

CS speaks on “The Chief Executive’s 2018 Policy Address”

Following is the transcript of remarks by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, at a media session on "The Chief Executive's 2018 Policy Address" at the Legislative Council Complex today (October 10):

The theme of the Chief Executive's second Policy Address is "Striving Ahead, Rekindling Hope". This well-chosen theme underlines the determination of the current-term Government to propel Hong Kong forward in face of increasing fierce regional and global competition. We also need to bring hope to all sectors of the community and vigorously promote upward social mobility.

We have rolled out altogether 244 new measures. They fully reflect the Government's political courage to tackle difficult tasks head-on. We are resolute and persistent in confronting the various long-entrenched and deep-seated problems.

Land and housing supply is the most thorny issue. The Chief Executive has announced a package of measures to boost housing supply in the short to medium term. With the completion of various major infrastructure projects, Lantau will become the "Double Gateway" to the world and the Greater Bay Area. In order to capture various competitive advantages and opportunities of Lantau and for the long-term benefits of Hong Kong's future, we are going to launch the Lantau Tomorrow Vision project which will provide 260 000 to 400 000 housing units of which 70 per cent are for public housing, accommodate 700 000 to 1.1 million people and provide 340 000 jobs.

We will continue to care, listen and act on the basis of the principles of "Innovative, Interactive and Collaborative" to implement people-oriented measures for a better and more harmonious Hong Kong. We will roll out a number of major initiatives to improve people's livelihood on all fronts. The key examples include:

- (i) Enhance substantially financial support for employers and micro, small and medium enterprises in preparing them for the abolition of the Mandatory Provident Fund "offsetting" arrangement. This would cost the Government \$29.3 billion over 25 years;
- (ii) Provide \$1.5 billion in recurrent funding to implement the all-graduate teaching force policy;
- (iii) Provide \$800 million in recurrent funding to enhance educational psychologist and speech therapist services for students with special educational needs;
- (iv) Extend statutory maternity leave from 10 weeks to 14 weeks;

- (v) Legislate for a ban on electronic cigarettes;
- (vi) Strengthen primary healthcare services by setting up the first District Health Centre in Kwai Tsing, and extending this model to other districts;
- (vii) Recognise the positioning of Chinese medicine services in Hong Kong's healthcare system and set up a \$500 million fund to promote Chinese medicine applied research;
- (viii) Waive or pay for the tolls charged on franchised buses for using government or franchised tunnels/roads to ease fare increase pressure particularly on the commuters; and
- (ix) Draw on over HK\$500 million in funding allocation to enhance support for ethnic minorities in Hong Kong.

The current-term Government will continue to perform our roles as "facilitator" and "promoter" to proactively foster Hong Kong's long-term economic and social development, provide more land for housing and future economic activities, reinforce Hong Kong's advantages by stepping up investment in education as well as innovation and technology, scale up our established industries, improve people's livelihood and promote quality living. In short, our aim is for the Government to join hands with the whole community to forge and build a future full of hope and opportunities. Thank you.

(Please also refer to the Chinese portion of the transcript.)

Number of overseas and Mainland companies in HK continues to grow

The number of business operations in Hong Kong with parent companies overseas and in Mainland China climbed to 8 754 in 2018, compared to 8 225 a year ago, according to the results of a joint survey conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department (C&SD).

Results of the 2018 Annual Survey of Companies in Hong Kong with Parent Companies Located Outside Hong Kong show that the 8 754 respondent companies comprised 1 530 operating as regional headquarters (RHQs), 2 425 as regional offices (ROs) and 4 799 as local offices (LOs).

In terms of jobs, the number of people engaged by the overseas and Mainland companies reached 485 000, compared to 443 000 in 2017.

By sector, import/export trade, wholesale and retail topped the list (3 950), followed by financing and banking (1 806), and professional, business

and education services (1 262).

Survey definitions

Regional Headquarters: an office with parent company located outside Hong Kong which has managerial control over offices and/or operations in the region (i.e. Hong Kong plus one other place or more).

Regional Office: an office with parent company located outside Hong Kong which co-ordinates offices and/or operations in the region (i.e. Hong Kong plus one other place or more).

Local Office: an office with parent company located outside Hong Kong which only takes charge of the business in Hong Kong (and nowhere else).

Survey methodology

This survey, the response to which is voluntary in nature, refers to the position as at June 1, 2018. Owing to the lack of a complete sampling frame of companies covered in the survey, the number of RHQs, ROs and LOs enumerated in each survey round represents only the best snapshot that could be taken at the time of the survey. Changes between years in the number of RHQs, ROs and LOs may be affected by the continuous improvement in the sampling frame of companies and response rate. Specifically, the sampling frame for the 2018 survey has been enriched by including additional information obtained from the Companies Registry, consulates and chambers of commerce of overseas countries in Hong Kong. The scope of the survey has also been expanded in the 2018 survey to cover companies with parent companies located outside Hong Kong but not representing their parent companies, although the effect of such change on the survey results is relatively insignificant. Furthermore, changes between years in the total number of people engaged by the companies concerned may also be affected by the response patterns of companies of different employment sizes. With all the limitations mentioned above, the survey results should be interpreted with some caution.

The survey results will be presented in greater detail in the "Report on 2018 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong" published by the C&SD. The publication will be available for download free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp360.jsp?productCode=B1110004) as from end-October 2018.

Users who have enquiries about the survey results may contact the Business Expectation Statistics Section of the C&SD (Tel: 3586 3015; email: regional-offices@censtat.gov.hk).

2018-19 judicial service pay adjustment

On the recommendation of the Standing Committee on Judicial Salaries and Conditions of Service (Judicial Committee) chaired by Professor Wong Yuk-shan, the Chief Executive in Council has decided that the pay for Judges and Judicial Officers (JJOs) for 2018-19 should be increased by 4.69 per cent. The pay adjustment will take retrospective effect from April 1, 2018.

A government spokesman said today (October 10), "In coming up with its recommendation on judicial pay for 2018-19, the Judicial Committee has adopted a balanced approach, taking into account a basket of factors approved by the Chief Executive in Council in May 2008, the principle of judicial independence and the position of the Judiciary. The basket of factors includes:

- (a) responsibility, working conditions and workload of judges vis-à-vis those of lawyers in private practice;
- (b) recruitment and retention in the Judiciary;
- (c) retirement age and retirement benefits of JJOs;
- (d) benefits and allowances enjoyed by JJOs;
- (e) unique features of the judicial service such as the security of tenure, the prestigious status and high esteem of the judicial offices;
- (f) prohibition against return to private practice in Hong Kong;
- (g) overseas remuneration arrangements;
- (h) cost of living adjustments;
- (i) general economic situation in Hong Kong;
- (j) budgetary situation of the Government;
- (k) private sector pay levels and trends; and
- (l) public sector pay as a reference."

A copy of the Report on Judicial Remuneration Review 2018 submitted by the Judicial Committee to the Chief Executive on July 20, 2018 is available at the website of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service (www.jsscs.gov.hk/en/publications/reports_jscs.htm).

The Government will seek the approval of the Finance Committee of the Legislative Council on the proposed pay adjustment.

University Grants Committee welcomes “The Chief Executive’s 2018 Policy Address”

The following is issued on behalf of the University Grants Committee:

The Chairman of the University Grants Committee (UGC), Mr Carlson Tong, welcomed the various new initiatives as announced by the Chief Executive today (October 10) in her 2018 Policy Address to support the research work of the higher education sector.

Accepting the recommendations made by the Task Force on Review of Research Policy and Funding set up under the UGC, the Government committed to injecting \$20 billion into the Research Endowment Fund (REF), proposed to launch a \$3-billion Research Matching Grant Scheme and reserved a recurrent expenditure of \$190 million per annum in support of the Research Grants Council to introduce three new regular Fellowship Schemes.

Mr Tong remarked that the \$20-billion injection into the REF would provide significant investment return and lift research funding. Coupled with the pioneering Research Matching Grant Scheme and the new Fellowship Schemes, the higher education sector in Hong Kong would compete more favourably in the international research arena.

He said, "I appreciate the Government's commitment to dedicate such a substantial amount of additional resources to ensure the sustainability of research funding, which is indispensable in furthering the research excellence of Hong Kong. I believe that the Research Matching Grant Scheme would proactively motivate the private sector to provide research and development funding, as well as donations for the higher education sector, while the three new Fellowship Schemes would help attract and retain research talents. We are encouraged to see that the Government is providing such strong support to the research community. The UGC will continue working closely with the Government and other stakeholders in driving research excellence for the social and economic benefit of Hong Kong."

CE identifies land supply, education and economic diversification as priorities in annual Policy Address

The Chief Executive, Mrs Carrie Lam, today (October 10) unveiled her

2018 Policy Address, announcing a raft of measures to boost land supply, nurture talent and diversify the economy.

"While the road ahead may not be all smooth and easy, I strongly believe that it will lead to a broad runway for Hong Kong to take off again," Mrs Lam said, delivering her Policy Address entitled "Striving Ahead, Rekindling Hope".

To help resolve the challenge of land supply shortage, the Chief Executive said the Government is determined to "identify and produce land and build a land reserve".

Mrs Lam said the current-term Government will increase the ratio of public housing, allocate more land to public housing development, and undertake that 70 per cent of the housing units on the Government's newly developed land will be for public housing.

The Government will also launch a new "Lantau Tomorrow Vision", and realise this vision through the following five policy directions and investments:

- * Unleash land potential, increase land supply and develop a liveable near carbon-neutral city;
- * Accord priority to transport infrastructure;
- * Develop an Aerotropolis and the third Core Business District for Hong Kong, after Central and Kowloon East;
- * Enhance environmental capacity for sustainable development, including setting up a \$1 billion Lantau Conservation Fund; and
- * Increase leisure and entertainment facilities to promote a healthy lifestyle.

The Government will also reactivate the revitalisation scheme for industrial buildings, and expand it to allow wholesale conversion of industrial buildings for transitional housing use.

To promote a more liveable city, Mrs Lam announced a range of initiatives to ease traffic congestion. These include rationalising tolls for private cars, taxis and motorcycles using the three road harbour crossings, increasing the number of parking spaces and launching a pilot "water taxi" service. To further reduce roadside pollution, the Government will introduce various new measures, including tightening emission standards for newly registered motorcycles and phasing out Euro IV diesel commercial vehicles by the end of 2023.

The non-means tested Public Transport Fare Subsidy Scheme proposed in the Policy Address last year will be launched in January 2019. The 2018 Policy Address has further proposed waiving or paying for the toll charges on franchised buses for using tunnels and roads by the Government, so that the toll savings can be directly used to ease fare increase pressure.

Amidst the unstable and fluctuating international trade environment, Mrs Lam said Hong Kong must pursue the development of a diversified economy in order to enhance its capabilities in withstanding external shocks.

She proposed a series of measures to advance the development of innovation and technology (I&T):

- * Injecting \$20 billion into the Research Endowment Fund set up by the Research Grants Council, launching a new Research Matching Grant Scheme with a total commitment of \$3 billion and setting up fellowship schemes to strengthen the pool of talent in research and I&T in Hong Kong;
- * Allocating \$2 billion for launching a Re-industrialisation Funding Scheme and earmarking an additional \$2 billion for the Hong Kong Science and Technology Parks Corporation to identify suitable land for building facilities required by the dedicated advanced manufacturing sector; and
- * Opening up government data and introducing a pro-innovation government procurement policy.

She further proposed a series of measures to support and promote the maritime sector, the insurance industry and the film industry with the allocation of extra resources.

On education, Mrs Lam said, "Talent is the most important element in Hong Kong's continued development, and education is the key to nurturing talent."

Mrs Lam said the Government will implement the all-graduate teaching force policy in public sector primary and secondary schools in the 2019/20 school year, incurring additional funding of about \$1.5 billion.

Elsewhere, additional recurrent resources of \$570 million would be given to schools to strengthen administrative support, an additional provision of \$800 million will be set aside to support students with special educational needs, and a new recurrent Life-wide Learning Grant will be launched in the 2019/20 school year with an annual provision of \$900 million.

To improve healthcare and foster social harmony, Mrs Lam identified several focus areas of the Government. Amongst the priorities are to strengthen primary healthcare services by setting up the city's first District Health Centre in Kwai Tsing, and extending this model to other districts.

She also reiterated the Government's commitment to promoting the development of Chinese medicine, adding that a dedicated fund with \$500 million to promote applied research and specialisation in Chinese medicine would commence operation in the first half of 2019.

For protection of public health, the Government will also submit proposed legislative amendments to ban the import, manufacture, sale, distribution and advertisement of e-cigarettes and other new smoking products, Mrs Lam announced.

Mrs Lam also announced additional support for employers in relation to the abolition of the "offsetting" arrangement under the Mandatory Provident Fund Scheme. "We will extend the period of the second-tier subsidy to 25 years. Together with the 12-year first-tier subsidy, the financial commitment of the entire government subsidy scheme will be significantly increased to \$29.3 billion," Mrs Lam said.

To improve labour conditions, the Government will extend the statutory maternity leave from the current 10 weeks to 14 weeks, and reimburse the additional four weeks' statutory maternity leave pay to the employers.

Meanwhile, the Old Age Living Allowance will be extended to eligible elderly people living across the boundary in the Mainland provinces of Guangdong and Fujian.

Expressing concern for the more vulnerable members of the community, Mrs Lam said additional resources would be allocated to the Commission on Children to implement various measures to safeguard the rights and well-being of children. She also said the Government would formulate a new Hong Kong Rehabilitation Programme Plan to address the needs of persons with disabilities.

"I believe that the HKSAR Government and myself are capable of building a better Hong Kong. I believe that all sectors in the community will leverage on their own strengths and seize the opportunities presented by the Belt and Road Initiative and the Greater Bay Area development in exploring new areas of economic growth. I believe that our country will continue to provide staunch support for Hong Kong, help us rise to challenges and continue to inject new impetus to facilitate Hong Kong's development. Holding on to these three beliefs, we will certainly see hope. Let us strive ahead to rekindle hope for Hong Kong!" Mrs Lam concluded.