, the aforesaid three policy proposals can help the Government reduce its fiscal expenditure without affecting welfare services. I support the original motion of Revd Canon Peter Douglas KOON and the amendments of the other three Members.

**MR TANG FEI** (in Cantonese): Deputy President, I speak in support of Revd Canon Peter Douglas KOON's motion and the amendments proposed by several other Members.

There is a catchphrase among Mainland netizens, which is borrowed from ZHUGE Liang's *Memorial to the Throne about the Dispatch of an Army*, and it reads: "The late emperor was not yet halfway through his mission, but he spent all his budget". So it can be seen that budgeting and financial management are the underpinnings of all the activities of an enterprise or society.

SCHUMPETER, a renowned Western economist, mentioned at the outset of his article *The Crisis of the Tax State* that "the budget is the skeleton of the state [or society] stripped of all misleading ideologies". With the implementation of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region and the improvement of the electoral system, Hong Kong has ushered in a healthy legislature and socio-political culture. The unnecessary political and ideological disputes that had plagued Hong Kong for years have been eliminated and discarded. The Legislative Council, the SAR Government and the community at large can pool their strengths together to strategize for Hong Kong's development. This includes putting forward rational and scientific views on how to cope with the growing financial pressure without being distracted by political hype.

The Government has also admitted that this year's fiscal deficit is higher than the \$54.4 billion estimated in the Budget at the beginning of the year and may exceed \$100 billion. As the risk of a fiscal deficit escalates, the solution is either to increase revenue or reduce expenditure, and increasing revenue is more fundamental than reducing expenditure. While there may be room for the Government to reduce its administrative expenditure, the structural problem of an ageing population means that there is very limited room for substantial reductions in the three major areas of expenditure, namely healthcare, social welfare and education. The general public who are receiving subsidies have long suffered as a result of the epidemic and years of stagnant development due to political factors. It is not appropriate to depoliticize on the one hand, and to eliminate or reduce welfare on the other, because this is not an approach of governance that serves the interests of the people. Of the three major items of expenditure, only education can help improve the demographic structure and at the same time alleviate financial pressures on education through the expansion of self-financing post-secondary education opportunities to non-local students and the development of self-financing primary and secondary education for these students. As to the other two items, we are not optimistic.

According to the information of the Financial Services and the Treasury Bureau, the five major revenue sources of the SAR Government, in descending order of proportion, are profits tax, land premium, stamp duty, investment income and salaries tax. Creating new sources of revenue is nothing more than increasing the revenue from each of these five major items or introducing new revenue items. These are the only two possibilities.

Let us first talk about the introduction of new revenue items. At present, what attracts the most attention is the establishment of a Framework on the Financing of Major Development Projects as proposed in the Policy Address. The aim is to introduce new fiscal tools and financing methods through public-private partnerships, without significantly increasing the Government's fiscal burden, so that major projects of strategic importance to Hong Kong's economic development, such as the Northern Metropolis and San Tin Technopole, can be launched as soon as possible, thereby accelerating and stimulating the transformation of Hong Kong's economy and the identification of new areas of growth. Regrettably, however, we have yet to see what financing ideas the Committee has come up with for the public's understanding and reference.

It is true that Article 107 of the Basic Law stipulates that Hong Kong's public finance shall follow the principle of keeping the expenditure within the limits of revenues, but this does not restrict the SAR Government from thinking creatively and employing innovative methods to increase revenue and reduce expenditure. For example, public-private partnerships, BOT (Build-Operate-Transfer) development mode, land securitization, and so on, can all be actively explored and implemented. Allow me to draw an analogy, which may not be an appropriate one. During the Qing Dynasty in the late 19th century, China also faced the same problem of budgetary constraints. What is more, the Qing Government did not have the knowledge of modern finance and accounting, but it was still able to introduce the "likin tax" (a type of commercial tax) and mortgage credit. Can you imagine that the "braided" Qing Government could borrow money from foreign and domestic banks, engage in syndicated loan practices, adopt various fiscal measures such as the government-supervised, merchant-managed enterprise model to increase revenue, and develop financing for economic activities related to Westernization? Even the Qing Dynasty could manage its finances in a creative manner, why can Hong Kong, today's international commercial metropolis, not do the same?

I, therefore, have two main proposals to make: The first is to expeditiously announce the various options for the financing of major projects, which will at the same time help rekindle the discussions of society on broadening the tax base in order to formulate a new policy proposal and reach a consensus on increasing revenue as soon as possible.

The second is to study and assess how much revenue from profits tax, salaries tax, etc. can be brought to Hong Kong by the introduction of the measures to attract strategic enterprises and various talent admission schemes, such as the Top Talent Pass Scheme.

In a nutshell, we can be bold in exploring new sources of revenue, but we must be careful about cutting expenditure.

Deputy President, I so submit.

**MR YIM KONG** (in Cantonese): Deputy President, I would like to thank Revd Canon Peter Douglas KOON for proposing the motion. Given the objective reality of Hong Kong's ageing population and ever-increasing public expenditure,

it is indeed necessary to prepare for rainy days by conducting an early review of public finance and eliminating the pitfalls of a fiscal deficit at an early stage, so as to ensure the sustainable and stable development of society in the SAR.

Due to the lingering impact of the three-year epidemic and the sluggish external economy, as at the end of August, the total expenditure in the first five months of the 2023-2024 financial year was \$300.7 billion and the revenue for the same period was \$117.9 billion, resulting in a deficit of \$136.2 billion. The Government also expects that it will have a fiscal deficit for four consecutive years up to 2026, and that it will record a structural fiscal deficit in 2029 due to the increase in recurrent expenditure caused by an ageing population, etc. The fiscal reserve of \$698.6 billion as at the end of August this year is also expected to be exhausted by 2041. All of this shows that the fiscal pressure facing the Government in the future are indeed not optimistic.

As the population continues to age, the corresponding expenditure will also rise sharply. The relaxation of the eligibility criteria for the \$2 concessionary fare for the elderly from 65 to 60 years of age alone is expected to incur a financial expenditure of about \$3.08 billion in 2022-2023, more than double the amount in the previous year. Deputy President, as it is difficult to take back “blessings”—“blessings” here refers to welfare benefits—is it possible to introduce an exit mechanism for certain welfare measures? The Government should be able to conduct studies and discussions on this issue. It is expected that in the next few years, the expenditure on transport fare subsidy for the elderly will certainly continue to increase, and correspondingly, the expenditure on medical and other welfare benefits for the elderly will also rise substantially. Therefore, it is indeed necessary for the Government to review the medium and long-term public expenditure in order to cope with the potential structural fiscal deficit.

In 2016, the Government set aside \$20 billion from the fiscal reserves to establish the Future Fund for long-term investments over a 10-year period. In the face of mounting fiscal pressure, the Government should actively consider increasing the Future Fund to \$50 billion to meet the Government’s recurrent expenditure needs in the event of a sustained slowdown in the external economy leading to a corresponding reduction in government revenue. In the long run, active consideration should be given to how to ensure the normal operation of the Government if the fiscal reserves are depleted in 2041.



In view of the inevitable trend of an ageing population, it is crucial to make good use of the vibrant capital market of Hong Kong as an international financial centre. This can be achieved by, among other things, formulating steering policies to encourage the capital market to invest in the elderly care and healthcare industries; further optimizing and activating the reverse mortgage market to enable the use of residential properties as a means of support for the elderly; and launching more flexible and attractive financial and insurance products for the elderly, so as to encourage them to jointly invest in the future, thereby alleviating the pressure on public finance.

Deputy President, the general public need to save up for a rainy day, and the Government also needs to plan ahead. As Hong Kong already enjoys the preferential policy of not having to pay a single cent for the expenses of the Hong Kong Garrison of the Chinese People's Liberation Army and not having to pay a single cent in tax to the country, there is no reason for the SAR to ask the Central Authorities for help when its finances are stretched to the limit. It is very important and urgent to increase revenue and reduce expenditure, and to review the SAR's medium and long-term public expenditure to ensure the sustainable and stable development of the SAR.

With these remarks, I support Revd Canon Peter Douglas KOON's motion on "Reviewing public finance policies" and the amendments proposed by the other three Members.

**DR SO CHEUNG-WING** (in Cantonese): Deputy President, according to the Hong Kong Labour Force Projections for 2022 to 2046 published by the Census and Statistics Department, the overall labour force participation rate will drop to 51.6% in 2046, with the ratio of labour force to non-labour force approaching 1:1.

A declining labour force implies a lower disposable income and a significant increase in the public expenditure on elderly services. In 2022-2023, the Social Welfare Department's allocation for elderly services has increased by 87.1% compared to five years ago. The review of public finance policies proposed by Revd Canon Peter Douglas KOON is therefore a major and urgent issue.

In a broader sense, I think the initiatives on people's livelihood in the Chief Executive's latest Policy Address are positive, and I very much support them. However, as we look further ahead, I think the matter of the utmost concern to us is how to strike a balance between the huge expenditures on solving the problems

of “subdivided units households”, public housing, education, healthcare, etc., and the fiscal revenue, because in the first six months of this year, the fiscal deficit has already reached nearly \$180 billion, and fiscal reserves have fallen to \$650 billion. Moreover, the Mandatory Provident Fund has shrunk and the Exchange Fund has suffered losses. All these are serious challenges in generating revenue to support public expenditure.

I always think that no matter how Hong Kong plans for the future, the maintenance, innovation and expansion of the traditional financial, real estate and service industries, etc., are still the bedrock for ensuring fiscal revenue growth and meeting public expenditure needs now and in the foreseeable future, and they also provide a foundation for driving new industries such as the innovation and technology industry.

So, I would really like to ask the Government this: In the light of the business conditions of last year, i.e. a nearly 40% plunge in property market transactions, a 15.6% drop in property prices for the whole year, an unusually inactive stock market, persistently high US interest rates, continued capital outflows from Hong Kong, and a further contraction in imports and exports, why has the Government not adopted more vigorous and aggressive policies and measures to enliven the property market and the stock market and to ramp up infrastructure development? And why has the Government not stepped up its efforts to invigorate the economy, strengthen the confidence of domestic capital in Hong Kong and create momentum to surmount the financial difficulties?

If the measures proposed in the Policy Address to support the stock market, the property market and liquidity are deemed strong enough, why did the Hang Seng Index rise by more than 500 points in anticipation of favourable policies in the Policy Address, but eventually fall after it was released? And why did a land sale fall through after the announcement of the Policy Address? Is it because the market has voted with its feet on the Government’s policies on the stock and property markets? If the property market and the stock market, which are the source of huge consumption, become stagnant, how can we encourage the public to spend boldly and stimulate livelihood consumption? Echoing Revd Canon Peter Douglas KOON’s proposal of reviewing public finance policies, the key lies in practical planning to increase the sources of revenue. I think the Government should not just put the blame on the stock market and external factors, nor should it unilaterally assume that the property market will go up and “trim the toes to fit the shoes” (*The buzzer sounded*) ... Thank you, Deputy President.

**DEPUTY PRESIDENT** (in Cantonese): Dr SO Cheung-wing, your speaking time is up.

Ms Doreen KONG, please speak.

**MS DOREEN KONG** (in Cantonese): Deputy President, I support Revd Canon Peter Douglas KOON's motion and agree with the amendments proposed by the several Members.

Speaking of public finance, it is actually all about two key policy features, namely how to make money and spend money in a scientific manner.

In respect of increasing revenue, the most effective and direct way is to broaden the tax base. The Hong Kong Government's revenue mainly comes from five major sources: profits tax, land premium, stamp duty, salaries tax and investment income. However, over the years, the Government has not got the courage and determination to reform the tax regime. Unlike other developed regions in the world, Hong Kong does not have a consumption tax. Revenue from land sales is an alternative source of revenue to consumption tax, accounting for about 20% of the Government's revenue. It is a major source of revenue on which Hong Kong's public finances rely. In addition, being an externally oriented economy, Hong Kong is obviously affected by the global situation. With the current uncertainties in the global economic outlook, it is inevitable that Hong Kong's government revenue will be dragged down.

The sources of Hong Kong's public finance have all along been unstable, and it is even more difficult to reduce expenditure. At present, the Government has launched many large-scale infrastructure projects. Moreover, given the aggravation of the problems of poverty and population ageing in Hong Kong, the expenditure on social welfare for the grass roots has been on the rise. Hence, as shown by data, the fiscal deficit in the first six months of the current financial year has already reached some \$170 billion, which is not surprising at all.

Currently, there are voices in Hong Kong society questioning whether the Government can keep the expenditure within the limits of revenues. That there are such voices is not a bad thing. Responding to such voices squarely can bring about the Government's reflection and progress. When the Government invests a large amount of funding, it can reflect on whether there are scientific criteria to

assess the effectiveness of the investment; whether there are well-established methods to effectively protect social justice and safeguard the living standard of the disadvantaged groups; and whether it has put forward more scientific approaches to address the new situations and new problems.

In times of economic downturn, while investment and revenue generation are important, it is all the more necessary for the Government to pay attention to the protection of social justice through the income redistribution function of public finance. This is the basis for safeguarding social stability and people's sense of happiness. In particular, the Government should note that in the first quarter of 2023, calculated on the basis of 50% of the median original monthly household income of households of the corresponding size, the overall poverty rate in Hong Kong reached 20%, and the difference in median monthly income between the lowest and the highest-income families was 57.7 times, indicating a greater polarization between low-income and high-income families. Low-income families have not only been unable to benefit from post-pandemic recovery but have also faced new challenges. Meanwhile, population ageing has aggravated in Hong Kong. The Government's expenditure for the elderly, compared with that years ago, has risen from \$5,000 to \$9,160 per capita. However, it is estimated that in 2030, the total number of elderly people will account for one third of Hong Kong's total population. If we do not reform the current fiscal structure, will the Government be able to cope with the situation by that time? Can the Mandatory Provident Fund, which has long been the subject of criticisms, give full play to its role as a basic retirement protection in the next 10 or 20 years, in the face of the obvious weaknesses of an unstable financial market, excessively high administration fees, and so on? The Government has not responded squarely to the series of questions mentioned above.

To measure whether a government has made good use of tax revenue, some economists would use the tax-to-GDP ratio, i.e. a comparison between tax revenue and Gross Domestic Product. When we find that over the past years, the tax-to-GDP ratios of Hong Kong and Singapore are similar, but in Singapore, everyone has a home to live in, does it reflect that Hong Kong's public expenditure is too large, or that Hong Kong has not used the public coffers properly?

Given the grim economic outlook, the Government really has to think about how money can be spent on the right things. In view of today's situation, we should reflect on how to make the best use of our precious fiscal reserves. Take the current-term Government's commitment to Light Public Housing as an

example. The Government is faced with the urgent need to ameliorate the problem of inadequate housing, and we understand its original intention. But in view of the previous cases in which the effectiveness of temporary housing has yet to be known, and in the face of a huge fiscal deficit and economic downturn, should we not adopt a more scientific and effective approach to improve people's livelihood? Members of the public hope that the Government can show more confidence and long-term vision in public finance and really make good use of the financial resources.

Deputy President, I so submit.

**DR JUNIUS HO** (in Cantonese): Thank you, Deputy President. I am very pleased to see this motion on reviewing public finance policies proposed by Revd Canon Peter Douglas KOON and the amendments proposed by several Honourable colleagues. In fact, we have raised this subject in the past few years. Why have we raised it? The reason is none other than our narrow tax base. Starting from 2018, or actually earlier, our annual deficits have been quite scary.

In 2018-2019, the deficit reached \$46.6 billion, and in 2019, it was slightly reduced to \$18.3 billion. Then in the three-year epidemic period from 2020 to 2023, deficits of \$150 billion, \$130 billion and \$90 billion were recorded respectively. From 2018 to 2023 alone, the deficits have totalled some \$400 billion, which is indeed alarming. In the nine months of the first three quarters of this year, the deficit has already exceeded \$100 billion. How much money is left for us to spend? As said by an Honourable colleague just now, our reserves can only last for a few months. Or is it 20 months or so? Oh, am I right? Only a few months. I do not remember if it can last until the lunar new year. It is a big deal anyway. My thanks to Dr Wendy HONG.

Our tax base really needs to be broadened. At present, what is our major source of revenue? It is profits tax, together with salaries tax and land sales, and when all these are added up, we still have to raise debts to get \$600 billion to \$700 billion. But some of the money is actually borrowed money which is treated as revenue. There are debts in the balance sheet.

The tax base is so narrow. In such case, we should pick a “broken cotton jacket” to wear in the winter. In the past, when we discussed broadening the tax base, we mentioned nothing more than Goods and Services Tax (“GST”). GST

should in fact be introduced. In Hong Kong, there were as many as 50 million visitors in the peak period, and the number has now risen to more than half of that number. Using 30 million visitors as the basis of calculation, if each of them spends \$2,000, then there will be \$60 billion. What is this \$60 billion? It is the total revenue (if each person spends \$2,000). If a tax of 5% to 8% is levied, it will bring a handsome amount of tax revenue. Hence, consideration should be given to both VAT (Value Added Tax) and GST. This has been said for many years, starting from the time when Henry TANG was in office, but he was a lucky man. When he was the Financial Secretary, there was no deficit since the Hong Kong economy was good. But we should start considering this issue.

The second point is, what is the “broken cotton jacket”? It is estate duty. We have to think about it in retrospect. Right? In 2019, as many as 540 000 people in Hong Kong had a net asset worth of over US\$1 million, surpassing New York, which is known as the “Green Apple” in New York. In 2019, we surpassed New York. Later, in 2022, the number dropped. It dropped back to 500 000, and tens of thousands of people left. Where did these tens of thousands of people go? They went to the United Kingdom, benefiting the British Government.

Just think about that sum of money. This is an example of leaving wealth with the people. Our annual mortality rate is 0.8% to 0.9%. In other words, tens of thousands of people die every year. Assuming that one fifth of the people pay tax, and that the rate for estate exceeding \$7.5 million is 18%, the amount will not be small. These two types of payments can be considered, and I call them means of “increasing revenue”. As regards reducing expenditure, as Honourable colleagues have said, health and education account for more than 40% of the total expenditure. In my view, the expenditure on health should not be cut for the time being, but that on education and social welfare can each be cut by 15%, thereby saving as much as \$30 billion. So, this is no joke, for we have to “tighten up” if do not have the money.

With regard to health, as I have said, it is necessary to enhance MPF (Mandatory Provident Fund). Instead of obviously benefiting the “fund guys” by letting them make speculations for us, it would be better if we are allowed to withdraw the money we have saved to take out health insurance when we reach the age of 50. Increasing revenue and reducing expenditure in this way is in line with the financial management principle of keeping the expenditure within the limits of revenues as stipulated in Article 107 of the Basic Law.

With these remarks, Deputy President, I fully support this motion on reviewing the public finance management policies. Thank you.

**MR CHAN KIN-POR** (in Cantonese): Thank you, Deputy President. Hong Kong is faced with the problem of population ageing. I have been urging the Government to make good preparations for it for many years, and in recent years, the Government has been working actively, but its planning is still focused on healthcare and welfare, with little mention of financial preparations. Hence, I thank Revd Canon Peter Douglas KOON for proposing today's motion, which has enabled us to examine the issue of public finance from a new perspective.

According to projections, the proportion of elderly people aged above 65 in the total population will gradually rise from 20% in 2022 to 35% in 2069, bringing a heavy burden to society. Meanwhile, Hong Kong has used a large amount of reserves to cope with the epidemic. Coupled with the impact of the weak economy and interest rate hikes, the post-epidemic recovery is below expectation. At present, Hong Kong's fiscal reserves have fallen below the \$700 billion mark. There are concerns in society that the Government will be unable to endure the financial pressure arising from population ageing.

In fact, the Government must exercise fiscal prudence at all times. This principle is always correct. However, I am of the view that the current situation we face is a cyclical rather than structural problem. As long as the economy develops in a sustainable manner, public finance will return to healthy growth. Despite the drop in fiscal reserves, the Government's debt ratio is extremely low. Currently, the outstanding debt balance stands at about 4.5%. Even with more bond issuance in the pipeline, it will only rise to about 10% by 2027, which is still an extremely low level. At present, bond issuance is used by major economies as a major means of public financing. According to the data of the International Monetary Fund in 2022, the debt ratio of Japan was 260%, that of Singapore, 140%, and that of the United States, 120%. Please do not forget, as I mentioned just now, Hong Kong's debt ratio will be only 10% by 2027. Therefore, we need not be over-worried, and we should also get that Hong Kong's financial position is actually very healthy.

The Basic Law has stated expressly that Hong Kong should keep the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance. While complying with the Basic Law, we also need to think about how to increase the flexibility of public finance. Singapore's debt

ratio is as high as 140%, but its bond issuance is mainly used for investment and development, which is a proactive financial management strategy, rather than a way to meet the shortfall arising from excessive spending. In recent years, Singapore has developed at a high speed with the Government's strong financial management, and bond issuance is one of the key factors. I believe that the original intention of the provision in the Basic Law on keeping the expenditure within the limits of revenues is to require the Government not to be a spendthrift or a big waster, rather than to restrict the development of Hong Kong. Given the rapid changes in the global economy nowadays, Hong Kong must invest for the future. Since its assumption of office, the current-term Government has done a lot of work, including promoting innovation and technology, integrating into the overall development of the country, tapping business opportunities under the Belt and Road Initiative, investing in infrastructure, and improving the business environment. Even though plenty of resources have to be injected, the direction of development is absolutely correct.

Hong Kong has all along been beset by the problem of the excessively narrow tax base. At present, the slow economic recovery and the reduction in tax revenue have accentuated the financial pressure faced by Hong Kong. In the past, the Government had examined the issue of broadening the tax base and put forward such proposals as the introduction of a sales tax and a land and sea departure tax, but the introduction of new taxes would inevitably attract social criticisms. Besides, the Government had long been politically weak without sufficient political strength to develop new taxes. In the face of the current financial pressure brought about by population ageing, it is unavoidable to open up new sources of revenue in the long run. The Government should start the studies afresh, including exploring the possibility of introducing a sales tax, since Hong Kong is the only developed economy which does not levy any sales tax.

In the study conducted in 2000, the Government proposed to levy a 5% sales tax. Back then, it was estimated to generate a revenue of \$30 billion. Now that retail sales have doubled, I believe that the tax revenue will also increase substantially. Despite the consideration that a consumption tax may dampen consumer sentiment, if the study findings indicate that the benefits outweigh the disadvantages, the Government should also consider the impact on the industries when introducing the new tax, and provide assistance to the industries in need. At the same time, it should also draw reference from Japan's practice and state clearly that the tax revenue will only be used for specified items, such as medical benefits for the elderly, in order to gain public support.



Some economists have pointed out that Hong Kong can alleviate the population pressure simply by increasing its labour force. As a matter of fact, in recent years, the Government has been bringing in labour at different levels in view of such circumstances, including the introduction of the Top Talent Pass Scheme, Immigration Arrangements for Non-local Graduates, and new labour importation schemes. However, Hong Kong also needs more international professionals to maintain its international characteristics, and the Government still needs to make more efforts in this regard.

Thank you, Deputy President.

**MR DUNCAN CHIU** (in Cantonese): Thank you, Deputy President. First of all, I would like to thank Revd Canon Peter Douglas KOON for proposing this motion on “Reviewing public finance policies”. The Financial Secretary stated in his blog post on the past Sunday that factors such as continued slowdown in the external economy and high interest rates have limited the strength of the rebound in local consumption. The full-year growth forecast to be announced this week will be lower than the projection of 3.5% to 5.5% made at the beginning of this year. Last week, the accountancy firm Deloitte estimated that the Government would record a deficit of \$131.6 billion in this financial year, and the fiscal reserves would drop to \$703.2 billion by the end of March next year, a year-on-year drop of 15.76% when compared with the \$834.8 billion at the end of the last financial year. As a matter of fact, the total government expenditure for this financial year is estimated to reach \$761 billion. In recent years, Hong Kong’s fiscal reserves have been shrinking to such an extent that they cannot even cover 12 months of government expenditure, sounding an alarm for our public finance.

At present, Hong Kong’s property market is quiet and transactions in the stock market have declined, while the results of land sales are not satisfactory. The Government needs to maintain the recurrent expenditures for daily social welfare, healthcare and education, which have already amounted to \$560.2 billion in this financial year. In the face of increasingly serious population ageing, the pressure on public expenditure in Hong Kong is expected to increase. In addition, a number of large-scale infrastructural and development projects will commence in the future, including the Northern Metropolis and Kau Yi Chau Artificial Islands, which will require a huge input of resources. We must make financial preparations well in advance. I agree with the Financial Secretary’s remark: “In future, we must continue to enhance the competitiveness of Hong Kong and inject energy into the economy through technological innovations and applications.”

The direction is right, but how to implement it effectively and where the money comes from are also the core issues. How can we do a good job in increasing revenue in this regard?

Deputy President, as we can see, Hong Kong's fiscal revenue mainly comes from five sources, namely profits tax, land revenue, stamp duty, salaries tax and investment income, with profits tax and land revenue accounting for the largest share, which together account for more than half of the five major sources of revenue. Among them, there has been a great change in the amount of revenue from land premiums. In 2017-2018, it was \$164.8 billion, but in 2020-2021, it was only \$88.7 billion, and its proportion in the five major sources of revenue has dropped from 34% to 20%. This year, it is believed that such revenue will be even lower, as the predictability of land revenue is very low. As for profits tax, during the five-year period from 2017 to 2022, its proportion in the five major sources of tax revenue was maintained at 29% to 36%. Compared with land revenue, profits tax is still a very stable source of revenue for us even in the face of the global economic downturn.

Although the Government regards land sales as non-recurrent revenue, land premium still accounts for a substantial proportion of the total government revenue. We know well at heart what the responses to land sales have been in recent years. It is worth considering whether we should continue to rely on revenue from land sales to support public finance. We cannot expect that there will be tens or even hundreds of billions of dollars in land revenue every year. Apart from land sales, what other ways are there to achieve a steady growth in government revenue? I believe that the simplest, most positive and proactive way is to boost profits tax revenue by enhancing economic impetus to enable enterprises to have more business and better development.

Earlier on, I submitted to the Chief Executive the "Three Arrows, Three Circles" policy initiative for economic and technological development, with the objective of urging the Government to act as a forerunner and, through the creation of a favourable environment and conditions, to mobilize the market and private capital to give play to their respective strengths, with a view to vigorously promoting the development of the innovation and technology ("I&T") industry and the capital market. One of the proposals is to set up a \$5 billion "angel master fund" by the Hong Kong Investment Corporation Limited to stimulate the development of and investment in the I&T industry. With this master fund, there will be no need for us to rely entirely on government funding. Instead, resources

of private enterprises can be used to attract more technology enterprises and teams to come to Hong Kong for development. Once these enterprises succeed, they will bring in tax revenue.

At present, the technology sector is facing difficulties in fundraising worldwide. I hope that the Government will actively consider my proposal of setting up a master fund at this moment, whereby private enterprises will “provide the chicken” while the Government will “provide the soy sauce”. This can attract more professional investors to Hong Kong by multiplication. The inflow of these investors into Hong Kong will also drive the next round of investment in I&T, prompting more technology enterprises to establish a presence in Hong Kong, thus enhancing the chance for the emergence of more successful I&T enterprises, technological products and scientific research projects in the future, thereby creating more employment opportunities. Successful enterprises will bring in tax revenue, and the technological personnel in the enterprises will come out to start their own business, giving rise to more technology enterprises and generating more tax revenue in an endless circle, thus creating a huge snowball effect.

With these remarks, Deputy President, I support the original motion and the various amendments.

**MR CHAN YUNG** (in Cantonese): Thank you, Deputy President, and thank you, Secretary. According to Article 107 of the Basic Law, the Government should keep the expenditure within the limits of revenues, strive to achieve a fiscal balance and avoid deficits, and one of the key elements is to keep the budget commensurate with the growth rate of the Gross Domestic Product. The bigger the pie, the more public resources the Government can utilize. I believe we all agree with this point.

We basically support the original motion and the relevant amendments proposed by the several Members. However, here I would like to raise a point first. Regarding Dr Wendy HONG’s amendment, although we support the contents of the amendment, we hold different views on certain key points in Dr HONG’s speech, which we would like to convey to Members.

Dr HONG has quoted a few points from the report of the Legislative Council Secretariat, including the point that three out of every four households with the lowest income were not engaged in any jobs, and a considerable number of them consisted of able-bodied persons at working age without any care recipients.

Right. The report of the Legislative Council Secretariat did mention that there were a total of 534 300 low-income households, among which three quarters (close to 400 000 households) were indeed not engaged in any jobs. However, I wish to point out that Dr HONG did not mention that 60% of these 400 000 households were all-elderly households consisting solely of elderly persons. Moreover, among the economically inactive non-elderly households, about 160 000 households (involving about 200 000 people) were of working age, but they did not enter the labour market. However, the report also stated that most of these 200 000 people had their own reasons for not being in employment, such as sickness, being persons with permanent disablement, students or carers, and so on. It is necessary for us to be well aware of these facts.

We agree that the Government should find out why some members of low-income families still do not go out to work, so as to provide policy assistance to encourage them to work. However, it seems to be too arbitrary to simply conclude that the welfare in Hong Kong is too good, which has caused them to “lie flat”. Although we have to help them, we have to state the actual situation clearly. I think we all agree that the Government must take up the responsibility for those who really need help, so that Hong Kong society can be more caring and more capable of helping those in need of help.

Besides, we very much agree that the Government should make good use of resources, and adhere to the principle of “spending where necessary and saving where possible”. For example, in respect of “spending where necessary”, one thing to be done is to deal with livelihood issues in accordance with the “four proposals” put forward by President XI, and develop Hong Kong into an international innovation centre. The Government should increase investment in these areas to generate greater production values, thereby raising the growth rate of the Gross Domestic Product. By then, when we come back to the discussion, the Government will have more resources available for use. This is what we call “increasing revenue” and “spending where necessary”. The same applies to the situation of the Community Care Teams, because as far as we can see, ultimately, it is the Community Care Teams and the future District Council members who can help the people in the community. The Government should allocate more resources on this front.

As for “saving where possible”, perhaps the Government needed to allocate funds for certain projects a few years ago, but now the projects concerned are no longer necessary. If there are any projects for which the funds have not yet been used, the Government should direct such funds to the most needy areas.

There are areas where expenditure needs to be reduced. The simplest example is that, as we all know, in the past, we were provided with stationery including paper, pens and pencils, and government departments also used pencils. So, they were ordered in large quantities back then. Obviously, in this regard, even if money is available, this type of stationery should not be ordered in large quantities again in future. In particular, the Government is keen on developing a smart city, and when the smart Government comes into operation, the Government should endeavour to cut the expenditure on these conventional practices. If the Government does not reduce the expenditure now, it will easily spend more money than it should in such areas.

(THE PRESIDENT resumed the Chair)

On the other hand, is there any better way to carry out works projects to achieve the objective of attaining “greater, faster, better and more economical results”? This phrase I am quoting is precisely what I hope Hong Kong’s public finance can achieve. In particular, there is the need to speed up the process. We hope that the Government can speed up the process while keeping the costs unchanged. For example, in the past, if the approval for a works project could be expedited, the expected results could be achieved earlier, and if the works project could be completed earlier, the more money could be saved. Hence, we hope that the Government and the Secretary can put in more efforts in this regard, so that public finance can achieve “greater, faster, better and more economical results”. In this way, revenue can be increased while expenditure can be reduced, so that every cent of public finances can be used in a better way and in the most appropriate areas.

I so submit. Thank you, President.

**MR ADRIAN PEDRO HO** (in Cantonese): Thank you, President. I rise to speak in support of the motion proposed by Revd Canon Peter Douglas KOON and the amendments by the Honourable colleagues. In recent years, Hong Kong’s public expenditure as a percentage of the Gross Domestic Product has been on the rise, from 14.13% in 1997-1998 to 28.44% in 2022-2023. The expenditure on recurrent cash benefits even increased by six times between 1997 and 2021. It

seems that it has become more and more difficult for the Government to achieve fiscal balance. This, coupled with the fiscal deficits of over \$100 billion recorded in recent years, has aroused grave concern in the community. How can Hong Kong alleviate the pressure on public finance and support its future?

Proceeds from land sales serve as one of the major sources of revenue of the SAR Government. However, only one residential site has been sold in this financial year. Together with land premium, only about \$3.38 billion has been credited to the Treasury, which is a far cry from the original target of generating the annual proceeds of \$85 billion from land sales, and a turnaround for the Government's fiscal deficit is unlikely in the near future. Moreover, given the large-scale development projects such as the Northern Metropolis and artificial islands, as well as the enhanced Three Railways and Three Major Roads proposals and new infrastructure projects including two railways and one major road put forward in this year's Policy Address, government expenditure is likely to keep increasing without any reduction. As a matter of fact, the fiscal reserves of the SAR Government already dropped to \$698.6 billion in August this year. Although it is said that it can cope with the expenditure for about 12 months, just think about this: When the disposable capital of a company can only cope with its operation for one year, does this company not need to figure out a solution? If this company borrows a loan, it will already suffer from high interest payments. How can it still find money to repay the principal? Also, when discussing with other companies for cooperation, how can it not be at a disadvantage in negotiating business terms when its financial situation is not so satisfactory? This is something we need to think about.

In the amendments to this motion, some Honourable colleagues have coincidentally proposed that efforts should be made to cut down expenditure and proactively reduce ineffective expenditure. In fact, this Policy Address has proposed quite a number of new initiatives of various scales involving expenditure. At the press conference on the Policy Address initiatives, the Financial Secretary has also said that the various measures in the Policy Address involve about billions of dollars of recurrent expenditure each year, and he has also indicated that there is no plan to increase tax. Therefore, in order to support these measures, the SAR Government must reduce expenditure properly and use our limited available resources effectively, as well as review whether the existing policy measures can be made better. For example, in respect of education, resources injected in university education and vocational and professional education and training should

be used properly to guide students to choose suitable pathways for further studies, thereby facilitating articulation with the corresponding industries and replenishing new blood of talents. Another example is welfare expenditure. Apart from a series of living allowances for the needy, it is necessary to introduce some supporting policies to help members of the public get out of predicaments and even promote upward mobility. When members of the public lead a better life, the Government's burden will naturally be alleviated.

Lastly, the ageing population will in fact not only increase the pressure on public expenditure. The SAR Government should take advantage of the situation and, through the newly-established Advisory Panel on Silver Economy, study and plan for the silver economy, so as to build a new industry chain in the light of the consumption and demand of the elderly, as well as Hong Kong's strengths in quality management and certification, thereby contributing to Hong Kong's economy.

With these remarks, President, I support the motion and the amendments.

**MS YUNG HOI-YAN** (in Cantonese): President, I rise to speak in support of the motion on "Reviewing public finance policies" proposed by Revd Canon Peter Douglas KOON and the amendments by other Members.

The problem of population ageing is serious in Hong Kong. According to the Government's estimation in the Hong Kong Population Projections 2020-2069, the number of elderly persons will increase from 1.32 million in 2019 to 2.52 million in 2039. As mentioned in an amendment, it is estimated that in 2046, one in every three people in Hong Kong will be an elderly person. It can be expected that the demand for healthcare and elderly care will increase substantially and the relevant public expenditure will also grow rapidly. Both in terms of total size and structure, the ageing of population will put public expenditure under tremendous pressure.

Compared with public expenditure, the impact of population ageing on financial revenue is also somewhat uncertain. Population ageing will cause the tax base to shrink and the tax expenditure to increase. Since population ageing will lower labour productivity and reduce the total amount of social investment, the investment in physical and human capital will consequently be decreased.

In the face of various impacts brought about by population ageing, the general direction of public finance policies should be: on the one hand, to broaden the tax sources and increase financial revenue, so as to strengthen the fiscal capacity to cope with population ageing; and on the other hand, to adjust and enhance the structure of fiscal expenditure, so as to reduce the pressure on fiscal expenditure.

In my opinion, the review can be conducted in the following three aspects.

Firstly, under a sound fiscal policy, efforts should be made to actively explore policy means to support rapid economic development, so as to be financially prepared for population ageing, and also to raise revenue for the Government, so as to provide more adequate source of tax revenue and mitigate the adverse impact of demographic changes on the economy.

Secondly, regarding the silver industry, just now quite a number of Members mentioned silver economy. In fact, the development of the silver industry will not only meet the special needs of the elderly population, but will also be conducive to the formation of new consumption hotspots, creation of more jobs and optimization of the industrial structure, which can, to a certain extent, promote economic growth.

Thirdly, the incremental amount of financial revenue should be channelled more to the provision of livelihood services, so as to be well prepared for population ageing and improve people's livelihood. The main objective should be to satisfy people's needs for public services, consolidate fiscal resources and enhance the Government's ability to provide public services, so that public finance can be oriented towards livelihood expenditure.

The demand in the silver hair market mentioned just now can also create different opportunities. In an ageing society, the demand for such services and products as healthcare, long-term care, retirement planning and leisure products is on the increase, while that for early childhood education and child care will significantly decrease.

This year's Policy Address has also mentioned silver economy, which shows that in this respect, the Government will ... the Commerce and Economic Development Bureau ("CEDB") will establish an Advisory Panel on Silver Economy comprising experts of different fields to conduct an in-depth research and offer recommendations, so as to tap into the business potential of the silver economy. We hope that apart from establishing the advisory panel, CEDB will



also include a review of the overall public finance policy in its purview, so that the advisory panel will give more consideration to how our financial resources can be consolidated in the long run, so that we can be well-prepared to cope with the problem of ageing population.

In respect of banking business, we can also see that owing to population ageing, there is currently a strong demand for wealth management from retirees and the elderly. In particular, the growing assets of the elderly have led to an increase in their demand for high-end products and services, and their spending power should not be underestimated.

Therefore, I hope that the Government and the banking sector will jointly make good preparations in this regard, so that the silver-haired citizens can have a wide range of choices and, most importantly, knowledge in various aspects, which will enable them to make suitable and correct choices.

Lastly, I hope that the Government will actively explore a tax policy which is conducive to ageing at home (i.e. now known as ageing in place). At present, we have dependent parent allowance and dependent grandparent allowance. I believe most people hope that the Government will make positive adjustments to increase the allowances, so that more young people can support their parents. In respect of corporate income tax, I hope that the Government will provide the necessary concessions to the business sector for research and development as well as production of products for the elderly, so as to encourage them to produce more such products on this front.

With these remarks, President, I support the original motion and the amendments.

**MR CHAN PUI-LEUNG** (in Cantonese): Thank you, President. President, Hong Kong is facing an increasingly serious challenge of an ageing population. The proportion of elderly people aged 65 or above in the total population rose from 11.5% in 2002 to 20.8% in 2022, and is expected to exceed 30% in 2037. At the same time, the recurrent expenditure on elderly services has also risen from about \$3.2 billion in 2002 to about \$15 billion in this year's estimate. It is thus evident that the ageing problem in Hong Kong has led to a gradual increase in public expenditure, and this is a long-term financial burden that we have to face now. Therefore, I agree with and support the motion proposed by Revd Canon Peter Douglas KOON.

Hong Kong's public coffers rely heavily on a few volatile and procyclical revenue sources like land premium and stamp duty, while salaries tax and profits tax are highly concentrated among a small number of taxpayers and enterprises. A narrow tax base means that during an economic downturn, the Government's tax revenue will be substantially reduced, and government revenue will also be highly unstable. During the Budget consultations in the past two years, I kept urging the Government to examine the revenue structure of public finance, review the problem of a narrow tax base, and explore ways of increasing revenue to maintain the sustainability of public finance.

I understand that the simple and low tax regime is one of the cornerstones of Hong Kong's success. However, when public expenditure continues to rise and the fiscal reserves continue to fall to the point where they can support only about 12 months of government expenditure, how to increase revenue has become highly important under the principle of keeping the expenditure within the limits of revenues enshrined in the Basic Law, and the authorities need to attach great importance to this issue. Of course, we also understand that the authorities need to consider and strike a balance among many different factors, and study the issue carefully.

In the face of the imminent problem of ageing in Hong Kong, apart from increasing revenue, efforts can also be made to study how to give full play to the strengths of public-private partnership. Hence, I agree with Mr Tony TSE's suggestion of tapping into private market forces. After all, as a social issue, elderly care should not be borne by public finance alone. Instead, it needs to be actively addressed by a risk pooling mechanism established by individuals, families, society and the Government.

During the consultation period of this year's Policy Address, I made two suggestions to the Government on the issue of elderly care. The first one is to explore the introduction of a long-term care insurance system to cope with the increase in demand for long-term care services in the course of population ageing. The second one is, in tandem with the rapid emergence of Continuing Care Retirement Communities in recent years, to launch pension annuity products on a pilot basis to encourage Hong Kong people to go north for retirement.

At present, the expenditure of the Social Welfare Department relating to subsidized long-term care services has risen significantly from HK\$4 billion in 2012-2013 to HK\$10.8 billion in 2022-2023, representing a 173% increase in just

10 years. The implementation of a long-term care insurance system, in my view, can ensure the sustainability of the sources of funding for long-term care services. For example, an institutionalized premium payment approach can be adopted on a pilot basis, under which, similar to the contributory savings arrangement of the Mandatory Provident Fund, mandatory monthly contributions based on income will be made under the “affordable users pay” principle; or, as in the case of voluntary health insurance, accreditation and standardization can be provided for private complementary commercial long-term care insurance, together with the provision of tax concessions.

Apart from resolving the problem of elderly care for the grass roots, the Government should target middle-class people who have the financial means and the need for retirement planning and commission some of the elderly care services to be provided by Continuing Care Retirement Communities. For example, it can work with commercial insurance companies to launch qualified pension annuity products, and Hong Kong people who have bought such products for a certain period of time will be eligible to live in high-end retirement communities in the Greater Bay Area after retirement, which can alleviate the Government’s financial burden while providing Hong Kong people with an additional choice for their retirement life. I suggest that the Government can provide tax concessions to people who purchase the relevant pension annuity products, and adopt specific measures to encourage members of the public to go north for retirement.

In conclusion, the structural changes in elderly care caused by population ageing require the improvement of the relevant old-age security system. However, a good system should give full play to the dual mechanism of the Government and the market at the same time, encourage the participation of private market forces, and realize the complementarity of strengths between the Government and the market in the provision of elderly care.

With these remarks, President, I support the original motion and the other amendments.

**MR SUNNY TAN** (in Cantonese): President, as the trend of population ageing continues to worsen, the relevant expenditure will only be on the rise while the workforce size keeps declining, thus posing a heavy burden on public finance.

In my opinion, this motion consists of two main points. One is exploring how to increase financial revenue, and the other, how to ease population ageing to alleviate the pressure on public finance.

Firstly, in my view, the promotion of diversified development of industries will not only “grow the pie”, but more importantly, “make more pies”. This will automatically generate economic output and revenue for the Treasury. In the past, Hong Kong has focused on the development of such pillar industries as the financial industry, trade, professional services and tourism. All of them are Hong Kong’s strengths which should continue to grow and deepen. As the country has established Hong Kong’s “eight centres” positioning, which has brought tremendous opportunities in the fields of innovation and technology (“I&T”), culture, arts, etc., we should seize such opportunities properly. This time the Policy Address has made a lot of efforts in this regard, which deserves recognition.

In respect of I&T, the development of high value-added emerging industries such as life and health, advanced manufacturing, new energy and technologies is absolutely where opportunities lie. It is also a major source of economic and financial revenue.

Traditional industries, such as the textiles and garment industry, are in fact a major source of economic development and have a sound development foundation. I hope that the Government will continue to help the traditional industries grow bigger and stronger, and achieve upgrading and transformation through I&T. It should make more active efforts to attract leading enterprises from the Mainland and abroad, and under the general direction of the Hong Kong Innovation and Technology Development Blueprint, join hands with the industries to map out the development blueprints for various types of industries and drive diversified development, thereby generating broader and more extensive economic and tax revenue for Hong Kong. It is also a way of “making more pies”.

Secondly, efforts to increase the sources of revenue can start with enhancing the tax regime. Hong Kong adopts a simple tax regime which facilitates the conduct of business. It is the cornerstone of our success. In my opinion, to tie in with the policy of “competing for enterprises”, a study can be conducted on lowering the standard profits tax rate for corporations so as to more aggressively bring in leading enterprises. With the presence of leading enterprises, the entire industry chain can be strengthened, and financial resources and tax revenue will naturally come pouring in.

Thirdly, the trend of population ageing is worrying. Three decades ago, the median age in Hong Kong was 32.8 years, which rose to 38.5 in 2003 and further went up to 43.2 in 2013. This year, it is expected to rise to 48.5. In other words, every year, the median age in Hong Kong will increase by about half a year. Imagine that by 2033, if this trend is not mitigated and curbed, the median age will rise to 53.5, by which time the workforce will become smaller and smaller, while the burden on public finance will become heavier and heavier.

Injection of new blood into Hong Kong through a multi-pronged approach not only can alleviate population ageing and reduce the burden of social welfare expenditure on public finance, but also help Hong Kong cope with the problem of structural labour shortage and break the bottleneck caused by manpower shortage to economic development.

Firstly, the Government should expeditiously formulate a forward-looking population policy and its blueprint in the light of the future demographic trend and development needs.

Secondly, I hope that the Government can, by enhancing the talent policies such as the Top Talent Pass Scheme, make early preparations to “compete for talents” and attract more young top talents to come to work in Hong Kong. It should also attract more overseas students to pursue studies in Hong Kong through the tertiary education as well as vocational and professional education and training systems, so as to expeditiously inject new blood into the labour market and alleviate population ageing.

Thirdly, out-of-the-box thinking should continue to be adopted to encourage childbirth. For example, reference can be drawn from the practice of Korea of issuing a “Multi-Child Happiness Card” to families with two or more children to enable these families to enjoy benefits such as free use of public facilities and transport fare concessions. It should also change such social concepts as “it costs \$4 million to raise a child” through public education, so that members of the public will have no more fear about having children.

I hope that the Government will continue to act with a proactive style and formulate more comprehensive and forward-looking policies to promote diversified economic development, reverse the trend of population ageing, and plan for a better tomorrow for Hong Kong.

With these remarks, I support the original motion and all the amendments.

**MR ROBERT LEE** (in Cantonese): Thank you, President. I extend my thanks and support to Revd Canon Peter Douglas KOON for proposing the original motion, as well as the other Members for their amendments.

Article 107 of the Basic Law provides that: “The Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.” In the face of the problem of population ageing, Hong Kong’s public expenditure on health, social welfare, etc. will continue to rise, thus exerting tremendous pressure on the Government’s finance.

According to the Research Brief published by the Research Office of the Legislative Council Secretariat in March this year, total government expenditure increased by 17% year-on-year to \$810 billion in 2022-2023. Including spending of other public bodies, Hong Kong’s total public expenditure reached \$850 billion, with health and social welfare being the two largest public expenditure items, accounting for nearly \$150 billion and \$110 billion respectively.

During the same period, total government revenue dropped by 13% year-on-year to about \$604 billion, mainly due to the decrease in revenue from land sales and stamp duty. With revenue far below expenditure, the Government’s fiscal deficit has received much concern.

The Research Brief also pointed out that alarm has been sound for the long-term sustainability of Hong Kong’s public finance. The public coffers recorded deficits in three out of the four financial years from 2019 to 2022, resulting in depletion of fiscal reserves by \$350 billion from \$1,160 billion to nearly \$820 billion, a drop of as much as 30%. Moreover, the ratio of public expenditure to the Gross Domestic Product continued to rise from 20% in 2018 to 30% in 2022.

Financial Secretary Paul CHAN has said earlier that due to the uncertainty of the external economy, coupled with Hong Kong’s slower-than-expected post-pandemic recovery, it is estimated that the fiscal deficit may exceed \$100 billion this year. This implies that the fiscal reserves will fall further. The Government’s financial predicament should not be overlooked.

To alleviate the fiscal deficit problem, we must adhere to the basic principles of “increasing revenue” and “reducing expenditure”. The SAR Government should continuously improve the business environment, listen more to the reasonable and constructive views of the industrial and commercial sectors, give more assistance to facilitate the healthy and sustainable development, upgrading and transformation of various trades and industries, and provide more support to small and medium enterprises. Besides, the Government may consider promoting the securitization of infrastructure projects in order to increase the revenue of the Treasury. Take the Northern Metropolis development project as an example. The Government can review and study the issuance of bonds in suitable items to raise funds by way of securitization, so as to increase the revenue of the Treasury and alleviate the pressure of fiscal deficit. It can also reserve part of the bonds for subscription by retail investors, and increase the participation of brokerage firms and financial intermediaries, so as to promote the development of the local retail bond market.

At the same time, I am in favour of engaging private investors in the financing of large-scale development projects—I believe many members of the industrial and commercial sectors will be interested—so as to obtain good returns. It is hoped that the public-private-partnership mode of development can alleviate some of the Government’s financial burden and help ensure the Government’s fiscal sustainability. I hope the Government will announce the specific details of the relevant financing plan as soon as possible so that the industry can make early preparations.

With these remarks, President, I support the motion.

**MR TANG KA-PIU** (in Cantonese): Thank you, President. This subject has received much concern, and I think it will remain the focus in this term of the Legislative Council because Hong Kong’s economy has not formally recovered, but as we know, a lot of financial expenditures have been incurred, including the construction costs of a number of projects. People are thus gravely concerned about the fiscal sustainability of the Hong Kong Government and Hong Kong society.

Just now an Honourable colleague who proposed an amendment expressed concern about whether Hong Kong’s welfare is too good that it has caused people to “lie flat”. However, I have a piece of real data which I would like to share with

Members. What is this piece of real data? I have often said in this Council that during the SARS period in 2003, everyone was suffering and the unemployment rate reached a record high of 8.7%. At that time more than 50 000 families were on the Comprehensive Social Security Assistance (“CSSA”) because of unemployment. Under this COVID-19 epidemic, although the unemployment rate in Hong Kong has reached 7.4% and the difficult situation has lasted for as long as three years, not three months, the highest number of families on CSSA because of unemployment is less than 20 000 in the three-year period. In comparison, the number of families receiving CSSA owing to the epidemic 20 years ago was more than double, which was some 50 000. The number of such families under the epidemic this time is less than 20 000. Yet of course, the rate of reduction should be faster.

On the whole, what is the difference we can see here? It is because we have secured a minimum wage, so that there is bottom-line protection in the market. Of course, we do not think that the rate of increase in minimum wage is reasonable. Many employers are self-contradictory, saying that they are unable to hire people at an hourly rate of \$40, but that \$40 per hour is too high. Nevertheless, at least the minimum wage can serve as a guarantee, so that members of the public will know that there is a bottom price for their job when the economic situation is poor, and that they will not be deprived due to the absence of a bottom price. This also proves that Hong Kong people actually like to work and have the spirit of self-reliance. As regards the comment that too good a welfare package will make people “lie flat”, there may be such individual cases, but this is definitely not a mainstream phenomenon in society.

However, I think it is necessary to release more employment incentives. For example, I have heard many members of the industry ask whether a two-tier income system can be implemented for the Old Age Living Allowance (“OALA”). At present, a family with a couple earning a total monthly income of \$14,000 is ineligible to apply for OALA. The situation is that they can get either all or nothing of the allowance. Today, everyone talks about e-government. In fact, is it possible to adopt a simpler approach of e-government, whereby instead of making calculation and declaration on a monthly basis, half-yearly declaration can be made and a two-tier system can be implemented? In this way, there will not be such a situation where many elderly people think that they have already reached the age of 65, so they take a break and do not work while receiving OALA. Actually, the amount of the allowance is not particularly large. It is only \$8,000



per month. If a couple have no other income but only the allowance of \$8,000, and they need to pay rent, their life will not be easy. Hence, should they not be allowed to keep their original jobs while receiving OALA? In my view, the Government needs to start thinking about this issue, or else there will be a situation in which they get either all or nothing of the allowance.

The second point is about cross-boundary elderly care. Many Honourable colleagues have made relevant visits during the summer holiday or the recess. The Social Welfare Department of Hong Kong currently provide subsidies for residential care places. In private residential care homes, it is \$16,000 per bed, whereas in subsidized residential homes, i.e. traditional NGOs (non-governmental organizations), it is \$20,000-odd per bed. As we have seen, in the high-quality elderly care institutions in the Guangdong Province, it costs \$7,500 for a room with two beds, which is really high value for money. The Government's money has to be spent somehow, but if we wish to both raise the living standard of the elderly in their twilight years or retirement life and enable the Government to spend less, then we need to talk about operation, that is, subsidies for operating costs, and I am not counting in the government expenditure for the construction of residential care homes. At present, the subsidy for a bed ranges from \$16,000 to \$20,000-odd. How can a bed be turned into a room with a price tag of \$7,000-odd? In fact, it is necessary to move forward to vigorously promote cross-boundary elderly care.

Thirdly, Hong Kong is after all a high-value city. We hope that Hong Kong people can broaden their horizons in respect of retirement life. We do not necessarily need to retire in Hong Kong. We can go to Foshan, Dongguan, or other places for retirement. The crux is to make good preparations for retirement. I very much hope that the Government can explore whether it is possible for Hong Kong people to work in Hong Kong but choose to make contributions for social security and medical insurance in certain Mainland cities where they have connections, for which, instead of starting to make such contributions only after retirement and moving there, they may start contributing now, so as to prepare for cross-boundary retirement under the system in the future. Hence, I hope that the social cost incurred for supporting and caring for the elderly locally can be alleviated in different ways on various fronts.

I so submit.

**MR SHIU KA-FAI** (in Cantonese): Thank you, President. I support this motion moved by Revd Canon Peter Douglas KOON today because, as we know, given Hong Kong's ageing population, in 10 years or so, there will be such a situation where every two Hong Kong people have to support one elderly person. How to resolve this problem is a thorny question.

We need to increase revenue and reduce expenditure and improve Hong Kong's economy on various fronts. However, as we all know, after the formal resumption of normalcy this year, the export trade has been affected by geopolitics, while the financial market and the property market have remained weak. One of the economic pillars on which we mainly rely is tourism, but like the retail and catering industries, it has not yet fully recovered due to the problems with shipping or our own carrying capacity. Despite the current gradual recovery, we can see that the SAR Government needs to work very hard to devise more different activities, measures for the night economy, etc., in the hope of improving Hong Kong's economy to the best of its ability. Officials have been travelling around, for example, to countries in the Middle East or the Association of Southeast Asian Nations with an attempt to attract more different large enterprises to Hong Kong to boost the local economy. I hope that we will make continued efforts in this regard.

In respect of reducing expenditure, Mr TANG Ka-piu has just mentioned the possibility of identifying a lot of residential elderly care facilities in the Greater Bay Area ("GBA"). I think we should pay a visit to the Mainland together. According to what he has just said, the facilities in Hong Kong can hardly compare with those in the Mainland in terms of price or environment. Therefore, if there are such opportunities, the SAR Government should arrange for local elderly people to visit the Mainland to gain an understanding of the surrounding environment in GBA, so as to make use of its geographical and manpower advantages to alleviate the burden of Hong Kong's elderly people and carers, including the burden of basic healthcare services, since I believe the relevant costs can likely be lowered.

In respect of the local expenditure, in what other areas can it be possibly reduced? Regarding certain civil service organizations, for example, I have noticed that the streets are sometimes dotted with officers of the Food and Environmental Hygiene Department, who often patrol the streets in groups. When I found that there was a lot of rubbish and immediately relayed it to them, they replied that they were there to catch hawkers and ignored the piles of rubbish

even though they had seen it. Is it so difficult for them to deal with it at the same time? In fact, I could have solved the problem by calling “1823”. Yet, they just took the attitude that it was none of their business. Why can these officers not handle the matter?

Someone has also told me that a group of officers of the Labour Department (“LD”) went to his company for an inspection and checked his colleagues’ attendance records, but the next day, another group of LD officers went there to carry out an occupational safety and health (“OSH”) inspection. Is it really so difficult to learn those OSH requirements? How come the LD officers cannot learn the relevant knowledge at the same time and deal with another matter simultaneously during one single inspection? If it is really so difficult, how can we expect employers in micro-, small- and medium-sized enterprises to understand the requirements of the OSH legislation? Hence, this is actually not hard to achieve. Will the authorities give some serious consideration?

Some people often say that when patients seek medical consultation in public hospitals, the Hospital Authority (“HA”) will prescribe and dispense a large bag of medicines for them every time. A cough patient may be given six bottles of cough syrups, each of which costs more than \$100 in the chain drugstores. Is it actually necessary to prescribe so many medicines? Some people’s refrigerators at home are filled with medicines. These cost money, do they not? Has HA conducted any review? If a person consults a private doctor, he will only be given medication for seven days, and if he has not recovered by then, he can seek treatment again. So why is it necessary to prescribe medication for half a year every time? I really think that this is a waste of resources.

We must take care of those who are in genuine need. For example, the monthly Old Age Living Allowance of \$4,060 currently payable to the elderly incurs an annual expenditure of \$39.9 billion, which means that almost \$40 billion has to be spent. However, if these elderly people have no one to depend on, we must do our best to help them. As regards how to mitigate the impact of population ageing, I know that the SAR Government has already made great efforts and adopted many measures, such as the implementation of the General Employment Policy, the Top Talent Pass Scheme, the Admission Scheme for Mainland Talents and Professionals, the Technology Talent Admission Scheme, Immigration Arrangements for Non-local Graduates, the Quality Migrant Admission Scheme, and the Admission Scheme for the Second Generation of

Chinese Hong Kong Permanent Residents. To date, 100 000 applications have been received, and at least 60 000 people have come to Hong Kong. It can be seen as a sort of “arbitrage”.

However, we need to raise the fertility rate of the local people. With regard to the discussion this morning on the proposal of handing out \$40,000 to the disadvantaged until the child reaches the age of six, the Financial Secretary replied that it would be difficult to draw a line, but what are the difficulties? At present, the Government already has a scheme which provides an allowance to certain working people, and the reason for giving them an allowance of \$1,200 for each child is that although they are in employment, they belong to the low-income group. The authorities have already got a good grasp of the number of people in this group. So why is there still the need to resort to administrative means? We do not agree with handing out money indiscriminately, but the authorities should focus on helping those in need.

Thank you, President.

**MR MA FUNG-KWOK** (in Cantonese): President, whenever we talk about public finance, the Government will usually say, “The Government has all along been adhering to the principles of exercising fiscal prudence, keeping expenditure within the limits of revenues and committing resources as and when justified and needed in public finance management.” But what does it mean by “committing resources as and when justified and needed”? Upholding the principle of keeping the expenditure within the limits of revenues enshrined in the Basic Law is the most basic thing to do. Yet the Government also bears the responsibility of using public finance to boost the Gross Domestic Product. It is imperative to invest for the future. Therefore, I have always considered that as long as the relevant resources inputs can drive sustainable economic and social development, a Budget with a fiscal deficit is not unacceptable. A responsible public finance policy should be: “Making proper use of money which is beneficial to the public and Hong Kong as a whole, and being able to drive sustainable development.” To achieve this objective, as stated in the motion on “Reviewing public finance policies” proposed by Revd Canon Peter Douglas KOON, the Government should regularly review the appropriateness of the financial expenditure in accordance with the changes in the social and economic environment, so as to prevent the public coffers from being used at the wrong place.

However, I support the review not because the problem of population ageing has become increasingly serious, making the burden on public expenditure heavier. Rather, it is because there are many ways to reduce the burden of the elderly on society, the simplest of which is to draw reference from Singapore, where the statutory retirement age has been extended to 63. The Singapore Government also plans to further extend it to 65 by 2030, and even intends to extend the re-employment age to 70. As for other methods, such as increasing the number of investment tools for the elderly, the Silver Bond is a very successful example which can assist the elderly in making appropriate investment, which will in turn reduce the Government's burden.

We certainly support reviewing the financial expenditure, and proactively reducing ineffective and even unnecessary expenditure as proposed in the several amendments. Let me just name the three areas that incur the largest recurrent expenditure of the Government: education, social welfare and health, all of which definitely have room for review.

Take education as an example. The provision for 2023-2024 is \$114.7 billion, accounting for about 18% of the Government's recurrent expenditure. However, in Hong Kong, owing to factors such as the declining fertility rate and emigration tide, school enrolment has continued to drop. Cases of "school closure" and schools being closed down due to under-enrolment have occurred one after another.

In December last year, in response to the continuous decline in the student population of Hong Kong, the Secretary for Education said at the Legislative Council: "[W]hat happens now is not temporary fluctuation but a structural decline." Since it is a structural problem, it is not a short-term issue, reflecting that there is room for review, and the review may not necessarily produce any special results. Moreover, allocation of more resources does not necessarily mean better education. The importance attached to education and the nurture of the next generation should be focused on the teaching contents and the quality of teachers.

The other two areas which have been allocated more than hundreds of billions of funding, namely social welfare and health, are often reported in the news, such as abuse of the Comprehensive Social Security Assistance and wastage of medicines dispensed by public healthcare institutions. In respect of the former, there are views pointing out that assets outside Hong Kong have to be declared; and in respect of the latter, community pharmacies should be set up to avoid

wastage due to dispensation of large quantities of medicines at one time. These are good suggestions, but up to now, many of these constructive suggestions have not yet been considered.

President, increasing revenue and reducing expenditure is the right attitude for any account. Hong Kong's excessive reliance on land premium and stamp duty for revenue is not healthy in the first place. In the past two years, due to the epidemic and emigration tide, the real estate market has been in the doldrums. In this financial year, the Government has even suspended land auctions, resulting in a nought for the relevant revenue. So, many people are worried about the sources of the Government's revenue, and they then call on the Government to explore every possible way to increase revenue, but they have neglected that the largest source of government revenue is profits tax. In 2022-2023, salaries tax has also become the third largest source of recurrent government revenue, accounting for 13%. And one thing we cannot ignore is that these two years happen to be plagued by the COVID-19 epidemic. I believe that the Government has recognized the importance of these two sources of revenue, especially in recent years when more emphasis has been placed on bringing in foreign enterprises, in particular attracting family-owned businesses to set up headquarters here.

President, I support that a review should be conducted in the light of the changes in the social and economic environment, and that it should be a flexible review policy that allows for upward and downward adjustments, rather than encouraging various sectors to strive to protect their own interests. The review of the fiscal policy should cover both recurrent revenue sources and expenditure, seek to provide a balanced source of recurring revenue, and ensure proper use of the public coffers. This is what a responsible government should do.

President, I so submit.

**PRESIDENT** (in Cantonese): There are still four Members waiting for their turn to speak. I will call upon the mover of the motion, Revd Canon Peter Douglas KOON, to speak on the amendments after these four Members have spoken.

Dr TAN Yueheng, please speak.

**DR TAN YUEHENG** (in Putonghua): Thank you, President. I support the motion proposed by Revd Canon Peter Douglas KOON and the amendments by the other Members.

Earlier on, the SAR Government announced the latest figures for the first half of the current financial year, with the accumulated deficit reaching HK\$177.7 billion and the fiscal reserves falling to HK\$657.1 billion, which is the first time in nearly 10 years that they have fallen below the HK\$700 billion level. Certainly, there are objective factors for this, as most of the revenue from the major tax types, such as salaries tax and profits tax, are collected in the latter half of a financial year, and the total deficit level for the year may improve to a certain extent by then. However, from an overall view, since the deficit is still a huge figure and the fiscal reserves are only enough to meet government expenditure for less than a year, these figures have aroused the concern and drawn the attention of various quarters.

The Basic Law provides that the Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. Certainly, the principle of keeping the expenditure within the limits of revenues as stipulated in the Basic Law does not mean that such will be the case every year. There may be differences in surplus and deficit between years. However, if a deficit arises every year for several years in a row, then there is obviously an urgent need to review the public revenue and expenditure. In my opinion, public finance should focus on increasing revenue and reducing expenditure. The Government should explore every possible means to raise revenue and, on the premise of ensuring targeted poverty alleviation, targeted help for the needy and targeted support for the elderly, start to exercise stringent control over recurrent expenditure henceforth. In this connection, I am concerned about two issues.

Firstly, it is necessary to review the unfocused manner of providing for consumption expenditure and welfare expenditure, which is like scattering pepper powder. The estimated recurrent expenditure on social welfare in Hong Kong is \$121 billion, accounting for more than 20% of the total government recurrent expenditure, the highest among all policy area groups. Compared with that in 2022-2023, it has risen by 14%. At this rate of increase, the expenditure figure will double in about five years. I understand that it is the top priority for the SAR Government to “earnestly address people’s concerns and difficulties in daily life”.

I totally agree with and support the need to enhance the social welfare safety net to provide necessary support to the people in need, but the crux is whether the relevant welfare expenditure is properly used and whether it can achieve the intended effects. The Government needs to review and consolidate the existing welfare policies, so that welfare expenditure can be channelled to those in genuine need, thereby promoting social justice, harmony and progress.

Secondly, it is necessary to maintain the distinctive advantages of “small government, big market”. Hong Kong has long maintained the characteristics of “small government, big market”. We must not allow the small government to become a big government. We have in place an efficient market working in tandem with a capable government, but the capable government should not seek to turn the small government into a big government. This year, various offices such as the Hong Kong Talent Engage, the Office for Attracting Strategic Enterprises and the Chinese Culture Promotion Office have been set up. The functions of these offices should originally fall under the existing Policy Bureaux. Certainly, the establishment of some of these offices may be necessary, but if more offices are set up, additional procedures may need to be undertaken which will reduce administrative efficiency. Besides, even if it is necessary to set up an office, can the staff of the office be deployed from various Policy Bureaux without incurring new staff costs? These are the two phenomena about which I am concerned, and I would like to take this opportunity to raise the necessity of reviewing public finance.

With these remarks, President, I support the original motion and the amendments.

**IR LEE CHUN-KEUNG** (in Cantonese): Thank you, President. I thank Revd Canon Peter Douglas KOON for moving this motion entitled “Reviewing public finance policies” today.

A number of Members have mentioned that the Government’s fiscal reserves have dropped from some \$1,170 billion a few years ago to less than \$700 billion today. The reason for such a big drop is that Hong Kong has been faced with the epidemic over the past three years, and so the Government has launched six rounds of measures through the Anti-epidemic Fund, for which the Liberal Party has successfully fought, including the \$5,000 consumption voucher in 2021, the \$10,000 consumption voucher in 2022, cash disbursement, extension of the public



transport fare subsidy, electricity subsidy for residential accounts and rates concession. All these have incurred public expenditure amounting to nearly \$650 billion.

President, how to make back the money spent, I believe, is a question we need to ponder today. However, we are also encountering another problem, that is, as our fiscal reserves are currently less than \$700 billion, if Hong Kong faces another epidemic, will we be able to cope with it? Let us not forget that this \$700 billion is in fact only enough to meet government expenditure for one year.

A number of Members have said earlier that public finance management is just like doing business, and it is actually not easy to increase revenue and reduce expenditure, which is also the so-called “basic skill”. The reason why it is not easy is that the Government has adopted a simple and low tax regime, so it may not be easy to make back the money spent through the existing revenue sources.

We in the Liberal Party have been proposing different ways to increase revenue, including how to make the pie bigger and stronger. Focusing on the “eight centres” positioning as set out in the National 14th Five-Year Plan, we have put forward many different views on tax concessions and recruitment of talents. As regards the recent discussion on how to encourage families to have children, we in the Liberal Party have also proposed to introduce a progressive tax allowance, i.e. a family will be granted a tax allowance of \$150,000 for the birth of the first child, \$300,000 for the birth of the second child, and the tax allowance for the birth of the third child will be doubled to \$600,000, and so on. However, the Government replied today that this would incur \$4.2 billion in government expenditure.

In fact, we should think more deeply about one point, that is, compared to this \$4.2 billion, it can be said that after giving birth to a child, a family will have to bear all kinds of expenses, including that for buying nappies, milk powder, baby cots and other necessities. I believe that these expenses incurred would certainly be more than \$4.2 billion. Besides, the tax paid by their children after they have grown up and made their achievements, as well as the profits tax payable after they have set up their businesses, etc., can actually be more than \$4.2 billion. For this reason, we consider that our proposal will bring more advantages than disadvantages. I implore the Government to focus on enhancing measures to increase revenue and encourage childbirth, so that the middle class in particular can do better.

The second point is about increasing revenue. With the wine duty removed in February 2008, Hong Kong has developed into a wine trading and distribution hub in the Asia-Pacific region, and it has all along been a global wine auction centre since 2009. As we can see, the removal of the wine duty has brought about positive impacts on Hong Kong, not only in terms of facilitating the trading of collectable wine products in Hong Kong, but also in terms of giving rise to a series of wine appreciation courses. We can draw reference from this array of advantages and apply it to the traditional Chinese Baijiu, with a view to promoting our national culture to the rest of the world through Chinese Baijiu. In fact, Chinese Baijiu is an existing industry, and the Government can draw reference from what it has done with wine and apply it accordingly.

The third point is how to improve Hong Kong's expenditure on public housing. It includes comprehensively combating the abuse of public housing and using the released resources to serve those in need. In particular, the Government can introduce more measures on the home ownership ladder and reduce the annual expenditure on maintenance and management of housing estates, which amounts to \$10 billion.

In fact, there are many ways to increase revenue and reduce expenditure. I hope the Secretary and various government departments can give prudent consideration.

With these remarks, I support the original motion and all the amendments. Thank you, President.

**MR LUK CHUNG-HUNG** (in Cantonese): Thank you, President. I would like to thank Revd Canon Peter Douglas KOON for proposing the motion today so that we can discuss the public finances of Hong Kong.

The health of public finances hinges on both increasing revenue and reducing expenditure, especially in the face of a deficit of hundreds of billions of dollars, an uncertain economic environment, and geopolitical tensions.

Regarding reducing expenditure, President, there is something that I must say. After the improvement of the electoral system, this term of the Legislative Council is free from filibustering. With an affection for our country and Hong Kong, each and every one of us strives to fulfil our duties as Members responsibly. One of the tasks of Members is precisely to act as “gatekeepers” and examine and

approve the Government's public expenditure. However, when it comes to public works projects, we often feel that ... I will just put aside projects involving tens of billions of dollars for the time being and give you some examples. When we discussed the redevelopment of Lai Chi Kok Reception Centre at the Public Works Subcommittee meeting this morning, for example, we were told that the project would cost more than \$5 billion just to increase the capacity by some 100 places. At Kai Tak, the construction of some open spaces with a total area of some 8 000 sq m, including planting a few trees and building a small bridge, would cost \$300 million or so. Earlier on, a cultural centre in New Territories East sought to install a world-class sound and stage system, and another \$700 million or so was spent. I am not talking about projects costing tens of billions of dollars, but projects costing hundreds of millions or billions of dollars. President, sometimes I find myself in a difficult position after reading those papers submitted to the Legislative Council, as all these projects are related to people's livelihood. If you ask local residents whether the facilities should be improved, everyone would give it a big round of applause. However, the fact that taxpayers have to foot the bill for the relevant projects, and we, Members of the Legislative Council, have to approve the funds, makes me feel conflicted.

President, I hope you can urge the Government on our behalf to provide more information to the Legislative Council in future to enhance transparency. Sometimes, I would also like to consult engineering experts with the project information to figure out whether the construction cost is really that high and to identify areas where expenses could be reduced. We have a lot of engineering experts in this Council too, but sometimes we have to approve billions of dollars of funding based on papers of a dozen pages only. I believe members of the public are all aware of this, and this is not healthy.

Let us take the expansion of the Legislative Council as an example. Regarding this \$1.4 billion project, the Government explained at that time that according to the contractor, workers would have to be paid triple wages if they were required to work in the evenings and on holidays, which would involve high labour costs. I have never heard of triple wages. I even wrote as a Member of the Legislative Council to ask for their payroll records, but received no response. As regards the control of expenditure on public works projects, of course, the Government has established the Project Strategy and Governance Office. I have also noticed that they have strategic objectives and control measures in place, but they seldom mention how they would enhance transparency through tendering and public monitoring, so as to enable better control of project expenditure.

In the future, many large-scale construction works will be launched in Hong Kong as we are entering a golden era of development. But carrying out major construction projects does not mean spending money in an extravagant way. We can see that many of our country's development projects have been very successful, and some people have even described our country as "infrastructure maniac". Why is it so? Because the infrastructure projects of our country are low cost, high quality and value for money. At present, the quality of construction in the Mainland is not bad at all. During our visits to the Mainland, we saw a lot of marvellous constructions. For example, we visited a very large water treatment plant which was constructed for just several hundred million dollars. Of course, the wages of Mainland workers are much lower. However, even if the wages between the two places differ by a factor of five, what about the cost of materials? Does the cost differ that much? How could they manage to control costs so well? Could we learn from them? I hope the current-term Government will give serious thoughts to this matter.

Lastly, regarding increasing revenue, I very much agree that the Future Fund should make a start through the Hong Kong Growth Portfolio. However, at present, only \$5 billion has been injected into the innovation and technology field, and \$5 billion into the Greater Bay Area, and the total amount is only about \$20 billion to \$30 billion. How can the Government use its overall reserves to generate revenue? I think we can be more proactive in this regard, especially with the establishment of the Hong Kong Investment Corporation Limited now. How can we attract capital through the Government's investments to promote the development of industries, so that quality jobs will be created after the industries have developed, and then the Government will have more tax revenue? I believe this is what we should really do to increase revenue.

Thank you, President.

**DR DENNIS LAM** (in Cantonese): Thank you, President. Ten years ago, i.e. in 2013, the Government announced the setting up of the Working Group on Long-Term Fiscal Planning. The Working Group published its Phase One and Phase Two reports in March 2014 and March 2015 respectively, cautioning that more comprehensive planning was needed in public finances in order to cope with population ageing and the Government's other long-term financial commitments, as well as warning of the need to make advance planning to tackle the challenges as Hong Kong could face structural deficits due to an ageing population.

The Working Group set out four different scenarios for the projection of future expenditure. One of the scenarios assumed that if the level of education, welfare, and healthcare services continued to improve at an average annual rate in line with that of the period from 1997-1998 to 2014-2015, there would be a structural deficit in 2021-2022, and the fiscal reserves would be depleted in 2028-2029, leaving the Government with no choice but to borrow. By 2041-2042, the Government's debt liabilities would reach \$10,965 billion.

Back then, not many people believed that such a scenario would occur, but the what is happening now seems to be surprisingly in line with that projection. Fiscal deficits have been recorded since 2020-2021, with an estimated deficit amounting to \$130 billion in 2023-2024. Although the Working Group could not have predicted the emergence of the pandemic, the major geopolitical conflicts between Russia and Ukraine and in the Middle East, as well as the China-US trade war, etc., what we are facing now is a significant drop in the stock trading volume, property transactions, property prices or land sales proceeds in Hong Kong, which has led to a significant reduction in government revenue, and the ageing population has also led to an increase in healthcare expenditure year after year.

Has Hong Kong entered a structural fiscal deficit cycle? I believe it is necessary for the Government to reorganize the Working Group on Long-Term Fiscal Planning to reassess the present and future situations, and explore ways to increase revenue and reduce expenditure for Hong Kong, broaden the sources of its revenue and appropriately reduce its public expenditures, so as to achieve a fiscal balance.

On the other hand, according to the projection of the Census and Statistics Department, the number of elderly persons in Hong Kong will increase from 1.45 million in 2021 to 2.74 million in 2046. The corresponding proportion of the population is projected to increase from 20.5% to 36.0%, meaning more than one in every three Hong Kong people will be an elderly. According to the State of World Population released by the United Nations Population Fund in 2023, Hong Kong has the lowest fertility rate in the world, with only 0.8 births per woman. Hong Kong has gradually entered an ageing society as its fertility rate continues to drop and life expectancy continues to rise.

According to the Primary Healthcare Blueprint released by the Government in 2022, with the ageing of the population, it is estimated that the number of persons with chronic diseases in Hong Kong will increase from the current 2.2 million to

3 million in 2039, accounting for 37% of the total population of Hong Kong. Meanwhile, a continued rise in the number of elderly persons will increase the demand for various elderly and healthcare services. Therefore, the Government should optimize and improve healthcare services in a comprehensive manner, including expeditiously consolidating and improving primary healthcare services, and shifting the emphasis of the present healthcare system from treatment-oriented to prevention-oriented.

In addition, the Government should draw up a timetable for the implementation of cross-boundary use of electronic medical records as soon as possible. It is mentioned in the Policy Address that the Government will procure healthcare services for the people of Hong Kong from suitable healthcare institutions in the Greater Bay Area so as to alleviate the pressure on our public hospital services. The main items to be procured will be low-risk medical items such as computed tomography scan and magnetic resonance imaging. At present, data on medical examinations performed in the Mainland cannot be transferred across border. I hope that the Government will promote cross-boundary transfer and sharing of relevant medical data as soon as possible when procuring such services. In addition, the Government can explore ways to further enhance the Voluntary Health Insurance Scheme and encourage more members of the public to take out such insurance, so that they can have more choices in seeking medical treatment, which could in turn reduce the burden on the public healthcare system and alleviate the pressure on public finance.

With these remarks, President, I support the original motion of Revd Canon Peter Douglas KOON and the other amendments.

**PRESIDENT** (in Cantonese): The last Member to speak.

Mr KWOK Wai-keung, please speak.

**MR KWOK WAI-KEUNG** (in Cantonese): First of all, I would like to thank the President for allowing me to speak, since I was the last one to press the “Request to speak” button just now. Besides, I also wish to thank Revd Canon Peter Douglas KOON for his original motion and the several Members for their amendments.

President, I would like to raise a few points. Firstly, the public finance of a place is related to its sustainable development and, at the same time, the confidence of all investors. Therefore, it is closely related to people's livelihood and is indispensable.

Just now, many Honourable colleagues mentioned the principle of keeping the expenditure within the limits of revenues enshrined in Article 107 of the Basic Law. However, when the Financial Secretary disbursed consumption vouchers last year, he already pointed out clearly that in considering the principle of keeping the expenditure within the limits of revenues, we should look at the matter on the basis of economic cycle rather than individual financial year, and so consumption vouchers could still be disbursed in spite of a deficit last year, thus dismissing the voices of those who opposed the disbursement of consumption vouchers. The relevant arrangements and mindset have actually provided flexibility for local public finance, serving as a means to induce others to put forward valuable contributions for stimulating the economy.

President, just now many Honourable colleagues have talked about increasing revenue and reducing expenditure. There is nothing wrong with it. However, it is actually very difficult for the SAR Government to come up with an answer within a short period of time if it wants to maintain a simple and low tax regime, while at the same time taking into account the burden of the public and giving consideration to stimulating the economy. Instead of saying that this motion is meant to offer ideas, it is more appropriate to say that it is meant to synchronize the community, and this is an important lesson in civic education. Why am I saying this? Because what our society lacks the most nowadays is a sense of danger.

I have been to Singapore and Shanghai during the summer break, and I found that they have a very strong sense of danger at all times. Of course, I may stray too far for talking about this. But in fact, the key to our country's success precisely lies in a sense of danger. As President XI has mentioned in the report to the 20th National Congress, "We must therefore be more mindful of potential dangers, be prepared to deal with worst-case scenarios, and be ready to withstand high winds, choppy waters, and even dangerous storms". This is our country's way to success, even Singapore and Shanghai have put a strong emphasis on a sense of danger.

But unfortunately, when I talked to many people and friends in the community, we all agreed that the sense of danger among the people of Hong Kong or the community is not sufficient, and it is relatively low. Why? It is because Hong Kong has always been a blessed land in the past. During the British administration, the Government actually did not want people to have the opportunity to discuss or know too much, and it was better for people to simply focus on eating, drinking and having fun, and not to think so much.

After our return to the motherland, there is not much room for rational discussion either, as we have been politically hijacked. Initially, insofar as public finance is concerned, people do not mind if the expenditure is a bit higher as long as there are ways to generate revenue. There is no problem as long as there are revenue and surplus. Why does Revd Canon KOON have to move this motion today? In fact, to a certain extent, it reflects the unease of society, because we have already spent nearly half of our reserves on the epidemic, and geopolitics will greatly undermine Hong Kong's role as a window to the world in the future. The entire society has to share the burden of economic uncertainties, declining government revenue, long-term deficits and the fear of running out of revenue. Can we solve all these problems just by sitting in this Council and thinking of solutions? I do not think so. On the contrary, I think greater efforts should be made to let the public fully understand what kind of environment we are now facing.

If we fail to achieve economic restructuring, if we fail to improve the economy, and if we fail to increase government revenue, what kind of deployment should we make? Speaking of bottom-line thinking, what is our bottom line? How are we going to respond when our reserves fall to a certain level? We may have to think about whether we should tighten expenditure or increase taxes, and we may even have to think about our welfare. In fact, we cannot wait until our finances have “dried up” before we look into these issues. Rather, we should let the general public know as early as possible the consequences that we will have to bear in the event that our public finance runs up a deficit in the long term and we cannot think of a way out.

President, let me add one last remark here. There are “three things we must not forget”, that is, “we must be prepared for danger in times of peace, think of potential problems in times of calm, and consider the risk of adversity when enjoying security”. Such being the case, we should continue to maintain a sober



and firm mindset to properly address the problems and difficulties facing us in the new era. I hope that Hong Kong can make its due contributions on the journey to the rejuvenation of the Chinese nation.

Thank you, President.

**PRESIDENT** (in Cantonese): Revd Canon Peter Douglas KOON, you may now speak on the amendments.

**REVD CANON PETER DOUGLAS KOON** (in Cantonese): President, I would like to thank Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG for proposing amendments to my original motion, as well as the other 40 Members for their speeches and valuable views.

First of all, Mr Tony TSE's amendment proposes that the Government should exercise stringent control over increases in recurrent expenditure, yet it should not reduce its investment for the future because of the increasing financial burden, and should pool private market forces at the same time. I agree that the Government should not shelve those large-scale projects which are conducive to the long-term economic development of Hong Kong because of temporary economic downturn and fiscal deficit. I also hope to urge the Government to work out diversified financial and financing proposals as early as possible, so that more local and overseas investors and members of the public can participate.

As for Dr Hoey Simon LEE's amendment, it emphasizes that the Government should uphold the principle of keeping the expenditure within the limits of revenues enshrined in the Basic Law, and initiate studies on increasing the sources of financial revenue and the possibility of reducing expenditure. In recent years, the Government has introduced a number of measures, including tax and rates rebates, electricity charges subsidies, etc., which can indeed help some members of the public as well as the underprivileged groups. However, the world's geopolitical situation is changing rapidly, and the global economic outlook is fraught with uncertainties. Therefore, I agree that the Government should be mindful of the sustainability of public finance and be more prudent in managing finance in the future.

Dr Wendy HONG's amendment adds the proposal of "at the same time proactively reducing ineffective and even unnecessary expenditure". I agree that the Government must adjust its resource allocation and spend the money where it is due.

Since the proposals added by Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG are in line with the direction proposed in my motion, I support all of them, and implore Members to support my original motion and pass the amendments proposed by the three Members.

President, I so submit.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, first of all, I would like to thank once again Revd Canon Peter Douglas KOON for proposing the motion, Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG for proposing their amendments, and the other 37 Members who have spoken for their valuable views on public finance policies.

Revd Canon Peter Douglas KOON's motion proposes that the Government should examine the current conditions of public finance and initiate studies on increasing the sources of financial revenue, so as to make early preparation for the long-term financial burden arising from the transition to an ageing society. The sustainability of public finance is one of the essential elements underpinning the stable and prosperous development of Hong Kong's society and economy. We must possess sufficient fiscal strength to withstand the risks brought about by external changes. Many overseas examples have shown that unsustainable public finance will undermine the stability of the local economy and financial system, which in turn will have a bearing on the stability of people's livelihood.

Just now, some Members mentioned that according to the Government's latest release of its financial position as at end-September this year, expenditure for the first six months of this financial year amounted to some \$350 billion and revenue some \$130 billion, resulting in a deficit of \$177.7 billion in the Consolidated Account after taking into account the proceeds received from issuance of green bonds, and the fiscal reserves stood at \$657.1 billion. I wish to point out that this figure is mainly due to the fact that some major types of revenue including salaries and profits taxes are mostly received towards the end of a financial year.

We have been hard hit by the epidemic over the past three years. The Government has launched different counter-cyclical measures during economic downturns to stabilize the economy and safeguard people's livelihood, so as to relieve the pressure on them. However, as the economy has stabilized, we must adjust our fiscal measures accordingly. This is a responsible approach, and is also consistent with the principle enshrined in Article 107 of the Basic Law. Careful and prudent consideration is required when it comes to how the magnitude of policy tightening can be brought in line with the prevailing economic situation, and how the relevant adjustments can be made more affordable to the public, small and medium-sized enterprises and the community.

In the face of the pressure on public finances, it is necessary for the Government to increase revenue and reduce expenditure. We must pursue these two objectives together so that, while maintaining fiscal sustainability, we can also foster vibrant economic development and continue to enhance the momentum of development, thereby making the economy better and stronger.

Insofar as reducing expenditure is concerned, as I have pointed out in my opening remarks, the Government will continue to maintain its target of zero growth in the civil service establishment in the current financial year, and will implement a Productivity Enhancement Programme within the Government, under which Policy Bureaux and departments are required to cut 1% recurrent expenditure allocation in 2024-2025, and a further 1% in 2025-2026 on the premise of not affecting livelihood-related spending. We will continue to adhere to the principles of exercising fiscal prudence, keeping expenditure within the limits of revenue, committing resources as and when justified and needed, and strictly containing the growth of government expenditure. On the other hand, we will take into account the fact that Hong Kong's economy is now in the process of recovery and market confidence has yet to be consolidated, and any sharp tightening of financial expenditure at this point in time may not be conducive to consolidating the momentum of recovery. In examining public expenditure, we will give due consideration to all relevant factors and closely monitor the Government's financial position to ensure prudent financial management.

Major infrastructure projects, such as the Northern Metropolis and the Kau Yi Chau Artificial Islands, are important investments for promoting the long-term and sustainable development of Hong Kong. Through investing in infrastructure and increasing land value to foster economic development, enormous economic benefits and financial revenue will be generated in the long run, thereby enhancing Hong Kong's long-term competitiveness and improving people's quality of life.

Of course, we also understand that substantial funding is required for major infrastructure projects. Therefore, we must carefully consider the implementation of major development projects and the financial arrangements, so as to ensure that the Government has the financial capabilities to meet public expenditure and maintain services while implementing infrastructure projects for promoting the development of our society and improving people's livelihood. As such, the Government will explore different modes of financial options when taking forward major infrastructure projects and implement them in phases according to priorities.

Specifically, major infrastructure projects involve various components. The Government will keep an open mind when considering different financial arrangements having regard to such factors as the economic value, commercial viability, and project cost of each component. When taking forward major infrastructure projects in the past, apart from funding the projects from the Capital Works Reserve Fund, the Government would also actively consider making appropriate use of market capital, including adopting public-private-partnership. The Government will establish the Committee on the Financing of Major Development Projects, led by the Financial Secretary, and the Office for the Financing of Major Development Projects to advise on feasible investment and financing options for major infrastructure projects, taking advantage of market capital and efficiency. The two bodies will assess the feasibility of bringing in private investors for these projects, and thoroughly evaluate their financial viability to ensure the Government's fiscal sustainability.

The Financial Secretary mentioned in the Budget in February this year that the Government would consider utilizing appropriate financial instruments (such as issuance of bonds) to better manage cash flow, and launch several major infrastructure and works projects as scheduled to benefit the public as early as possible. Through issuance of bonds, the Government has been fostering the development of our bond market and attaining other policy objectives such as financial inclusiveness and promoting green and sustainable development. The Government's outstanding debts remain at a low level, currently accounting for only 4% of Gross Domestic Product ("GDP"), lower than most of the other advanced economies. Of course, we will continue to adhere to the fiscal discipline of keeping expenditure within the limits of revenue. Proceeds from bond issuance will not be used for funding recurrent expenditure. In addition, even with further bond issuance in future, we will still strive to keep the government debt-to-GDP ratio at a relatively low level, which is expected to remain below 10% by the end of the Medium Range Forecast period in 2027-2028.

To maintain healthy public finances, we follow the principle of keeping expenditure within the limits of revenue to ensure that the growth of expenditure is commensurate with economic growth. We also need to maintain the development and vibrancy of Hong Kong's economy and identify new areas of growth, with a view to increasing revenue. Our simple and low tax regime, one of the cornerstones of our success in maintaining Hong Kong's competitiveness, is of utmost importance in maintaining our tax competitiveness. It is also closely related to our economy and people's livelihood. Moreover, it aligns with the current-term Government's long-term policy direction of striving to attract enterprises, investment and talents. We believe that the key direction for increasing government revenue is "growing the pie" with a view to driving up revenue through economic growth. When reviewing whether adjustments or changes should be made to the tax regime, we have to comprehensively consider whether such adjustments or changes are in line with other policy objectives and social values, as well as take into account our competition with neighbouring regions, etc. As I have said just now, Hong Kong's full recovery from the epidemic has been slower than expected. Considering that it will take some time for enterprises and individuals to recuperate and consolidate our foundation, we have no plans to raise the salaries tax and profits tax rates for the time being.

Some Members have proposed that the Government should study the introduction of new taxes. Regarding any proposals on the imposition of new taxes, we must clearly consider the policy objectives of imposing such taxes and allow thorough, in-depth and informed discussions in society before weighing the pros and cons of the proposals and making any decision on them. All these take time to incubate. We will continue to explore different ways to broaden revenue sources, and we welcome Members to put forward their valuable views to the Government during the forthcoming Budget consultation, with a view to harnessing the collective wisdom and insights on the premise of maintaining Hong Kong's simple and low tax regime, so as to facilitate in-depth discussions in due course. Only by forging a consensus among various sectors of the community can we sustain healthy public finances to meet the long-term development needs of our economy and society.

President, I also wish to point out that in recent years, the Government has introduced or will introduce measures which can help increase government revenue. For example, the Government has announced that a progressive rating system for domestic properties will be introduced from the 2024-2025 financial year onwards, with a view to realizing the "affordable users pay" principle. We

also plan to implement the global minimum effective tax rate on large multinational enterprise groups with global turnover of at least €750 million, as well as the domestic minimum top-up tax starting from 2025 onwards. We estimate that the introduction of a progressive rating system will increase government revenue by about \$760 million annually, while the implementation of the global minimum effective tax rate and the domestic minimum top-up tax will bring in additional government revenue of about \$15 billion per year. In addition, the Government imposes an annual special football betting duty of \$2.4 billion on the football betting conductor for five years starting from 2023-2024, which is expected to bring in a total of \$12 billion in revenue to the Government. In the long run, the Government will continue to drive up revenue through economic growth. We will also continue to monitor the latest situation and development and ensure that the tax regime caters for the needs of society.

President, once again, I would like to thank the various Members for their valuable views. We are well aware that the Government has a constitutional responsibility to uphold the principle of fiscal prudence and achieve a fiscal balance over a period of time. To this end, the Government will continue to closely monitor the situation, in particular the progress of post-epidemic economic recovery and the condition of government revenue. We will also continue to keep expenditure within the limits of revenues and exercise fiscal prudence, so as to avoid the widening of the fiscal deficit as far as possible. Looking ahead, we hope that our fiscal position will improve as the economy fully recovers and regains momentum.

I so submit. Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Mr Tony TSE to move an amendment.

**MR TONY TSE** (in Cantonese): President, I move my amendment.

**The amendment moved by Mr Tony TSE (See the marked-up version at Appendix 4)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Tony TSE be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Dr Hoey Simon LEE, as Mr Tony TSE's amendment has been passed, you may move your further amendment.

**DR HOEY SIMON LEE** (in Cantonese): President, I move my further amendment.

**The further amendment moved by Dr Hoey Simon LEE (See the marked-up version at Appendix 5)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the further amendment moved by Dr Hoey Simon LEE be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Dr Wendy HONG, as the amendments of Mr Tony TSE and Dr Hoey Simon LEE have been passed, you may move your further amendment.

**DR WENDY HONG** (in Cantonese): President, I move my further amendment.

**The further amendment moved by Dr Wendy HONG (See the marked-up version at Appendix 6)**

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the further amendment moved by Dr Wendy HONG be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)



**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the amendment passed.

**PRESIDENT** (in Cantonese): Revd Canon Peter Douglas KOON, you still have 1 minute 26 seconds to reply. Then, the debate will come to a close.

**REVD CANON PETER DOUGLAS KOON** (in Cantonese): President, I believe it is indeed not easy to take charge of a family, especially when the Government has to take charge of such a big family. Besides, I believe it would be somewhat unfair to place all the responsibility on the current-term Government. But unfortunately, the current-term Government has to face a lot of disputes that arose from the opposition camp in the past, which may have deprived us of the opportunity to practically examine the issues relating to public finance.

As many Members have said just now, I believe we have put forward our views very earnestly today, and we sincerely hope that the Government will really examine this issue because there are indeed many uncertainties, such as the previous epidemic, the ageing population in the future and geopolitics. Regarding all these issues, I hope that the Government will really conduct a review and not to just tell us that there is no problem at all after the review, as it did in the past.

I am aware that this is not something that can be resolved in a couple of years or in a very short period of time, and some proposals take time to incubate. Yet, I hope that the Government will ... if the motion is passed, I hope that the Government will again come up with a proposal on this matter that can put our minds at ease.

I would like to thank Honourable colleagues again for their views. Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Revd Canon Peter Douglas KOON, as amended by Mr Tony TSE, Dr Hoey Simon LEE and Dr Wendy HONG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of each of the two groups of Members present, that is, those returned by the Election Committee and those returned by functional constituencies and geographical constituencies.

I declare the motion as amended passed.

**PRESIDENT** (in Cantonese): Members' motion with no legislative effect.

Mr Stanley NG will move a motion on "Accelerating the construction of community facilities for a smart city and bridging the digital divide".

Five Members will move amendments to the motion.

This Council will proceed to a joint debate on the motion and the amendments.

Later, I will first call upon Mr Stanley NG to speak and move the motion. Then I will call upon Prof William WONG, Mr Duncan CHIU, Ms Elizabeth QUAT, Ir LEE Chun-keung and Dr Hoey Simon LEE to speak in sequence, but they may not move the amendments at this stage.

The joint debate now begins. Members who wish to speak please press the “Request to speak” button.

I now call upon Mr Stanley NG to speak and move the motion.

**MOTION ON “ACCELERATING THE CONSTRUCTION OF COMMUNITY FACILITIES FOR A SMART CITY AND BRIDGING THE DIGITAL DIVIDE”**

**MR STANLEY NG** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

In order for Hong Kong to develop into a smart city, the Government needs to step up its efforts in promoting the application of digital technologies at the community level and, more importantly, bridge the digital divide. I have proposed this motion because of a remark made by a member of the public, who said, “Hong Kong always talks about building a smart city, but when we borrow a computer in public libraries at present, it is necessary to use paper and manual operation. It is obvious that Hong Kong is at the lowest end of the times.” In fact, it is just not enough for the Innovation, Technology and Industry Bureau to make a response here today on behalf of the Government. The building of a smart community is not only related to technologies, but also to community building, urban planning and public services. I hope to see that the current-term Government would demonstrate the superiority of interdepartmental cooperation.

President, the Government released the Smart City Blueprint for Hong Kong in as early as 2017 and its version 2.0 in 2020, proposing more than 130 smart city initiatives. Yet, it has not given an account of their implementation. For example, the Blueprint proposes to use Internet of Things technology to improve pest control, but it was not until June 2022 that the relevant pilot scheme was launched. Now that another year has passed, but the rodent infestation problem still remains a hot news, even to the extent that a Hong Kong resident living abroad has bluntly described it as inconceivable, and he even asked me if he could donate his infrared rodent disinfestation technology to the Government.

This time, the Policy Address proposes the establishment of the Digital Policy Office and the creation of the post of the Commissioner for Digital Policy, as well as the launching of over a hundred of digital government initiatives to

promote digital government and the smart city next year. I hope that the Government can take the lead in doing a good job in administration and, at the same time, step up its efforts in promoting the application of smart technologies in the civil society and the community, so that such technologies can benefit the general public, thereby enhancing people's sense of happiness.

According to the existing arrangements of the Government, more emphasis is placed on the application of smart technologies within the Government, while little is mentioned about promoting the application of such technologies in the civil society and the community. There is also a lack of corresponding policies to encourage and facilitate the application of smart technologies, and the various community centres and their services have not made extensive use of smart technologies. The Government should give an account to the public on the progress of the collection of big data related to the planning and management of the livelihood system of a smart city. It should also give an account on whether it is necessary to update the legislation related to data collection.

At present, the Government intends to fully implement the “single portal for online government services” only in 2025, and make use of “iAM Smart” to provide one-stop digital services. Speaking of “iAM Smart”, members of the public always joke that it is “the least smart”. I wonder if the Secretary has ever received such kind of views. As a matter of fact, smart city is a systematic project that cannot be realized overnight. The popularization and application of technologies among the public, especially the grass-roots students and elderly persons, requires continuous accumulation of experience, since the former lack digital resources while the latter have limited digital competence. The Government should step up its effort in promoting a wider application of smart technologies.

(THE PRESIDENT'S DEPUTY, MR MA FUNG-KWOK, took the Chair)

Deputy President, the popularization and application of digital technologies in the community are obviously plagued by the problem of digital divide. In technology application, the Government often fails to adopt a people-oriented and user-friendly approach, not to mention taking care of the underprivileged groups. Against the backdrop of the epidemic, the problem of insufficient digital resources in grass-roots families has become even more prominent, making “suspending classes without suspending learning” a problem troubling them. A study

conducted by a university found that during the COVID-19 epidemic, the digital divide problem not only affected students' academic performance, but also led to mental health problems and Internet addiction among them. The study also pointed out that the overall digital literacy of Hong Kong students was inadequate before the epidemic. Although there was some improvement after the epidemic, the digital literacy level of some students who did not have sufficient equipment due to financial difficulties had declined after the epidemic, and the gap in digital competence had widened.

The digitalized services in public libraries is an important channel for grass-roots students to connect with the application of frontier digital technology. However, the progress of full automation and upgrading of Hong Kong's Smart Library System and public libraries has been slow, and the services are relatively less advanced, with no full provision of virtual reality ("VR") and augmented reality ("AR") related services. Nowadays, VR and AR technologies are adopted in a lot of new learning software for the production of teaching materials. I understand that the Education Bureau ("EDB") has also made promotional efforts in this regard. If grass-roots students can only use these learning software in school, the frequency of use would be relatively limited, which may result in grass-roots students having insufficient time for revision, making it difficult for them to catch up with the learning progress, thus placing them at a disadvantaged position in e-Learning. Here, I propose that EDB should conduct a comprehensive assessment of the use of these teaching materials and make continuous efforts to promote and improve them in a targeted manner. Therefore, there is a need to provide ancillary facilities in the community to provide support. Public libraries should also set up designated areas and time slots for students in order to save their waiting time.

The Policy Address proposes to launch a Pilot Programme on Community Living Room ("CLR"). I hope that apart from serving the function of a living room, CLRs can also help improve the digital competence of students living in subdivided units with a view to eliminating the gap in digital competence. When speaking on encouraging childbirth, the Chief Executive mentioned that grass-roots families can also nurture scientists. In order to achieve this, smart community facilities are extremely crucial, which are the basis for grass-roots children to experiment with their technology dreams.

On the other hand, I also wish to talk about the digital divide problem among the elderly. The purpose of building a smart city is to enhance the efficiency of city management and make life more convenient. In particular, we wish to point

out here that the way to bridge the digital divide is actually very simple, that is, to ensure that the offline processing channels are smooth. Digital management has been widely adopted in some Mainland cities, with emphasis placed on inclusive digital living experience. What they call “all-in-one-code services” refers to an online and offline network, where people can choose online or offline processing of services, or have them processed offline with online tracking. True intellectualization in fact means that everyone can provide and receive services in all circumstances. For a long time, when the Government deals with the problem of digital divide, it often tends to solve the problem with hardware only. For instance, we needed to scan a QR code in order to enter a restaurant during the epidemic. Although most elderly persons had smart phones, many of them did not know how to use them. As a result, they could not enter the restaurants and could only buy takeaways.

As a matter of fact, if Hong Kong is to develop into a smart city and at the same time avoid a digital divide, apart from resolving the hardware problems, it is also necessary to enable the public to understand how to use digital technologies, especially the group of people whose digital knowledge is relatively weak. Earlier on, the Hong Kong Federation of Trade Unions Hong Ling Society has collaborated with Sinopec to set up a “digital classroom for the elderly” at Tsui Ping Elderly Centre. Apart from hardware facilities, the classroom also provides teaching and guidance, which is well-received by the elderly persons. In my opinion, the Government needs to put in more efforts and resources to proactively address the difficulties faced by elderly persons in terms of digital knowledge and skills.

All in all, the construction of community facilities for a smart city needs to be people-oriented and reduce the digital divide. In particular, when the market is moving towards full smart coverage, the Government should provide support to the digitally disadvantaged groups. I implore Honourable colleagues to support my motion and joint hands in urging the Government to accelerate the building of a smart city in Hong Kong, in particular conduct more in-depth studies on big data at the community level focusing on the problem of digital divide, respond to the public’s needs in a targeted manner, and alleviate intergenerational poverty caused by digital divide, so as to truly realize the goal of “building a smart society for the benefit of all”.

Deputy President, I so submit.

**Mr Stanley NG moved the following motion: (Translation)**

“That at present, many new technological applications in Hong Kong fail to keep abreast of the times, and fail to closely align with various kinds of services and living needs; in order for Hong Kong to develop into a smart city, the Government must vigorously promote the application of digital technologies at the community level and, more importantly, bridge the digital divide; in this connection, this Council urges the Government to accelerate the construction of community facilities for a smart city in Hong Kong, and conduct in-depth studies and analyses on the digital divide caused by intergenerational poverty and among vulnerable groups, so as to promote digitalization and intellectualization of various types of services in a targeted manner, and continuously expand the scope of e-Government services, creating a barrier-free digital environment for the community.”

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Stanley NG be passed.

**PROF WILLIAM WONG** (in Cantonese): Deputy President, I would like to thank Mr Stanley NG for proposing this motion, which expresses concern about the construction of community facilities for a smart city and bridging the digital divide. Both of them are consistent with our current needs.

A smart community refers to the use of new-generation information technologies, such as Internet of Things, cloud computing, big data and artificial intelligence, to create a new mode of social governance, while at the same time providing the public with a variety of new intelligent service options. These intelligent services will be provided not only by the Government, but also by the private sector.

It must be admitted that there is still much room for progress in the development of a smart community in Hong Kong. The Mainland has introduced a “single portal for online government services” long ago. In contrast, although the SAR Government has launched the “iAM Smart” platform, its utilization rate is not satisfactory because it is not very convenient to use.

Nevertheless, the SAR Government is catching up with the lag. In the Policy Addresses of last year and this year, as well as in the Hong Kong Innovation and Technology Development Blueprint (“the Blueprint”) promulgated at the end of last year, a number of proposals have been put forward to expedite the development of a smart city. These include turning all government services online, and launching over a hundred of digital government initiatives to promote digital government and the smart city.

Next, I will first talk about the construction of community facilities for a smart city. The implementation of the proposals set out in the Policy Addresses and the Blueprint requires the support of infrastructure. Let me take vehicle-to-everything (“V2X”) as an example. Up to now, the only road section in Hong Kong that adopts V2X is the section between the Hong Kong Science Park and Sha Tin Town Centre. However, in order to promote smart mobility, apart from the provision of information on car park charges and vacant parking spaces, the extensive establishment of V2X is also very important. The use of these technologies can greatly enhance the efficiency and smoothness of driving.

Another smart community facility that is worth developing is community “smart elderly care”. Hong Kong is facing serious population ageing, and many elderly persons are either singleton or doubleton elderly. In order to provide them with a comfortable and safe living environment, the Government can set up “smart elderly care centres” in factory buildings in districts with a large number of elderly people (e.g. Kowloon East). Various gerontechnologies can be adopted in the “smart elderly care centres” to monitor the health conditions of the elderly, support their living, and alleviate the hard work of their carers, so that the elderly persons can enjoy their twilight years comfortably.

Next, I am going to talk about the issue of bridging the digital divide. Promoting the development of a smart community is an irreversible trend. But as society moves forward, no one should be left out of the trend. The “black code” for health declaration, which has been abolished recently, reflects that many elderly persons and members of the public in Hong Kong have failed to grasp information technology (“IT”) and do not know how to use mobile phones to register or scan the QR code for customs clearance. To promote the development of digital government, many government services have to be processed through computers or mobile phones, so can the public catch up and master the use of these devices? The Government must make good preparations. I suggest that the Government should regularly invite technology professional organizations to promote the use of



smart technologies in the community, and arrange for young people to go to various districts to teach people how to use e-Government services when they are launched. At present, many poor people and elderly persons can hardly afford IT expenses. The Government should provide appropriate IT subsidies, so that they can purchase suitable digital products and pay for the monthly fees for various applications and Internet access.

With these remarks, Deputy President, I hope Members will support my amendment.

**MR DUNCAN CHIU** (in Cantonese): Deputy President, I would like to thank Mr Stanley NG for proposing this motion today, which provides us with the opportunity to discuss such issues as how to strengthen technology application in the community and how to bridge the digital divide and expedite the building of a smart city.

Last year, at my request, the Research Office of the Legislative Council Secretariat conducted a research and analysis on the developments in selected smart cities including Hong Kong, Singapore, London and Shenzhen. The findings revealed that the success of a smart city hinges on the following four factors: (1) wide coverage of e-identity; (2) strong leadership from the top to put the smart initiatives into practice; (3) fortified public trust in the government and smart initiatives through effective public engagement and privacy protection; and (4) active private sector initiatives facilitated by sharing of open data.

I fully agree with the research findings of the Secretariat, and the four keys to success proposed are very much in line with the relevant proposals and directions that I put forward in the past. In fact, it is clearly stated in the paper that one of the four major problems to be resolved in the development of a smart city in Hong Kong is the establishment of digital personal identities that cover all Hong Kong people and have wide adoption. Therefore, the purpose of my amendment today is to urge the Government to expeditiously improve digital infrastructure, including comprehensively enhancing the functionality of the “iAM Smart” platform, developing digital identities for all members of the public in Hong Kong in the long run, and opening up the interface between “iAM Smart” and commercial organizations related to people’s livelihood, so as to facilitate members of the public to connect to both public and private organizations through “iAM Smart”.

Deputy President, the Chief Executive has proposed to set up the Digital Policy Office in this year's Policy Address for promoting the development of digital government. I believe it can effectively resolve the problem of poor interdepartmental communication and collaboration in the past. I hope that the top priority task of this Office will be reviewing the structure and functionality of the entire "iAM Smart" platform. Besides, the officials should also change their mindset, and should not expect that they just need to make some minor changes every time. Instead, they should adopt a forward-looking and far-sighted vision and mentality, and conduct comprehensive planning and make preparations in advance, so as to cater for the needs of future development, including technological development.

As such, I suggest that the Government should engage a consultancy firm to review afresh the structure and functionality of the "iAM Smart" platform, and make planning using next-generation technologies and techniques. For example, it can study whether blockchain technology should be fully applied in "iAM Smart" in the future, and "iAM Smart" should be truly able to provide digital identities for the public in the future. In terms of functionality, apart from access to various departments providing government services, it is all the more necessary to establish an open framework that can interface with different private enterprises, especially commercial services frequently used by the public, such as banks, so as to provide security and enable identity verification at the same time. In the event of another epidemic outbreak in the future, the Government will no longer need to launch an application like "LeaveHomeSafe" again, and members of the public can simply use the new "iAM Smart" to perform identity authentication when entering or leaving a venue.

Many security-related technologies are available in the market nowadays, including the recent "zero-knowledge proof" technology, and there are also many different encryption technologies, communication and transmission technologies, etc. In fact, there has been significant progress in personal identity and data protection, and the Government should make good use of these technologies to deepen "iAM Smart" and digital identity. Meanwhile, it should expeditiously enact a "data security law" to provide an effective regulatory framework for the access, management and use of data, etc. in a smart city, so as to enable the public to know that technological advancement can properly protect our privacy.

Deputy President, although Hong Kong possesses innovative technologies and solutions of a high standard in many aspects, many new technologies have not been widely applied and supported due to a lack of application scenarios. This

has not only stifled the development of innovation and technology and prevented the public from improving and upgrading their quality of life through the use of technologies, but also seriously affected the building of a smart city. I hope the Government will face up to this problem squarely, and give further consideration to providing more technology application scenarios in different areas in the future, so as to benefit the public. In fact, I am very glad that this time around, the Policy Address has made mention of the application of technologies in different industries in many areas, which is a very good start.

In addition, smart transport is also an important part of smart city development. I have always been concerned about the application of technologies in public transport, including striving for the full introduction of electronic payment in taxis and all modes of public transport. I hope that the Government and the industry will follow up on issues such as the relationship between taxis and online hailing services, and explore whether it is necessary to legislate for the licensing of online hailing service operators. I hope that the Government can find a new way out for the impasse between taxis and online hailing services.

With these remarks, Deputy President, I hope Members will support my amendment.

**MS ELIZABETH QUAT** (in Cantonese): Deputy President, nowadays, everyone can know what the world is going on by surfing the Internet with a mobile phone. Do you know how the blind and the disabled can surf the Internet?

In fact, when persons with visual impairment have to read the information on the Internet, they have to use a screen reader to read out the content of the website, or change the colour scale of the web page to make it easier for them to read; those with hearing impairment have to rely on subtitles or sign language videos; and those with impaired mobility have to access the Internet by using keyboard navigation options, voice commands or customizable interfaces.

As the problem of an ageing population is getting increasingly serious in Hong Kong, many elderly persons may be facing problems such as deterioration in vision, hearing or functional capacity, thus adding to the different challenges they face in using digital platforms. If websites are designed in accordance with the W3C Accessibility Standards, they will be able to satisfy the needs of different people.

Deputy President, I have been advocating the development of Hong Kong into a smart city over the years. As early as in 2001, I already promoted the narrowing of the digital divide in Hong Kong. We hope that all websites—most of them—are built to be barrier-free, so that every member of the public can have equal access to information, opportunities and services.

I am very glad to see that the recently delivered Policy Address has mentioned advancing the development of digital government, and that the Government will press ahead with the digitalization of government services. In addition, the Government is now upgrading the “iAM Smart” platform to link up various government departments, with a view to providing smart government services through a single portal. Yet, many online services of the Government have not adopted barrier-free design at present, thereby creating technological barriers for the blind, the disabled and the elderly.

In fact, whenever the Government launches services that require online registration, such as “LeaveHomeSafe” during the epidemic, online booking for testing and vaccination, consumption vouchers and “iAM Smart”, our office would receive a lot of requests from the public asking us to help them with the registration, including the elderly and persons with different disabilities.

Therefore, I have proposed in my amendment that the Government should incorporate a barrier-free digital environment into smart city design, including that all online services launched by the Government must be designed with due regard to the needs of persons with disabilities and the practical difficulties that they may encounter in using them.

Deputy President, in recent years, the general public has attached increasing importance to the environmental, social and governance (ESG) practices of enterprises, and equal provision of services has become very important. I hope that all enterprises will endeavour to provide barrier-free digital services in the spirit of corporate social responsibility (CSR).

In fact, the promotion of digital accessibility can enhance user experience, expand the market and improve corporate image, so it is worthwhile for the management of enterprises to incorporate it into their corporate strategy. In order to effectively promote digital accessibility, there must be top-down participation. Apart from providing professional training for staff members to enhance their knowledge and skills on digital accessibility, it is also necessary for them to

understand the importance of developing digital accessibility, and the management should lead by example and actively participate in training and education activities to demonstrate their commitment to and emphasis on digital accessibility.

Deputy President, in fact, a survey has revealed that among the six most commonly used online shopping platforms in Hong Kong, all the Apps of these platforms tested do not comply with the barrier-free design features, and so some people with disabilities and the elderly cannot use them. During the epidemic, they often sought help from us to buy medicines and food in the districts. The situation is unsatisfactory.

With this in mind, I have also mentioned in my amendment that we should encourage enterprises to provide barrier-free online services, so as to fulfil their social responsibility. In addition, the Government should provide more support and step up publicity on the importance of a digitally accessible environment (e.g. the development of barrier-free websites, etc.) to the underprivileged groups, so as to raise the awareness of the community.

I very much hope that the Government will seriously consider building a truly barrier-free smart city, making it barrier-free both online and offline. It should also provide more support in digital technologies to help the underprivileged groups to overcome the digital divide, so as to create a truly caring and inclusive society.

Deputy President and Honourable colleagues, in fact, for many people with disabilities, especially the blind, being able to use digital technologies and to access the Internet can open up a new world for them. Because of the development of barrier-free websites, they can gain access to a lot of information and opportunities that they could not have access in the past. Therefore, this is very important to them, but Hong Kong's development in this area still remains slow.

Deputy President, I so submit. I support the original motion, and hope that Members will support my amendment.

**IR LEE CHUN-KEUNG** (in Cantonese): Thank you, Deputy President. In today's society, it is inevitable that everyone would have a smartphone in their hand. No matter whether they are chatting with others, reading the news, surfing the Internet or playing games, people from the age of 3 to 80 can never leave their phones. According to a survey conducted by the Census and Statistics

Department, in 2022, more than 6.2 million persons aged 10 or above in Hong Kong owned a smartphone, and quite a number of them even had more than one smartphone. Among them, it is worth noting that the proportion of elderly persons aged 65 and above who owned a smartphone has substantially increased from less than 7% in 2012 to 90.7% in 2022. The rate of increase is definitely the most remarkable among all age groups.

Yet, even though the smartphone penetration rate continues to rise, does it mean that Hong Kong has become a smart city already? Does it mean that there is no group of people facing the digital divide? I believe all of you have got the answer in your mind.

In fact, the ability to learn and use information technology (“IT”) has become a basic life skill. In the light of the highly digitalized society nowadays, the SAR Government has taken the lead to implement the Electronic Service Delivery Scheme, and has set up interactive public service platforms such as “iAM Smart”, to provide convenience for the public in their daily life. In addition, banking services are gradually turning digital at present. Such being the case, the digital divide will be widened if members of the public cannot keep abreast of the times.

Therefore, people of various social strata, including grass-roots families, housewives and the elderly, are also facing the digital divide when they are unable to master the skills of using IT probably due to their financial and educational background. In the long run, their living conditions, employment, access to resources, and even quality of life will be further marginalized, and they may even become socially isolated.

Take the digital divide faced by the elderly persons as an example. Regarding the electronic consumption vouchers launched by the Government earlier on, many elderly persons have told me that they do not know how to use electronic payment at all, and they only know how to apply for the vouchers through tapping their cards, thus reducing their choices of concessions. In addition, online teaching has become increasingly popular in recent years. Children from better-off families are already using tablet computers to access the Internet on their own. On the contrary, children from grass-roots families may not be able to afford computers or tablet computers, or if the Internet access speed is too slow, this will pose certain obstacles to their learning. This situation is just like what we often say, “We do not begin at the same starting line”, and this has also created a digital divide.

Therefore, the Liberal Party urges the Government to strive to properly construct infrastructural facilities in the community, provide the grass-roots people with digital equipment and install Internet connection lines for them, such as setting up “5G digital stations” in the community. Besides, reference can also be drawn from overseas practices to provide subsidies or interest-free loans to the grass-roots groups, so that they can purchase or borrow computers for use at home, etc., with a view to narrowing the digital divide.

Deputy President, in order to narrow the digital divide more effectively, the Government should also draw reference from the practice of the Mainland and make better use of big data to create a barrier-free digital environment for the community, so as to improve people’s livelihood. Let me cite two examples in the Mainland to illustrate this point.

First, Hangzhou currently has an artificial intelligence system known as “City Brain”, which collects traffic data and traffic camera footage from the local Bureau of Transportation, and makes use of the global positioning system to understand the traffic flow at more than 1 000 locations in the city. This “City Brain” will also automatically adjust traffic light signals and signal times according to the actual traffic flow. With this “City Brain” in place, Hangzhou’s ranking as the most congested city in China has dropped from the 5th place to the present 57th.

Second, Guangzhou is now promoting the development of a “Sponge City”. What is a “Sponge City”? A “Sponge City” refers to a city like a sponge with the function of collecting rainwater when it rains and releasing the rainwater stored for reuse when necessary, such as irrigation and car washing. This concept seeks to minimize the chance of flooding in a city by draining away rainwater through natural means or drainage pipes.

Deputy President, the two examples that I have cited above are worthy of reference for the SAR Government. Of course, we must take the local circumstances into account since the situation of each place is different. However, as the 18 districts across the territory are engaging the Care Teams and rolling out primary healthcare services, both the Liberal Party and I hope that the Government can share with the Care Teams the big data collected, so as to consolidate community resources and strengths. This would enable the Care Teams to cater for the needs of the public in a more targeted manner, especially the elderly persons, single parents and persons with chronic diseases in the community.

The Government should also continue to put in efforts to develop Hong Kong into a smart city, so as to improve the living environment in the community, thereby bringing a stronger sense of gain and happiness to the people.

With these remarks, I hope Members will support my amendment. Thank you, Deputy President.

**DR HOEY SIMON LEE** (in Cantonese): Deputy President, first of all, I would like to thank Mr Stanley NG for proposing this motion today, so that we can discuss, share and analyse how to build a smarter city and community and bridge some of the relevant gaps on this occasion. I wish to add my views on the following points.

First, we must fully understand that at present, Hong Kong has not accumulated sufficient experience in smart city building. Therefore, we need to develop some demonstrative projects. This is particularly important for forging a consensus in society and accumulating experience in building a smart city. At the same time, the development of demonstrative projects can also attract the upstream and downstream industries of smart cities to take root in Hong Kong, thereby promoting the advancement of Hong Kong's innovation and technology industry. To this end, I suggest that the Government should study the proposal of designating sites in the city centre (e.g. Central) and the Northern Metropolis, etc. for setting up world-class smart city benchmark communities, so that through the development of these demonstrative projects, smart city-related high-tech industries will be driven to promptly take root and grow in Hong Kong in the light of the practical needs.

Second, a smart government is an important component of a smart city. We are glad to see that “iAM Smart” is breaking down the data barriers within the Government and facilitating various aspects of people's lives. I also suggest that the Government should study and put forward a systematic proposal and blueprint for the development of a smart government, with the aim of striving to enable members of the public to complete the relevant service procedures without having to go to government departments in person, or at most by making a single trip, or even by using their own mobile phones. By letting the data run errands for the people, the operational efficiency of the Government and society as a whole will be enhanced.



Third, the dialectical relation between efficiency and fairness is an important aspect that must be considered in any public policy. The building of a smart city and the digital economy that will be developed upon the infrastructure of a smart city in the future will not only facilitate the public and enhance efficiency, but also provide a brand new development opportunity for the traditionally underprivileged groups. It is an important chance for them to change their situations, seize the opportunities arising from changes of the times, and get a share of the dividends of the era. Therefore, I also suggest that the authorities should popularize basic digital skills among these groups through the Government's procurement of services and online teaching. The aim is not only to improve the ability of the underprivileged groups to make use of the public infrastructure of the smart city, but also to enable them to interface with the smart era seamlessly. At the same time, this will help these underprivileged groups to grasp the dividends of the era, and help a group of people to systematically take advantage of the development trend of the smart city to realize their own values to a greater extent.

With these remarks, Deputy President, I support Mr Stanley NG's motion and the other amendments. I also hope that Honourable colleagues will support my amendment. Thank you.

**SECRETARY FOR INNOVATION, TECHNOLOGY AND INDUSTRY** (in Cantonese): Deputy President, first of all, I would like to thank Mr Stanley NG for proposing this motion, so that the legislature can discuss how to “accelerate the construction of community facilities for a smart city and bridge the digital divide”.

The SAR Government has all along been committed to making good use of technology to enhance the efficiency of service delivery and optimize city management, and to building a smart and inclusive community. In December 2020, we released the Smart City Blueprint for Hong Kong 2.0 which set out more than 130 initiatives covering six smart areas to build a smart city in various aspects of people's daily life, with a view to enabling members of the public to better experience the benefits and convenience brought about by the development of innovation and technology as well as a smart city in their daily lives, thereby enhancing their sense of happiness and gain.

The Hong Kong Innovation and Technology Development Blueprint promulgated last year has also put forward six recommendations on the direction of “promoting digital economy development and developing Hong Kong into a smart city”. Some of the major initiatives are set out below.

*Building a smart government**Promoting the goal of turning all government services online and realizing “single portal for online government services”*

In order to accelerate the building of a smart government, expedite the digital transformation of public services, and make public services more convenient, we have proposed in the 2022 Policy Address to digitalize all licensing and government services involving application and approval by mid-2024.

We will promote the full support of electronic payment for all government services. Our target is to enable the public to make use of the Faster Payment System to settle relevant fees and charges online and offline, including at service counters and self-service kiosks, using various types of e-wallets by the third quarter of 2024. We will also provide the option of payment by Mainland e-wallets for government services commonly used by Mainland visitors.

In addition, “iAM Smart” is an important digital infrastructure for developing a smart government and realizing the digital transformation of society. At present, there are more than 2.4 million registered users of “iAM Smart”, supporting 300 online services of the Government and public and private organizations that are closely related to the daily life of the public, including the Leisure Link, eTAX, HKeToll, Contactless e-Channel, as well as viewing of electricity and gas bills, and so on.

The Office of the Government Chief Information Officer (“OGCIO”) is now carrying out a comprehensive upgrade of the functionality of “iAM Smart”, including simplifying the self-registration process, as well as enabling members of the public to gain access to a series of useful information related to daily life without the need to register for or log into an “iAM Smart” user account. Besides, OGCIO is also carrying out a comprehensive upgrade of the operation workflow of “iAM Smart” to further enhance user experience and develop more services that are convenient and beneficial to the public. The new features are expected to be rolled out by phases from 2024 to 2025, with the objective of providing all government electronic services through “iAM Smart” in 2025, so as to realize the goal of “single portal for online government services”.

*Making good use of artificial intelligence and big data to improve service quality*

The Government is also committed to enhancing the quality of public services through the use of various new technologies such as artificial intelligence and big data. The Big Data Analytics Platform developed by OGCIO supports various Policy Bureaux and departments in implementing big data analytics projects to improve city management and provide public services of a higher quality in an interactive manner. For example, the Traffic Data Analytics System not only enables the Transport Department to analyse and assess traffic conditions more accurately, it also makes it easier for the public to plan commuting arrangements through the provision of real-time and the next 15 to 90 minutes estimated journey time. Smart lampposts have been installed in four locations (namely Central/Admiralty, Causeway Bay/Wan Chai, Tsim Sha Tsui and Kwun Tong/Kai Tak Development Area) on a pilot basis to collect real-time city data such as air quality, traffic flow, etc. and support 5G mobile network development. These data are provided in machine-readable formats to assist the public and the industries in developing more new applications that are convenient and beneficial to the public.

We are fully aware of the crucial role of data in accelerating the development of a smart city, and we are therefore expediting the development of the Consented Data Exchange Gateway to allow members of the public to authorize the exchange of their personal data among relevant government departments by means of data interchange through the systems, thus dispensing with the need to submit the data repeatedly when applying for government services.

*Promoting 5G development*

On the front of digital infrastructure and promotion of 5G development, the Government will further enhance the overall 5G network coverage. The initiatives include supplying more 5G spectrum to mobile network operators by auctions, coordinating with the relevant organizations to enhance the 5G network capacity at venues of major events, and continuing our efforts in assisting mobile network operators to install base stations. At the same time, the Government will expedite the expansion of mobile network infrastructure in rural and remote areas, and will continue to provide financial incentives to encourage fixed network operators to expand fibre-based networks to 235 villages in remote areas. Our target is to complete the relevant works in phases by 2026.

*Healthcare services*

Apart from digital government and digital infrastructure, the building of a smart community should go deep into the areas of clothing, food, housing and transportation of the public. Among others, the Government is committed to making better use of technology and data in the healthcare system, as well as developing digital health records. For instance, eHealth will be upgraded into a comprehensive healthcare information infrastructure that integrates multiple functions of data sharing, service support and care journey management, so that it will be able to support the development of primary healthcare and cross-boundary healthcare services more effectively.

*Promoting digital transformation and smart living solutions*

The Government is also committed to promoting digital transformation in the community and facilitating the commercial and industrial sectors to forge ahead with the development of digital economy. Among others, the Cyberport will launch the Digital Transformation Support Pilot Programme by the end of this year, under which subsidies will be provided on a one-to-one matching basis to assist small and medium-sized enterprises (“SMEs”), including those in the retail and catering sectors, in applying ready-to-use basic digital solutions, thus accelerating the pace of digital transformation of local SMEs. The Cyberport will also launch the Incubation Programme for Smart Living Start-ups by the end of this year to assist start-up enterprises in developing more smart living solutions.

*Bridging the digital divide*

While promoting Hong Kong’s digital transformation, we are also deeply concerned about the digital divide that the underprivileged groups may face. The SAR Government has been promoting a number of digital inclusion initiatives to help different members of the community, especially the elderly and persons with disabilities, understand and use digital technology products and services.

*Social Innovation and Entrepreneurship Development Fund*

We set up the Social Innovation and Entrepreneurship Development Fund (“SIE Fund”) in 2013 with a view to alleviating poverty and social exclusion in Hong Kong by promoting social innovation. As at the end of September 2023, SIE Fund has allocated nearly \$700 million to support various initiatives, and

funded a total of about 500 projects. Quite a lot of them have introduced new products or services through the application of technologies, so as to address the poverty issues which are of prime concern to the community and meet the needs of the underprivileged groups in a targeted manner. It is estimated that more than 336 000 persons have benefited from these projects so far.

### *Training for the elderly*

In addition, in respect of the digital inclusion initiatives for the elderly, OGCIO frequently sends staff to carry out outreach activities in residential care homes for the elderly, day care centres and places frequently visited by the elderly, such as parks, through the Information and Communications Technology Outreach Programme for the Elderly. The purpose is to help the elderly make use of digital technology and enable them to better experience digital living. We have also collaborated with various non-governmental organizations to organize the Enriched Information and Communications Technology Training Programme for the Elderly, and launch the online learning platform “Elderly IT Learning Portal”, etc., to enable the elderly to learn digital skills, including the use of smartphones and mobile applications, as well as acquire knowledge such as electronic food ordering application, online shopping, use of e-wallet and cybersecurity. We are also very grateful to the majority of Members and local organizations for joining hands with us in setting up street counters in different districts across the territory starting from February this year to promote the knowledge of smart city and cybersecurity to more elderly persons in the local community, and to assist them in registering for and using “iAM Smart”. If there are more measures to help the elderly embrace digital life, we will step up our efforts to take them forward.

### *Web accessibility*

Furthermore, for the convenience of persons with disabilities, currently, all government websites (about 600) have met the Level AA standard of the Web Content Accessibility Guidelines Version 2.0 promulgated by the World Wide Web Consortium and are in compliance with the requirements of web accessibility. Besides, all government mobile apps have conformed to the “Baseline Accessibility Criteria for Government Mobile App”.

OGCIO will strengthen its collaboration with the Hong Kong Internet Registration Corporation Limited to co-organize the Web Accessibility Recognition Scheme on a regular basis, provide free assessment and advisory services to all participating organizations, and organize briefing sessions for

different sectors of the community (including the commercial and industrial sectors), so as to further and better promote the concepts and the relevant technical requirements of web accessibility design.

### *Conclusion*

Deputy President, just now I have briefly introduced some of the SAR Government's efforts to promote smart government and digital inclusion. We will listen carefully to Members' speeches on the motion. Of course, smart city covers a wide array of aspects, and we will give our response in our closing remarks later.

Thank you, Deputy President.

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

**MR YANG WING-KIT** (in Cantonese): Deputy President, I rise to speak in support of Mr Stanley NG's motion on "Accelerating the construction of community facilities for a smart city and bridging the digital divide".

The key to building a smart city is to accelerate the development of smart public services and city management systems. Our country has introduced the concept of "grids" in district governance as early as 20 years ago, and the effectiveness of grid-based management has been tested during the epidemic. During the summer break this year, we the "A4 Alliance" conducted a study visit to Hunan on the grid-based management adopted in Yutoutian Community of Yueyang City. Yutoutian Community is a comprehensive service-oriented community integrating hospitals, schools, factories and residential areas, which is divided into five grids. With a detailed list of residents in the information system, each household's personal information, telephone number, work unit, school information, etc. can be seen at a glance. The staff demonstrated on-site how to search for specific groups such as singleton elderly, school-age children appropriate for Primary One education, etc. They can search for the required list by the name of buildings, schools and hospitals. The staff also shared their experience in the operation of community facilities management. Upon receipt of notification of damage to facilities, staff would basically be sent to inspect the facilities within three days, and the case would be handled within seven days.

This kind of grid-based management is centred around the information system and connected to the integrated management information platform of various government departments. The grid attendants are responsible for various matters related to the residents within the grid, such as collecting information, advocating and publicizing government policies and orders, investigating and resolving conflicts and disputes, assisting in the management of rental housing, and registering transient population, as well as important matters such as city management and law enforcement, transport and road administration, public security and fire services, etc. The problems identified would be relayed to the relevant departments through the city management information system for handling.

As the pioneer in the development of smart city in our country, Shanghai has been implementing grid-based management since 2005. When President XI Jinping demanded in 2017 that “urban management should be as meticulous as embroidery”, Shanghai has shifted from grid-based management to refined management, and then to “One Network Administration”. Shanghai has adopted a three-pronged approach in smart city operation comprising the Internet of Things, Internet of Data and Internet of Intelligences. In 2019, “Project 151” of Jing’an District in Shanghai even won the “Refined Urban Governance Award” of the Global Smart City Conference in China.

The aforesaid project has built an integrated urban management “Data Lake” network through data collection and sharing, and formed big data innovative applications in five major areas, namely transportation, healthcare, food safety, environmental protection and urban public facilities. At the same time, an urban intelligent operation and management centre has been built, and finally Project 151’s big data and city management construction mode has been formed. Take the care of singleton elderly as an example. Under the project, door sensors have been installed in the elderly’s homes, whereas infrared detection devices have also been installed in the rooms, bathrooms and kitchens to monitor the elderly’s outings and activities. With the vital sign monitoring device designed as a bed foot mat, the elderly’s sleeping pattern, heart rate, breathing and health status are tracked and analysed, and the relevant data would be sent to the platform. Warning would be issued if there is any abnormality, and the management authority can immediately arrange for staff to visit the elderly’s home to ensure the safety of singleton elderly. At present, Shanghai’s urban operation platform is highly integrated with data of different departments, and more than 10 commissions, offices and bureaux have

been connected to the relevant systems, thus further upgrading the original grid platform and, at the same time, providing analysis and prediction of risks and potential hazards, thereby achieving intelligent management.

With the successful experience of Shanghai, Hong Kong can make reference to the model of grid-based management for developing Hong Kong into a smart city. In fact, Hong Kong has already been delineated in grids, and the whole territory is divided into 18 districts comprising 452 small constituency areas. Various Policy Bureaux have grasped the information of all Hong Kong people. For example, the Education Bureau has grasped the information of students, the Inland Revenue Department has grasped the information of wage earners, and the Housing Department and the Hong Kong Housing Society have grasped the situation of the households in each housing estate, etc. However, the work of fully integrating the various government platforms has not been done effectively. If the Government can consolidate the relevant data, actually we would have achieved the Hong Kong version of grid-based management.

Grid-based management lies in the construction of systems, mechanisms, management standards, and technology platforms. I suggest that the Government should set up a big data city management centre to coordinate the establishment of open platforms by various government departments. It should establish a unified classification of management contents, management workflow and delineation of responsibilities into grids, so as to realize “single portal for online government services” and “One Network Administration”, thereby developing the top-level design of a smart city as well as the government management systems and mechanisms. At the same time, taking the opportunity of the establishment of the Care Teams, these Care Teams can work with the District Councils and rural committees to serve as grid attendants to assist the Government in carrying out the work of primary-level governance.

The combination of grid-based approach and digitalization can realize intelligent management and refined services, which are the new directions for building a smart city.

With these remarks, Deputy President, I support the original motion and all the amendments.



**MS CHAN YUET-MING** (in Cantonese): Thank you, Deputy President. I speak in support of Mr Stanley NG's motion on "Accelerating the construction of community facilities for a smart city and bridging the digital divide" and other Honourable colleagues' amendments.

In recent years, the SAR Government has been actively promoting smart city development. The construction of a smart city not only helps enhance the Government's innovative capability and standard of urban management, but also sets an important cornerstone for building a digital economy and driving innovation and technology development.

I am pleased to see the Chief Executive propose in this year's Policy Address to enhance the coverage of 5G networks while expediting the expansion of mobile network infrastructure in rural and remote areas. This development goal is an objective reflection of the backwardness of infrastructure development in the Northern Metropolis located in New Territories North in comparison with urban areas.

In order to build the Northern Metropolis into a model smart city, I think the SAR Government needs to take a holistic approach in planning smart city-related software and hardware for the Northern Metropolis.

First, as regards software support, I suggest that the Government should actively expand facilitation measures for the "Digital Bay Area". I am pleased to see the Chief Executive mention in the Policy Address that the SAR Government will promote the "Cross-boundary Public Services" initiative, under which Hong Kong residents can log into the Guangdong Government Service Network with "iAM Smart" and handle government services online without having to travel to Guangdong Province in person.

As the Mainland and HKSAR are different jurisdictions, it was necessary in the past for many Hong Kong residents setting about things in the Mainland, such as getting married, arranging schooling for children, claiming inheritance, filing lawsuits and opening companies, to go through the "China-Appointed Attesting Officer" system, established in Hong Kong by the Ministry of Justice, for attestation of their legal acts and documents that had taken place in Hong Kong, so as to meet the compliance requirements of the relevant Mainland authorities. Besides, not only did they need to set aside extra time for the attestation, but the cost was also not cheap.

In recent years, various departments of the Central Government have introduced facilitation measures to encourage Hong Kong and Macao residents to study, work and live in the Mainland. Given that the current Policy Address has mentioned collaboration on the “Digital Bay Area”, I suggest that more can be done to provide further convenience to the public. In particular, “iAM Smart”, a government services app launched by the SAR Government, can help the documents issued by the HKSAR Government “cross the river” by connecting with the Guangdong Government Service Network. The SAR Government can consider taking the “Cross-boundary Public Services” initiative as a pilot to enable some instruments issued by the Hong Kong Government, such as Hong Kong residents’ identity documents and marriage certificates, to be used directly in Guangdong Province without attestation, thus gradually facilitating Hong Kong people’s life in the Greater Bay Area.

Secondly, as regards hardware, the city strategy for a smart city includes smart, green and resilient functions. Currently, the Government has published the Northern Metropolis Action Agenda. The Northern Metropolis is the new core of development in Hong Kong. In view of the frequent occurrence of extreme weather in recent years and the rainstorm of the century this year, I consider it essential for the Government to attach importance to the resilience of the infrastructure of the Northern Metropolis.

As a matter of fact, there is a serious lack of livelihood infrastructure for the villages in the rural areas of the Northern Metropolis. Given that Hong Kong is an international city, I believe it is inconceivable to many members of the public that quite a few villages have no access to the public sewage system. Certain village houses have a floor area of only 200 sq ft to 300 sq ft, yet it is necessary to free up space inside for connection to a septic tank, resulting in appalling living conditions. With the development of the Northern Metropolis, rural residents are looking to the Government to provide an opportunity for mutual development, so that ethnic groups can continue in existence and meanwhile improve the long-inadequate infrastructure in rural areas. When there are development blueprints for all four zones in the Northern Metropolis, but provision of the most basic public facilities can hardly be guaranteed to the villages that are left out of the blueprints, how can we possibly talk about developing the Northern Metropolis into a smart city? Therefore, while we are talking about accelerating the construction of community facilities for a smart city today, the rural areas, as part of the city and part of the Northern Metropolis, should be given the same treatment.

Thank you, Deputy President. I so submit.

**MR KENNETH LEUNG** (in Cantonese): Thank you, Deputy President. In paragraphs 41 and 42 of this year's Policy Address, the Chief Executive mentions "launching over a hundred of digital government initiatives to promote digital government and the smart city", so Mr Stanley NG's proposal of "construction of community facilities for a smart city" today is arguably echoing it.

As a matter of fact, the Smart City Blueprint for Hong Kong was published back in as early as 2017, setting out initiatives under six areas, namely mobility, living, environment, people, government and economy. It was followed by the Smart City Blueprint for Hong Kong 2.0 in 2020. Unfortunately, the progress has constantly failed to catch up with technological development. For example, in the simple case of mobility, we have only just implemented HKeToll and completed two smart car parks. Therefore, as the Chief Executive pointed out, we need to keep launching "over a hundred of digital government initiatives" and, more importantly, speed up transitioning of the entire Government into a smart one to tie in with the construction of the "Digital Bay Area", among others.

I will support both the motion moved by Mr Stanley NG and the amendments proposed by other Honourable colleagues today because we are all expressing our views for the purpose of accelerating the construction of a smart city. I would like to raise a few points in particular.

First, an amendment mentions the need to comprehensively enhance "iAM Smart". In fact, a long-standing major problem faced by Hong Kong in the creation of digital government services is that different departments have developed many apps but there is no interoperability among their respective services. For example, we have to download "HA Go" for healthcare services, "HKeMobility" for travelling, and "MyObservatory" for weather checking. Different departments have their own apps for their services, so members of the public have to download many apps, which is very inconvenient. Moreover, some apps may only have a very low download rate. Therefore, I hope that the Government can integrate the apps of different departments into "iAM Smart". Only in this way can they bring convenience to the public and achieve the goal of making government services available on mobile phones.

Furthermore, a smart city should be integrated into our lives, thus enabling the next generation of our society to feel the benefits of smart community services in their daily life, and boosting their vibes about innovation and technology and STEAM. As President XI Jinping pointed out in his reply letter to the young

people of Hong Kong, young people need to combine reading and travelling, honour commitment and take practical actions, and put what they have learnt from books into practice in life. Inspiring technological knowledge and innovative dreams among Hong Kong students, thus letting them use STEAM knowledge to invent new products or programs to solve daily problems, can not only enhance the creativity of young people, but also drive smart city development. For instance, in the Hong Kong Science Fair held earlier, a student-designed device made it possible for people with disabilities to “play music” using their limbs, and a “smart suburban garbage bin” invented by students would emit sound to drive cows or other animals away and lock itself up upon detection of their approach with an artificial intelligence lens, so as to prevent animals from overturning the garbage bin. If the Government strives to put more inventions into use, I believe it will be a win-win situation for both society and young people.

In addition, the motion mentions the problem of digital divide among vulnerable groups. This problem occurred from time to time even during the pandemic two years ago. For example, the vulnerable groups lag behind other groups in terms of hardware installation and distance learning, and the elderly are also faced with challenges in using smart services. In my view, the Government should put forward measures to overcome such problems. For instance, thanks to community classes, many elderly people have learnt to use communication software and even shop online. I consider that the Government should continue its promotion efforts and provide more service points in the community to promote activities and classes, so that the elderly and people with disabilities can make good use of smart community services. As for children and teenagers, they are quick learners capable of catching up with the trend, so the Government can provide assistance by means of youth services with a focus on their hardware deficiencies. For example, the Strive and Rise Programme and the Youth Link allow them to engage in smart city services, or even come up with more new ideas to promote innovation and creativity in the city.

With these remarks, Deputy President, I support the motion and the amendments.

**MR SUNNY TAN** (in Cantonese): Thank you, Deputy President. In the Policy Address, the Government proposes to digitalize all government services. I consider that while expanding the scope of e-government services, we have to note whether all members of the public know how to use them. During the

pandemic, we saw some people hindered in using “LeaveHomeSafe” on their smartphones. I suggest that the Hong Kong Government should conduct an in-depth study and analysis of the digital divide problem in Hong Kong, and submit a study report, with a view to identifying in particular the main causes of the problem among the elderly and the vulnerable groups, and making targeted recommendations and measures.

The SAR Government has launched several rounds of the ICT Outreach Programme for the Elderly, which involves visiting elderly homes and community centres to teach elderly people how to use smartphones. According to the public data released by an online social platform in January this year, about one quarter of the elderly aged 60 or above in Hong Kong are its users. This figure shows that some elderly people may have a certain amount of knowledge about smart city or digital technology. However, elderly people in need of care have to rely on carers for daily living. During the pandemic, the Government also added a new function to “LeaveHomeSafe” to allow people to store their Vaccine Pass concurrently with that of their companions. This proves that what some elderly people need is not necessarily to be taught how to use smartphones, but rather to let technology support them and their carers.

I suggest that the Government should further enhance the existing ICT programmes in support of the elderly, such as by expanding the functions of the Gerontechnology Platform, which was established by the Social Innovation and Entrepreneurship Development Fund, to encourage and subsidize our information technology sector to develop apps targeting the needs of the elderly and their carers and make use of technology to assist in connecting carers with care recipients, thus reducing the sense of loneliness among elderly people and alleviating the pressure on carers, so that technology becomes elderly-friendly rather than divisive.

I also suggest that the HKSAR Government make use of “Technology Vouchers” and alike to subsidize vulnerable groups to purchase smart products and associated apps, so as to address the issue on hardware. For example, in order to solve the digital divide problem among local elderly people, Shibuya, Tokyo, Japan has introduced a free rental service as from 2021 for residents aged 65 or above who do not have smartphones, and meanwhile provided teaching on the use of smartphones and continuous technical support. This is a worthwhile reference for Hong Kong.

Apart from these points, technology is advancing so fast that even though STEM or STEAM courses are offered in primary and secondary schools, they can hardly keep up with the rapid evolution of technology. Children from better-off families have more opportunities to access new technologies, but low-income families may not have additional means to do so. These gaps cannot be solved by the purchase of a tablet computer. Rather, it requires holistic demographic planning, talent planning and family support to devise how technology education can be provided in a balanced and equitable manner to students from different family backgrounds.

I suggest that the SAR Government consider commissioning non-profit organizations and charities, for example the SEED Foundation, as well as collaborating with the business sector, to select some of the latest market-needed digital skills, such as artificial intelligence, cloud computing and editing, to create courses for schoolchildren in need, with the aim of breaking through learning boundaries due to social hierarchy. Outside the classroom, arrangements can be made for schoolchildren to engage in corporate visits, exhibition tours, work experiences, and so on, thus offering them opportunities to see and understand how their learnt knowledge is actually applied in the industries, so as to help them better plan their careers at an appropriate stage.

I support the SAR Government to conduct an in-depth study and analysis of the digital divide existing among different social groups in Hong Kong, and to put forward targeted solutions to address the problem.

With these remarks, I support the original motion and the amendments proposed by the five Members.

**MR STANLEY LI** (in Cantonese): Thank you, Deputy President. Nowadays, various means of payment, shopping, transport, etc. are getting smarter, and the pandemic has also quickened the process of moving online. Yet, for many elderly people and some people with disabilities and grass-roots families, one difficulty leads to another. As a result, they are faced with many challenges in using electronic devices. A smarter city comes with a wider digital divide.

While our country is actively developing smart cities to improve people's quality of life, it is evident to all that the SAR Government is working hard to fit in. Recently, the Policy Address proposes to "launch over a hundred of digital

government initiatives”, but the whole world is accelerating the construction of smart cities, so Hong Kong needs to catch up. By contrast, the number of pilot smart cities in the Mainland has exceeded 700, ranking first in the world in terms of scale, and Shenzhen is going to take forward 10 major projects, including a comprehensive sensing system and urban big data. Singapore has set up a “citizen-centric” e-government system involving the collaboration of citizens, businesses and the government. Its government portal website makes public more than 5 000 datasets of more than 50 government departments for easy access by citizens and businesses. Turning to the United Kingdom, Bristol has established three high-speed networks covering energy supply, air quality, traffic conditions, etc. Meanwhile, Japan is planning to install smart meters in local homes to monitor their energy consumption in real time.

(THE PRESIDENT resumed the Chair)

Under the prevailing “smart” trend, those most vulnerable to the digital divide are the elderly and some people with disabilities and grass-roots families. As far as the elderly are concerned, during my visits to the districts I was aware of two problems facing them, one with their mentality and the other with their skills. With regard to mentality, although many elderly people know how to make use of technological products, some of the older ones are technophobic because the experiences with electronic equipment malfunctioning due to their incorrect operation have left a bad taste in their mouths. Some elderly people have reported being afraid of even using automatic teller machines at banks because the small on-screen font size, counting of time, and warning beeps put them under a lot of stress, which develops into technophobia over time. In terms of skills, as many apps are linked to email addresses or phone numbers and involve various kinds of permissions, especially those related to banking or financial management, elderly people unfamiliar with the apps would find them difficult to operate and are afraid of making mistakes. A number of my district offices have received similar views and requests for assistance from them. Many elderly people come to our offices to seek assistance in this regard.

Many items of equipment are visually operated, so they are difficult to use for the visually impaired and those with disabilities in both arms. For the grass roots, problems with equipment and network connection are their major concerns. I know a young man who has no fixed broadband service at home, and as he has

already graduated from secondary school, he is ineligible for the online learning grant. He is left with no choice but to choose a mobile network with a low monthly fee. However, the network speed is limited, so sometimes he has to go downstairs to a restaurant to use free Wi-Fi when he wants to watch learning videos.

President, I would like to make three suggestions: first, allocating additional resources to regional or charitable organizations for establishing “smart ambassadors” or alike, so that elderly people can seek help when they encounter problems with facilities or apps, thereby gradually forming “community smart support stations” to serve more elderly people; second, strengthening training for elderly people interested in learning digital skills, or providing assistance in this regard through Care Teams; and third, providing tertiary students from grass-roots families with subsidies for purchasing digital equipment or network services by making reference to the assistance programme on Provision of Subsidy to Needy Primary and Secondary Students for Purchasing Mobile Computer Devices to Facilitate the Practice of e-Learning implemented by the Community Care Fund.

In summary, I have long been concerned about the problems facing the elderly, who are hard hit by the digital divide. From another angle, if we seek to narrow the divide, the elderly will be more readily able to solve their practical issues, such as payment, shopping and financial management, and access a wider array of entertainment. Further coupled with the development of gerontechnology, such effort will be very conducive to the self-reliance and self-help of the elderly (*The buzzer sounded*) ... I therefore support the motion.

**PRESIDENT** (in Cantonese): Mr Stanley LI, please stop speaking.

I will call upon four more Members to speak at today’s meeting, and then I will suspend the meeting.

Ms Carmen KAN, please speak.

**MS CARMEN KAN** (in Cantonese): Thank you, President. I am grateful to Mr Stanley NG for moving the motion and the five Members for proposing amendments to the motion.



When attending the opening ceremony of the Fourth United Nations World Data Forum in April this year, Vice Premier of the State Council, Mr DING Xuexiang, stated that it was necessary to “promote equitable development, continuously bridge the digital divide, create an open, inclusive, fair, just and non-discriminatory environment for the development of the digital economy, enhance the accessibility of the digital economy, and share the dividends of digital technology development”.

Given the widening gap between the rich and the poor caused by differences in access to information resulted from the rapid development of digital technology, a number of studies have already pointed out that digital divide might have impact on social and economic development.

Hence, I put forth three proposals as follows in hopes of bridging the digital divide. The Policy Bureaux involved therein are not limited to the Innovation, Technology and Industry Bureau.

First, the digitally vulnerable groups should be given support. As Mr Stanley NG has pointed out, while many people are benefited from the conveniences brought about by the digital era, quite a lot of digitally vulnerable groups still have difficulty accessing and using electronic information to enjoy the dividends of digital technology.

In order for the digitally vulnerable groups, including the elderly, carers, and schoolchildren living in inadequate housing, to keep pace with the digital era, the Government must continue to take the lead in launching the work on digital inclusion, and continue to provide them with subsidies on technology, funding, products, etc., as well as consultation services through the Social Innovation and Entrepreneurship Development Fund. Enhancing their interaction with the outside world is an effective way to narrow the digital divide and build an inclusive society.

President, I welcome the launching of a Pilot Programme on Community Living Room by the Labour and Welfare Bureau this year as proposed in the Policy Address. I hope that the Government will appreciate the aspirations of the community and make use of the Programme to build a barrier-free digital community, so that the digitally vulnerable groups can enjoy digital services in the “Community Living Room”. For example, children living in inadequate housing can enjoy free Wi-Fi there for doing their homework.

Second, universal digital literacy should be enhanced. Digital literacy is the ability to adapt to a digitalized society, which serves as a key indicator for assessing the soft power of a country or place.

It is plain for all to see our country's achievements in advancing digital literacy and skills education of the entire population. The Action Plan for Enhancing Digital Literacy and Skills for All issued in 2021 shows that efforts to strengthen universal digital literacy and skills education are fundamental for building a digitalized society. Upon the upgrade of the "iAM Smart" platform, I expect to see "everyone can use it and use it well".

I would recommend that the Government work to enhance universal digital literacy and skills by drawing reference from our country's experience in this regard. For example, it should expedite the rebuilding of age-appropriate and barrier-free digital infrastructure. I find the elderly version of "iAM Smart" a sound initiative and hope that it will be popularized upon implementation. Moreover, the Government must speed up the construction of a digital identity system while enhancing data openness by, say, making use of the Consented Data Exchange Gateway to expand the scenarios of the Commercial Data Interchange. The delivery of "cross-provincial government services" is also a sensible attempt towards data openness indeed. In addition, digital skills training should be provided, and I think Prof William WONG has made a fabulous suggestion of establishing a digital literacy education platform.

Third, cross-departmental collaboration should be strengthened. I am glad to see that the Government has introduced a number of policy initiatives in the Policy Address to expedite the building of a digitalized society. Among these initiatives is the setting up of the new Digital Policy Office led by the Commissioner for Digital Policy, which is specifically tasked with formulating policies on digital government and coordinating with departments to offer more digital services.

Indeed, this initiative and the various tasks to foster secure cross-boundary flow of Mainland data within the Greater Bay Area involve more than one Policy Bureau. For example, cross-departmental cooperation is required for the enhancement of the Cross-boundary Wealth Management Connect Scheme, the cross-boundary flow of biosamples to Hong Kong, the healthcare data sharing, etc. I just wonder if the Digital Policy Office will be led by the Digital Economy Development Committee chaired by the Financial Secretary so as to better perform cross-departmental coordination work and realize the vision of implementing "single portal for online government services" in 2025?

Moreover, Dr Hoey Simon LEE's proposal of setting up smart city demonstration communities in the Northern Metropolis is, in my opinion, a brilliant one. The Government may study the feasibility of using the planned sites for innovation and technology such as the Lok Ma Chau Loop and San Tin Technopole as pilot points for projects to be tried out in a trial and error process and then implementing them throughout the territory after they have matured.

I hope that the Government will take on board our proposals and views presented today, so that the digital divide can be bridged early, thereby enhancing the people's sense of gain and happiness.

With these remarks, President, I support the original motion and the amendments.

**PROF CHAN WING-KWONG** (in Cantonese): Thank you, President. I rise to speak in support of the motion moved by Mr Stanley NG as well as all the amendments.

Before anything else, I would like to share with Members two pieces of news. The first one is about the "Heart-warming Meal Card" project. Recently, the Nanjing University of Science and Technology has conducted analysis and screening based on big data to accurately identify needy students who spend no more than RMB420 on 60 meals each month, and then directly transfer the meal allowance to the meal cards of these needy students. Such an initiative has been widely acclaimed as a perfect blend of technology and care.

The second one is about the "Invisible Caregivers". Showcased at the China Internet Conference held earlier on, the "Invisible Caregiver" is a smart elderly care product applying artificial intelligence ("AI") technologies. The device, capable of identifying the home safety status of elderly people living alone through smart cameras and AI algorithms, will actively trigger and send out alarms in case they fall or call for help, with an identification accuracy rate of over 90%.

I was astonished by the application of the aforesaid smart technologies. Actually, every time I visit the Mainland, not only do I realize the tremendous progress in our country's innovation and technology ("I&T") development, but more importantly, the wide application of smart commuting and electronic payment there has also made it possible for me to experience at first hand the conveniences brought about by I&T development as well as smart facilities.

On the contrary, although the Government is committed to building Hong Kong into a smart city in recent years, and the people of Hong Kong often come across the term “smart city”, the popularization of smart facilities in the community is still rather low, falling far behind the Mainland, and quite a number of smart facilities, such as real-time adaptive traffic signal system and multi-functional smart lampposts, are still at the pilot or trial stages. As a result, members of the public are barely impressed by the essence of a “smart city” in real life and even scarcely appreciate the convenience brought about by smart facilities.

President, our goal of building a smart city lies in optimizing the use of technology to enhance people’s quality of life. If only a handful of people instead of the general public can benefit from the advantages and convenience brought about by smart facilities, then the building of a smart city will be rendered meaningless. Therefore, the proposal to “accelerate the construction of community facilities for a smart city in Hong Kong” as stated in the original motion does have my support. I hope that the Government can quicken its pace and take forward the implementation of smart facilities projects at full speed to the effect that local communities are equipped with more smart facilities, such as smart recycling system, automated parking system, contactless elevators, and so on, that are genuinely accessible to the general public.

I particularly agree with the word “accelerate” because technology is constantly evolving and changing. Should it be the case that smart facilities must undergo a pilot or trial period of three to five years, the “smart” technology concerned will become “non-smart” pretty soon, while Hong Kong will lag behind other places in the building of a smart city. Therefore, I hope that the Government will try all its might to shorten the trial period for projects with mature technologies and expedite the implementation and application of such technologies, so as to benefit the public as early as possible.

I am also strongly supportive of the proposal of “bridging the digital divide” put forth in the original motion, but there is one thing I wish to emphasize. In my opinion, when it comes to helping the elderly or vulnerable groups to bridge the digital divide, the Government should not just make superficial efforts, nor should it focus merely on the number of elderly people who have participated in the ICT Outreach Programme for the Elderly and the number of visits or click-through rates recorded for the online learning platform “Elderly IT Learning Portal” launched by the Government. Rather, it should attach more importance to quality than quantity. Not only should it care about the number of participants, but more importantly, it should also find ways to make sure those participated in the

programmes or received subsidies from the Government have really learned something useful and know how to use the various types of smart facilities. Only by doing so will the digital divide be really bridged while all of us can experience the convenience and joy of smart living.

With these remarks, I support the original motion and all the amendments. Thank you, President.

**MS NIXIE LAM** (in Putonghua): Thank you, President. Today, I would also like to thank Mr Stanley NG for moving this motion. The advance of network communication technology does have greatly revolutionized and transformed our daily life, but there are still a considerable number of people in society who have yet to enjoy some of the conveniences brought about by technology, and this has also given rise to the problem of digital divide in society which, I think, has profound impacts on our next generation and will result in unequal reception of digital information in the long run. As such, the joint support of the Government, enterprises and society is absolutely necessary for the creation of a barrier-free digital environment. Speaking from the perspective of our children and young people today, I would like to focus on how to bridge the digital divide.

In recent years, e-learning has become the new normal in education. Yet, computers and some communication devices have posed a major obstacle to grass-roots families, undermining their equal learning opportunities and sometimes affecting their self-confidence, the self-confidence of their children, and their future development. Members might still remember that during the pandemic, some students who had no Internet access or got slow Internet speed at home had to go to the school gate where Wi-Fi was available and use their small mobile phones to access the Internet for online learning in order to keep up with their lessons. Such contemporary story of “borrowing Wi-Fi in front of the school gate” is quite similar to an ancient anecdote about a boy “digging a hole in the wall to steal light” in order to study at night. The Government should adopt a multi-pronged approach and find ways to help needy primary and secondary students to purchase computers through the funding support from the Community Care Fund. In addition, some voluntary agencies have cooperated with network providers to help students by lending them tablet computers, providing them with mobile data cards, and so on. We think that this kind of collaboration between the Government and community has significant and good demonstration effect. We hope that the Government will continue to review under what circumstances it should lend a helping hand, and then provide timely assistance as appropriate.

There is still another issue to tackle even after resolving the hardware problem in this regard. Suppose everyone does have his or her own digital device, but will this be a genuine solution to the problem of digital divide? A study conducted by The University of Hong Kong in the past found that those young people who overused technology products for entertainment and social interaction purposes usually came from families of lower socio-economic status, and it was not easy for parents to offer help or intervene due to their lack of relevant knowledge. Once these young people encountered negative online experiences, such as cyber-bullying, which we often mention, or when they suffered from mental stress in their studies, or when their physical and mental health were affected, the challenges they faced would be very, very great. Well, how can we help them? Should we help them develop their soft skills in the use of digital technology by providing concrete support, like teaching them how to distinguish facts from fiction, how to strengthen their ability to differentiate opinions, how to identify real and fake news, etc.? All these go beyond the issue of hardware and need to be considered seriously.

In my opinion, the Government needs to get a broader concept of digital divide, focusing not only on hardware but also the mastery of digital skills and the ability to make effective use of information technology. It should promote sustainable measures, and find ways to support the young people or their parents. We suggest that the Government should assess the impact of digital technology on the learning and physical and mental development of children and young people to see how big a circle should be drawn to provide support for schools and community groups, as well as how to develop a framework for consolidating the support of the entire society.

Raising parents' awareness of digital literacy is thus a matter of the same urgency. I suggest that the authorities must provide parents with more support in this regard, otherwise their children will be left in a painful situation.

Actually, the ultimate goal of building a smart city is to make everyone's life better. We do not wish to see some people being left out while this is being done, and we hope that the Government will give more thought when considering the issue, and draw a bigger circle, so that everyone can have equal chance to make choices.

Thank you, President.

**MR KENNETH LAU** (in Cantonese): President, in the National 14th Five-Year Plan, State President XI Jinping expressly supported Hong Kong's development into an international innovation and technology hub. Besides, the Chief Executive has also stated in the Policy Address delivered recently that the Northern Metropolis is a new engine for Hong Kong's future growth, where the San Tin Technopole and the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop covering an area of 300 ha are expected to provide more than 200 000 employment opportunities for Hong Kong. Hence, the innovation and technology industry can be regarded as the mainstay of Hong Kong's future development. To welcome a whole new world of innovation and technology, we must make early preparations to develop Hong Kong into a smart city.

During the three-year pandemic, the Government implemented stringent social distancing measures multiple times in order to prevent the spread of COVID-19, which caused a lot of inconvenience to people's life, but at the same time, this also served to accelerate the development of electronic technology. The "LeaveHomeSafe" mobile app and eHealth, for instances, were launched for the public to record their visits and vaccination status by using their mobile phones, which helped curb the spread of COVID-19. In addition, the Government issued consumption vouchers through e-wallets, and restaurants also used electronic food ordering apps to minimize manual contact. After the three-year epidemic, members of the public have gradually become acclimated to such smart technologies.

These supposedly simple digital operations are, however, totally new skills that are difficult for some elderly people to master, and as Mr Stanley NG has said, a digital divide has emerged. According to the latest figures released by the Census and Statistics Department in May this year, in 2022, 27% of people aged 65 or above still did not have a smartphone. I hope that the Government will consider providing subsidy to the grass roots or elderly recipients of Comprehensive Social Security Assistance for purchasing smartphones; and sending Care Teams and civil service volunteer teams to visit the elderly and grass-roots families regularly to teach and support them in the use of smart community facilities in a bid to promote the application of digital technology, thus enabling them to experience the convenience brought about by a smart city and digital technology. During their visits, civil servants can listen to and understand public opinions more instantly and directly, and bring people's voices back to the Government for fine-tuning measures to bridge the digital divide in society.

In addition, the Government should regularly review the application of various types of e-services. Different apps have been launched by various government departments since smartphones have become popular. The Innovation, Technology and Industry Bureau pointed out in its reply to a Legislative Council question this year that a total of 112 apps were developed in the past five years. Yet, is it really a case of “the more, the better”? According to the authorities’ reply, one third of the apps developed during the same period have already been decommissioned, many of which have been downloaded 10 000 to 20 000 times only so far since their release. Furthermore, apps need to be updated from time to time, thus incurring exorbitant annual maintenance costs. This has resulted in a waste of public money. Therefore, the Government must prescribe the right remedy such as by consolidating different apps into one single app to create something like “one app for all”. For example, apps such as “EventHK” and “Leisure Link System” can be incorporated into “iAM Smart”, or that “iAM Smart” can be used to support the Faster Payment System to facilitate payment of rents by public housing tenants. This will bring convenience while truly helping to promote the application of e-government.

President, hardware infrastructure (including increased Internet speed) is an integral part in developing Hong Kong into a smart city. At present, the 5G network coverage still falls short of society’s expectation, particularly in some remote areas (such as the new development areas in Kwu Tung North, Hung Shui Kiu, San Tin, and other parts in the future Northern Metropolis) where 5G radio base stations are still inadequate. The Policy Address proposes taking the “infrastructure-led” approach. I think that apart from road networks, we should also give consideration to the public Wi-Fi trial spots by increasing the speed of public Wi-Fi and at the same time enhancing the 5G coverage in the districts, so as to facilitate the gradual adoption of urban areas’ mature mode of operation in the development of the Northern Metropolis in order to keep pace with the State’s vision of popularizing the use of 5G. This will also facilitate members of the public to use smart community facilities and create a barrier-free digital environment for the community, with a view to comprehensively developing a smart Hong Kong. *(The buzzer sounded)*

**PRESIDENT** (in Cantonese): Please stop speaking, Mr Kenneth LAU.



**SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): I now suspend the meeting until 9:00 am tomorrow.

*Suspended accordingly at 6:23 pm.*

**REQUEST FOR POST-MEETING AMENDMENT**

**The Secretary for Housing requested the following post-meeting amendment in respect of his reply to a supplementary question to Question 4**

**Line 1 to 3, second paragraph, page 39 of the Confirmed version**

To amend “TPS estates are no different from private estates. Among the households of these estates, about 13% are still PRH tenants. In other words, 87% of the units are self-owned properties.” as “TPS estates are no different from private estates. Among the households of these estates, about 17% are still PRH tenants. In other words, 83% of the units are self-owned properties.” (Translation)

(Please refer to line 2 to 4, second paragraph, page 6865 of this Translated version)

**REQUEST FOR POST-MEETING AMENDMENT**

**The Secretary for Housing requested the following post-meeting amendment in respect of his reply to a supplementary question to Question 4**

**Line 2, third paragraph, page 40 of the Confirmed version**

To amend “As I said just now, at present, 13%, that is, about 30 000 flats, are still occupied by PRH tenants.” as “As I said just now, at present, 17%, that is, about 30 000 flats, are still occupied by PRH tenants.” (Translation)

(Please refer to line 3 to 4, first paragraph, page 6866 of this Translated version)

**LEGCO QUESTION No. 7**

(Written Reply)

Asked by: Hon Benson LUKDate of meeting: 8 November 2023Replied by: Deputy Financial SecretaryReply:

President,

The Government launched the “Night Vibes Hong Kong” campaign in mid-September this year, staging in collaboration with various organisations a wealth of attractive night-time events with local characteristics covering entertainment, arts, culture, consumption and more across the city. The campaign aims to unite different sectors of the community in creating a dynamic vibe, so that citizens and tourists may experience the vibrancy and energy of Hong Kong’s nightlife. Apart from participating in various exciting activities, citizens and tourists may also enjoy special offers from different organisations.

My reply to the Hon Benson LUK’s questions is as follows:

(1) Since mid-September this year, more than 25 “Night Vibes Hong Kong” events have been or are being held to date. In addition to events organised by Government departments, we received overwhelming support from various organisations for the campaign. Night-time activities were held and special offers were provided at over 80 shopping malls, fare concessions were offered by public transport operators and major events such as the National Day Fireworks Display and the Hong Kong Wine and Dine Festival were held. Details of the events could be found at: <https://www.nightvibeshk.gov.hk/en/events.php>.

The “Night Vibes Hong Kong” campaign has received positive feedback from citizens and tourists since its launch. In respect of night-time events organised by Government departments, the lantern carnivals held during the Mid-Autumn Festival recorded an accumulated attendance of around 660 000, with more than 300 000 visited the lantern carnival at Victoria Park. Starting from 29 September, the Hong Kong Museum of Art, the Hong Kong Science Museum and the Hong Kong Space Museum have extended their opening hours on Fridays, Saturdays, Sundays and public holidays, with special programmes featured on Saturday evenings. As at 29 October, the three museums received a total of over 7 200 visitors during the evening extended hours. Victoria Harbour is a symbol of Hong Kong and as at 31 October, some 270 000 people have visited the night-time events on the three harbourfront sites. Other “Night Vibes Hong Kong” activities were also well-received. For instance, the National Day Fireworks Display attracted over 430 000 spectators on both sides of Victoria Harbour, while some 140 000 people participated

in the Hong Kong Wine & Dine Festival held at the Central Harbourfront. Individual shopping malls also recorded an increase in visitor flow.

(2)-(4) A series of “Night Vibes Hong Kong” events will continue to be rolled out. We will continue to provide more choice of activities for citizens during the festivals to enhance the joyful atmosphere. These events include festive activities over Christmas, New Year countdown celebrations and Lunar New Year fairs. The Home and Youth Affairs Bureau will also actively promote the organisation of activities in various districts in the first half of next year. The Government will continue to encourage different organisations to stage night-time events with local characteristics. Citizens and tourists may visit the thematic website “Night Vibes Hong Kong” ([www.nightvibeshk.gov.hk](http://www.nightvibeshk.gov.hk)) for the latest event updates.

A variety of events across the territory could create a lively festive atmosphere in Hong Kong and at the same time, bring more businesses for different sectors, such as tourism, retail consumption and catering. Some shopping mall operators have indicated that the Government’s promotion of night-time events has stimulated citizens’ willingness of spending. Individual retailers have also said that business has seen an increase by 20% to 30%. Relevant Government departments will continue to pro-actively co-ordinate and provide appropriate assistance to the events organizers. We have not made any specific estimation of the number of additional tourists and extra economic benefits that the “Night Vibes Hong Kong” campaign may bring.

The change of lifestyle habits following the global pandemic would take time to adjust. “Night Vibes Hong Kong” provides more choices of night-time activities in Hong Kong, allowing citizens and tourists to participate in them according to their interest while revitalising the city’s nightlife at the same time. We will continue to consider the views of the public, review the effectiveness of the campaign in a timely manner and listen to stakeholders’ views on the potential future development. Meanwhile, the Government will keep exploring every possible means to boost our overall economy, including night-time economy.

## **LEGCO QUESTION NO. 8**

(Written Reply)

Asked by Dr Hon Dennis LAM

Date of meeting : 8 November 2023

Replied by : Secretary for Health

### Reply

President,

Mpox is a zoonosis caused by monkeypox virus. The first case of human infection of monkeypox virus was reported in 1970. Since May 2022, there has been an outbreak of Mpox in many places around the world, and most cases involved sexual contact. As of 5 November 2023, a total of 52 confirmed cases of Mpox were recorded in Hong Kong.

Mpox is not transmitted through respiratory droplets or aerosols in general, and transmission would not occur through social contact. Proper personal and hand hygiene can help prevent getting infected via contact. However, human-to-human transmission is also possible through respiratory droplets during prolonged face-to-face contact or direct contact with body fluids.

The first few days after infection with Mpox are characterised by fever, intense headache, myalgia and lymphadenopathy. Lesions in mouth and body appear about one to three days after onset of fever. The lesions progress from maculopapules to vesicles, pustules and followed by crusts within a period of ten days to two weeks and the lesions typically progress simultaneously at all parts of the body. Mpox is usually a self-limited disease with symptoms lasting from 14 to 21 days. The case fatality in previous outbreaks has been between 1% and 10%. In principle, treatment of Mpox includes control of symptoms, management of complications and prevention of long-term sequelae.

Taking reference to the recommendations of the Scientific Committee on Vaccine Preventable Diseases and the Scientific Committee on Emerging and Zoonotic Diseases, the Government has commenced the Mpox Vaccination Programme in October 2022, using a third generation vaccine for contacts of confirmed cases as well as individuals at high risk of exposure on a voluntary

basis. With reference to the World Health Organization (WHO)'s recommendation, Mpox cases would be isolated in public hospitals, until all infectious lesions are resolved and the patients become non-infectious. Their local contacts would also be required to undergo medical surveillance. The Centre for Health Protection (CHP) is taking due diligence to implement related prevention and control measures to prevent massive spread in the local community and will continue to keep in view the latest development of international prevention and control strategies.

The reply, in consultation with the Department of Health (DH), to the questions raised by the Dr Hon Dennis Lam is as follows –

(1)

Under the Mpox Vaccination Programme for high-risk groups, the following high-risk target groups can receive Mpox vaccination on a voluntary basis at selected centre or clinics under DH and Hospital Authority –

- (i) individuals with high-risk sexual practices, e.g. men who have sex with men, having multiple sexual partners, sex workers, or having a history of sexually transmitted infection within the past 12 months;
- (ii) healthcare workers responsible for caring of patients with confirmed Mpox;
- (iii) laboratory personnel working with zoonotic pox viruses; and
- (iv) Animal care personnel with high risk of exposure in case of Mpox occurrence in animals in Hong Kong.

Since the commencement of the programme, as at 29 October 2023, a total of 14 397 doses of vaccines were administered.

(2)

The CHP has been disseminating Mpox information to the public and encouraging high-risk target groups to receive Mpox vaccination through various online and offline channels, including broadcasting Announcements in the Public Interest on television, radio and social media platforms. The CHP has established a dedicated webpage and regularly issues press releases to update the public on the latest developments regarding Mpox.

The CHP has tailored a promotional video specifically for the high-risk target groups and disseminated through popular dating apps for the target groups, as

well as collaboration with key opinion leaders on social media platforms. Furthermore, the CHP distributes posters, leaflets and promotional materials through relevant non-governmental organisations at locations frequented by the high-risk target groups, and encourage these groups to receive Mpox vaccine in relevant events. The CHP has also set up an Mpox telephone hotline (2125 2373). The hotline operates from Monday to Friday (excluding public holidays) from 9am to 5pm, which enables those who suspect or are concerned they have had high-risk contact with confirmed patients, to make enquiries and receive relevant health advice.

In addition to Mpox Vaccination Programme, the CHP also held health talk for staff working at locations with high risk of Mpox infections, which aimed to enhance their understanding of Mpox, recommend infection control measures against Mpox, and provide details of Mpox vaccination.

(3)

Having regard to the WHO's recommendation, the DH has been implementing port health measures to prevent Mpox from being introduced into Hong Kong, including dissemination of health message to travellers (e.g. inflight broadcast, distribution of leaflets, promulgating travel health news on its website and posting posters); and measuring body temperature for travellers arriving Hong Kong at the seaport, Hong Kong International Airport and land boundary control points where those with fever would be further assessed and referred to healthcare facilities for medical assessments. The DH will continue to maintain close contact with the WHO and carefully monitor the Mpox infection cases recorded overseas, as well as the WHO's latest recommendations of port health measures.

Same as locally acquired cases, imported Mpox cases would be isolated in public hospitals, until all infectious lesions are resolved and the patients become non-infectious. The CHP would also conduct contact tracing and their local contacts would be required to undergo 21 days of medical surveillance. This is to prevent the confirmed Mpox cases to further spread the disease in the community and to lower the risk of the public being exposed to Mpox infection.

-End-



## **LEGCO QUESTION NO. 9**

(Written Reply)

Asked by: Dr Hon Wendy HONG

Date of meeting: 8 November 2023

Replied by: Secretary for Labour  
and Welfare

### Reply

President,

The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net of last resort for people who cannot support themselves financially due to old age, ill-health, disability, single parenthood, unemployment, low-earnings or for other reasons to help them meet their basic needs.

The CSSA Scheme not only provides cash assistance to needy persons, but also assists recipients who may work to overcome employment barriers to achieve self-reliance. In January 2013, the Social Welfare Department (SWD) launched the Integrated Employment Assistance Programme for Self-reliance (IEAPS), under which non-governmental organisations (NGOs) provide services to relevant recipients to encourage and assist them to enhance employability and secure paid employment. In April 2020, SWD launched the enhanced Employment Support Services (EmSS) to improve the NGOs' efficacy in providing the relevant services.

In general, unemployed able-bodied CSSA recipients aged 15 to 59 are required to receive EmSS, unless they have justifiable reasons for not being able to work (such as pursuing studies, or having to look after young children, sick or disabled family members at home). They are required to undertake compliance with the relevant obligations (such as applying for a certain number of jobs within a specified period of time) in writing. In case of non-compliance, they and their family members will become ineligible for CSSA and must repay overpaid CSSA. Able-bodied CSSA recipients aged 60 to 64 may receive EmSS on a voluntary basis.

My reply to the four parts of the question raised by the Member is as follows:

- (1) The numbers of unemployed or low-earning able-bodied CSSA recipients aged 15 to 64 from 2021-22 to 2023-24 are set out in Table 1 and
- (2) at **Annex**, while the median durations of CSSA unemployed or low-earning cases receiving CSSA are set out in Table 2 at **Annex**.

From January 2013 to September 2023, about 138 000 recipients had participated in the IEAPS and/or received EmSS cumulatively, while about 27 600 recipients successfully secured employment or returned to mainstream education, including about 7 690 recipients leaving the CSSA net.

SWD does not have other information sought in these two parts of the question.

- (3) As explained above, the CSSA Scheme provides a safety net of last resort for people who cannot support themselves financially. In this and
- (4) connection, rigorous means tests (including income and asset tests) are put in place to ensure that finite public resources are used to cater for needy people. The asset limits are adjusted annually according to the established mechanism on the basis of the movement of the Consumer Price Index (A).

Upholding the concept of mutual support amongst cohabiting family members, CSSA recipients should first make use of economic resources of their family members to meet their basic needs. In this connection, SWD considers an applicant's eligibility for CSSA on a household basis. In special cases such as an applicant having poor relationship with his/her cohabiting family members, SWD will prudently consider exercising discretion and allow the applicant with special circumstances to apply for CSSA independently. SWD will also refer the case to appropriate social service units for assistance.

Apart from EmSS, the Disregarded Earnings (DE) arrangement under the CSSA Scheme provides additional financial incentives to encourage CSSA recipients to seek jobs and stay employed. The amount of assistance payable to CSSA applicants or recipients is the difference between their or their family's 'recognised needs' and 'assessable income' under the CSSA Scheme. When assessing the monthly household income, earnings from employment can be disregarded up to a prescribed level to raise the recipients' incentive to

work. In February 2021, the Government significantly increased the maximum level of DE by 60% to \$4,000. Specifically, the monthly earnings that may be totally disregarded have been raised from the first \$800 to the first \$1,200, while up to half of the next \$5,600 of earnings (i.e. \$2,800) may be disregarded. The maximum total amount of DE is \$4,000 per month. In addition, from February 2021, the Government has increased the totally disregardable earnings from a recipient's new jobs from the first month's earnings to the first two months' earnings, on condition that the recipient has not benefitted from such DE in the past two years.

To verify recipients' continued eligibility for CSSA, SWD conducts regular reviews, spot checks and investigations (upon receipt of reports) on approved cases, including conducting income and asset tests. Nonetheless, considering that the CSSA Scheme provides a safety net of last resort for those who cannot support themselves financially, and that the predicaments faced by recipients and their causes differ, setting a uniform time limit for receiving CSSA may lead to practical difficulties in recipients' lives.

**Table 1 Numbers of unemployed or low-earning able-bodied CSSA recipients <sup>note</sup> aged 15 to 64 from 2021-22 to 2023-24**

	2021-22	2022-23	2023-24 (as at end September 2023)
Unemployed recipients	20 023	18 726	18 123
Low-earning recipients	3 753	3 318	3 084
<b>Total</b>	<b>23 776</b>	<b>22 044</b>	<b>21 207</b>

Note: ‘Unemployed’ CSSA recipients refer to those who are unemployed, employed with monthly earnings less than the ‘prescribed level’, or working less than 120 hours per month. ‘Low-earning’ CSSA recipients refer to those who are employed with monthly earnings not less than the ‘prescribed level’ and working not less than 120 hours per month. The ‘prescribed level’ for 2021-22 is \$2,455, and that for both 2022-23 and 2023-24 (as at end September 2023) is \$2,545.

**Table 2 Median durations of CSSA unemployed or low-earning cases <sup>note</sup> receiving CSSA from 2021-22 to 2023-24**

	Median durations of receiving CSSA (Years)		
	2021-22	2022-23	2023-24 (as at end September 2023)
<b>Case category</b>			
Low-earning	11.1	11.3	11.4
Unemployment	2.9	3.7	4.1

Note: Some of the recipients might have received CSSA in earlier years for other reasons (such as ill health or single parenthood), and have not been on CSSA all along due to unemployment or low-earnings.

## **LEGCO QUESTION NO. 10**

(Written Reply)

Asked by: Hon TANG Ka-piu

Date of meeting: 8 November 2023

Replied by: Secretary for Labour  
and Welfare

### Reply

President,

The Social Welfare Department (SWD), by adopting a “services-based” approach, provides subvention to non-governmental organisations (NGOs) operating welfare services for serving those in need. To cater for the ever-changing service demands of the society, the Government reviews publicly-funded services and projects from time to time, and provides different types of subsidy to NGOs. This facilitates NGOs to not only enhance and improve existing services, but also to develop innovative modes of welfare service provision, with a view to meeting the latest social development needs of the community and keeping abreast of the times. SWD implemented the Lump Sum Grant Subvention System (LSGSS) to allocate subventions to NGOs to operate welfare services as stipulated in the Funding and Service Agreements (FSAs). LSGSS seeks to focus on the effectiveness of service delivery and replace the previous subvention mode where allocations were approved on an item-by-item basis, with a view to allowing NGOs greater flexibility and higher efficiency in utilising subventions and providing appropriate welfare services.

My reply to Hon TANG’s question is as follows -

- (1) SWD requires all NGOs operating subvented welfare services to take all necessary measures to safeguard national security and comply with the National Security Law when operating and providing services. If NGOs engage in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security, SWD may

immediately terminate the FSAs signed with them. When appointing NGOs to operate welfare services, SWD will, depending on factors such as the service nature and the specific needs of service users, take into account the NGOs' relevant service experience as one of the assessment criteria. The applicants shall also specify in their proposals how they plan to implement the services specified by SWD and effectively carry out related work through their district networks.

- (2) At present, there are time-defined or non-time-defined FSAs. Prior to the implementation of the LSGSS, SWD signed non-time-defined FSAs with NGOs based on the previous subvention system. To ensure that subvented services align with the Government's policy objectives, SWD will specify the objectives, nature, content and target groups of the services in the FSAs, and all subvented service units must comply with the relevant requirements and standards prescribed by SWD, including essential service requirements, output/outcome standards and the service quality standards. SWD will conduct reviews for different services as necessary, and convert non-time-defined FSAs into time-defined FSAs following the reviews, so as to meet the ever-changing service needs and relevant requirements.
- (3) The Government published the "Review Report on Enhancement of Lump Sum Grant Subvention System" in July 2021 and put forward a number of recommendations of enhancement of LSGSS, including conducting systematic service reviews to keep pace with the changing needs of users of various types of welfare services, improving utilisation of reserves, human resource management, financial planning, and enhancing accountability and corporate governance of NGOs. Among all, the scope of service reviews includes reviewing the service targets, service nature and notional staffing establishment, etc., so as to timely respond to the service needs of users. SWD, in accordance with the relevant recommendations, is gradually reviewing different services, including residential child care services, sheltered workshops and integrated vocational rehabilitation services centres, integrated home care services (ordinary cases), district elderly community centres/ neighbourhood elderly centres, etc.

- (4) To fully demonstrate the Government's commitment to welfare services and facilitate the public in identifying subvented welfare services, SWD will require all subvented welfare service units to clearly indicate on their premises and promotional materials that the relevant welfare services are subvented by SWD. SWD will inform the sector of the detailed arrangements in due course.

## **LEGCO QUESTION NO. 11**

(Written Reply)

Asked by: Ir Hon Gary ZHANG

Date of meeting: 8 November 2023

Replied by: Secretary for Labour  
and Welfare

### Reply

President,

Having consulted the Census and Statistics Department (C&SD), the Health Bureau and the Education Bureau (EDB) on the Member's question, I set out below a consolidated reply :

- (1) The C&SD has updated the definitions for selected types of disability (including hearing difficulty) when conducting the survey on persons with disabilities and chronic diseases from August 2019 to December 2020 in relation to the latest international development in collecting statistical data on disability. This update was based on the recommended question sets developed by the United Nations Washington Group on Disability Statistics, which are based on the International Classification of Functioning, Disability and Health, and have been widely adopted internationally. Before adopting the updated definition in this round of the survey, C&SD had consulted stakeholders including relevant Government Bureaux/Departments (B/Ds), statutory bodies, academia and non-governmental organisations (NGOs). The responses were generally supportive.

In spite of the update in the statistical definition, in order to cater for the need of different statistical data users on disability statistics, C&SD continued to collect information on persons with disabilities under the original definition and released the survey results in "Special Topics Report No. 63". Data users can apply different sets of data depending on the situation. C&SD plans to continue to collect and disseminate



information on persons with disabilities under both definitions in future. Relevant B/Ds may take into account the survey results in the “Special Topics Report No. 63” as well as other factors such as the current service demand from persons with disabilities in their service planning.

- (2) The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net of last resort for people who cannot support themselves financially due to old age, ill-health, disability, single parenthood, unemployment, low-earnings or for other reasons to help them meet their basic needs. CSSA recipients with hearing impairment (HI) receive higher standard rates than able-bodied CSSA recipients, and are provided with a number of supplements and special grants to cater for their special needs.

In particular, CSSA recipients with HI may apply for a special grant from the Social Welfare Department (SWD) to cover the cost of hearing aids on an actual cost basis, subject to recommendations from recognised health professionals of the Hospital Authority (HA), Department of Health, SWD or NGOs subvented by SWD. SWD will process such applications based on the assessment and recommendations of recognised health professionals. There are no restrictions on the types of the hearing aids.

- (3) The Government does not maintain statistics on the number of sign language interpreters in Hong Kong. As regards the service quality of sign language interpreters, the Labour and Welfare Bureau in September 2015 included sign language in the domain of language courses under the Continuing Education Fund (CEF) and accepted applications from course providers for registration of their sign language courses as CEF courses. In addition, the Rehabilitation Advisory Committee and the Hong Kong Joint Council for People with Disabilities/Hong Kong Council of Social Service have established the “List of Sign Language Interpreters in Hong Kong” (the List) for voluntary registration since June 2016, which sets out the information of sign language interpreters (including professional qualifications, work experience and contact means) to facilitate organisations and the public to choose sign language interpretation services. It is expected

that the setting up of the List can help promote the learning and use of sign language, and will also be conducive to fostering the development of sign language interpretation as a profession in the long run.

- (4) The Government does not maintain statistics on the number of counseling professionals or psychologists who are able to provide services in sign language for persons with HI. The HA currently does not have guidelines for counseling professionals or psychologists on the provision of mental health services to persons with HI. Nevertheless, the multi-disciplinary psychiatric teams of HA, comprising doctors, nurses, clinical psychologists, occupational therapists, medical social workers, etc., have all along been providing holistic healthcare services for patients with mental health needs (including those with HI). Healthcare professionals will provide appropriate in-patient, out-patient, day rehabilitation training and community support services for patients according to their clinical condition and needs. In the course of medical treatment or consultation, the hospital or clinic concerned will arrange interpretation service (including sign language) to facilitate communication if required by patients or healthcare professionals.
- (5) For primary and secondary schools, the Government adopts a dual-track mode in the implementation of special education. The EDB will, subject to the assessment and recommendation of specialists and with parents' consent, refer students with more severe HI or those students with HI who cannot construct knowledge because of inadequate speech abilities (i.e. those students who may need to use sign language in communication and learning) to the School for Children with Hearing Impairment (the School) to receive intensive support services. Other students with HI will attend ordinary schools for integrated education.

With the support of EDB, the School has all along been implementing various projects of Sign-assisted Instruction, including the Development of New Vocabulary of Sign Language for New Senior Secondary Curriculum Programme and the Removing Communication Barriers in Sign Language and Oral Language Holistic Support for Students with Hearing Impairment Programme, to continuously

integrate and develop new sign vocabularies needed in teaching for teachers. The School has also compiled a visual sign language dictionary that contains daily and subject-based sign vocabularies for public use. In addition, the School has set up a Sign Language Teaching Resources Centre to provide consultation services for students, parents and teachers in need.

As regards public sector ordinary primary and secondary schools, EDB has all along been providing additional resources to support students with special educational needs (SEN), including students with HI. If schools consider it more appropriate to adopt sign language or combine the use of sign language to assist students in learning, schools may deploy the additional resources, such as the Learning Support Grant, holistically and flexibly to employ teachers or teaching assistants who know sign language, or hire professional services including sign interpretation service to cater for the needs of the students with HI.

For the University Grants Committee (UGC)-funded universities, they may, under the principle of institutional autonomy, flexibly deploy their recurrent subventions allocated in the form of a block grant by the Government for various purposes, including the allocation of resources to support students with HI. In addition, the UGC allocates additional resources to the eight UGC-funded universities in the 2022-2025 triennium by providing an additional special funding of \$67.5 million for the Special Grant to Enhance the Support for Students with Special Educational Needs, which seeks to enable the universities to enhance the teaching and learning experience of students with SEN, strengthen staff training and promote campus integration. All students with HI are among the beneficiary groups. Based on the data provided by the universities, the numbers of students with HI enrolled in UGC-funded programmes in the past five years (2018/19 to 2022/23 academic years) are 98, 104, 89, 98 and 98 respectively.

**Legislative Council Question No. 12**  
(Written Reply)

Asked by: Hon CHAN Yung

Date of Sitting: 8 November 2023

Replied by: Secretary for Transport and  
Logistics

Reply:

President,

The Government launched the “Universal Accessibility” (UA) Programme in August 2012 to proactively provide more barrier-free access facilities (i.e. lifts and ramps) at existing walkways such as footbridges or subways that could meet the criteria of the UA Programme, with a view to facilitating access by the public in need. My reply to the various parts of the question raised by the Hon Chan is as follows:

- (1) In taking forward the projects under the UA Programme, we will engage consultants to carry out the investigation, design and supervision of construction works, etc. The design of lift retrofitting works has to take into account the actual environment and constraints of individual sites, as well as the future operation and maintenance arrangements, and be cost-effective. During the design stage of each lift retrofitting project, we will consult the public and relevant stakeholders, including District Councils, nearby residents and representatives of non-governmental organisations (including those related to the welfare of persons with disabilities) on the preliminary design of the lifts in order to meet the needs of users as far as possible. In addition, we will also consult the Advisory Committee on the Appearance of Bridges and Associated Structures (ACABAS), which comprises representatives from various professional bodies and the department of architecture and design of tertiary institutions, on the design of the lifts. The ACABAS will scrutinise and provide comments on the design of the lifts from the aesthetic visual and greening perspectives. In the past, when implementing projects under the UA Programme, the Highways Department (HyD) had, in response to the comments of the ACABAS, revised the design of the lifts. For example, appropriate colour for the lift tower and its link bridge, and a slimmer structure for the link bridge, etc. were adopted with a view to making the lift(s) compatible with the neighbouring environment and striking a balance between aesthetics and the community’s needs.

- (2) According to the works contracts awarded in the past, the average project cost of retrofitting a lift at an existing walkway is about \$16 million. Apart from the construction cost, it also includes the costs of feasibility study, project investigation, design and supervision, etc. Other projects may require the construction of more than one lift and the demolition of the associated ramps, depending on the actual conditions of the pedestrian walkway concerned. Some projects may involve more complicated geotechnical conditions and traffic diversion arrangements and need to deal with congested underground utilities, which may affect the design, thereby resulting in higher costs. In order to ensure that the block allocation of the UA Programme can meet the funding needs of most projects (including individual projects that are more complicated or involve retrofitting more than one lift), we set the financial cap for each project at \$75 million.

The construction industry in the Mainland and Hong Kong has its own unique characteristics, as illustrated by differences in labour costs, design standards and statutory requirements, etc. Therefore, it is not appropriate to make a direct comparison of the construction costs between the two places. The design of each lift retrofitting project under the UA Programme adopts the “no-frills” principle and will be procured in accordance with the established procedures for Government’s public works projects. The tendering procedures of each works contract are open to qualified contractors for open tendering, and the most competitive tender bid will be selected to maximise the cost-effectiveness of the works.

- (3) In designing the lifts, we take into account the comfort of the users and at the same time comply with the Government’s policies on environmental protection, energy conservation and carbon emission reduction. The external walls of the lift towers are mostly made of concrete walls or steel structures in appropriate proportion. Considering the need for security management inside the lift and to minimise the visual impact, an appropriate amount of transparent glass will be installed for the lift towers and the lift cars, along with the adoption of glass materials that can block solar heat, thereby reducing the temperature inside the lift shafts. At the same time, we are also conducting tests on a number of materials and devices, such as nano-self-cleaning coatings and nano fiber filters, to reduce the accumulation of dust and dirt. We will continue to evaluate and test the effectiveness of the above materials and devices for adoption in lifts when appropriate.

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### **LEGCO QUESTION NO. 13**

(Written Reply)

Asked by: Hon Andrew LAM

Date of meeting: 8 November 2023

Replied by: Secretary for Housing

#### **Reply**

President,

Regarding the question raised by Hon Andrew LAM on the budget of public housing expenditure for the Hong Kong Housing Authority (HA), my reply is as follows:

- (1) Information on the average (i) maintenance cost, (ii) management cost, and (iii) construction cost per public rental housing (PRH) unit of HA from 2018/19 to 2022/23 is set out in the tables below:

- (i) Annual average maintenance cost per PRH unit (comprises costs of relevant maintenance works incurred at estate level)

Financial Year	(\$)
2018/19	4,496
2019/20	4,751
2020/21	4,980
2021/22	5,120
2022/23	5,380

- (ii) Annual average direct management cost per PRH unit (comprises recurrent expenditure for property management incurred at estate level)

Financial Year	(\$)
2018/19	5,880
2019/20	6,108
2020/21	6,480
2021/22	6,770
2022/23	6,980

(iii) Average construction cost per PRH flat

From 2017/18 to 2021/22, the average construction cost per flat <sup>Note1</sup> of PRH / Green Form Subsidised Home Ownership Scheme (GSH) based on the costs of building tenders approved by HA is set out below:

Financial Year	(\$'000)
2017/18	800
2018/19	660
2019/20	610
2020/21	650
2021/22	760

- (2) There is no data under HA for projecting average construction and operating expenditure per PRH unit for the next three years. However, based on the budget and financial forecast released by HA in January this year, it is assumed that in the next three years (i.e. 2023/24 to 2025/26), the construction expenditure and PRH operating expenditure during the period will increase annually by approximately 7% and 4% respectively.
- (3) To meet the public housing supply target, HA envisages that construction expenditure will likely continue to increase. As such, HA will remain vigilant in exercising prudent financial control, and will conduct annual rolling of the five-year budgeting exercise and assess the relevant expenditure budget.

For estate management, HA has all along been adopting the principle of prudent financial management and cost control during the preparation of financial budget. HA also conducts review on the repair and maintenance contracts and management services contracts of estates from time to time, with a view to keeping the expenditures within the financial budget. In addition, HA has been implementing a series of measures in public housing estates to savecost, such as installing energy-saving lighting fixtures in the corridors of residential buildings, implementing lift modernisation scheme for aging lifts, etc. HA will also adopt innovative technologies such as the Internet of Things sensors, Artificial Intelligence and mobile devices to help daily estate management.

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Note1 The average construction cost per PRH/GSH flat is calculated based on the costs of building tenders of projects approved by HA in the preceding financial year. As the number of building tenders approved by HA and other factors such as scale and design of the projects, as well as market conditions are not the same in each financial year, the average construction cost for each financial year varies.

HA has all along been adhering to the design principle of “functional and cost effective” and adopting “Modular Flat Design” to maximise the development potential of the land and achieve economic efficiency. HA will continue to closely monitor the tender price movements, and follow the established mechanism in approving project budgets for implementing public housing development programmes. In addition, HA will continue to apply innovative construction technologies, including the adoption of “Modular Integrated Construction” (MiC) approach, “Design for Manufacture and Assembly” (DfMA), “MultiTrade Integrated Mechanical, Electrical and Plumbing” (MiMEP), etc. to enhance productivity and shorten construction time. With such technologies becoming more popular and mature, it will help decrease the construction cost in the long run.

- END -



**LEGCO QUESTION NO. 14**  
(Written Reply)

Asked by Hon Lillian KWOK

Date of meeting : 8 November 2023

Replied by : Secretary for Home and Youth Affairs

Reply

President,

Under the Funding Scheme for Youth Exchange in the Mainland (FSYEM), the Home and Youth Affairs Bureau (HYAB) and the Youth Development Commission (YDC) provide funding for non-governmental organisations (NGOs) to organise youth exchange projects in the Mainland for Hong Kong young people to enhance their awareness and understanding of our country's development and strengthen their sense of national identity through fostering exchange with the Mainland people. Our reply to the Hon Lillian Kwok's questions is as follows:

Information of the funded NGOs and approved funding amount under the FSYEM from 2018-19 to 2019-20 are set out in Annex. The FSYEM was suspended from 2021-22 to 2022-23 due to the pandemic, but it has been resumed earlier this year.

The HYAB has been evaluating the effectiveness of the FSYEM in every financial year. Upon completion of an exchange project, participants are invited to fill in evaluation questionnaires from which we can understand their views on the project for monitoring its effectiveness and quality. This will also form part of the track record when we assess future applications submitted by the same organisation. Based on the feedback collected from participants in the previous round of the FSYEM, over 90% of the respondents considered the FSYEM beneficial in deepening their understanding of the Mainland.

In addition, we appointed an independent third-party organisation earlier on to conduct a research study on the FSYEM and the Funding Scheme for Youth Internship in the Mainland to gauge views from participants of the schemes and other stakeholders by way of focus group discussions with a view to further

enhancing the schemes. The study report revealed that the exchange/internship projects under the funding schemes were deemed effective by participants, organisers and employers. Over 90% of the participants agreed that the two schemes achieved the intended outcomes and considered the completed exchange/internship projects fruitful, especially in areas such as understanding the local culture and development opportunities, boosting one's employment advantage and promoting personal development. We will continue to enhance the breadth and depth of the Mainland exchange programmes to further enhance Hong Kong youth's understanding of our country.

The HYAB would review the operation of the FSYEM from time to time and introduce enhancement measures when necessary. For example, we made a number of adjustments to the FSYEM in 2019-20, which included relaxing the eligibility requirements of participants from aged 12 to 29 to 12 to 35 to cover young people of different age groups and development stages; and providing funded support staff in order to strengthen immediate support to the exchange activities in the Mainland, etc.

We are now finalising the details of the FSYEM in 2024-25, among which we would consider a number of enhancement measures, e.g. expanding the eligibility requirements of participants to provide NGOs with more flexibility in recruitment, increasing the number of funded support staff to strengthen the support for younger participants, etc. We will announce the details when the scheme opens for applications.

-End-

**Projects approved under  
the Funding Scheme for Youth Exchange in the Mainland in 2018-19**

Note: For the names of organisations and projects, only Chinese is available.

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
1	大教育平台	大豆的回家之路	129,200
2	萬德學會有限公司	青少年領袖交流服務計劃	162,800
3	順德聯誼總會譚伯羽中學法團校董會	「香港與順德(兩地) 高考制度之對比」(雙向交流計劃)	74,680
4	香港明愛	攜手共創新天地 — 內地農村服務體驗計劃暨青年分享晚會	75,368
5	培僑書院法團校董會	生活體驗營	464,200
6	培苗行動有限公司	十二道「甘」味	91,500
7	香港STEM培育協會	探古訪今— 南京合肥交流考察之旅	263,865
8	寰宇希望	「相遇、相知」香港甘肅青年交流 團	197,775
9	中港專業人才協會	明日領袖訓練	59,520
10	永恒教育基金有限公司	在決勝全面建成小康社會— 深港青少年志願工作者雙向交流考察之旅	146,800
11	青年民建聯	青民探索東北交流團	167,300
12	非常遊學教育基金會有限公司	香港非華語學生內地大學體驗團	293,700
13	天主教崇德英文書院法團校董會	2018夏內蒙古歷史、生態、現況遊學團	163,350
14	香港菁英會	韶關菁英義教交流團2019	93,360
15	香港教育工作者聯會教育機構有限公司	港鄂兩地歷史文化探索活動	420,700
16	東華三院	「湘」愛是無界限 — 湖南義教體驗團	94,900
17	九龍西潮人聯會	「不忘初心 情繫祖國」北京內蒙環保歷史文化交流團	358,300
18	香港志願者協會	義動神州2018	182,380
19	香港STEM培育協會	長江三角洲經濟區科技文化考察之旅	223,865
20	鄰舍輔導會	像風箏尋一個夢 — 青少年四川背包交流計劃	124,100
21	民眾安全服務隊	「粵港澳大灣區：文化及自然研習交流計劃2018」	404,475
22	香港青少年軍總會	香港青少年軍四川軍事及文化體驗遊	86,050
23	大嶼山區少年警訊	認識長江三角州地區— 寧滬之旅	104,950
24	青年會書院法團校董會	1.「青年尋球夢系列：山東·香港一帶一路發展及體育文化探索之旅」	506,132

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
		2.「青年尋球夢系列：內蒙古·香港一帶一路發展及體育文化探索之旅」 3.「一帶一路·烏魯木齊絲綢之路文化交流之旅」 4.「一帶一路·西安·敦煌·酒泉古絲路文化交流之旅」	
25	蓬瀛仙館	同行絲路·西安足跡	111,240
26	國際婦女會	尋根之旅－雲南麗江文化體驗營	224,050
27	香港海事青年團	「百年新中國」探索嶺南文化與科技發展之旅	680,000
28	香港大學學生會中國教育小組	冬季考察團2018	172,280
29	中港專業人才協會	跨領域學科	294,950
30	肇慶雲浮各邑同鄉總會有限公司	青年同心圓－尋找家鄉的故事 2018	207,900
31	香港中文大學	絲綢之路西北文化考察交流團	157,880
32	數碼之瞳	媒體新世紀2018上神州－北京、天津站：文化探索	122,350
33	香港教育協會	2018走過內蒙大地·草原非一般生活體驗交流團	467,880
34	聖公會白約翰會督中學法團校董會	走在「一帶一路」的起點－河西四郡歷史文化考察團	180,600
35	荃灣青年會	青年義工內地義教團－「希望小老師」	92,940
36	新家園協會有限公司	2018「四海一家·絲路長安」	680,000
37	新青匯有限公司	2018「四海一家·陝港同行」	680,000
38	香港STEM培育協會	西部能源生態探索之旅@新疆	259,865
39	東九龍青年社有限公司	「從心感受·農村孩子」廣西義教團 2019	131,894
40	明匯智庫	大灣區共同家園 系列活動－青年創業考察 2018：深圳、廣州、珠海	272,850
41	香港青賢智匯	京港青年明日外交官培訓計劃 2018	251,600
42	香港青賢智匯	改革開放40年－中國近代史與文化探索之旅	248,100
43	香港青年協進會	「民族融和」哈爾濱文化考察團	208,880
44	香港遊樂場協會	甘肅敦煌－絲路與沙漠文化體驗之旅	222,625
45	海童會有限公司	海童會羅定雲浮之旅	66,100
46	九龍地域傑出學生聯會有限公司	「湖南地質與環境保育考察團」	151,430
47	香港青年協進會有限公司、九龍地域校長聯會	「青年匯聚」2018	645,750
48	兩岸三地青少年交流促進會	粵港澳大灣區青年交流周－青年成就夢想	140,580
49	科普教育基金有限公司	廈門科普文化交流之旅	157,960
50	未來之星同學會	2018「未來之星·香港傳媒專業大學生國情課程班－互聯網＋主題團」	240,000

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51	東方明珠協會	感懷老北京・香港大學生北京交流計劃	330,000
52	龍騰舞蹈藝術中心有限公司	京港舞蹈藝術文化交流計劃2018	593,875
53	香港學生服務聯會	回到過去－西安之旅	339,000
54	香港學生服務聯會	走進江南另一面	339,000
55	香港金融專業人士協會	律・政新勢力 香港學生北京交流計劃2018	340,000
56	香港社區友好聯會	「杭情・詩潮」香港學生藝術文化交流計劃2018	329,000
57	港澳非物質文化遺產發展研究會有限公司	傳統與現代視角－北京文化產業考察團	606,500
58	香港聖公會福利協會有限公司	「愛・動樂」足球體驗交流計劃	94,900
59	香港青年協進會	「藍天・綠草」內蒙古文化考察團	208,565
60	香港遊樂場協會	青藏高原－民族文化考察之旅	255,625
61	香港聖公會福利協會有限公司	連青・共賞・中國情	62,740
62	新界青年聯會、新界青聯發展基金會有限公司、香港傑出學生會	傑出學生大灣區學習之旅2018	100,950
63	新界青年聯會	「演藝之路」－浙江學習之旅	130,250
64	新界青年聯會	香江之曦－「徽文化」交流體驗計劃	148,500
65	香港中文大學新聞與傳播學院	中國新媒體產業發展交流考察團	135,350
66	屯門婦聯	壯志凌雲・青年尋夢高鐵廣西行	149,050
67	香港國民教育促進會	香港青少年紅色之旅福建行2018	565,125
68	香港國民教育促進會	香港青少年紅色之旅江西行2019	454,875
69	兩岸三地青少年交流促進會	絲綢之路歷史文化考察團之訪尋甘肅	137,810
70	兩岸青年交流協會	城市合作概念－京津冀一體化研習之旅	372,000
71	葵青青年團	探尋京城奧祕	188,050
72	粵港經貿合作聯會	創新自貿區・融通大灣區－香港學生內地交流團計劃2018	287,250
73	湛港青年交流促進會有限公司	一地兩檢高鐵藝術交流活動	97,400
74	香港小童群益會	快樂生命交流之旅2018	59,760
75	香港基督教青年會	點滴成川服務交流團2018	71,350
76	香港青年學生聯合會	深度認識上海X杭州－香港大學生內地交流計劃2019	339,000
77	香港青年學生聯合會	同心萬里－香港大學生內地交流計劃2018	339,000
78	香港創業創新協會	創意滬港・上海創意經濟發展交流團 2018	551,400
79	香港童軍總會	「紅心童行」－義遊韶關交流服務之旅	78,200
80	香港工商專業協會	共創未來－2018北京交流團	317,000

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81	香港沃土發展社	貧山「友」「喜」： 2018年暑期湖南湘西農村服務交流團	204,000
82	香港行政學院	創新科技與經濟發展探索－大灣區香港大學生內地交流計劃	296,000
83	香港青年培育協會	香港青年山東經濟文化交流考察團	225,168
84	九龍青年友好協會	商約大灣區－廣東2018 內地文化交流團	248,767
85	香港學生輔導協會	重心啟程2018 香港重慶兩地雙向交流活動	565,375
86	啓創(香港)社會服務網絡有限公司	舊城新塑LEGO創變社區	87,200
87	香港專上學生服務協會有限公司	乘夢而飛・北京航天科技文化探索計劃2018	360,834
88	皖港青年交流促進聯會	徽風皖韻・科教興國－香港大學生內地交流計劃・安徽2018	354,000
89	中國商略聯合會	京港創業交流計劃2018	382,875
90	未來之星同學會	2018未來之星－中國國情教育課程班	240,000
91	願景基金會	第一屆「五邑人文僑鄉遊蹤」－中港青年學子江門生活文化交流團	134,287
92	香港青年協會	迎挑戰・上武當2019	246,600
93	新一代菁英協會	江南麗地・南京經濟與文化交流團2018	339,000
94	腦之家有限公司	2018年湖南愛心雙向交流團	115,118
95	香港基督教女青年會	「滬港」融義－兩地青年交流體驗計劃2018	85,800
96	香港可持續發展教育學院有限公司	「穿越百年，觸摸歷史」歷史溯源文化交流營	210,200
97	展能協會	2018「全方位『心』度行」	596,044
98	香港童軍總會	走進一帶一路探索之旅－絲綢之路	107,570
99	好人好事協會	2018湘港兩地情(湖南大學)	617,112
100	香港迷彩青年會	浙江・文化交流之旅2018	188,901
101	香港亞洲青年協會	香港青年2018「活力昆明行」體育文化交流活動	101,450
102	啓創(香港)社會服務網絡有限公司	創新創想發現智慧生活	87,200
103	正能量協會	賀州文化支教交流團2018	338,200
104	正能量協會	2019「全心存意廣西行」	340,900
105	和風力量	「滬江之風・上海」香港學生經濟文化考察計劃2018	415,000
106	腦之家有限公司	2018年廣西愛心雙向交流團	131,070
107	香港大學生聯誼會	「非常粵港澳・全賴友你」香港大學生2018暑期考察計劃	239,400
108	香港青年培育協會	香港青年東北歷史文化交流考察團	245,393
109	香港和諧協會	躍動我心 中港青年雙向交流計劃 2018	556,400
110	同心協會	樂得思蜀－香港學生四川文化社會體驗團	343,000

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111	永恒教育基金有限公司	在決勝全面建成小康社會－杭港青少年工作雙向交流之旅	189,750
112	愛德基金會(香港)	「同燃童心」2018 －黔港青年關愛泰州孤兒夏令營	142,730
113	未來之星同學會	未來之星同學會 2018「未來之星・從香港出發－成都之行」	240,000
114	東華三院屯門綜合服務中心、中國香港正向青少年及家庭發展協會有限公司	非一般的體驗－四川義工服務及生活體驗	177,330
115	香港迷彩青年會	湖北・文化交流之旅2018	189,681
116	香港青暉社發展有限公司	彩雲之南－雲南文化考察之旅	98,750
117	海上絲綢之路協會	「一帶一路」大運河文化探索之旅	204,000
118	騁志發展基金有限公司	共融號－中港(杭州、珠海)文化交流之旅	200,050
119	中港文化交流促進會有限公司	中港(寧夏、湖北)文化交流之旅	362,495
120	香港江蘇青年總會有限公司	「錦繡江蘇」香港青年江蘇暑期夏令營	194,100
121	香港警務處少年警訊	水警海港區少年警訊－2018 酒泉、敦煌6天歷史及航天考察團	95,750
122	中國香港跳繩體育聯會	繩躍「西安」跳繩體育文化交流團	119,000
123	香港青年學院	「跳出香港・追蹤草原」內蒙古經濟文化交流團	148,400
124	和富領袖網絡	親親國寶・情繫四川：大熊貓義工、映秀地震遺址學習之旅2019	152,500
125	黃埔軍校慈善有限公司	珠三角經濟考察及教育行	118,700
126	香港女童軍總會	情繫嶺南・探索貴州－走向文化與科技發展之路	680,000
127	和富社會企業	「走進首都－北京國情考察團 2018」	208,900
128	香港國際交流基金會有限公司	「龍情壯志・天下武功出少林－中原古都文化探索2」	231,900
129	亞太創建機遇委員會、費格中國教育交流協會	京港青年啟導課程2018 雙向交流計劃	506,240
130	青年會專業書院	「走進貴州－貴港兩地學生雙向交流之旅2018-19」	182,050
131	香港電腦教育學會	2018年全國青少年資訊學奧林匹克競賽考察團	42,950
132	九龍社團聯會	中華大地・走進雲南 探索多彩民族之旅	249,480
133	浸信會愛群社會服務處	內地交流計劃－尋農記2019	88,650
134	亞太創建機遇委員會	北京內蒙古可持續發展考察團 2018	449,640
135	青年議會	天津、北京「創新科技」青年交流團	136,010
136	經民聯社會服務隊	「見・聞」改革開放40年－深圳、杭州、紹興青年交流團	140,250
137	九龍社團聯會青年義工團	四川深度行・歷史文化探索之旅	158,850

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138	國民教育學會	廣西賀州 — 瀟賀古道與一帶一路歷史文化雙向交流	439,300
139	網上青年協會	2018省港青少年足球交流計劃	177,100
140	中港教育專業服務有限公司	民族融合之旅(西藏)	172,915
141	青年新世界	廣西逆流挑戰2018	128,000
142	大公之友	2018年范長江行動— 內蒙古行	340,730
143	基督青年行有限公司	探知中華文化的融合能力： 蒙古行	110,200
144	中港教育專業服務有限公司	大灣展新顏	189,300
145	奧林匹克教育協會	科學結情緣— 京港同行	233,200
146	香港青年大專學生協會有限公司	西遊記— 新疆文化經濟探索之旅	214,170
147	奧林匹克教育協會	大學生研學服務之旅	211,020
148	龍傳基金、香港青年協會青年交流部	粵港澳大灣區— 創新科技考察團 (農業及商業)	71,140
149	教育學院畢業同學會	攜手服務、義教結緣	109,090
150	香港青年協會	粵港澳大灣區— 中國飲食文化考察交流計劃	71,850
151	九龍青年友好協會	閱古識今— 西安 2018內地文化交流團	385,616
152	願景基金會	第二屆「武地 漢情 港青 楚情」— 中港青年學子楚地文化交流團	116,800
153	香港拓展生活協會	新「思」路文化民族交流考察之旅	260,360
154	中華教育文化交流基金會有限公司	「一帶一路 同心同行 青年築夢」桂港交流團	224,360
155	薈志動力協會	延安西安歷史考察團	253,050
156	明愛專上學院	鄭州、洛陽考察交流團	100,200
157	香港青少年輔導協會	香港佛山兩地青年義工領袖培訓及實踐計劃	94,880
158	永恒教育基金有限公司	在決勝全面建成小康社會— 桂港青少年志願工作者雙向交流考察之旅	283,250
159	好人好事協會	2018湘港兩地情 (湖南師範大學)	333,737
160	香港迷彩青年會	內蒙· 草原文化考察之旅2018	278,901
161	聚賢薈	「一帶一路· 跨越古今」內蒙古考察交流團2018	165,900
162	中港教育專業服務有限公司	民族融合之旅(內蒙)	134,160
163	中國21世紀友好協進會	粵港澳大灣區青少年文化交流團	131,000
164	奧林匹克教育協會	惠州 — 青少年國防教育體驗營	506,870
165	基督青年行有限公司	探知中華文化的融合能力： 山東行	127,500
166	香港生涯規劃協會有限公司	2018津港青年創新創業交流團	448,850
167	香港生涯規劃協會有限公司	「放眼世界」浙港青年交流計劃 2018	488,560
168	香港青年領袖學院／ 費格中國教育交協會	神州· 新影— 微電影拍攝分享計劃 2018	508,310
169	香港童軍總會	川港夢飛行— 義務工作及青年交流2018	233,500



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170	展能協會	2018「邕、港交流之旅」	339,170
171	香港創業創新協會	京心動魄 中國電影藝術交流團 2018	419,000
172	四川之友協會(香港)	港川青年學生互動交流計劃	615,925
173	香港大專學壇	清華大學明日領袖培訓計劃2018	451,340
174	香港新一代文化協會	香港青年浙江雙創考察團2018	257,533
175	香港迷彩青年會	迷彩軍事體驗2018	98,651
176	香港新一代文化協會	通識教育大課堂 — 湖北考察團	262,290
177	香港演藝學院	演藝夏令營	153,000
178	中國民族民間文化藝術交流協會(香港)有限公司	香港青少年民族文化研習交流計劃	384,590
179	GAPSK語文推廣委員會	香港青年北京歷史文化探索之旅	296,120
180	香港宣教會社會服務處有限公司	「一帶一路」內蒙古青年交流團	133,400
181	香港女童軍總會	香港女童軍「蜀文化與科技探索之旅」	274,800
182	黃埔軍校慈善有限公司	青少年軍事文化體驗營	653,000
183	啓創(香港)社會服務網絡有限公司	粵韻說唱青年文化匯	93,800
184	香港學生輔導協會	風雲之志2018 北京環保科技考察交流活動	430,450
185	正能量協會	2018「桂港兩地情」	340,900
186	少年警訊	少年警訊內地文化交流之旅2018	330,000
187	樂群社會服務處、中國香港正向青少年及家庭發展協會有限公司	感受古都多彩文化— 北京服務及文化藝術體驗學習	291,035
188	中國香港正向青少年及家庭發展協會有限公司	四川依然美麗	615,740
189	永恒教育基金有限公司	在決勝全面建成小康社會— 莞港青少年志願工作者雙向交流之旅	146,800
190	屯門青年協會	「跨越香江 擁抱『湘』『桂』」文化交流之旅	115,380
191	香港青年培育協會	「龍」·「吉」歷史經濟交流考察團	245,168
192	香港和諧協會	紅動我心 香港青年內地交流計劃 2018	424,000
193	蒲公英計劃	貴州暑期義教團廣西冬季義教團	224,825
194	九龍社團聯會觀塘地區委員會	「一帶一路」漫遊西安歷史文化交流團	186,330
195	張學良基金會	中國當代歷史之旅	299,900
196	泛亞教育交流中心	上海蘇州經濟文化考察交流團	98,500
197	香港拓展生活協會	行一帶·看一路·體驗現代新疆	260,360
198	香港拓展生活協會	「原」是相「同」·龍的傳人山西交流考察團	224,360
199	香港青年協會	一帶一路一友情 — 東北考察交流計劃	165,880
200	雁心會樂幼基金有限公司	湘港青少年文化交流活動	56,250

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
201	亞太科技及創客教育研究會有限公司	香港教育界STEM教育赴汕頭交流訪問團	119,350
202	香港專業進修學校	「雲與青峰－雲南義工服務及民族體驗雙向交流計劃2018-19」	215,990
203	惠州新動力有限公司	同伴樂行－香港青年天津交流團 2019	116,480
204	九龍西區各界協會	九龍西學界滬港交流(雙向)夏令營 2018	680,000
205	政賢力量、香港新一代文化協會	南京大學－香港學生領袖培訓計劃2018	416,660
206	未來之星同學會	「未來之星·從香港出發－冬聚吉林」	215,000
207	香港國際交流基金會有限公司	「龍情壯志·老山服務行」滇港青少年雙向文化交流團	116,000
208	香港國際交流基金會有限公司	創新明天－飛躍少年夢「粵深港青少年科技創意與實踐雙向交流團」	256,500
209	香港國際交流基金會有限公司	「能」創未來－粵港青少年科技考察雙向交流團	273,550
210	何鴻燊航天科技人才培訓基金會	「夢想航天 情繫中華－2018年航天科技夏令營」	105,080
211	國際教育(香港)交流協會	「推動創新發展－領略南粵文化雙向交流」	435,980
212	范長江行動同學會	2018年范長江行動－甘肅行	349,620
213	惠港青年交流促進會有限公司	大灣區「創新·科技」惠港兩地交流之旅	78,070
214	香港青暉社發展有限公司	君主的聖地－鄂爾多斯	107,750
215	香港新一代之友	我的祖國－京港澳學生交流營 2018	575,370
216	國民教育學會	一帶一路的節點－泉州廈門歷史文化雙向交流	439,300
217	九龍社團聯會	海派文化·上海·音樂藝術交流	199,070
218	香港青聯學生交流網絡有限公司	香港青聯學生交流網絡－湖北武漢考察團	97,200
219	香港青聯學生交流網絡有限公司	香港青聯學生交流網絡－大灣區考察團	64,100
220	九龍地域傑出學生聯會有限公司	「古城風光－滬、寧、蘇、杭文化轉型之旅」	182,600
221	新青年論壇	龍願2018青年交流計劃	550,700
222	學友社	青年國情體驗計劃2018 福建考察之旅	125,220
223	竹韻小集有限公司	廣府音樂文化考察團	48,260
224	國際教育(香港)交流協會	「共創共享新時代－傳承嶺南文化雙向交流」	577,660
225	車路士基金(香港)有限公司	「尋覓山東，以球連繫」－2018年車路士山東足球之旅	303,250
226	包達三基金會有限公司	2018共創未來香港青年內地交流計劃－浙江篇	444,950
227	包達三基金會有限公司	2018共創未來香港青年內地交流計劃－上海篇	444,950

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
228	青年新世界	雲南逆流挑戰2018	187,000
229	青年新世界	青年新體驗－內地大學體驗交流計劃2018	197,000
230	大公之友	2018年范長江行動－黑龍江行	321,730
231	香港島青年聯誼會	育苗－香港大學生內地義工計劃 2018	419,000
232	香港島青年聯誼會	跨越新境界香港大學生內地雙向交流計劃2018	420,750
233	腦之家有限公司	2018年湖南愛心聖誕交流團	63,120
234	和風力量	「大灣之風·廣東」香港學生經濟文化考察計劃 2018	188,100
235	香港基督教女青年會	「愛·長傳」四川服務體驗計劃 2018	159,500
236	香港文化藝術發展中心	故宮探秘－香港學生歷史文化交流計劃	356,000
237	香港文化藝術發展中心	京港藝術青年創意雙向交流計劃	578,500
238	青年新世界	四川逆流挑戰2018	141,000
239	清港青年交流促進會	「牽動人心，放眼世界」清遠文化交流之旅2018	245,070
240	香港各區專上學生同盟	「校園時代x 大學新手訓練營」兩地準大學生交流計劃	605,700
241	粵港青年交流促進會	「走進世界屋脊」 －西藏民族文化探索之旅2018	176,390
242	香港青年交流促進聯會	「愛我中華」兩岸四地青年大匯聚火車團－貴州科技文化之旅	665,100
243	香港學生活動基金會	「高校科學營 2018」優秀高中生獎勵計劃－大連營	424,950
244	藝文創薈文化協會	雲南少數民族文化考察計劃	606,375
245	良友文化基金會	2018江南古典文化藝術研習營	264,050
246	天主教鳴遠中學法團校董會	「匠心獨運，共展潛能－鳴遠·上海藝術參訪團」	73,090
247	童履	愛·與你同行·童履貴州山區義教 2018	151,850
248	香港學生活動委員會	香港學生領袖高階培訓計劃：北京、寧夏之旅－國策與民主	446,150
249	香港青少年發展聯會	「義遊賀州」交流服務團	139,285
250	粵港青年交流促進會有限公司	「創路學堂」青年公益事業考察團	159,300
251	粵港青年交流促進會有限公司	「高飛遠翔」粵港青年明日領袖培訓計劃2018	132,800
252	香港學生活動委員會	2018青少年高校科學營－北京	234,550
253	香港青年大專學生協會有限公司	西遊記－絲路文化深度遊(西安·張掖·嘉峪關·敦煌·蘭州)	208,170
254	中港教育專業服務有限公司	香港、北京、杭州三地幼師交流團	426,180
255	香港教育協會	2018中國東北－鞍山及丹東－非一般的鋼都及東北經濟重心地的生活、經濟及文化體驗交流團	193,260

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
256	天主教鳴遠中學法團校董會	「凝心凝愛共放『義』彩」－中港兩地服務學習交流活動	91,090
257	香港學生活動基金會	「高校科學營 2018」優秀高中生獎勵計劃－上海營	424,950
258	香港大專院校文化促進會	探索中華系列「揚帆絲路 周遊青島－青島海洋文化考察團」	113,900
259	天主教鳴遠中學法團校董會	借古鑑今·圓夢中華 「一帶一路」黑龍江陸海絲綢之路經濟帶六天考察團	96,000
260	香港大專院校文化促進會	遊一帶，看一路－甘肅省敦煌、蘭州歷史文化體驗之旅	124,400
261	香港大專院校文化促進會	探索中華系列「草原瑰寶－內蒙古生態歷史資源交流之旅」	143,650
262	香港青年動力協會	重慶深度行－歷史文化及交流體驗之旅	126,475
263	中國商略聯合會	京港菁英培訓－高校文化考察計劃2018	593,875
264	皖港青年交流促進聯會	水煮三國·管理學－香港大學生內地(雙向)交流計劃·安徽2018	324,000
265	香港城市大學中國企業管理專業校友會	山東傳統文化與創新產業考察計劃	644,125
266	香港青年動力協會	湖南歷史文化及社區體驗之旅	112,875
267	明愛專上學院及四川之友協會(香港)	「找同異 尋機會 求發展」港川學子互動課程學習計劃	358,175
268	香港童軍總會	探古知新湖北高鐵行	215,600
269	香港梅州社團總會	尋找家鄉的故事	178,600
270	百仁基金有限公司	百仁基金暑期交流計劃2018	151,950
271	九龍東潮人聯會	尋找家鄉的故事	636,770
272	香港紅十字會	共同的世界 青年在行動－紅孩兒青海考察團	142,575
273	香港亞洲青年協會	國家柔道隊、香港人在北京訪問交流團	112,660
274	香港亞洲青年協會	廣州、江門交流團	89,629
275	香港河源社團總會有限公司	飲水思源－河源客家文化交流團	133,000
276	井岡山教育基金	薪火相傳，弘揚中華文明2018 香港大學生「絢麗雲南，民族和諧」遊學團	220,888
277	香港棒球總會	「夢想·棒球」交流團	99,000
278	東華三院陳兆民中學法團校董會	內蒙古交流團	142,000
279	國際青年文化交流中心(香港)有限公司	「夢想因你而起飛」廣東山區義教 2019	59,200
280	寧港青年交流促進會	寧夏可持續發展城市考察之旅	432,400
281	香港舞蹈總會有限公司	雲南少數民族文化藝術交流之旅	174,700
282	懲教社教育基金	「中國尋根之旅」青少年貴州銅仁夏令營	153,500

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
283	沙田青年商會有限公司	創新·創意·創業－江門大灣區孵化產業交流團	57,300
284	香港沃土發展社	「綠色是...」：2018年湖南郴州農莊生態交流團	150,000
285	香港工商專業協會	創想無限·2018京津冀交流團	354,500
286	香港社區網絡有限公司	尋找家鄉的故事－「桂」「族」友情－青年廣西交流及義教計劃 2018	382,468
287	義連班	「情繫祖國·延續愛心」吉林八天交流體驗團	175,300
288	兩岸三地青少年交流促進會	紀念中國改革開放40周年－港青探尋改革開放兩大縮影地	230,660
289	沙田蘇浙公學法團校董會	沙田蘇浙公學中一學生內地體驗活動	124,540
290	香港聖約翰救護機構	西安敦煌歷史文化探索之旅	101,475
291	綠蔭家園有限公司	植樹在多倫2018	305,100

# Cancelled projects are not included.

\* The funding is provided to non-governmental organisations on a reimbursement basis. Hence, the actual amount of funding might be smaller than the approved amount.

**Projects approved under  
the Funding Scheme for Youth Exchange in the Mainland in 2019-20**

Note: For the names of organisations and projects, only Chinese is available.

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
1	香港青年交流促進聯會	「愛我中華」兩岸四地青年大匯聚火車團2019 – 四川歷史文化及生態探索之旅	607,860
2	香港青年協進會有限公司	青年匯聚2019	572,290
3	香港新一代文化協會	「我的祖國」 – 京港澳學生交流營 2019	417,833
4	一帶一路青年發展協會有限公司	北京微電影拍攝分享計劃2020	554,708
5	粵港青年交流促進會	「高飛遠翔」粵港青年明日領袖培訓計劃2019	148,820
6	屯門體育會有限公司	足球技術交流賽	79,350
7	香港生涯規劃協會有限公司	津港青年創新創業交流團2019	472,445
8	關愛教育(香港)基金會	創新發展 – 探索巴蜀文化雙向交流	438,250
9	四川之友協會(香港)	港川青年學生互動交流計劃	700,000
10	中國商略聯合會	京港菁英培訓 – 高校文化考察計劃2019	595,125
11	香港職業發展服務處有限公司	新世代新動力青年內地交流計劃@廈港體育經濟篇	171,950
12	香港遊樂場協會	甘肅 – 古今絲路：戈壁與沙漠文化體驗之旅	234,870
13	香港國民教育促進會	香港青少年紅色之旅江西行2020	530,000
14	香港青年領袖學院有限公司	神州·冬影 – 福建拍攝分享計劃 2019	574,760
15	香港遊樂場協會	西藏 – 民族文化深度考察之旅	269,520
16	清港青年交流促進會	「牽動人心，放眼世界」清遠英語歷奇營2019	173,155
17	國民教育學會	一帶一路 – 廣西賀州歷史文化雙向交流	445,415
18	香港國民教育促進會	香港青少年紅色之旅福建行2019	530,000
19	香港青年協會	粵港澳大灣區 – 知味尋源之旅	63,370
20	民眾安全服務隊	粵港澳大灣區：中山佛山探索之旅2019	390,720
21	大埔體育會有限公司	廣州乒乓球羽毛球訓練計劃	71,160
22	一帶一路青年發展協會有限公司	京港青年文化交流計劃2019	386,678
23	青年新世界	廣西逆流挑戰2019	153,900
24	香港教育協會	2019走過內蒙大地。草原非一般生活體驗交流團	457,250
25	香港青年學生動力有限公司	蘇港青年交流創業營2019	151,324
26	香港職業發展服務處有限公司	新世代新動力青年內地交流計劃@粵港體育科教篇	102,370
27	香港五邑總會	走進大灣區武術僑都：鶴山市詠春傳承	72,170
28	香港新一代文化協會	清華大學明日領袖培訓計劃2019	457,672
29	香港專業進修學校	雲與青峰 – 雲南義工服務及民族體驗雙向交流計劃2019 -20	223,500

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
30	將軍澳香島中學校董會有限公司	渝港山區義工服務及雙向文化交流之旅2019 -20	210,780
31	新青年論壇有限公司	龍願2019青年交流計劃	476,930
32	愛德基金會(香港)	同燃童心2019－黔港青年關愛雲南孤兒夏令營	124,350
33	香港新一代文化協會	南京大學－香港學生領袖培訓計劃2019	418,325
34	龍願兩岸交流中心有限公司	戲曲青年大使：京港戲曲藝術交流計劃	167,550
35	香港社區網絡有限公司	尋找家鄉的故事 －汶川十載情－青年四川交流及義教計劃2019	455,070
36	香港天津青年會	「青春高飛」津港足球交流團	194,100
37	青年新世界	青年新體驗－內地專業體育學校體驗交流計劃2019	95,250
38	香港學生活動委員會	香港學生領袖高階培訓計劃 愛我中華北京、吉林之旅－國策與民生	540,020
39	粵目演藝工作室有限公司	京港戲曲文化交流計劃2019	388,125
40	未來之星同學會	2019「未來之星·香港傳媒專業大學生國情課程班－互聯網＋主題團」	229,200
41	中國香港正向青少年及家庭發展協會	四川依然美麗	376,070
42	中國商略聯合會	敦煌絲路文化考察計劃2019	388,125
43	香港青年協會	迎挑戰·上武當2020	260,240
44	香港亞洲青年協會	2019內地青年雙向交流活動－大灣區智慧城市建設與發展	102,450
45	沙田蘇浙公學	沙田蘇浙公學中一學生內地體驗活動	131,550
46	未來之星同學會	2019未來之星－中國國情教育課程班	244,700
47	香港五邑總會	走進大灣區曲藝之鄉：江港粵劇小戲營	150,070
48	港澳非物質文化遺產發展研究會有限公司	非物質文化遺產考察計劃－鎬港交流2019	653,100
49	新青年論壇有限公司	北京文化創意產業交流團2019	123,300
50	香港生涯規劃協會有限公司	北京大學創新及管理交流課程 2019	336,643
51	青年新世界	青年新體驗－內地大學體驗交流計劃2019	274,320
52	學友社	「發現號」文創青年實踐計劃 2019－文創青年發現「華僑鐵路史」考察學習之旅	263,811
53	香港基督教女青年會	「愛·長傳」2019 －西安古都農村服務體驗計劃	108,320
54	龍騰舞蹈團	北京體藝交流考察計劃	401,125
55	國民教育學會	一帶一路－泉州廈門歷史文化雙向交流	445,415
56	清港青年交流促進會	清港青少年美麗鄉村行	115,990
57	永恒教育基金有限公司	乘改革開放四十週年東風－深港青少年志願工作者雙向交流考察之旅	150,790
58	青苗基金會有限公司	學生暑期京港工作交流計劃	259,238

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59	香港職業發展服務處有限公司	新世代新動力青年內地交流計劃@津港體育科技篇	167,000
60	奧林匹克教育協會	杭甬遊：感受中國的「尖端」	322,500
61	香港教育協會	2020『體驗極冷。白色草原』內蒙哈爾濱冬季文化體驗團	457,250
62	帶TEEN童路	「帶」TEEN童「路」渝港青年交流團	271,570
63	香港青暉社發展有限公司	重新出發－青暉小學義教旅程	103,300
64	藝文創薈文化協會	文化和旅遊發展考察計劃－魯港探索之旅	388,125
65	展能協會	2019全方位心度行	227,378
66	粵港青年交流促進會	「創路學堂」香港青年學生公益事業發展考察團2019－汕尾	98,730
67	展能協會	2019「邕、港交流之旅」	197,737
68	傑出少年協會	北京內蒙古－塞外與草原考察之旅	224,275
69	香港童軍總會	川港夢飛行－義務工作及青年交流2019	234,444
70	包達三基金會有限公司	2019共創未來香港青年內地交流計畫－上海篇	253,570
71	亞太創建機遇委員會有限公司	內蒙古可持續發展交流考察團 2020	431,299
72	中國民族民間文化藝術交流協會(香港)有限公司	貴州侗族文化考察交流團	121,169
73	蒲公英計劃	蒲公英計劃2019福建暑期義教團	141,640
74	新界青年聯會	「香江之曦」－「齊魯文化」交流體驗計劃	153,823
75	香港青年領袖學院有限公司	神州·夏影－福建拍攝分享計劃 2019	452,470
76	屯門體育會有限公司	游泳技術交流賽	109,450
77	龍騰舞蹈藝術中心有限公司	寧港藝術文化交流計劃2019	595,125
78	青年新世界	廈門逆流挑戰2019	279,200
79	國際教育(香港)交流協會	「體驗嶺南文化之旅」雙向交流團 2019	254,980
80	香港亞洲青年協會	2019大灣區青年雙向交流活動－流行舞文化推廣	111,500
81	萬德學會有限公司	青少年領袖交流服務計劃	171,310
82	張學良基金會	中國當代歷史之旅	409,290
83	長沙灣天主教英文中學	長沙灣天主教英文中學暨興義市第八中學交流團2019-2020	131,720
84	屯門體育會有限公司	籃球技術交流賽	68,100
85	騁志發展基金有限公司	共融號－中港(雲南、香港)文化考察之旅2019-2020	189,850
86	粵港青年交流促進會	「創路學堂」香港青年學生公益事業發展考察團2019－河源	98,700
87	新家園協會有限公司	2019 四海一家·川港同行	700,000
88	鄰舍輔導會	青春「心」度遊－青少年青海背包交流計劃	140,170
89	未來之星同學會	2019「未來之星·香港青少年天津交流團」	210,450



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90	香港青年協會	粵港澳大灣區－服務學習之旅	63,470
91	寧港青年交流促進會	寧夏綠色科技探索之旅	369,640
92	九龍社團聯會	「中華大地·走進雲南 探索民族共融之旅」	335,268
93	教育工程有限公司	青少年領袖培訓計劃	234,850
94	童履	初心童履貴州山區義教2019	166,970
95	大公之友	2019年范長江行動－滬浙行	306,720
96	中國香港正向青少年及家庭發展協會	西安古都多元多彩文化	108,900
97	惠州新動力有限公司	同伴樂行－香港青年京津雙城行 2020	206,550
98	香港青少年發展聯會	北京交流工作體驗團	254,310
99	香港青年義工	「從心出發·感受廣西」義工體驗交流團	219,330
100	香港志願者協會	義動神州2020－韶關交流之旅	96,930
101	亞太創建機遇委員會有限公司	內蒙古可持續發展交流考察團 2019	431,299
102	粵港青年交流促進會	「創路學堂」香港青年學生公益事業發展考察團 2019－韶關	98,810
103	科普教育基金有限公司	2019年粵港澳大灣區青少年科技體育模型夏令營暨海陸空模型鐵人三項邀請賽	329,458
104	藝文創薈文化協會	貴州少數民族文化考察計劃2019	608,125
105	滬港經濟發展協會有限公司	滬港同心青年歷史文化考察交流團	319,900
106	香港可持續發展教育學院	「探索基因與生物多樣性」深圳研學交流營	122,690
107	騁志發展基金有限公司	共融號－中港(杭州／上海、香港)文化考察之旅 2019-2020	206,300
108	大公之友	2019年范長江行動－吉林行	285,470
109	香港青年培育協會	傳統工藝VS現代發展@山東	252,373
110	香港拓展生活協會	才「晉」尋「蒙」·創造機遇·山西內蒙行	312,910
111	大埔林村鄉發展教育委員會有限公司	上海網球訓練計劃	99,800
112	和富領袖網絡有限公司	和你一起·愛傳大灣區－貴州扶貧服務之旅2020	120,130
113	中國民族民間文化藝術交流協會(香港)有限公司	甘肅保安族、東鄉族文化考察交流團	131,940
114	香港循理會社會服務部	青春起義2019－<義·夢行>青年尋夢義工服務計劃	95,870
115	香港青年協進會有限公司	「飄雪·冰城」哈爾濱文化考察團	184,136
116	懲教社教育基金	「中國尋根之旅」青少年湖北夏令營	259,400
117	未來之星同學會	2019「未來之星·香港青少年成都交流團」	263,450
118	晨曦協進會	同一天空下 桂港兩地情-港桂青年團建共融雙向交流營	230,323

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119	香港多媒體設計協會有限公司	【融·創】京港青年文創交流計劃 2019	375,330
120	李飛標國術體育會	水墨武動	56,980
121	青年議會有限公司	北京、天津「創新發展」青年交流團	275,040
122	九龍西區各界協會有限公司	九龍西學界滬港交流(雙向)夏令營 2019	700,000
123	兩岸三地青少年交流促進會	青年成就夢想－粵港澳大灣區港青藝術文化交流團	214,190
124	東九龍青年社有限公司	「從心感受·農村孩子」江西義教團 2020	166,900
125	香港演藝學院	《演藝夏令營》	105,600
126	香港STEM培育協會	湖州南京歷史科技考察之旅	277,984
127	中國香港正向青少年及家庭發展協會	感受北京古都多彩文化	227,490
128	包達三基金會有限公司	2019共創未來香港青年內地交流計畫－浙江篇	253,570
129	渝港商略聯合會	「一帶一路」2019北京考察計劃－千里絲路匯京城	692,000
130	蒲公英計劃	蒲公英計劃2019雲南暑期義教團	99,918
131	新青匯有限公司	2019四海一家·浙港同行	700,000
132	學友社	青年社會領袖培訓計劃2019 -2020 西寧敦煌文化交流之旅	258,210
133	新界青年聯會	粵港澳大灣區學習之旅2019	104,060
134	九龍西潮人聯會	山東古今歷史文化與科技考察之旅	211,590
135	何鴻燊航天科技人才培訓基金會	「夢想航天 情繫中華」2019 年航天科技夏令營	97,685
136	永恒教育基金有限公司	乘改革開放四十週年東風－莞港青少年志願工作者雙向交流考察之旅	150,790
137	香港行政學院	前行灣區－香港學生內地交流 2019	210,860
138	香港青年協進會有限公司	「極地·雪原」內蒙古文化考察團	186,494
139	滬港青年會	滬港同心青年科技創新考察交流團	312,900
140	中港專業人才協會	海南古韻傳承	222,500
141	元朗區體育會	「清遠杯」清港澳青少年足球	67,450
142	香港拓展生活協會	行一帶·看一路·體驗魅力絲路	289,160
143	香港STEM培育協會	西部能源生態探索之旅@ 新疆	286,724
144	香港童軍總會	走進桂林2019	111,160
145	青年·出走	青年·出走·現代絲路	330,949
146	香港中文大學	中國創意媒體產業考察交流團	170,800
147	惠州新動力有限公司	同伴樂行－香港青年惠州交流團 2020	101,084
148	香港行政學院	燦爛千陽－香港學生內地雙向交流2019	461,150
149	香港學生輔導協會	重心啟程2019 香港重慶兩地雙向交流活動	454,000
150	滬港青年會	滬港同心青年中國製造業考察交流團	312,900

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151	香港亞洲青年協會	【一帶一路.歷史與現代的共融】2019香港青年雲南滇西交流團	251,055
152	博愛醫院	大灣區青年科技行	53,190
153	元朗區體育會	NBA東莞籃球體驗營	40,140
154	香港專上學生服務協會有限公司	廣府春秋－香港學生大灣區交流計劃2019	175,200
155	香港青年協會	粵港澳大灣區－嶺南武術之旅	83,350
156	香港青年協進會有限公司	「綻放飛翔」北京考察團	117,080
157	香港青年培育協會	「龍」·「吉」歷史經濟交流考察團	290,323
158	中港文化交流促進會有限公司	中港杭州文化考察之旅 2019-2020	214,980
159	九龍城青年協進會	探索中華系列：古今齊湓。文化傳承交流團	214,072
160	香港四川青年會	香港青年暑期汶川交流活動	93,000
161	西貢區體育會	青少年跆拳道惠州交流團	83,220
162	屯門婦聯有限公司	五天科技灣區考察交流團	79,450
163	青年專業聯盟有限公司	「大灣區創業之路」創業比賽2019	193,710
164	香港小童群益會	『家情』·『國夢』雲南風之旅2019	123,500
165	香港大學學生會中國教育小組	冬季考察團2019	182,250
166	香港女童軍總會	走訪齊魯大地，探索孔孟之鄉	700,000
167	香港青年動力協會	廣西桂林－一帶一路與生活體驗之旅2	112,569
168	香港舞蹈總會有限公司	貴州藝術文化交流之旅	171,634
169	九龍社團聯會青年義工團	內蒙歷史文化行	217,910
170	九龍地域傑出學生聯會有限公司	「緣來在雲南」民族文化考察團	257,555
171	博愛醫院	大灣區青年創業行	63,420
172	青年觸角	盛夏裏的青春－香港大學生北京交流團 2019	341,600
173	百仁基金有限公司	「百仁基金2019年香港青年學生甘肅暑期行活動」	158,500
174	香港五邑總會	走進大灣區生態城市：恩平和她的森林小鎮們	72,170
175	香港拓展生活協會	「原」是相「同」·龍的傳人山西交流考察團	256,880
176	香港STEM培育協會	古今絲路文化行@陝西	269,524
177	香港大學生聯誼會	「非常粵港澳·全賴友你」－香港學生內地交流 2019	241,120
178	雁心會樂幼基金有限公司	江西義教交流體驗團	65,750
179	蒲公英計劃	蒲公英計劃2019貴州暑期義教團	97,349
180	香港童軍總會	「穗城」義教團2019	68,022
181	黃埔軍校慈善有限公司	青少年軍事文化體驗營	681,420
182	深水埗體育會有限公司	廣東歷史體育體驗探索之旅	117,500
183	南亞路德會有限公司	海南文化、民生與經濟考察團	107,970

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184	青年觸角	夢想的榮光－ 香港大學生大灣區交流團 2019	231,305
185	香港大學生聯誼會	海上揚帆－ 香港學生內地交流 2019	344,750
186	香港菁英會	「尋茶記」雲南茶文化 x 義教交流團	103,500
187	香港大學學生素質拓展聯合會	驕傲是年輕的旌旗－ 香港大學生粵港澳大灣區交流團2019	245,620
188	香港小童群益會	快樂生命之旅－江門開平篇	91,175
189	粵港澳大灣區青年職業發展促進會	商業、創新與創業之旅	150,000
190	香港青聯學生交流網絡	香港青聯學生交 流網絡－ 古都西安－ 「一帶一路」西安文化交流團	119,000
191	香港海事青年團	百年新中國－ 香港青年北京、山東交流團	694,700
192	香港亞洲青年協會	「駿馳北疆·共創未來」2019 香港青年內蒙古交流團	140,580
193	香港航空青年團	山東航空產業協會合辦航空學員交流計劃	117,970
194	湘港青年交流基金會有限公司	湘港青年文化交流及『小老師』義工服務之旅	119,900
195	兩岸三地青少年交流促進會	慶祝祖國華誕70 周年－ 香港青年學子北京國情教育交流周	192,610
196	香港上海普陀聯會	魔都創意創業文化之旅	221,500
197	井岡山教育基金	「薪火相傳 弘揚中華文明」 香港大學生大美吉林遊學團	314,970
198	少年警訊	少年警訊內地文化之旅2019	285,000
199	海上絲綢之路協會有限公司	「一帶一路與廣西」文化探索之旅	101,750
200	范長江行動同學會	2019年范長江行動－ 中原行	291,760
201	香港中文大學	蘭州大學與香港中文大學化學聯合實習	160,500
202	香港大學學生會中國教育小組	夏令營2019	317,250
203	粵港經貿合作聯會	創新自貿區·融通大灣區－ 香港學生內地交流團計劃 2019	246,520
204	東九龍青年社有限公司	「夢想『領』航·探索雲滇」雲南文化考察之旅 2019	245,530
205	香港五邑青年總會有限公司	津港同行「創」青春	106,750
206	香港學生服務聯會	「一夢到霧都－ 2019 重慶經濟文化考察交流活動」	348,000
207	滬港青年會	滬港同心青年文化考察交流團	299,150
208	滬港經濟發展協會有限公司	滬港同心青年創意文化考察交流團	334,900
209	中國民族民間文化藝術交流協會(香港)有限公司	貴州布衣族文化考察交流團	121,169
210	永恒教育基金有限公司	乘改革開放四十週年東風－ 桂港青少年志願工作者雙向交流考察之旅	288,775

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211	香港童軍總會	「秦唐義行」香港童軍西安市文化服務計劃	94,600
212	中港文化交流促進會有限公司	中港四川文化考察之旅 2019-2020	214,980
213	智源教育基金	西安古都文化考察計劃	362,250
214	香港青年培育協會	「遼」•「吉」歷史文化交流考察團	278,058
215	中港專業人才協會	騰飛成都	272,500
216	中國香港正向青少年及家庭發展協會	大手牽小手·相遇在映秀	226,170
217	數碼之瞳	媒體新世紀 2019上神州 — 湖南站：小記者2.0	119,660
218	香港教育工作者聯會教育機構有限公司	河南文化及地理研學之旅	140,900
219	香港女童軍總會	走過中原大地之「豫」見千年古都	306,200
220	香港青年動力協會	衝向雲南—「騰冲」生態及文化交流體驗之旅	143,478
221	香港上海普陀聯會	「城在海上·海在城中」鷺島之旅	185,340
222	晨曦協進會	同一天空下 滇港兩地情—香港巍山青年民族文化共融雙向交流	315,500
223	滬港經濟發展協會有限公司	滬港同心青年城市規劃考察交流團	334,900
224	和富社會企業有限公司	擁抱吧！湖南2019	119,575
225	泛亞教育交流中心	武漢及長江山峽經濟考察團	124,000
226	香港社區友好聯會	超越自己—香港學生大灣區交流計劃2019	221,855
227	香港學生輔導協會	年少凌雲志—香港學生北京交流團2019	355,500
228	香港聖公會福利協會有限公司	南沙珠海—創業升學探索之旅	47,410
229	香港義工聯盟	渝蓉「雙城記」交流團	172,070
230	九龍社團聯會觀塘地區委員會	「北京、內蒙古」歷史文化保育交流團	208,850
231	新界青年學會	「致意青春」—香港學生上海交流計劃2019	296,450
232	屯門婦聯有限公司	「百年滄桑百年夢」上海交流團	140,820
233	香港菁英會	2019 韶關菁英義教交流團 2.0	67,080
234	青年觀塘	「一帶一路」哈爾濱歷史文化融和交流團	148,210
235	范長江行動同學會	2019年范長江行動—內蒙古行	309,160
236	香港恒生大學	香港恒生大學學生大使上海交流團	92,170
237	香港紅十字會	共同的世界 青年在行動 青少年領袖交流考察團	90,160
238	港灣社	貴州義工之旅2019	280,240
239	奧林匹克教育協會	山東行：文化、技藝共體驗	219,500
240	雲南旅港同鄉會有限公司	【彩雲之南·民族共融】2019 香港青年雲南滇南交流團	147,170
241	粵港經貿合作聯會	「徽」劍成河—香港學生內地交流團計劃 2019	350,150

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
242	粵港澳大灣區青年總會	走進粵港澳大灣區－廣州•佛山•中山青年機遇考察團	153,390
243	香港新動力	香港青年學生浙江考察團2019	245,140
244	新一代菁英協會	江南麗地－江蘇經濟與文化交流團 2019	330,650
245	保良局	2019-20年度「保良局屬下中學寧夏交流考察團」	492,100
246	大嶼山區少年警訊	慶賀繁華70載－大嶼山區少年警訊京城探索之旅	60,650
247	清港青年交流促進會	「尋夢足球」－清遠恆大足球學校訓練交流之旅	107,180
248	新界青年學會	「致意成長」－香港學生大灣區交流計劃2019	229,155
249	屯門婦聯有限公司	「昔日徽商、今日電商」杭州「觸•電」行	159,120
250	九龍東潮人聯會	探索體驗廣西文化	700,000
251	竹韻小集有限公司	嶺南音樂文化考察團	64,860
252	兩岸青年交流協會	生而有翼，未來可期－香港大學生 2019大灣區交流團	238,955
253	香港基督教女青年會	「IMPACT Uni」成都女兒國文化交流團	84,040
254	香港迷彩青年會	青海•交流文化之旅2019	300,130
255	香港中華文化發展聯合會	貴陽青年交流之旅	146,095
256	香港青年大專學生協會有限公司	西夏探秘•回族文化體驗	206,420
257	東井圓林東慈善基金	粵港青年文化交流計劃	110,760
258	工聯會職業發展服務處有限公司	香港工會聯合會傑出青年大灣區考察團	126,960
259	太平山青年商會	慶祝建國七十週年2019 香港工商界暨青年「一帶一路」黑龍江考察	395,500
260	永不放棄同學會有限公司	永不放棄同學會 2019西安文化探索之旅	307,070
261	香港東區各界協會有限公司	放眼中華 2020－青海、甘肅	115,690
262	中港文化交流促進會有限公司	中港北京文化考察之旅 2019-2020	215,980
263	青年民建聯	青民探索內蒙交流團	180,670
264	新一代菁英協會	結伴行踏千山－香港青年內地交流團2019	341,400
265	香港社區友好聯會	「夢游水鄉•錦綉中華」－香港學生江蘇交流計劃 2019	332,150
266	中國留學生聯盟慈善基金會	香港青雋大使計劃2019 長春工業考察行	185,962
267	香港藝術節協會有限公司	上海藝術文化交流之旅	100,750
268	竹韻小集有限公司	中國笛文化考察團	64,850
269	香港迷彩青年會	東北•文化交流之旅2019	297,580
270	香港青年學生動力有限公司	香港大專生藏族文化體驗之旅 2019	260,535
271	學友社	安徽文化多面睇	182,874
272	沙田各界慶委會	「情繫祖國•延續愛心」黑龍江六天交流體驗團	111,300

S/N	Name of Organisation <sup>#</sup>	Name of Project <sup>#</sup>	Approved Funding* (\$)
273	永恒教育基金有限公司	乘改革開放四十週年東風－杭港青少年志願工作者雙向交流考察之旅	224,100
274	香港青年義工團有限公司	新疆古蹟文化考察之旅	159,700
275	香港婦聯有限公司	滬港同行. 上海南京交流團	90,350
276	香港紅十字會	防災備災考察交流團	97,395
277	和風力量	仰望星空－香港大學生內地雙向交流計劃2019	462,900
278	三水同鄉會建校基金會有限公司	好山好水好三水2019	68,460
279	基督教協基會社會服務部	『探索寧夏』－古絲路生活體驗計劃	117,950
280	中港教育專業服務有限公司	江西遊：詩詞、文化全接觸	699,750
281	香港中華文化發展聯合會	上海主題式學習團	146,095
282	香港善德基金會	善德關愛科研青年發展計劃－中國航天之旅2019－北京西安航天科技考察團	651,960
283	香港青暉社發展有限公司	青海多面觀	172,670
284	間築有限公司	浙江省古建築與現代建築學習交流團	74,320
285	油尖旺青年社	山東歷史文化考察團	143,440
286	明愛專上學院	內蒙古民族文化交流之旅	149,300
287	香港青少年軍總會	香港青少年軍北京軍事及文化體驗遊	104,412
288	中國留學生聯盟慈善基金會	香港青雋大使計劃2019 西藏文化考察行	198,062
289	香港青年學院有限公司	「晉。經濟；晉。文化」山西交流團 2020	99,350
290	更生先鋒領袖	四川學校體驗之旅	136,500
291	東涌青年會	「藝·民風」兩地青年交流團	62,820
292	香港教育工作者聯會教育機構有限公司	雙向交流系列：港湘兩地經濟·地理探索活動	143,500
293	龍傳基金	杭州創新科技考察團	84,530
294	香港基本法推介聯席會議	《基本法》青年大使大灣區交流考察團	78,355
295	香港各區專上學生同盟	乘風·踏浪 X大學新手訓練營－兩地準大學生雙向交流計劃2019	559,200
296	香港專上學生服務協會有限公司	逆風而行－香港學生江蘇雙向交流計劃2019	514,850
297	香港穗郊同鄉會	夏季穗青中港青年交流(2019)	72,490
298	武林盟會	第四屆免費少林武術、義教及紀律訓練交流團	471,250
299	香港青暉社發展有限公司	桂林深度之行	85,960
300	香港和諧協會	躍動我心 中港青年雙向交流計劃 2019	429,250
301	香港穗郊同鄉會	冬季穗青中港青年交流(2020)	72,490
302	皖港青年交流促進聯會	風雨彩虹，攜手相擁－中港青年安徽雙向交流計劃 2019	462,950
303	新界青年學會	「致意未來」－香港學生安徽交流計劃2019	350,200
304	皖港青年交流促進聯會	探索安徽－2019香港青年安徽交流團	342,950

<b>S/N</b>	<b>Name of Organisation<sup>#</sup></b>	<b>Name of Project<sup>#</sup></b>	<b>Approved Funding* (\$)</b>
305	香港和諧協會	紅動我心 香港青年內地交流計劃 2019	340,250
306	和風力量	昂首一直走 – 香港大學生內地交流計劃2019	342,900
307	新一代菁英協會	且行且歌 – 香港青年內地交流團 2019	341,400

<sup>#</sup> Cancelled projects are not included.

<sup>\*</sup> The funding is provided to non-governmental organisations on a reimbursement basis. Hence, the actual amount of funding might be smaller than the approved amount.



## **LEGCO QUESTION NO. 15**

(Written Reply)

Asked by : Hon CHAN Kin-por

Date of meeting : 8 November 2023

Replied by : Secretary for Commerce and  
Economic Development

### Reply

President,

Currently, various laws in Hong Kong protect consumers' rights and interests. Among others, the Trade Descriptions Ordinance (Cap. 362) (the Ordinance) prohibits traders from subjecting consumers to certain unfair trade practices, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. The Ordinance covers goods and services, and is applicable to the trade practices of both physical and online traders. Traders who contravene the relevant provisions of the Ordinance are liable to a maximum penalty of imprisonment for five years and a fine of \$500,000.

The Customs and Excise Department (C&ED) is the principal enforcement agency of the Ordinance.

In addition, the Consumer Council (the Council) endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance (Cap. 216), including receiving and examining complaints concerning goods and services from consumers and giving advice to them.

The numbers of complaints received by the Council in the past three financial years, categorised by the unfair trade practices prohibited under the Ordinance, and the respective percentages (a number in brackets is the percentage of the number of complaints of a certain category as compared to the total number of complaints received in that financial year) are set out in the table below:

<b>Category*</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
False trade descriptions	1 092 (66.5%)	1 005 (61.2%)	824 (58.0%)
Misleading omissions	224 (13.6%)	236 (14.4%)	207 (14.6%)
Aggressive commercial practices	182 (11.1%)	157 (9.6%)	135 (9.5%)
Bait advertising	21 (1.3%)	31 (1.9%)	65 (4.6%)
Bait-and-switch	14 (0.9%)	19 (1.2%)	54 (3.8%)
Wrongly accepting payment	109 (6.6%)	193 (11.8%)	135 (9.5%)
<b>Total</b>	<b>1 642 (100%)</b>	<b>1 641 (100%)</b>	<b>1 420 (100%)</b>

\* The categorisation is by the unfair trade practices prohibited under the Ordinance. If a complaint involved more than one category of unfair trade practice, it was counted towards the most relevant category.

The Council does not compile breakdowns of the statistics based on the criterion of whether or not a complaint involves pre-paid mode of consumption.

As the principal enforcement agency of the Ordinance, C&ED adopts a three-pronged approach to combat unfair trade practices. Among others, C&ED is given the authority to conduct criminal investigations into and prosecutions on unfair trade practices, with a view to combatting non-compliant conducts at source. These, coupled with the sentences imposed by the court, cause deterrent effects on unscrupulous traders. In addition, C&ED also carries out compliance promotion and conducts publicity and public education in collaboration with the Council, so as to promote regulatory compliance among traders and the concept of “smart consumption” among consumers.

During the period from 2020 to the end of September 2023, C&ED mounted 6 special operations to combat unfair trade practices. A total of 40 004 complaints received by C&ED and other cases proactively developed by C&ED were consolidated into 444 detailed investigation cases (more than one complaint may be involved in certain cases). During the above period, C&ED had completed the investigation of 470 cases, and had:

- (i) issued warning or advisory letters to the traders and sales staff concerned in 73 cases, urging them to comply with the relevant statutory requirements; and
- (ii) completed 276 prosecution cases, among which 251 were convicted cases, representing a successful prosecution rate of over 90% and covering different sectors. The court imposed imprisonment in 77 cases (39 persons were imposed imprisonment, including 31 persons subject to immediate custodial sentence and 8 subject to suspended sentence), with the maximum term of imprisonment of 27 months. The court also imposed fines in 154 cases, with the amount ranging from \$500 to \$160,000.

The case with a term of imprisonment of 27 months abovementioned is the one with the heaviest prison sentence so far. The case concerned the staff of a fitness centre having engaged in aggressive commercial practices in the course of selling fitness service contracts, with the victims suffering losses of over \$820 000 in total.

On compliance promotion, by proactive visits to different industries and conducting briefings, C&ED provides traders with advice and guidance on the legal requirements under the Ordinance as well as measures that should be taken for complying with the Ordinance. Among others, C&ED held a total of 77 outreach talks, seminars and meetings for various industries during the above period.

On publicity and public education, C&ED, in collaboration with the Council, launches extensive publicity and education programmes, so as to raise consumers' awareness of unfair trade practices, promote the concept of "smart consumption" and also promote good practices among traders. Among others, in the past three financial years, C&ED arranged personnel to conduct patrols and distribute promotional leaflets at shopping hotspots during festive seasons, with a view to strengthening travellers' understanding of unfair trade practices and the ways and channels to seek assistance from C&ED. C&ED also published tips on "smart consumption" and promotional videos on its official social media accounts, including those on the platforms of Douyin and WeChat, to promote the key points about "smart consumption" to consumers.

In the past three financial years, the Council received a total of 89 793 complaints, and facilitated in the conciliation of 63 462 pursuable cases among the above complaints. The Council does not have the breakdowns of the complaints by categories.

The Government notes that unfair trade practices involving pre-paid mode of consumption is a matter of concern in society, in particular those that concern the trade practices of fitness centres and beauty parlours, including the use of aggressive tactics to sell services that involve large amount of pre-payments. In this regard, the Government launched a three-month public consultation in 2019 to solicit views on the proposal to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts through legislation. However, shortly after the completion of the public consultation, there have been drastic changes in the social environment, economic situation and consumption sentiment since the second half of 2019. As Hong Kong has only started resuming normalcy in full this year, enterprises (especially small and medium enterprises) are still facing various challenges in their operations. We will continue to, having regard to the prevailing circumstances including the economic situation and relevant complaint and enforcement statistics, critically review the relevant proposal before deciding the way forward.

Meanwhile, the enforcement agencies will continue to spare no efforts in enforcing the Ordinance and combatting common unfair trade practices at source. The Government will also continue to closely review the trend of unfair trade practices, so as to formulate appropriate strategies in protecting consumers' rights and interests.

– End –

## **LEGCO QUESTION NO. 16**

(Written Reply)

Asked by: Hon Robert LEE

Date of meeting: 8 November 2023

Replied by: Secretary for Financial  
Services and the Treasury

### Reply

President,

In consultation with the Hong Kong Exchanges and Clearing Limited (HKEX), the Securities and Futures Commission and the Hong Kong Monetary Authority, a consolidated reply to the three parts of the question is as follows.

As an international financial centre, Hong Kong's securities market is deeply integrated with markets and investors around the globe. In recent years, mutual access with the financial markets of the Mainland has also expanded continuously with gradually increasing trading days and market turnover. The Government and relevant regulators have been working with HKEX in taking forward enhancements to the trading mechanism, with a view to strengthening the overall competitiveness of the Hong Kong market.

Among the major stock markets around the world, trading is maintained under severe weather in the Shanghai and Shenzhen stock exchanges in the Mainland, the US and European markets such as New York, London, Paris and Amsterdam, as well as Asian markets such as Japan and Singapore. For enhancing the competitiveness of the Hong Kong stock market, developing a more diversified product suite, and promoting our securities market to overseas markets and capital sources, the demand and importance for facilitating market participants to trade as usual during typhoons or rainstorms will continue to grow.

As mentioned by the Financial Secretary in the 2023-24 Budget, HKEX is exploring arrangements for maintaining market operation under severe weather, so as to facilitate investors' transactions and meet market development needs. The initiative is also supported by the Task Force on Enhancing Stock Market Liquidity as one of the short term measures to enhance the competitiveness of the securities market.

The main purpose of the initiative is to facilitate global investors to continue trading Hong Kong stocks and derivatives as well as Mainland A-shares through

Northbound trading of Stock Connect, and to adjust their investment and risk management<sup>1</sup> strategies in response to changing market and company-specific fundamentals, without being affected by the adverse local weather conditions in Hong Kong. The arrangements will further consolidate Hong Kong's role as the two-way gateway and bridge for international and Mainland investors and capital, hence enhancing the attractiveness of Hong Kong's market to domestic and foreign investors. It will also allow the prices of Hong Kong stocks, especially those with dual primary listing in overseas securities markets or secondary listing in Hong Kong, to adjust continuously based on different factors and in tandem with other markets.

In light of market development needs and increasing prevalence of electronic transactions and remote working with technological advancements, HKEX is, with the Government's support, working with financial regulators to examine a feasible implementation plan for maintaining trading under severe weather. We believe that promoting the operation of the securities and futures markets during severe weather could address global investors' aspirations, and accord greater convenience and price certainty for investors, hence enhancing Hong Kong's competitiveness. At the same time, the initiative could foster continuous modernisation of local financial market infrastructure and upgrade the operations of local financial services sector, respond to the ongoing trend of developing a paperless and digitalised securities market in Hong Kong, and align with global market practices, thereby further consolidating Hong Kong's status as one of the leading international fundraising and trading platforms.

The Government understands that implementing trading arrangements under severe weather would require not only resolving various technical issues and providing related support, but also collaboration among different stakeholders including securities brokers, the banking community, index compilers, etc. To this end, HKEX and financial regulators have discussed with industry representatives different specific issues regarding the operational model under severe weather, so as to fully comprehend the practical circumstances faced by relevant sectors and coordinate different operational needs.

HKEX will commence a public consultation within November this year on the proposed model and relevant arrangements for operating the stock market under severe weather. The consultation document will set out the details covering trading and settlement, share registration, banking services, payment and other necessary support, and solicit views of the public.

-End-

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<sup>1</sup> Such as trading futures and options based on local and international market indices.

## **LEGCO QUESTION NO. 17**

(Written Reply)

Asked by Hon CHAN Hoi-yan

Date of meeting : 8 November 2023

Replied by : Secretary for Health

### Reply

President,

Eczema is a common group of skin diseases. The main symptoms are itch, redness, swelling or dryness and cracking of the skin. Most cases presented with mild symptoms, and are diagnosed and managed mainly by doctors in primary care. Generally, the condition can be improved and controlled after being prescribed mild to moderate topical steroid ointments and strengthening skin care. For more serious or urgent cases, doctors would refer the patients to dermatology clinic under the Social Hygiene Service of the Department of Health (DH).

In dermatology specialists' service, topical steroids or non-steroid ointments and oral anti-itch drugs of different strengths are prescribed according to the conditions of the patients, with strengthened skin care education, checking and avoiding of skin irritants or allergens that may be exposed in daily life, and follow up on medication compliance. For some of the cases where the condition of the patient is not satisfactorily improved, the use of systemic oral drugs or light therapy would be further considered according to the therapeutic ladder.

The reply, in consultation with the DH and the Hospital Authority (HA), to the questions raised by the Hon CHAN Hoi-yan is as follows –

(1)

The numbers of patients diagnosed with eczema in the General Out-patient Clinics (GOPCs) of the HA in the past five years are as follows –

	2018-19	2019-20	2020-21	2021-22	2022-23
Number of eczema patients in GOPCs	82 093	77 054	81 843	74 768	56 028

Note: The Specialist Out-patient Clinics under the HA does not maintain statistics on eczema patients.

(2) and (3)

According to the data maintained by the DH, in 2022 (full year) and 2023 (as at 30 September), there were 32 696 and 25 104 new cases respectively referred to the DH (including referrals from private medical providers and public hospitals). Among them, 3 923 (12%) and 3 665 (14.6%) respectively were assessed and triaged as new cases with serious skin diseases. The DH does not maintain the statistics of patients with severe eczema referred to dermatology clinics from private medical providers and public hospitals respectively.

With effect from 2018, the Social Hygiene Service under the DH has adopted a triage system for new cases to ensure new cases with serious skin diseases will be cared with priority. This type of new cases will in general be arranged to be seen within eight weeks.

The DH started to maintain the information of case waiting time systematically since the fourth quarter of 2021. In 2022 and 2023 (as at 30 September), all new cases with serious skin diseases were arranged to be seen within eight weeks according to the performance pledge, with a median waiting time of 2.7 and 2.9 weeks respectively. As for other new cases with stable condition, the median waiting time was both 90 weeks, while the overall longest waiting time was 178 weeks and 183 weeks respectively.

(4) and (5)

Currently, there are 116 Specialists in Dermatology & Venereology on the Specialist Registry of the Hong Kong Medical Council in Hong Kong where most are in private practice. There are 29 doctors serving in the Social Hygiene Service under the DH. Among them, nine are Specialists in Dermatology & Venereology, while the remaining 20 doctors are Members of the Hong Kong College of Physicians and have finished Basic Physician Training. For the HA, there are eight doctors providing dermatology services, among whom four are Specialists in Dermatology & Venereology. In addition to patient care, Specialists in the Social Hygiene Service under the DH also provide support and coaching to other doctors in the Social Hygiene Service to maintain and improve the service quality of local Dermatology Specialists care and to train more local Specialists in Dermatology.



Relatively mild eczema patients are manageable by the primary care doctors whom they are familiar with and most cases do not require referral to dermatology clinic for follow up. There are a total of nine clinics under the Social Hygiene Service of the DH that provide specialist dermatology service in different districts. These clinics should provide convenient and accessible service for cases with more serious or urgent cases. There is no current plan for the Government to set up treatment centre to treat cases with serious skin diseases in a centralised way.

-End-

## **LEGCO QUESTION NO. 18**

(Written Reply)

Asked by Hon CHAN Hak-kan

Date of meeting : 8 November 2023

Replied by :

Secretary for Environment and Ecology

### Reply

President,

Green transport is an important element for Hong Kong to attain carbon neutrality before 2050. The Government has targeted to announce a roadmap for the promotion of electric public transport and commercial vehicles by 2025 to achieve zero vehicular emissions before 2050. In view that more brands of electric buses (e-buses) and electric taxis (e-taxis) will enter the Hong Kong market, *the Chief Executive's 2023 Policy Address* (Policy Address) has announced that the Government will expedite the formulation of a citywide green transformation roadmap and timetable for public buses and taxis; as well as provide support to realise the goal of introducing about 700 e-buses and about 3 000 e-taxis by end-2027.

In consultation with the Development Bureau, Transport and Logistics Bureau and the Transport Department, my reply to the question raised by Hon Chan is as follows:

(1) To take forward the Pilot Scheme for Electric Public Light Buses, the Environmental Protection Department (EPD) has publicly invited suppliers interested in providing electric public light buses (e-PLBs) to submit proposals for becoming “prequalified suppliers” under the scheme. Currently, six suppliers are participating. Details of the suppliers, the e-PLB models and the agreed prices of e-PLBs under the Pilot Scheme are as follows:

<b>Prequalified Suppliers</b>	<b>e-PLB Model</b>	<b>Price (HK\$)</b>
Green Mobility Innovations Limited	THOR	1,383,060
Jupiter EV HK Limited	WD6757BEVRG01	1,500,000

E. Tech Dynamic Technology Co., Limited	XML6722JEV	1,680,000
Shui Cheong Motors Limited	SOLUTION	1,800,000
Shun Hing New Energy Co., Ltd.	GTQ6721BEVBT30	2,000,000
China Dynamics New Energy Technology Co. Ltd	YST6700BEVG/ APEX MINI	2,280,000

The Government will implement the Pilot Scheme in phases. The first trial points are the Kwun Tong Yue Man Square and Kowloon Tong (Suffolk Road) Public Transport Interchanges (PTIs), where charging facilities will be provided. Green public light bus operators may apply for participation in the first phase of the scheme until 17 November 2023. The Government will provide successful operators with a subsidy of 80% of vehicle cost for each e-PLB participating in the trial. For each operator, the number of participating e-PLBs at each PTI shall not exceed 10% of the operator's fleet, or a maximum of two vehicles, whichever is higher. The EPD expects to complete vetting and approval of applications by December 2023. They will confirm the number of participating e-PLBs, trial routes and dates with the operators by then, with a view to commencing the first phase trial in the first quarter of 2024.

(2) The green minibus termini or PTIs for implementing the Pilot Scheme must be suitable for installing quick charging facilities and have adequate power supply. Apart from the abovementioned Kwun Tong Yue Man Square and Kowloon Tong (Suffolk Road) PTIs located in Kowloon, the EPD has conducted on-site inspections and identified the Yuen Long (North) PTI in the New Territories for conducting trial. Tenders will be invited in the fourth quarter of 2023 to engage a contractor for installing, operating, managing and maintaining quick charging facilities there. Besides, the EPD is identifying a suitable PTI in the eastern part of Hong Kong Island. We expect to invite tenders for installing charging facilities and providing charging services to e-PLBs in the first quarter of 2024.

(3) With the Government's active promotion and preparation, more e-taxi models begin to enter the Hong Kong market. The New Energy Transport Fund (NET Fund) currently provides subsidies for trials of e-taxis. As at October 2023, trials of 40 new generation e-taxis have been approved under the Fund.

To realise our goal of introducing about 3 000 e-taxis by end-2027, the Government will continue to provide adequate policy support, including facilitating vehicle suppliers to introduce more e-taxi models for the trade's selection, as well as announcing in the Policy Address to earmark \$50 million to subsidise the trade to purchase wheelchair accessible e-taxis, etc. Moreover, we

are actively establishing charging facilities, including setting up dedicated quick chargers for e-taxis, offering incentives for petrol filling station (PFS) operators to add electric vehicle (EV) charging facilities, as well as supporting the conversion of PFS sites to EV quick charging stations, etc. The Government has also launched the Dedicated 100% Loan Guarantee Scheme for Battery Electric Taxis, which enables taxi owners to take out loan with a better interest rate for purchasing e-taxis. We are confident that the above range of policy measures will help provide a conducive market environment for the trade to accelerate their pace of shifting to e-taxis in coming few years. The target is that the number of e-taxis would grow exponentially in coming years, reaching 3 000 by end-2027.

(4) Taxis in Hong Kong have a unique operational mode, requiring a quick charging network covering the territory. The Government has refined land lease conditions to incentivise PFS operators to install EV charging facilities in available space within the about 180 existing PFSs in Hong Kong. We will also gradually convert some existing PFSs, as well as dedicated and non-dedicated liquefied petroleum gas filling stations to quick charging stations in the medium to long term. Such quick charging stations will serve different types of vehicles, including e-taxis. Tenders will be invited in the first quarter of next year for the conversion of two vacant PFS sites to EV quick charging stations. In addition, the Government is identifying suitable locations (such as taxis stands, government premises, short term tenancy sites) across the territory for setting up dedicated e-taxi charging facilities. The NET Fund has also newly included trial projects on e-taxi charging mode, subsidising the trade to set up dedicated e-taxi quick charging facilities and mobile charging systems. The Government will closely monitor the market development and charging needs of e-taxis, as well as actively communicate with the trade, so as to review the needs for more dedicated and non-dedicated e-taxi charging facilities in a timely manner.

(5) The Lands Department (LandsD) received 11 applications in the first half of this year from bus operator applying for opening up their charging facilities in bus depots for use by other public transport, including four lease modifications and seven short term tenancy modifications for amending the relevant terms in the land documents, which would expand the permitted use from that related to bus operation to covering commercial services in providing charging services to other public transportation. The applications are being processed in accordance with established procedures. Policy support from the Environment and Ecology Bureau was received for all relevant applications, and LandsD is conducting consultation with other relevant government bureaux/departments on the technical details and obtaining further supporting information from the applicant per relevant bureaux/departments' request, including how to ensure the proposal would not affect existing use (i.e. daily operation of the depot), as well as clarifying the details of the proposed use (e.g. the standard of the charging

facilities). If everything goes smooth, (including reaching an agreement with the bus operator on the terms and amount of premium reflecting the additional commercial services or the revised rental), LandsD will grant approval for the applications as soon as practicable.

(6) Since the Government's promulgation of the *Hong Kong Roadmap on Popularisation of Electric Vehicles* in 2021, some franchised bus companies have already announced their timelines towards a full zero-emission bus fleet. A new generation of single- and double-deck e-buses has begun to provide services. According to the information provided by the Transport Department, there were 65 electric franchised buses first registered in Hong Kong as at end-August 2023. The Government is pleased to see that the green transformation of public buses has taken off. The citywide green transformation roadmap and timetable for public buses and taxis to be formulated in the first half of 2024 will set out further policy measures and directions, with a view to helping realise the goal of introducing about 700 e-buses by end-2027.

(7) *The Chief Executive's 2022 Policy Address* announced that an additional 7 000 parking spaces with EV chargers would be provided in government premises. These chargers are mainly medium chargers for vehicles' use while parking. E-taxis could also use these chargers for top-up charging. To achieve this target, relevant departments will increase the number of EV chargers in government buildings under construction or planning, so long as the provision is technically feasible and will not affect the progress of the works. For example, the Kai Tak Sports Park under construction will provide medium chargers in all of its some 600 parking spaces. The additional 7 000 EV chargers will be provided for public use by suitable types of EVs, subject to the operational arrangements and needs of individual car parks. According to current planning, around 300, 2 000 and 4 700 chargers will be added in the Hong Kong Island, Kowloon and the New Territories respectively.

## **LEGCO QUESTION NO. 19**

(Written Reply)

Asked by: Ir Hon CHAN Siu-hung

Date of meeting: 8 November 2023

Replied by: Secretary for Environment  
and Ecology

Reply:

President,

The Government has all along led by example by adopting green procurement for implementation of the concept of environmental protection. The Government's Stores and Procurement Regulations require bureaux and departments (B/Ds) to take environmental factors into consideration in drawing up tender specifications, so as to allow for fair competition of compliant products and services on a cost-effective basis, thereby promoting green procurement while ensuring the prudent use of public funds. Having regard to the practices and standards generally adopted in the market, the Environment and Ecology Bureau (EEB) has developed a set of green specifications and guidelines for the products and services commonly used by the Government, so that B/Ds may practise green procurement in accordance with the relevant specifications. Since 2000, the Government has introduced a green procurement list, setting out products with green specifications therein. In light of market development over the years, the Government has gradually expanded the green procurement list to cover suitable new products and services, and updated relevant green specifications. Besides, the EEB has also developed easy-to-use green procurement tips for designated products and services to assist B/Ds in carrying out small amount purchases (i.e. value not exceeding \$50,000 per order).

The reply to the question raised by Ir Hon CHAN Siu-hung is set out below.

- (1) The total annual expenditure on green procurement by government B/Ds in the past 5 years is tabulated as follows:

Year	Total Expenditure (\$ billion)
2018	1.77
2019	2.02
2020	1.55
2021	2.80
2022	6.63

In July 2021, the Government further expanded the scope of green procurement by increasing the number of products and services covered in the green procurement list from 150 items to 183 items, as well as updating the green specifications of each item and providing more green procurement tips. In 2022, government B/Ds altogether procured green products and services with a total value of \$6.63 billion, which is an increase of over 1.3 times as compared to \$2.80 billion in 2021. The Government will review the green procurement list from time to time to keep abreast of the latest market development and the procurement needs of B/Ds.

- (2)&(3) The Government has all along encouraged all sectors of the community, including public and private organisations, to join hands in the procurement of products and services that incur minimal adverse environmental impacts (including decarbonisation, reduction in air pollutant emissions and waste reduction). As many of these products are made of recycled materials, practising green procurement can boost the demand for recycled materials and create business opportunities for the recycling industry, thereby fostering a circular economy. To promote green procurement, the Government has uploaded the latest green procurement list and the relevant specifications, green procurement tips as well as local and international best practices onto the EEB's website for reference by the public. The Government also encourages about 60 "Carbon Neutrality" partners from various sectors, including property development, public utilities, finance and professional bodies, etc., to take the lead in supporting the implementation of green procurement. Some enterprises are also willing to make available to the public their targets and efforts in green procurement.

The Government will continue to promote and publicise green procurement to public and private organisations. Apart from disseminating the green procurement list and other practical information through the information portal, the Government has also encouraged trade associations and organisations to formulate trade-specific green procurement guidelines based on the trades' actual situations and needs, with a view to promoting the implementation of green procurement to all sectors of the community. With concerted efforts of the Government and the community in practising green procurement, we hope to boost the market demand for green products and services, as well as to facilitate the development of a circular economy, thereby further fostering the achievement of carbon neutrality.

- End -

## **LEGCO QUESTION NO. 20**

(Written Reply)

Asked by: Dr Hon Johnny NG

Date of meeting: 8 November 2023

Replied by: Secretary for Development

### Reply

President,

The Government has been implementing an effective slope safety system to improve slope safety in Hong Kong and has kept enhancing the capability in coping with landslide risk through the following strategies:

- (i) carrying out regular inspection and preventive maintenance for government man-made slopes, requiring private owners to fulfill their duties in maintaining their slopes, and exercising geotechnical control on public works and private development projects to ensure slope safety;
- (ii) continuing the Landslip Prevention and Mitigation Programme (LPMitP) to systematically carry out slope upgrading works for government man-made slopes, safety screening studies for private man-made slopes and risk mitigation works for natural hillside catchments according to a risk-based approach for strengthening slopes against extreme weather; and
- (iii) reviewing the slope management in Hong Kong and advising the Government on technical aspects by international experts regularly, with the aim of continuously improving the quality of slope management.

At present, the overall landslide risk has been substantially reduced compared with that existed in the 1970s and the 1980s, reaching the international best practice in risk management.

My respective replies to the various parts of the Hon Ng's question are as follows:

- (1) As of September 2023, there are about 61 000 registered man-made slopes in different districts in the Catalogue of Slopes kept by the Geotechnical Engineering Office (GEO) under the Civil



Engineering and Development Department. Among them, about 45,000 are government man-made slopes and about 16,000 are private man-made slopes.

According to the Guide to Slope Maintenance published by the GEO, relevant government departments are required to inspect their man-made slopes with maintenance responsibility every one to two years, and to carry out necessary maintenance, e.g. strengthening the slope surface cover and improving the drainage system, etc. Meanwhile, the Slope Maintenance Audit Unit in the GEO also provides technical assistance and advice to the maintenance departments. Private owners should also follow the same requirements to carry out regular inspection and maintenance for all slopes on their private lots and in areas specified under the land lease conditions.

Hong Kong has a hilly terrain with many natural hillsides. Compared with man-made slopes, natural hillsides are mostly located in remote areas with relatively low potential risks. For those natural hillsides closer to existing developments, there is a buffer zone between them and the residential buildings and roads in general. At present, the GEO has identified about 3,300 natural hillside catchments relatively close to existing buildings and important transport corridors for study.

Before every wet season, the GEO will remind private owners to complete all regular slope inspections and the necessary slope maintenance before the onset of wet season through pre-wet season media briefings, leaflets, social media posts, television broadcast and radio announcements of public interest on slope safety, etc. This can reduce the chance of landslides and safeguard public safety.

In addition to routine inspection and maintenance to ensure slope safety, the GEO also continues the LPMitP to further systematically upgrade man-made slopes and natural hillsides catchments. Among about 45,000 government man-made slopes, there are about 17,000 slopes with relatively low potential impacts (e.g. locating near lightly used access roads, remote places and country parks, etc.) and there are about 15,000 slopes with relatively high potential impacts (e.g. locating near residential buildings, hospitals, schools, etc.) and moderate potential impacts (e.g. locating near major infrastructures, heavily

used roads and footpaths, etc.) that have been upgraded in the early years. Under the LPMitP, the GEO will deal with about 13,000 remaining man-made slopes with moderate potential impacts. Furthermore, the GEO will select private slopes for safety-screening studies every year. At present, screening has been completed for 6,400 private man-made slopes. The GEO also implements risk mitigation measures for the 3,300 identified natural hillside catchments in an orderly manner, based on their potential impacts to the surroundings.

Through the above measures, the number of landslides in recent years has been significantly reduced, and the casualties caused by landslides have also been noticeably reduced. In response to the recent Super Typhoon and the torrential rain, the Government will adopt a more preemptive and strategic approach, and strengthen the resilience of dealing with landslides as follows:

- (i) exploring ways to use big data, artificial intelligence and other technology to improve our risk assessment capabilities; and
- (ii) conducting systematic investigations and studies on major landslide incidents triggered by extreme rainstorms and devising focused measures of landslide mitigation for more natural hillsides.

- (2) and Owners are responsible for the proper maintenance and repair of
- (3) all slopes on their private lots and in areas specified under the land lease conditions. To further enhance public safety, the GEO will select private slopes for safety-screening studies under the LPMitP every year, and recommend the Buildings Department (BD) to issue Dangerous Hillside Orders (DHO) to the relevant private slope owners based on the study findings. At present, screening has been completed for 6,400 private man-made slopes. When a private man-made slope is found to be dangerous or liable to become dangerous by the GEO or the government departments received reports, the BD will serve a DHO on private slope owners under the Buildings Ordinance (BO) (Cap. 123), requiring them to carry out investigation and necessary remedial/preventive works to the slope (slope works).

In the past three years, the GEO did not receive any landslide report in natural hillside within private land. The number of landslide reports on private man-made slopes and casualties involved are tabulated in Table 1 below:

Table 1		
Year	Private man-made slopes	
	Landslide reports received by the GEO (number)	Casualties
2020	12	0
2021	13	0
2022	6	0

The number of DHOs issued by the BD and the number of expired DHOs which have not been complied with and the number of prosecutions in the past three years are tabulated in Table 2. The BD does not compile breakdown statistics on inspections of unauthorised on slopes or relevant removal orders and prosecutions.

Table 2			
Year	Private man-made and natural hillsides		
	Number of DHOs issued	Number of slope expired DHOs which have not been complied with	Number of prosecutions
2020	59	16	4
2021	45	27	14
2022	35	29	21

Note: As the handling of a case may straddle different years, the numbers of expired DHOs which have not been complied with and the number of prosecutions in a year may not correspond with the number of DHOs issued within the same year.

It is understood that one of the reasons for non-compliance with DHOs is that, when the slopes are located in the common areas with shared ownership, co-owners may need time to discuss and agree on matters related to investigation and repair works, including appointment of professionals, concrete proposals for the works, estimated expenditure, cost apportionment, etc. In addition, disputes over ownership and maintenance

responsibility, owners or occupiers' refusal to grant access to the premises to work staff, financial difficulties and other factors would also impede the progress of compliance with orders. The BD will continue to follow up with non-compliance with expired DHOs, including to consider instigating prosecution against the owners concerned whom without reasonable excuse.

- (4) If owners, without reasonable excuse, fail to comply with the DHOs in carrying out investigation and the slope works required, the BD will consider instigating prosecution against the owners concerned. They shall be liable on conviction to a fine of \$50,000 and to imprisonment for 1 year; and to a further fine of \$5,000 for each day during which the situation of failure to comply with the order has continued. For failure to comply with removal orders against Unauthorised Building Works (UBWs) without reasonable excuse, the owners shall be liable on conviction to a fine of \$200,000 and to imprisonment for 1 year; and to a fine of \$20,000 for each day during which the offence has continued. The BD may also carry out the works in the event of default by the owners in accordance with the BO, and recover the costs of such works, together with supervision charges and surcharges of not exceeding 20% of the costs, from the owners concerned upon completion of the works.

As announced in the Policy Address, we will comprehensively review the BO to strengthen the BD's enforcement power by exploring raising the penalties, considering streamlining the prosecution procedures and lowering the prosecution threshold to effectively combat UBWs and other contraventions of the BO. We will put forward the proposed amendments next year.

- End -

## **LEGCO QUESTION NO. 21**

(Written Reply)

Asked by: Hon CHAN Han-pan

Date of meeting : 8 November 2023

Replied by : Secretary for Development

### Reply

President,

The Government is committed to the proper management of trees to ensure healthy tree growth while emphasising the need to safeguard public safety. Regular and proper tree maintenance and systematic tree risk assessment are effective ways to reduce the risk of tree failure. The Tree Management Office of the Development Bureau (DEVB) coordinates tree management departments before the onset of wet season every year in conducting tree risk assessment in areas with high pedestrian and vehicular flow according to the ‘Guidelines for Tree Risk Assessment and Management Arrangements’ issued by the DEVB and in taking appropriate mitigation measures, including crown pruning and removal of dead branches. If trees with risk of failure are identified, the departments will remove them as soon as possible.

During typhoons and extreme weather, government departments will urgently remove fallen trees when feasible for public safety and restore normal community operations as soon as possible. When the Hong Kong Observatory changes the gale or storm signal No. 8 or above to the strong wind signal No. 3, or when the black rain warning is cancelled, the tree management departments will immediately start inspections in various districts and take timely mitigation measures which include removing fallen trees and those that have not fallen but have become unstable due to heavy wind and rain, removing hanging broken branches, stabilising leaning trees back to an upright position, and supporting them with cables and supports, and cordoning off trees yet to be handled, to ensure the safety of citizens.

The reply to several parts of the question raised is as follows:

(1) The number of trees fallen or heavily broken and species involved in the past 5 years are set out below:

Year	2019		2020		2021		2022		2023 (as end of October)	
Number of tree fallen or heavily broken (Note 1)	850		1040		2070		1320		4790	
Major tree species (Note 2)	<i>Juniperus chinensis</i> 'Kaizuca'	68	<i>Bauhinia x blakeana</i>	72	<i>Leucaena leucocephala</i>	214	<i>Acacia confusa</i>	111	<i>Bauhinia x blakeana</i>	485
	<i>Acacia confusa</i>	46	<i>Acacia confusa</i>	58	<i>Acacia confusa</i>	116	<i>Bauhinia x blakeana</i>	76	<i>Acacia confusa</i>	421
	<i>Bauhinia x blakeana</i>	44	<i>Spathodea campanulata</i>	48	<i>Bauhinia variegata</i>	94	<i>Hibiscus tiliaceus</i>	61	<i>Hibiscus tiliaceus</i>	316
	<i>Hibiscus tiliaceus</i>	38	<i>Bauhinia variegata</i>	48	<i>Plumeria rubra</i>	76	<i>Spathodea campanulata</i>	57	<i>Albizia julibrissin</i>	284
	<i>Spathodea campanulata</i>	36	<i>Leucaena leucocephala</i>	43	<i>Bauhinia x blakeana</i>	69	<i>Casuarina equisetifolia</i>	48	<i>Leucaena leucocephala</i>	269
	<i>Bauhinia variegata</i>	32	<i>Hibiscus tiliaceus</i>	29	<i>Spathodea campanulata</i>	62	<i>Bauhinia purpurea</i>	41	<i>Lagerstroemia speciosa</i>	181
	<i>Leucaena leucocephala</i>	26	<i>Bauhinia purpurea</i>	26	<i>Tabebuia chrysantha</i>	60	<i>Leucaena leucocephala</i>	38	<i>Tabebuia chrysantha</i>	180
	<i>Bauhinia purpurea</i>	19	<i>Callistemon viminalis</i>	26	<i>Ficus benjamina</i>	58	<i>Bauhinia variegata</i>	32	<i>Bauhinia variegata</i>	180
	<i>Lagerstroemia speciosa</i>	19	<i>Elaeocarpus hainanensis</i>	22	<i>Bauhinia purpurea</i>	53	<i>Macaranga tanarius</i> var. <i>tomentosa</i>	29	<i>Macaranga tanarius</i> var. <i>tomentosa</i>	151
	<i>Casuarina equisetifolia</i>	18	<i>Juniperus chinensis</i> 'Kaizuca'	20	<i>Hibiscus tiliaceus</i>	53	<i>Delonix regia</i>	25	<i>Bauhinia spp.</i>	110

Note 1 : Numbers rounded to the nearest 10.

Note 2 : The ten species with the highest number of collapse or severe breakage and their numbers.

(2) & (3) In the selection of tree species, the DEVB promotes the 'Right Tree, Right Place' principle which means the tree species selected for planting should suit the environment while being able to deliver the designed functions and can grow healthily in a sustainable manner. On this, the DEVB has formulated the 'Street Tree Selection Guide' (Selection Guide) and released guidelines to

promote the use of native plant species for departments' reference, with a view to selecting suitable tree species and encouraging the diversity of urban tree species. *Leucaena leucocephala* mentioned in the question is not included in the Selection Guide. It is an invasive alien species that grows mainly in wasteland or at the edge of sparse woodlands. It is hardy and can hinder the natural succession of native species. Its branches are brittle and can easily break or collapse in strong winds, and posing hazard. Government departments remove *Leucaena leucocephala* during regular vegetation management work to avoid any impact on ecology or public safety.

(4) In September 2022, the DEVB established a task force to review the existing tree management guidelines and related implementation work. Ten improvement measures were proposed in early 2023 which are currently being implemented as scheduled.

Among the aforementioned measures, the coverage of 'Individual Tree Risk Assessment' under the 'Tree Basis Assessment' is expanded to conduct risk assessments for more relatively large trees along existing roads, and taking timely risk mitigation measures to protect public safety. The DEVB has updated the 'Guidelines for Tree Risk Assessment and Management Arrangement' accordingly and has implemented the above measures in the 2023 tree risk assessment and management work cycle.

However, some trees have become unsuitable to the existing locations due to changes and development in the surrounding environment. These trees do not exhibit imminent risk but may have potential risk in the long run. Hence, the abovementioned measures included a holistic review on the criteria and scoring system for determining suitability and sustainability of existing roadside trees, identifying large roadside trees that may have potential risk in the long run systematically, and devising appropriate measures for different scenarios that may include treatments or removal plan in phases. The relevant study is in progress

and it is expected that preliminary recommendations on the scoring system and criteria will be available in 2024, and the overall study would be completed in 2025.

- End -



## **LEGCO QUESTION NO. 22**

(Written Reply)

Asked by Prof Hon William WONG

Date of meeting : 8 November 2023

Replied by : Secretary for  
Innovation, Technology and  
Industry

### Reply

President,

In response to the various parts of the question raised by Prof Hon William Wong, the reply is as follows:

- (1) The Government has established five Research and Development (R&D) & Centres, i.e. Hong Kong Applied Science and Technology Research Institute
- (2) (ASTRI), Hong Kong Research Institute of Textiles and Apparel, Logistics and Supply Chain MultiTech R&D Centre (LSCM), Nano and Advanced Materials Institute, and Automotive Platforms and Application Systems R&D Centre (APAS), to drive and coordinate applied R&D in selected focus areas. The five R&D Centres have clear positioning and play an important role in driving applied R&D, conducting technology transfer and commercialising R&D outcomes, thereby offering more innovative technologies for the industry in Hong Kong and boosting the competitive edge of Hong Kong enterprises. The current positioning of the R&D Centres is at **Annex I**. Besides, the Chief Executive announced in the 2023 Policy Address that the Hong Kong Microelectronics Research and Development Institute (MRDI) will be established in 2024 to lead and facilitate collaboration in research and application of microelectronics, as well as industry development among universities, R&D Centres and the industry, which will include jointly exploring the third-generation semi-conductor core technology.

The R&D Centres play an important role in creating a vibrant innovation and technology (I&T) ecosystem and act as a focal point for technology collaboration among the Government, industry, academia and research sectors, thereby complementing the implementation of the relevant development directions and strategies under the “Hong Kong Innovation and Technology Development Blueprint” and developing Hong Kong into an international I&T centre. In this connection, the Government has been closely monitoring the operation of the R&D Centres. To evaluate the overall work progress and performance of various aspects of the R&D Centres, the Innovation and Technology Commission (ITC) has been adopting the following six indicators

since 2017-18:

- (i) Level of industry income;
- (ii) Number of on-going projects involving industry participation;
- (iii) Number of companies participating in the on-going projects;
- (iv) Number of organisations benefitting from the Public Trial Sector Scheme;
- (v) Number of researchers engaged under the Research Talent Hub; and
- (vi) Number of patents filed and granted.

Regarding the aforementioned indicator (i) (i.e. level of industry income), ITC has raised the target from 30% to 35% from 2023-24, and subject to steady economic growth, gradually raises the target to 50% in a few years' time.

Regarding the indicators (ii) to (vi), as the scale and focal points of the R&D Centres are different, it is difficult to devise a set of uniform quantifiable key performance indicators. However, in the regular progress report on the R&D Centres to the Panel on Commerce, Industry, Innovation and Technology of the Legislative Council, ITC will set out the Centres' respective performances under items (ii) to (vi) of the indicators. Besides, as a standard practice, the R&D Centres are required to prepare and submit annual plan, quarterly and annual reports and annual audited accounts for approval by their respective Board and ITC every year.

On bringing social benefits, a number of R&D outcomes generated by the R&D Centres have been adopted by public organisations or public service providers. For example, the low-floor height e-minibus developed by APAS is supporting the Government's trial of electrification of public light buses; ASTRI and MTR Corporation Limited jointly developed a non-contact smart visual system to measure the gaps in escalators, replacing manual inspection, to ensure public safety by enhancing measurement and maintenance efficiency; LSCM has developed a combination-type wireless radio frequency identification tags for use in road tolling systems, and the technology has been applied to the HKeToll system. These R&D outcomes help Government departments and other public organisations enhance their service quality and efficiency, making people's daily living more convenient, comfortable and safe, thereby providing a greater sense of fulfilment. As such, it is difficult to quantify these benefits and devise quantifiable key performance indicators.

In the past few years, due to the COVID-19 epidemic, different industries have been affected to different extents. Despite facing such adverse circumstances, the R&D Centres have continued to drive applied R&D in selected focus areas and closely collaborated with the industry to understand their needs and the latest technological trends. As at end-March 2023, there were 405 on-going projects, including 243 projects (around 60%) involving participation from 470 companies, representing an increase of about 13%. This shows that the R&D Centres' applied R&D projects can address market

needs and solve industry pain-points, thereby assisting the industry in grasping the opportunity for restructuring and upgrading. The Government will continue to review the resources provided to the R&D Centres (including MRDI which will be established soon), as well as their roles, positioning and key performance indicators taking into account the needs of the industry and technological development in accordance with the aforementioned mechanism. In the meantime, the Government will continue to encourage collaboration amongst the R&D Centres to achieve synergy.

- (3) The five R&D Centres bear the public mission of conducting technology transfer to the industry, and their objective for conducting applied R&D and
- 
- (7) technology transfer is not about making profits. If an industry partner contributed at least 50% of the total project cost, it is entitled to the intellectual property (IP) generated from that R&D project. Besides, as it often takes years to apply for a patent, some R&D Centres will opt to directly transfer technological know-how to the industry to help them cope with the ever-changing market in time. The patent-related figures and commercialisation and other income of the five R&D Centres in the past five financial years are at **Annex II**. ITC does not keep the number of patents which have been successfully commercialised and the income concerned.

Owing to the difference in technological areas between the R&D Centres and the fast-changing technological development, the Centres devise their own strategies for managing their patents, and will decide whether they will extend their patents according to their own mechanisms. Generally speaking, the R&D Centres will consider a basket of factors when making such decision, including the commercialisation income generated by the patent, the maintenance cost, the likelihood for the patent to be a background IP for R&D projects in the future, whether there are similar patents utilising more advanced technologies in the market, and whether the patent is still relevant to the Centres' future development, etc.

-- END --

**The positioning of the five  
Research and Development (R&D) Centres**

The positioning of the five R&D Centres is as follows –

- **Automotive Platforms and Application Systems R&D Centre** develops technologies that are useful for the automotive industry, such as new energy vehicles, autonomous driving and smart mobility etc., supports smart and green public transportation in Hong Kong having regard to its unique transportation needs and provides technological support in respect of new industrialisation to the automotive and related industries;
- **Hong Kong Applied Science and Technology Research Institute (ASTRI)** enhances Hong Kong's competitiveness through conducting applied R&D in six focus areas: smart city, financial technologies, new industrialisation and intelligent manufacturing, digital health, application specific integrated circuits and metaverse. ASTRI also strategically collaborates with the universities in developing technologies meeting industry's needs in these six focus areas;
- **Hong Kong Research Institute of Textiles and Apparel** focuses on applied R&D in textile and garment by developing novel materials, manufacturing technologies and operation models, thereby enabling textile and fashion industry to provide high-value added production and services, enhancing their competitiveness and achieving sustainable development;
- **Logistics and Supply Chain MultiTech R&D Centre** focuses on development and application of multi-techn in areas such as the flow of goods, people, information and capital to satisfy the applied R&D needs of small and medium enterprises from different industries. It is also positioned as the public research service centre; and
- **Nano and Advanced Materials Institute**, with expertise on nanotechnologies and advanced materials, supports the industry by leveling up technologies in their respective professions and introducing a new generation of smart products, thereby increasing the overall competitiveness. The relevant industries include construction, healthcare, electronics, energy and environmental protection.

**The patent related figures of the five Research and Development  
("R&D") Centres in the past five financial years**

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Automotive Platforms and Application Systems R&amp;D Centre</b>					
(a) Number of new projects commenced	16	16	19	21	22
(b) Number of new projects commenced with granted patents (Note 1)	5	4	10	13	10
(c) Number of patents owned	6	10	20	33	43
(d) Patent maintenance fee (in \$ million)	0.1	0.12	0.11	0.14	0.17
(e) Number of patents discontinued	0	0	0	0	0
(f) Number of patent trading (Note 2)	0	0	2	2	5
(g) Commercialisation and other income (in \$ million)	1.9	2.6	2.2	3.4	12.5
<b>Hong Kong Applied Science and Technology Research Institute</b>					
(a) Number of new projects commenced	39	46	34	42	45
(b) Number of new projects commenced with granted patents (Note 1)	18	20	8	4	0
(c) Number of patents owned	798	843	899	893	853
(d) Patent maintenance fee (in \$ million)	3.36	4.71	5.34	5.5	5.38
(e) Number of patents discontinued	0	0	0	61	93
(f) Number of patent trading (Note 2)	19	16	21	16	17
(g) Commercialisation and other income (in \$ million)	21.2	25.9	10.0	43.3	48.3
<b>Hong Kong Research Institute of Textiles and Apparel</b>					
(a) Number of new projects commenced	23	12	22	20	21
(b) Number of new projects commenced with granted patents (Note 1)	5	0	0	1	0
(c) Number of patents owned	78	70	73	70	74
(d) Patent maintenance fee (in \$ million)	0.13	0.31	0.16	0.88	0.47
(e) Number of patents discontinued	0	15	9	11	9

	2018-19	2019-20	2020-21	2021-22	2022-23
(f) Number of patent trading (Note 2)	15	11	5	7	15
(g) Commercialisation and other income (in \$ million)	11.0	29.3	5.6	13.0	39.4
<b>Logistics and Supply Chain MultiTech R&amp;D Centre</b>					
(a) Number of new projects commenced	25	25	25	25	26
(b) Number of new projects commenced with granted patents (Note 1)	2	4	2	2	0
(c) Number of patents owned	9	16	34	57	77
(d) Patent maintenance fee (in \$ million)	0.12	0.18	0.2	0.25	0.3
(e) Number of patents discontinued	0	0	0	0	0
(f) Number of patent trading (Note 2)	24	26	35	29	95
(g) Commercialisation and other income (in \$ million)	10.1	16.0	24.1	21.1	14.4
<b>Nano and Advanced Materials Institute</b>					
(a) Number of new projects commenced	43	43	42	52	42
(b) Number of new projects commenced with granted patents (Note 1)	0	0	3	9	9
(c) Number of patents owned	148	173	185	204	216
(d) Patent maintenance fee (in \$ million)	0.51	0.55	0.63	0.51	0.72
(e) Number of patents discontinued	3	1	7	12	16
(f) Number of patent trading (Note 2)	28	28	30	27	23
(g) Commercialisation and other income (in \$ million)	17.1	12.3	17.8	14.1	14.6

Note 1: The R&D Centres will consider a basket of factors when making patent applications, including the chance of success, the importance of the patent in future commercialisation activities, the life cycle of the technology concerned, cost of application and extension in the future etc. It is worth noting that as it often takes years to apply for a patent, some R&D Centres will opt to directly transfer technological know-how to the industry to help them cope with the ever-changing market.

Note 2: The number of patent trading includes the number of licensing agreements signed between the R&D Centres and the industry as well as the contract researches commissioned by the industry utilising patents owned by the Centres.

**The marked-up version of the amendment moved by Mr Tony TSE  
(Translation)**

That *it is estimated that in 2046, more than one in every three people in Hong Kong will be an elderly*; as Hong Kong is facing the problem of population ageing, which has caused public expenditure to increase progressively, this Council urges the Government to examine the current conditions of public finance and initiate studies on increasing the sources of financial revenue, so as to make early preparation for the long-term financial burden arising from the transition to an ageing society; *moreover, the Government should exercise stringent control over increases in recurrent expenditure, yet it should not reduce its investment for the future because of the increasing financial burden, and should tap into private market forces to help Hong Kong cope with the challenges of an ageing society and continue to move forward.*

Note: Mr Tony TSE's amendment is marked in *bold and italic type*.

**The marked-up version of the further amendment moved by Dr Hoey Simon LEE (Translation)**

That it is estimated that in 2046, more than one in every three people in Hong Kong will be an elderly; as Hong Kong is facing the problem of population ageing, which has caused public expenditure to increase progressively, this Council urges the Government to examine the current conditions of public finance and initiate studies on increasing the sources of financial revenue, so as to make early preparation for the long-term financial burden arising from the transition to an ageing society; moreover, the Government should exercise stringent control over increases in recurrent expenditure, yet it should not reduce its investment for the future because of the increasing financial burden, and should tap into private market forces to help Hong Kong cope with the challenges of an ageing society and continue to move forward; ***this Council also urges the Government to uphold the principle of keeping the expenditure within the limits of revenues enshrined in the Basic Law, and initiate studies on the possibility of reducing expenditure.***

Note: Dr Hoey Simon LEE's amendment is marked in ***bold and italic type***.



**The marked-up version of the further amendment moved by Dr Wendy HONG (Translation)**

That it is estimated that in 2046, more than one in every three people in Hong Kong will be an elderly; as Hong Kong is facing the problem of population ageing, which has caused public expenditure to increase progressively, this Council urges the Government to examine the current conditions of public finance and initiate studies on increasing the sources of financial revenue, so as to make early preparation for the long-term financial burden arising from the transition to an ageing society; moreover, the Government should exercise stringent control over increases in recurrent expenditure, yet it should not reduce its investment for the future because of the increasing financial burden, and should tap into private market forces to help Hong Kong cope with the challenges of an ageing society and continue to move forward; this Council also urges the Government to uphold the principle of keeping the expenditure within the limits of revenues enshrined in the Basic Law, and initiate studies on the possibility of reducing expenditure; ***this Council also urges the Government to proactively reduce ineffective and even unnecessary expenditure.***

Note: Dr Wendy HONG's amendment is marked in ***bold and italic type***.