

Budget Speech by the Financial Secretary (4)

Accelerating the Promotion of High-quality Development

73. The promotion of high-quality development inspires continuing economic innovation and growth while conserving the natural environment, making life better for people. Green future and digitalisation are two of its overarching themes.

74. We have to make better use of Hong Kong's distinctive advantages of enjoying our nation's strong support and being closely connected to the world under "One Country, Two Systems". In pursuing high-quality development, we will open up new opportunities and bring more room for growth.

Moving towards a Green Future

75. "Green development is a defining feature of high-quality development". As global economies pursue carbon neutrality, green transformation creates huge business opportunities and financing needs, leading to industry clusters of great diversity. Sustainable fuels, energy saving, emission reduction and carbon-capture technologies continue to emerge.

Green Finance

76. Being an international financial centre, Hong Kong is also rising as an international green finance centre.

77. The Government is hosting "Hong Kong Green Week" this week, comprising events covering technology, finance and other fields. It has brought together industry leaders from the Asia-Pacific region to examine issues such as green development and climate finance. This autumn, the HKMA will co-host a Joint Climate Finance Conference in Hong Kong with the Dubai Financial Services Authority. The Conference will explore transition financing opportunities and challenges for the Middle East and Asia.

Extend the Green and Sustainable Finance Grant Scheme

78. The Government has so far provided subsidies to eligible bond issuers and loan borrowers for the issuance of more than 340 green and sustainable debt instruments in Hong Kong through the Green and Sustainable Finance Grant Scheme. The subsidies totalled US\$100 billion, enriching our green and sustainable finance ecosystem. We propose to extend the scheme, which is due to expire in mid-2024, to 2027, and expand the scope of subsidies to cover transition bonds and loans. This will encourage related industries in the region to make use of Hong Kong's transition financing platform as they move towards decarbonisation.

Formulate Sustainability Disclosure Standards

79. Accurate information is essential to the promotion of sustainable financing. It is also the priority of international organisations and government agencies in the next few years. To deepen Hong Kong's green and sustainable finance development, enterprises must align their practices in sustainability disclosure with international standards. Financial Services and the Treasury Bureau and the SFC will formulate a roadmap and vision statement to assist companies and financial institutions in sustainability reporting and the analysis of relevant data, elucidating our vision of promoting green and sustainable finance.

Green Technology

80. Hong Kong also possesses advantages in green technology. More than 200 green-technology companies work out of Hong Kong, with some equipped with globally competitive technologies and have successfully tapped into Mainland and overseas markets. And the Greater Bay Area cities, apart from their market scale, enjoy strong capabilities in research, advanced manufacturing and commercialisation. Together, we have what it takes to become Asia's leading green technology hub.

81. The Government's Green Tech Fund funds research and development (R&D) projects which help Hong Kong decarbonise and enhance environmental protection, and encourages their subsequent practical applications. With \$400 million injected into the Fund, thirty projects from local universities, public research institutes and enterprises have been approved, involving a total grant of about \$130 million for subsidising local research projects.

82. We will launch the Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme in the first half of this year. It will provide early-stage funding support for green fintech, facilitating commercialisation and fostering the development of new green fintech initiatives.

Green Shipping

83. Given maritime industry's vast market potential for green transformation, the Marine Department is planning to provide incentives for Hong Kong-registered ships that have attained high ratings under the international standards on decarbonisation formulated by the International Maritime Organization. This will involve about \$65 million in funding. And the Transport and Logistics Bureau (TLB), in collaboration with the Environment and Ecology Bureau (EEB) and other relevant departments, is conducting a feasibility study to provide green-methanol bunkering for local and ocean-going vessels. We expect to publish an action plan for Hong Kong's development into a green maritime fuel-bunkering centre this year.

Green Aviation

84. We are committed to developing Hong Kong International Airport (HKIA) into a green airport. The Airport Authority Hong Kong (AA) is working in collaboration with relevant government departments to simplify approval procedures for the transportation and storage of Sustainable Aviation Fuel (SAF), so as to encourage more airlines to use SAF in Hong Kong. In addition,

the AA has begun a consultancy study on SAF development trends worldwide, which will also put forward recommendations on policy measures and infrastructure etc. The consultancy study is expected to be completed in the third quarter this year.

Green City

Launch a Pilot Scheme on Building-Integrated Photovoltaics

85. The Government has taken the lead in applying renewable energy (RE) in government buildings and facilities. We will launch a pilot scheme at the Electrical and Mechanical Services Department Headquarters to explore photovoltaic technology applications on the facades of government buildings. We will also support public and private organisations to use RE to help Hong Kong realise carbon neutrality.

New Energy Vehicles

86. Through its New Energy Transport Fund, the Government has been promoting trials of various new-energy public transport, including new-energy buses, while encouraging the industry to conduct trials on a variety of new-energy commercial transport, including electric-goods vehicles and electric coaches.

87. The Government has been encouraging a wider use of electric vehicles. The first registration tax (FRT) concessions for electric vehicles, due to terminate at the end of March, will be extended for two years. Nevertheless, given the price reduction of electric vehicles and increasing availability of vehicle options, we will reduce the concessions by 40 per cent. Specifically, the maximum FRT concession for electric private cars (e-PCs), granted under the "One-for-One Replacement" Scheme, will be adjusted to \$172,500, whereas the concession ceiling for general e-PCs will be lowered to \$58,500. At the same time, e-PCs valued at over \$500,000 before tax will not be entitled to concessions under the "affordable users pay" principle. As for other types of electric vehicles, including electric commercial vehicles, electric motorcycles and electric motor tricycles, the FRT will continue to be waived in full over the next two years. The EEB will announce details in due course.

Sustainable Development of Agriculture and Fisheries Industries

88. The EEB promulgated its Blueprint for the Sustainable Development of Agriculture and Fisheries in December last year. For agriculture, we expect to enable the establishment of a modernised Techno-Agricultural Park of approximately 11 hectares as part of the Agricultural Park's Phase 2 this year. It will help accelerate the modernisation of agriculture through public-private partnership. We will launch a pilot project on modern urban farming in Ma On Shan this year. As for fisheries, four new fish culture zones, with a total area of up to 590 hectares, will begin operation in phases starting this year. Local mariculture production is expected to increase considerably.

Digital Economy

89. Digital economy has become a new driving force for economic development.

As a new key production factor, data links different industries and sectors, empowering enterprises to enhance efficiency, boost their competitiveness and create fresh business opportunities.

90. The Digital Economy Development Committee (DEDC), chaired by me, has undertaken in-depth studies on promoting the development of digital economy over the past two years. The DEDC's report covers recommendations on many areas, including promotion of digital policies, initiatives for enhancing digital infrastructure, facilitation of the safe and orderly flow and usage of data, acceleration of enterprise digital transformation and talent development. Some of these recommendations have been implemented, including making preparations for the establishment of the Digital Policy Office.

Build a Data Trading Ecosystem

91. As transformation of global digitalisation accelerates, the presence of a highly efficient data ecosystem has become one of the considerations for many enterprises to establish a foothold in Hong Kong. Building a mechanism that facilitates data trading is particularly important in the data ecosystem. Hong Kong is underpinned by its distinctive advantages under "One Country, Two Systems" and endowed with the characteristics of an international city. From supply and demand of data to application scenarios, we are equipped with a robust foundation and possess an abundance of favourable conditions for developing international data trading.

92. We have commissioned an expert group to undertake an in-depth study on how to develop a robust data trading ecosystem in Hong Kong, the scope of which includes Hong Kong's role as a "super connector" in data trading as well as promoting the formulation of international data trading rules. The aim is to enable us to unleash the potential of data elements and facilitate its development into a new industry with an enormous growth momentum, hence empowering the upgrading and transformation of traditional industries.

Digital Finance

93. Digital technology has turned new financial business models into reality. Digital finance, through integrating data and technological innovations in different use case scenarios, can complement traditional financial services in enabling wider service access and enhancing the inclusiveness of financial services.

94. The HKMA completed Phase 1 of the e-HKD Pilot Programme last October, and has studied domestic retail use cases in various areas such as programmable payments, offline payments and tokenised deposits. Phase 2 of the pilot programme will soon commence to further explore new use cases. Project mBridge, another important initiative, has also achieved good progress. Phase 1 of its service, which is expected to be launched this year, will become one of the first projects around the world to settle cross-boundary transactions for corporates using central bank digital currencies.

95. In addition, we will expand the scope of e-CNY pilot testing in Hong Kong. Members of the public may set up e-CNY wallets easily for use and for

topping up funds by the Faster Payment System, thereby further enhancing the efficiency and user experience of cross-boundary payment services.

Promote Cross-Boundary Data Flow

96. The ITIB and the Cyberspace Administration of China launched an early and pilot implementation arrangement for the "Standard Contract for the Cross-boundary Flow of Personal Information Within the Guangdong-Hong Kong-Macao Greater Bay Area (Mainland, Hong Kong)" last December. During the first phase of implementation, we have invited the banking, credit referencing and healthcare sectors to participate, and their responses have been very positive. Having regard to outcomes of the pilot implementation in the first phase, we will gradually extend the coverage of the facilitation measures so that various business sectors of both places may leverage cross-boundary data with a smoother flow, thereby providing more cross-boundary services for the convenience of the public and enterprises.

Cross-boundary Public Services

97. To further facilitate access to the public services of Guangdong and Hong Kong by residents and enterprises in Hong Kong and the GBA, we collaborated with Guangdong Province to launch the Cross-boundary Public Services thematic website. We also connected "iAM Smart" with the Unified Identity Authentication Platform of Guangdong Province in November last year. Having set up "iAM Smart" registration service counters in Guangzhou as well as in Qianhai and Futian in Shenzhen, we have also introduced the first self-service kiosk for Hong Kong's Cross-boundary Public Services in Guangzhou. This will facilitate Hong Kong residents and enterprises in the GBA cities to access the Cross-boundary Public Services and register for "iAM Smart".

Web3.0

98. In last year's Budget, I proposed to expedite development of the Web3.0 ecosystem. We have made good progress over the past year.

99. At present, there are over 220 enterprises specialising in related technologies in Cyberport, including three unicorns. Last year, Cyberport organised a number of promotional and educational activities, attracting more than 29 000 participants. It also rolled out a subsidy scheme to encourage enterprises to conduct proof-of-concept testing, with a view to accelerating market application of the relevant technologies.

100. Having successfully issued the first batch of inaugural tokenised green bonds in February 2023, we issued the second batch of tokenised green bonds in early February this year, worth a total of \$6 billion and denominated in Hong Kong dollar, Renminbi (RMB), US dollar and Euro. This is the world's first-ever multi-currency tokenised bond issuance, and has attracted overwhelming subscription by global institutional investors, including asset managers, insurance companies, private banks and non-financial corporates. Apart from the many technological innovations, we have also achieved breakthroughs in this issuance in areas such as broadening investor participation and streamlining the issuance process.

101. In keeping abreast of the latest international trends and market development, we consulted the public on a legislative proposal to develop a regulatory regime for stablecoin issuers in end-2023, with the aim of putting in place a regulatory regime that safeguards financial stability without compromising innovation. The HKMA will soon roll out a "sandbox" for entities interested in issuing stablecoins to conduct trials, under manageable conditions, on the issuance process, business models, investor protection and risk management system. The "sandbox" will also facilitate communication on future regulatory requirements.

102. Cybersecurity alongside investor and customer protection are matters of utmost importance in Web3.0 development. Embracing the principle of "same activity, same risks, same regulation", the SFC has implemented a licensing regime for virtual asset (VA) trading platforms since last June. This regime enables investors to conduct trading on licensed trading platforms in compliance with the relevant international standards and in a protected environment, thereby enabling Hong Kong to surpass many major jurisdictions in the regulation of VA trading. To strengthen investor and customer protection, we have launched a consultation on the regulation of over-the-counter trading of VA. We will continue to promote the development of Hong Kong's VA market in a stable and responsible manner through a multi-pronged approach, which includes timely dissemination of information, holistic public education and enhanced enforcement.

Launch the Business Version of "iAM Smart"

103. The Government will set up a "digital identity of enterprises" platform, i.e. the business version of "iAM Smart", to enable authentication of identity and verification of signature of enterprises using electronic government services or conducting online business transactions in a secure, convenient and efficient manner without having to go through complicated procedures, thus saving time and reducing the risk of human error. The expenditure involved is estimated to be about \$300 million and our goal is to roll out the platform progressively from end-2026 onwards.

Promote Digital Inclusion

104. Moreover, we strive to reduce digital exclusion and promote the wider use of information technology by various community groups, including elderly persons. The Government will allocate \$100 million under the Social Innovation and Entrepreneurship Development Fund to provide, in the next three years, elderly people aged 60 or above with digital training courses and technical support, so that they can integrate into the digital era more easily and enjoy the benefits that digital technology brings. The first group of projects is expected to commence in the fourth quarter of 2024 at the earliest and benefit at least 50 000 elderly persons.

(To be continued.)

LCQ20: Self-financing post-secondary education institutions

Following is a question by Professor the Hon William Wong and a written reply by the Secretary for Education, Dr Choi Yuk-lin, in the Legislative Council today (February 28):

Question:

Regarding self-financing post-secondary education institutions (self-financing institutions), will the Government inform this Council:

(1) as the 2023 Policy Address has stated that the Government will build Hong Kong into an international hub for post-secondary education, of the relevant roles and positioning of self-financing institutions;

(2) as the Post Secondary Colleges (Amendment) Bill, which seeks to strengthen the regulatory regime on the registration of colleges and provide for a unified regulatory framework for all self-financing institutions operating post-secondary education programmes at both the degree and sub-degree levels, was once included in the 2022 and 2023 Legislative Programmes, of the reasons why the authorities ultimately did not present the Bill to the Legislative Council for scrutiny in those two legislative sessions, and whether the obstacles concerned have been removed; whether the authorities can ensure that the Bill will be presented to the Legislative Council for scrutiny in the current legislative session;

(3) given that students enrolling in self-financing undergraduate programmes offered by University Grants Committee-funded universities cannot benefit from the Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong, whether the authorities will extend the coverage of the Scheme to include such students; if so, of the timetable;

(4) given that it has all along been the Government's policy to support the parallel development of the publicly-funded and self-financing post-secondary education sectors, and that the 2023 Policy Address has stated that the Government will increase the admission quota of non-local students to Government-funded post-secondary institutions, of the restrictions currently placed by the authorities on the admission of non-local students to various self-financing institutions, and whether it will likewise increase the admission quota of non-local students to self-financing institutions;

(5) as the 2023 Policy Address has stated that the Government will promote the development of universities of applied sciences, and self-financing institutions play an important role in the relevant work, of the policies and measures to be put in place by the Government to assist self-financing institutions in developing more applied degree programmes that appeal to non-local students; and

(6) of the Government's current measures to assist self-financing institutions in admitting non-local students?

Reply:

President,

It has all along been the Government's policy to support the parallel development of the publicly-funded and self-financing post-secondary education sectors. The self-financing sector helps diversify our higher education system and provides more education opportunities for our secondary school graduates. In pursuance of this policy, the Education Bureau (EDB) exercises oversight of the self-financing institutions, focusing on ensuring their transparency of operation, quality assurance, and good governance, while implementing a host of support measures for institutions as well as providing subsidies for students to promote the healthy and sustainable development of the self-financing sector.

Our reply to the question raised by Professor the Hon William Wong is as follows:

(1), (4) and (6) The Chief Executive's 2023 Policy Address outlined the direction to develop Hong Kong into an international education hub and a cradle of future talent. The Government is further harnessing the advantages of Hong Kong's post-secondary education in terms of internationalisation and diversification, with a view to proactively promoting the parallel development of the publicly-funded and self-financing post-secondary education sectors, enhancing their quality, and expanding their capacity. The Government also encourages self-financing institutions to identify and develop more distinct niche areas. While attracting and nurturing diverse talent, and creating strong impetus for the development of Hong Kong, we aim to facilitate people-to-people bond, serve Hong Kong, and contribute to the country.

In this connection, the Government is launching a number of initiatives, including doubling the non-local student quota of publicly-funded post-secondary institutions to 40 per cent of the local student places with effect from the 2024/25 academic year. The institutions may, having regard to their own conditions, progressively attract more non-local students.

As regards the self-financing post-secondary education sector, save for students from the Mainland, Macao and Taiwan (MMT), there is no restriction on the admission of non-local students to full-time locally-accredited self-financing local sub-degree, undergraduate, taught postgraduate, and research postgraduate programmes. For MMT students, six local self-financing post-secondary institutions, namely, Hong Kong Metropolitan University (HKMU), Hong Kong Shue Yan University (HKSJU), The Hang Seng University of Hong Kong (HSUHK), Hong Kong Chu Hai College, Tung Wah College, and Technological and Higher Education Institute of Hong Kong under the Vocational Training Council, have been approved by the Ministry of Education (MoE) to admit

Mainland students to their full-time locally-accredited self-financing local degree programmes. Under the mechanism agreed by the MoE, there is a quota restriction on the number of MMT students enrolled in full-time locally-accredited self-financing local sub-degree and undergraduate (including top-up degree) programmes by these six specified self-financing institutions in each academic year, which should normally not exceed 10 per cent of the total student enrolment in such programmes in the preceding academic year. There is no quota restriction for postgraduate programmes. In accordance with the abovementioned mechanism, taking into account relevant institutions' satisfactory track record, performance in admission of local and Mainland students, and the utilisation of the prevailing quota, the EDB has increased the relevant quota applicable to HKMU, HKSYU, and HSUHK to 20 per cent with effect from the 2023/24 academic year. As regards sub-degree programmes, all self-financing institutions may admit non-local students (including MMT students) to their full-time locally-accredited self-financing local sub-degree programmes, and the abovementioned 10 per cent or 20 per cent quota is also applicable.

In view of their self-financing mode of operation, self-financing institutions enjoy greater flexibility in programme development to respond to the ever-evolving manpower needs of different sectors of society, complementing publicly-funded institutions in providing diversified articulation pathways for young people and nurturing talent needed by the market. In recent years, as the self-financing sector gradually matures, institutions have been proactively driving internationalisation and the number of non-local students pursuing self-financing post-secondary programmes have been consistently increasing. In this connection, the self-financing sector has potential to play an important role as Hong Kong develops into an international post-secondary education hub. The Government will continue to explore with the MoE feasible enhancements to the arrangements for Mainland students to study in Hong Kong, with a view to achieving the abovementioned policy objectives.

On the other hand, the EDB will continue to implement a package of support measures to promote the sustainable development of the self-financing sector, providing quality, diversified, and flexible articulation opportunities for students (including non-local students). In particular, the Policy Address announced that the Government would launch a new round of the Land Grant Scheme and Start-up Loan Scheme this year to provide land sites at nominal premium and interest-free loans respectively, with a view to supporting self-financing institutions to develop and improve campuses in support of more teaching and learning activities. We will announce the details in due course.

(2) and (3) In pursuance of the recommendations of the Task Force on Review of Self-financing Post-secondary Education, the EDB is proactively taking forward the amendments to the Post Secondary Colleges Ordinance (Cap. 320), with a view to enhancing the regulatory framework and governance of self-financing post-secondary institutions. The proposed legislative amendments aim to strengthen the regulatory regime on the registration of post-secondary colleges, and provide for a unified regulatory framework for all institutions

operating self-financing post-secondary education programmes at both the degree and sub-degree levels, with a view to ensuring an appropriate level of transparency and accountability in their operations in tandem with the academic and institutional governance expected of a modern higher education institution. The revamped regulatory regime will also provide for an effective and efficient mechanism to uphold the quality of self-financing post-secondary education by rationalising the arrangements for registration/cancellation of registration of institutions and awarding of degrees, as well as repealing obsolete and overly prescriptive provisions.

The EDB has all along been maintaining close liaison with relevant stakeholders on the legislative amendment proposals. In view of the views raised by some stakeholders, the EDB has been further refining the legislative amendment proposals. It is expected that the amendment bill will be introduced into the Legislative Council in the second half of this year. The relevant amendment bill has also been included in the 2024 Legislative Programme.

As regards the eligibility of the Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong (NMTSS), in pursuance of the policy of promoting the parallel development of the self-financing and publicly-funded sectors, the Government has provided more targeted support for independent self-financing institutions and their students. Under the prevailing policy and arrangement, the self-financing undergraduate programmes operated by University Grants Committee-funded universities and their self-financing arms are not eligible for the NMTSS. Subject to the progress of the legislative amendments to Cap. 320, we will discuss the relevant transitional arrangements with the self-financing arms with the intention to migrate to the unified regulatory framework under the revamped Cap. 320 regime in a timely manner, including their eligibility for the NMTSS.

(5) In accordance with the strategy of fostering industry institution collaboration and diversified development, the Policy Address announced that the Government would press ahead with the establishment of universities of applied sciences (UAS) to raise the status of vocational and professional education and training (VPET) at degree level and provide an alternative pathway to success for young people who aspire to pursue a career in professional skills sectors.

The EDB promulgated the criteria for qualifying as a UAS on February 2, 2024, inviting eligible self-financing post-secondary institutions to submit applications. We will provide financial and related support to self-financing post-secondary institutions with the capabilities and experience to plan ahead and develop along the relevant direction, in order to further enhance the status of VPET in society and among parents and students. Relevant measures include:

(i) according priority to eligible programmes of UAS for inclusion under the Study Subsidy Scheme for Designated Professions/Sectors (SSSDP), which subsidises about 4 000 places of self-financing first-year-first-degree and

top-up degree programmes per annum that belong to disciplines with manpower needs. We will accord priority to eligible programmes of UAS when reviewing the disciplines covered, list of programmes, and allocation of subsidised places under the established mechanism, with a view to strengthening support for UAS and encouraging enrolment of students.

(ii) according priority to eligible applications from UAS when considering the applications for other relevant support measures for self-financing post-secondary institutions, in order to further support the multifaceted development of UAS; and

(iii) setting aside a start-up fund to support post-secondary institutions with potential to form an alliance of UAS within 2024 for joint promotion.

On the other hand, based on the successful experience of the two rounds of the Pilot Project on the Development of Applied Degree Programmes, we will also provide additional support for applied degree programmes through the SSSDP, with a view to encouraging self-financing post-secondary institutions to offer more applied degree programmes in relation to disciplines relevant to professional skills sectors and enhancing the enrolment incentives of students and parents.

LCQ5: Public library services

Following is a question by the Hon Ngan Man-yu and a written reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (February 28):

Question: At present, the Government provides mobile libraries to enable people living in areas without static libraries and those living in remote areas to gain access to library services. The Government also provides self-service library stations at convenient locations with heavier pedestrian flow but far from existing libraries, rendering round-the-clock library services such as borrowing, return, payment and pickup of reserved library materials. There are views that self-service library stations can facilitate self-service borrowing and return of books by members of the public, especially working people, at any time. In this connection, will the Government inform this Council:

(1) of the following information for each mobile library and each self-service library station in each of the past three years: the number of loans, the number of returns and the number of pickups of reserved library materials (with the relevant information tabulated by District Council district);

(2) how the costs of mobile libraries compare with those of self-service

library stations in each of the past three years, including the total costs and the average operating costs of each unit (with the relevant information tabulated by District Council district);

(3) whether it has reviewed and compared the effectiveness (including cost-effectiveness and level of public satisfaction) of the services of mobile libraries and self-service library stations, and whether it has considered providing more self-service library stations in various districts and, where appropriate, using them to replace mobile libraries; and

(4) as there are views pointing out that the current opening hours of libraries mostly fall within normal working hours, making it more difficult for working people to make use of the services, whether the authorities have studied the adjustment of the opening hours of libraries, including extending library opening hours in the evenings and on public holidays?

Reply:

President,

The reply to the question raised by Dr the Hon Ngan Man-yu is as follows:

(1) The Leisure and Cultural Services Department (LCSD) operates 12 mobile libraries, with a total of 112 service stops, providing services for the public across districts in Hong Kong. In the past three years, the total numbers of loans and returns of library materials processed by the above mobile libraries were 812 664 and 941 530 respectively. The respective numbers of loans and returns of each of the mobile libraries during the period, broken down by District Council districts, are tabulated at Annex.

Currently, the LCSD provides one self-service library station (library station) each on Hong Kong Island, in Kowloon and in the New Territories respectively at convenient locations with heavier pedestrian flow but far away from existing libraries, rendering round-the-clock services such as borrowing, returning, payment and pickup of reserved library materials. The numbers of loans, returns and pickups of reserved materials of the three library stations in the past three years are tabulated below:

Item	Number of Loans			Number of Returns			Number of Pickups of Reserved Materials		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Library Station on Hong Kong Island Note (Eastern District)	13 829	16 382	8 454	40 198	39 570	38 361	5 168	5 978	3 151

Library Station in Kowloon (Yau Tsim Mong District)	10 643	11 336	4 539	11 190	12 586	7 190	3 034	4 305	1 490
Library Station in the New Territories (Sha Tin District)	15 897	18 305	10 204	66 157	68 407	78 033	5 876	7 281	6 309

Note: Since October 2023, the services provided by the library station on Hong Kong Island have been suspended for refurbishment works and installation of new equipment employing radio frequency identification (RFID) technology. During the service suspension, only returning services are provided.

(2) All libraries under the Hong Kong Public Libraries (HKPL) are interconnected by an integrated automated library system. The total operating expenditures for providing library services were \$1.25 billion, \$1.328 billion and \$1.336 billion in 2020-21, 2021-22 and 2022-23 respectively, covering staff cost and the costs of library materials, replacement of furniture and equipment, public utilities, system maintenance, store items, etc, as well as rental for libraries at leased premises, hiring of contracted services and other operational expenses. Since many functions are coordinated centrally, a breakdown on the recurrent operating expenditures incurred by individual libraries (including mobile libraries and library stations) is not available.

(3) Library stations and mobile libraries enhance the library network by providing complementary services for the public in different modes. Library stations render round-the-clock library services at fixed locations, while mobile libraries provide the public with convenient library services by setting up service stops at different locations across the territory. The LCSD reviews the utilisation of mobile libraries from time to time and collects views from the public on mobile library services through different channels, such as regularly holding Reader Liaison Group gatherings and maintaining close communication with District Councils. Since the commencement of operation of library stations, the LCSD has been collecting usage data for analysing the utilisation of various library stations and has conducted opinion surveys on services of the library stations. Generally speaking, the services provided by mobile libraries and library stations have been well-received by the public.

To enhance the overall library services, the LCSD is now developing a Smart Library System (SLS), which will include a full application of the radio frequency identification (RFID) technology to enable the development of more diversified and user-friendly self-service facilities. The LCSD will carry out refurbishment works in phases for the three library stations by installing new facilities such as book dispensers, book drops and multi-functional kiosks to replace the existing ones, thereby dovetailing with

development of the new SLS and enhancing various facilities of the library stations. Such projects are anticipated to be completed within 2024, subsequent to which the LCSD will explore the feasibility of further delivering the services of library stations in due course.

(4) The LCSD currently operates a total of 71 static libraries and 12 mobile libraries, providing diversified library services for the public. To meet the public's aspiration for extending library service hours, the Government has allocated additional resources to extend the opening hours of the Hong Kong Central Library (HKCL) as well as major and district libraries. The HKCL now opens seven days a week, with its service hours extended to 9pm daily and to 7pm on public holidays. All 38 major and district libraries also open seven days a week, with their opening hours extended to 8pm on weekdays and Saturdays, and to 5pm on Sundays and public holidays. Meanwhile, the opening hours of students' study rooms of libraries now run until 10pm from Mondays to Fridays, and until 8pm and 5pm on Saturdays and Sundays respectively.

Given the substantial resources and manpower required for the current mode of library operation, any further extension of library opening hours would not be possible without a significant increase in operating expenditure and staffing. In view of the above, the LCSD must be prudent in weighing a host of factors, including the additional manpower, long-term financial expenditure required, the public's library usage needs and patterns, resource allocation and cost-effectiveness, etc, when determining or adjusting the opening hours of public libraries. On the whole, the existing opening hour arrangements of the HKPL can cater to the needs of the majority of the public.

The LCSD has been exploring measures to extend library service hours in a more cost-effective and sustainable manner. These include the provision of three library stations in phases from 2017, one each on Hong Kong Island, in Kowloon and in the New Territories at convenient locations with heavier pedestrian flow but far away from existing libraries, for round-the-clock services such as borrowing, returning, payment and pickup of reserved library materials; and the launch of the "Joyful Reading at Your Neighbourhood: Library-on-Wheels" Pilot Project in 2020, where the Library-on-Wheels, specially converted small trucks, visit communities at different timeslots including Saturdays, Sundays and public holidays to provide self-borrowing and returning service, offer readers an e-reading experience, and hold reading promotion activities. Given the public's changing mode of reading, the HKPL also sustains its efforts to enhance online electronic resources, with a view to enabling readers to read e-books and access e-databases, digital collection and online library services without time and physical constraints.

In addition, as mentioned in the reply to part (3) above, the LCSD is proactively developing the SLS. In addition to providing self-charging terminals and book drops employing the new-generation RFID technology, the new system will enable installation of smart book drops and lockers outside some of the libraries so that patrons can return borrowed materials and pick up their reserved materials in a self-service manner beyond library opening

hours.

Budget Speech by the Financial Secretary (3)

Building the Hong Kong Brand on All Fronts

55. Hong Kong is an international financial centre and a world city with a distinctive blend of Chinese and Western cultures. We will build Hong Kong as a premier destination for business and tourism through better use of our social and natural resources, the consolidation of mega events and thematic annual conferences and the integration of opportunities created by industry development.

Mega-Events

56. Mega-events create opportunities for attracting tourists, while bringing wider entertainment and leisure choices for the people of Hong Kong. We will stage more mega-events, boost their promotion and co-ordination and maximise their economic and publicity benefits to enhance our international image.

57. More than 80 mega-events in a variety of themes and genres will be staged in Hong Kong in the first half of this year. For "Art March" alone, a series of arts and cultural events will be presented, such as Art Basel, Art@Harbour and the Asian debut of the international pop-culture festival ComplexCon. For sports events, LIV Golf, an international golf tournament also featuring musical entertainment and other activities, will be staged for the first time in Hong Kong.

58. Hong Kong, Guangdong Province and Macao will co-host the 15th National Games in 2025. Members of the public can cheer the athletes on home ground or visit nearby GBA cities to watch the games.

59. The Government has set up a Mega Events Coordination Group to reach out proactively for more mega events to be staged in Hong Kong, while strengthening inter-departmental collaboration for such events to be successfully held. We have earmarked \$100 million to boost mega-event promotions over the next three years.

Financial Forums

60. Organising thematic conferences can help reinforce Hong Kong's branding. The Global Financial Leaders' Investment Summit and the Asian Financial Forum are two very successful illustrations of this. The Financial Mega Event Week will be launched in Hong Kong in March, featuring an array of major financial events, including the Wealth for Good in Hong Kong Summit, which brings

together owners and managers of family offices, the Global Investors' Symposium by Milken Institute, etc. There will also be a wealth of activities for enriching Hong Kong's branding, including a round-table conference to be organised by the HKIC.

61. Apart from inviting visitors to our city, we will continue to go global, visiting regions and markets to tell the good stories of Hong Kong and expand our circle of friends. We will also launch a new Sponsored Overseas Speaking Engagement Programme. Renowned scholars and industry leaders will be sponsored to attend overseas events and give speeches to promote Hong Kong and its many advantages.

Better Use of the Harbourfront and Cultural Resources

62. Our magnificent Victoria Harbour, with its stunning harbourfront, is a natural beauty and popular leisure destination for tourists and the general public that creates memorable moments and positive impressions of Hong Kong. We will make good use of such valuable resources to offer many more enchanting moments and experiences for our people and visitors alike.

63. The dazzling fireworks display above the night sky of Victoria Harbour, and last year's special waterfront pyrotechnic shows along the waterfronts of Wan Chai and the West Kowloon Cultural District, were well-received by the public. The Hong Kong Tourism Board (HKTB) will hold pyrotechnic and drone shows against the backdrop of the splendid night views of Victoria Harbour every month. The HKTB will also revamp its light-and-sound show, "A Symphony of Lights". The Development Bureau (DEVB) will also introduce commercial facilities such as food and beverages, retail and entertainment on a pilot basis at selected suitable harbourfront locations to bring convenience and better experience to visitors.

Energise Tourism

64. The HKTB will develop brand new seasonal, festival and event experiences of varying themes featuring Chinese and Western arts, popular cultures, wine-and-dine, outskirts explorations, active sports and more to cater to the interests of wide-ranging visitor segments. The HKTB will also encourage the industry to launch a more diversified portfolio of tourism products.

65. We will continue to enhance local group-tour activities. The Tourism Commission will, over the next few years, continue to organise well-received signature creative arts and cultural tourism projects. That includes the Sai Kung Hoi Arts Festival, which features an integration of arts with the island, allowing visitors to experience its natural landscape, history, culture and heritage. Another example is the Design District Hong Kong (#ddHK), which takes visitors on a journey to discover the local culture and characteristics of Hong Kong.

66. In addition, the HKTB will promote immersive, in-depth tourism with themes like "Citywalk", and promote young-adult focused activities such as hiking, cycling, stand-up paddle-boarding, trail running and stargazing in the wilderness. It's all part of an energising effort to soft-sell Hong Kong.

67. Our Temple Street Night Market promotion, last December, successfully drew tourists and locals alike to this street of distinctive character. The HKTB will offer more diversified activities and promotion to boost the flow of people in the district and create more business opportunities for its merchants.

Enhance Publicity and Promotional Efforts

68. The HKTB will launch a new Hong Kong tourism brand, and continue to target source markets and collaborate with GBA cities to jointly promote multi-destination tourism.

69. Sincerity and hospitality will make Hong Kong even more popular. The HKTB will enhance the Quality Tourism Services Scheme and launch a new round of publicity activities, including reality shows and the commendation of outstanding frontline staff in the service industry. We want to promote Hong Kong as a hospitable, people-focused city in collaboration with various sectors.

70. We will make every effort to promote mega-events and design in-depth thematic tours, enrich tourism resources and provide more novel products and experiences to cater to visitors of all types and sources. This will help stimulate retail, consumption, catering and transportation demand throughout Hong Kong.

71. We will allocate additional funding, totalling \$1,095 million, to support the Tourism Commission and the HKTB in organising these and other Hong Kong events and activities.

Supporting People and Enterprises

72. Having regard to the economic pressure faced by some industries and the people, and the Government's financial position this year, we will introduce the following measures:

(a) provide rates concession for domestic properties for the first quarter of 2024/25, subject to a ceiling of \$1,000 for each rateable property. This measure is estimated to involve 3.08 million domestic properties and reduce government revenue by \$2.6 billion;

(b) provide rates concession for non-domestic properties for the first quarter of 2024/25, subject to a ceiling of \$1,000 for each rateable property. This measure is estimated to involve 430 000 non-domestic properties and reduce government revenue by \$370 million;

(c) reduce salaries tax and tax under personal assessment for the year of assessment 2023/24 by 100 per cent, subject to a ceiling of \$3,000. The reduction will be reflected in the final tax payable for the year of assessment 2023/24. This measure will benefit 2.06 million taxpayers and reduce government revenue by \$5.1 billion;

(d) reduce profits tax for the year of assessment 2023/24 by 100 per cent, subject to a ceiling of \$3,000. The reduction will be reflected in the final

tax payable for the year of assessment 2023/24. This measure will benefit 160 000 businesses and reduce government revenue by \$430 million; and

(e) provide an allowance to eligible social security recipients, equal to one half of a month of the standard rate Comprehensive Social Security Assistance (CSSA) payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance, while similar arrangements will apply to recipients of the Working Family Allowance, altogether involving an additional expenditure of about \$3 billion.

(To be continued.)

LCQ13: Promoting the development of low-altitude economy

Following is a question by the Hon Nixie Lam and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (February 28):

Question:

It has been reported that in recent years, the Mainland has been proactively promoting the development of low-altitude economy (i.e. an integrated form of economy which centres around various low-altitude flying activities by manned and unmanned aircrafts, manifesting into integrated development of related fields) with the widespread use of unmanned aircrafts in areas such as smart city development, logistics and transportation, emergency response, aerial surveying and environmental protection. In this connection, will the Government inform this Council:

(1) whether it has explored the development potential of low-altitude economy; if so, of the details; if not, whether the authorities will draw reference from the Mainland's experience to formulate strategies and plans for the development of low-altitude economy industries, so as to co-ordinate and regulate the development of such emerging industries;

(2) whether it has reviewed the relevant laws and regulations with a view to removing red tape for the development of low-altitude economy; if so, of the details and timetable; if not, the reasons for that;

(3) whether it has reserved space and land for the development of low-altitude airspace transport infrastructure, so as to facilitate pilot applications for low-altitude flying activities; if so, of the details; if not, the reasons for that; and

(4) in respect of promoting low-altitude economy, whether it will expedite

the provision of relevant software and hardware infrastructure as well as ancillary facilities in Hong Kong; whether it has looked into ways to enhance collaboration among industry, academic and research sectors in respect of low-altitude economy and its market applications, and to develop industrial clusters involving its industry chain, supply chain and innovation chain, with a view to promoting the innovative development of low-altitude economy industries in a comprehensive manner?

Reply:

President,

Low-altitude economy refers to an integrated form of economy manifesting into the development of related fields, which centres around low-altitude flying activities by manned and unmanned civil aircraft within low-altitude airspace below 1 000 metres in vertical altitude generally, extending to not more than 3 000 metres depending on practical needs. In recent years, the Mainland has been promoting the development of low-altitude economy and has developed an edge in some areas. In particular, the extensive application of unmanned aircraft in different aspects has opened up development potentials and economic opportunities for Mainland cities.

In consultation with bureaux and departments including the Commerce and Economic Development Bureau, the Culture, Sports and Tourism Bureau, the Development Bureau (DEVB), the Environment and Ecology Bureau, the Innovation, Technology and Industry Bureau, the Security Bureau and the Civil Aviation Department (CAD), etc, the consolidated reply to the question raised by the Hon Lam is as follows:

(1) and (4) At present, low-altitude activities are widely practised in many fields in Hong Kong and are developing in an integrated manner with various socio-economic activities. Relevant bureaux and departments of the Government of the Hong Kong Special Administrative Region (HKSAR) will explore suitable low-altitude activities and promote the development of low-altitude economy under their respective policy portfolios, with a view to developing industries in specific areas.

Government departments and private organisations have been using small unmanned aircraft (SUA) in an increasingly wide range of areas, including the development of three-dimensional digital maps, search and rescue, aerial filming, drone shows, land/ building surveys and utility/ power line inspections. At the same time, various government departments also make use of SUA to enhance work efficiency, for example, using SUA to assist in the search and rescue work of the Fire Services Department and the Civil Aid Service, the inspection and enforcement work of other government disciplined services departments (including the Correctional Services Department, the Customs and Excise Department, the Hong Kong Police Force and the Immigration Department), the monitoring of landfill operation by the Environmental Protection Department, the surveying and inspection work of the Drainage Services Department, the ecological conservation and country park planning and management work of the Agriculture, Fisheries and Conservation Department, the inspection work of the Electrical and Mechanical Services

Department in relation to site safety, progress monitoring, and building maintenance and repair in the plants and works sites of District Cooling Systems, the collection of geospatial information for mapping and enforcement by the Lands Department, as well as slope inspection and maintenance by the Civil Engineering and Development Department, etc. In addition, the Hong Kong Observatory plans to carry out a pilot study on the use of SUA in meteorological and radiation measurements later this year.

With reference to the experience of Mainland cities, we expect that the development of low-altitude economy will help promote the development of various industries. For example, in terms of logistics, the development and experience of other places regarding the application of unmanned aircraft in local delivery vary. As pointed out in the Action Plan on Modern Logistics Development, the Government encourages the logistics industry to utilise technology and make wider use of smart logistics solutions to enhance competitiveness. We will maintain communication with the logistics industry and keep a close watch on the applications of SUA locally. As for tourism, the Government will closely monitor the development of low-altitude economy and support projects which can enrich visitors' experience. Furthermore, on the innovation and technology front, the Smart Government Innovation Lab (Smart Lab), set up by the Office of the Government Chief Information Officer in 2019, assists government departments in introducing innovative technology solutions to enhance public services and city management. Government departments can utilise resources of the Smart Lab to arrange proof-of-concept and testing of potential technology proposals, such as the applications of unmanned aircraft in fields including smart city, transport and logistics. This will enable government departments to formulate innovative measures more effectively to improve public services.

The promotion of low-altitude activities requires corresponding hardware and software infrastructure and supporting facilities, such as a mobile communications network system. At present, the mobile communications network in Hong Kong (including the 5G network which is commonly used by drones for aerial filming or performances) already covers more than 90 per cent of Hong Kong's population and 99 per cent of the core commercial districts, which can sufficiently support the operation and technological development of unmanned aircraft.

(2) The SUA Order (Cap. 448G) came into effect on December 1, 2022. With a risk-based approach in regulating SUA operations, the SUA Order also provides the necessary flexibility for future applications of SUA, allowing ample room for the development and applications of SUA in tandem with the evolving technology and innovation. As at February 2024, the CAD has issued permission to nearly 100 companies or organisations for SUA operations, most of which involve surveying and aerial photography.

In addition to SUA, some Mainland cities have also started to explore the use of larger unmanned aircraft (i.e. unmanned aircraft weighing over 25 kg) for various purposes, such as the transport of heavier goods and/or passengers, emergency rescue, aerial filming, environmental and ecological protection work, etc. The Government will continue to closely monitor the latest development of various types of unmanned aircraft and review the

existing regulatory regime at a suitable juncture.

On the other hand, the HKSAR Government notes that the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) specifies the deepening of the reform in the management of low-altitude airspace management, the expedition of the development of general aviation and the steady development of cross-boundary helicopter services. Subject to compliance with the relevant immigration and customs clearance and quarantine arrangements, the HKSAR Government will continue to explore with the Mainland proactively on further facilitation of the development of cross-boundary commercial helicopter services, with a view to promoting air traffic connectivity within the Greater Bay Area.

(3) Based on the Mainland's experience, the development of low-altitude economy industries requires the co-ordination on various fronts, ranging from policies and legislation, technology research and development, infrastructure development, to flight paths planning, airspace management, etc. It also requires land and spatial planning. If relevant policy bureaux and departments put forward land and spatial requirements for promoting low-altitude economy, the DEVB will incorporate the requirements in its planning of new development areas.

Relevant government bureaux and departments will continue to closely monitor and make reference to the development of low-altitude economy in the Mainland and other regions, and enhance mutual communication, such that the relevant policies on promoting low-altitude activities and even low-altitude economy in different areas can be fully co-ordinated.