

## Financial services and business leaders to make recommendations on Future Fund

The Government announced today (February 27) that the Financial Secretary has invited several leaders from the financial services and business sectors to make recommendations on the investment strategies and portfolios of the Future Fund. Dr Victor Fung has been invited to lead the group comprising Professor Lawrence Lau, Mr Peter Wong and Mr Norman Chan (Chief Executive of the Hong Kong Monetary Authority).

"I look forward to receiving the advice and recommendations from this group of experienced leaders on the investment strategies and portfolios of the Future Fund as well as ways to achieve more diversified investments. The objectives are to enhance return while consolidate Hong Kong's status as a financial, commercial and innovation centre, and raise the productivity and competitiveness of Hong Kong in the long run," the Financial Secretary, Mr Paul Chan, said.

The Future Fund, being an integral part of the fiscal reserves, was established in 2016 for placement in longer term investments with a view to securing higher return. The Financial Secretary announced in his 2019-20 Budget that he would invite several leaders from the financial services and business sectors to advise him on the Fund's investment strategies and portfolios.

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## LCQ15: Planning for the facilities in various districts

Following is a question by the Hon Andrew Wan and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (February 27):

Question:

Some residents from Yuen Long, Tsuen Wan and Tuen Mun have relayed to me that with the successive intake of residents by newly completed public and private housing estates in those districts in recent years, the shortage of facilities, such as social welfare and healthcare facilities, in such districts has become more acute. Moreover, in recent years, there has been an upsurge in the number of inbound Mainland visitors going to those districts

for shopping, thereby aggravating the problem of insufficient retail facilities in such districts. Regarding the planning for the facilities in various districts, will the Government inform this Council:

(1) given that the current ratios of public general outpatient clinics to population of Yuen Long and Tuen Mun are lower than that proposed in the Hong Kong Planning Standards and Guidelines (HKPSG) (i.e. the provision of one general clinic for every 100 000 persons), whether the Government will provide, apart from the community health centre proposed to be built at Tuen Mun Area 29 West, new public general outpatient clinics in those two districts in the coming three years; if so, of the details;

(2) given that as at December 31, 2017, the general beds to population ratios for the New Territories West Cluster (which covers the public hospitals in Tuen Mun and Yuen Long) and the Kowloon West Cluster (which covers the public hospitals in Tsuen Wan) were 2.3 beds and 2.5 beds/1 000 persons respectively, which were lower than the overall ratio for the Hospital Authority (HA) (i.e. 3.0 beds/1000 persons), whether the Government knows if HA has plans in the coming three years to increase the numbers of general beds in those two clusters and to allocate the additional resources required; if HA does, of the details;

(3) since it is provided in HKPSG that there should be one District Elderly Community Centre (DECC) in each new development area with a population of around 170 000 or above, and the Government indicated in July last year that "...where appropriate, there should be one Neighbourhood Elderly Centre in each new and redeveloped public rental housing estate and one in private housing areas with a population of 15 000 to 20 000 in new residential areas", whether the Government will, in the coming three years, provide Neighbourhood Elderly Centres or DECCs in Yuen Long, Tsuen Wan and Tuen Mun respectively; and

(4) whether the Government will, in response to the growing number of inbound Mainland visitors, review afresh the estimated demand and planning approach for the retail facilities in the relevant districts?

Reply:

President,

Having consulted the Labour and Welfare Bureau, the Development Bureau and the Hospital Authority (HA), my reply to the various parts of the question raised by Hon Andrew Wan is as follows:

(1) HA is committed to providing community-based primary care services through its general outpatient (GOP) services. Its service users mainly include the elders, low-income individuals, and patients with chronic diseases. At present, the number of General Outpatient Clinics (GOPCs) in Tsuen Wan, Yuen Long and Tuen Mun Districts are two, five and three respectively.

In order to enhance public primary healthcare services and meet growing service demand, HA has implemented a series of measures to augment the service capacity of existing GOPCs. These measures include actively recruiting additional staff, carrying out clinic renovation and renewing its facilities, so as to streamline patient flow, improve the clinic environment and increase clinical space.

Apart from the above, the Food and Health Bureau (FHB) and HA have been working closely with Government Property Agency, Planning Department, Housing Department (HD), Lands Department, etc. in exploring suitable sites in each district so as to facilitate long term planning for public primary healthcare service development. In view of the service demand in Tsuen Wan District, FHB, HA and the Department of Health are working together to explore the feasibility of redeveloping the current Lady Trench Polyclinic Site with a view to expanding its GOP service in the district. As for Yuen Long District, the Government is proactively identifying suitable sites for primary care purpose in the longer run. Regarding Tuen Mun District, apart from HA's planned Community Health Centre in the public housing development in Tuen Mun Area 29 West led by HD which is expected to be completed by 2024, concerned Government departments are also exploring the proposal of redeveloping the Tuen Mun Clinic Site (where HA's Tuen Mun Clinic is currently located). Initial assessment on its land use is being conducted.

(2) In the Hong Kong Planning Standards and Guidelines (HKPSG), the beds as referred to in the beds to population ratio include all types of hospital beds (general (acute and convalescent), infirmary, psychiatric and mentally handicapped beds) in public and private hospitals, and are not limited to general beds in public hospitals. With the growing and ageing population, HA has drawn up plans to increase the number of beds to cope with the rising demand for medical services.

The Kowloon West Cluster covers the service requirement from the residents in Sham Shui Po, Kwai Tsing, Tsuen Wan and Lantau Island. In the recent years, development of North Lantau Hospital (NLTH), phase 2 redevelopment of Caritas Medical Centre and redevelopment of Yan Chai Hospital in the cluster have been completed and put into operation. The NLTH has commenced operation in September 2013 by phases. The first phase development of NLTH will provide 180 hospital beds. As at December 31, 2018, 90 beds have been put into service. The second 10-year Hospital Development Plan under planning will cover the study of in-situ redevelopment of Princess Margaret Hospital and expansion of NLTH.

For the New Territories West Cluster, which covers the service requirement from the residents in Tuen Mun and Yuen Long Districts, the new hospital constructed in Tin Shui Wai has commenced operation in the first quarter of 2017 by phases and will provide 300 hospital beds. As at December 31, 2018, 32 beds have been put into service. In the long run, HA has considered making use of the adjoining site of Tin Shui Wai Hospital for future expansion of the hospital in the second 10-year Hospital Development Plan to further increase service capacity. At the same time, the Government has reserved a site at Hung Shui Kiu New Development Area for the

construction of a new hospital to meet the growing healthcare demand of the population in the New Territories West.

(3) The Government will construct the following two projects in Tuen Mun and Yuen Long Districts in the coming three years –

- A Neighbourhood Elderly Centre (NEC) at Sites 1&1A of the Public Housing Development Project at Tuen Mun Area 54
- An NEC at the ex-Long Bin Interim Housing site and its adjoining area

At the same time, in accordance with the recently announced planning ratios for elderly services in the HKPSG, the Government will proactively follow-up with the relevant departments and units with a view to further increasing the number of District Elderly Community Centres and NECs to satisfy the districts' demand for the services.

(4) The retail industry as one of the major economic activities in Hong Kong is a commercial use in terms of land use. The Government has been monitoring the market demand for commercial floor space and is committed to increasing the supply of sites, space and hardware for commercial uses in order to facilitate the development of different economic activities and maintain Hong Kong's competitiveness. The development and choice of uses for commercial land and floor space is preferably market-driven, allowing business operators to respond to the fast-changing market situations and make timely and flexible decisions. The existing planning system, including the statutory plans, has embodied sufficient flexibility to facilitate retail activities in many land use zones. For example, "retail shops" is an always permitted use on the land zoned "Commercial" in the core business areas and major shopping areas. In the "Residential (Group A)" zones of major residential areas, retail shops are also always permitted in the lower storeys of buildings. Developers can also propose change of land use for sites considered suitable for development of retail business via planning applications.

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## **Budget Speech by the Financial Secretary (14)**

Estimates for 2019-20

181. The major policy initiatives announced in the 2018 Policy Address involve an operating expenditure of \$75.3 billion and capital expenditure of \$8.8 billion. I will ensure that adequate resources are provided to fully support the launch of these initiatives.

182. Total government revenue for 2019-20 is estimated to be \$626.1 billion. Earnings and profits tax is estimated to be \$235.9 billion. The revenue

from land premium is estimated to be \$143 billion, an increase of 23.3 per cent compared with the revised estimate for 2018-19. The revenue from stamp duties is estimated to be \$76 billion, a decrease of 5 per cent compared with the revised estimate for 2018-19.

183. Operating expenditure is estimated to be \$501.5 billion, a year-on-year increase of 15.4 per cent or \$66.9 billion. This mainly involves an expenditure of \$11.2 billion on the Caring and Sharing Scheme last year. Recurrent expenditure, which accounts for over 80 per cent of operating expenditure, will reach \$441 billion, a year-on-year increase of nine per cent or \$36.3 billion.

184. In 2019-20, the estimated recurrent expenditure on education, social welfare and healthcare accounts for about 60 per cent of government recurrent expenditure, exceeding \$250 billion in total. Recurrent expenditure in these three areas recorded a cumulative increase of 45 per cent over the past five years.

185. We will increase the manpower of all departments as appropriate in 2019-20. The civil service establishment is expected to expand by 3 481 posts to 191 816. This represents a year-on-year increase of about 1.8 per cent, resuming the growth level of one to two per cent.

186. Taking all these into account, including bringing back \$21.2 billion from the Housing Reserve in 2019-20, I forecast a surplus of \$16.8 billion in the Consolidated Account in the coming year. Fiscal reserves are estimated to be \$1,178.4 billion by the end of March 2020, equivalent to 39.4 per cent of GDP.

#### Medium Range Forecast

187. The Medium Range Forecast projects, mainly from a macro perspective, the revenue and expenditure as well as financial position of the Government from 2020-21 to 2023-24. During this period, annual expenditure on the Government's infrastructure projects will exceed \$100 billion, while the growth of recurrent government expenditure ranges between 5 per cent and 8.8 per cent per annum, higher than the average annual nominal economic growth of 5 per cent over the same period.

188. Regarding revenue, the land premium estimate for 2019-20 mainly makes reference to the Land Sale Programme and the land supply target of the coming year. The medium range forecast on land premium from 2020-21 onwards is based on the average proportion of land revenue to GDP over the past decade, which is 3.9 per cent of GDP. I also assume that the growth rate of revenue from profits tax and other taxes will be similar to the economic growth rate in the next few years.

189. In addition, as I mentioned earlier (paragraph 102), I will bring back the Housing Reserve, with a current accumulated balance of \$82.4 billion, to the fiscal reserves over four years to better reflect the Government's financial position.

190. Based on the above assumptions and arrangements, I forecast an annual surplus in the Operating Account every year for the coming five financial years except for 2019-20. A small deficit would surface in the Capital Account in 2021-22 and 2022-23. The forecast deficit in the Operating Account in 2019-20 is mainly due to the expenditure arising from the one-off relief measures announced in this Budget and the Caring and Sharing Scheme. There is no structural change in the Government's financial position. Moreover, ample fiscal reserves also enable us to meet foreseeable expenditure needs. I remain cautiously optimistic about the forecast for the coming five years.

191. Fiscal reserves are estimated at \$1,224.6 billion by the end of March 2024, representing 33.7 per cent of GDP, equivalent to 19 months of government expenditure.

192. Taking all these into account, the Government will generally have an overall surplus in the next five years. That said, the above forecast has not taken into account the tax rebate and relief measures that the Government may implement during the Medium Range Forecast period.

#### Concluding Remarks

193. The consultation for this Budget started earlier than that for the last. Apart from holding around 40 consultation sessions to gauge views from various sectors and groups, I spent a lot of time interacting with people in the community to understand what they expect of the Government and the Budget.

194. I remember that one morning when I settled my bill at a cha chaan teng (Hong Kong-style café) in Hung Hom, the cashier lady told me that as the mother of a mentally-handicapped child, she was acutely aware how inadequate the support was and hoped that the Government would provide more care homes for people with disabilities. On another occasion, a girl from a grass-roots family attended a function in my official residence. Her mother told me that she had made use of the \$2,000 school expenses allowance for needy students introduced last year to enrol her child in an interest class outside school to develop her potential. She hoped the allowance would be granted again this year. In recent months, I also exchanged ideas with public healthcare personnel on a number of occasions. I gained insight into the problems they faced, and heard their suggestions on how to improve healthcare services. From these encounters, I was greatly inspired by the aspirations and strong hopes of the people I met, and deeply moved by their sincerity and candidness.

195. I set off from the bottom of my heart and listen with care. The opportunity to put forward measures that meet people's needs and expectations is what drives me in preparing this Budget.

196. However, resources are not infinite and trade-offs are inevitable. The Government has to prioritise its policy initiatives by taking into account

the interests of all. No matter how many resources we put into solving problems, solutions do not happen overnight. This is especially true for difficult problems that have beset our community for many years. But I firmly believe that challenges are meant to be overcome as long as we devote resources and tackle them step by step.

197. Only with adequate resources can we improve services and enhance people's quality of life. We must continue to leverage our edges and seize opportunities to promote a diversified economy. Now that the economic environment is fraught with uncertainties and challenges, we must get ourselves well prepared.

198. Hard-working and flexible, Hong Kong people have weathered tough times and grown tougher. With confidence, hope and concerted efforts, we will definitely be able to see the sunshine through the clouds!

199. Thank you, Mr President.

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## **LCQ3: Elective subjects of the senior secondary curriculum**

Following is a question by Hon Mrs Regina Ip and a written reply by the Secretary for Education, Mr Kevin Yeung, in the Legislative Council today (February 27):

Question:

Under the arrangements of the New Senior Secondary academic structure, apart from the four compulsory core subjects, schools may decide on their own to offer a certain number of elective subjects (with the average number of last school year being 11) out of 20 subjects which are Key Learning Area elective subjects, Applied Learning courses and six other language courses, and their students may choose to take two to three subjects among the subjects offered. It is learnt that in respect of some elective subjects (e.g. Combined Science, Integrated Science as well as Design and Applied Technology), the numbers of students taking and the numbers of schools offering such subjects have been persistently on the low side in recent years. In this connection, will the Government inform this Council:

(1) whether it has assessed if there are faults in the curriculum designs of those subjects with persistently low student enrolments; if it has assessed and the outcome is in the affirmative, whether the Government will conduct a comprehensive review of the curriculum designs of such subjects; if it has not assessed, of the reasons for that; and

(2) whether it will consider consolidating those elective subjects which are

offered by a small number of schools and have a low student enrolment, so that the schools concerned may concentrate their teaching resources on other elective subjects; if so, of the details; if not, the reasons for that?

Reply:

President,

Our consolidated reply to the questions of Hon Mrs Regina Ip is as follows:

The primary aim of the senior secondary curriculum under the New Academic Structure (NAS) is to provide students with a broad and balanced curriculum under which they take two or three elective subjects (four at most) on top of four core subjects (i.e. Chinese Language, English Language, Mathematics and Liberal Studies). The curriculum is also supplemented by a wide range of activities for "Other Learning Experiences" to broaden students' horizons and foster their whole-person development. Under the open curriculum framework, schools can offer students an appropriate and adequate choice of elective subjects from 20 senior secondary elective subjects, some 30 Applied Learning (ApL) courses and six Other Languages. This arrangement not only caters for students' interests and needs, but also provides schools with sufficient flexibility to develop their school-based curricula in the light of their contexts as well as the needs of students.

Being an international city boasting a blend of Chinese and Western cultures, it is of the utmost importance for Hong Kong to nurture a pool of talent in various fields. The design of the senior secondary curriculum under the NAS is based on the development of both Hong Kong and the world, as well as local socio-cultural, economic and geographical factors, and reference has been made to the trends in curriculum development in other countries/regions. The senior secondary curriculum should also cater for students' diverse needs so as to enable them to choose suitable subjects according to their interests, aspirations and abilities. The student enrolment of each elective subject in every school year depends on an array of factors. In particular, the continuous decline in student population over the past few years has directly affected the student enrolment of elective subjects, while the requirements for admission to different departments of universities (e.g. prerequisite or non-prerequisite elective subjects) impact on the number of elective subjects taken by students. For instance, some universities or departments might set the order of admission priority based on the attainments in the best five or six subjects of candidates meeting the General Entrance Requirements. This might have led some candidates to focus on their strong subjects or even drop individual subjects in Secondary 5 or 6 in order to strive for better results. In this regard, the high or low student enrolment of an elective subject may not necessarily bear a relationship to whether there is room for improvement in its curriculum design.

We are aware that the numbers of students taking individual senior secondary elective subjects, such as Literature in English, Integrated Science, Technology and Living, Music and individual ApL courses (e.g.



Applied Learning Chinese (for non-Chinese speaking students), Animal Care, Entrepreneurship for Small and Medium Enterprises), have been rather low. Yet, as stated above, in the context of the holistic design of school curriculum, we have to consider students' needs and school contexts from a professional angle to offer different senior secondary elective subjects including those with low student enrolments. In doing so, students with different aptitudes, abilities and backgrounds are provided with an adequate choice of subjects, hence catering for learner diversity and supporting students in multiple study and career pathways. Taking Combined Science and Integrated Science as examples, we provide two integrated science subjects, in addition to the traditional science subjects (including Physics, Chemistry and Biology), to not only meet students' need for taking science subjects to master essential scientific knowledge, but also give students space to consider acquiring the domains of knowledge in connection with subjects under other Key Learning Areas. In fact, given the increasingly diverse pathways to further studies, local tertiary institutions also offer bachelor's degree and diploma programmes of a cross-disciplinary/integrated nature which go beyond traditional subject learning.

At present, schools in general are offering about 11 elective subjects at the senior secondary level. To give students a wider choice of subjects, the Education Bureau (EDB) has been providing schools with the Diversity Learning Grant (DLG) since the 2009/10 school year to encourage collaboration among schools on offering joint-school curricula of different senior secondary subjects (e.g. Music, Physical Education, Design and Applied Technology, Ethics and Religious Studies), hence optimising the use of resources across schools as well as catering for students' diverse interests. For now, over 150 secondary schools are involved in offering the joint-school curricula. The funding from the DLG can also be used to make arrangements for students to take Other Languages and/or ApL courses offered by course providers in order to cater for students' diverse learning needs. ApL courses cover six areas of studies, namely Creative Studies; Media and Communication; Business, Management and Law; Services; Applied Science; and Engineering and Production. Fewer than 5 000 students are enrolled in some 30 courses, each of which is taken by a fairly small number of students; however, taking into consideration the potential for broadening students' learning experiences and enabling them to learn fundamental theories and concepts through application and practice, ApL courses are meaningful subject choices.

The EDB has been monitoring the development of the senior secondary curriculum under the NAS since its launch in 2009. Regular meetings are also held by the committees on various senior secondary subjects under the Curriculum Development Council (CDC) to review the implementation of the subjects. Given that curriculum development is an ongoing process, the committees on various senior secondary subjects under the CDC will, in a timely manner, review and update the design of the curricula of senior secondary subjects as well as the examination and assessment arrangements in the light of the ongoing renewal of the school curriculum to respond to changes in society and students' needs.

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# Budget Speech by the Financial Secretary (13)

## A Caring Society

170. I will continue to provide resources for the Government to implement support measures for the needy to build a caring society.

## Welfare Facilities

171. When planning for the provision of more welfare facilities, we are often faced with a shortage of venues. This problem is particularly prevalent in densely-populated areas, where demand for welfare services is indeed acute. I will allocate \$20 billion for the purchase of 60 properties for accommodating more than 130 welfare facilities, including day child care centres, neighbourhood elderly centres, on-site pre-school rehabilitation services, etc., which are expected to benefit about 86 000 people.

172. Provision of technology products in elderly and rehabilitation facilities can facilitate service enhancement. I will allocate some \$200 million for the Lotteries Fund to launch a four-year pilot project providing Wi-Fi service to around 1 350 service units operated by subvented organisations under the Social Welfare Department (SWD) to encourage them to make use of technology products to improve elderly and rehabilitation services. The SWD will also provide Wi-Fi service to 180 welfare facilities which it operates. This is expected to benefit a total headcount of about 100 000 per day.

## Elderly Services

173. We will continue to enhance elderly services. In the next two years, the Government expects to provide more than 500 additional residential care places and 300 subsidised day care places for the elderly. Apart from ongoing provision of visiting medical practitioner services, the Government has recently launched a four-year pilot scheme to provide professional outreach services, including social workers and physiotherapists, etc., for some 45 000 residents in private residential care homes for the elderly. The additional recurrent expenditure for launching the new measures in 2019-20 is around \$1.36 billion. As mentioned earlier, I will provide, on a one-off basis, an additional \$1,000 worth of Elderly Health Vouchers to benefit elderly persons.

## Rehabilitation Services

174. The Government will introduce measures to enhance the quality of existing rehabilitation services to step up support for persons with

disabilities. Major new initiatives for 2019-20 include increasing 835 rehabilitation service places and purchasing 300 places from private residential care homes for persons with disabilities, gradually setting up five additional District Support Centres for Persons with Disabilities and two additional Support Centres for Persons with Autism, and strengthening the rehabilitation and support services provided by the centres by increasing the manpower of social workers and therapists. These initiatives will involve a total annual recurrent expenditure of around \$290 million and benefit about 9 000 service users a year.

#### Child and Youth Services

175. As regards child care, the Government will allocate an additional funding of about \$156 million from 2019-20 onwards to increase the level of subsidy for services provided by child care centres to alleviate parents' financial burden; improve the manning ratio of qualified child care workers in day and residential child care centres and enhance training to improve service quality; and provide in phases a total of about 400 additional aided standalone child care centre places in North District, Kwun Tong, Sha Tin, Kwai Tsing and Yuen Long to provide long full-day child care services for children aged below three.

176. I will also allocate additional resources to increase professional and supporting manpower for the Neighbourhood Support Child Care Project to strengthen training for home-based child carers so as to enhance the quality of services. Incentive payments to these carers will also be raised. Furthermore, the Government will restructure the services of the existing Mutual Help Child Care Centres and deploy additional social workers and supporting staff. The above initiatives will involve an additional annual recurrent provision of around \$52 million.

177. For early identification of, and to provide assistance to pre-primary children and their families with welfare needs, the Government has allocated \$990 million from the Lotteries Fund to launch a three-year pilot scheme to provide social work services in phases for about 150 000 pre-primary children and their families in subsidised/aided child care centres, kindergartens and kindergarten-cum-child care centres. The first phase of services was launched in February 2019.

178. To enhance support for divorced families and their children, the Government will set up five centres to be operated by NGOs to provide one-stop co-parenting support services from 2019-20, and strengthen the manpower of the SWD. These will involve an additional annual recurrent provision of around \$69 million.

179. To enhance teenagers' mental health and stress resilience, the Government will implement the measure of "two school social workers for each school" in more than 460 secondary schools in Hong Kong from the 2019/20 school year, and increase supervisory manpower accordingly. The annual recurrent expenditure involved will be around \$310 million.

## Social Enterprises

180. Social enterprises (SEs) in Hong Kong have developed steadily in recent years. The Enhancing Self-Reliance Through District Partnership Programme has given impetus to the development of local SEs, and delivered long-term and sustainable benefits since its launch. To render continuous support to the development of SEs and the socially disadvantaged, I will provide an additional funding of \$150 million for the ongoing operation of the programme.

(To be continued.)