

(Translation)

Motion on
“Urging the Government to take measures for ameliorating inflation and
alleviating people’s livelihood pressure”
moved by Hon WONG Sing-chi
at the Legislative Council meeting commencing
on Wednesday, 5 January 2011

Motion as amended by Hon CHAN Kam-lam

That Hong Kong has seen rapid economic growth and the re-emergence of inflation since 2004, but the increases in wages of grass-root people have failed to catch up with increases in prices, resulting in the decline in their real wages and living standards; in the recent year or so, there has been an influx of outside capitals into Hong Kong and substantial increases in values property, bringing significant rental increases, and further boosting inflation; moreover, in the recent month, the fees and charges of many public utility services have been adjusted and the rates of increases are higher than the inflation rate, and the livelihood of the grass-root people will be very difficult; in this connection, this Council urges the Government to implement measures to ameliorate inflation and alleviate pressure on people’s livelihood; the relevant measures should include:

- (a) to set up a \$30 billion public transport fare stabilization fund to alleviate the pressure of public transport fare increases on people;
- (b) to strengthen the Food Assistance Service Projects, so as to benefit a greater number of needy persons;
- (c) to continue to freeze those government fees and charges directly affecting people’s livelihood, as well as the rents of stalls in the markets under the Food and Environmental Hygiene Department and the Hong Kong Housing Authority;
- (d) to provide short-term rental assistance for those households on the Waiting List who can meet the income and asset requirements for public rental housing but fall outside the coverage of the existing Comprehensive Social Security Assistance rent allowance;
- (e) to set up a short-term unemployment supplement for providing assistance for those low-income persons who become unemployed due to the implementation of the minimum wage system;

- (f) to provide a subsidy of \$3,600 to each of the 2.5 million or so residential electricity accounts in Hong Kong; in order to encourage the public to reduce electricity consumption, to provide a subsidy of \$1,200 to members of the public whose electricity consumption in any half-year period is 5% or more less than that for the same period of the preceding year;
- (g) to pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society;
- (h) rates concession: to waive rates for the entire year of 2011-2012, subject to a ceiling of \$3,000 per quarter for each household;
- (i) to provide two additional months of payments for recipients of Old Age Allowance (i.e. 'fruit grant'), Comprehensive Social Security Assistance and Disability Allowance;
- (j) to increase land supply and resume the Home Ownership Scheme and the Sale of Flats to Sitting Tenants Scheme, so as to increase the supply of small and medium flats, meet people's demand for home ownership, balance supply and demand in the property market, and alleviate the upward pressure of property prices and rents;
- (k) salaries tax deduction: to increase the basic allowance according to the inflation rate from the present \$108,000 to \$113,000; to increase the married person's allowance according to the inflation rate from the present \$216,000 to \$226,000; to increase the child allowance from the present \$50,000 to \$60,000; and to increase the dependant parent allowance from the present \$30,000 to \$60,000;
- (l) to comprehensively review the salaries tax regime, including studying the abolition of the standard rate for salaries tax, so that members of the public pay their salaries tax according to the marginal tax rate;
- (m) to provide members of the public with tax deductions for retirement protection savings: where members of the public purchase any retirement savings schemes the accrued benefits of which can only be claimed at the age of 65, or if they make any additional contributions to the Mandatory Provident Fund schemes, the contributions concerned may be deducted from the chargeable incomes for salaries tax, subject to a ceiling of \$20,000;
- (n) to increase the salaries tax deduction for expenses of self-education from \$60,000 to \$100,000;

- (o) to introduce anti-inflation retail bonds solely for sale to Hong Kong permanent residents and persons aged 65 or above have priority in buying such bonds, and the total value of such bonds should be about \$30 billion, with the face values of bonds ranging from \$50,000 to \$100,000 and the maturity periods ranging from two years to five years; the Government should distribute annual inflation-linked interests to the purchasers of such bonds, while the principals of the bonds should be entrusted to the Hong Kong Monetary Authority for investment; and the Government should develop the second bond market to facilitate bond redemption by members of the public; and
- (p) to extend the entitlement period for home loan interest deduction from 10 years to 15 years.