

# Budget Speech by the Financial Secretary (11)

## A Liveable City

129. People work hard every day to enhance the quality of life. We will also strive for economic development to make Hong Kong a more ideal place for living. The Government will continue to make good use of our resources to achieve this goal and serve people's needs.

## Land Resources

130. I will ensure that adequate resources are provided to support fully the short, medium and long-term measures to increase land and housing supply.

## Land for Housing

131. Over the past two years, we increased short-term land supply through land sale, rezoning, railway property development and projects of the URA, etc. 78 sites were identified, capable of providing about 93 000 units.

132. The estimated public housing production for the next five years is about 100 400 units, including about 74 200 units for public rental housing and under the Green Form Subsidised Home Ownership Scheme, and about 26 300 other subsidised sale units.

133. Housing land supply increased steadily in the past few years. In 2018, 21 000 private residential units were completed, a record high in 14 years. The supply of first-hand private residential units is expected to remain at a relatively high level in the coming three to four years, including 9 000 unsold units in completed projects, 64 000 units under construction and not yet sold through pre-sale, and 20 000 units from disposed sites where construction may start anytime. Based on preliminary estimation, the private sector will, on average, complete about 18 800 residential units annually in the next five years (i.e. from 2019 to 2023), representing an increase of about 20 per cent over the annual average of the past five years.

134. The 2019-20 Land Sale Programme comprises a total of 15 residential sites, including seven new sites, capable of providing 8 800 plus residential units in total. Together with railway property development projects, the URA's projects and private development/redevelopment projects, the potential land supply for the whole year is expected to have a capacity to provide about 15 500 units. The Secretary for Development will announce the details of the Land Sale Programme for the next financial year tomorrow.

135. On the property market, residential property transactions and prices fell in the latter half of last year, but current flat prices are still out of line with people's affordability. The Government has no intention to

withdraw any demand-side management measures at this stage. The global economic slowdown, coupled with political and economic uncertainties, may affect investment sentiment and intensify the volatility in the global financial markets. Members of the public must carefully assess the risks and their own financial position before making a home purchase decision.

136. Apart from continuing to rezone sites and increase development density, we will press ahead with a number of new development area projects this year. These include seeking funding approval respectively for the first batch of infrastructure works of Kwu Tung North/Fanling North and Hung Shui Kiu new development areas, and gradually commencing land resumption and clearance for the projects for commencing construction as soon as possible. In parallel, we will initiate the statutory planning procedures for the Yuen Long South development this year. These three development projects, together with the Tung Chung New Town Extension project of which reclamation works are in progress, will provide about 210 000 residential units in phases from 2023.

#### Transitional Housing

137. Transitional housing serves to alleviate the housing problem of those living in inadequate accommodation. To facilitate community-initiated transitional housing projects, the Transport and Housing Bureau (THB) has set up a task force to co-ordinate and provide one-stop support. The task force will work with relevant bureaux and departments to render appropriate assistance. I will set aside \$2 billion to support NGOs in constructing transitional housing. The THB will map out the detailed arrangements and seek funding approval.

#### Industrial/Commercial Land

138. The Government has all along strived to increase the supply of commercial floor area to meet the needs of industrial and commercial development. The Government will include seven commercial sites in the 2019-20 Land Sale Programme, estimated to provide about 814 600 square metres of floor area, including the provision of a maximum of about 2 900 hotel rooms. Among the seven commercial sites, the one above the West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is the largest one for sale by the Government in recent years, capable of providing a total floor area of about 294 000 square metres. A number of commercial sites will be put up for sale in the next few years, including those at the Kai Tak Development Area, the new Central Harbourfront, Caroline Hill Road and Queensway Plaza.

#### Optimising the Use of Government Land

139. In last year's Budget, I set aside \$1 billion to support NGOs in using vacant government sites and restoring school premises for various short-term uses that are beneficial to the community. The initiative has been well received by the community. I welcome the funding approval by LegCo earlier and the DEVB has started inviting funding applications.

140. We will expedite the implementation of the "single site, multiple use" model in multi-storey development on government land, so as to optimise the use of limited land resources to meet the community's demand for public services and provide more "Government, Institution or Community" (G/IC) facilities. The Government Property Agency will take forward multi-storey projects with cross-department facilities. Moreover, the Planning Department will tighten the reservation of a government site by any single department and recommend a higher development density as appropriate to optimise the development potential of government land. I have set aside about \$22 billion to take forward the first batch of projects under the "single site, multiple use" initiative, which will include redevelopment of Tuen Mun Clinic, development of a proposed ambulance depot near Sheung Wan Fire Station, and consolidation of several government sites in Tsuen Wan town centre.

#### Long-term Land Development

141. Last week, the Government announced full acceptance of the recommendations tendered by the Task Force on Land Supply to take forward eight land supply options. I will ensure that adequate resources are provided for the purposes. The Steering Committee on Land Supply, which I chair, will be re-structured to strengthen the co-ordination of land supply. Priority will be accorded to a number of strategic issues. These include using a vision-driven and forward-looking approach in realising our vision, re-assessing our land demand and setting the target of land reserve, and adopting an infrastructure-led and capacity building mindset in planning strategic transport infrastructure. So long as we make concerted efforts and persevere in our endeavours, we can resolve the problem of undersupply and provide sufficient land for the long-term development of Hong Kong.

#### Lantau Tomorrow

142. Lantau Tomorrow is a grand vision. The Government will take forward the projects concerned in phases to open up more land for improving our living environment and quality as well as meeting the need for social development. Apart from providing an ample supply of land, Lantau Tomorrow entails the construction of strategic road and rail networks linking the coastal areas of Tuen Mun, North Lantau, artificial islands in the Central Waters and Hong Kong Island North. This will improve the efficiency of the traffic network in the North West New Territories and Hong Kong as a whole.

143. The Government is financially capable of realising the Lantau Tomorrow Vision. In formulating the implementation strategies, we will conduct a detailed financial analysis, taking into account factors like the Government's fiscal sustainability and affordability, and implement the projects in phases.

144. Regarding the construction of the 1 000-hectare artificial islands near Kau Yi Chau and the related major transport networks, the Government will kick off studies as soon as possible. As to the study on near-shore reclamations covering Lung Kwu Tan, Sunny Bay and Siu Ho Wan, the Government

plans to apply for funding approval within this year. Separately, we will conduct a planning study on the coastal areas of Tuen Mun, taking into account land uses and ancillary transport infrastructure in Lung Kwu Tan and the River Trade Terminal.

## Healthcare

145. Our healthcare and supporting teams in the public sector have been safeguarding the health of the community with professionalism and passion. Yet, surges in demand coupled with manpower and facility constraints have added to their workload. They are no doubt hard-pressed. In last year's Budget, I proposed the second 10-year hospital development plan and measures to strengthen healthcare manpower training, which aim to take forward long-term planning to meet growing service demand. We have tentatively included 19 projects under the second 10-year hospital development plan, providing about 9 000 additional hospital beds. The nine projects under the first 10-year hospital development plan have already commenced and made good progress.

146. Meanwhile, the Government will provide sufficient resources to support the operation and development of the public healthcare system. The estimated recurrent government expenditure on public healthcare services will increase by 10.9 per cent to \$80.6 billion in 2019-20, accounting for 18.3 per cent of the total recurrent expenditure.

## Hospital Authority

147. Our public healthcare system comes under even greater pressure in each outbreak of influenza. The long waiting time at the accident and emergency departments and the overloaded occupancy rates of wards have given rise to wide public concern. The Hospital Authority (HA), our frontline public healthcare provider, must properly plan and manage public hospital services and take timely and effective measures to cope with influenza surge and other possible public health challenges so as to live up to the expectations of the public. The Government will provide resources to fully support the work of the HA.

148. In view of the heavy workload of frontline healthcare workers, I have earlier asked the HA to propose ways to boost morale and retain talent. Having regard to the concrete recommendations from the HA, I will provide additional recurrent funding of over \$700 million for the HA to introduce the following measures:

- (a) increasing the rate of allowance for on-call medical officers, the rate of Special Honorarium Scheme allowance and the salary of ward supporting staff;
- (b) increasing the number of Advanced Practice Nurse posts to enhance evening ward services;
- (c) increasing the number of allied health professional posts to improve promotion prospects; and

(d) allocating additional resources to continue implementing the Special Retired and Rehire Scheme.

The HA will strive for early implementation of the above measures in 2019-20 to benefit its frontline staff.

149. The HA spends on average about \$1 billion each year for upgrading and acquisition of medical equipment. I will earmark an additional \$5 billion for the HA to expedite the work in this area, so as to enhance the healthcare quality and efficiency. The additional resources will be used for general medical equipment, introducing advanced medical devices for treating cancer and other diseases requiring specialty services, as well as providing relevant training.

150. To facilitate resource planning by the HA, the current-term Government has adopted a triennium funding arrangement to increase progressively the recurrent funding for the HA having regard to population growth and demographic changes. In view of the importance of public healthcare, I will earmark \$10 billion to set up a public healthcare stabilisation fund so as to prepare for any additional expenditure which may be incurred by the HA in case of unexpected circumstances.

#### Subsidising Drug Treatments

151. I will provide an additional recurrent subvention of \$400 million for the HA to expand the scope of the Drug Formulary, with a view to including more drugs for patients. The HA's total expenditure on drugs will increase to \$6 billion in 2019-20. Complemented by the new measures to relax the means test mechanism for the Samaritan Fund and the CCF, this would alleviate the financial burden of patients' families arising from drug expenses. In addition, the HA has increased the frequency of the exercise for including self-financed drugs in the safety net to twice a year, hence shortening the lead time for including suitable new drugs in the scope of subsidy. With these measures in place, the total subsidy under the Samaritan Fund and the CCF Medical Assistance Programmes will double to \$1.5 billion in 2019-20, benefiting more needy patients.

#### Primary Healthcare

152. The Government will allocate resources to push ahead with district-based primary healthcare services to enhance public awareness of disease prevention and their self-health management capability. Hong Kong's first district health centre (DHC), located in Kwai Tsing, is expected to commence operation from the third quarter of this year. I have earmarked over \$150 million to meet the operating expenditure and staff cost of the centre, and will continue to provide resources needed for the future expansion of the network of DHCs.

#### Hong Kong Genome Project

153. The Policy Address announced the launch of the Hong Kong Genome Project to promote the clinical application and innovative scientific research on genomic medicine. I will allocate about \$1.2 billion to establish the Hong Kong Genome Institute and take forward the project, under which 40 000 to 50 000 whole genome sequencing will be performed in the next six years.

(To be continued.)