

Speech by CE at National Security Law Legal Forum – Security Brings Prosperity (with photos/video)

Following is the speech (English translation) by the Chief Executive, Mrs Carrie Lam, at the National Security Law Legal Forum – Security Brings Prosperity this morning (July 5):

Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, Mr C Y Leung; Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (HKSAR), Mr Chen Dong; Head of the Office for Safeguarding National Security of the Central People's Government in the HKSAR, Mr Zheng Yanxiong; Commissioner of the Ministry of Foreign Affairs in the HKSAR, Mr Liu Guangyuan; Deputy Political Commissar of the Chinese People's Liberation Army Hong Kong Garrison, Major General Wang Zhaobing; President of the Legislative Council, Mr Andrew Leung; Chief Justice of the Court of Final Appeal, Mr Andrew Cheung Kui-nung, ladies and gentlemen, colleagues,

Good morning! I welcome you all for joining us today, either in person or online, at this National Security Law Legal Forum – Security Brings Prosperity hosted by the Department of Justice (DoJ) of the HKSAR Government in commemoration of the first anniversary of the National Security Law. This is yet another important legal forum featuring heavyweight guest speakers following the Basic Law 30th Anniversary Legal Summit organised by the DoJ last November. I would like to thank the Secretary for Justice and her colleagues for their efforts. My thanks also go to the Liaison Office of the Central People's Government in the HKSAR and the Office for Safeguarding National Security of the Central People's Government in the HKSAR for their support.

When we talk about the unique advantages of Hong Kong, the rule of law is always among the first to be mentioned. To support the rule of law in society, in addition to having clear and explicit laws, robust legal institutions, prosecution power free from any interference and independent judicial power, we need the public to abide by the law and in this regard, it is important for the public to understand the legal provisions and their application. The HKSAR Government has therefore organised more activities in recent years to promote the Constitution, the Basic Law and the National Security Law, with a view to consolidating and strengthening the rule of law in Hong Kong.

The Standing Committee of the National People's Congress enacted the National Security Law and listed the legislation in Annex III to the Basic Law on June 30 last year. On the same day, the law was applied by promulgation in the HKSAR to establish and improve the legal system and enforcement mechanisms for safeguarding national security in the

HKSAR. Today, the National Security Law has come into force for more than one year. Article 1 of the General Principles in Chapter I of the National Security Law states, first and foremost, that the purpose of enacting the National Security Law is to ensure the full and faithful implementation of the policy of "One Country, Two Systems", "Hong Kong people administering Hong Kong" and the HKSAR enjoying a high degree of autonomy; safeguarding national security; and maintaining prosperity and stability of the HKSAR. This fundamental principle is well reflected in the theme of the forum today – Security Brings Prosperity. Indeed, safeguarding the country's sovereignty, security and development interests is the constitutional responsibility of the HKSAR. They are also the prerequisites for Hong Kong's long-term prosperity and stability. The implementation of the National Security Law therefore not only aims to end the chaos and violence associated with the legislative amendment exercise in June 2019, but also to uphold and improve the institutional system of "One Country, Two Systems" fundamentally, ensuring the steadfast and successful implementation of "One Country, Two Systems".

The National Security Law is the major turning point in Hong Kong's transition from chaos to order. Its effect in stabilising the society is indisputable. Over the year-long period before the implementation of the National Security Law, the Hong Kong community was badly traumatised. Organisations advocating "Hong Kong independence" and "self-determination" blatantly challenged the authority of the Central Authorities and the HKSAR Government. Terrorist activities were orchestrated by radicals. Public facilities were vandalised with violence and enforcement actions by the Police were obstructed. Anti-China forces colluded with foreign or external forces to interfere into the affairs of China and the HKSAR, and mobilised international forces to impose sanctions on Hong Kong, totally disregarding the interests of the country and Hong Kong people and seriously endangering national security. The anti-China forces also undermined the effectiveness of the Government's anti-epidemic efforts in the early period of the pandemic. After the implementation of the National Security Law, stability has been restored in society and riots have disappeared. People's life and property are protected and they can once again enjoy their legitimate rights and freedoms.

Despite the clear facts, foreign politicians and media with ulterior motives continue to query and even smear the National Security Law, claiming that it would undermine human rights, suppress freedoms of speech and of assembly, damage the rule of law, devastate Hong Kong as an international financial centre and weaken the city's business environment and more. Nevertheless, what happened in the past year and various data show that these accusations could hardly stand up to challenge. They, on the contrary, only underscore the hypocrisy, bias and double standards of the critics.

As we have been emphasising repeatedly, the National Security Law only targets an extremely small minority of criminals and acts which endanger national security, whereas human rights and freedoms enjoyed by the overwhelming majority of the citizens will not be affected at all. Taking press freedom as an example, 93, 69 and 39 local, overseas and online media

organisations, respectively, have registered in the Government News and Media Information System of the Information Services Department at present, showing an increase over the past year. The media and the general public exercise their right to monitor the Government's work and the freedom of criticising policies every day, while overseas media disseminate information about the National Security Law continuously, interviewing people with various stances without any interference. We all know that it was because of COVID-19 that public assemblies could not be held. It is the same as in other parts of the world. It should not be used as an excuse to accuse Hong Kong that people's rights have been undermined.

The rule of law and judicial independence in Hong Kong after the implementation of the National Security Law are as robust as ever. The Judiciary of the HKSAR operates independently as in the past, exercising the independent judicial power enshrined in the Basic Law. The Chief Executive continues to appoint senior and prominent judges from overseas common law jurisdictions as non-permanent judges of the Court of Final Appeal on the recommendations of the Judicial Officers Recommendation Commission as stipulated in the Basic Law. In the past year, Lord Hodge who was Deputy President of the Supreme Court of the United Kingdom has been newly appointed, and three other overseas judges have agreed to extend their service. At present, we have a total of 13 non-permanent judges of the Court of Final Appeal from other common law jurisdictions. The willingness of these distinguished judges to participate in the work of the Hong Kong courts is the best evidence of Hong Kong's judicial independence. It is worth mentioning that Lord Sumption, one of the non-permanent judges from the United Kingdom, published an article in a British newspaper in March this year, pointing out that the Chinese and Hong Kong Governments have done nothing to interfere with the independence of the judiciary and that the National Security Law contains express guarantees of human rights.

In addition, under the National Security Law, Hong Kong's status as an international financial centre has not wavered at all. In the past 12 months, the IPO funds raised in Hong Kong exceeded HK\$500 billion, representing an increase of more than 50 per cent compared to the previous 12 months. The linked exchange rate system has, as always, worked well. The Hong Kong dollar market recorded net capital inflows in 2020. In the four months from the implementation of the National Security Law in July to October last year, the amount of funds flowing into the Hong Kong dollar system exceeded HK\$300 billion. The total deposits in the Hong Kong banking system have increased by more than five per cent over last year, while the net asset value of funds management in Hong Kong at the end of last year also increased by some 20 per cent over the end of 2019. These figures reflect that investors have not been deterred by the National Security Law. Rather, with social stability restored by the National Security Law, they are more interested in the Hong Kong market and have more confidence in the prospect of Hong Kong's financial development.

At present, about 9 000 Mainland and overseas companies have set up offices in Hong Kong, with more than 40 per cent of them using Hong Kong as their regional headquarters or regional offices. Through the contacts of the

Government officials of the HKSAR and observations by relevant institutions, those early worries and concerns of the business community about the National Security Law have been easing continuously. Corporations and business people are now more interested in the opportunities brought about by the 14th Five-Year Plan, the latest developments of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the timing of the resumption of cross-boundary travel between Hong Kong and the Mainland as well as other places for their business activities. I have particularly noticed that the French Chamber of Commerce and Industry in Hong Kong pointed out in its recent publication that Hong Kong is an excellent place to do business and an international platform for access to the surrounding areas, with many French people in the business community sharing in the publication their success stories and pleasant living experiences in Hong Kong. The Chairman of the British Chamber of Commerce in Hong Kong has also publicly said that he is very optimistic about the prospects of Hong Kong and the GBA, and the Chamber hosted a summit recently, which I was also invited to attend, to share with the British enterprises how to seize the opportunities presented by the GBA. The words and deeds of these foreign business leaders fully demonstrate that the business environment in Hong Kong has not been undermined after the implementation of the National Security Law. On the contrary, it has become even better.

Looking back to the past year, the HKSAR has established institutions and enforcement mechanisms for safeguarding national security in accordance with the National Security Law, including the Committee for Safeguarding National Security, which is chaired by me, to plan, enforce and co-ordinate work on safeguarding national security. The National Security Department of the Hong Kong Police Force has been taking resolute law enforcement actions. As of June 30 this year, 117 criminal suspects were arrested, of which 64 were prosecuted, and the first case involving the National Security Law is in the court for trial.

In addition to imposing punishment on offenders, the National Security Law also serves the purpose of preventing and suppressing acts that endanger national security. In particular, Article 6 requires a Hong Kong resident who stands for election or assumes public office to confirm in writing or take an oath to uphold the Basic Law and swear allegiance to the HKSAR. To further strengthen the upholding of this core value by the civil service, the HKSAR Government has completed the work to require all civil servants to sign the relevant declaration or take the oath. The Legislative Council also passed the legislation on May 12 this year, which stipulates the legal requirements and preconditions for upholding the Basic Law and bearing allegiance to the HKSAR, introduces the oath-taking requirements for members of the District Councils, and enhances the mechanism to deal with breach of oath and more.

We also carried out public communication, guidance, supervision and regulation over matters concerning national security, including those relating to schools, social organisations, the media and the Internet, as required by the National Security Law. We have organised activities, such as the annual Constitution Day and the National Security Education Day to raise awareness of national security and the obligation to abide by the law among

members of the public. The Education Bureau also adopts a multi-pronged and co-ordinated approach to provide guidelines on school administration and education to facilitate schools to promote national security education inside and outside the classroom, cultivating a strong sense of belonging towards the country and a sense of national identity as well as a sense of responsibility to safeguard national security among teachers and students.

In the future, the HKSAR Government will continue to strengthen and deepen the work on safeguarding national security. We will take forward the work of safeguarding national security in Hong Kong according to the concept of overall national security, and ensure that the related work is fully understood and implemented at full steam and in a holistic manner, covering the areas including politics, society, economy, culture, technology, the Internet, finance, and public health. We will also continue to engage the whole community in our efforts to raise Hong Kong people's awareness of national security and the obligation to abide by the law, so as to make it everybody's responsibility to safeguard national security.

In the National Security Law Legal Forum today, we are honored to have a host of elites in the legal profession at home and abroad to study and discuss together the provisions of the National Security Law and their implementation. Today's forum features a series of keynote speeches in relation to the National Security Law and three panel discussions to examine the substantive and procedural aspects of the National Security Law, and deliver a comparative study of national security laws of other overseas jurisdictions. I believe that the in-depth analysis by reputable legal experts from different perspectives will definitely enable all participants and people from various sectors in the community to have a deeper understanding of the National Security Law.

I wish today's legal forum a great success. Thank you.



Government releases Review Report on Enhancement of Lump Sum Grant Subvention System

The Labour and Welfare Bureau (LWB) today (July 5) announced that the Task Force appointed by the Secretary for Labour and Welfare had completed the review on the Lump Sum Grant Subvention System (LSGSS) and released its Review Report.

The Task Force pointed out in the Report that the LSGSS seeks to focus on the effectiveness of service delivery or output, and hence allows non-governmental organisations (NGOs) with better flexibility and efficiency in utilising public funds and providing quality services. The LSGSS helps simplify administrative work and enhance the quality of service substantively. Experience in past years has proved that the LSGSS allows NGOs to keep abreast of the times through effective deployment of resources to enhance their services for those in need. In this regard, while complying with the basic service requirements stipulated by the Social Welfare Department (SWD), many NGOs have made good progress to adjust or even upgrade their service standards/levels to meet the increasing user expectations and demands.

The Task Force considered that the LSGSS, including the prevailing calculation of subvention to NGOs, should be retained, and made 30 recommendations under five domains to enhance the system. Key recommendations include:

(1) On enhancing quality of services:

- Develop a standing mechanism to conduct reviews on notional staffing establishment, service targets, service nature and service performance standards to keep pace with the changing needs of users of various types of social services;
- Provide a learning platform on governance and management, so as to consolidate and enhance NGOs' knowledge and capacity in governance. NGOs should provide for staff training, business system upgrades and service studies; and
- Enhance the administrative and professional support to NGOs.

(2) On enhancing human resources management:

- Maintain the subvention benchmark at mid-point salaries to allow NGOs to continue to exercise the flexibility to employ staff, respond to service needs swiftly and provide welfare services efficiently;
- Formulate different base levels of subventions for central administration according to the scales of NGOs to strengthen their

capacity for central administration; and

- NGOs should improve human resources management continuously, including the establishment of a manpower structure for staff career development, optimal use of the reserves, and formulation of appropriate staff-friendly and staff wastage reduction initiatives.

(3) On improving financial planning:

- Improve the management of the Holding Account, and formulate utilisation plans and financial projections to optimise the use of the reserve;
- Optimise the use of the Provident Fund reserve to enhance staff morale and their sense of belonging to NGOs; and
- Regularise the scheme to subsidise NGOs to use actuarial service for financial projections to assist them in striking a balance between maintaining financial stability and protecting staff interests.

(4) On the proper use of subvention:

- NGOs should give a proper account of the expenditures to the Government and the public, and ensure that there is no cross-subsidisation of self-financing activities in money or in kind by the subvented programmes under the Funding and Service Agreements (FSAs) signed with the SWD;
- The SWD will formulate "guidelines on cost apportionment" to set out the cost apportionment arrangements, benchmarks and examples covering "central administration" and "services"; and
- NGOs should submit to the SWD an annual statement on FSA-related activities held, so as to report the proportion of the expenditure for such activities against the LSG for an Agreement Service Unit.

(5) On enhancing accountability and governance:

- NGOs should enhance the transparency of their staff remuneration policies, including the disclosure of their senior executives in the top three tiers, pay structures, establishment and starting points, etc of their regular posts under the LSG;
- NGOs should disseminate information about the use of the LSG and Provident Fund reserves to the public; and
- NGOs should disclose relevant information to the service users/family members/staff concerned regarding the special incidents and significant incidents which occurred in the NGOs concerned or their service units; and consult potentially affected staff and service users on important matters to maintain effective communication with stakeholders.

"The Government will brief the Legislative Council (LegCo) Panel on Welfare Services on the Report next Monday (July 12). Thereafter, the SWD will discuss with stakeholders the implementation details of the recommendations which are expected to be introduced gradually starting from 2022-23," a spokesman for the LWB said.

The Government introduced the LSGSS in 2001. Before that, the SWD allocated subvention to NGOs to pay the actual costs incurred in delivering recognised welfare services, and at the same time imposed stringent control on their inputs of resources and examined each expenditure item in great detail. The stipulation of staffing structures, levels of pay, qualifications for various grades and levels of staff, etc for NGOs necessitated complicated audit procedures. The Government and NGOs had to bear high administrative costs for such arrangements. Moreover, the funding criteria failed to effectively ensure the provision of quality social welfare services to service users by NGOs.

The Chief Executive announced in her 2017 Policy Agenda that the Government would discuss with the social welfare sector how to optimise the LSGSS. The Task Force, chaired by the Director of Social Welfare, comprises members including LegCo Members; representatives from the Hong Kong Council of Social Service, NGOs' management, staff and service users; the LSGSS-related committees, independents from the community and representatives of the Government. The Task Force held 14 meetings, four rounds of sector consultation sessions and three focus groups to garner views from different stakeholders. A consultancy firm was also engaged to conduct research and data collection.

The Review Report has been uploaded to the SWD's website (www.swd.gov.hk/en/index/site_ngo/page_taskforce).

US Dollar Liquidity Facility tender notice

The following is issued on behalf of the Hong Kong Monetary Authority:

US Dollar Liquidity Facility tender notice:

Tender date	: July 7, 2021 (Wednesday)
Tender submission time	: 9am to noon
Settlement date	: July 8, 2021 (Thursday)
Repayment date	: July 15, 2021 (Thursday)
Tenor	: Seven days
Amount on offer	: US\$10,000 Million

Note: Licensed Banks interested in participating in the tender for the first time are encouraged to provide US dollar settlement instructions by email (settlementsection@hkma.gov.hk) to the Hong Kong Monetary Authority's Settlement Team in advance, preferably two days prior to the tender. Required

information includes name of corresponding bank, name of final beneficiary (must be the Licensed Bank participating in the tender), and account or CHIPS number of a US dollar bank account to be settled in the US. Such information needs to be provided once only, unless there is further change.

Red flag hoisted at Shek O Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (July 5) that due to big waves, the red flag has been hoisted at Shek O Beach in Southern District, Hong Kong Island. Beachgoers are advised not to swim at the beach.

Margaret Lau to hold "Best Loved Pas de Deux" lecture series on appreciating ballet

Local ballet educator Margaret Lau will host a new chapter of the popular lecture series on ballet appreciation in August and September.

Following the theme "Best Loved Pas de Deux", Lau will select and discuss more than 20 signature pas de deux performed by lead male and female dancers of full-length ballets and dance works in the history of the genre for this series of eight lectures.

All of the lectures, to be conducted in Cantonese and supplemented with video clips of repertoire, will be held at 7.30pm at AC2, Level 4, Administration Building, Hong Kong Cultural Centre. Details are as follows:

August 5 (Thursday)

Topic: "Swan Lake", "The Nutcracker" and "The Flames of Paris"

Video clips: Mariinsky Ballet (Russia), Bolshoi Ballet (Russia), Mikhailovsky Ballet (Russia), Staatsballett Berlin (Germany), The Royal Ballet (United Kingdom), Korean National Ballet (Korea), Les Ballets de Monte-Carlo (Monaco)

and New York City Ballet (United States)

August 19 (Thursday)

Topic: "The Sleeping Beauty", "Giselle", "Tchaikovsky Pas de Deux" and "After the Rain Pas de Deux"

Video clips: Paris Opera Ballet (France), San Francisco Ballet (United States), Bolshoi Ballet, The Royal Ballet, New York City Ballet and more

August 26 (Thursday)

Topic: "Coppélia", "Afternoon of a Faun" and "Rubies" and "Diamonds" from "Jewels"

Video clips: The Royal Ballet, Paris Opera Ballet, New York City Ballet, Mariinsky Ballet, Bolshoi Ballet and more

September 2 (Thursday)

Topic: "Onegin", "The Taming of the Shrew" and "Boléro"

Video clips: Stuttgart Ballet (Germany), the National Ballet of China (China), Les Ballets de Monte-Carlo, Bolshoi Ballet and more

September 9 (Thursday)

Topic: "In the Night", "Le Grand Pas de Deux", "Spartacus" and "Carmen"

Video clips: Paris Opera Ballet, Bolshoi Ballet, Mariinsky Ballet, National Ballet of China, Stuttgart Ballet and more

September 16 (Thursday)

Topic: "A Midsummer Night's Dream", "The Dream" and "Winter Dreams"

Video clips: Teatro alla Scala Ballet (Italy), The Royal Ballet, the National Ballet of Canada (Canada), American Ballet Theatre (United States) and more

September 23 (Thursday)

Topic: "The Little Mermaid", "Sylvia", "Beethoven Project" and "What Love Tells Me" from "Third Symphony of Gustav Mahler"

Video clips: The Hamburg Ballet (Germany), Paris Opera Ballet and San Francisco Ballet

September 30 (Thursday)

Topic: "Hobson's Choice", "Manon" and "La Fille mal gardée"

Video clips: Birmingham Royal Ballet (United Kingdom), Paris Opera Ballet, The Royal Ballet and more

Lau is a seasoned dance critic on the subject of ballet in Hong Kong. Her published works include "Twinkle Twinkle Dance Stars" and "Chinese Ballet Sketches". Lau has a passion for ballet and travels extensively to attend and cover dance performances. Her experience and knowledge undoubtedly enhance audiences' understanding for appreciation of ballet performances.

The "Best Loved Pas de Deux" lecture series on appreciating ballet is presented by the Leisure and Cultural Services Department. Tickets priced at \$50 (for each lecture, with free seating) are now available at URB TIX (www.urbtix.hk). For telephone credit card bookings, please call 2111 5999. For programme enquiries and concessionary schemes, please call 2268 7323 or

visit

www.lcsd.gov.hk/CE/CulturalService/Programme/en/dance/programs_1161.html.