

Mr President, Honourable Members and fellow citizens,

I. Foreword: Striving Ahead

1. Today I present the fourth Policy Address in my term of office. First of all, I would like to thank the Honourable Members, participants of the 24 consultation sessions and members of the community for giving many views and suggestions for this Policy Address. This shows that you all care about Hong Kong, support the Hong Kong Special Administrative Region (HKSAR) Government in enhancing its governance, and are willing to offer advice with the aim of building a better Hong Kong which is our home.

2. In preparing for this year's Policy Address, I deeply felt that I was charged with a heavy responsibility. In the past year or so, Hong Kong has experienced multiple blows which are unprecedented: the social unrest arising from the opposition to the proposed legislative amendments to the Fugitive Offenders Ordinance and other anti-government acts; the shrinking economy and rising unemployment rate caused by the Coronavirus Disease 2019 (COVID-19) epidemic; and the acts that endangered national security due to interference by external forces. All these have seriously undermined the social stability of the HKSAR, impeded its economic development and tarnished its international image, and for which our society has paid a high price. Under such circumstances, the worries and anxieties of the people and their loss of confidence in the future are entirely understandable. Naturally, they will expect the HKSAR Government to do more and to do better. As such, the primary objective of this Policy Address is to look at ways to get Hong Kong out of the impasse and to restore people's confidence as soon as possible.

3. In his keynote address delivered at the meeting celebrating the 20th Anniversary of Hong Kong's Return to the Motherland and the Inaugural Ceremony of the Fifth-term Government of the HKSAR held on 1 July 2017, President Xi Jinping pointed out that the implementation of "One Country, Two Systems" entailed an evolving

process, and that Hong Kong had encountered some new circumstances and issues in the process. He mentioned that the continued successful implementation of “One Country, Two Systems” in Hong Kong hinged on “four imperatives”, namely, it was imperative to have a correct understanding of the relationship between “One Country” and “Two Systems”; it was imperative to always act in accordance with the Constitution of the People’s Republic of China (the Constitution) and the Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (the Basic Law); it was imperative to always focus on development as the top priority; and it was imperative to always maintain a harmonious and stable social environment. The Policy Address that I deliver today seeks to restore Hong Kong’s constitutional order, consolidate and enhance Hong Kong’s strengths and diversify its economic development, and build on our past efforts to continue to improve people’s well-being, with a view to resolving our immediate and long-term social problems. I wish to receive support from the Legislative Council (LegCo) and the community.

II. Full Support of the Central Government

4. Since my delivery of the 2019 Policy Address, Hong Kong has been facing severe and unprecedented challenges in the past year. The COVID-19 outbreak, coupled with the social unrest in the second half of last year, has taken a toll on our commercial activities. The local economy has experienced a rapid downturn, with a continual rise in the unemployment rate and various sectors badly hit. Although the promulgation of The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law) on 30 June this year has restored stability in our society, the road to economic recovery is still fraught with difficulties.

5. On the other hand, we have seen a quick rebound in the economy of our country as a result of its vigorous efforts in putting the epidemic under control. Set to be the only major economy to record growth in 2020, the Mainland has put forward a new development pattern of domestic and international dual circulation. Benefiting from its proximity to the Mainland and the Central Government's long-standing support under the "One Country, Two Systems" principle, Hong Kong's economic development will be given new impetus. It can continue to capitalise on its strengths to serve the country's needs with proactive participation in the domestic and international dual circulation as well as better integration into the overall national development.

6. In light of this development, I announced early last month the postponement of the delivery of this year's Policy Address to allow more time for discussion with the relevant Central authorities as well as the Guangdong Provincial Government on policy initiatives that will support Hong Kong's development and enhance the community's confidence in the future. I led a government delegation to Beijing, Guangzhou and Shenzhen from 3 to 7 November for in-depth exchanges with the relevant Mainland authorities and received very positive feedback. At our meeting with Mr Han Zheng, Vice Premier of the State Council, he remarked that "the Central Government will fully support whatever measure that is conducive to maintaining the

long-term prosperity and stability of Hong Kong, improving the well-being of Hong Kong people, and promoting greater integration of Hong Kong into the overall development of the country”.

7. I will now give a brief account of the results achieved during my visit to Beijing, and will explain further under the relevant policy areas later.

- On promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the Central Government supports the full implementation, by the end of this year, of the 24 policy measures that have been approved in principle by the Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area. In addition to the measures rolled out earlier such as tax concessions, facilitation of property purchase, support for young entrepreneurs, cross-boundary remittance of science and technology funding and liberalisation of legal and construction professional services, further measures to be introduced shortly include permitting the use of Hong Kong-registered drugs and common medical devices in designated Hong Kong-owned healthcare institutions in the Mainland cities of the GBA, relaxing the limitation on exporting Mainland human genetic resources to Hong Kong for research purposes, facilitating Hong Kong private cars travelling to Guangdong via the Hong Kong-Zhuhai-Macao Bridge (HZMB), and expediting the implementation of the cross-boundary wealth management connect scheme.
- On consolidating and enhancing Hong Kong’s status as an international financial centre, the Central Government supports further deepening the mutual access between the Mainland and Hong Kong financial markets and the gradual expansion of the scope of eligible securities under the mutual market access programmes, and agrees to accelerate the pace of the inclusion of pre-profit biotechnology companies listed in Hong Kong and stocks

listed on the Mainland Sci-Tech Innovation Board meeting certain prescribed criteria in the scope of eligible securities under the programmes.

- On consolidating and enhancing Hong Kong's status as an international aviation hub, the Central Government supports the participation of the Hong Kong International Airport (HKIA) in the operation and development of the Zhuhai Airport through investment by way of share acquisition according to market principles, with a view to deepening the co-operation of the two airports in building a globally competitive world-class airport cluster.
- On the development of an international innovation and technology (I&T) hub, the Central Government supports the joint development of the Shenzhen-Hong Kong I&T Co-operation Zone, which comprises the Shenzhen I&T Zone and the Hong Kong-Shenzhen I&T Park at the Lok Ma Chau Loop, with a view to establishing "one zone, two parks" at "one river, two banks" under the auspices of "One Country, Two Systems".
- On improving the infrastructure of land boundary control points between Hong Kong and Shenzhen, the Central Government supports the deepening of co-operation between Hong Kong and Shenzhen, the enhancement of the Lok Ma Chau/Huanggang control point, and the implementation of co-location arrangements at the new Huanggang control point in Shenzhen so as to release over 20 hectares of land at the Hong Kong control point for other uses. We will also explore with Shenzhen the enhancement of the Lo Wu control point in due course. Drawing on the experience of Hong Kong private cars travelling to Guangdong via the HZMB, we will explore the implementation of the same policy at other Hong Kong/Shenzhen land boundary control points.

- On facilitating Hong Kong enterprises to tap the Mainland domestic market, the Central Government supports the collaboration of the Guangdong Province with the Hong Kong Trade Development Council (HKTDC) and relevant chambers of commerce in providing policy advisory, training and business matching services to Hong Kong enterprises, thereby enabling them to expand their domestic sale channels and establish interface with the e-commerce platforms in the Mainland market.
- On fighting against the epidemic, the Central Government supports and requests the HKSAR Government to adopt all necessary measures to guard against the importation of cases and resurgence of domestic infections, with the aim of gradually resuming travel between Hong Kong and Guangdong in an orderly manner through mutual recognition of health codes when the epidemic situation in Hong Kong stabilises. The Central Government also supports Hong Kong in ensuring the supply of COVID-19 vaccines and will reserve a certain amount of vaccines developed or produced in the Mainland for use by Hong Kong people when necessary.

8. Such strong policy support from the Central Government is conducive to Hong Kong's putting forward and implementing concrete measures in various areas. The HKSAR Government will strengthen its communication and interface with relevant Central ministries and the Guangdong Provincial Government, and set up task forces to take forward various initiatives. However, to drive forward the development of various sectors in Hong Kong, we need to comprehensively and accurately implement the principles of "One Country, Two Systems", "Hong Kong people administering Hong Kong" and a high degree of autonomy.

III. Upholding “One Country, Two Systems”

Staying True to Our Original Aspiration

9. This year marks the 30th anniversary of the promulgation of the Basic Law. Looking back at the development journey of the HKSAR in the past 23 years, we should deeply appreciate the great concept of “One Country, Two Systems” put forth by Mr Deng Xiaoping, which has not only successfully resolved the issues left over by history, making it possible for Hong Kong to return to the embrace of our motherland, but also ensured the prosperity and stability of Hong Kong. Last year, the fourth plenary session of the 19th Central Committee of the Communist Party of China (CCCPC) adopted the decision on “upholding the principle of ‘One Country, Two Systems’, maintaining lasting prosperity and stability of Hong Kong and Macao, and promoting the peaceful reunification of China” as one of the notable strengths of the state and governance systems of our country. This clearly illustrates the Central Government’s unwavering determination in upholding the “One Country, Two Systems” principle.

10. To ensure that the “One Country, Two Systems” principle is fully and accurately implemented, we must adhere to the Constitution and the Basic Law. According to Article 31 of the Constitution, “The State may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People’s Congress in the light of specific conditions.” The National People’s Congress (NPC) is the highest organ of state power, and its decisions have the highest legal effect. The Standing Committee of the NPC (NPCSC) has the power to interpret the Basic Law. The NPC and its Standing Committee have the power to supervise the implementation of the Basic Law. These provisions, in essence, constitute the constitutional order of the HKSAR.

Improving the Implementation of “One Country, Two Systems”

The Chief Executive’s Mission

11. Shortly after my assumption of office, I made it clear that to ensure the robustness of “One Country, Two Systems”, the HKSAR must uphold the “One Country” principle and handle the relationship between the Central Government and the HKSAR correctly. The Chief Executive is responsible to both the HKSAR and the Central People’s Government (CPG). Under the constitutional function of “dual responsibility”, the Chief Executive is required to comprehensively, accurately and firmly implement the “One Country, Two Systems” principle and uphold the Basic Law.

12. Under the Basic Law, the Chief Executive is vested with the dual role as head of the executive authorities of the HKSAR, that is, the HKSAR Government, and that of the HKSAR representing the whole Region. One can see the extensive powers conferred upon the Chief Executive by referring to Chapter IV of the Basic Law, which sets out the provisions relating to the political structure of the HKSAR. In addition to leading the executive authorities, the Chief Executive has specific roles and functions to play in respect of the exercise of powers and functions by the legislature and the judiciary of Hong Kong. This demonstrates the HKSAR’s adherence to the executive-led structure under the core leadership of the Chief Executive, who is directly accountable to the CPG. Under this framework, the powers of the executive authorities, the legislature and the judiciary are “individually positioned” with a division of work. There is no conflict between an executive-led system and an independent Judiciary, since one of the Chief Executive’s duties is to uphold judicial independence which is protected under the Basic Law.

13. While the HKSAR has been established for over 23 years, from time to time there are still divergent views on the basic issues pertaining to the political system, and some issues are politically manipulated due to the society’s inadequate understanding of the Constitution and the Basic Law and the fact that some people’s

awareness of the “One Country” principle has yet to be enhanced. In addition, ill-intentioned people influenced by external forces have made use of the relatively complicated social and political situation in Hong Kong to deliberately mislead the public about the relationship between the Central Government and the HKSAR. In the past year or so, Hong Kong has experienced the most severe political challenges since its return to the motherland. One of our urgent priorities is to restore HKSAR’s constitutional order and political system from chaos.

Hong Kong National Security Law

14. It is the constitutional responsibility of the HKSAR to safeguard our country’s sovereignty, security and development interests. Article 23 of the Basic Law stipulates that Hong Kong shall enact laws on its own to prohibit specified acts and activities which endanger national security. Notwithstanding Hong Kong’s reunification with the motherland 23 years ago, and after five terms of Government, this legislative exercise is still not yet completed. Hong Kong has become an obvious gaping hole in national security and presented significant risks to the country. Since the onset of the disturbances arising from the opposition to the proposed legislative amendments to the Fugitive Offenders Ordinance in June last year, we have seen escalating violence and damages as well as opposition forces and organisations advocating “Hong Kong independence” and “self-determination”. These opposition forces and organisations blatantly challenged the authority of the Central Government and the HKSAR Government, pleaded for interference in Hong Kong’s affairs by external forces and even begged for sanctions against Hong Kong. Meanwhile, foreign governments and legislatures have intensified their interference in Hong Kong’s affairs which are squarely China’s internal affairs, severely jeopardising our nation’s security.

15. The situation of Hong Kong has evolved to such a state that the Central Government has no alternative but to step in and take action. On 30 June this year, the NPCSC passed the National Security Law and included it in Annex III to the Basic Law in accordance with Article 18 of the Basic Law. The law took effect in Hong Kong on the same day. Over the past four months or so, the

National Security Law has been remarkably effective in restoring stability in Hong Kong: advocacies of “Hong Kong independence” and collusions with external forces have progressively subsided; some of the prominent figures have kept a low profile; radical organisations have ceased operation or dissolved; those who are suspected of violating the law have absconded; and street violence is significantly on the decline. After a year of social unrest with fear for personal safety, Hong Kong people can once again enjoy their basic rights and freedoms according to the law. I must emphasise that, as expressly provided in Article 4 of the National Security Law, the principle of respecting and protecting human rights will be upheld and the legitimate rights of Hong Kong people to exercise their freedom of speech, press, assembly, demonstration and procession, etc. will not be compromised in safeguarding national security.

16. According to Article 12 of the National Security Law, the Committee for Safeguarding National Security of the HKSAR chaired by me shall assume primary responsibility for safeguarding national security in the HKSAR and is supervised by and accountable to the CPG. I and all committee members will do our utmost to fully co-operate with the National Security Adviser appointed by the Central Government as well as the Office for Safeguarding National Security and other offices set up by the Central Government in the HKSAR, and to make the best use of the powers conferred by the National Security Law upon the HKSAR Government. We will also spare no effort in fulfilling our responsibility in exercising jurisdiction over criminal cases under the National Security Law to effectively prevent, suppress and punish acts and activities that endanger national security.

17. To safeguard national security comprehensively, it is incumbent upon the HKSAR Government to strengthen publicity and education to enhance Hong Kong people’s understanding of national security and law-abiding awareness. We are drawing up relevant plans in accordance with Articles 9 and 10 of the National Security Law, and will make good use of the annual Constitution Day and National Security Education Day to conduct public education on a larger scale.

National Flag, National Emblem and National Anthem

18. National flag, national emblem and national anthem are the symbols and signs of a nation and must be protected by law and respected by people. According to Article 18 of the Basic Law, it is the constitutional responsibility of the HKSAR to implement in Hong Kong national laws listed in Annex III to the Basic Law. Upon completion of the local legislative procedures, the National Anthem Ordinance formally came into effect in the HKSAR on 12 June 2020. On 17 October 2020, the NPCSC endorsed the amendments to the Law of the People's Republic of China on the National Flag and the Law of the People's Republic of China on the National Emblem. The HKSAR Government will introduce suitable amendments to the National Flag and National Emblem Ordinance, with a view to implementing provisions that are applicable to the HKSAR and fulfilling the constitutional responsibility of the HKSAR.

Oath-taking by Public Officers

19. Article 104 of the Basic Law provides that when assuming office, the Chief Executive, principal officials, members of the Executive Council and of the LegCo, judges of the courts at all levels and other members of the Judiciary in the HKSAR must, in accordance with law, swear to uphold the Basic Law and swear allegiance to the HKSAR. The NPCSC endorsed the Interpretation of Article 104 (the Interpretation) on 7 November 2016, which explains that the provisions of the Article are not only the legal content which must be included in the oath, but also the legal requirements and preconditions for standing for election or taking up the public offices specified in the Article. The taking of the oath is a legal pledge made by public officers to the People's Republic of China and the HKSAR, and is legally binding. The Interpretation also makes it clear that an oath taker who makes a false oath, or, who, after taking the oath, engages in conduct in breach of the oath, shall bear legal responsibility in accordance with the law. Article 35 of the National Security Law clearly stipulates that a person who is convicted of an offence endangering national security shall immediately be disqualified from standing as a candidate in elections or holding any public office. The NPCSC endorsed the decision on the qualification

of LegCo members on 11 November, expressly stating that a LegCo member does not fulfil the legal requirements and conditions on upholding the Basic Law and pledging allegiance to the HKSAR of the People's Republic of China if the member advocates or supports "Hong Kong independence", refuses to recognise the People's Republic of China's sovereignty over Hong Kong and the exercise of the sovereignty, solicits intervention by foreign or external forces in the HKSAR's affairs, or carries out other acts that endanger national security. When the member is so decided in accordance with law, he or she is immediately disqualified from being a LegCo member. To implement the Basic Law, the requirements of the National Security Law, as well as the NPCSC's Interpretation and decision on the qualification of LegCo members, the HKSAR Government will introduce a bill with reference to relevant local court judgments within this year to amend such local laws as the Oaths and Declarations Ordinance and the Legislative Council Ordinance in order to enhance the oath-taking arrangements and to deal with those who have engaged in conduct that breaches the oath after swearing-in as well as the legal consequences and the relevant statutory procedures involved.

20. Pursuant to Article 99 of the Basic Law, civil servants must dedicate themselves to their duties and be responsible to the HKSAR Government. The HKSAR Government has made it clear that all civil servants joining the Government on or after 1 July 2020 must sign a declaration to uphold the Basic Law, swear allegiance to the HKSAR of the People's Republic of China and be responsible to the HKSAR Government. As for serving civil servants, the Secretary for the Civil Service will announce the implementation details in due course.

Safeguarding the Rule of Law

21. The rule of law is a core value and the cornerstone of Hong Kong's success. Hong Kong's rule of law has a solid foundation: our mature legal system is renowned for being transparent, trustworthy and fair; the Department of Justice (DoJ) is in charge of criminal prosecution without any interference; our courts exercise judicial power independently without any interference; and a robust legal aid

system is in place to ensure that all Hong Kong residents are equal before the law. Since our reunification with the motherland, Hong Kong's laws and judicial independence have been highly regarded internationally. More importantly, these elements are protected under the Basic Law.

22. To enhance the community's proper understanding and practice of the rule of law, the DoJ will strive to implement a 10-year initiative "Vision 2030 for Rule of Law". Through collaboration with various stakeholders, more targeted public education activities will be carried out, including educating the youth on the proper understanding of the rule of law and promoting their law-abiding awareness, and research on the rule of law and related data compilation will be conducted. Besides, through enhanced efforts in promotion and explanation to clarify misconceptions and misunderstanding, the DoJ will continue to showcase that Hong Kong remains a neutral and effective international legal hub for deal-making and dispute resolution services; and to facilitate equal access to justice and sustainable development by creating synergy and momentum through international and regional collaboration. To enhance and promote Hong Kong's status as an international legal hub, the Government has provided office accommodation in the West Wing of the former Central Government Offices and the Former French Mission Building for over 20 local, regional and international law-related organisations. Together with the Justice Place in the former Central Government Offices, an iconic legal hub was commissioned on 2 November this year.

23. Fair trial and due process are essential elements of the rule of law. In this respect, the judiciary plays the pivotal role and performs its important constitutional functions under the Basic Law. In the discharge of their responsibilities, judges look only at the letter and the spirit of the law without any interference. However, independent judicial power does not deny a party the opportunity of lodging a complaint against the court ruling. For criminal cases, there is redress by way of an appeal or review, or an application for recusal, whether by the accused or the prosecution. Complaints against the impartiality and conduct of individual judges can also be made to the Judiciary.

24. Hong Kong has long been one of the safest cities in the world, and our disciplined services are highly trusted by the public. In the past year or so, Hong Kong has experienced social unrest with violent acts and “justice lawbreaking” advocated by some people, severely damaging social order and the rule of law, and posing threats to people’s lives and properties. To turn around this situation, we must take stringent law enforcement actions. If there is evidence that someone violates the law, the offender must face legal sanctions regardless of his or her status or background. No one has any privileges under the law. The Police will handle the cases in a fair, just and impartial manner in accordance with the law. Over 2 300 persons are being prosecuted in connection with the disturbances arising from the legislative exercise of the Fugitive Offenders Bill, and the legal proceedings of most of the cases are underway. For arrestees under the age of 18 who have expressed contrition and are not involved in serious offences, the Police is prepared to consider handling the cases with measures conducive to their rehabilitation as appropriate, for example, by cautioning them under the Police Superintendent’s Discretion Scheme or imposing bind over orders with the prerequisite that the minors must admit their wrongdoings.

Electoral Arrangements

25. The 2020 LegCo General Election, originally scheduled for 6 September 2020, has been postponed for a year amidst the severe epidemic situation. According to the decision made by the NPCSC, the sixth-term LegCo will continue to discharge its duties for no less than one year until the commencement of the seventh-term LegCo. There are views in the community calling for the Electoral Affairs Commission (EAC) to change and enhance the existing electoral arrangements. Meanwhile, the Constitutional and Mainland Affairs Bureau (CMAB) has also reviewed the existing legislation on the regulation of various electoral arrangements. Taking into account the proposals put forward by the EAC last month and the community’s views, the CMAB will introduce bills to revise the relevant legislation in due course so as to enhance the electoral system and arrangements.

Public Finance

26. The current-term Government adopts a proactive fiscal policy with substantial resources devoted to investments for Hong Kong and relieving our people's burden. The Government's recurrent expenditure has increased from \$361.8 billion in 2017-18 to the approved estimate of \$486.6 billion in 2020-21, representing a growth of 34.5% or an average annual growth of 10.4%, which is the highest among all previous terms of Government. Different sectors have been severely affected amid the tense relations between China and the United States as well as the outbreak of social unrest and COVID-19. Over the past six months or so, the Government has rolled out relief measures totalling about \$310 billion under this financial year's Budget and the three rounds of the Anti-epidemic Fund (AEF). With the anticipation that the weak economy will persist for quite a long time and the consequent reduction in government revenue, it will be hard to continue to increase government expenditure. However, to avoid impeding the development of Hong Kong, we will continue to invest in infrastructure, develop our land resources and meet economic and livelihood needs.

Public Sector Reform

27. I advocate that the Government should take up the roles of a "facilitator" and a "promoter" on top of a "regulator" and a "service provider". The Government should be visionary, improve existing policies and measures pursuant to policy objectives, and remove barriers for our industries, with a view to maximising the benefits for the society. Even with stringent control over increases in recurrent expenditure and zero growth in the civil service establishment, departments are required to carry out service reforms by implementing initiatives that can bring benefits and convenience to the public. I noticed that recently Members of the LegCo have expressed reservations about the Government's requests to create directorate posts under the current situation. I understand Members' concern, and decide to withdraw all the staff establishment proposals

awaiting scrutiny and review them individually. If any of the posts is confirmed to be absolutely necessary, we will only seek to create time-limited supernumerary posts first to handle the related duties.

28. On streamlining administrative procedures, we will place special emphasis on streamlining land development control and approval processes, as well as expediting the approval process of applications for lease modifications pertaining to the planning of major private residential sites and other developments. Moreover, bureaux and departments will reform over 900 services under the Streamlining of Government Services Programme on a continuous basis.

29. In parallel with the optimal use of public resources, we will make good use of the funds set up by the Government over the years for supporting various policy objectives and target groups. After taking stock of the situation, I notice that some of the funds have a substantial balance which can be put to more effective use. I have requested the relevant policy bureaux to examine the situation in a holistic manner, with a view to streamlining procedures and strengthening promotion, so that the funds can benefit more members of the community and organisations. I will later on give some examples on how we put the funds to good use.

IV. Navigating through the Epidemic

Staying Vigilant in the Prolonged Fight against the Epidemic

30. The year 2020 has presented mankind with an unprecedented public health crisis. With the exception of China, the epidemic situation across the globe shows no sign of abating and is even worsening rapidly in some places. Governments around the world have to implement extremely stringent border control and social distancing measures. During almost one year of our fight against the epidemic, Hong Kong has remained vigilant and committed. Mobilising the whole community to fight the virus together, the Government has been maintaining a high degree of transparency in its anti-epidemic efforts and seeking the co-operation and support of the entire community.

Together, We Fight the Virus

31. During the multiple waves of the epidemic, the Hong Kong community has shown its unity and the spirit of mutual help in working towards a common goal. We have seen a large number of medical staff, serving and retired civil servants as well as members of the auxiliary services making concerted efforts to perform arduous tasks such as medical surveillance, contact tracing, virus testing, quarantine and treatment; government project teams as well as contractors and workers labouring day and night to set up more quarantine centres and community treatment facilities within the shortest time; professional teams travelling to and from the Mainland and overseas fearlessly to take Hong Kong people home; community organisations and volunteers distributing protective equipment to support the underprivileged; and technology personnel zealously exploring the application of research and development (R&D) outcomes in related prevention and control work. The HKSAR Government would like to extend its heartfelt gratitude to each and every one who has joined the fight against the epidemic.

Support of the Central Government

32. The Central Government is very concerned about the development of the epidemic in Hong Kong and has responded positively to requests from the HKSAR Government, including supplying personal protective equipment, exporting mask production machines, assisting Hong Kong residents stranded in the Mainland and overseas in returning home, and supporting three major projects to help Hong Kong suppress the third wave of the epidemic and enhance our capability in treating patients in the future. With the full support of the Central Government, the Universal Community Testing Programme, which provided voluntary virus testing services for more than 1.7 million people, was concluded smoothly in mid-September. The new community treatment facility at AsiaWorld-Expo (AWE) has also been commissioned ahead of schedule early last month, while the construction of a temporary hospital is expected to be completed in January next year. To support Hong Kong in ensuring the supply of vaccines, the Central Government has recently agreed to reserve a certain amount of vaccines developed or produced in the Mainland for use by Hong Kong people when necessary. On behalf of the HKSAR, I wish to express our sincere gratitude to the Central Government as well as the provinces and cities which have come to our assistance. As for arrangements to facilitate cross-border travel which the public are concerned about, provided that the epidemic in Hong Kong is under control, the Central Government supports the gradual resumption of travel between Hong Kong and Guangdong without the need for compulsory quarantine in an orderly manner through mutual recognition of health codes.

Adopting a Multi-pronged Approach

33. Since the outbreak of the epidemic in January this year, the inter-departmental Steering Committee cum Command Centre led by me has been making timely adjustments to the measures to cope with the ever-changing situation with a view to curbing the epidemic through a multi-pronged approach. In the course of doing so, not only do we have to consider the legal basis of the measures, the level of acceptance from the public and the impact on the economy, but

also the practicability of the measures in achieving the desired effect. This is by no means an easy task, but I can assure that every decision we made is based on science, expert advice and the information available to us at the time, and that political considerations have never come into play.

34. As the research and development of vaccines take time, and the epidemic situation remains unstable and may persist for a period of time, we need to be prepared at all times for the next wave. With the concerted efforts of the Government and the sector, the testing capacity of the local private sector has increased from several thousand per day initially to the current level of over 100 000, and the cost of testing has also dropped substantially. The anti-epidemic technologies developed locally have also proved to be highly useful. Furthermore, we have set up more quarantine centres and treatment facilities, subsidised the production of masks and other personal protective equipment locally, as well as rolled out three rounds of AEF measures to support the sectors and members of the public that have been hard hit by the epidemic.

Sparing No Effort in Achieving “Zero Infection”

35. However, in view of the unstable development of the epidemic, we should never lower our guard. Recently, there is a resurgence of confirmed cases and clusters of infection without a known source in the community. The epidemic is on the brink of another wave of outbreak. It is essential for us to take all necessary measures to strengthen epidemic control by guarding against the importation of cases and the resurgence of domestic infections, and to further enhance the precision of the control measures to be taken. On guarding against the importation of cases, the Government has tightened cross-boundary control measures comprehensively by putting inbound travellers arriving in Hong Kong from countries outside China in compulsory quarantine at hotels for 14 days; and for those coming from high-risk places, they are also required to present proof of a negative virus test result before boarding planes. On breaking the virus transmission chain in the community, we mandate high-risk groups to undergo virus tests, and will provide voluntary virus testing service for people without symptoms on a wider scale,

or may even implement a large-scale universal community testing again in a bid to achieve the target of “zero infection” should we have the support and co-operation of the general public, and to resume travelling between the two places at an early date.

V. New Impetus to the Economy

Economic Outlook

36. Economic development is the basis for a stable life for people. As the COVID-19 pandemic has dealt a heavy blow to economies around the world, reviving the economy and creating employment have become the most pressing issues. Over the past year, Hong Kong's economy has been severely hit by social unrest, the pandemic and international political situations. The labour market is also under immense pressure. The Government forecasts the economy to contract by 6.1% in 2020.

Development Strategy

37. As the overall strategy guiding economic development, the current-term Government emphasises leveraging our unique advantages under "One Country, Two Systems", integrating proactively into national development, striving to resolve the two major bottlenecks of land and talents, and investing substantially in I&T industries. At the same time, we continue to connect with the world to explore business opportunities. While promoting free trade and maintaining our market economy, the HKSAR Government is committed to playing the role of a "facilitator" and "promoter" and will join hands with enterprises to explore more market opportunities and assist professional service providers to go beyond Hong Kong.

The Mainland as Our Hinterland

38. Since the inclusion of the Dedicated Chapter on Hong Kong and Macao in the outline of the National 12th Five-Year Plan, the Central Government has fully positioned Hong Kong's role in planning and taking forward the country's overall development. Furthermore, the Belt and Road (B&R) Initiative and the GBA development in recent years have provided unlimited opportunities for Hong Kong. While the US and European economies are falling into deep recession, our country has already regained economic growth momentum by vigorously suppressing and strictly controlling

the epidemic. There is no reason for us not to take advantage of this development when we seek to inject impetus to relaunch our economy.

39. The fifth plenary session of the 19th CCCPC has recently adopted the Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035, stating that reform and innovation will be the fundamental driving forces to accelerate the establishment of a new development pattern featuring “dual circulation”, which takes the domestic market as the mainstay while enabling domestic and foreign markets to interact positively with each other. While the main element of the “dual circulation” strategy is to expand domestic demand, it does not mean our country is closing the door to the outside world. Instead, the Mainland’s economy will open up in a wider scope, a broader spectrum and at a deeper level, so as to make better use of international circulation to enhance domestic circulation.

40. Being a highly market-oriented and an international economy underpinned by the rule of law, Hong Kong’s development opportunities under our country’s new development pattern are evident. Given the advantages under “One Country, Two Systems”, Hong Kong can further strengthen its “intermediary” role in international circulation. Besides, we can focus on the business opportunities in the Mainland market, better integrate into the overall development of our country, take the GBA development as an entry point, and proactively become a “participant” in domestic circulation and a “facilitator” in international circulation. Playing the dual role well will bring continuous impetus to Hong Kong’s economy.

Consolidating Hong Kong's Status as an International Financial Centre

Maintaining Financial Stability and Striving for Development

41. As an international financial centre, Hong Kong has weathered one crisis after another. In the face of the challenges of the COVID-19 pandemic and global economic turmoil, we have confidently demonstrated the resilience and stability of our financial system. The linked exchange rate system has been operating smoothly. The Hong Kong dollar exchange rate has been on the strong side with capital inflow. The aggregate balance of the banking system increased significantly in the past year, reflecting continued investors' interest and confidence in Hong Kong's capital market. The banking system remains robust with major banks' average liquidity coverage ratio and average capital adequacy ratio exceeding 156% and 20% respectively, both well above the international regulatory standards. From end-2019 to end-September this year, the total deposits of banks grew by 7.3%. Other facets of the financial services sector such as the securities and insurance markets also continue to operate in an orderly manner. In these turbulent times of international and geopolitical tension, the Government and the financial regulators will continue to closely monitor financial market development to ensure financial stability.

42. The current-term Government has proactively taken the initiative to consolidate Hong Kong's status as an international financial centre and strengthen its competitive edge. For example, in the last legislative session, we proposed and secured LegCo's passage of five bills in a row to drive the market development of private equity funds, insurance and MPF. This significant, policy-driven development is also found in our securities market. Since the Hong Kong Exchanges and Clearing Limited amended the Listing Rules in April 2018, a total of 36 companies with weighted voting rights structure, pre-profit biotechnology companies and secondary listed companies have been listed in Hong Kong, with a total current market capitalisation of over HK\$11 trillion.

Deepening Mutual Access between the Mainland and Hong Kong Financial Markets

43. Hong Kong is our country's international financial centre. We have rolled out a number of policy initiatives for the mutual access of financial markets in recent years, facilitating both the opening up of the Mainland's capital market and the expansion of Hong Kong's financial services. The Central Government continues to support Hong Kong in consolidating and enhancing our status as an international financial centre. Apart from expediting the implementation of the cross-boundary wealth management connect scheme in the GBA, the Central Government has, during my visit to Beijing, agreed to include pre-profit biotechnology companies listed in Hong Kong under the new listing regime and stocks listed on the Mainland Sci-Tech Innovation Board meeting certain prescribed criteria into the stock universe of the mutual market access programmes. This initiative will add a bright spot to the mutual access of the financial markets of the two places.

Promoting Real Estate Investment Trusts in Hong Kong

44. We also strive to promote real estate investment trusts (REIT) in Hong Kong to develop Hong Kong into a vibrant REIT market in Asia. This will strengthen the capital raising function of Hong Kong as a premier asset and wealth management centre, and broaden the investment options with a relatively stable return for local investors. To this end, we are considering various measures through a multi-pronged approach, including relaxing the investment restrictions of REIT as appropriate, broadening the investor base, facilitating market operation through legislative and regulatory enhancements, and stepping up market promotion and investor education.

Further Promoting the Development of Private Equity Funds

45. With a view to consolidating Hong Kong's position as Asia's premier fund hub for private equity, we will provide tax concession for carried interest issued by private equity funds operating in Hong Kong subject to the fulfilment of certain conditions. We have

consulted the industry and are formulating the legislative proposal with the aim of introducing an amendment bill into the LegCo shortly.

Family Office Business

46. The family office business has flourished in recent years, becoming an important growth segment in the wealth and asset management industry. To further develop the family office business in Hong Kong, InvestHK will set up a dedicated team to step up promotion of our advantages in local and other major markets, and offer one-stop support services to family offices which are interested in establishing a presence here.

Consolidating Hong Kong's Status as an International Aviation Hub

Three-Runway System Development

47. Capitalising on its advantages in terms of geographical location and management, the HKIA has strived to reform for the better in recent years. Although the global aviation industry is badly hit by the COVID-19 pandemic, we maintain full confidence in Hong Kong as an international aviation hub. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Outline Development Plan) also explicitly mentions Hong Kong's status as an international aviation hub. The Airport Authority Hong Kong (AAHK) will commission the third runway in 2022 and the entire Three-Runway System in 2024 as planned. It is expected that the premium logistics centre will be completed in 2023 and the SKYCITY development projects will be completed in phases between 2021 and 2027.

Hong Kong-Zhuhai Airport Co-operation

48. The AAHK has been operating and managing the Zhuhai Airport under a franchise since 2006 with excellent results. The commissioning of the HZMB provides an opportunity for further co-operation between the two airports by integrating the Mainland aviation network of the Zhuhai Airport with the international

network of the HKIA, strengthening the competitive edge of the entire GBA in aviation, thereby enabling Hong Kong's aviation business to play a key dual role in the "dual circulation" policy. I have earlier put forth a series of recommendations to the Central Government on consolidating and enhancing Hong Kong's status as an international aviation hub, which include allowing the AAHK to inject equity in the Zhuhai Airport on the basis of market principles for achieving greater synergy between the two airports. I would like to express my gratitude to the Central Government for its full support to these recommendations during my visit to Beijing. The Civil Aviation Administration of China has also agreed to commence preparation for the provision of cross-boundary commercial helicopter services between Guangdong and Hong Kong, which will enhance the internationalised business environment in the GBA.

Airport City

49. Moreover, to further leverage the HKIA's contribution in promoting Hong Kong's economic development, the HKSAR Government has accepted a number of proposals put forward by the AAHK:

- to develop automated car parks on the Hong Kong Boundary Crossing Facilities (HKBCF) Island of the HZMB where self-drive visitors from Guangdong and Macao driving their cars via the HZMB and fly out from the HKIA or visit Hong Kong can park their cars there. "Land-to-air" transfer passengers, after parking their private cars in the automated car parks, may proceed to the boarding gates directly through the Intermodal Transfer Terminal located within the restricted area of the airport without the need to go through Hong Kong's immigration clearance. Other visitors may go through clearance procedures at the Passenger Clearance Building at the HKBCF to enter Hong Kong after parking;
- to take forward the Airport City Link project connecting the SKYCITY and the HKBCF Island by constructing a bridge system and by applying autonomous

transportation system to strengthen the overall transportation network and capacity, thereby connecting the SKYCITY, the HZMB Hong Kong Port and the HKIA as one. As the next step, the AAHK plans to extend the autonomous transportation system of the Airport City Link to Tung Chung Town Centre and optimise the roads along the eastern coast of the Airport Island so as to provide a comprehensive and environmentally-friendly transport link connecting Tung Chung Town Centre, the Airport Island and the HKBCF Island;

- to construct the Hong Kong International Aviation Academy campus and student dormitories on the HKBCF Island, in order to strengthen talent training and attract more Hong Kong youth to join the aviation industry; and
- to reserve part of the land parcels on the HKBCF Island for the development of air cargo logistics and related supporting facilities for the airport community.

This innovative idea of optimising the use of the land adjacent to the airport will not only provide more job opportunities and a better living environment for the expanding Tung Chung community, but also inject new development elements and economic impetus into the whole North Lantau. The AAHK will brief the public on this project later.

Developing Hong Kong into an International Innovation and Technology Hub

Current Position of Innovation and Technology

50. Hong Kong has universities with strong R&D capabilities, a pool of local and foreign talents, a fervent R&D atmosphere, as well as a thriving start-up ecosystem. Over the past three years or so, with the support of the Ministry of Science and Technology and as a result of the HKSAR Government's high-level steer, cross-departmental collaboration, and investments worth a hundred billion of dollars, as well as the implementation of the eight major

directions set out in my 2017 Policy Address, Hong Kong's I&T development has been very vibrant. Some even describe it as the dawn of a golden era for I&T development. The progress achieved in various areas of work is detailed in this year's Policy Address Supplement.

51. The COVID-19 epidemic has enabled Hong Kong to successfully demonstrate how technology can be applied to solve problems. In combating the epidemic, the Hong Kong community has made good use of local R&D outcomes to prevent and control the disease, address livelihood needs as well as commercialise these outcomes.

Smart City Blueprint for Hong Kong

52. Since the promulgation of the Smart City Blueprint for Hong Kong in late 2017, we have been making every effort to implement the initiatives under the blueprint with good progress on the whole. Among them, the Faster Payment System launched in 2018 has turned a new page for electronic payment in Hong Kong, with monthly transaction volume exceeding 12 million and amounting to over \$130 billion. We will set out more than 130 smart city initiatives in the Smart City Blueprint for Hong Kong 2.0 to be released next month, aiming to help people perceive how a smart city and the use of I&T can benefit their daily lives.

53. To further promote Smart Government and the digital transformation of the whole society, we will launch the "iAM Smart" in December this year. It will offer over 20 frequently used public services initially, including online application for vehicle licence renewal and electronic submission of tax returns. We will invite other public utilities to provide services on the platform. We hope the commercial sector will actively participate in the "iAM Smart" platform.

Shenzhen/Hong Kong Innovation and Technology Co-operation Zone

54. This year marks the 40th anniversary of the establishment of the Shenzhen Special Economic Zone. Hong Kong and Shenzhen, two neighbouring cities, share a unique relationship which is as good as ever after so many years. From the “front shop, back plant” model in the early days of our country’s reform and opening up, to the co-operation between two strong players in the area of I&T today, the relationship between Hong Kong and Shenzhen is always robust and thriving. The Central Government strongly supports the co-operation between Hong Kong and Shenzhen in developing an international I&T hub in the GBA, and has agreed to their joint development of the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone (SITZ), which comprises the Shenzhen Innovation and Technology Zone and the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) at the Lok Ma Chau Loop, with a view to establishing “one zone, two parks” at “one river, two banks” under the auspices of “One Country, Two Systems”. During my visit to Shenzhen, I have agreed with the leaders of the Shenzhen municipality that we should adopt the spirit of innovative thinking, pushing new limits and sharing resources in taking forward the related work. The governments of the two cities are exploring the feasibility of allowing the Hong Kong Science and Technology Parks Corporation (HKSTPC) to lease and manage certain areas of the Innovation and Technology Zone in Futian, Shenzhen, so that institutes and enterprises which are interested in starting their business in the GBA can establish a presence in the SITZ before the completion of the first batch of buildings in HSITP. Such cooperation is imperative because on the road of I&T, one will never go too fast and should strive to go faster. We must seize the opportunity to foster the development of the ecological chain of the I&T industry in Hong Kong and Shenzhen so as to offer tremendous employment and start-up business opportunities for the young people of Hong Kong.

Global STEM Professorship Scheme

55. Talent is the key to the success of I&T development. Over the past few years, we have substantially increased funding for local postgraduate students and resources for nurturing technology talents. Recently, some university presidents told me that quite a number of outstanding R&D talents working overseas are interested in coming to work in Asia in view of the rapid I&T development in Hong Kong, and that Hong Kong should seize this opportunity to attract more I&T talents. As such, I propose launching a Global STEM Professorship Scheme for a period of five years at an estimated cost of \$2 billion.

Young Technology Talents

56. There are a number of large-scale technology enterprises in Shenzhen which require an extensive pool of talents in transferring R&D outcomes into application. Recently, some enterprises have taken the initiative to contact me and expressed their wish to provide employment opportunities in the GBA for the young people of Hong Kong who aspire to pursue a career in the I&T sector. Later, I will talk about the proposed Greater Bay Area Youth Employment Scheme, under which several hundred of places will be set aside for the I&T sector.

Investing in Infrastructure and Reinventing Construction

57. Infrastructure investment is conducive to economic development and can create a significant number of job opportunities. Based on past experience, scaling back infrastructure and ceasing land creation during an economic downturn would have an adverse impact on the economy and people's livelihood. In view of this, the Government will continue to invest in infrastructure with an estimated annual expenditure of over \$100 billion on average in the next few years, and strive to ensure the early commencement of capital works projects.

58. To enable more district-based livelihood projects which can create jobs to be launched as soon as possible, we propose that the LegCo should raise the expenditure ceiling of each minor works project funded under the block vote from the current \$30 million to \$50 million. We believe this would expedite the implementation of projects that are closely related to the daily lives of the people, such as renovation of schools and leisure facilities, works on improving environmental hygiene, as well as minor works on roads, drainage and water supply.

59. Over the past few years, the Development Bureau (DEVB) has been proactively implementing the “Construction 2.0” initiative to facilitate the “professionalisation” and “revitalisation” of the traditional construction industry with the wider adoption of I&T. The speedy completion of the quarantine centre at the Lei Yue Mun Park and Holiday Village, with the use of the Modular Integrated Construction (MiC) method amid the epidemic, has been acclaimed by the Institution of Civil Engineers of the United Kingdom. To further promote the digitalisation and innovation of the construction industry as well as enhance project performance, I will chair an International Construction Leaders Summit next year to collect views from and formulate strategies with various stakeholders.

Market Development and Economic Recovery

Mainland Domestic Market

60. During my visit to Beijing, I conveyed to the Central Government officials the difficulties encountered by Hong Kong enterprises, which had set up factories in the Mainland for manufacturing goods for export, due to the sluggish US and European markets. The Central Government understood their difficulties and agreed to provide assistance to Hong Kong enterprises in tapping into the Mainland domestic market. For example, the HKTDC will launch a one-stop “GoGBA” platform in collaboration with the Guangdong Province and related chambers of commerce to provide multi-faceted support for Hong Kong enterprises, including market information on the GBA and related government policies, enquiry service and training, as well as

business promotion, development and matching services. In addition, the HKTDC will help Hong Kong enterprises gain access to the large-scale e-commerce platforms in the Mainland through the provision of training and the operation of the “Online Design Gallery”, as well as promoting the awareness and image of Hong Kong products on these platforms. Besides, the HKTDC will also use its physical network in the Mainland to provide business support for Hong Kong enterprises in handling operational issues such as import declaration, logistics and settlement of payment.

Belt and Road Initiative

61. We will further consolidate Hong Kong’s position as the prime platform and a key link for the B&R Initiative, and strengthen the co-operation with B&R related countries and regions so as to open up a larger market for various sectors. The HKSAR Government is seeking to organise jointly a high-level roundtable with the State-owned Assets Supervision and Administration Commission of the State Council to explore enhancements of modern corporate governance and to strengthen R&D application by leveraging the international experience and professional strengths of Hong Kong, thereby enhancing the competitiveness to “go global” through mutual collaboration. We will also launch a Mainland Enterprises Partnership Exchange and Interface Programme in the coming year to facilitate exchanges and networking that foster co-operation between Hong Kong’s professional services sector and Mainland enterprises, strengthen the capacity building of both sides, and enhance the international outlook, market orientation and professional standards of various projects.

62. The Ministry of Commerce will continue to support the HKSAR Government in encouraging Hong Kong enterprises to set up businesses in the Mainland’s overseas Economic and Trade Co-operation Zones (ETCZs). In this connection, both sides have selected five ETCZs within the Association of Southeast Asian Nations (ASEAN) region in Thailand, Malaysia, Cambodia and Indonesia, and priorities will be given to promoting the electronics, toys and electrical appliances industries etc. on a pilot basis.

Regional Comprehensive Economic Partnership Agreement

63. A total of 15 economies, including the 10 ASEAN states, Australia, China, Japan, South Korea and New Zealand just signed the Regional Comprehensive Economic Partnership (RCEP) Agreement on 15 November. The RCEP covers about one-third of the world's total population, accounting for one-third of the global GDP. Under the RCEP, over 90% of merchandise trade will eventually enjoy zero tariff treatment, which will certainly increase regional trade and investment and provide impetus for global economic growth. As a major financial and trade centre and a logistics hub of the region, coupled with the Free Trade Agreements signed with most of the RCEP members, including the 10 ASEAN states, Australia and New Zealand, as well as the Closer Economic Partnership Arrangement (CEPA) signed with the Mainland earlier on, Hong Kong is well placed to join the RCEP. The HKSAR Government has already expressed to the signatory economies its interest in joining the RCEP back in 2018, and will seek to be among the first batch of economies joining the RCEP.

Guangdong-Hong Kong-Macao Greater Bay Area

64. Since the promulgation of the Outline Development Plan by the Central Government in February 2019, various Central ministries have issued a number of policy documents to support the development of financial, legal and professional services in the GBA, as well as rolled out measures to facilitate Hong Kong and Macao residents to work, live and study in the Mainland cities of the GBA. During my meeting with leaders of the Guangdong Province and Shenzhen municipality earlier this month, we agreed to press ahead with the work in areas such as cross-boundary infrastructure development and clearance facilitation, joint development of an international I&T hub, co-operation in modern service industries, education, nurturing of talents and youth exchanges, as well as joint development of a quality living circle. Specific co-operation projects include:

- supporting Hong Kong's insurance industry in establishing after-sales service centres in the Mainland cities of the GBA under the framework of the CEPA to provide Hong Kong, Macao and Mainland residents, who are holders of Hong Kong policies, with comprehensive support in different areas including enquiries, claims and renewal of policies;
- implementing as soon as possible the arrangement of using Hong Kong-registered drugs and medical devices used in Hong Kong public hospitals at The University of Hong Kong – Shenzhen Hospital on a trial basis subject to the approval of the Guangdong Province, and extending the policy to cover more designated healthcare institutions, drugs and medical devices in a timely manner;
- allowing traditional proprietary Chinese medicine products for external use registered in Hong Kong to be registered and sold in the GBA through a streamlined approval process;
- pressing ahead with the “Quota-free scheme for Hong Kong private cars travelling to Guangdong via the HZMB” after the commissioning of the Tuen Mun – Chek Lap Kok Tunnel, allowing eligible Hong Kong private cars to travel between Hong Kong and Guangdong via the HZMB without quota. The scheme will facilitate Hong Kong residents to drive to the Guangdong Province for business, visiting families or sight-seeing on a short-term basis. The HKSAR and Guangdong Governments will draw on the implementation experience of the scheme at the HZMB and proactively study the extension of the scheme to a Hong Kong/Shenzhen land boundary control point, such that Hong Kong private cars can travel to both the eastern and western parts of Guangdong;

- rationalising the Hong Kong-Shenzhen land boundary control points by adjusting the functions and extending the operating hours of some of these land boundary control points so as to progressively implement the “East in East out, West in West out” planning strategy for cross-boundary goods traffic. We will shortly explore with the Shenzhen Municipal Government on the implementation of co-location arrangements at the new Huanggang Port situated in Shenzhen, so as to release over 20 hectares of land in Hong Kong’s Lok Ma Chau Control Point for other uses;
- supporting and assisting various universities in Hong Kong in their plans to provide education services in the GBA;
- providing support to the Greater Bay Area Youth Employment Scheme and the Funding Scheme for Youth Entrepreneurship in the Greater Bay Area launched by the HKSAR Government;
- establishing the Pan-Greater Bay Area Inward Investment Liaison Group to enable InvestHK and its counterparts in other cities in the GBA to develop holistic and joint inward investment propositions with a view to enhancing synergy; and
- jointly promoting the development of equine industry in the GBA through collaboration with the Hong Kong Jockey Club and its racecourse in Conghua, Guangzhou.

Supporting the Tourism Industry

65. Tourism is one of Hong Kong’s four pillar industries and the number of practitioners amounts to nearly 260 000. Our tourism industry has been subject to multiple blows since the second half of 2019. With cross-border people flow almost coming to a standstill,

business is nearly frozen. In view of this, the Government has implemented a number of targeted relief measures since the second half of 2019 to help the industry tide over this difficult period.

66. Given that the tourism industry will continue to face grave and prolonged challenges for quite some time in the future, the Government will roll out additional relief measures for the industry, involving a total commitment of close to \$600 million. These measures will benefit travel agents and their staff, freelance accredited tourist guides and tour escorts whose main occupations are tourist guides and tour escorts, and drivers of tour service coaches mainly serving tourists. Once the epidemic has eased, we will tap into more local cultural and green tourism resources to revive our tourism industry with a view to expanding both the Mainland and overseas visitor source markets, as well as offering leisure and travel experience with rich historical and cultural elements to locals and visitors. The persisting pandemic will alter the global tourism landscape. The Hong Kong Tourism Board is taking the opportunity to examine the positioning of Hong Kong's tourism to meet future challenges. When I visit Beijing later, I will strive to enlist the continuous support of the Ministry of Culture and Tourism in the tourism co-operation between Hong Kong and the Mainland and enhance the quality of the tourism industry.

Convention and Exhibition Industry

67. The Government has launched the Convention and Exhibition Industry Subsidy Scheme under the AEF with a commitment of over \$1 billion to provide impetus for the convention and exhibition (C&E) industry in the next year or so. In the long run, we still have great confidence in the C&E industry. We will take forward the plan to redevelop the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station into C&E facilities, hotel and Grade A office. The AAHK will also invest in the construction of phase two of the AWE. These two projects in total will increase C&E space by more than 40%. As for the proposal to develop a new convention centre on the site above the Exhibition Station of the Shatin to Central Link, in view of the technical difficulties involved,

the uncertainties concerning the construction period and concerns about cost-effectiveness, we have decided to use the site for other purposes.

Support for Small and Medium Enterprises

68. To facilitate small and medium enterprises (SMEs) to apply for relevant funding from various government support schemes in a quicker and easier way, we have formed the “SME ReachOut” service team to provide one-stop consultation and referral services. We plan to expand the scope of the SME Export Marketing Fund for two years to cover large-scale exhibitions organised by organisers with proven track record targeting the local market, as well as virtual exhibitions organised by the HKTDC and reputable exhibition organisers with good track record. The eligibility criteria will also be relaxed to cover non-SMEs.

69. To further encourage the professional services sectors to step up promotion of Hong Kong’s competitive edges and professional services to the Mainland cities of the GBA and overseas markets after the pandemic has stabilised, we will set aside \$50 million under the Professional Services Advancement Support Scheme to subsidise major professional bodies to participate in relevant activities organised by the HKSAR Government, the HKTDC and overseas Economic and Trade Offices (ETOs).

Abolishing Doubled Ad Valorem Stamp Duty on Non-residential Property Transactions

70. In order to alleviate the financial burden of enterprises and support them in obtaining commercial loans, the Government has rolled out the 90% Guarantee Product and the Special 100% Guarantee Product in the past year. Meanwhile, many banks have been offering extension of principal payment holiday with the support of the Hong Kong Monetary Authority. Some Members of this Council have proposed that the Government should abolish the Doubled Ad Valorem Stamp Duty (DSD) imposed on non-residential property transactions, so as to facilitate enterprises to cash out by selling non-residential properties to address their financial

predicament or liquidity needs because of the economic downturn. At my request, the Financial Services and the Treasury Bureau has recently completed a review of the measure, which was introduced in 2013 as a demand-side management measure to rein in the soaring prices of non-residential properties.

71. As a result of the economic downturn and uncertainties surrounding the COVID-19 pandemic, prices and demand for non-residential properties have been dropping over a period of time. The Government considers now the right time to abolish the DSD imposed on non-residential properties. To allow relevant property owners to benefit immediately from the proposal, the Executive Council approved this morning the introduction of the relevant amendments to the Stamp Duty Ordinance. I have also exercised my statutory powers and made a Public Revenue Protection Order to give effect to the abolition of the DSD on non-residential property transactions with effect from tomorrow (26 November). We will continue to monitor the developments of the non-residential property market, and resort to appropriate measures again as and when necessary to ensure the stable development of the market. Given the tight housing supply and that residential property prices remain beyond the reach of the average households, I must stress that the Government has no plan to adjust any of the stamp duty rates concerning residential properties.

Network Development and Wider Application of 5G

72. The fifth generation mobile communications technology (5G) is not only an important infrastructure of the communications industry, but also a driver to upgrade and transform the overall economy. The 5G coverage of major mobile network operators is expected to reach 90% of the population this year. We plan to release more 5G spectrum in different frequency bands in 2021 to meet the needs of various 5G applications in terms of speed, capacity and coverage. In addition, we have been discussing with the two satellite operators the relocation of their telemetry, tracking and control stations in Tai Po to Chung Hom Kok Teleport. The relocation and installation of the relevant facilities are expected to be completed in

four years. By then, various mobile network operators will be able to deploy the 5G frequency bands in a more holistic and efficient manner and improve their coverage.

73. To further promote the development of 5G application, we have extended the application period of the subsidy scheme concerned under the AEF for six months until May next year, and have worked with a number of public organisations to encourage the deployment of 5G technology in various sectors. We will also facilitate the early adoption of 5G technology and application in government departments and public organisations.

Creative Industries

74. Creative industries highlight the humanity features of people in Hong Kong where the cultures of East and West meet, making Hong Kong an even more attractive international city and giving new energy to our diversified economy. I made an injection of \$1 billion each into the CreateSmart Initiative and the Film Development Fund in 2018 and 2019 respectively and the industry has responded enthusiastically.

75. The global film industry has been hard hit by the pandemic and related economic activities have almost come to a halt. The Commerce and Economic Development Bureau (CEDB) announced in mid-July this year that around \$260 million will be earmarked under the Film Development Fund to implement various measures to address the needs of the industry at different levels, help retain talents and inject fresh impetus into the sector.

76. The CreateSmart Initiative received around 200 new applications in the past two years or so and over \$800 million of funding has been granted so far. Our pledge and determination to vigorously promote the development of the creative industries remain unchanged. I propose to inject an additional \$1 billion into the CreateSmart Initiative to further promote the development of the creative industries in Hong Kong and provide support for them to adapt to the impact arising from the “new normal” under the epidemic.

Art Tech

77. With the advancement of technology, the integration of arts and I&T has become a new trend in arts development. Besides, during the pandemic, the application of technology has also enabled us to enjoy a wide array of visual and performing arts at home. The application of technology has extended the horizon of creativity in arts and brought new opportunities for the arts and creative industries. Leveraging the bold and innovative spirit of local artists, I believe that, with the active promotion and support of the Government, Art Tech will flourish and thrive in Hong Kong.

78. The promotion of Art Tech calls for inter-bureau co-operation. I have asked the Secretary for Home Affairs to take the lead in setting up a task force comprising representatives of the Innovation and Technology Bureau, the CEDB as well as the Education Bureau (EDB), and invite the participation of representatives from the relevant sectors and non-government organisations (NGOs) to formulate strategies and measures to develop and promote Art Tech. The Government will be more proactive in encouraging the related sectors to apply for funding under the Arts and Sport Development Fund, the Innovation and Technology Fund, the Film Development Fund and the CreateSmart Initiative to implement projects that integrate technology and arts. To this end, we have set aside a total of \$100 million under the various funds and will provide venues and complementary facilities for experimental use.

Legal Services

79. As an international legal hub, Hong Kong faces a pressing need to enhance the capability of its legal profession by harnessing modern technology in the provision of legal and dispute resolution services. Further to the establishment of the LawTech Fund and the COVID-19 Online Dispute Resolution Scheme under the second round of the AEF, the DoJ will actively explore the development of the Hong Kong Legal Cloud, a state-of-the-art online facility equipped with advanced information security technology, to provide

secure, reliable and affordable data storage services for the local legal and dispute resolution sector to promote the overall long-term development of Hong Kong's legal and dispute resolution services.

Agricultural and Fisheries Industries

80. The Government is committed to promoting high value-added and sustainable development of the agricultural and fisheries industries. We will establish an Agricultural Park in Kwu Tung South to facilitate the development of agro-technology and modernisation of farm management, as well as provide technical support to farmers. Works on Agricultural Park Phase 1 will commence shortly, and is expected to be completed in phases between next year and 2023. Regarding the fisheries industry, the Government has resumed issuing new marine fish culture licences since the beginning of this year, and is preparing to designate new fish culture zones at four locations in Hong Kong waters to increase fish production. Related environmental impact assessment is underway and is expected to be completed in 2022. We also support Hong Kong fishermen to participate in the development of deep-sea mariculture in the GBA. Last year, we signed a co-operation agreement with the relevant authorities of the Guangdong Provincial Government, and will provide assistance under the Sustainable Fisheries Development Fund and set up a modern demonstration farm to help the fisheries trade switch to deep-sea mariculture.

Rebuilding Local and Overseas Confidence

81. The social unrest last year dealt a heavy blow to Hong Kong's image as a safe city internationally and in the Mainland. The unreasonable criticism and smearing of the Central Government's enactment of the National Security Law in Hong Kong and the NPCSC's decision on the qualification of LegCo members by some foreign governments and political organisations have also undermined the confidence of overseas enterprises in the rule of law and freedom in Hong Kong. We should seize the opportunity to clarify the misconceptions and misunderstanding and showcase Hong Kong's unique strengths and extraordinary charm to the outside world again. When the pandemic situation stabilises, we will

roll out large-scale publicity and promotion strategies to promote Hong Kong to businessmen, investors, entrepreneurs, researchers and talents around the world.

82. Moreover, to restore the confidence of various Mainland sectors in Hong Kong, the five Mainland Offices of the HKSAR Government will launch publicity programmes through diversified platforms in various places in the Mainland to enhance our promotion work.

VI. Increasing Housing and Land

Housing Supply

Housing Policy and Principles

83. Housing is the crux of the many problems faced by Hong Kong. It is not just a crucial living condition but also the basis for fulfilling people's aspirations for a stable and comfortable home. For the grassroots and low-income families, government-subsidised housing is an effective poverty alleviation measure; for the middle class and fairly well-off families, buying a flat means realising the dream of having a home of their own; for the society as a whole, housing is not only a matter of supply and demand, but also an issue of social justice and allocation of resources; from the point of view of governance, unresolved housing problems may jeopardise the long-term prosperity and stability of the society.

84. According to this Government's established policies, we have regularised the Green Form Subsidised Home Ownership Scheme (GSH) and White Form Secondary Market Scheme, and introduced Starter Homes (SH) pilot projects to enrich the housing ladder. We have also raised the share of public housing in new housing supply from 60% to 70%; delinked the selling prices of subsidised sale flats (SSFs) from market prices and set the prices at an affordable level; entrusted the Urban Renewal Authority (URA) with the social mission of assisting the Government in providing SH; and revised the land premium arrangement for the subsidised housing projects of the Hong Kong Housing Society (HKHS) to enable the provision of more public housing units by the HKHS. For families waiting for public rental housing (PRH) and residents in poor living conditions who have yet to get on the first rung of the housing ladder, the Government has committed to providing 15 000 transitional housing units within three years, launching a trial scheme to provide cash allowance for low-income families awaiting PRH allocation for a prolonged period, and conducting a study on tenancy control for subdivided units (SDUs). Some reform measures represent a breakthrough in government thinking. As the Chief Executive,

sometimes I need to stand firm in the face of different opinions for a cause in which I believe: meeting Hong Kong people's housing needs is a goal too important to forsake!

Long Term Housing Strategy

85. Our efforts over the years in increasing housing supply have started to pay off. I now announce that, based on the Long Term Housing Strategy (LTHS) Annual Progress Report 2020 to be published by the Transport and Housing Bureau (THB), we have identified all of the 330 hectares of land required for providing 316 000 public housing units to meet the demand for about 301 000 public housing units in the coming 10 years (i.e. 2021/22 to 2030/31). Such land supply mainly comes from reclamation in Tung Chung, the agricultural land and brownfield sites in New Development Areas (NDAs) such as Kwu Tung North/Fanling North and Hung Shui Kiu/Ha Tsuen, a number of sites which have been rezoned for public housing development, re-allocation of nine sites at Kai Tak and Anderson Road Quarry for public housing development, partial development of the Fanling Golf Course and a number of brownfield clusters with housing development potential, the review of which has already been completed.

Increasing Supply of Subsidised Housing

Home Ownership Scheme and Green Form Subsidised Home Ownership Scheme

86. The Hong Kong Housing Authority (HKHA) launched the Home Ownership Scheme (HOS) 2020, with applications closing early last month, to provide around 7 000 flats. These HOS flats, with selling prices set at 60% of the market price, have attained an over-subscription of 33 times, while GSH 2019, involving about 3 700 flats, is at the flat selection stage. Around 4 700 GSH flats will be put up for sale in phases next year, with the first batch of about 2 100 flats expected to be launched in May next year.

Sale of Recovered Tenants Purchase Scheme Flats

87. I proposed in my Policy Address last year that the HKHA should make active preparation to accelerate the sale of the recovered flats in 39 Tenants Purchase Scheme (TPS) estates. In July this year, the HKHA endorsed putting up the recovered TPS flats for sale to eligible Green Form applicants together with other flats in the annual HOS and GSH sale exercises. The HKHA is carrying out the preparatory work to put up over 700 recovered flats for sale together with other flats in the next GSH sale exercise.

Starter Homes Project of the Urban Renewal Authority

88. The URA has proactively embarked on its new mission to provide more SHs in its redevelopment projects. It has decided to assign the redevelopment project adjacent to the eResidence as another SH project, which is expected to provide about 260 units for sale in 2024.

Redevelopment of Shek Lei Interim Housing

89. After a comprehensive structural investigation of the building condition of Shek Lei Interim Housing, the HKHA considered that it would not be cost-effective to maintain the buildings beyond 2022. The Strategic Planning Committee of the HKHA has decided to clear the interim housing in late 2022 for public housing development. It is estimated that the redevelopment will be completed in 2028. Subject to approval for relaxation of relevant planning restrictions, about 1 600 units are expected to be provided.

Redevelopment of HKHA Factory Estates

90. Regarding the proposal in last year's Policy Address to explore the feasibility of redeveloping six factory estates of the HKHA for public housing use, the preliminary findings of HKHA's study indicate that three of the sites can be used for public housing development. The HKHA expects to complete the necessary studies in the first quarter of 2021, and will conduct rezoning procedures in accordance with the Town Planning Ordinance. It is estimated that a total of over 3 000 public housing units will be provided in 2031.

Redevelopment of Tai Hang Sai Estate

91. With the Government's co-ordination and facilitation, we are pleased to learn that the Hong Kong Settlers Housing Corporation Limited and the URA have reached an intention of collaboration in taking forward the redevelopment plan of Tai Hang Sai Estate, with a view to making the best use of the development potential of the site and improving the estate facilities as early as possible. According to preliminary estimates of the two parties, the redevelopment plan can provide over 3 300 units upon completion, doubling the existing 1 600 flats.

Transitional Housing

92. The current-term Government is committed to promoting the development of transitional housing. By making better use of vacant land and premises, we aim to provide short-term accommodation for people with pressing housing needs. We are heartened to have the staunch support of property and land owners and NGOs which take part in the construction and operation of transitional housing. With the facilitation and co-ordination of the Task Force on Transitional Housing under the THB, encouraging progress has been made in this initiative over the past year. In overall terms, including the 3 400 units currently under in-depth deliberation, we have identified land for the provision of 13 200 units in total for the coming three years, falling short of the target of 15 000 units only by 12%, and our efforts will continue. The Government also proposes to inject an additional \$3.3 billion into the relevant funding scheme, increasing the total government commitment to \$8.3 billion. So far, over \$2.2 billion has been approved under the scheme.

93. Meanwhile, many hotels and guesthouses are facing the crisis of closing down amid the COVID-19 pandemic. The Government will implement a pilot scheme to subsidise NGOs to rent suitable rooms in hotels and guesthouses with relatively low occupancy rates for use as transitional housing. The THB plans to seek funding from the Community Care Fund (CCF) to launch the pilot scheme shortly with a view to increasing the supply of transitional housing.

Cash Allowance Trial Scheme

94. While the Government will continue to adopt a multi-pronged approach to increase housing supply, an unprecedented trial scheme has been endorsed to provide cash allowance for grassroots families which have waited for PRH allocation for a prolonged period of time so as to relieve their pressure on livelihood. Under the trial scheme, eligible General Applicant households (i.e. families with two or more persons and elderly one-person applicants) which are not living in public housing, not receiving the Comprehensive Social Security Assistance (CSSA) and have been waiting for PRH for more than three years without being given the first flat offer will be provided with cash allowance. According to preliminary estimates, around 90 000 General Applicant households will benefit from the trial scheme. The Government is working out the implementation details of the scheme, and aims to start receiving applications in mid-2021 and disbursing cash allowance from July onwards.

Study on Tenancy Control of Subdivided Units

95. One of the controversies of providing cash allowance to families waiting for PRH who are living in private properties, especially in SDUs, is the lack of adequate protection for such tenants. I agree that this issue needs to be examined. The Task Force for the Study on Tenancy Control of Subdivided Units (the Task Force) was set up in April this year and three dedicated working groups were established in July to explore such issues as the social, economic and legal aspects related to SDUs and consultants were appointed to undertake research studies. The Task Force is collecting views of various sectors on whether and how tenancy control of SDUs should be implemented, and strives to complete the study in the first quarter of 2021 and submit its report to the Government for consideration.

The Crux of the Housing Problem

96. The current-term Government has adjusted its principles and policy on housing to enlarge and enrich the overall public housing supply in Hong Kong. But ultimately, the core of the housing

problem in Hong Kong lies in the shortage of land for housing development. The HKHA, HKHS, URA and private developers have the capability and capacity to build more flats. The only thing we need to do is to work together and support the Government's multi-pronged land creation strategy and the various short-, medium- and long-term initiatives to increase land supply. Due to the impact of the epidemic, we have seen a downward adjustment in construction costs and an increase in manpower supply in the construction industry. This is an excellent opportunity to move ahead with land creation and housing construction. With adequate supply, it is believed that property prices will become stable gradually.

Land Supply

Land Creation Bearing Fruit

97. Increasing land supply has been a top priority of the current-term Government. Under the policy direction of Government-led land use planning and co-ordination of infrastructure development, we have made bold decisions to develop land for housing construction and economic development. The positive results of land creation in recent years and the latest progress of the Government on the eight land supply options recommended for priority studies and implementation by the Task Force on Land Supply are provided in detail in this year's Policy Address Supplement.

98. Transport infrastructure helps unleash the development potential of land and plays an important role in increasing land and housing supply. As the Northwest New Territories and New Territories North have huge development potential, the Government will expedite the implementation of the Northern Link railway project to tie in with the population intake of the public housing development in Kwu Tung North NDA, and also provide impetus for growth in the area covering San Tin, Ngau Tam Mei and Au Tau. So far, the Government has identified housing sites with a total area of about 90 hectares (equal to the size of four Taikoo Shings) along the Northern Link, including the San Tin/Lok Ma Chau Development

Node, and related studies are being conducted progressively. If the Northern Link project is implemented, it is anticipated that over 70 000 housing units can be provided on these sites.

MTRCL's Siu Ho Wan Depot Site

99. We have drawn up the Outline Zoning Plan for the Siu Ho Wan Depot Site topside development of the MTR Corporation Limited (MTRCL). Based on the latest assessment, it is expected that the site may provide about 20 000 residential units in the medium to long term, of which around 50% will be SSFs. This is going to be the second topside public housing project on railway facilities since the Kornhill development on the Island Line four decades ago in the 1980s. This demonstrates the current-term Government's determination in expanding public housing supply.

Redevelopment of Urban Squatter Areas

100. The studies on resuming three urban squatter areas at Cha Kwo Ling, Ngau Chi Wan and Chuk Yuen United Village for redevelopment into high-density public housing have made good progress. In view of the experience of the HKHS in housing production, rehousing of residents and integrated community planning, we will invite the HKHS to undertake the implementation of the three projects. We strive to commence the rezoning procedures progressively in the first half of 2021. If things go smoothly, it is expected that site formation and infrastructure works will start in phases in 2025. These three projects are expected to provide a total of 6 300 public housing units.

Unleash the Development Potential of Private Land

101. Privately-owned land has always been an important source of housing supply. The Government launched a three-year Land Sharing Pilot Scheme in May this year and has embarked on initial discussions with interested land owners. Besides, as proposed in last year's Policy Address, the DEVB has reviewed private land zoned for high-density housing development but without any specific development plan, and assessed whether any such land is suitable for public housing development. It is expected that the related work will

be completed by the end of this year. The DEVB will set up the Development Projects Facilitation Office (DPFO) to facilitate the processing of planning, leasing modification and other development approval applications for larger-scale private residential sites leading up to the commencement of works. The DPFO will co-ordinate with departments involved to expedite the approval process and help resolve issues, including early escalation of unresolved issues to higher levels for steer.

Development of Tuen Mun West

102. The Tuen Mun – Chek Lap Kok Tunnel scheduled for commissioning at the end of this year and the MTR Tuen Mun South Extension, which is now at the detailed planning and design stage, will help drive the development of Tuen Mun West. We continue to prepare for the planning and engineering studies on the development potential of the reclaimed land at Lung Kwu Tan (about 220 hectares) and the coastal area at Tuen Mun West (about 220 hectares). We will also review the need for the River Trade Terminal through these studies, with a view to increasing the potential of the Tuen Mun West area for residential development and/or other more beneficial uses.

Lantau Tomorrow Vision

103. While the above-mentioned multi-pronged land creation efforts will undoubtedly provide part of the medium-term housing supply beyond the 10-year period under the existing LTHS, the medium- and long-term housing needs of our people can hardly be fully met, not to mention building a more spacious living environment. Among the many land supply options, the Lantau Tomorrow Vision is the largest in scale and could provide the greatest amount of land. The current funding application is for conducting studies on the artificial islands in the Central Waters involving the reclamation of 1 000 hectares and the provision of related strategic transport infrastructure. Originated from the Enhancing Land Supply Strategy in 2011, the concept of reclamation in East Lantau has been explored and discussed by the community for almost a decade and should not be subject to further delay. If we all act in an objective and fair manner with the long-term interests of Hong Kong in mind, we will understand that reclamation for

developing artificial islands in the Central Waters under the Lantau Tomorrow Vision has a number of advantages, including creating new land (instead of solely changing the use of existing land from one to another), increasing housing supply with a proportion of 70% for public housing, optimising the transport network of Hong Kong as a whole and relieving traffic congestion in the Northwest New Territories by linking up the roads and railways on Hong Kong Island, North Lantau and the coastal areas of Tuen Mun, developing a liveable and carbon-neutral community, boosting the commercial development potential of North Lantau, and addressing environmental issues by absorbing local public fill instead of sending it to sites outside Hong Kong for reclamation. In terms of financing, the project is practicable and will bring enormous economic benefits to Hong Kong.

104. Although we have already secured support from the Public Works Subcommittee of the LegCo for the study in May last year, funding approval has yet to be obtained. For the sake of Hong Kong's future, the current-term Government will not give up on the Lantau Tomorrow Vision and will strive for the early commencement of the relevant studies. I pledge that the Government will continue to listen to the views of various sectors of the community and proactively explore new financing options for the project in the course of the studies.

Rationalising and Streamlining Approval Process and Strengthening Co-ordination

105. In addition to making all-out efforts to identify and produce land, we must also expedite the land development process, as a lack of policy co-ordination and a complicated and lengthy approval process will directly slow down the turning of "primitive land" into "spade-ready sites" and the completion of residential developments. Over the last two years or so, the Steering Group on Streamlining Development Control (Steering Group), which comprises the DEVB and the Planning Department, Lands Department (LandsD) and Buildings Department under its purview, has been focusing on the consolidation and rationalisation of the standards and definitions adopted by the three departments in scrutinising private

development projects, and helping to avoid multiple vetting. Having consulted the industry, the Steering Group has introduced seven streamlined measures concerning building height restrictions, landscape requirements and site coverage of greenery, etc. Other measures such as gross floor area calculation will also be rolled out in the next few months.

106. Land development does not only involve the approval process of these three departments, and development projects which require speeding up are not limited to those in the private sector. In fact, with the majority of Government-led development projects being public housing projects, there is a greater need to compress the development schedule, lest it will be difficult to shorten the waiting time for PRH. As such, I have authorised the Secretary for Development to expand the composition and remit of the Steering Group to include vetting departments other than those under the DEVB, with a view to reviewing more comprehensively the development approval processes for both Government and private projects, and rationalising the development-related requirements imposed by different bureaux, such as reviewing whether the technical assessment requirements are clear and suitable. I will personally steer the internal co-ordination to increase land supply to ensure that all the bureaux and departments concerned will take increasing and expediting housing supply as the foremost and priority objective and make their best endeavours to overcome all difficulties to achieve the objective in an innovative, bold and accountable manner.

VII. Building a Liveable City

Development and Conservation

107. There is no conflict between increasing land supply and building a quality living environment. In fact, with sufficient new land supply, we will be better placed to retain our country parks, preserve the natural and cultural heritages, and address the overcrowding problems in old urban areas. During my tenure as the Secretary for Development, I have strived to promote urban development by attaching importance to both development and conservation so that Hong Kong people and visitors can enjoy the hustle and bustle of our city and harbour, and stroll in the narrow streets of our old urban areas.

Urban Development

108. A decade ago, the Government implemented two major revitalisation initiatives, i.e. Conserving Central and Energizing Kowloon East using a district-based development model. To date, a number of historic building revitalisation projects under Conserving Central have been completed, including the Tai Kwun – Centre for Heritage and Arts which received the Award of Excellence, the top honour in the United Nations Educational, Scientific and Cultural Organisation Asia-Pacific Awards for Cultural Heritage Conservation. The Energizing Kowloon East initiative has successfully transformed areas in Kwun Tong, Kowloon Bay and Kai Tak into the second core business district in Hong Kong. The commercial gross floor area in the districts has increased by 70% to 2.9 million square metres at present, and will further increase to about 3.5 million square metres in two years, making it comparable in scale to the core business district in Central.

Invigorating Island South

109. In light of our past experience, we propose to implement the Invigorating Island South initiative to develop the Southern District into a place full of vibrancy, vigour and velocity for people to work, live, explore new ideas and have fun.

110. In the past, owing to road and transport infrastructure constraints, there was no clear development positioning for the Southern District on Hong Kong Island. With the commissioning of the MTR South Island Line (East) in 2016, the connectivity of Wong Chuk Hang, Aberdeen and Ap Lei Chau with other districts has been enhanced. The beautiful natural landscapes, pleasant sea and land scenery, well-known attractions such as Ocean Park, four country parks, a number of beaches and a marine reserve, as well as rich historical and cultural resources, all underline the great potential of the Southern District.

111. The Invigorating Island South initiative being contemplated includes the following key projects:

- (1) formulating a proposal for the rebirth of Ocean Park, with emphasis on enhancing and leveraging its strengths in education and conservation, making use of its natural landscape, strategic seaside location and the Water World which will open next summer to offer diversified entertainment, leisure and travel experiences;
- (2) revitalising the Jumbo Floating Restaurant, which is a historic landmark in Hong Kong. The owner of the floating restaurant has recently agreed to donate it to Ocean Park at no cost. The Government will facilitate the collaboration between Ocean Park and NGOs for the rebirth of the floating restaurant in the Aberdeen Typhoon Shelter on a non-profit-making basis, so that it will become a distinctive cultural heritage and tourist attraction in the Southern District;
- (3) enhancing the cultural and leisure facilities in the vicinity of Aberdeen and Wong Chuk Hang, including the Aberdeen Typhoon Shelter, Aberdeen Promenade and Ap Lei Chau Main Street to enable members of the public and visitors to immerse in the ambience, history and culture of a fishing village and enjoy eco-tourism in the area;

- (4) exploring new marine tourism routes by taking advantage of the district's seaside location with Ocean Park as the core to link up with other districts and islands, as well as exploring the expansion of the Aberdeen Typhoon Shelter area and the vessel berthing area as well as providing more landing facilities along the coastal area;
- (5) exploring the development of a water sports centre at the rehabilitated Shek O Quarry site under public-private partnership to provide advanced training facilities for athletes and water sports enthusiasts;
- (6) expediting the redevelopment or conversion of old industrial buildings in Wong Chuk Hang through the Government's policy of revitalising industrial buildings, so as to provide more operating space for emerging industries and the arts and culture sector;
- (7) exploring room for redevelopment or consolidation of the existing "Government, Institution or Community" sites or facilities in the district so as to promote "single site, multiple use"; and
- (8) taking the opportunities brought by the large-scale topside development project at the Wong Chuk Hang Station, which will commence population intake two years later, to beautify public space and cityscape through "place making"; as well as enhancing pedestrian connectivity of the Wong Chuk Hang Business Area and the waterfront area nearby while improving the pedestrian environment along Shum Wan Road and Po Chong Wan through minor works.

By drawing on the successful experience gained from the Energizing Kowloon East initiative, we will set up a multi-disciplinary professional team under the DEVB to interact and collaborate with stakeholders, as well as co-ordinate and implement the various projects under the Invigorating Island South initiative.

Expediting the Revitalisation of Old Industrial Districts

112. In the 2018 Policy Address, I announced a number of initiatives to revitalise industrial buildings, among which the increase of the maximum permissible plot ratio by 20% for redevelopment of old industrial buildings was well received. The Town Planning Board has so far approved more than 30 applications for redevelopment of industrial buildings, which may supply approximately 600 000 square metres of new floor space for commercial or industrial use. Land owners have also been approaching the LandsD for lease modification. To expedite the work, the DEVB will introduce a pilot scheme for charging land premium at “standard rates”. The DEVB and the LandsD are working out the details of the new scheme, which is targeted to be launched in early 2021.

Urban Renewal

113. With the Government’s support, the URA has, in recent years, adopted the “planning-led” and “district-based” approach in taking forward urban renewal. This approach has the benefit of allowing redevelopment projects to go beyond demolition and reconstruction of individual single-block buildings by capitalising on the opportunities brought by redevelopment to re-plan traffic routes, pedestrian facilities as well as greening and leisure areas within the district, thereby creating a more people-oriented community and bringing greater benefits to residents. The Kwun Tong Town Centre project, which is the largest single redevelopment project ever undertaken by the URA, is progressing towards this direction. Upon completion of the five development zones in the coming few years, the Kwun Tong Town Centre will be given a brand new look. The URA will adopt the same urban renewal approach in enhancing old districts such as Kowloon City, To Kwa Wan, Yau Ma Tei and Mong Kok.

Traffic and Transport

Enhancing Local Transport Infrastructure

114. The Government strives to push forward the implementation of transport infrastructure projects and provide reliable and affordable transport services to the public. We are implementing a number of new railway projects in a proactive manner: the MTRCL is embarking on the detailed planning and design of the Tung Chung Line Extension and Tuen Mun South Extension, while the Government will press ahead with the Northern Link with a view to commencing the detailed planning and design work shortly. The MTRCL will also submit the South Island Line (West) project proposal to the Government by the end of this year to tie in with the redevelopment of Wah Fu Estate and the Invigorating Island South initiative, after which relevant departments will study the proposal and implement the project in due course.

115. In addition, the Government will carry out a comprehensive traffic and transport strategy study which includes surveying the latest travel patterns of the public, making reference to and introducing innovative transport modes and technologies as appropriate with a view to enhancing our public transport services to meet the demand of the public, as well as deploying different transport resources more effectively to support sustainable development and facilitate the flow of people and goods in the GBA. Concurrently, we will conduct the Strategic Studies on Railway and Major Roads beyond 2030 to explore the layout of railway and major road infrastructure and conduct preliminary engineering and technical assessments for their alignments and supporting facilities, so as to ensure that the planning of large-scale transport infrastructure will complement or even reserve capacity to meet the overall long-term land development needs of Hong Kong.

Developing Green Transport

116. To tie in with the further development of Energizing Kowloon East initiative, the Government has largely completed the detailed feasibility study on the Environmentally Friendly Linkage System (EFLS) for Kowloon East. The study suggests implementing a

multi-modal EFLS in the district, which will be more effective and desirable than a standalone infrastructure. The proposed multi-modal EFLS includes introducing new bus and green minibus routes in the area; developing travellers network linking up the former runway of Kai Tak, the Kowloon Bay Action Area and the MTR Ngau Tau Kok Station; providing a GreenWay network running through promenades and open spaces in the Kai Tak Development Area for shared use by pedestrians and cyclists; constructing an elevated landscape deck to connect the MTR Kwun Tong Station; and establishing a water-taxi stand in the Kai Tak Development Area. The DEVB plans to release the details by the end of this year and gauge public views on the proposed multi-modal EFLS.

Upgrading Taxi Service

117. In view of the severe blow caused by the prolonged epidemic to the taxi trade, the current-term Government has decided to temporarily shelve the work relating to the introduction of franchised taxi services. Instead, greater efforts will be made to improve the quality of taxi service in conjunction with the trade, including leveraging technology and organising commendation schemes etc., so as to encourage taxi drivers and fleets to provide quality service for the public. In addition, the THB is preparing legislative amendments on increasing the penalties for illegal carriage of passengers for reward and other malpractices in relation to taxi service respectively to protect the interests of passengers.

Smart Mobility

Application of Technology

118. Apart from continuing to enhance our public transport infrastructure and services, the HKSAR Government has been striving to promote “Smart Mobility” for improving road efficiency. One of the key features of Smart Mobility is to alleviate the problem of insufficient public parking spaces through the application of technology. In this connection, the Transport Department is actively taking forward six pilot projects on automated parking systems

(APS), and has invited tender for the first pilot project at Hoi Shing Road, Tsuen Wan, at the end of September. It is expected that the APS will be put into service next year.

Walk in HK

119. The Government has been promoting “Walk in HK” with a view to creating a pedestrian-friendly environment, thereby encouraging people to walk more. The Government is actively promoting “walkability” in Kowloon East to improve pedestrian facilities in the Kowloon Bay and Kwun Tong business areas, as well as promoting greening and beautification of streetscape. Meanwhile, we will continue to improve the existing pedestrian linkage systems in various districts such as Admiralty and Wan Chai North, including enhancing the system in the vicinity of Admiralty through the redevelopment of the Hutchison House and Queensway Plaza, a government project to connect the Admiralty Centre with the Tamar Footbridge, as well as the pedestrian connection linking up Pacific Place with the footbridge network at the Harcourt Garden under the “Facilitation Scheme for Provision of Pedestrian Links by the Private Sector”.

Quality Harbourfront and Public Space

Harbourfront Promenade

120. The past three years saw the completion of five kilometres of harbourfront promenade, making both sides of the Victoria Harbour a popular public space. Upon the completion of 13 large-scale projects supported by a dedicated funding of \$6.5 billion, the harbourfront promenade will be extended from the current 23 kilometres to 34 kilometres in 2028, and both sides of the harbourfront will also be provided with an additional 35 hectares of quality public space with district characteristics. The harbourfront projects to be commenced next year include the Boardwalk underneath the Island Eastern Corridor measuring two kilometres long and ten metres wide connecting Causeway Bay and Quarry Bay, and the harbourfront park at Eastern Street North in Sai Ying Pun. We strive to complete these two projects in phases starting from 2024.

Improving the Cycle Track Network

121. Following the commissioning of the remaining cycle track section from Sheung Shui to Yuen Long, the entire cycle track of about 60 kilometres connecting eastern and western New Territories from Ma On Shan to Tuen Mun has been fully open for use since September. A two-kilometre cycle track from Tsing Tsuen Bridge to Bayview Garden in Tsuen Wan will be open for use early next year, and continued efforts will be made to take forward the construction works of the remaining track of about 20 kilometres of the Tsuen Wan to Tuen Mun Section. As for the urban area, a 13-kilometre GreenWay for shared use by pedestrians and cyclists in the Kai Tak Development Area will be constructed in two phases. The first phase of 7.5 kilometres is scheduled for completion in 2023, while the remaining 5.5 kilometres will be open for use after 2025. In addition, cycle track design will be incorporated into 13 major harbourfront development projects.

Culture and Sports

New Cultural Landmarks

122. We are committed to developing Hong Kong into a most-cherished international metropolis through cultural and sports development. Blending local traditional characteristics with international elements, the West Kowloon Cultural District (WKCD) is becoming the new cultural landmark of Hong Kong. The two museums in the WKCD, i.e. the M+ museum of modern and contemporary visual arts and the Hong Kong Palace Museum showcasing invaluable Chinese artefacts, are scheduled for completion and commissioning in the next two years. Together with the Hong Kong Museum of Arts which was reopened last year after expansion, the three museums will turn a new page in Hong Kong's visual arts landscape. Featured by distinctive collection and curatorial style, they will definitely offer a fruitful cultural journey to locals and visitors.

Kai Tak Sports Park

123. When completed, the Kai Tak Sports Park will be the largest sports facility in Hong Kong. Based on the current works progress, it is expected to be completed in 2023. The Government will foster the collaboration between the Park's operator and the sports sector to fully utilise the state-of-the-art facilities of the Park, so as to further promote sports in the community, support elite sports development and make Hong Kong a hub for major sports events, while nurturing more sports talents for Hong Kong and enhancing their professional standards.

Environment and Conservation

Environmental Protection Blueprint

124. In the past three years, Hong Kong has achieved good progress in areas such as improvement in air quality, nature conservation, development of renewable energy, energy saving and decarbonisation, and construction of waste-to-resources and sewage treatment infrastructures. To support “green recovery”, the Environment Bureau (ENB) is adopting various new environmental protection measures, such as subsidising existing private residential estates to install electric vehicle charging-enabling infrastructure in car parks, expanding the recycling network in all 18 districts in Hong Kong, and introducing the Green Tech Fund, etc. This will not only continuously improve the local environment, but will also create green employment and economic opportunities. It is expected that thousands of jobs will be created with these measures. In the coming year, the ENB plans to launch a long-term strategy blueprint on waste management and Hong Kong's first roadmap on the popularisation of electric vehicles, etc. with the target of ceasing the sale of conventional fuel-propelled private cars, as well as updating “A Clean Air Plan for Hong Kong”.

Striving towards Carbon Neutrality

125. Over the last decade, the Government has allocated over \$47 billion to implement various energy saving and renewable energy measures, promote electric vehicles and vessels, and introduce

innovative waste-to-energy and waste-to-resources facilities to help reduce waste and carbon emissions. In their last and current development plans spanning ten years, the investment of the two power companies in major decarbonisation projects amounts to some \$39 billion. As set out in the “Hong Kong’s Climate Action Plan 2030+”, we are moving towards the 2030 target of reducing carbon intensity by 65% to 70% as compared with that in the baseline year of 2005. In fact, Hong Kong’s carbon emissions reached its peak in 2014, at a per capita carbon emission of 6.2 tonnes. It was reduced to 5.4 tonnes in 2018, which is about 36% lower than that in the baseline year of 2005. The community in general expects Hong Kong to go further in deep decarbonisation.

126. Combating climate change is an important issue across the globe. In his speech delivered to the United Nations earlier on, President Xi Jinping made it clear that China would endeavour to achieve the peak of carbon emissions in 2030 and carbon-neutrality before 2060. This is an important commitment made by our country in combating climate change and is well-received by governments and international environmental groups around the world. In Hong Kong, the Council for Sustainable Development just submitted a report to the HKSAR Government on long-term decarbonisation strategy. I now announce that the HKSAR will strive to achieve carbon neutrality before 2050. To this end, the Government will update the “Hong Kong’s Climate Action Plan” in the middle of next year to set out more proactive strategies and measures to reduce carbon emissions.

127. We will examine various means to reduce carbon emissions, which include exploring different types of zero-carbon energy and decarbonisation technology, enhancing the energy efficiency of both new and existing buildings, promoting zero-carbon vehicles and green transportation, and building large-scale waste-to-energy facilities. To lower the cost of achieving carbon-neutrality, we need to reduce the demand for energy through ways such as introducing more stringent energy efficiency standards. We also need to enlist the full support of various sectors in society to adopt low-carbon lifestyles and economic transformation. We will develop green finance to boost investments conducive to reducing carbon emissions,

build a low-carbon economy which is more resilient to climate change, and enhance public education and publicity. I cordially invite all sectors to work together to promote low-carbon transformation in Hong Kong in a bid to strive towards the goal of carbon neutrality by 2050.

Waste Management

128. Notwithstanding our achievements in decarbonisation, waste reduction remains a major challenge for Hong Kong. The Government introduced the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 into the LegCo two years ago. Waste reduction is a global trend and is conducive to mitigating climate change. Municipal solid waste charging, as the main driving force behind waste reduction, will not only drive enterprises and the public to practise waste reduction and recycling, but also facilitate the sustainable development of related industries and the creation of green job opportunities when the quality and quantity of recyclables collected is enhanced. I welcome the decision of the LegCo House Committee to form a Bills Committee again to study the Bill in this legislative year, and hope that the Bill can be passed as early as possible. The Environmental Protection Department has progressively launched complementary measures to promote waste reduction and recycling.

129. The Government is adopting a multi-pronged approach to diversify outlets for local waste paper, including the implementation of a waste paper collection and recycling services programme, and the plan to tender for the development of a modern pulping facility in EcoPark, Tuen Mun. The latest waste paper pulping technology has the benefits of higher efficiency in land use and greater reduction in energy consumption and operating costs, and pulp products are generally not subject to import restrictions. Therefore, it will suit the local situation better and transform waste to resources more effectively. We expect to invite tenders in the first half of 2021 and the pulping facility is expected to commence operation by 2024.

VIII. Continuously Improving People's Livelihood

Increased Expenditure on Welfare and Healthcare

130. The current-term Government is committed to building a caring community and looking after the underprivileged, as can be seen in the allocation of resources. Recurrent government expenditures on social welfare and healthcare have increased from \$65.3 billion and \$62.6 billion in 2017-18 to \$93.9 billion and \$87.1 billion in 2020-21 respectively, with an average annual increase of 12.9% and 11.6%. Apart from the recurrent expenditure, we have also increased the non-recurrent funding for provision of additional facilities, which include an additional funding of \$300 billion for the development of public healthcare facilities and healthcare teaching facilities, as well as \$20 billion for the purchase of private premises for welfare purposes.

Implementing Measures to Further Improve People's Livelihood

131. In January this year, I put forward a series of initiatives to further improve people's livelihood. Although the COVID-19 epidemic has brought drastic changes to our economy and public finances, the Government will take forward the initiatives in a prudent manner. Among them, the study on tenancy control and the preparation for the cash allowance trial scheme, both related to the housing of low-income families, have already commenced. The proposal to increase the number of statutory holidays to bring it on par with that of general holidays has formally entered the discussion stage at the Labour Advisory Board. I earnestly hope that an implementation plan acceptable to both employees and employers can be agreed in order to conclude this controversial labour welfare issue which has lingered on for years, so that we may strive to introduce the enabling bill into the LegCo for scrutiny within the term of the current Government. As for the \$2 transport fare concession scheme which has recently drawn much public attention, the Government has largely completed the internal assessment, and on the premise of

being able to combat and prevent abuse effectively, we will include the required funding in the 2021-22 Budget with a view to progressive implementation within that financial year.

Additional Gross Floor Area for Welfare Purposes in Public Housing

132. Apart from purchasing private premises for welfare purposes, I consider that providing social welfare facilities in future public housing projects is a practical and feasible option. I will invite the HKHA and the HKHS to work with the DEVB to explore increasing the plot ratio of future public housing projects so that about 5% of the gross floor area can be set aside for the provision of social welfare facilities. It is fully acknowledged that in view of the tight housing supply, this proposal should not affect the original flat production of the projects.

Stepping Up Efforts to Combat Unemployment

Labour Situation

133. Affected by the global and local epidemic, Hong Kong's labour market has come under immense pressure. To help workers find a way out of the predicament, the Government has to make every effort to restore the economy, create more jobs, increase training and retraining opportunities, step up manpower matching and enhance the safety net of the social welfare system.

Creating Employment

134. Under the second round of the AEF, we launched a Job Creation Scheme whereby a total of 30 000 time-limited job opportunities would be created for people with different academic qualifications and skill sets. So far, about 29 000 jobs have been created in the public and private sectors, of which over 10 000 have been filled. I notice that the schemes for industries with more promising prospects are particularly popular. For example, the Financial Services Development Council has received an allocation of \$180 million to launch the Financial Industry Recruitment Scheme for Tomorrow (FIRST), under which a monthly government subsidy of

\$10,000 will be provided to employers for each job quota, and nearly all the 1 500 quotas have been successfully taken up by eligible financial services companies within three weeks upon the launch of the scheme.

135. In view of this, the Government will adopt the following measures to create more sector-specific job opportunities which are particularly suitable for young people graduating in recent years:

- Green industry: We will invest in a series of environmental projects in the next few years, creating an estimated 4 000 job opportunities in sectors such as scientific research, architecture and engineering, recycling and transport;
- Construction industry: In addition to the planned large-scale projects, I have requested various works departments to press ahead with renovation, repair and maintenance works for various government buildings and facilities, and to expedite the refurbishment and minor improvement works of public markets. The HKHA will also allocate additional resources to improve the environment and communal facilities of public housing estates;
- I&T industry: We need more technology talents for the development of I&T in Hong Kong. However, in the short term, most of the positions for new entrants are offered by major technology companies in the Mainland cities of the GBA. The Government will provide wage subsidies for Hong Kong technology companies to hire employees to work and gain experience in the Mainland cities of the GBA;
- Property management industry: The Government is collaborating with large property management companies and will subsidise them to employ more young people who are interested in pursuing their career in property management, which will also help enhance the professionalism and attractiveness of the industry;

- Creative industries: The Government will make good use of various funds which support the development of films, design, culture and arts as well as Art Tech. It will also consider providing wage subsidies to attract more newcomers who aspire to pursue a career in the creative industries; and
- Legal profession: As an international legal hub and centre for dispute resolution services, coupled with the recent implementation of liberalisation measures for legal professional services in the GBA, there is a need for Hong Kong to nurture more legal talents.

Love Upgrading Special Scheme for Retraining

136. Upon discussion with the Employees Retraining Board (ERB), the Government will further enhance its support to employees affected by the economic downturn. Immediately after the completion of the second tranche of the Love Upgrading Special Scheme at the end of this year, the ERB will launch the third tranche of the scheme in January next year, which will last for six months until mid-2021. The new tranche will double the 10 000 training places under the second tranche, enabling 20 000 trainees to receive retraining and an allowance during the training period. The scheme does not impose any academic qualification requirements on trainees and encourages them to participate in cross-industry training, with the aim of assisting them to rejoin the employment market as early as possible.

Matching of Manpower Resources

137. While the unemployment rate remains high, some sectors are facing staff shortages. As such, the LD will step up its efforts to enhance matching between employers and people seeking employment, strengthen its liaison with employers with recruitment needs, and organise more thematic job fairs to help job seekers secure employment. At the same time, we will encourage employers of sectors that face persistent manpower shortages, including those of the care sector, to participate in the ERB's First-Hire-Then-Train Scheme. In view of the tight manpower situation of frontline care

staff in residential care homes for the elderly, we will consider adjusting the training and working hour arrangements under the scheme to attract people to join the sector. We will also make arrangements for employers to join LD's Employment Programme for the Elderly and Middle-aged so that they can apply for the on-the-job training allowance.

Enhancing Social Welfare Safety Net

138. The CSSA Scheme put in place by the Government has all along served its function as a safety net effectively. With the local unemployment rate continuing to rise since late 2019, the number of CSSA unemployment cases has increased accordingly. In the past 12 months (as at late October this year), the total number of CSSA unemployment cases has recorded a nearly 55% increase, which shows that the CSSA Scheme is generally regarded as a safety net by the unemployed during the epidemic and economic downturn. To assist more unemployed persons and their families, the Government has launched the Special Scheme of Assistance to the Unemployed under the CSSA Scheme on 1 June this year for a period of one year to temporarily relax the asset limits for able-bodied applicants/recipients by 100%. To further support the unemployed, upon completion of the necessary adjustments to the CSSA system, we will implement a new arrangement under which the total cash value of insurance policies of able-bodied CSSA applicants/recipients will be disregarded as assets for a period of one year, so that more unemployed persons can receive assistance to tide over their economic difficulties.

Alleviating the Burden of Transport Expenses

139. To alleviate the public's burden of transport expenses during the epidemic, the Government has earlier introduced a special temporary measure to temporarily relax the monthly public transport expenses threshold under the Public Transport Fare Subsidy Scheme from \$400 to \$200 between July and December this year. I have decided to extend the measure for six months. In other words, from 1 January to 30 June 2021, the Government will continue to provide a subsidy amounting to one-third of the monthly public transport

expenses in excess of \$200, subject to a maximum of \$400 per month. It is estimated that around 3.8 million people will benefit per month. Furthermore, after discussion with the Government, the MTRCL has decided to extend the 20% fare discount, which is supposed to cease at the end of this year, for three months until March 2021.

Regularisation of the Short-term Food Assistance Service Projects

140. To support individuals and families with difficulties coping with their daily food expenditure, the Social Welfare Department (SWD) launched the Short-term Food Assistance Service Projects (STFASPs) since February 2009. The STFASPs serve to supplement other poverty alleviation measures and help the underprivileged tide over their financial difficulties. The Government will make this service a permanent one from August 2021 upon completion of the existing service contracts, and has earmarked \$415 million to meet its recurrent expenditure.

Supporting Persons with Disabilities and Their Carers

141. To enhance the support for persons with disabilities and their carers, apart from continuing to take forward various rehabilitation programmes under the Persons with Disabilities and Rehabilitation Programme Plan, we will implement additional measures in the coming year to further relieve the stress of carers, including providing additional residential respite places through the Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities, providing residential respite service in boarding sections of special schools with vacant boarding places, and arranging severely mentally handicapped persons in need of pairing day activity centre services to receive services at their hostels subject to the availability of sufficient space. Meanwhile, the Labour and Welfare Bureau is conducting an in-depth study with a view to providing an evidence-based basis for formulating a comprehensive carer policy and the relevant pilot schemes.

Medical and Health

District Health Centres

142. The current-term Government attaches great importance to primary healthcare development. The first District Health Centre (DHC) in Kwai Tsing District came into operation in September last year. Operation service contracts for DHCs of another two districts were awarded, and the sites for nine other DHCs have been confirmed. The Food and Health Bureau will look into implementation of a Pilot Public-Private Partnership Programme for DHCs, under which subsidised medical consultation services will be provided to DHC members who are newly diagnosed with diabetes or hypertension, with a view to enhancing the measures to manage the chronic disease and alleviating the pressure on the public healthcare system.

Enhancing the Elderly Dental Assistance Programme

143. The Elderly Dental Assistance Programme under the CCF benefits over 500 000 low-income elderly persons aged 65 or above. We plan to expand the scope of subsidy so that eligible elderly persons in need of treatment can receive more targeted dental services. These include:

- (1) allowing the inclusion of more subsidised items, including the removal of bridges or crowns and the provision of root canal treatment; and
- (2) allowing elderly persons reaching the age of 75 and who have joined the programme for at least five years to receive free removable dentures and other related dental services for a second time.

Mental Health

144. The social unrest last year, together with the persisting COVID-19 epidemic since early this year, have brought different levels of impact and influence on the mental well-being of some

people. The Government has decided to provide additional resources of \$300 million under the Beat Drugs Fund to better support the needy in the community and raise public awareness of mental health.

Drug Subsidies and Support for Patients with Uncommon Disorders

145. The Government and the HA introduced enhancement measures for the means test mechanism of the Samaritan Fund and the CCF Medical Assistance Programmes in early 2019 to alleviate the financial burden of patients' families arising from drug expenses. We will further refine the mechanism after reviewing the effectiveness of the measures. At present, the Samaritan Fund and the CCF Medical Assistance Programmes cover 48 and 34 drugs respectively. We will continue to increase the number of drugs covered under the two Funds and relax the clinical criteria of existing drugs in accordance with the established mechanism, thereby strengthening the support for the needs of patients with cancers and uncommon disorders.

Strengthening Support for Ethnic Minorities

146. The Government has all along been fostering the social integration of ethnic minorities. In the past two years, we have implemented around 30 measures to support ethnic minorities, covering areas of education, employment, social welfare, healthcare and social inclusion. Among these measures, the amended Race Discrimination Ordinance, which enhances the protection for ethnic minorities, also came into effect in June this year. In addition, outreaching teams have been set up by the SWD to proactively reach out to ethnic minorities with welfare needs.

147. Starting from the second quarter of 2021, the Hong Kong Observatory will provide basic weather information on its website in eight ethnic minority languages. This will facilitate ethnic minorities' real time access of information such as latest weather reports, warnings and forecasts as well as tropical cyclone tracks presented in their own languages. I will continue to encourage more departments to review their delivery of daily public services and actively consider meeting the needs of ethnic minorities.

IX. Nurturing Talents and Youth Development

Nurturing Talents

Vision for Education

148. Education is the key to nurturing talents. My vision for education is to nurture our young people into quality citizens with a sense of social responsibility and national identity, an affection for Hong Kong as well as an international perspective. Education is also about building a good character, and the cultivation of moral virtues is the most essential. As a matter of fact, students must be law-abiding, able to respect different opinions and adapt to social life, in order to become a responsible member of the civil society.

Quality Education

149. After my assumption of office, I have been actively providing additional resources for the education sector in order to create favourable conditions for implementing reforms necessary for enhancing the quality of education. Over the past three years, the current-term Government has increased the recurrent expenditure on education by a total of \$13.5 billion. Many of the measures implemented are meeting the long standing aspirations of practitioners from the education sector, including implementing the all-graduate teaching force policy and increasing the teacher-to-class ratio. Nevertheless, I would like to stress that the role of the Government in education is not merely a provider of resources, but also a policy maker, administrator and regulator.

150. To enhance the quality of education, we have set up eight task forces at different times and invited professionals to conduct studies and consultations, and to present their reports to the Government. Seven task forces have completed their work and the EDB has joined hands with the related organisations to implement the task forces' recommendations. The last task force on review of school curriculum submitted its report in September and the EDB will provide the Government's response in due course. Besides, the 39 new initiatives

announced since July 2017 have been completed or are progressing on schedule, and their progress has been set out in this year's Policy Address Supplement.

151. Nevertheless, the social incidents last year led many to question again the effectiveness of Hong Kong's education. It is indeed heartbreaking that, among the more than 10 000 arrestees suspected of violating the law in connection with the opposition to the proposed legislative amendments to the Fugitive Offenders Ordinance, 40% are students, of which nearly 2 000 are primary and secondary students. We cannot bear to see that with the infiltration of politics into school campuses, students are drawn into political turbulence or even misled to engage in illegal and violent acts, for which they have to take legal responsibilities that will impact on their lives. The social incidents also reveal that the law-abiding awareness of some young people is weak and that positive values such as mutual understanding and mutual respect are lacking. In the face of the complicated political environment in Hong Kong and the proliferation of misinformation in social media, it is the shared responsibility of the Government, society, education sector and parents to find a way to protect our students.

Moral and National Education

152. Among the five domains of moral, intellectual, physical, social and aesthetic developments, moral development is regarded as the most important one and the foundation of education. In fact, deepening students' understanding of the history, culture and developments of our country, and strengthening education on the Constitution and the Basic Law are the fundamentals for fostering their sense of national identity and awareness of national security. The current-term Government has made Chinese History an independent compulsory subject at the junior secondary level, and the new curriculum of the subject has been rolled out progressively from Secondary One in the current school year. The EDB will provide opportunities for students to join study tours that integrate with the curriculum, and encourage primary and secondary students to learn more about the essence of Chinese culture for nurturing their moral character and cultural identity. Moreover, the EDB will,

through diversified activities, cultivate primary and secondary students' comprehensive understanding of the nation's development, the Constitution and the Basic Law, the implementation of "One Country, Two Systems" and the importance of national security, and teach them to respect and preserve the dignity of the national flag and the national anthem as symbols of our country, to foster positive values among students as well as develop in them a sense of identity, belonging and responsibility towards the nation, the Chinese race and our society.

Liberal Studies

153. There has been ongoing controversy over the subject of Liberal Studies under the senior secondary curriculum in the society. Hence, the direction of reform in future should focus on rectifying the previous deviation from the subject's objectives, and reinstating it as the platform to help students establish a sound foundation of knowledge, make connection between the knowledge across different subjects, develop critical thinking skills, analyse contemporary issues in a rational manner and learn about the development of our nation, the Constitution, the Basic Law, the rule of law and so forth.

154. The reform of curriculum should tie in with the work of examination and assessment. In the previous school year, a wrong question in the Hong Kong Diploma of Secondary Education Examination has generated heated discussions in the community. I expect that the Hong Kong Examinations and Assessment Authority will improve its question moderation mechanism continuously to prevent the recurrence of similar problems.

Promoting Applied Learning

155. In line with the goals of promoting whole-person development and catering for student diversity, we will further promote Applied Learning as a senior secondary elective subject, and provide students with subsidies and more diversified courses to broaden their studies and learning experience to facilitate their diversified development.

e-Learning

156. Although face-to-face classes in schools were temporarily suspended due to the COVID-19 epidemic, students were still able to learn during the class suspension with the concerted efforts of the EDB and schools by flexibly using different innovative means. To further support schools and teachers in implementing this blended mode of teaching and learning, the EDB will set aside \$2 billion in the Quality Education Fund to launch a three-year programme. This will, on the one hand, support the provision of ancillary facilities for e-learning, such as setting up a platform for sharing learning and teaching resources as well as encouraging the sharing of quality teaching materials by teachers and, on the other, ensure that all students will have equal opportunities in accessing e-learning, including through subsidising schools to purchase mobile computer devices for loan to needy students and to provide Wi-Fi routers and mobile data cards for students who do not have access to appropriate internet services because of their living environment. To cater for the immediate needs of students from disadvantaged families, the EDB also provided a one-off Top-up Grant for Supporting Online Learning of Financially Needy Students to public sector schools early this month.

Quality of Teachers

157. Teachers have far-reaching influence on the whole-person development of students and play a vital role in passing on knowledge and nurturing students' character. I hope that they will nurture students into persons of great ability and integrity, who will also become the pillars of our country in safeguarding "One Country, Two Systems". As the authority responsible for the registration of teachers, the Government will enhance the quality of teachers through measures in respect of entry to the profession, training and management. We will discuss with teacher education institutions in ensuring the ethics, character and conduct of teachers. We will also strengthen the training of teachers and principals upon their appointment, during their service and before their promotion. The

EDB will take stringent actions against teachers who are incompetent or found misconducted, including cancelling the registration of those who are found seriously misconducted, for the well-being of students.

Supporting Students with Special Education Needs

158. The On-site Pre-school Rehabilitation Services (OPRS), a new type of cross-disciplinary and cross-bureau services, aim to support students with special educational needs to help them grow up healthily by “Early Identification and Immediate Intervention”. As the pilot project has proved the services effective, the OPRS were regularised in October 2018. In the current school year, the service places have been increased substantially from 3 000 to 8 000, and will be further increased to 10 000 in the 2022/23 school year with the aim of achieving zero-waiting time. To provide earlier support to children awaiting assessments by the Child Assessment Centres under the Department of Health and those assessed as having only mild developmental problems, we have launched a 20-month pilot scheme for kindergartens participating in the OPRS in this school year.

Supporting the Provision of New Teaching Facilities and Student Hostel for the Hong Kong Academy for Performing Arts

159. The Hong Kong Academy for Performing Arts (HKAPA) is the only higher education institution in Hong Kong that provides education and training in the performing arts and related technical arts. In the QS World University Rankings for Performing Arts 2020, the HKAPA continued to rank first in Asia and seventh globally. The Government supports the provision of new teaching facilities and a student hostel for the HKAPA in the Eastern District on Hong Kong Island to enrich teaching and learning infrastructure and experience, and to foster the healthy development of tertiary education in the performing arts.

Attracting Talents

160. To expand the talent pool of Hong Kong, not only do we need to make our best endeavour to nurture local talents, we also need to proactively attract non-local talents to come to Hong Kong. InvestHK will work in partnership with various bureaux, ETOs and organisations promoting I&T, financial and cultural development to adopt a strategic approach in actively promoting around the world the facilitation measures and development opportunities available in Hong Kong for high-quality talents, with the focus on attracting those in demand in various areas.

Youth Development

161. As a diverse group, young people have different goals for their life. In my 2017 Policy Address, I proposed new directions for youth development, namely addressing young people's concerns about education, career pursuits and home ownership, and encouraging their participation in politics as well as public policy discussion and debate. Considerable progress has been made. However, the social unrest, unstable epidemic situation and prolonged class suspension over the past year have affected the lives and learning patterns of young people. Some feel confused and helpless about their future and the way society is developing. In view of these situations, the Government will consider how to create an environment that enables young people to grow healthily, build a stable home, pursue a good career and unleash their full potential. We also hope that our young people can set their sights on our country, seizing the opportunities to study, work and live in the GBA, so as to broaden the scope for realising their dreams.

Greater Bay Area Youth Employment Scheme

162. Taking into account Hong Kong's economy and market scale, the youth unemployment rate may remain at double-digit for some time. On the other hand, with a population of 70 million and huge development potential, the GBA can provide career development opportunities for our young people. During the Policy Address consultation exercise this year, many enterprises indicated that with subsidy from the Government, they could offer job opportunities to

young people of Hong Kong in the GBA with vibrant economic growth. To encourage and support young people to work and pursue their career in the Mainland cities of the GBA, the HKSAR Government will launch the Greater Bay Area Youth Employment Scheme to encourage enterprises with operation in both Hong Kong and the GBA to recruit and deploy local university graduates to work in the Mainland cities of the GBA. The scheme will provide 2 000 places, of which some are I&T positions as I have mentioned earlier.

Youth Entrepreneurship

163. More and more young people wish to demonstrate their ability by starting their own businesses and finding an alternative path to working in traditional sectors. Last year, the Youth Development Commission introduced the new Funding Scheme for Youth Entrepreneurship in the Guangdong-Hong Kong-Macao Greater Bay Area under the Youth Development Fund to render better entrepreneurial support and incubation services to Hong Kong young people who intend to start their businesses in Hong Kong and the Mainland cities of the GBA, and to further address their initial capital needs. Once the epidemic situation has become stable and cross-border travel resumed, the Home Affairs Bureau will launch the scheme to subsidise over 10 NGOs to implement youth entrepreneurship projects. It is estimated that about \$100 million will be provided for nearly 200 youth start-ups and supporting services to about 4 000 young people. Guangdong and the Mainland cities of the GBA have agreed to support the scheme by providing co-working bases and letting Hong Kong young people enjoy the same treatment and support as their peers on the Mainland. In addition, the HKSAR Government will establish the Alliance of Hong Kong Youth Innovative and Entrepreneurial Bases in the Greater Bay Area to serve as a one-stop information, publicity and exchange platform to further support innovation and entrepreneurship by Hong Kong youth in the GBA.

Member Self-recommendation Scheme for Youth

164. To provide more opportunities for young people to participate in policy discussions and understand government operation, we have regularised the Member Self-recommendation Scheme for Youth

launched by the current-term Government and expanded it to cover more boards and committees. Young people aged between 18 and 35 may self-nominate to become members of specified government advisory committees through the scheme. So far, around 340 posts are currently held by young people who have been appointed directly or indirectly to the advisory and statutory bodies through the scheme. The overall ratio of appointed youth members in the advisory and statutory bodies has increased from 7.8% in 2017 to 13% at present, gradually approaching the target of 15% set by the current-term Government.

X. Closing Remarks: Renewed Perseverance

165. Building on our steadfast determination to implement “One Country, Two Systems”, “Hong Kong people administering Hong Kong” and a high degree of autonomy, and capitalising on Hong Kong’s traditional strengths and the opportunities for integration into the overall national development, this some 24 000-word Policy Address manifests the Central Government’s staunch support for the HKSAR and embraces my determination to strive for the best for Hong Kong with my team. As long as we stay true to our aspiration in implementing “One Country, Two Systems”, safeguard national sovereignty, security and development interests, maintain our confidence in Hong Kong, refrain from politicising matters, maintain communication in a rational manner and seek common ground while putting aside differences, we will surely be able to deal with the problems that arise in the course of implementing “One Country, Two Systems” and address some deep-seated conflicts in Hong Kong.

166. I made some sentimental remarks at the reception in celebration of the 23rd anniversary of the establishment of the HKSAR on 1 July this year. I said, “I have faced the toughest challenge in my 40 years of public service in the past year. Not only have I faced unprecedented personal attacks, I am also deeply worried about the future of Hong Kong. However, I am extremely grateful to the Central Government for its trust in me, to my family and close friends for their unreserved love and to colleagues at all levels for their staunch support. Their care and concern have given me hope that there will be an end to the difficult times and the rainbow will emerge after the storm.”

167. In the coming year, the HKSAR Government will double its efforts to put the epidemic under control, revive the economy, restore social order, rebuild Hong Kong’s international reputation and people’s confidence in the Government, with a view to relaunching Hong Kong.