

CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo (8)

VII. Work Together to Safeguard Harmony and Stability

111. The Government will coalesce the community in building a caring and inclusive society that is conducive to family development. We will also enhance the quality of healthcare services, and foster the development of the labour force.

112. We have reviewed the Population Policy Report published in 2015, taking into account the latest development. Hong Kong's current demographic structure and population trend remain largely in sync with the directions envisaged in the Report. Based on this, I have decided to introduce measures focusing on promoting childbirth and creating an environment conducive to childbearing, while also strengthening support for the elderly, including the development of the "silver economy".

Promote Fertility and Create a Childbearing Environment

113. Hong Kong's birth rate remains at its lowest level. The average parity of local couples dropped to a record low of 0.9 in 2022. Meanwhile, Hong Kong has among the longest life expectancies in the world – the proportion of elderly persons aged 65 and above will increase from 20% of Hong Kong's population to nearly one-third by the end of the next decade.

Support Families with Newborns

114. Childbearing is a major life decision involving many considerations. As experience and research worldwide make clear, government policies alone cannot boost fertility substantially. Nevertheless, it is imperative that the Government set a firm policy direction to encourage childbearing amid our persistently low birth rate. To that end, we will implement the following measures:

(i) Newborn Baby Bonus – We will provide a one-off cash bonus of \$20,000 for each baby born today or after in Hong Kong to a parent who is a HKPR. This measure will last for three years and will be reviewed then;

(ii) raise the accommodation-related tax deduction ceiling – Starting from the year of assessment 2024/25, we will raise the deduction ceiling for home loan interest or domestic rents from the current \$100,000 to \$120,000, an increase of 20%, for taxpayers who live with his/her first child born today or after until the child reaches the age of 18;

(iii) priority arrangement for SSFs – The HKHA will introduce the "Families with Newborns Flat Selection Priority Scheme" to raise the chances for families with newborns to purchase SSFs. Starting from the HOS sale

exercise next year, a quota of flats will be reserved for balloting and priority flat selection by family applicants with babies born today or after until the children reach the age of three. In each of the HOS or GSH sale exercise, an additional 10% of the total number of flats will be reserved for the purpose of selection priority; and

(iv) priority arrangement for PRH allocation—The HKHA will introduce the "Families with Newborns Allocation Priority Scheme" to advance the allocation of PRH flats for families with newborns. Under this scheme, applications of families that have babies born today or after will have their waiting time for PRH flats reduced by one year. This arrangement will take effect from next April.

Support Assisted Reproductive Services

115. Noting that some couples may need assisted reproductive technology to conceive a baby, the Government will enhance support in this regard. We will:

(i) Increase the public service quota for assisted reproductive services—Over the next five years from 2024-25 to 2028-29, the Hospital Authority (HA) will gradually increase the assisted reproductive service quota for in-vitro fertilisation (IVF) treatment by more than 60%, from 100 treatment cycles per year to 1 800 treatment cycles per year. The HA will also enhance the training for the related professional personnel; and

(ii) provide tax deduction for assisted reproductive services—Starting from the year of assessment 2024/25, the Government will provide a deduction for expenses on assisted reproductive services under salaries tax and personal assessment, subject to a ceiling of \$100,000 a year.

Assist Working Families in Childbearing

116. The Government will also strengthen support for working families in childbearing and unleash their labour force. We will:

(i) increase the Working Family Allowance—Starting from next April, the household and child allowances under the Working Family Allowance Scheme will increase by 15% to alleviate their burden;

(ii) increase child care centre places and allowances—Over the next three years starting from 2024, 10 more aided standalone child care centres (CCCs) will be set up in phases, providing about 900 additional places for day child care services. Starting from next April, the Child Care Centre Parent Subsidy, which is applicable to all government-aided standalone CCCs and CCCs attached to kindergartens, will be increased from a maximum of \$600 to \$1,000 per month. The Social Welfare Department (SWD) will also provide information and assistance to private organisations applying for registration to operate CCCs to encourage their provision of child care support for their employees;

(iii) extend the After-School Care Programme for Pre-primary Children to cover all districts—Over the next three years starting from 2024, the After-School Care Programme for Pre-primary Children will be extended in

phases to cover all districts in Hong Kong. The number of participating centres will be increased from 16 to 28, and the number of service places from about 670 to nearly 1,200; and

(iv) strengthen the home-based child care service. To encourage more people to participate in the Neighbourhood Support Child Care Project, starting from next April, the incentive payment at the standard rate of \$25 per hour for home-based child carers of the Project will be increased. For carers of infants and young children aged 0-3 or children with special learning needs, the rate will be more than doubled to \$60 per hour. For carers of children aged 3-9, the rate will be increased by 60%, to \$40 per hour. From the fourth quarter of next year, the number of service places under the Project will be doubled to about 2,000, with the estimated number of beneficiaries to be doubled to 20,000.

Promote Family Education

117. Nurturing children present new challenges for parents, including issues surrounding children's education and maintaining marital relationship. The Government will launch a five-year Funding Scheme on the Promotion of Family Education in the latter half of next year to support community projects promoting family education. The new Scheme will consolidate existing initiatives, with the annual amount of funding increased to \$8 million.

Caring for the Elderly

118. In the face of an ageing population, the Government formulates cross-sectoral policies and initiatives to cater for the needs of the elderly. Over the past year, the Government has strengthened support for ageing in place and lifted the quality and quantity of residential care homes for the elderly (RCHes). Examples include expanding the Integrated Discharge Support Programme for Elderly Patients, regularising the Pilot Scheme on Community Care Service Voucher for the Elderly, enhancing the Incentive Scheme to Encourage Provision of Residential Care Home for the Elderly Premises in New Private Developments, providing more residential care places for the elderly, importing care workers from outside Hong Kong, commencing the Review of Manpower for Healthcare Services in Residential Care Homes, etc. Considerable achievements have been made.

Elderly Services

119. The Government will continue to strengthen elderly services according to the principle of "ageing in place as the core, with institutional care as back-up". We will:

(i) provide more choices for cross-boundary elderly care. The Government earlier relaxed the eligibility of the Residential Care Services Scheme in Guangdong to allow Hong Kong private organisations with experience and a good track record in providing subsidised residential care services for the elderly to join the scheme. We will explore extending the scheme to include specific RCHes operated by Mainland organisations next year so that elderly persons retiring in the Mainland cities of the GBA will have more choices.

Based on the experience gained, we will also explore subsidising elderly recipients of the Comprehensive Social Security Assistance (CSSA) who opt to stay in RCHEs under the Residential Care Services Scheme in Guangdong to better support elderly persons who choose to retire in the GBA;

(ii) expand the Residential Care Service Voucher Scheme for the Elderly—Starting from the second quarter of next year, we will extend the coverage of the voucher from care-and-attention places to nursing home places, and provide 1,000 more vouchers, so that more eligible elderly persons can be admitted to participating RCHEs without waiting;

(iii) improve quality of life through technology—In 2024-25, the Government will inject an additional \$1 billion into the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care to enhance the subsidies for eligible elderly and rehabilitation service units to procure, rent and trial technology products, such as ultra-low beds for medical and nursing care and intelligent anti-wandering systems, with a view to improving the quality of life of the elderly and persons with disabilities and reducing the pressure of carers;

(iv) promote elderly-friendly building design—The Deputy Financial Secretary will co-ordinate with the relevant bureaux to put forward proposals next year for incorporating universal design concepts (i.e. enabling use by the widest range of persons as far as possible) and accessibility (i.e. facilitating mobility) into the BD's building design manual; and

(v) inject funding into the lifelong learning fund for the elderly—In 2024-25, the Government will inject an additional \$80 million into the Elder Academy Development Foundation to encourage lifelong learning and integration into the community among the elderly.

Silver Economy

120. While elderly persons with care needs require our assistance, the majority of elderly persons are healthy and energetic. The growing elderly population is emerging as a main consumer group, creating considerable demand for such products and services as medical and healthcare, leisure and recreation, and home and personal care catered for the elderly. These products and services enhance the quality of life for the elderly and spur industry growth and business opportunities. To tap into the business potential of the "silver economy", the CEDB will establish an Advisory Panel on Silver Economy comprising experts of different fields to conduct an in-depth research and offer recommendations. The HKTDC will also incorporate "silver economy" elements into more exhibitions to enhance the promotion of relevant products and services.

(To be continued.)

CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo (7)

Create Developable Land to Build More Housing

Speed up Land Production and Development

101. The Government will continue to expedite land production to solve the longstanding land supply conundrum. We will:

(i) streamline statutory and administrative procedures—Followed by the amendments to the relevant statutes, the Government will introduce more administrative measures to simplify procedures, for example, to complete straight-forward title-checking cases within 12 weeks to expedite disbursement of land resumption compensation; and to relax the gross floor area (GFA) exemption for aboveground carparks to speed up the development process;

(ii) extend the arrangement for standardisation of land premium (Note 3)—We will, within this year, regularise the "standard rates" arrangement for the redevelopment of industrial buildings and extend the applicable scope to cover industrial buildings for special uses completed before 1987. The Government will also introduce a pilot scheme to extend the arrangement in phases to agricultural land in the New Territories. The first phase targets at private developments within the existing new towns of Yuen Long, North and Tuen Mun districts, as well as those in the vicinity of railway stations; and

(iii) expedite the approval of building plans—Building Information Modelling (BIM) helps improve building design and speed up construction. The Government will promulgate this year a roadmap for full adoption of BIM in the preparation and approval of building plans for private development projects. We will ask the Hong Kong Housing Society, the Urban Renewal Authority (URA) and the MTRCL to act as pioneers from the second quarter of next year by adopting BIM in preparing building plans of residential projects.

Enhance the Efficiency of Urban Renewal

102. In view of urban decay and ageing buildings, we will speed up redevelopment and step up the maintenance of aged buildings. We will:

(i) fully embrace the "planning-led" redevelopment approach—The URA is conducting planning studies for Tsuen Wan and Sham Shui Po, with the comprehensive urban renewal master plans and restructuring proposals expected to be ready by phases from the second half of 2024. We are also implementing the recommendations from the District Study for Yau Ma Tei and Mong Kok, permitting interchangeability between the domestic and non-domestic plot

ratios of selected areas, removing the plot-ratio restriction of the commercial zone along Nathan Road, and rezoning certain character streets to increase incentives for redevelopment. In the coming five years, the URA will commence redevelopment projects of the "Nullah Road Urban Waterway" in Mong Kok East and the "Street Consolidation Areas" in Yau Ma Tei South;

(ii) enhance URA's financial capability—To enable the URA to cope with future financing demand, the Government granted approval in mid-2023 for raising its borrowing limit from \$6 billion to \$25 billion. We will also provide suitable land for the URA at nominal land premium to enhance the viability of the concerned redevelopment projects and increase the usable resources available to URA;

(iii) adopt a more target-oriented approach in lowering the compulsory sale application thresholds—Last year, we proposed to lower the compulsory sale application thresholds from 80% of ownership to 60% to 70% with reference to the building age. Taking into account stakeholders' views, the Government considers that apart from the building age, the need for redevelopment of the district should also be taken into account in determining the applicable threshold. As a general principle, lower thresholds should be adopted for older buildings in districts with more pressing need for redevelopment. The Development Bureau (DEVB) will elucidate the revised proposal and introduce an amendment bill by the end of this year; and

(iv) explore a new mechanism for large-scale redevelopment projects—We will embark on a study this year to explore feasible policy measures to use part of the reclaimed land outside the Kau Yi Chau central business district to facilitate implementation of urban redevelopment projects by the public and private sectors.

Release Development Potential

103. We will also optimise the use of existing land to unleash development potential. We will:

(i) revitalise Hung Hom Station and nearby sites—We will invite the MTRCL to conduct a preliminary study and submit proposals next year to re-plan and develop a total land area of about 10 hectares covering the Hung Hom Station and the railway facility sites in the vicinity, as well as the waterfront and pier facility sites to the south of the Hong Kong Coliseum so as to upgrade the facilities of the Hung Hom Station, release commercial and residential floor area, and create a vibrant harbourfront. The Government will also explore ways to enhance pedestrian connectivity between Hung Hom and Tsim Sha Tsui East, and improve the waiting areas of the bus stops near the Cross Harbour Tunnel;

(ii) develop the ex-Lamma Quarry site—The Government will complete the study to map out the development direction of the 20-hectare site next year, with consideration given to developing the site for accommodation facilities with lower traffic demand, such as senior citizen residential units, residential buildings for talents, and accommodation for personnel involved

in recreational training. We will also optimise the use of the quarry site and shoreline to provide leisure and recreational facilities for island tourism;

(iii) optimise the use of "Green Belt" areas—More than half of the approximately 16 000-hectare "Green Belt" areas are subject to clear development constraints. Of the remaining 8 000 hectares, 1 200 hectares are included in various development projects; and the feasibility of housing development of another 255 hectares is being assessed, as announced last year. Developing the rest of the "Green Belt" areas, which include many slopes, has been considered highly challenging. As we have already identified enough land for housing, industry and other developments for the coming 30 years, the Government has no plan for the time being to further use the "Green Belt" areas for large-scale development. Nonetheless, we will consider using some of the sites for recreational and tourism purposes. For example, South Lantau offers rich eco-recreational resources, and could be developed for eco-tourism or recreational uses, including eco-recreational facilities at Cheung Sha, Shui Hau, Shek Pik and Pui O. The DEVB will gauge public views in the first half of next year; and

(iv) pursue mixed development under the "single site, multiple use" model—We are taking forward six pilot projects under the "single site, multiple use" model. For instance, the Joint-user Complex project at Anderson Road Quarry is scheduled for completion in 2027. We will continue to adhere to this development concept in providing sports, recreational, cultural and social welfare facilities for the community.

Enhance Building Safety and Improve Building Management

104. The Government is concerned about the dilapidation of aged buildings, including the spalling of concrete or renderings from building facades in recent months. We will continue to collaborate with the URA to provide owners with technical and financial support for building repairs. In addition, the Buildings Department (BD) will, starting from this quarter, initiate prosecution against owners' corporations (OCs) or owners who have not complied with notices served under the Mandatory Building Inspection Scheme (MBIS) and where there is a lack of progress. Moreover, we will comprehensively review the policy in the following three directions. First, adopt a more precise approach in selecting target buildings for issuance of the MBIS notices. Second, proactively identify higher-risk buildings, and enhance the capabilities of the BD to inspect such buildings and carry out emergency repair works through outsourcing. Third, review the workflow of various stages of Operation Building Bright 2.0 to provide practical assistance and urge owners or OCs who have applied for the subsidy to expedite actions, such as streamlining the procedures for engaging professionals to speed up building inspections and commencement of the works concerned. The DEVB will put forth specific recommendations along the above directions in the first quarter of next year.

105. The Government will put forth proposals next year to amend the Buildings Ordinance, with a view to increasing its deterrent effect. We will explore streamlining prosecution procedures and lowering the prosecution threshold,

as well as raising the penalties against non-compliance with notices served under the MBIS and the Mandatory Window Inspection Scheme, repair and investigation orders, unauthorised building works and other illegal building works. The Government will also strengthen the registration and disciplinary systems of contractors to enhance professionalism and ensure the quality and safety of works.

106. To promote good building management, the Government will introduce a bill into the LegCo later this year to amend the Building Management Ordinance to strengthen the regulation of OCs in respect of large-scale maintenance projects, minutes of meetings, financial statements, etc. The Fire Services Department will also establish a support centre by the end of this year to provide support in complying with requirements of the relevant legislation on enhancing fire safety of old buildings.

Kau Yi Chau Artificial Islands

107. The Kau Yi Chau Artificial Islands will provide 1,000 hectares of land, creating a new central district with liveable, smart, green and resilient development strategies. The Kau Yi Chau Artificial Islands will also connect the Hong Kong Island, Lantau Island, the airport, New Territories West and even Qianhai of Shenzhen. The Government will commence the environmental impact assessment process this year. The newly established Committee on the Financing of Major Development Projects will put forward proposals on the financing arrangements for the reclamation of the Kau Yi Chau Artificial Islands, associated infrastructure and strategic transport infrastructure development. We also plan to set up a gallery to showcase our major construction projects including the Northern Metropolis and the Kau Yi Chau Artificial Islands.

Strengthen Transport Network

Major Transport Infrastructure Development Blueprint

108. The Government has completed public consultation on the Three Railways and Three Major Roads proposals (Note 4) recommended under the Strategic Studies on Railways and Major Roads beyond 2030, announced last year. In the Hong Kong Major Transport Infrastructure Development Blueprint, to be published by the end of this year, the Government will outline the implementation of all major transport infrastructure, with a view to improving our railway and major road networks. The blueprint will include the enhanced Three Railways and Three Major Roads proposals, and new projects including two railways and one major road. The enhanced proposals include the provision of three intermediate stations at Northeast Tsuen Wan, Northeast Kwai Chung and Tsuen King Circuit on the Central Rail Link and transit to the Tsuen Wan Line. The new two railways and one major road will be conducive to the development of new towns in the eastern part of the Northern Metropolis. These include:

(i) Northern Link Eastern Extension—Extending the Northern Link to Ping Che via Lo Wu South and Man Kam To areas, connecting NDAs and different boundary control points;

(ii) Northeast New Territories Line—Providing a north-south railway from Heung Yuen Wai to Fanling Station of the East Rail line, via Ping Che and Queen's Hill areas, linking major development nodes; and

(iii) Northern Metropolis Highway (New Territories North New Town Section)—Extending the Northern Metropolis Highway from Fanling North to the east to connect Sha Tau Kok Road Interchange, enhancing east-west connectivity in the New Territories North.

Construct Smart and Green Mass Transit

109. Taking into consideration of "SkyShuttle", "Autonomous Rail Rapid Transit" and "Bus Rapid Transit", I have decided to implement smart and green mass transit in the following areas:

(i) East Kowloon—Connecting Kwun Tong uphill areas, including Choi Wan, Shun Lee, Shun On, Sau Mau Ping, Po Tat and Ma Yau Tong, to facilitate access to the MTR Choi Hung Station and Yau Tong Station, improving the overall transportation of East Kowloon and unleashing development potential;

(ii) Kai Tak—Connecting the Kai Tak runway area to the MTR Kai Tak Station to strengthen connections among the residential and commercial developments, including facilities focused on tourism, culture and recreation, sports and the community in general; and

(iii) Hung Shui Kiu/Ha Tsuen—Running through Hung Shui Kiu/Ha Tsuen NDA and Yuen Long South Development to provide connections to the Tuen Ma Line, the Light Rail, and major public transport interchanges.

110. The Government will commence the preparatory work, including planning, investigation and design work, for the above projects and invite suppliers and operators to submit expressions of interest for the projects in East Kowloon and Kai Tak next year so as to finalise the details, including tender conditions.

Note 3: As an alternative to the conventional mechanism for premium assessment (i.e. individual premium assessment based on the circumstances of each case), the arrangement for charging land premium at "standard rates" provides certainty on land premium through promulgation of a set of standard rates on land premium in advance.

Note 4: Namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai), the Central Rail Link, the Tseung Kwan O Line Southern Extension, the Northern Metropolis Highway, the Shatin Bypass and the Tseung Kwan O-Yau Tong Tunnel.

(To be continued.)

Result of tenders of RMB Sovereign Bonds held on October 25, 2023

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

Result of the tenders of RMB Sovereign Bonds held on October 25, 2023:

Tender Result

Tender Date : October 25, 2023

Bonds available for Tender : 2-year RMB Bonds

Issue Number : BCMKFB23013 (Re-open)

Issue and Settlement Date : October 27, 2023

Maturity Date : June 16, 2025 (or the closest coupon payment date)

Coupon Rate : 2.20 per cent

Application Amount : RMB 10,812 million

Issue Amount : RMB 4,000 million

Average Accepted Price : 99.44

Lowest Accepted Price : 99.29

Highest Accepted Price : 101.13

Allocation Ratio : Approximately 20.27 per cent

Tender Result

Tender Date : October 25, 2023

Bonds available for Tender : 3-year RMB Bonds

Issue Number : BCMKFB23014 (Re-open)
Issue and Settlement Date : October 27, 2023
Maturity Date : June 16, 2026 (or the closest coupon payment date)
Coupon Rate : 2.30 per cent
Application Amount : RMB 11,495 million
Issue Amount : RMB 5,000 million
Average Accepted Price : 99.08
Lowest Accepted Price : 98.87
Highest Accepted Price : 101.94
Allocation Ratio : Approximately 19.88 per cent

Tender Result

Tender Date : October 25, 2023
Bonds available for Tender : 5-year RMB Bonds
Issue Number : BCMKFB23019 (Re-open)
Issue and Settlement Date : October 27, 2023
Maturity Date : August 4, 2028 (or the closest coupon payment date)
Coupon Rate : 2.52 per cent
Application Amount : RMB 9,412 million
Issue Amount : RMB 4,000 million
Average Accepted Price : 98.91

Lowest Accepted Price : 98.54
Highest Accepted Price : 104.22
Allocation Ratio : Approximately 22.09 per cent

Tender Result

Tender Date : October 25, 2023
Bonds available for Tender : 10-year RMB Bonds
Issue Number : BCMKFB23015 (Re-open)
Issue and Settlement Date : October 27, 2023
Maturity Date : June 16, 2033 (or the closest coupon payment date)
Coupon Rate : 2.71 per cent
Application Amount : RMB 7,259 million
Issue Amount : RMB 3,000 million
Average Accepted Price : 98.81
Lowest Accepted Price : 98.00
Highest Accepted Price : 108.49
Allocation Ratio : Approximately 37.33 per cent

[CE's speech in delivering "The Chief Executive's 2023 Policy Address" to](#)

LegCo (6)

VI. Earnestly Address People's Concerns and Difficulties in Daily Life

Land and Housing as the Top Priority

Policy Vision

89. Sufficient supply of land and housing is the key to making Hong Kong a better place for living and working. The Government is taking all possible steps to spearhead land production, and we are seeing signs of improvement in housing supply. We have identified sufficient land to meet housing demands in the coming 10 years, resolving the long-term housing shortage. To improve our living environment, we will focus on a few other long-standing housing concerns, including sub-divided units (SDUs), urban renewal, building safety, etc.

First-Year Progress

90. Measures put forward in my last Policy Address to enhance the quantity, speed, efficiency and quality of public housing supply are making good progress, as follows:

(i) the average waiting time for public rental housing (PRH) has been capped and reduced from the peak of around six years to 5.3 years. We are on track to meet the target of reducing the composite waiting time to 4.5 years by 2026-27, reversing the rising trend of many years;

(ii) under the PRH Advance Allocation Scheme, more than 2 000 PRH units will be completed in the first half of 2024, advancing the completion by about five to eight months and enabling PRH applicants to move in earlier;

(iii) the first batch of about 2 100 Light Public Housing (LPH) units will be completed in 2024-25, and about 30 000 units will be completed by 2027-28, to alleviate the severe shortage of supply in the coming five years. The supply of PRH in the second five-year period will increase significantly as a result of the Government's efforts to speed up and expand housing production, shortening the waiting time substantially; and

(iv) the Private Subsidised Sale Flat Pilot Scheme has been launched. Starting from 2023-24, three sites will be put up for tender for private developers to develop subsidised sale flats (SSFs), with the first two tender sites providing at least 2 000 units.

91. The Housing Bureau will release the Long Term Housing Strategy (LTHS) Annual Progress Report in end-October. The public housing demand for the next 10 years (from 2024-25 to 2033-34) is 308 000 units. The Government has identified sufficient land for developing about 410 000 public housing units, i.e. about 100 000 units above the supply target. This will substantially shorten the waiting time for PRH. In the next five years (from 2024-25 to 2028-29), total public housing supply, including LPH, will reach 172 000

units. Compared with the five-year period at the beginning of the current-term Government (from 2022-23 to 2026-27), an additional of 67 000 households will be benefitted (Note 1).

92. As for overall land supply, it is estimated that there will be more than 7 000 hectares of land supply in the 30-year period up to 2048. After taking into account the projected land demand, there will be a land reserve of at least 1 000 hectares. To keep track of our land production, the Government released, for the first time, a 10-year supply forecast of developable land (spade-ready sites) last year. Based on the latest data, the supply of spade-ready sites will reach 3 370 hectares in the next 10-year period (from 2024-25 to 2033-34), with an increase of 90 hectares compared to the 10-year supply forecast made last year. Land production is progressing on schedule, and all such supply is from Government-led projects including the Northern Metropolis. The development of the Northern Metropolis will span across 20 years, and our target is to release all the land use and development proposals in 2024, commence land resumption by 2027, and form 40% of the new development land and complete 40% of the new flats by 2032.

Housing: Enhance Quantity, Speed, Efficiency and Quality

Public Housing

93. The Government will enhance public housing by adopting the following measures:

(i) extend the mortgage default guarantee period for SSFs in the second-hand market...The Hong Kong Housing Authority (HKHA) will relax the arrangements on mortgage default guarantee for SSFs, including extending the current maximum mortgage default guarantee period of the second-hand market from 30 years to 50 years to allow purchasers to have mortgage loans of longer tenor and help the circulation of flats;

(ii) sustain HKHA redevelopment projects...The HKHA is planning or undertaking 10 redevelopment projects (Note 2) to provide some 32 800 flats in total. It will also take the opportunity to provide additional local open space and recreational facilities in the redeveloped public housing estates;

(iii) promote smart estate management...The HKHA will select 10 PRH estates as pilot sites next year for trial adoption of such innovative technologies as the Internet of Things sensors, AI and mobile devices. These will help daily estate management; and

(iv) optimise the Modular Integrated Construction (MiC) approach to enhance speed, efficiency and quality...HKHA will continue to apply innovative construction technologies, as well as testing and improving the techniques of the MiC approach, to enhance building quality and expedite construction.

Establish a Task Force on Tackling the Issue of Subdivided Units

94. The issue of SDUs stems from the prolonged shortage of land and public housing, which is a very complicated and requires meticulous planning to

resolve. The Government has been increasing the overall supply of public and private housing. In particular, the supply of PRH units in the coming decade will exceed the supply target projected in the LTHS, making it an opportune time to resolve this long-standing problem.

95. There are currently about 220 000 people living in around 110 000 SDUs. According to a preliminary survey, many SDUs offer undesirable living conditions, and most occupants are awaiting PRH allocation. That said, certain SDUs offer a slightly better living environment, and some occupants therein may have higher incomes and even possess properties, having opted to live in SDUs because of the convenient locations for going to work or study.

96. I will establish a Task Force on Tackling the Issue of Subdivided Units, led by the Deputy Financial Secretary, with the Secretary for Housing as deputy. I will assign the task force to study the issue in detail, presenting recommendations along the following directions in 10 months' time:

(i) set the minimum standards of living conditions for SDUs in terms of their building safety, fire safety and hygiene requirements, living space, etc.;

(ii) suggest measures to eradicate substandard SDUs;

(iii) prevent the resurgence of substandard SDUs; and

(iv) put forward solutions to address the problem in an orderly manner, covering necessary administrative and legislative proposals.

Private Housing

97. According to the LTHS, the supply target for private housing in the next decade is projected to be 132 000 units. The Government will make available sufficient land in the next five years to provide about 80 000 units.

98. While stabilising the supply of private housing, the Government continues to offer SSFs including the Home Ownership Scheme (HOS), the Green Form Subsidised Home Ownership Scheme (GSH), the Starter Homes for Hong Kong Residents, and the new Private Subsidised Sale Flat – Pilot Scheme, etc. This overall framework enriches the housing ladder that bridges the public housing and private housing markets.

Adjust the Demand-side Management Measures for Residential Properties

99. Against the backdrop of tight housing supply and solid demand for property purchase, the Government has since 2010 introduced several rounds of demand-side management measures to curb short-term speculation activities and reduce external demand. This has been done to ensure the steady development of the property market and accord priority to the home ownership needs of the people of Hong Kong. Nonetheless, over the past year, interest rates have risen significantly, various economies have shown moderated growth, and transactions of the local residential property market have declined alongside a downward adjustment of property prices.

100. With the increasing housing supply in Hong Kong in the coming years and

having considered the overall situation, the Government has decided to, with immediate effect from today, make the following adjustments to the demand-side management measures for residential properties:

(i) shorten the applicable period of the Special Stamp Duty (SSD) from three years to two years. In other words, if a property owner disposes of his/her property two years after acquisition, he/she will no longer need to pay the SSD, which amounts to 10% of the property price;

(ii) reduce the respective rates of the Buyer's Stamp Duty (BSD) and the New Residential Stamp Duty (NRS) by half, from 15% to 7.5%. This arrangement will help alleviate the financial burden on Hong Kong Permanent Residents (HKPRs) who have already owned residential properties in their acquisition of another residential property, as well as reduce the costs of non-HKPRs in their acquisition of residential properties; and

(iii) introduce a stamp duty suspension arrangement for incoming talents' acquisition of residential properties. This is an enhancement of the stamp duty refund arrangement introduced last year for eligible incoming talents, whereby an incoming talent is required to pay the BSD and the NRS at the time of property acquisition and will get a refund of the stamp duty paid when the talent concerned has resided in Hong Kong for seven years and become a HKPR. Under the suspension arrangement, the payment of stamp duty concerned is suspended at the time of property acquisition, but the talent is required to pay the relevant amount if he/she is subsequently unable to become a HKPR. This new arrangement applies to any sale and purchase agreement entered into from today onwards.

The Government will continue to closely monitor the property market to ensure its healthy and steady development.

Note 1: For the five-year period at the beginning of the current-term Government (from 2022-23 to 2026-27), the overall supply of public housing units was about 105 000 units.

Note 2: Including Pak Tin Estate (older part), Mei Tung Estate (older part), Wah Fu Estate, Sai Wan Estate, Ma Tau Wai Estate, Shek Lei Interim Housing, Yip On Factory Estate, Sui Fai Factory Estate, Wang Cheong Factory Estate and Kwai On Factory Estate.

(To be continued.)

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Executive's 2023 Policy Address" to LegCo (5)

Move Ahead with the Northern Metropolis as the New Engine for Growth

78. The Northern Metropolis is a new engine for Hong Kong's future growth. Upon full development, it will provide about 500 000 new housing units and create 500 000 new jobs. Adopting an "industry-driven and infrastructure-led" approach as its key planning axle, the Northern Metropolis will forge a major hub for Hong Kong to integrate into the overall development of our country.

Northern Metropolis Action Agenda

79. The Government will shortly publish the Action Agenda for the Northern Metropolis. It will integrate deeply with the planning of Shenzhen and other GBA cities. From the west to the east, the Northern Metropolis will be divided into the following four major zones:

(i) high-end professional services and logistics hub—Covering Hung Shui Kiu and the surrounding area, and connecting with the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone, the hub will provide financial and professional services, on top of capitalising on the locational advantages of the boundary control points (BCPs) for developing the modern logistics industry;

(ii) I&T zone—Covering San Tin Technopole including the Hong Kong-Shenzhen Innovation and Technology Park in the Loop, it will create synergy with the Shenzhen Innovation and Technology Zone and serve as a hub for I&T development;

(iii) boundary commerce and industry zone—Occupying the largest stretch of land, this zone enjoys the geographic advantages of the BCPs at Lo Wu, Man Kam To and Heung Yuen Wai. Apart from driving the development of industries such as advanced construction, green environment industries, health care, food technology and modern logistics, this zone will promote cross-boundary business services and entertainment spending, giving full play to its powerful function as a BCP commercial zone; and

(iv) blue and green recreation, tourism and conservation circle—Comprising areas endowed with rich cultural heritage and natural resources, such as Robin's Nest, Sha Tau Kok and Yan Tong Chau, this circle will promote recreation and tourism development.

80. The Northern Metropolis will be steered towards the development of different industries to promote economic and social development. Initiatives include: reserving sites in Hung Shui Kiu, the New Territories North New Town, etc. for the development of post-secondary institutions to build the Northern Metropolis University Town; reserving sites in Kwu Tung North, Hung Shui Kiu, etc. for government offices buildings to accommodate government

departments including those relocating from the Harbour Metropolis; and providing iconic cultural and arts facilities in San Tin Technopole, New Territories North, etc. Keeping in view the demand and supply of international school places, we will reserve sites in the Northern Metropolis for the development of international schools to meet the education needs of non-local families. We will also take forward the establishment of Sam Po Shue Wetland Conservation Park, featuring the integration of development with conservation.

81. We will leverage market forces to expedite the development of the Northern Metropolis. We will extend the "Enhanced Conventional New Town Approach" to all NDAs and improve its operational arrangements, such as applying the land exchange arrangements to designated sites for industries and private community/welfare facilities, and facilitating landowners owning 90% or above of private land within a development site to carry out consolidated development.

82. Having reviewed the plan to build a public columbarium at Sandy Ridge in the North District, the Government will change the use of the two-hectares site for I&T and related purposes given the sufficient supply of public niches in the future.

The Development Plan for Shenzhen Park of Hetao

83. The Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone is the convergence point of the Northern Metropolis and the Guangzhou-Shenzhen innovation and technology corridor. The Central Government promulgated in August the Development Plan for Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, setting out the development positioning of the Shenzhen Park. The HKSAR Government will render its full support and work with the Shenzhen Municipal Government to foster the synergistic development of the Hong Kong Park and the Shenzhen Park. Innovative measures under exploration are as follows:

(i) providing travel convenience for R&D personnel by, for example, enabling those who have pre-registered to enjoy streamlined access between the two parks, and adopting technology to facilitate faster movement, such as the use of facial recognition technology to achieve contactless clearance;

(ii) facilitating cross-boundary capital flow within the Hetao Co-operation Zone;

(iii) facilitating exchanges on data and samples (including clinical biological samples) collected for research or trials;

(iv) capitalising on Hong Kong's advantages in convening international talents to play leading roles in participating in the work of the Hetao Co-operation Zone; and

(v) taking forward frontier technological research and expediting pilot production and transformation in support of the development of the Hetao Co-operation Zone. An example is the establishment of a public R&D service

platform for biomedicine to dovetail with the development of the Greater Bay Area International Clinical Trial Centre in Shenzhen Park.

84. The spatial planning of the Northern Metropolis, particularly the San Tin Technopole, will align with the development positioning of the Hetao Co-operation Zone. It will also fully integrate with the strategy on enhancing Hong Kong's I&T competitiveness to pave way for the future development of the Hetao Co-operation Zone in a forward-looking manner. Out of the about 600 hectares of development land in the San Tin Technopole, half is for I&T use. We will ensure that policies on cross-boundary supporting infrastructure, land approval, public-private partnership, etc. are in active support of the relevant development to achieve synergy.

Revitalise Tourism

85. Tourism is one of the major driving forces of Hong Kong's economy. The Central Government also fully supports the enhanced collaboration between the Mainland and Hong Kong on tourism. The recently launched "Night Vibes Hong Kong" has boosted the city's vibrancy and vitality, bringing novel experience to our residents and visitors, and showcasing the unique charm of Hong Kong as a metropolis. We will continue our efforts to co-ordinate with the concerned sectors in creating new attractions with characteristics at suitable locations. CSTB will also enhance its efforts in promoting the development of tourism and related industries, such as retail, catering and hotels, including:

(i) formulate the Development Blueprint for Hong Kong's Tourism Industry 2.0. We will consult the trade in order to make enhancements in various aspects to complement tourism development. The Blueprint 2.0 will be published next year;

(ii) develop signature tourism products. The Cultural and Heritage Sites Local Tour Incentive Scheme will be transformed into the Characteristic Local Tourism Incentive Scheme to provide more in-depth itinerary design, training, etc., with a view to encouraging the trade to develop more thematic tours, including national history tours, green ecology tours, marine tours, traditional culture tours, pop culture tours, intangible cultural heritage experiences, night time adventure, etc., to showcase the diversified cultural landscape of Hong Kong;

(iii) enhance cruise tourism development. Through creating demand in source markets, developing cruise tourism products and improving support infrastructure in the vicinity of the Kai Tak Cruise Terminal, we strive to attract more cruise ships to Hong Kong and strengthen Hong Kong's competitiveness as Asia's cruise hub in the long run. An action plan on the development of cruise tourism economy will be announced in the first half of 2024;

(iv) promote smart tourism. An inter-departmental Working Group on Smart Tourism will be set up under CSTB to formulate and implement initiatives to promote smart tourism, including launching a new round of Information Technology Development Matching Fund Scheme for Travel Agents, adopting

technologies to enhance visitors' experience (such as augmented reality), driving tourist attractions to provide multilingual virtual guides, and making use of smart technologies to strengthen management of inbound tour groups; and

(v) establish Sha Tau Kok Cultural Tourism Zone—Starting from early next year, we will gradually open up the Sha Tau Kok Frontier Closed Area (excluding Chung Ying Street). In the initial stage, visitors can apply online for Closed Area Permits to enter Sha Tau Kok for sightseeing. This will promote cultural and eco-tourism of Sha Tau Kok and nearby outlying islands. We will also explore with the Shenzhen Municipal Government the feasibility of developing a cultural tourism zone in Sha Tau Kok on the Hong Kong side and Shatoujiao on the Shenzhen side, including exploring arrangements to facilitate access to the cultural tourism zone by visitors of both sides.

Promote the New Energy Transport Industry

86. The Government will make every effort to promote the use and supply of new energy in sea, land and air transport so as to spearhead green transformation of the relevant trades. We will also explore the development of new energy industrial chains to promote green economy. We will:

(i) develop a green maritime fuel bunkering centre—We will study the feasibility of providing green methanol bunkering for both local and ocean-going vessels, and promulgate next year an action plan for the construction of bunkering facilities and development of supply chains. We will also take forward the preparatory work, including technical studies and installations, on providing liquefied natural gas (LNG) bunkering for ocean-going vessels;

(ii) promote the supply of sustainable aviation fuel (SAF)—With the increasing use of SAF by airlines around the world, the AAHK will formulate an action plan to drive the use of SAF in Hong Kong. The Government will monitor the development trend closely for forward-looking planning;

(iii) support green transformation of public land transport—Between the end of this year and next year, we will continue to test out more new energy vehicles, including electric public light buses, electric heavy goods vehicles, electric coaches, hydrogen double-deck buses and hydrogen street washing vehicles. We will earmark \$50 million to subsidise the trade to purchase wheelchair accessible electric taxis. In the first half of 2024, we will formulate a citywide green transformation roadmap and timetable for public buses and taxis, with a view to achieving zero vehicular emissions by 2050. Besides, we will provide support to realise our goal of introducing about 700 electric buses and about 3 000 electric taxis by end-2027;

(iv) promote the use of electric private cars—The first registration tax concession arrangements for electric vehicles have borne fruit. Over 60% of newly registered private cars in the first half of this year were electric. The growth rate is among the fastest in the world. The Government strives to expand the network of charging facilities, and aims to increase the number of public and private parking spaces with charging infrastructure

to about 200 000 by mid-2027. To expedite the expansion of the private charging network, the Government will, from the end of this year, marketise the free charging services currently provided in government carparks. The Government will also refine the land lease conditions for petrol-filling stations with a view to offering incentives to retrofit electric vehicle charging facilities in the stations, and convert them into green energy refuel stations in the longer run. To this end, the Government will invite tender in the first quarter of next year for the conversion of two vacant petrol-filling station sites to charging stations; and

(v) formulate the Strategy of Hydrogen Development in Hong Kong—Hydrogen fuel can be used in the fields of transport, power generation and energy storage, as well as construction site equipment. In the field of transport, it is particularly relevant to the green transformation of commercial and heavy goods vehicles. We will formulate the Strategy of Hydrogen Development in Hong Kong in the first half of next year, and commence the preparatory work for the necessary legislative amendments pertaining to the production, storage, transportation and application of hydrogen fuel with a view to introducing a bill into the LegCo in 2025.

Promote the Sustainable Development of Agriculture and Fisheries Industries

87. In collaboration with the trade, the Environment and Ecology Bureau will publish the Blueprint for the Sustainable Development of Agriculture and Fisheries by the end of this year. Priority measures include: introducing a public-private partnership model for designated sites under the Agricultural Park Phase 2 in Kwu Tung South; setting aside a plot within the Ma On Shan Sai Sha Road Garden for launching a pilot project on modern urban farming; introducing the concept of "harvest-to-sale" and setting up modern hydroponic farms and stalls on suitable rooftops of public markets, with the first project to be set up in the Tin Shui Wai Public Market under construction; exploring the feasibility of allowing farms engaged in commercial agricultural production to offer leisure farming activities as ancillary businesses; offering government sites in Sheung Shui area to livestock farms affected by government development projects with the provision of technical and financial assistance; and providing new deep-sea cages in four new fish culture zones for rental by the fisheries industry in stages.

Streamline the Licensing Regime of Food Businesses

88. The Food and Environmental Hygiene Department will streamline the licensing regime of food businesses from the first quarter next year. The measures include: expanding the scope of the Professional Certification System, which adopts a "licence first, inspection later" approach, to cover general restaurants; introducing a "composite permit" that covers multiple restricted food items to obviate the need for separate applications; setting more lenient licence terms for farms engaged in commercial agricultural production to facilitate the sale of their cooked produce; issuing e-licences for all food business applications and providing applicants with information on the application status online; and enhancing guidelines on licence application to help reduce start-up costs of micro, small and medium-sized enterprises.

(To be continued.)