

Budget Speech by the Financial Secretary (1)

Following is the full text of the Speech on the 2019-20 Budget delivered by the Financial Secretary, Mr Paul Chan, in the Legislative Council today (February 27):

Mr President, Honourable Members and fellow citizens,

I move that the Appropriation Bill 2019 be read a second time.

Introduction

2. This is the second Budget of the current-term Government, my third since I became Financial Secretary. It has been prepared against the backdrop of profound changes in the global political and economic landscape, a complicated and volatile external environment and heightened uncertainties.

3. As a small and totally open economy, Hong Kong has been susceptible to economic headwinds over the past few months, as evidenced by notable slackening growth and diminishing confidence of enterprises in the future outlook. Under such circumstances, it is all the more important for us to have a sound judgement of the prevailing global political and economic landscape, and set the direction for Hong Kong's economic development with due regard to our own strengths. I will take this opportunity to share my views in the Budget.

4. Every cloud has a silver lining. Even though we are not out of the woods yet, we have every confidence in our future.

5. Given the public and the business community's concerns about Hong Kong's economic outlook, I prepared this year's Budget along the direction of "supporting enterprises, safeguarding jobs, stabilising the economy, strengthening livelihoods". In fact, to support the implementation of various measures, including those proposed in the Policy Address, I will provide new resources ready for use of about \$150 billion in this Budget, with additional resources earmarked for various purposes. This demonstrates our determination to enhance public services, support enterprises, relieve people's burden and invest for the future. Resources will be allocated as appropriate to support these measures. I will provide details in the ensuing parts of my speech.

Economic Situation in 2018

6. The global economy expanded throughout 2018, with stronger growth momentum during the first half of the year. The momentum was checked by brewing trade tensions and other unfavourable conditions in the second half of the year. Production and trading activities in Asia saw notable growth for most of last

year, but significantly weakened towards year end. Affected by the external environment, Hong Kong's total exports of goods had an annual growth of 3.5 per cent in real terms, but the growth in the fourth quarter decelerated, resulting in a slight year-on-year decrease of 0.2 per cent. Exports of services also moderated in the latter half of the year, though an overall growth of 4.9 per cent was recorded for 2018.

7. Domestic demand remained largely stable, contributing favourably to the labour market with solid rises in wages and earnings underpinning consumption. Private consumption expenditure grew by 5.6 per cent in real terms for the year, but slowed down through the year amid adjustments in asset prices and increasing external uncertainties. Although investment expenditure registered a growth of 2.2 per cent in real terms for the year, a number of surveys have reflected the weakened business sentiment in Hong Kong recently.

8. Under mounting external pressures, Hong Kong's economic growth moderated from 4.1 per cent in the first half of 2018 to 2.1 per cent in the second half of the year, with growth for the fourth quarter at a mere 1.3 per cent, the lowest since the first quarter of 2016. Overall, Hong Kong's economy grew by 3 per cent in 2018, at the lower end of the range projected in last year's Budget but still higher than the trend growth rate of 2.8 per cent over the past decade.

9. The labour market remained tight, with the unemployment rate remaining at 2.8 per cent, the lowest level in more than 20 years. Total employment sustained growth and salaries increased continuously in real terms.

10. As the economic growth had been above the trend growth for two consecutive years, the inflation rate rose slightly in 2018. Netting out the effects of the Government's one-off measures, the underlying inflation rate was 2.6 per cent, up by 0.9 percentage point from 2017.

(To be continued.)

LCQ16: Workload and manpower of Social Security Officers

Following is a question by the Dr Hon Chiang Lai-wan and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (February 27):

Question:

Recently, some Social Security Officers (SSOs) employed by the Social Welfare Department (SWD) have relayed to me that as the Government has implemented in recent years quite a number of new policies and measures relating to the social security programmes (such as introducing the Old Age Living Allowance (OALA) and the Higher OALA, raising the eligible age for elderly Comprehensive Social Security Assistance and providing one-off extra allowances to recipients of social security payments), which is coupled with a continuous rise in the number of elderly persons due to increasing average life expectancy, the workload of SSOs has become increasingly heavy. However, the Government has not increased the establishment of the SSO grade accordingly, resulting in a tremendous increase in their work pressure. In this connection, will the Government inform this Council:

- (1) Of the respective numbers of SSO II and SSO I currently employed by SWD;
- (2) Of the respective average numbers of Social Security Assistants supervised by each of the officers at the two ranks mentioned in (1) (supervision ratios) (i) in each of the past 10 years and (ii) at present; whether there are currently guidelines specifying the supervision ratios;
- (3) Whether there are currently guidelines specifying the specific methods for calculating the manpower requirements for the various ranks in the SSO grade; and
- (4) Whether it has assessed the adequacy of current manpower at the various ranks in the SSO grade; if so, of the outcome, and whether it will increase the manpower?

Reply:

President,

In recent years, the Government has introduced a number of social security measures (including rolling out of the Normal Old Age Living Allowance (OALA) and the Guangdong Scheme in 2013, and the Higher OALA and the Fujian Scheme in year 2018) to provide targeted support to needy persons. In view of the implementation of various programmes, the Social Welfare Department (SWD) would seek additional manpower resources according to service needs so as to cope with the corresponding work.

My reply to the Member's question is as follows:

- (1) As at end-January 2019, there are 81 Social Security Officer I (SSO I) posts and 310 Social Security Officer II (SSO II) posts in the SWD.
- (2) and (3) When estimating the manpower requirement of Social Security Officers (SSOs), the SWD takes into account the anticipated work of administration and supervision required, and the procedures and complexity involved in vetting various types of cases. The manpower ratio between ranks/grades is not the sole basis of estimation. The SWD does not set a so-called supervision ratio between SSOs and Social Security Assistants (SSAs).

Based on the above principle, establishment of manpower for the above

ranks/grades each year from 2014-15 to end-January 2019 is provided below:

Rank/Grade Financial year*	SSO I	SSO II	SSA Grade
2014-15	77	289	1 319
2015-16	77	288	1 317
2016-17	78	294	1 331
2017-18	79	298	1 351
2018-19 (As at end-January 2019)	81	310	1 389
The increase in the 5- year period (from 2014-15 to end- January 2019)	4 (5.2%)	21 (7.3%)	70 (5.3%)

*Figures as at the end of the financial year

(4) The SWD has been reviewing the manpower of the SSO grade from time to time, and has implemented various measures to provide appropriate support for its staff according to the actual work requirements. These measures include creating new posts subject to the availability of resources, conducting risk management studies to enhance resource allocation and efficiency, and improving the workflow and streamlining procedures, etc. The SWD will continue to maintain close communication with its staff of the social security grades, and stay attentive to their job arrangements and staffing situation so as to ensure efficient delivery of services to the public by the department.

Japanese creative project design company extends reach to Hong Kong

Superstation Inc, a Japanese creative project design company, officially opened a Hong Kong branch, Superstation International Ltd, at Cyberport today (February 27). The company's Hong Kong presence will leverage its connections with local partners with the aim of exploring new business opportunities in the city.

Superstation offers creative project development and consultancy services to its clients. One of its signature projects is "Knowledge Capital" in Osaka – an innovative hub comprising about 100 companies, universities and research organisations to create new and innovative ideas through the exchange of knowledge. The company plans, designs, organises and operates various kind of events and international festivals at the Knowledge Capital,

says the CEO of Superstation International Ltd, Mr Takuya Nomura.

Mr Nomura said, "We gained support for our Knowledge Capital project from Hong Kong partners even before its inauguration. We want to build on our existing connections as well as explore new business partnerships and opportunities in the fields of technology, art, science and culture through the Hong Kong office.

"Hong Kong boasts a strong locational advantage with easy access to other parts of Asia and the world. Having a base here will help us expand our business to Mainland China and other parts of Asia and, in the future, to Europe. Also, we can introduce Japanese cutting-edge technology and various aspects of culture and content to the city and throughout Asia."

Associate Director-General of Investment Promotion, Dr Jimmy Chiang, welcomed the opening of Superstation International Ltd in Hong Kong. "It will not only provide companies with other choices for creative project development and consultancy services but also bring and stimulate new concepts and ideas through co-operation with local partners," he said.

About Superstation Inc

Established in 1997 in Osaka, Japan, Superstation Inc started by planning and producing TV programmes and digital content. It has undertaken a number of demonstration experiment projects, such as better utilising high-speed fibre-optic networks and creative industry promotion projects led by the Japanese government in collaboration with industry, government and academia. For more information, please visit www.superstation.co.jp/en/.

About InvestHK

InvestHK is the department of the Hong Kong Special Administrative Region Government responsible for attracting foreign direct investment and supporting overseas and Mainland businesses to set up or expand in Hong Kong. It provides free advice and customised services for overseas and Mainland companies. For more information, please visit www.investhk.gov.hk.

For an event photo, please visit:
www.flickr.com/photos/investhk/albums/72157705578812851.



Tenders invited for tenancy of fee-paying public car park

The Government Property Agency is inviting tenders for a three-year tenancy of the fee-paying public car park on a portion of the mezzanine floor of the Passenger Terminal Building, Heung Yuen Wai Boundary Control Point, New Territories.

The premises should only be used for the purpose of a fee-paying public car park for the parking of private cars and motorcycles.

The tender notice was uploaded today (February 27) to the Agency's website: www.gpa.gov.hk. Tender documents are available for collection at the Government Property Agency, 31/F, Revenue Tower, 5 Gloucester Road, Wan Chai, during office hours (8.30am to 5.45pm from Mondays to Fridays). The documents can also be downloaded from the Agency's website.

Interested tenderers who wish to attend a tender briefing should make prior appointment with the Government Property Agency by calling 2594 7697 on or before March 8.

Tenderers must submit their tenders by placing them in the Government Logistics Department Tender Box at the Ground Floor, North Point Government Offices, 333 Java Road, North Point, before noon on March 21 this year. Late tenders will not be accepted.

Key statistics on service demand of A&E Departments and occupancy rates in public hospitals

The following is issued on behalf of the Hospital Authority:

During the winter surge, the Hospital Authority is closely monitoring the service demand of Accident and Emergency Departments and the occupancy rate in public hospitals. Key service statistics are being issued daily for public information. Details are in the appended table.