

(Translation)

**Motion on
“Alleviating the financial burden of middle-class people”
moved by Hon LAU Kong-wah
at the Council meeting of 2 November 2011**

**Motion as amended by Hon WONG Kwok-hing, Hon Paul CHAN,
Hon Albert HO, Hon LEE Wing-tat, Hon WONG Sing-chi,
Hon KAM Nai-wai and Dr Hon LEUNG Ka-lau**

That middle-class people are the pillar of Hong Kong society, but their being in an unreasonable situation where they are not given any strong support despite their heavy livelihood burden over the years is often disregarded by the Government; as uncertainties persist in external markets, Hong Kong faces the risk of economic downturn at any time and, coupled with worsening inflation, middle-class families are under heavy financial pressure; in this connection, this Council urges the Administration to put forward effective measures in the Budget for the new financial year, so as to relieve their financial burden, including:

Salaries tax -

- (a) increasing the personal allowance, child allowance, dependant brother or dependant sister allowance, dependant parent or dependant grandparent allowance and disabled dependant allowance under salaries tax according to inflation rates and overall economic conditions;
- (b) permitting children to share the dependant parent or dependant grandparent allowance;
- (c) reducing salaries tax and personal assessment by up to 100% of the final tax, subject to a ceiling of \$10,000 per case;
- (d) introducing tax deduction for voluntary Mandatory Provident Fund contributions with a ceiling of \$24,000;
- (e) raising the tax allowance for new-born infants to \$100,000, and increasing the child allowance by 50% for the second child of a family or any child born to it thereafter in the first six years after birth;

Housing -

- (f) introducing a residential rates deduction of \$8,000 for each household modelled on the operation mode of the electricity charge subsidy;
- (g) extending the entitlement period for deduction for home loan interest from 10 years to 15 years;
- (h) providing each residential electricity account with an electricity charge subsidy of \$3,600;
- (i) offering a tax allowance of \$100,000 per household per year to households with no property for renting private residential units;

Education -

- (j) introducing tax deduction for children education with a ceiling of \$10,000;
- (k) lowering the annual interest rate for loans under the Non-means Tested Loan Scheme for tertiary students to 2.5% and replacing the means-tested loans with interest-free loans;
- (l) fully subsidizing pre-primary education, raising the subsidy amount under the Pre-primary Education Voucher Scheme to \$20,000 subject to the requirement that a specific portion of the subsidy must be used for subsidizing relevant schooling costs such as school uniforms, school bags and learning materials, etc., and directly subsidizing the remuneration of kindergarten teachers;
- (m) increasing the salaries tax deduction for expenses of self-education from \$60,000 to \$100,000 and raising the subsidy under the Continuing Education Fund by 100% to \$20,000 per person;
- (n) expeditiously implementing 15-year free education and setting an implementation timetable;

Healthcare -

- (o) introducing tax deduction for private medical insurance contributions with a ceiling of \$12,000;
- (p) increasing the categories of drugs supported by the Samaritan Fund, relaxing the eligibility requirements and lowering the proportion of drugs costs to be shared by patients;

- (q) introducing tax deduction for payment of medical charges relating to parents and grandparents aged 65 or above;
- (r) offering tax deduction to patients who need to purchase expensive drugs for treatment, so as to alleviate the financial burden imposed on them and their families by medical treatment;

Transportation -

- (s) using the dividends received by the Government from the MTR Corporation Limited ('MTRCL') to lower MTR fares as a form of passenger reward;
- (t) urging MTRCL to introduce monthly ticket schemes for all the lines of its system;
- (u) expeditiously resolving the problem of uneven traffic flows of the three harbour crossings, including reducing the tolls of the Eastern Harbour Crossing and Western Harbour Crossing by way of buying back, so as to alleviate the burden of cross-harbour expenses on drivers and members of the public;
- (v) reducing the unleaded petrol duty by 50%, ensuring that oil companies fully reflect the tax concession in pump prices, and closely monitor pump price changes to avoid the occurrence of oil companies being 'swift in increasing but slow in decreasing prices' and 'making big price increases but small price cuts'; and

Social welfare -

- (w) introducing tax deduction for community care for the elderly, so that children with dependent parents or grandparents can enjoy tax deduction after paying for home care, domestic helpers, day care, respite service and residential care services, etc., for their elderly family members, so as to encourage children to take greater care of the elderly;

this Council also urges the Administration to put forward the following measures:

- (x) widening each tax band for salaries tax by \$10,000 and reducing the marginal rate for each tax band by one percentage point to two percentage points;

- (y) allowing a married couple to make separate election for personal assessment, instead of requiring them to make a joint election; and
- (z) abolishing the residence requirement of at least 180 days imposed on parents, permitting Hong Kong people supporting retired dependant parents living on the Mainland to enjoy dependant parent allowance;

this Council also urges the Administration to put forward the following measures:

- (aa) relaxing the means tests under the various student finance schemes, deducting necessary expenses relating to housing and healthcare, etc. in the computation of Adjusted Family Income to reflect the realities in family expenditure, and lowering the application threshold, so as to benefit more families from the middle and lower strata;
- (ab) abolishing the charging of interests during students' studies and the 1.5% risk rate for loans under the Non-means Tested Loan Scheme for tertiary students, so as to relieve graduates' financial burden;
- (ac) providing weighted subsidies for whole-day nursery classes, so as to enable dual-income families to receive reasonable support;
- (ad) strictly monitoring the reimbursable courses under the Continuing Education Fund to ensure teaching quality; and
- (ae) making actual efforts to debundle textbooks from teaching and learning materials for pricing so as to stabilize textbook prices, and including the principle of 'promoting textbook recycling' in the Guidelines for Printing of Textbooks, so as to encourage the reuse of second-hand textbooks and relieve parents' financial burden of buying textbooks in each new academic year;

this Council also urges the Administration to put forward the following measure:

- (af) adjusting the stamp duty regime, so that property transactions each worth \$2.5 million or less only needs to pay a fixed stamp duty of \$100;

this Council also urges the Administration to put forward the following measures:

- (ag) regarding the dividends received by the Government from the MTR Corporation Limited ('MTRCL'), or the profits received by public transport operators from their non-transport business (such as the annual

property proceeds of MTRCL), studying the allocation of a certain percentage of such dividends or profits to establish a fare stabilization fund;

- (ah) urging MTRCL to introduce weekly and daily ticket schemes for all the lines of its system and provide long-haul passengers with 'same day return half-fare concessions';
- (ai) reviewing the fare adjustment mechanism for MTRCL (i.e. the fare adjustment mechanism that allows fares to go upwards and downwards), and studying the inclusion of significant factors such as public acceptance and affordability, MTRCL's incident occurrence figures and its profit levels, etc. in the formula for determining fare adjustment rates, so as to fully reflect the realities of people's livelihood and MTRCL's service quality in MTR fares; and
- (aj) requesting bus companies to provide full-scale interchange fare concessions and services, implement sectional fares and introduce more fare concessions for persons with disabilities;

this Council also urges the Administration to put forward the following measures:

- (ak) offering tax allowance to people who purchase energy efficient products with Grade 1 energy label, subject to a ceiling of \$5,000; and
- (al) offering an additional electricity charge subsidy of \$1,200 to an account whose electricity consumption in a half-year period is 5% or more lower than its consumption in the corresponding period of the previous year, so as to encourage people to reduce electricity consumption; and

this Council also urges the Administration to put forward the following measure: introducing tax deduction for households whose total medical expenditure exceeds a minimum of \$2,000 per year.