

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of meeting
on Thursday, 26 February 2015, at 11:00 am
in the Conference Room 1 of the Legislative Council Complex**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming

Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, SBS, JP
Hon TANG Ka-piu, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon James TIEN Pei-chun, GBS, JP

Hon CHAN Han-pan, JP
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan

Public officers attending:

Mr John TSANG, GBM, JP
Professor K C CHAN, GBS, JP

Ms Elizabeth TSE Man-yea, JP

Ms Esther LEUNG, JP

Mr Alfred ZHI Jian-hong

Ms Mable CHAN, JP

Mr T K YEUNG, JP

Mrs Helen CHAN, JP

Mr Raymond WU

Mr Raymond SY

Ms Susanna CHEUNG

Mr Gary POON

Financial Secretary
Secretary for Financial Services and the Treasury
Permanent Secretary for Financial Services and the Treasury (Treasury)
Deputy Secretary for Financial Services and the Treasury (Treasury)1
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Deputy Secretary for Financial Services and the Treasury (Treasury)2
Deputy Secretary for Financial Services and the Treasury (Treasury)3
Government Economist
Administrative Assistant to the Financial Secretary
Administrative Assistant to Secretary for Financial Services and the Treasury
Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (R)

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

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Item No. 1 – BRIEFING BY THE FINANCIAL SECRETARY AND THE SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY ON THE 2015-2016 BUDGET

Introduction by the Financial Secretary

At the invitation of the Chairman, the Financial Secretary ("FS") made a brief introduction on the Budget for 2015-2016. FS said that financial provisions had been earmarked in the Estimates of Expenditure to support the implementation of new policy initiatives as announced in the Chief Executive's 2015 Policy Address.

2. FS said that short-term measures were introduced in the Budget to support the sectors affected by the occupy movement, and resources were allocated to step up promotion efforts to rebuild international investors' and tourists' confidence in Hong Kong. Other one-off relief measures were also introduced to allay the burden of many citizens.

3. As regards the management of public finance, FS said that Government would continue to contain expenditure, preserve revenue base and save up in a timely manner to ensure financial stability and sustainability. FS expected that the economic outlook for 2015 would be challenging given many uncertain factors such as the interest rate rise in the United States, deflation risks in Europe and Japan, and geopolitical tensions in oil exporting countries. The Mainland's economic growth was relatively stable but faced downward pressure in 2015. The global economy as a whole would likely stay on a slow-growing path in the post-financial tsunami period.

4. FS forecasted that Gross Domestic Product ("GDP") growth would be 1% to 3% in 2015, and the labour market would be largely stable. With the softening of global commodity prices in the past year, imported inflation would remain mild. Retail sales had weakened recently and rental pressure was less

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than that in previous years. As such, FS forecasted that the underlying inflation rate for 2015 would be 3%.

5. FS concluded that, in the coming financial year, the total government expenditure was estimated to reach \$440.8 billion, where recurrent expenditure accounted for \$324.6 billion, with a forecast surplus of \$36.8 billion in the Consolidated Account.

Briefing by the Secretary for Financial Services and the Treasury

6. The Secretary for Financial Services and the Treasury gave a presentation on the 2015-2016 Budget and briefed members on the following –

- (a) the major themes of the 2015-2016 Budget, i.e. promoting diversified development of industries, augmenting competitiveness of pillar industries, overcoming limitations on development and maintaining healthy public finances;
- (b) targeted support measures to support sectors affected by the occupy movement and one-off relief measures to be implemented in 2015-2016;
- (c) support measures for small and medium enterprises ("SMEs");
- (d) estimates of government revenue for 2015-2016;
- (e) estimates of recurrent government expenditure on various policy area groups for 2015-2016;
- (f) trend of the fiscal reserves; and
- (g) medium range forecast covering the five years from 2015-2016 to 2019-2020.

7. In view of the number of members who had indicated intention to speak, the Chairman directed that members' speaking time, including the Administration's response, should be limited to four minutes each.

Targeted support measures for sectors affected by the occupy movement

8. Ms Claudia MO queried the absence of short-term relief measures to support the Hong Kong Tramways Limited which was most affected by the occupy movement. FS replied that Government had maintained liaison with

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the Hong Kong Tramways Limited and would consider providing appropriate support if necessary.

9. Ms Claudia MO asked how the Administration quantified the impact of the occupy movement on the business environment and how the Administration came up with the package of support measures costing \$290 million. FS responded that the atmosphere for operating business in general had been affected by the occupy movement. For example, the total retail sales value in September 2014, i.e. before the occupy movement, increased by 4.8%, but slowed down to an increase of 1.4% in October 2014 and fell by 3.9% in December 2014.

10. Mr WONG Kwok-hing welcomed the 2015-2016 Budget, which had incorporated some of the recommendations from the Federation of Trade Unions. He asked whether FS would introduce further short-term measures to help taxi and mini-bus drivers who were affected by the occupy movement.

11. Miss Alice MAK asked whether assistance would be provided to taxi drivers affected by the occupy movement in the forms of tunnel toll concession or gasoline coupons. Miss MAK expressed concern that while the Administration provided various one-off measures, the Administration would increase the burden of the working population by raising fees and charges for use of government services and by importing foreign labour.

12. FS said that he understood that there were less privileged people in the community who might be in need of support from Government. In this connection, FS had had discussion with the Chief Secretary, who was prepared to consider using the resources available in the Community Care Fund to provide support to those in need but were not covered by the measures under the current Budget.

13. The Chairman said that the Liberal Party supported the Budget. He relayed the views of Mr Frankie YICK that the transport sector was not satisfied with the proposed short-term relief measure of waiving the fees for vehicle examination once for the renewal of licences of certain types of commercial vehicles. The transport trade indicated that they had made significant contribution by seeking injunctions against participants of the occupy movement at their own expense. However, the short-term measures proposed by the Administration were not commensurate with the trade's efforts. The transport trade considered that the Administration had not given them due recognition.

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14. FS responded that Government was alive to the difficulties faced by commercial vehicle operators. FS remarked that among the four targeted support measures, the total amount involved for waiver of fees for vehicle examination was the largest.

Broadening of the tax base

15. Mr WONG Kwok-hing asked whether the Administration would consider introducing progressive profits tax or capital gain tax as a means to broaden the tax base. FS advised that the current tax regime was developed having regard to many factors, including ease of implementation, etc. FS pointed out that while Government had an open mind to new suggestions, there was already a progressive tax element in Hong Kong's tax regime. He added that the top 5% of payers of salaries tax and profits tax accounted for about 60% and 80% of the revenue from these two taxes respectively.

16. Mr IP Kwok-him expressed concern that in case the Administration was considering introducing sales tax, it should consult the community thoroughly. FS said that introducing sales tax was one possibility to broaden the tax base. Government would continue to examine other options as appropriate.

Review of fees and charges

17. Dr Kenneth CHAN criticized FS for being merely a keeper of accounts without showing any vision in promoting the welfare and interests of people in Hong Kong. Dr CHAN said that the Administration should not increase fees and charges for government services when the Administration expected surplus to be achieved in the coming financial years, and when there was a huge fiscal reserve.

18. FS said that it was Government's policy to recover the cost of providing services as far as possible and to set the level of fees and charges for those services under the "user pays" principle. This approach would enable Government to have more resources to provide new services for the community.

19. Mr TAM Yiu-chung commented that while he found the "user pays" principle and the need of cost recovery reasonable, he considered that the Administration should also pursue other objectives such as taking care of the elderly or to encourage their family members to participate in certain activities organized by Government. For these services, full cost recovery should not be the only policy goal to be pursued. Mr IP Kwok-him also expressed strong

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reservation over the Administration's move to review livelihood-related fees and charges to achieve cost recovery.

20. Mr TANG Ka-piu said that it was not appropriate for the Administration to increase the fees and charges on government services at present when there was uneven distribution of income in the society and many small enterprises were experiencing hardships in their operations.

21. Mr CHAN Chi-chuen criticized the Administration's proposal to review fees and charges of government services. He queried why the Administration had to recover cost for services provided but refused to levy land departure tax on non-Hong Kong residents.

Flexible working arrangements

22. Noting that FS would encourage employers to introduce more flexible working arrangements, Dr Kenneth CHAN said that the Administration should substantiate such position by introducing concrete policy measures. He commented that the Administration should not import labour at the expense of local workers when it had yet to implement flexible working arrangements. FS responded his mission was to maintain a favourable business environment, promote sustainable economic development, and make available diverse and quality job opportunities to enable citizens to lead better and more fulfilling lives.

Diversification of the economy

23. Miss CHAN Yuen-han criticized the Administration for lacking concrete plans to achieve its stated objective of diversifying industrial development in Hong Kong. While she supported the introduction of Food Trucks, Miss CHAN said that a high-level steer within the Administration was necessary to ensure commitment and co-operation of the bureaux and departments concerned. FS responded that the Commerce and Economic Development Bureau would look into the feasibility of this proposal, taking into account overseas experience.

24. Mr TAM Yiu-chung suggested that the Administration should work with the Commission on Poverty to deliver hot meals to elderly people in remote areas by Food Trucks.

25. Miss CHAN Yuen-han welcomed the Administration's initiative to invest \$500 million to launch a series of pilot measures to promote the development of the fashion industry. However, Miss CHAN said that the

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Administration should adopt a "through train" approach to nurture potential fashion designers. For example, the Administration should consider setting up platforms to showcase successful designs, develop manufacturing bases and distribution channels to support local designers, and to provide outlets for designed products. FS responded that the textile and apparel industry was important to Hong Kong and Government would continue to consider suitable measures to promote its sustained development.

26. Ms Cyd HO commented that it was more important for the Government to encourage manufacturers to set up their base in Hong Kong to support the fashion industry. Ms HO asked if the Administration had plans to provide land to encourage manufacturers to move their operations back to Hong Kong.

27. FS responded that Hong Kong had undergone economic restructuring and had reached a new stage in economic development. While operating manufacturing factories in Hong Kong might not be financially feasible due to cost considerations, Hong Kong manufacturers could still carry out other production processes in Hong Kong through the logistics and supply chain management support available in Hong Kong.

Beneficiaries of budget measures

28. Mr IP Kwok-him expressed support for the general direction of the Budget and the measures that would benefit the middle-class population. Mr IP commented that the asset threshold to qualify for assistance under the Samaritan Fund to purchase medication not provided under the Drug Formulary of the Hospital Authority was low, and in effect many middle-class patients suffering from chronic illness had to exhaust their means before they could receive assistance. Mr IP requested the Administration to review the matter.

29. Mr TAM Yiu-chung suggested that more resources should be provided to improving medical and health services so that patients with chronic illness could be provided with necessary medication and stress on health care manpower could be alleviated.

30. FS responded that not only did the Budget propose various one-off measures targeted at the middle-class population, but it also included a package of measures that addressed the needs of different sectors of the community. He added that the total government expenditure had reached \$440.8 billion in the financial year 2015-2016 and there would be a significant increase in expenditure in areas relating to people's livelihood.

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31. Mr Ronny TONG commented that the 2015-2016 Budget was putting too much emphasis on promoting commercial and economic development. Measures that addressed the needs of grassroots communities were restricted to one-off relief measures. The Administration had not implemented measures to improve upward mobility of young people.

Resources to improve livelihood of the community

32. Ms Emily LAU commented that the Administration should invest more on infrastructure and on improving the livelihood of the community. She said that resources should be allocated to implement free kindergarten education, increase public-funded university places for undergraduate students, improve manpower supply in public health and hospital services and expand public housing supply. FS responded that Government had been trying to address the various needs of the community within the constraint of resources. He added that the total government expenditure had more than doubled since 1997. The total government expenditure and recurrent expenditure in 2015-2016 had increased by 11% and 6% respectively as compared with those of the previous financial year.

33. FS supplemented that the commitment in various capital works in the financial year 2015-2016 would be around \$70 billion, and Government was spending a total of more than \$80 billion on new hospitals and major renovation of existing hospitals.

34. Referring to FS's comments in the "Concluding Remarks" section of the Budget speech regarding the need to resolve conflicts through conversation rather than confrontation, Dr LAM Tai-fai asked what tangible measures the Administration would adopt to maintain a dialogue with stakeholders to resolve controversial issues. Mr Alan LEONG raised a similar query.

35. FS stressed the importance of maintaining dialogue with stakeholders of various policy initiatives to avoid conflicts. FS said that in a pluralistic society, it was normal for people to have different exposure and different experience. It was important for people in the community to be able to accommodate dissenting views.

36. FS added that in the process of preparing the 2015-2016 Budget, he had communicated with the Chief Executive and various bureaux and departments. Care had been taken to ensure that resources were to be allocated to meet the needs of implementing new initiatives and associated supported measures, and to ensure sustainability of those measures.

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37. Mr IP Kin-yuen commented that there had not been significant growth in the resources allocated for education. He said that in the past 20 years, the expenditure on welfare had increased by 2.5 times whereas the spending on healthcare services had increased by 1.4 times. By comparison, spending on education had increased by 1.1 times only. Mr IP asked if the Administration would accord priority in allocating resources to improve education services.

38. FS responded that Government was very concerned about the development of education, and the spending on education was the highest amongst different policy areas. About 22% of the recurrent government expenditure was on education, whereas that on welfare services was about 18%.

39. Mr LEE Cheuk-yan criticized the Administration for ignoring the needs of the community. Despite having a large and increasing fiscal surplus, the Administration was not willing to increase recurrent resources in improving livelihood-related services such as education or medical services. FS responded that, from 1997 to the present, the total government expenditure had increased by more than 110%, and about 60% of the recurrent expenditure was related to education, healthcare and social welfare services.

40. Mr Ronny TONG noted that the Administration would subsidize, on a pilot basis, 1 000 students per cohort to pursue designated self-financing undergraduate programmes. He enquired about the progress of the implementation of the measure and asked if the Administration should provide resources to increase the number of subsidized undergraduate places. Mr TONG also asked if the Administration would consider similar policy as Taiwan to subsidize the public transport cost of first eight kilometres for each commuter.

41. FS advised that Government was ready to implement the pilot scheme to provide subsidies to 1 000 students to pursue designated self-financing undergraduate programmes. The objective of the scheme was to address the mismatch of manpower supply in certain industries. However, whether the overall number of subsidized undergraduate places should be increased would depend on the prevailing education policy and the associated education measures.

42. Ms Cyd HO said that the Administration should not merely pursue GDP growth when introducing economic development measures. Instead, it should seek to improve the quality of living of the community.

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One Belt One Road and the Future Fund

43. Mr Jeffrey LAM commended FS for having incorporated into the Budget the suggestions of the Business and Professionals Alliance for Hong Kong. Mr LAM said that the Central Government's initiatives of building the Silk Road Economic Belt and the 21st century Maritime Silk Road ("One Belt One Road") would provide valuable opportunities for Hong Kong. He asked whether the Administration had explored with the Mainland authorities on how Hong Kong could participate in the planning and implementation of various initiatives along One Belt One Road. Mr LAM also asked if the Administration had set any target returns for the Future Fund.

44. FS explained that Hong Kong could leverage on its competitive edges in logistics, commerce, professional and financial services to help Mainland companies to open up new markets in Asia and Europe.

45. Mr WU Chi-wai sought clarification from the Administration on whether the proposed Future Fund would only be used to finance infrastructure projects rather than being used to tackle structural deficit issues. FS said that the proposed Future Fund could be used to finance infrastructure projects. He explained, amongst others, that it would not be appropriate to use the Future Fund to finance recurrent operations or services. Government was considering the investment strategies of the Future Fund so as to earn higher returns.

Forecasted fiscal surplus and deficit

46. Mr SIN Chung-kai criticized FS for having consistently under-estimated government revenue year after year and as a result, the Administration had, to date, accumulated a huge fiscal reserve. Mr SIN queried whether the structural deficit that FS forecasted to emerge in 10 years' time would actually happen. He considered it might be more probable that Hong Kong had a "structural surplus" instead.

47. FS stressed the importance of economic development without which Hong Kong would not have the means to meet future challenges. FS said that "structural surplus" as Mr SIN Chung-kai suggested would not happen. The data as presented in the report of the Working Group on Long-Term Fiscal Planning, released in 2014, indicated that with an ageing population and slowing economic growth, government expenditure would keep growing at a faster pace than that of revenue and the economy. If this trend persisted, structural deficits would surface within 10 years.

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48. Mr CHAN Kin-por said that, as according to the Administration's forecast, there would be fiscal surplus in each of the coming five years, the Administration could implement measures which might reduce Government revenue in the short term but would enable the Government to receive a higher return in the long run. Examples of these included tax concession for international corporations to set up regional headquarters in Hong Kong or profits tax relief which would enhance Hong Kong's competitiveness.

49. FS responded that Government's medium range forecast had not taken into account any new initiatives or new policies that would be implemented in the coming years. The forecast would be different if these new initiatives were factored in. FS also cautioned that any tax concession measure might complicate the existing simple tax regime and would affect government revenue.

50. Mr CHAN Chi-chuen also queried the validity of the forecasted structural deficit given FS's consistent under-estimation of fiscal surplus in the last seven years. FS advised that the Working Group on Long Term Fiscal Planning, which consisted of experts in relevant fields, concluded that structural deficit would emerge as a result of the ageing population and declining Government revenue.

Promotion of financial services

51. Mr NG Leung-sing commented the Budget was pragmatic and visionary. He supported the setting up of the Future Fund so as to make available resources for investment on necessary infrastructure in times of economic downturn.

52. Mr NG Leung-sing noted that to comply with the latest global standards to combat cross-border tax evasion, the Administration would consult the financial sector in the second quarter of 2015 and introduce an amendment bill to the Legislative Council in 2016 to reflect the new global standard. The bill would require financial institutions to report, on a regular basis, to the Inland Revenue Department specified financial accounting information. Mr NG said that the Administration should ensure healthy development of the local financial sector, so that it would remain competitive under the new regulatory regime. Mr NG also welcomed the development of off-shore Renminbi business in Hong Kong, and he requested the Administration to introduce more supportive measures.

53. Mr Christopher CHEUNG commended the Administration for working with the financial sector to stage road shows in the Mainland to

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promote Hong Kong's securities market to Mainland investors. He said that such efforts would benefit Hong Kong's financial sector.

54. Mr Christopher CHEUNG noted that the Administration planned to inject \$1.5 billion into the Small and Medium Enterprise Export Marketing and Development Funds ("the SME Development Fund") and to increase the maximum amount of funding support for each project under the SME Development Fund. Mr CHEUNG asked if small securities broker firms would benefit from these measures. Mr CHEUNG also enquired about the scale and timetable for implementing the Shenzhen-Hong Kong Stock Connect.

55. FS responded that the Shenzhen-Hong Kong Stock Connect would begin operation within 2015 and there would be measures to fine-tune the operation of the Shanghai-Hong Kong Stock Connect and to promote Hong Kong stock markets among Mainland investors.

Supporting start-ups

56. Mr Charles MOK noted that the Hong Kong Science and Technology Parks Corporation ("HKSTC") would earmark \$50 million to set up a corporate venture fund for co-investment, on a matching basis with private funds, in start-ups which were either located in the Science Parks or had participated in its incubation programmes. Mr MOK asked if the venture fund could be open to other start-up companies that did not meet those two criteria.

57. FS advised that the venture fund was set up by HKSTC on its own initiative and it was up to the Corporation to determine the application criteria. However, different organizations might have their own resources and might be invited to consider providing assistance to other start-up companies if necessary. FS added that to be successful, start-up companies needed technical or management support as much as financial assistance.

58. Miss Alice MAK suggested that to help SMEs and start-ups, the Government should relax the prequalification requirements in procurement tenders to make it easier for these companies to bid for government services contracts.

Encouraging innovations in Government departments

59. Citing the Water Intelligent Network introduced by the Water Supplies Department as an example, Mr Charles MOK commented that many Government departments had innovative ideas but lacked resources to implement them. Mr MOK asked if the Administration had a mechanism to

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support departments to develop new systems to improve quality of their services.

60. FS said that as a matter of policy, Government had to prioritize resources to implement new initiatives from various departments. Alternatively, departments could reprioritize their own programmes to identify resources they needed to implement new initiatives or projects.

Voluntary Health Insurance Scheme

61. Mr CHAN Kin-por suggested that to enhance the attractiveness of the Voluntary Health Insurance Scheme, the Administration should consider features such as discounts for first-time buyer of insurance policies or retirees. FS said that Government was consulting the views of the public and experts on the Voluntary Health Insurance Scheme. Once the consultation process was completed and a policy direction was adopted, Government would provide the necessary funding support.

Retirement protection

62. Mr TANG Ka-piu said that the middle-class was particularly concerned about retirement protection and he was disappointed that the Administration had dismissed the option of "pay-as-you-go" in the implementation of retirement protection policy without having conducted a thorough study. Mr TANG suggested that the Administration should implement a retirement protection scheme involving contribution from employers, employees and the Government.

63. FS commented that income disparity was a common feature of capitalist economies. He added that consultation on retirement protection would be conducted in the latter half of 2015, and Government had set aside \$50 billion for implementation of retirement protection measures to be developed. He said that overseas experience suggested that, as population aged, the size of the working population decreased and the public expenditure on elderly services would increase. Retirement protection on a "pay-as-you-go" basis would eventually become financially unsustainable. The community should consider carefully the consequences when discussing retirement protection schemes.

64. Mr CHAN Chi-chuen criticized the Administration for failing to commit to implementing comprehensive retirement protection and that the one-off relief measures proposed under the 2015-2016 Budget would only benefit the wealthy sector of the population.

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65. Mr WU Chi-wai expressed concern that the \$50 billion earmarked for provision of retirement protection for the elderly in need would be eroded by inflation. FS responded that to address the service needs arising from an ageing population, Government had increased its recurrent expenditure in healthcare and welfare significantly over the past few years.

Support for small contractors

66. Mr Tony TSE expressed support for measures in the 2015-2016 Budget that encouraged the training of talents and to support development of various industries.

67. Mr Tony TSE suggested that the Administration should provide assistance to smaller contractors who had made considerable efforts in preparing tender submissions but did not, in the end, win the contracts. Mr TSE also suggested that the Administration should consolidate and digitize data collected and compiled by various departments instead of just making them available to the public as such data could help improve the competitiveness of various industries.

68. FS explained that Hong Kong had to abide by the regulatory framework of the World Trade Organization ("WTO") in tendering and procurement matters. Government was willing to consider necessary measures, within the WTO framework, to enable more local professionals to participate in different projects and was in the process of digitizing information for public reference.

Provision of rental subsidies

69. Miss Alice MAK supported the one-off relief measures proposed in the Budget. However, she expressed concern that many people who were awaiting public housing allocation and were living in sub-divided flats. Miss MAK suggested that special subsidies, rent allowance or tax concessions should be provided to these public housing applicants while they were awaiting public housing allocation.

Food Trucks and al fresco dining operations

70. As regards the proposed introduction of Food Trucks, the Chairman suggested that in addition to the Commerce and Economic Development Bureau, the Food and Environmental Hygiene Department should be involved in developing the proposal as it would be responsible for the licensing of these operations. The Chairman also suggested that both FS and the Chief Secretary

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should work together in implementing measures to facilitate al fresco dining operations. He said that high level co-ordination was necessary to address various relevant issues which were the concern of District Councils, Lands Department and the Police Force.

71. In conclusion, the Chairman thanked FS and his colleagues to attend the meeting. He reminded members that special meetings of the Financial Committee would be held from 27 March to 2 April 2015 to examine the 2015-2016 Estimates of Expenditure and members could submit written questions on the Estimates of Expenditure through the Secretariat's Internet-based system before midnight of 4 March 2015.

72. The meeting was adjourned at 1:00 pm.

Legislative Council Secretariat
12 August 2015