

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 19 January 2011

**Proposed amendments to motion on
“Reviewing public finances policies”**

Further to LC Paper No. CB(3) 382/10-11 issued on 7 January 2011, three Members (Hon WONG Kwok-hing, Hon CHEUNG Kwok-che and Hon Ronny TONG Ka-wah) have respectively given notice of their intention to move separate amendments to Hon Paul CHAN Mo-po’s motion on “Reviewing public finances policies” scheduled for the Council meeting of 19 January 2011. As directed by the President, the respective proposed amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and amendments. To assist Members in debating the motion and amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon Paul CHAN to speak and move his motion;
- (b) the President proposes the question on Hon Paul CHAN’s motion;
- (c) the President calls upon the three Members, who intend to move amendments, to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon WONG Kwok-hing;
 - (ii) Hon CHEUNG Kwok-che; and

- (iii) Hon Ronny TONG;
- (d) the President calls upon the designated public officer(s) to speak;
- (e) the President invites other Members to speak;
- (f) the President gives leave to Hon Paul CHAN to speak for the second time on the amendments;
- (g) the President calls upon the designated public officer(s) again to speak;
- (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the three Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon WONG Kwok-hing to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon WONG Kwok-hing's amendment;
- (i) after Hon WONG Kwok-hing's amendment has been voted upon, the President deals with the other two amendments; and
- (j) after all amendments have been dealt with, the President calls upon Hon Paul CHAN to reply. Thereafter, the President puts to vote the question on Hon Paul CHAN's motion, or his motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Mrs Justina LAM)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Reviewing public finances policies”
to be held at the Legislative Council meeting
of Wednesday, 19 January 2011**

1. Hon Paul CHAN Mo-po’s original motion

That in the Budgets of the HKSAR Government in recent years, there have been big discrepancies in the forecasts of government revenue, budget surpluses and fiscal reserves, resulting in the incessant accumulation of fiscal reserves, but there are no clear criteria on what an appropriate level of fiscal reserves should be; at the same time, there are substantial accumulations in the Exchange Fund year over year, and the Government has set up, in different forms (e.g. fund), quite a number of ‘small vaults’ and owns many valuable assets (e.g. the shares of the MTR Corporation Limited and the Airport Authority), and that the financial strength of the Government can be described as enormous; however, despite the sustained economic growth of Hong Kong in the past decade or so, quite a number of low-income earners and the grassroots are completely unable to enjoy the benefits, giving rise to the phenomenon of the poor getting poorer and even the emergence of ‘three have-nots’ and ‘five have-nots’ in the society; in the past, the Government usually adopted across-the-board and one-off measures to return part of the surpluses to members of the public, but the relevant measures lacked long-term policy objectives and specific focuses, resulting in those who need help finding the measures insufficient to address their needs, and those who do not need help simply treating the measures as nice-to-haves and not caring at all; the increasing hardship of the livelihood of low-income persons has created social grievances and conflicts; with the Mainland’s acceleration of full scale opening up and intensification of reforms as well as economic globalization, the economy of Hong Kong needs to be restructured, but the tax policy of Hong Kong has lagged behind the changes in business and competitive environment, thus threatening Hong Kong’s competitiveness as an international financial, commercial and trade centre; moreover, Hong Kong’s narrow tax base and the Government’s over-reliance on land-related revenue poses the risk of instability to public finances; in this connection, this Council urges the Government to conduct a comprehensive and in-depth review of Hong Kong’s policies and measures on taxation, social welfare and public finances, to clearly set an appropriate level of fiscal reserves, and to set up within the government structure a tax policy group with the employment of full-time tax experts to study the use of tax measures to dovetail with the Government’s policies on economy and industries, upgrade Hong

Kong's competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities.

2. Motion as amended by Hon WONG Kwok-hing

That, *as* in the Budgets of the HKSAR Government in recent years, there have been big discrepancies in the forecasts of government revenue, budget surpluses and fiscal reserves, resulting in the incessant accumulation of fiscal reserves, but there are no clear criteria on what an appropriate level of fiscal reserves should be; at the same time, there are substantial accumulations in the Exchange Fund year over year, and the Government has set up, in different forms (e.g. fund), quite a number of 'small vaults' and owns many valuable assets (e.g. the shares of the MTR Corporation Limited and the Airport Authority), and that the financial strength of the Government can be described as enormous; however, despite the sustained economic growth of Hong Kong in the past decade or so, quite a number of low-income earners and the grassroots are completely unable to enjoy the benefits, *causing the poverty population to continue to grow substantially and* giving rise to the phenomenon of the poor getting poorer *as well as the rich getting richer*, and even the emergence of 'three have-nots' and 'five have-nots' in the society; in the past, the Government usually adopted across-the-board and one-off measures to return part of the surpluses to members of the public, but the relevant measures lacked long-term policy objectives and specific focuses, resulting in those who need help finding the measures insufficient to address their needs, and those who do not need help simply treating the measures as nice-to-haves and not caring at all; the increasing hardship of the livelihood of low-income persons has created *intensifying* social grievances and conflicts; with the Mainland's acceleration of full scale opening up and intensification of reforms as well as economic globalization, the economy of Hong Kong needs to be restructured, but the tax policy of Hong Kong has lagged behind the changes in business and competitive environment, thus threatening Hong Kong's competitiveness as an international financial, commercial and trade centre; moreover, Hong Kong's narrow tax base and the Government's over-reliance on land-related revenue poses the risk of instability to public finances; in this connection, this Council urges the Government:

- (a) to conduct a comprehensive and in-depth review of Hong Kong's policies ~~and measures on taxation~~, *on taxation and expenditure, such as expediting the introduction of a progressive tax system, so that while the problem of narrow tax base can be ameliorated, the wealth of Hong Kong can also be reasonably and evenly redistributed,*

thereby narrowing the disparity between the rich and the poor in the society;

- (b) *to review Hong Kong's policies and measures on social welfare and public finances, including the establishment of a universal retirement protection system, so as to lessen the drastic increases in the Government's welfare expenditure caused by the ageing population in the future;*
- (c) to clearly set an appropriate level of fiscal reserves, ~~and;~~
- (d) *to review Hong Kong's high land-price policy, so as to reverse the Government's over-reliance on land auctions as the main revenue source, thus preventing exorbitant land prices and rents from hindering Hong Kong's industrial and commercial development and the development of individual industries; and*
- (e) to set up within the government structure a tax policy group with the employment of full-time tax experts to study the use of tax measures to dovetail with the Government's policies on economy and industries, upgrade Hong Kong's competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities.

Note: Hon WONG Kwok-hing's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon CHEUNG Kwok-che

That, *given that* in the Budgets of the HKSAR Government in recent years, there have been big discrepancies in the forecasts of government revenue, budget surpluses and fiscal reserves, resulting in the incessant accumulation of fiscal reserves, but there are no clear criteria on what an appropriate level of fiscal reserves should be; at the same time, there are substantial accumulations in the Exchange Fund year over year, and the Government has set up, in different forms (e.g. fund), quite a number of 'small vaults' and owns many valuable assets (e.g. the shares of the MTR Corporation Limited and the Airport Authority), and that the financial strength of the Government can be described as enormous; however, despite the sustained economic growth of Hong Kong in the past decade or so, quite a number of low-income earners and the grassroots are completely unable to enjoy the benefits, giving rise to the phenomenon of the poor getting poorer and even the emergence of 'three have-nots' and 'five

have-nots' in the society; in the past, the Government usually adopted across-the-board and one-off measures to return part of the surpluses to members of the public, but the relevant measures lacked long-term policy objectives and specific focuses, resulting in those who need help finding the measures insufficient to address their needs, and those who do not need help simply treating the measures as nice-to-haves and not caring at all; the increasing hardship of the livelihood of low-income persons has created social grievances and conflicts; with the Mainland's acceleration of full scale opening up and intensification of reforms as well as economic globalization, the economy of Hong Kong needs to be restructured, but the tax policy of Hong Kong has lagged behind the changes in business and competitive environment, thus threatening Hong Kong's competitiveness as an international financial, commercial and trade centre; moreover, Hong Kong's narrow tax base and the Government's over-reliance on land-related revenue poses the risk of instability to public finances; in this connection, this Council urges the Government to conduct a comprehensive and in-depth review of Hong Kong's *tax regime, and especially in respect of profits tax, to consider computing the tax based on a progressive rate with a view to achieving a fairer distribution of social wealth, while at the same time reviewing the relationship between the present tax regime and the various contributory schemes, including the Mandatory Provident Fund schemes and the health insurance schemes currently under consultation, and considering counting the contributions concerned as tax already paid; moreover, this Council also hopes that the Government will review the* policies and measures on ~~taxation~~, social welfare and public finances, ~~to clearly set~~ *including clearly setting* an appropriate level of fiscal reserves, and ~~to set~~ *setting* up within the government structure a tax policy group with the employment of full-time tax experts to study the use of tax measures to dovetail with the Government's policies on economy and industries, upgrade Hong Kong's competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities.

Note: Hon CHEUNG Kwok-che's amendment is marked in *bold and italic type* or with deletion line.

4. Motion as amended by Hon Ronny TONG Ka-wah

That in the Budgets of the HKSAR Government in recent years, there have been big discrepancies in the forecasts of government revenue, budget surpluses and fiscal reserves, resulting in the incessant accumulation of fiscal reserves, but there are no clear criteria on what an appropriate level of fiscal reserves should be; at the same time, there are substantial accumulations in the Exchange Fund

year over year, and the Government has set up, in different forms (e.g. fund), quite a number of ‘small vaults’ and owns many valuable assets (e.g. the shares of the MTR Corporation Limited and the Airport Authority), and that the financial strength of the Government can be described as enormous; however, despite the sustained economic growth of Hong Kong in the past decade or so, quite a number of low-income earners and the grassroots are completely unable to enjoy the benefits, giving rise to the phenomenon of the poor getting poorer and even the emergence of ‘three have-nots’ and ‘five have-nots’ in the society; in the past, the Government usually adopted across-the-board and one-off measures to return part of the surpluses to members of the public, but the relevant measures lacked long-term policy objectives and specific focuses, resulting in those who need help finding the measures insufficient to address their needs, and those who do not need help simply treating the measures as nice-to-haves and not caring at all; the increasing hardship of the livelihood of low-income persons has created social grievances and conflicts; with the Mainland’s acceleration of full scale opening up and intensification of reforms as well as economic globalization, the economy of Hong Kong needs to be restructured, but the tax policy of Hong Kong has lagged behind the changes in business and competitive environment, thus threatening Hong Kong’s competitiveness as an international financial, commercial and trade centre; moreover, Hong Kong’s narrow tax base and the Government’s over-reliance on land-related revenue poses the risk of instability to public finances; in this connection, this Council urges the Government to conduct a comprehensive and in-depth review of *the existing high land-price policy as well as* Hong Kong’s policies and measures on taxation, social welfare and public finances, to clearly ~~set an appropriate level of fiscal reserves~~ *specify that generally, it will already be sufficient to only maintain fiscal reserves at a level of not exceeding 15 months of government expenditure, to study relaxing the restriction that the Government’s recurrent expenditure shall not exceed 20% of the Gross Domestic Product*, and to set up within the government structure a tax policy group with the employment of full-time tax experts to study the use of tax measures to dovetail with the Government’s policies on economy and industries, upgrade Hong Kong’s competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities.

Note: Hon Ronny TONG Ka-wah’s amendment is marked in *bold and italic type* or with deletion line.