

**立法會**  
**Legislative Council**

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**Finance Committee of the Legislative Council**

**Minutes of the 19<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Thursday, 1 March 2018, at 11:00 am**

**Members present:**

Hon CHAN Kin-por, GBS, JP (Chairman)  
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, JP  
Dr Hon Junius HO Kwan-yiu, JP  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon CHEUNG Kwok-kwan, JP  
Hon LUK Chung-hung  
Hon LAU Kwok-fan, MH  
Hon Kenneth LAU Ip-keung, BBS, MH, JP  
Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho

**Members absent:**

Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon MA Fung-kwok, SBS, JP  
Hon Dennis KWOK Wing-hang  
Hon HO Kai-ming  
Dr Hon Pierre CHAN  
Hon HUI Chi-fung

**Public officers attending:**

Mr Paul CHAN, GBM, GBS, MH, JP	Financial Secretary
Mr James LAU, JP	Secretary for Financial Services and the Treasury
Ms Alice LAU, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mrs Helen CHAN, JP	Government Economist
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Andrew LAI, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)2
Mr Raistlin LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)3
Mr Edmond CHU	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Willy TSOI	Administrative Assistant to the Financial Secretary
Mr Derek LAI	Administrative Assistant to Secretary for Financial Services and the Treasury

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary(1)5
Ms Ada LAU	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)6

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## **Item 1 — Briefing by the Financial Secretary and the Secretary for Financial Services and the Treasury on the 2018-2019 Budget**

### Opening remarks by the Financial Secretary

At the invitation of the Chairman, the Financial Secretary ("FS") briefed members on the 2018-2019 Budget.

2. FS elaborated on the three main objectives of the Budget as follows. Firstly, diversifying the economy to create wealth for Hong Kong and providing wider and better development opportunities for our young people. Secondly, investing for the future in view of the tough challenges posed by an ageing population to the healthcare system in Hong Kong. To overcome the challenges, the Government needed to proactively deploy resources and make early preparation for providing the necessary facilities and services, while improving the living environment to make Hong Kong an ideal smart city to work and live in. Thirdly, caring and sharing by giving more support to the grass roots and underprivileged, while providing relief to middle-class families from their financial burdens. He also said that other than the above, a fulfilling life called for not only materialistic improvements, but also better quality of life. To this end, the Government would deploy resources to enhance various cultural, sports and community facilities.

3. FS said that the Budget fully demonstrated the new fiscal philosophy of the current-term Government. On the one hand, he had ensured the provision of adequate resources to implement the various policy initiatives put forth in the Policy Address; on the other hand, he had adopted a proactive, forward-looking and strategic approach in optimizing the use of surplus and proposed various new measures as follows:

- (a) in terms of economic development, the Government would enhance the promotion of Hong Kong's innovation and technology ("I&T") industry by setting aside \$50 billion to support focused development in our key areas of strength, namely, biotechnology, artificial intelligence, smart city and financial technologies (Fintech). Meanwhile, various measures had been proposed to consolidate and strengthen the traditional industries where Hong Kong enjoyed clear advantages such as the financial services industry, trading and logistics industry, tourism as well as business and professional services;

- (b) regarding the provision of healthcare services which was of grave concern to the public, the Government would provide an additional recurrent funding of nearly \$6 billion to the Hospital Authority ("HA") in the next financial year to increase the provision of hospital beds and services, as well as the manpower required. The Government had also set aside a sum of \$300 billion for HA to make early planning for its second 10-year hospital development plan, improving the clinic facilities in the Department of Health, as well as upgrading and increasing healthcare teaching facilities in the universities. Separately, the Government would make available additional funding to HA for the training of healthcare personnel;
- (c) in terms of manpower training, the Government would promote quality education and continuing education; and provide diversified learning, training and development opportunities. The Budget also proposed measures to promote the development of arts and sports, as well as to improve community facilities for the purpose of enhancing people's quality of life;
- (d) additional resources would also be made available by the Government to provide better care to the elderly, people with disabilities and their families, as well as the disadvantaged; and
- (e) having regard to our substantial fiscal surplus this year, the Government would introduce various taxation and concessionary measures to share the fruits of economic success with the community, including adjusting the tax bands and tax rates for salaries tax; waiving rates; increasing child allowances and the allowances for maintaining a dependent parent; providing an extra allowance to social security recipients, etc. Moreover, the Government would invite the Community Care Fund ("CCF") to consider providing short-term relief for low-income working persons (commonly known as the "N have-nots").

Briefing by the Secretary for Financial Services and the Treasury

4. The Secretary for Financial Services and the Treasury gave a presentation on the 2018-2019 Budget and briefed members on the following:

- (a) the major themes of the 2018-2019 Budget, including optimizing the use of surplus to relieve people's burdens and invest for Hong Kong, promoting economic development, providing tax concessions, improving healthcare, public health and social welfare services, etc.;
- (b) various economic indicators in 2018-2019, including nominal and real Gross Domestic Product ("GDP") growth, and underlying Composite Consumer Price Index;
- (c) 2018-2019 estimates, including revenue and expenditure, consolidated surplus, and balance of fiscal reserves;
- (d) overview of the 2018-2019 government revenue and estimates of expenditure of policy area groups;
- (e) growth trend of nominal GDP and government expenditure since 2013-2014;
- (f) trend of the fiscal reserves; and
- (g) medium range forecast from 2018-2019 to 2022-2023.

[*Post-meeting note:* The presentation materials tabled by the Government at the meeting (LC Paper No. FC242/17-18) had been uploaded to the website of the Legislative Council ("LegCo").]

Optimizing the use of fiscal surplus and reserves

5. Ir Dr LO Wai-kwok said that the Business and Professionals Alliance for Hong Kong held a highly positive view on the Budget. In particular, he gladly noted that the Government's \$50 billion allocation on promoting I&T industry was a record high, while the allocation of \$300 billion to HA for the development of its second 10-year hospital development plan was also a very positive development. Mr Kenneth LAU praised the practical measures introduced by the Budget.

6. Ms YUNG Hoi-yan expressed support for various measures proposed in the Budget for promoting a diversified economy.

7. Ms Alice MAK, Mr KWOK Wai-keung, Mr LUK Chung-hung, Mr CHAN Hak-kan, Dr Elizabeth QUAT, Ms Starry LEE, Mr LAU Kwok-fan and Mr LEUNG Che-cheung said that given the substantial fiscal surplus this year, it was society's general expectation for the Government to properly distribute the resources so that all sectors in society could enjoy the fruits of economic success. Nonetheless, they were gravely concerned that the budget measures (such as tax concessions, waiver of rates and extra payment equivalent to two months of the standard rate payments to Comprehensive Social Security Assistance ("CSSA") households) could not benefit grass-roots families and the "N have-nots" not receiving CSSA or other social benefits and not paying taxes, as well as people aged between 60 and 64. Moreover, there was no measure in the Budget for waiving the business registration fee and licensing fees borne by small and medium enterprises ("SMEs"). Those members urged the Government to revise the Budget and launch more gap-filling measures, so as to rectify the inadequacies of the relief measures arising from the uneven distribution of resources.

8. Mr YIU Si-wing said that the Government should heed the public's views and refine the budget measures.

9. In response, FS pointed out that the Budget was intended to make macro planning from the perspective of safeguarding the overall interests of society by providing resources as appropriate to help the needy in society. The Budget should balance the interests of different sectors in the community, while having regard to the fiscal needs of the Government in future. In this respect, about 40% of the \$138 billion government surplus (i.e. around \$52.4 billion) was spent on the theme of sharing, which included various relief measures for the grass roots. Furthermore, the Government had made available additional resources in different areas such as education, healthcare and culture in the hope of enhancing people's quality of life, while providing greater tax concessions in order to relieve the burden of the middle class. Separately, the Government had heeded the views of different people and make injection into the Continuing Education Fund ("CEF"), so that people from different sectors of society could enhance their own competitiveness by pursuing further education.

10. Ms Tanya CHAN and Dr Fernando CHEUNG said that Hong Kong's current fiscal reserves were at a record high. Nonetheless, the Government had failed to take the opportunity and use the resources to address the prevailing serious disparity between the rich and the poor in Hong Kong. Moreover, the Government had failed to prepare for a rainy day and make early plans to address the looming problem of an ageing population. Dr Fernando CHEUNG said that the Labour Party's view was that the Budget was tilting towards the middle class and had neglected the interests of the disadvantaged in society. The provision of resources on housing, social welfare and healthcare was also seriously inadequate. For instance, the increase of services units providing residential care services for the elderly and for persons with disabilities was lagging seriously behind demand. Mr LEUNG Yiu-chung also expressed similar views.

11. Ms Tanya CHAN criticized that given a massive fiscal arsenal, it would be an opportune moment now to implement universal retirement protection, and yet the Government had so far refused to make any commitment in this regard.

12. Mr James TO, Mr LEUNG Yiu-chung, Mr WU Chi-wai, Mr CHU Hoi-dick and Mr CHAN Chi-chuen criticized that measures such as tax and rates concessions accounted for some 80% of the one-off concessions proposed in the budget, far outweighing the relief measures for the grass roots. This reflected that the Government was tilting towards rich people and property owners and neglecting the needs of the "N have-nots". Hence the Budget had failed to achieve the objective of sharing by all the people. Mr WU Chi-wai pointed out that some 2.7 million workers in Hong Kong did not receive any actual benefits from the tax concessions proposed in the Budget. Mr James TO said that while the Democratic Party was not inclined to support any proposal for the Government to give cash handouts directly, he held that the Budget had failed to deploy the resources properly and hence, the Government must bear political consequences for failing to allow members of the public to share the fiscal surplus.

13. FS responded that the Budget had already made substantial funding provisions in various areas such as education and social welfare, so as to provide comprehensive support for the disadvantaged. Regarding the rates concessions, the Government had learnt from different members of the public that as a result of spiralling property prices in recent years, many retirees were faced with escalating rates payments. The relevant measures were intended to alleviate the burden of those people. Having carefully considered the option of only offering rates concessions to some households in need, the Government came to the view that practical



difficulties would arise when formulating the specific criteria; for example, the rates for some small flats in the urban areas might be even higher than those for some luxurious properties in the rural areas.

14. Mr LUK Chung-hung pointed out that there was a view in the community that the Government should give cash handouts directly to members of the public. He enquired about the reasons for the Government to reject such a view.

15. Mr CHU Hoi-dick considered that as demonstrated by the view in society that the Government should give cash handouts directly, members of the public had little confidence about the Government making good use of the fiscal surplus. He called on the Government to make equitable allocations for the \$52.4 billion earmarked from this year's fiscal surplus, so that different sectors of society could all benefit. Mr CHAN Chi-chuen urged the Government to give cash handouts directly to all people of Hong Kong.

16. In response, FS pointed out that regarding the demand for cash handouts, the Government's understanding was that there were different views in both the community and LegCo. The Government also had reservation about the proposal of spending the fiscal surplus to dish out a fixed sum to all people of Hong Kong.

17. Mr CHAN Chun-ying pointed out that Hong Kong was a handful of developed economies in the world where fiscal surpluses were recorded year after year. As Hong Kong's fiscal reserves would well exceed \$1,000 billion, he asked whether the Government would consider imposing a cap on fiscal reserves, so that any amount exceeding the cap would be spent on relief measures.

18. FS replied that in the Government's view, Hong Kong still lacked the prerequisites for imposing a cap on fiscal reserves. Contrary to the criterion of keeping public expenditure below 20% of the Gross Domestic Product ("GDP") previously, public expenditure in this year and the coming few years would amount to 21% of our GDP. When considering the distribution of public resources, the Government must strike a balance between the needs of infrastructural development and investing for the future.

19. Mr CHAN Chun-ying asked whether the Government would set up a quasi-sovereign fund to ensure more effective investment of the fiscal reserves.

20. FS replied that at present, the Hong Kong Monetary Authority was entrusted with making the relevant investments. For example, investments under the Long-Term Growth Portfolio managed to achieve a decent rate of return of about 12% to 13%.

Relief measures

21. Mr Michael TIEN and Dr Priscilla LEUNG expressed support for the comment made by FS before the meeting that he would actively consider providing additional tax deductions for renters. Dr Priscilla LEUNG declared that she owned a rental property. She suggested that the Government should provide rental subsidies to the public directly. Ms YUNG Hoi-yan considered that the Government should roll out the relevant tax relief measures as soon as possible.

22. FS responded that the Government was actively considering tax deductions for renters, but the relevant computer system would need to be upgraded before such a measure could be implemented.

23. Regarding rental subsidies, FS said that given the prevailing low vacancy rate of residential properties in Hong Kong, the provision of rental subsidies might push up the level of rents even further and thus, be of no help to relieving the financial burden of renters. Moreover, people not eligible for the rental subsidies might have to pay even more for rents.

24. Mr CHAN Hak-kan called on the Government to provide rental waiver for public rental housing ("PRH") tenants. FS responded that in the Government's view, PRH tenants should not be collectively regarded as a uniform group as many elders as well as recipients of CSSA and other social benefits would receive benefits from various budget measures, not to mention that PRH itself was already a significant item of social benefits. Hence the Government did not consider it appropriate to provide rental waiver for PRH tenants.

25. Mr CHUNG Kwok-pan opined that the Government should waive the levy for the Protection of Wages on Insolvency Fund which was collected as part of the business registration fees. Dr Elizabeth QUAT also expressed the same view.

26. In response, FS said that the Government would carefully consider the relevant proposal. Notwithstanding, the Government held that instead of having a waiver of business registration fees, SMEs might benefit more if the overall business environment could be improved. In this regard, various measures had been introduced in the Budget to support the development of SMEs.

27. Dr Priscilla LEUNG urged the Government to extend the Public Transport Fare Concession Scheme to cover those people aged between 60 and 64. FS stated that the proposal would have a significant impact on the Government's public expenditure in the long run.

#### Taxation policy

28. Mr Michael TIEN pointed out that in recent years, the actual amount of fiscal surplus was always significantly higher than the estimated amount, primarily because the Government had failed to make accurate revenue projections. In this connection, the Government announced in last year's budget that the Tax Policy Unit ("TPU") would be set up to enhance the tax regime, broaden the tax base, increase revenue, etc. In anticipation of a budget deficit in the 2022-2023 financial year, he considered that the Government should take forward the above initiatives and reform the taxation system more proactively.

29. FS said that with Hong Kong's sound economic base in recent years, there was substantial surplus in the public coffers. However, as Hong Kong was a small and extrovert economy, it was susceptible to external economic factors and hence, we needed a robust public finance system. Concurring with the importance of enhancing Hong Kong's tax regime, the Government had previously broached the idea of a goods and services tax, though a view was then taken that the time had yet to come to present a substantive proposal for public discussion. In the short, medium and longer-term, TPU's work would focus on studying the use of our tax measures strategically to support individual trades and industries and promote economic diversification.

30. Mr CHUNG Kwok-pan considered that the Government was sitting on colossal fiscal reserves (which amounted to a staggering \$4,000 billion in total if the foreign currency reserves was also counted). Given such abundant provisions, the Government should have ploughed them back to the community by proposing tax cuts. Moreover, such a move could also attract foreign capital and talents to Hong Kong. In response, FS pointed out that the foreign currency reserves could not be used to meet government expenditure, and a substantial amount of the reserves would go towards paying off the liabilities of the Exchange Fund. In addition, the Government held that Hong Kong's profits tax rates were already quite competitive internationally and hence, there was no need to lower the overall tax rates. That said, the Government would positively consider all necessary tax measures and proposals for complementing specific policies or promoting the development of individual trades and industries.

#### Development of industries

31. Mr KWOK Wai-keung was concerned about the tilting of government policies towards I&T industry given the hefty allocation of \$50 billion for promoting its development. He asked how the Government would monitor the use of the \$50 billion earmarked funding and ensure that downstream industries (such as the traditional industries) could also benefit from I&T development.

32. Ms Tanya CHAN and Mr Charles Peter MOK queried whether it was appropriate for the Government to invest \$20 billion on the first phase of the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") in the Lok Ma Chau Loop ("the Loop"). Mr Kenneth LAU enquired about the economic benefits to be brought by the development of the Loop for Hong Kong.

33. FS explained that \$20 billion of this year's \$138 billion fiscal surplus was earmarked for developing I&T, of which \$10 billion would be allocated to the Hong Kong Science and Technology Parks Corporation. Of this, about \$3 billion would be used to construct research-related infrastructure and facilities, whereas the remaining \$7 billion would be used to enhance support for I&T tenants of the Science Park. The remaining \$10 billion would be spent on the areas of biotechnology and artificial intelligence. Separately, \$20 billion of our fiscal reserves would be used on the first phase of the Park in the Loop, so as to provide the necessary infrastructure for I&T development. Regarding the economic benefits to be brought by the development of the Loop for Hong Kong, it would depend on the composition of I&T enterprises that established their

presence there. It was the Government's hope that with the provision of suitable facilities in the Loop, major leading international and Mainland I&T enterprises would be attracted to set up offices there.

34. Mr Charles Peter MOK was concerned that notwithstanding the allocation of some \$80 billion by the Government to promote I&T in recent years, part of the earmarked provisions might have yet to be deployed. As a result, the Government's work on promoting I&T was lacklustre. Mr MOK called on the Government to remove red tape and introduce more user-friendly measures to facilitate I&T development.

35. FS stated that some funding proposals relating to I&T were not approved by LegCo in a timely manner after the relevant measures had been introduced. For example, the item on the InnoCell was only passed by Finance Committee ("FC") not long ago. Meanwhile, some projects (such as the Data Technology Hub and Advanced Manufacturing Centre) were still in progress and would be completed successively within the next few years. To further support the development of I&T, the Government would consider expanding the scope of subsidy under the Continuing Education Fund ("CEF") to ensure more effective support for nurturing I&T talents. He pointed out that the Government also shared Mr Charles Peter MOK's view about removing red tape. In this regard, the relevant work would be followed up by the new Policy Innovation and Co-ordination Office.

36. Mr Kenneth LAU called on the Government to introduce measures (such as those on space sharing) to help young people start their own businesses. In reply, FS said that the Government would encourage and be obliged to see an increasing trend of non-governmental organizations operating co-working space for business startups by young people. In addition, the Cyberport would provide various support services to enterprising young people. The Government would also provide channels for enterprising young people to exchange views through different measures (such as organizing seminars).

37. Ms Tanya CHAN questioned that the massive allocations of public funds under the Budget for promoting the integration of the Mainland and Hong Kong were not Hong Kong-based at all. For instance, of the funds allocated for culture, as much as \$140 million would go towards supporting cultural exchanges by local arts groups and artists in the Bay Area.

38. In response, FS pointed out that many different measures had been proposed in the Budget to promote local arts development in Hong Kong. The provisions mentioned by Ms Tanya CHAN aside, the Budget also proposed the provision of funding support for arts groups to perform and conduct exchanges overseas. Given the Bay Area's proximity to Hong Kong, it was envisaged that more frequent cultural exchanges would take place and hence, the allocation of more funding provisions.

#### Manpower resources

39. Ir Dr LO Wai-kwok considered that given the short supply of manpower and talents in Hong Kong, it was necessary to import foreign labour. He urged the Government to allocate additional resources on manpower training, in order to increase the quality and quantity of our local workforce.

40. Ms Alice MAK demanded that the Government should give priority to the allocation of resources on nurturing local talents and meeting the manpower requirements of the construction industry as well as the elderly care industry, while the importation of foreign labour should be avoided at all costs.

41. FS replied that the Human Resources Planning Commission, led by the Chief Secretary for Administration ("CS"), would adopt a forward-looking approach to co-ordinate and formulate long-term plans for the development of manpower in Hong Kong. The Government had also allocated resources for the training of local construction talents through the Construction Industry Council. Moreover, foreign labour would only be imported in a timely manner and on an appropriate scale to address the manpower shortage of individual sectors, on the premise that employment and salary levels of local workers would be safeguarded. Meanwhile, a talent list was now being drawn up by the Labour and Welfare Bureau.

#### Tourism development

42. Responding to an enquiry by Mr YIU Si-wing, FS said that major funding allocations for promoting tourism development had already been listed out in the Budget. The Tourism Commission under the Commerce and Economic Development Bureau would be responsible for the actual use of such funding provisions.

43. Ms Claudia MO criticized that by allocating \$310 million to the Ocean Park for the development of education tourism, the Government was effectively encouraging the Ocean Park to continue locking up animals inside the Park for entertainment purpose, which was a complete disregard of the rights of the animals. She also enquired about the calculation basis for the \$310 million provision. She expressed dissatisfaction that while the Government was only willing to consider introducing short-term relief measures for the "N have-nots" through CCF, it had decided to provide direct support to the Ocean Park with public funds.

44. Mr YIU Si-wing opined that the Ocean Park had a genuine need of resources for maintaining its competitiveness through continuous development and for promoting the conservation of marine ecology. FS responded that the Ocean Park attached great importance on safeguarding animal rights. He stressed that the main purpose of allocating \$310 million to the Ocean Park had nothing to do with the Park distributing 10 000 complimentary admission tickets to primary and secondary school students. As Hong Kong people's theme park, the Ocean Park was beset with financial problems in recent years. The Government thus hoped that the present funding allocation could help the Ocean Park upgrade its service quality. The amount of \$310 million was worked out by the Commerce and Economic Development Bureau on the basis of other relevant projects. He considered that funding allocation to the Ocean Park should not be muddled with the provision of short-term relief measures for the "N have-nots" by CCF.

#### Youth affairs

45. Ms YUNG Hoi-yan asked how could young people benefit from various budget measures (including the allocation of \$50 billion for promoting I&T industry). FS replied that the Government attached great importance to youth development. Hence, the Youth Development Commission was established under CS' chairmanship to heed the views of young people and engage them in public discussion, so that government policies could better meet the needs of young people. Separately, the Government had been striving to create more development opportunities for young people to achieve upward mobility. In this regard, measures to diversify the economy, including the promotion of I&T industry, could give young people a wider choice of better job opportunities. The Government would also make further injections into CEF, so that young people could enhance their competitiveness through further education.

Healthcare services

46. Ms Alice MAK expressed support for the allocation of \$200 million to enhance healthcare professional training and improve the shortage of healthcare manpower.

47. Dr KWOK Ka-ki said that notwithstanding the allocation of additional resources, it could hardly help meet the increasing demand of our society on healthcare services. Various public hospitals including Princess Margaret Hospital and Tuen Mun Hospital had already become seriously overloaded. Moreover, he considered that many expensive drugs had yet to come under public subsidies. The patients could hardly afford those drugs if they were not eligible under the subsidy schemes of CCF or the Samaritan Fund ("SF"). He urged the Government to advance the redevelopment of Tuen Mun Hospital and remove the means test requirement of CCF and SF.

48. FS responded that the Government had already requested HA to make early planning for its second 10-year hospital development plan, including Tuen Mun Hospital. Separately, HA was now reviewing the policy on expensive drugs, so that the subsidy mechanism could be improved to extend the scope of subsidies for drugs for rare diseases. It was expected that the review would be completed by the middle of the year. The provision of \$500 million set aside for improving the patient's co-payment mechanism could be utilized in full when needed.

Building a caring and inclusive society

49. Dr Fernando CHEUNG was positive that after heeding the public's views, the Government had proposed to introduce a personal disability allowance for eligible taxpayers, so as to encourage employment of persons with disabilities.

50. Ms Alice MAK welcomed the Government's move to take on board the views of the Hong Kong Federation of Trade Unions and set up a committee under CS to strengthen support for ethnic minorities and to earmark \$500 million for the purpose. She enquired about the detailed use of the funding allocation. FS replied that CS and the committee would consult the views of ethnic minorities groups and the stakeholders before announcing the detailed use of the funds, so that the allocated provision could be best used to meet the actual needs of ethnic minorities.



Measure to pay the examination fees for candidates sitting for the Hong Kong Diploma of Secondary Education Examination

51. Mr IP Kin-yuen was worried that as the budget proposal of paying the examination fees for candidates sitting for the 2019 Hong Kong Diploma of Secondary Education ("HKDSE") Examination ("the examination fee waiver") would also cover private candidates other than school candidates, a large number of people might be attracted to sit for the examination as private candidates, thereby affecting the holding of HKDSE examination. The surge of private candidates sitting for the examination might also distort the overall grading, making it impossible to reflect the academic achievement of the current cohort of students. He suggested that only school students could be eligible for the examination fee waiver. FS responded that if private candidates were also covered by the examination fee waiver, it could help those people who did not do well on their previous attempts to sit for the examination again through self-study.

Other concerns

52. Mr CHAN Chun-ying welcomed that the Hong Kong Monetary Authority had been tasked to study the idea of establishing an academy of finance in Hong Kong.

53. Dr Priscilla LEUNG was delighted to note that in response to the demands of the elderly, the Government would launch a life annuity scheme through the Hong Kong Mortgage Corporation Limited.

54. Ir Dr LO Wai-kwok hoped that the Government could undertake a territory-wide transport strategy study. Expressing agreement with the importance of a territory-wide transport study, FS said that the Transport and Housing Bureau would follow up the relevant work proactively. When drawing up the Budget, the Government had accorded priorities to resource allocation for developing and improving Hong Kong's transport infrastructure.

55. Ms Tanya CHAN considered that the "one-for-one replacement" scheme announced by the Government for replacing an existing private car with a new electric one was far from satisfactory, while the ceiling of first registration tax ("FRT") concession was too low. In response, FS pointed out that in the Government's view, the higher FRT concession of up to \$250,000 was appropriate as it would be enough to bring benefits to the middle class.

56. The meeting ended at 1:10 pm.

Legislative Council Secretariat

15 June 2018