

CE's statement on 2021-22 Budget

The Chief Executive, Mrs Carrie Lam, today (February 24) issued the following statement on the 2021-22 Budget:

The Financial Secretary today delivered the fourth Budget of the current-term Government, at a critical time for Hong Kong as we strive to emerge from the unprecedented financial, economic and social challenges brought about by the COVID-19 pandemic, while maintaining fiscal stability.

I support the counter-cyclical measures announced in the Budget aiming at easing the financial burden on people and businesses while ensuring that essential public services as well as infrastructure development are maintained. In particular, the continued investment in innovation and technology will have the effect of sustaining the momentum built up in recent years in this emerging economy. It will help position Hong Kong well in the development of an international innovation and technology centre in the Guangdong-Hong Kong-Macao Greater Bay Area.

Apart from providing the usual relief in terms of tax and rates, and extra allowances for social security and working family allowance recipients, the Budget contains the proposal to issue \$5,000 electronic consumption vouchers to each eligible Hong Kong permanent resident and new arrival aged 18 and above. I believe the impact of this initiative will be felt throughout the community during these testing times, and help stimulate local consumption which has been severely dampened because of the epidemic.

It is gratified to note that the goal of Hong Kong achieving carbon neutrality before 2050 announced by me in the 2020 Policy Address has been given due regard in the Budget. The continued issue of green bonds and promotion of new energy transportation will go a long way towards that objective. Notably, the Financial Secretary has placed green and sustainable finance and the digital economy at the forefront of Hong Kong's continued pursuit to consolidate and strengthen her role as an international financial centre with the full support of the Central Government.

The Budget has also put forward effective measures to ensure prudence in public finance, which in turn will enhance confidence in Hong Kong's fiscal strength and is conducive to maintaining our monetary stability. I support the pragmatic approach in adopting a deficit budget amid the prevailing economic downturn.

I appeal to Members of the Legislative Council and society at large to support the 2021-22 Budget proposals, with a view to facilitating their early implementation.

LCQ16: Caring for the nature

Following is a question by the Hon Yiu Si-wing and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (February 24):

Question:

It has been reported that quite a number of members of the public turned to the countryside for recreation and amenity since they could not travel abroad and most of the cultural, recreational and sports facilities had been closed amid the epidemic. However, a small number of countryside visitors who are uncivic-minded have performed acts which ruin the natural environment, such as recklessly discarding used face masks which may spread diseases and other rubbish, illegally riding motocross bikes which has intensified soil erosion, climbing up trees for photo taking, as well as camping and lighting a fire at non-designated locations. In this connection, will the Government inform this Council:

- (1) of the number of visitor arrivals to the countryside and the quantity of rubbish collected therein, in each of the past three years;
- (2) of the respective numbers of prosecutions instituted, in each of the past three years, against countryside visitors for commissioning offences in (i) the country parks and (ii) other countryside areas, with a breakdown by the offence involved and the penalty handed down by the court (if any);
- (3) of the expenditure and manpower involved in the maintenance of the facilities in the country parks (e.g. country trails), as well as the total area/length rehabilitated, in each of the past three years; and
- (4) what new measures are in place to raise countryside visitors' awareness of caring for the nature?

Reply:

President,

There have been many visitors going to the country parks and other countryside areas since the epidemic last year. Relevant government departments have stepped up patrol and law enforcement against illegal activities in country parks and popular locations in other countryside areas. A series of measures have been taken to strengthen publicity on caring for the countryside.

Having consulted the relevant departments, the Government's reply to the question raised by the Hon Yiu is as follows:

- (1) Over the past three years, the number of visitors to country parks and the amount of litter collected are tabulated in Table 1 in Annex. Departments concerned do not maintain relevant statistics on countryside areas other than

country parks.

(2) The Agriculture, Fisheries and Conservation Department (AFCD) is committed to combating illegal activities in country parks so as to protect the natural environment. Over the past three years, the number of convicted cases under the Country Parks and Special Areas Regulations (Cap. 208A) were 724 (in 2018), 574 (in 2019) and 678 (in 2020) respectively. These cases mainly involved littering, unauthorised possession or driving of bicycles or vehicles, damage of plants, and use of fire or camping outside the designated areas, etc. Offenders were fined from \$100 to \$2,000. Details are tabulated in Table 2 in Annex. Departments concerned do not maintain relevant statistics on countryside areas other than country parks.

(3) The repair and maintenance of country park facilities (including hiking trails, barbecue sites and campsites) form part of the AFCD's regular management work for country parks. There is no breakdown of the manpower and expenditure involved. Over the past three years, on top of the departmental staff, the AFCD also employed more than one hundred non-civil servants with a total of over \$20 million to assist in the trail maintenance work in various country parks. During these three years, the total length of trails constructed and repaired in country parks was about 40.5 km. The AFCD also carried out minor improvement works in country parks such as installation of water dispensers.

(4) The AFCD has been implementing the "take your litter home" public education programme together with green groups and hiking groups since 2015 and has installed water dispensers in country parks. The programme gets the public involved in the protection of the countryside by nurturing their good habits of taking away their own litter after visiting the country parks and bringing their own water bottles. The department also displayed promotional banners and posters at suitable locations of country parks, appealed to the public through social media and radio programmes to maintain environmental hygiene while visiting the countryside, as well as placing advertisements on public transport and media to carry out relevant promotion.

To minimise the impact to the natural environment brought by the increase in visitors due to the epidemic, the Environmental Protection Department (EPD) ran the Green Hiking Etiquette Campaign from September to November last year. Under joint efforts with non-profit-making organisations (NPOs), over a dozen of green ambassadors were employed to promote the "Leave No Trace at Mountain and Sea" hiking concept, such as "take your litter home", "bring own bottle to reduce single-use plastic consumables", "proper disposal of masks", etc. to the general public at popular hiking spots (such as Tai Tong in Yuen Long and the Tsing Yi Nature Trails) during the weekends. Since September last year, the EPD has also engaged about 100 shoreline wardens to assist in promoting clean shorelines, which includes conducting regular shoreline cleanups and refuse surveys at over 50 coastal sites across the territory, as well as producing promotional and educational videos. Furthermore, the Environment Bureau, through various social platforms such as "Clean Shorelines", "Big Waster" and "Environmental Campaign Committee" and collaboration with NPOs, also promotes relevant messages with multi-channels.

Budget Speech by the Financial Secretary (12)

Revised Estimates for 2020-21

181. The 2020-21 revised estimates on government revenue is \$543.5 billion, lower than the original estimate by 5.1 per cent or \$29 billion. This is mainly due to the lower-than-expected revenue from land premium.

182. Revenue from land premium is \$87 billion, substantially lower than the original estimate by \$31 billion, mainly due to the deferment of the disposal timetable of a high-value commercial site in the year. Revenue from profits tax is \$131 billion, comparable to the original estimate. Meanwhile, revenue from salaries tax is \$72 billion, which is \$12.1 billion higher than the original estimate. This is mainly because some tax revenue that should be received in the previous year could only be collected in this year as a result of the deferred tax assessment cycle. Stamp duty revenue is \$79 billion, which is \$4 billion higher than the original estimate. This is mainly due to the hectic trading in the stock market.

183. As for government expenditure, the revised estimate is \$820.4 billion, 12.2 per cent (or \$89.3 billion) higher than the original estimate. This is mainly because of the need to make injections into the AEF and meet expenditure on other helping measures. At the same time, expenditure on public works projects was \$7.1 billion lower than the original estimate.

184. All in all, I forecast a deficit of \$257.6 billion for 2020-21. Fiscal reserves are expected to be \$902.7 billion by 31 March 2021.

185. The civil service establishment increased by 6 082 posts in this financial year, representing a growth of 3.2 per cent. The increase in the establishment is mainly due to the implementation of new policies and measures by the Government and the need to cope with additional workload.

Estimates for 2021-22

186. The major policy initiatives announced in the 2020 Policy Address involve an operating expenditure of about \$18.3 billion and a capital expenditure of \$2.1 billion. I will ensure that adequate resources are provided to fully support the launch of these initiatives.

187. Total government revenue for 2021-22 is estimated to be \$591.1 billion. Earnings and profits tax is estimated to be \$200.7 billion, decreasing by 6.1 per cent compared with the revised estimate for 2020-21. Having regard to the Land Sale Programme and the land supply target of the coming year, revenue from land premium is estimated to be \$97.6 billion, increasing by 12.1 per cent compared with the revised estimate for 2020-21. Revenue from

stamp duties is estimated to be \$92 billion, increasing by 16.5 per cent compared with the revised estimate for 2020-21.

188. The current-term Government has launched a series of measures to improve people's livelihood. Recurrent expenditure for 2020-21 increased by 7.6 per cent compared with the last financial year, while total government expenditure also increased by 35 per cent. Recurrent expenditure for the new financial year will further increase by 9.6 per cent, demonstrating the Government's determination to stimulate the economy and ease people's burden. Public expenditure will account for about 25 per cent of GDP on average during the five-year period up to 2025-26 in the MRF.

189. In 2021-22, the estimated recurrent expenditure on education, social welfare and healthcare accounts for 58 per cent of government recurrent expenditure or \$302.3 billion. Recurrent expenditure in these three areas recorded a cumulative increase of 53 per cent over the past five years.

190. Our target is to have zero growth in the civil service establishment in 2021-22. The Civil Service Bureau has encouraged departments to enhance effectiveness through re-prioritisation, internal redeployment and streamlining of work processes, so as to cope with the workload.

Medium Range Forecast

191. The MRF projects, mainly from a macro perspective, the revenue and expenditure as well as financial position of the Government. From 2022-23 to 2025-26, a real economic growth rate of 3.3 per cent is adopted for the MRF.

192. During the above period, the average annual capital works expenditure will exceed \$100 billion, while the growth of recurrent government expenditure ranges between 3.5 per cent and 4.7 per cent per annum.

193. Regarding revenue from land premium, the forecast from 2022-23 onwards is based on the average proportion of revenue from land premium to GDP over the past 15 years, which is 3.6 per cent of GDP. I also assume that the growth rate of revenue from profits tax and other taxes will correspond to the economic growth rate in the next few years.

194. In addition, the MRF reflects the bringing back of the Housing Reserve and the investment return of the Future Fund, and the proceeds of the Government Green Bond Programme.

195. Based on the above assumptions and arrangements, I forecast an annual deficit in the Operating Account in each of the coming five financial years, as well as a deficit in the Capital Account from 2022-23 to 2024-25. The estimated deficit in the Operating Account in 2021-22 is mainly due to the expenditure arising from the one-off relief measures announced in this Budget and some of the relief measures announced last year. The forecast deficit in the Operating Account in the following four years is attributed to the fact that recurrent expenditure will be higher than revenue receipts. The above forecast has not taken into account any tax rebate or relief measure that the Government may implement over these four years.

196. Fiscal reserves are estimated at \$775.8 billion by the end of March 2026, representing 22 per cent of GDP, or equivalent to 12 months of government expenditure.

Concluding Remarks

197. Mr President, over the past two years, Hong Kong has suffered successive setbacks. And now we have to fight the epidemic and ride out the economic difficulties. Life has not been easy for us all.

198. I often chat with people, especially during the preparation for the Budget. I know how difficult it is to earn a living during the economic downturn. I can feel their pain. This is why, despite a record high fiscal deficit in 2020-21, I once again propose a Budget involving a deficit of over a hundred billion dollars. I do so after careful consideration, as the counter-cyclical measures are necessary for stabilising the economy and alleviating people's burden. At the same time, I am mindful of the need to expand government revenue and create fiscal space in a prudent manner.

199. In spite of the pressure we now face, looking back, we have walked all the way through thick and thin. However harsh life may have been, Hong Kong remains the home that we treasure.

200. Home is not where we find perfection. It is where we stay together as a family, sharing mutual care, acceptance and support.

201. This unprecedented pandemic reminds us that we are all in the same boat. Deep-seated conflicts cannot be resolved instantly, nor can wounds be healed overnight. Given time, even the tightest knot can be untied.

202. The economy may move in a cycle, but there is always a way to prosperity. We have overcome many challenges and always come out stronger. Let us be steadfast and ride out the storm. Together we will build a better Hong Kong.

203. Thank you, Mr President.

LCQ10: Secondary school students participating in activities that may be unlawful

Following is a question by the Hon Wong Ting-kwong and a written reply by the Secretary for Education, Mr Kevin Yeung, in the Legislative Council today (February 24):

Question:

It has been reported that recently, some secondary school students, aided and abetted by some members of District Councils (DC members), set up street counters in a number of districts in the name of student bodies. Ostensibly, such students and DC members voiced their objection to the Government's proposed reform of the subject of Liberal Studies for senior secondary education, but in substance they openly spread views that aimed at discrediting the Government and advocating the independence of Hong Kong, which may be in contravention of the law. In this connection, will the Government inform this Council:

(1) of the Government's procedure for vetting and approving applications for setting up street counters; whether the considerations in the vetting and approval of such applications include the background and the source of funding of the applicant organisations, as well as the purposes of setting up street counters;

(2) whether the co-hosting of the aforesaid street counters falls within the scope of responsibilities of DC members; if not, whether the DC members concerned have been reimbursed public funds for the expenses incurred in setting up the street counters; if they have been reimbursed public funds, whether the Government will ask them to return the money concerned;

(3) whether it knows the current number of secondary school student bodies whose objects are to follow social issues, and the detailed information of such bodies (including the date of establishment, number of members and background);

(4) whether it has enhanced the communication with secondary schools to prevent students from joining student bodies which may engage in unlawful activities; and

(5) given that the authorities may, under certain circumstances, treat offenders under the age of 18 leniently (e.g. by cautioning them under the Police Superintendent's Discretion Scheme in place of institution of prosecution, or by the prosecution offering no evidence when the accused has agreed to be bound over) so as to give them an opportunity for rehabilitation, whether the Government has examined if such arrangements will embolden minors to participate in activities that may be unlawful?

Reply:

President,

Students are the future pillars and hopes of society. The Government has been, through different channels, cultivating their outlook on life and positive social awareness and establishing their correct values. No one should incite students to indicate their stance on controversial or evolving political issues, stir up their emotions, or even mobilise them to take part in inappropriate or even unlawful activities. We strongly condemn any organisations or people who use students as political chips and commits acts

which cause harm to our students and affect their normal learning and psychological development.

After consulting the Development Bureau, the Home Affairs Bureau and the Security Bureau, our consolidated reply to the question raised by the Hon Wong is as follows:

(1) Prior application to the Lands Department is required for setting up street counters on Government lands for holding non-profit making and non-fund raising activities. Designated spots available for application can be ascertained at the relevant District Lands Offices or the "GeoInfo Map" webpage of the Government. According to existing guidelines, parties which may submit applications include: incumbent Legislative Council members/District Council members, charitable institutions or trusts of a public character which are exempt from tax under Section 88 of the Inland Revenue Ordinance (Cap. 112), societies registered under the Societies Ordinance (Cap. 151) and other legally registered bodies, as well as Government departments and statutory organisations. No commercial promotions or commercial advertisements are permitted at these street counters. An applicant is required to fill in an application form and provide the necessary information including scheduled date(s), time and location(s), and a brief description of the non-profit-making activity. Once an application is received, the Lands Department would process it in accordance with established mechanism, including checking the applicant's eligibility according to the aforementioned criteria and checking whether the location(s) under application is/are within the designated spots available for application and available for use.

(2) The Guidelines on the Remuneration Package for Members of the District Councils of the HKSAR (Remuneration Guidelines) formulated by the Home Affairs Department set out the eligibility criteria for claiming various types of expenses reimbursements. If a District Council member claims for expenses which are not related to the District Council duties, the related expenses will not be reimbursed. The District Council Secretariat can also recover the amount concerned in accordance with the Remuneration Guidelines.

(3) The Government does not possess related information on organisations which are established by students on their own initiative outside schools with objectives related to social issues.

(4) The Education Bureau (EDB) has been maintaining close communication with schools. Earlier on, in view of the social incidents, we have issued guidelines to schools from time to time to remind them to adopt appropriate measures to shield schools from political interference coming from sources outside schools. We also issued a Circular titled "National Security: Maintaining a Safe Learning Environment Nurturing Good Citizens" in February to provide schools with guidelines and specific measures on school administration and education with a view to maintaining a safe and orderly learning environment in schools and nurturing students to be good law-abiding citizens. If students are identified to have joined activities or bodies which may be unlawful outside schools, we will provide timely advice to schools. If necessary, we will also contact relevant law enforcement agencies

to understand the incident and follow up as appropriate.

The EDB adopts the strategy of "prevention is better than cure". We strongly encourage home-school cooperation and strengthen schools' guidance and discipline support. The EDB encourages schools to establish correct values and virtues through learning activities inside and outside classrooms.

(5) For arrestees under the age of 18 who have expressed contrition and are not involved in serious offences, in consideration of the fact that some of them committed criminal offences under peer pressure, if they admit their wrongdoings, the Police are 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 (PSDS) or imposing bind-over orders, with the prerequisite that the minors must admit their wrongdoings. Under PSDS, a police officer at the rank of Superintendent or above may exercise his discretion in considering the issue of a caution to a juvenile offender in place of criminal prosecution with a view to facilitating the rehabilitation of juvenile offenders and promoting law-abidingness. Regarding the persons arrested in relation to the violent and illegal acts since June 9, 2019, as at December 31, 2020, 19 persons were released after being issued with superintendent's cautions and around 130 students being bound over.

In deliberating whether to administer a caution, a police officer will carefully take into account a number of factors related to the case, such as whether the juvenile offender was under the age of 18 at the time the caution is administered; whether the offender voluntarily and unequivocally admits the offence; and whether the offender and his parents or guardian(s) agree(s) to the superintendent's caution; the nature, seriousness and prevalence of the offence (e.g. the harm suffered by the victim, the degree of damage done to the property, the value of the property stolen); the offender's previous criminal record. The Police have also been implementing measures on various fronts to facilitate the rehabilitation of juveniles issued with superintendent's cautions in an effort to reduce recidivism, for example considering to refer them to the Social Welfare Department, Education Bureau and/or non-governmental organisations.

**Government finishes exercise on
"restriction-testing declaration" in
respect of specified "restricted area"
in San Po Kong and enforcement**

operation for breaches of compulsory testing notice (with photo)

The Government yesterday (February 23) exercised the power under the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J) to make a "restriction-testing declaration" effective from 8.30pm yesterday, under which people (hereafter referred to as "persons subject to compulsory testing") within the specified "restricted area" in San Po Kong (i.e. Cambridge Building, 6-24A Kam Wing Street, and Tong Seng Mansion, 1-33 Kam Wing Street and 5-7 Yin Hing Street, San Po Kong) were required to stay in their premises and undergo compulsory testing. Persons subject to compulsory testing were required to stay in their premises until all such persons identified in the area had undergone testing and the test results were mostly ascertained. Moreover, the Government issued a compulsory testing notice yesterday, requiring persons who had been present at the above buildings for more than two hours from February 10 to 23, 2021, even if they were not present in the "restricted area" at the time when the declaration took effect, to undergo compulsory testing before February 25. The Government announced the completion of the compulsory testing exercise at around 7am today (February 24) and carried out enforcement actions in the "restricted area" afterwards to verify that all people in the "restricted area" had undergone compulsory testing. The Government announced that the enforcement operation ended at around 10.30am today.

In this exercise, the Home Affairs Department, the Wong Tai Sin District Office, the Hong Kong Police Force, the Food and Environmental Hygiene Department, and the Auxiliary Medical Service mobilised around 200 staff to arrange for implementation of the declaration and enforcement actions for breaches of the compulsory testing notice issued earlier.

The Government provided simple food for persons subject to compulsory testing, including canned food, cup noodles, corn kernels and soy milk, so as to facilitate the dinner arrangements of some persons subject to compulsory testing. One box of masks, bleach, detergent and hand sanitiser were also provided to persons subject to compulsory testing to help them fight against the virus.

The Wong Tai Sin District Office also set up a hotline for people restricted by the declaration to make enquiries and seek assistance.

The Government thanks persons subject to compulsory testing for their support and understanding. With everyone's co-operation and efforts, coupled with the tireless efforts of the testing contractors, residents have been informed about their testing results by SMS notification. After finishing the compulsory testing exercise at around 7am today, the Government took enforcement actions in the "restricted area" immediately to verify that all people in the "restricted area" had undergone testing according to the requirements of the declaration and the compulsory testing notice. Persons

who could present an SMS notification containing a negative testing result or wore a wristband as proof of having undergone the compulsory testing could leave the "restricted area" through the designated exit after providing personal information to a prescribed officer. The enforcement operation was completed at around 10.30am. Six persons were found not having undergone compulsory testing, and compulsory testing orders were issued to them. Taking into account the above situation, the Secretary for Food and Health revoked the "restriction-testing declaration" in accordance with Cap. 599J (see attachment).

The Government hopes that the some 50 households who have not answered the door will contact the Government for arrangement of testing as soon as possible after they read the notices put up by the Government, in the hope of eliminating the possible risk of further spread of the virus in the community.

The Government understands that the residents in the district are anxious because of the increase in confirmed cases recently, and they are worried that the resurgence of the pandemic will affect their health and livelihood. The Government hopes this temporary inconvenience will completely cut the local transmission chains and ease residents' worries and fear, so that they will regain confidence in resuming social and business activities in the area, and return to a normal life.

The Government thanks all participating government staff and the testing agencies for their hard work. The Government is also grateful to those subject to compulsory testing for their support and understanding, and their full co-operation during this period in undergoing testing and waiting for the results at home.

The Government as a whole is united in fighting against the virus despite all the difficulties, and provided testing for all the residents in the district within a short period of time in the hope of achieving zero cases in the district.

The Government will seriously follow up on the compliance situation of the compulsory testing notices and the "restriction-testing declaration" by persons subject to compulsory testing. Any person who fails to comply with the compulsory testing notices commits an offence and may be liable to a fixed penalty of \$5,000. The person will also be issued with a compulsory testing order, requiring him or her to undergo testing within a specified time frame. Failure to comply with the order or the "restriction-testing declaration" is an offence and the offender may be liable to a fine of level 4 (\$25,000) and imprisonment for six months.

