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16 Febuary 2011

The Hon. TSANG Chun Wah, John, GBM, JP
Financial Secretary
The Financial Secretary's Office,
5th floor, Main Wing, Central Government Offices,
Lower Albert Road, Hong Kong.

Dear *Mr. Tsang*

HKIoD's Recommendations for the 2011-12 Budget

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The Hong Kong Institute of Directors ("HKIoD") is pleased to forward our views for your consideration in preparing the 2011-2012 Budget.

HKIoD is Hong Kong's premier body representing professional directors working together to promote good corporate governance. We are committed to promoting director professionalism and good corporate governance, as well as contributing towards the formulation of public policies that are conducive to the advancement of Hong Kong's international status.

In relation to the 2011-2012 Budget, we have consulted members and conducted focused review by our Economics & Public Affairs Committee under the chairmanship of Mr Christopher To. Hence, the response represents our consolidated views.

Should you require further information regarding our submission, we will be pleased to meet and discuss with you at your convenience.

Thank you very much for your kind attention.

Yours sincerely
THE HONG KONG INSTITUTE OF DIRECTORS



Dr Carlye Tsui

Enc

cc: Dr Kelvin Wong, Chairman, HKIoD
Mr Christopher To, Council Member, HKIoD &
Chairman, Economics and Public Affairs Committee

Issued on: 16 February 2011

HKIoD's recommendations for the Government Budget 2011-12

The Hong Kong Institute of Directors is convinced Hong Kong remains a place with much potential to fulfill its many ambitions and aspirations. But Hong Kong must bear down to face the issues and set priorities. Hong Kong must not drag its feet any more but must take bold strides ahead.

Mr Financial Secretary, we know it is not a simple task to put together a government budget. But, Mr Financial Secretary, we expect a strong showing of desire and efforts to deal with the three aspects that define the issues facing us:

- Dulling competitive edge
 - our Economy is resting too heavily on the property and financial market. Hong Kong needs other economic engines. Hong Kong needs concrete measures to shore up its Pillar Industries and also concrete measures to truly spark the growth of the Six Industries. Hong Kong needs a road map pointing the strategic direction spanning the next five years and beyond, and winning tactics to take us forward;
- Growing internal rift
 - our Society is showing a growing gap between the rich and the poor. Where in the past one would have good prospect for better lives by getting an education and by hard work, now the opportunities seem dwindling;
 - “poverty in wealth” is already bad; social harmony cannot be threatened even more by a “paucity in hope”. If we fail to do something to redress that, it will only hurt stability and harm productivity;
- Changing demographics
 - an aging population has two implications: first, over time a smaller part of the population is working to support the rest of society; second, this trend must necessarily define how housing, transport, education, welfare, medical care and social policies will have to respond and how public monies ought to be spent;

On fiscal policy and budget management

Hong Kong policy making today will have to break away from some old rule of thumb to better meet Hong Kong needs. Hong Kong budget management today will have to suit those needs.

The Government should rethink the way it manages the fiscal budget over business cycles. The need for fiscal prudence must be put in the context of our need to invest in Hong Kong's future development and to solve the imminent problems facing us. Mr. Financial Secretary, eye more towards a balance over business cycles rather than aiming for balances in too short a term for the sake of balancing the budget.

Government's role

Mr. Financial Secretary, there is a much needed role for Government to lead the way for economic development and to tackle socio-economic issues.

Fiscal reserves

Mr. Financial Secretary, we support the notion of maintaining a sizable fiscal reserve. But we think a good portion of investment income earned from the substantial reserves can be more affirmatively factored into our ability to spend in ways that have good prospect of growing our capacity to safely support necessary recurrent expenditure.

Our Economy and our competitive edge

It is important that we grasp the opportunities created by the 12th FYP and look for ways to benefit the local economy. We appreciate the Government's effort at keeping Hong Kong's seat to the table, at making Hong Kong's voice heard. As Hong Kong aligns its strategic direction with the goals of national planning, the Government must also crystallize the winning tactics and be prepared to adopt appropriate budget measures to take us forward.

There is surely a tough race for economic growth from neighboring cities on the Mainland and in the region. The 12th FYP gives us opportunities to turn the race in our favour, but we need some winning tactics. Mr. Financial Secretary, help us seize those opportunities.

Renminbi business and stability of Mainland financial system

Mr. Financial Secretary, roll out further initiatives and measures to better enable Hong Kong to become the choice offshore Renminbi business centre. This could include measures to facilitate the launch of RMB funds and other varieties of RMB products (e.g., RMB denominated insurance policies).

Mr. Financial Secretary, as we stake our claim to make Hong Kong the offshore RMB business centre, do not lose sight of the potential threats to the stability and health of the Mainland financial system.

The bond market

Mr. Financial Secretary, make Hong Kong live up to its words. Make Hong Kong a real bond market centre.

RMB denominated bonds could be a stone for "three" birds, helping production enterprises raise monies they need, fostering the bond market and pushing Hong Kong further along to become the choice offshore RMB business centre.

The Government now operates a bond programme, first announced in the 2009-10 government budget. Government bonds could also be the means to finance high price tag solutions to some of our social problems.

Take traffic congestion in cross harbor tunnels as example. We have previously advocated that the Government should present firm plans to even out the traffic among the three cross harbor tunnels. We view this less as an issue of insufficient capacity to meet cross harbor traffic demand, but more an issue of an uneven distribution of traffic due to wrong pricing incentives.

It is conceivable that we sell bonds to raise the war chest required to re-acquire the interests in the tunnels to better manage usage and traffic flow.

It is also conceivable that we sell bonds to finance other new infrastructure projects. For so long as these projects have the ability to generate toll revenue over an appreciably long

service life, there will be a credible ability to meet the obligations on these bonds. Monies will be necessary to redeem the instruments at maturity, but that will only come in tranches, dampening the fear of having to spend too large a sum in one shot.

These bonds should have a variety of tranches, with a significant quantity with tenors 10 years or longer to create market depth.

These bonds could also be marketed as income products suitable for retirement savings. Indeed, government bonds could have a place in the MPFs and pension plans for employees, as well as being the nest eggs for retirees who are living longer and spending more years living on their retirement savings.

Financial market regulations and corporate governance

Hong Kong needs to keep up with other major financial markets at efforts to improve banking and financial regulations, and to raise corporate governance of public companies.

Corporate governance training

The Hong Kong business community is showing an ever stronger appreciation that company directors must have and must continue to improve on their skills, knowledge and qualities to meet the corporate governance demands of today. The HKIoD has long supported the promotion of corporate governance training. Directors should have a firm measure of competence to perform when they first assume their posts, and should remain up-to-date with best corporate governance practices over time. This is crucial to the long-term survival of their businesses and also the health and growth of the economy.

Company directors should be required to have gone through mandatory initial training courses of specified length and content, and be required to fulfill certain specified number of accredited hours in continuing professional development training over an annual or another appropriate periodic cycle. Mr. Financial Secretary, roll out measures to make corporate governance training more accessible to beginning or seasoned company directors alike.

Corporate governance training is another necessary ingredient in the support of SMEs. Many SMEs are not able to take full advantage of the government's loan guarantee schemes. There are a number of reasons for this, but one common impediment is that many SMEs could not demonstrate proper internal control and are ill-prepared to submit sound loan proposals. A better corporate governance scorecard will make it more likely for a business to obtain credit and financing.

Mr. Financial Secretary, reactivate the SME Training Fund, or, in conjunction with the SME loan/guarantee schemes that are available, require owners and directors of SMEs to obtain training to enhance their corporate governance practices. Mr. Financial Secretary, also consider allowing profits tax deductions on all expenses (whether revenue or capital in nature) for recognized training activities in corporate governance subject matters.

Mr. Financial Secretary, make Hong Kong the example of top class corporate governance practices. Make Hong Kong the talent pool for top class company directors.

Tapping the Mainland market, bridging the international market

China will be eager to bolster the internal demand for consumer products and services. Hong Kong businesses and service providers can take full advantage of this opportunity to tap the

Mainland market. Their access to the Mainland market can in turn bridge Mainland enterprises to the international market. For example, Hong Kong testing and certification services can be the window for Mainland products to gain internationally recognized certification of quality and safety standards to meet western market requirements.

Mr. Financial Secretary, roll out incentives and support to help Hong Kong businesses and professional practices, especially those in the high value-adding services, enter the Mainland market.

Qianhai development

The Central Government recently affirmed the plan to develop Qianhai into a modern hub for high-end service industries. Hong Kong businesses and service firms can have an edge in many areas, from financial services to logistics and from creative design to media. Hong Kong should see this as good opportunity to consolidate the strength of its own creative industries and service sectors and make them stronger and more competitive. Mr. Financial Secretary, roll out incentives and support so Hong Kong businesses and professional practices can firmly grip the opportunities.

Cross straits interactions

Hong Kong's financial market remains an attraction for Taiwan businesses to raise funds. Hong Kong can in turn tap into the high technology of Taiwan businesses. Mr. Financial Secretary, roll out incentives and support so Hong Kong businesses can benefit from improving cross straits interactions.

A knowledge-based and creative economy and a hub for innovations and high technology

Hong Kong has said it will make itself a knowledge-based economy and Hong Kong has the potential for it. Making Hong Kong the hub for innovations and high technology is to make Hong Kong a winning prospect in the race among regional economies across the nation.

Hong Kong can combine the research capabilities of Mainland and local universities, link up the manufacturing capacities in the Pearl River Delta, and draw on its capital market to provide access to investments and venture capital. Mr. Financial Secretary, make Hong Kong the idea factory for innovators to turn their creative ideas into sought-after products and to develop their budding technology companies into high-flying enterprises.

To make this happen, we believe Hong Kong should have its own original patent examination system, and a class of professional advisors who can help inventors and entrepreneurs, first to protect their creative inventions and other intangible assets from infringement, and also to raise monies for their further development and to turn them into products for the market.

Support the manufacturing SMEs

The HKIoD continues to emphasize the need for measures to support Hong Kong's manufacturing sector. As we noted before, if our manufacturing sector were to wane, it will also have an adverse impact on a broad spectrum of our service industries.

The theme of the 12th FYP is no subtle hint that Hong Kong manufacturing businesses must innovate and upgrade in order to survive and compete. For quite a long while, they did quite well just by churning out goods to someone else's orders. But that has changed. They must now create better business value for themselves through creative designs and original branding. Mr. Financial Secretary, help them cope with the change and transform.

Rally our resources

Mr. Financial Secretary, rally the resources we have to help our manufacturing businesses.

The SAR government's economic & trade offices (or the ETOs), the Trade Development Council and the Productivity Council can come together to better support Hong Kong businesses operating on the Mainland. They can serve a stronger function; for example, in helping Hong Kong businesses understand the changing policy and regulatory environment, gain access to the domestic market or to obtain needed credits and financing to support their operations. They can be anchor points for mutual support among Hong Kong businesses operating in various parts on the Mainland, and coordinators of efforts or resources from various business chambers, trade associations and non-governmental organizations to support Hong Kong businesses across China.

Many industry organizations supported by public funding provide valuable assistance to Hong Kong businesses within Hong Kong but their hands are often tied when it comes to extending support across the border to help Hong Kong businesses on the Mainland. Mr. Financial Secretary, remove those prohibitions.

Tax treatment of "import processing" arrangements

Mr. Financial Secretary, rectify the disparity between "contract processing" and "import processing". Our view is:-

- for Mainland manufacturing operations conducted by Hong Kong entities that are in substance "contract processing" in nature, then, regardless of the actual legal form of the arrangement, they should continue to be permitted the 50:50 apportionment of profits;
- for arrangements that cannot for one reason or another qualify themselves for the 50:50 apportionment, they should not be dealt a double blow, as in the current practice, by denying them a claim on depreciation on the plant and machinery used in the manufacturing processes. There should be appropriate law or rule changes to exclude the application of Section 39E of the Inland Revenue Ordinance to the plant and machinery used in the production of goods under processing trade arrangements.

Tax matters! Incentives and support to keep competitive edge, to foster development

We do not recommend adjustments to corporate profits tax rate. Headline tax rate is but one aspect of our tax system's competitiveness.

The availability of tax incentives and concessions, which has the effect of lowering the effective tax rates for businesses, is an important factor for investment decisions. Our neighboring jurisdictions are all competing with Hong Kong for investments, and they offer tax incentives and concessions in many forms and shapes to do so. This has dulled so much the Hong Kong tax system's competitive edge. We urge the Government to review the tax regime and to add or augment tax incentives to better match business needs.

Appropriate incentives and concessions have also the effect of channeling investments into areas of the economy we want to develop, and of shaping and changing behavior towards alleviating some of our livelihood, welfare and environmental issues.

We propose incentives and other support to foster the development in several areas.

For a knowledge-based and creative economy:

- We believe that at an attractive R&D rebate scheme and the generous tax deductions for costs on R&D and acquisition of intellectual property rights will provide strong incentives for businesses to develop or acquire innovative technology to benefit many of our industry sectors, including the testing and certification services and the environmental industries.
- We suggest an increase of the current rebate rate for the “R&D Cash Rebate Scheme” of 10% to 20% or higher. We further propose a profits tax deduction of 200% (or higher) of R&D costs incurred by Hong Kong taxpayers.
- We also suggest the Government to consider introducing another rebate or reward scheme with the aim of encouraging the development of creative ideas into commercial products and applications.
- The practice of allowing deduction of expenditure incurred in the purchase of patent rights and know-how in calculating assessable profits should be extended to enable deduction of costs for the purchase of broad categories of intangible assets, not just registered trademarks, copyrights and registered designs.
- The Government may also consider granting a concessionary tax rate, up to full exemption, on royalty income derived from the licensing of intellectual property rights owned by a Hong Kong taxpayer for use outside Hong Kong, especially when the IPR are resulting from the taxpayer’s creation or R&D activities. We believe these are suitable measures to help build our knowledge-based and creative economy and make Hong Kong an intellectual property hub.

For a better environment:-

- We reiterate our call for the Government to take broad steps to penalise producers of pollution and waste and to create market demand for technology and services to reduce pollution and waste. We believe this can be achieved by appropriate fees and assessments on producers, on the one hand. Mr. Financial Secretary, implement the producer responsibility scheme in respect of electronic products and broaden it to other types of goods.
- We also believe, on the other hand, there should be appropriate incentives to encourage the use of earth-friendly equipment or for R&D on environmental technology.
- Industrial and commercial buildings that adopt environmentally sustainable designs could also be afforded allowance of higher amounts or on an accelerated schedule.

For Hong Kong to become choice location for regional headquarters:-

- In recent years, many international companies had chosen Shanghai as the place for setting up their regional head offices. They could have chosen Hong Kong. If Hong Kong can reinforce its attractiveness as the choice location for regional headquarters or holding companies of business enterprises, it will draw and retain a strong pool of talents with responsibility to manage and direct company affairs. It will also attract experienced personnel from various professional services to Hong Kong. This will benefit the long term economic development of Hong Kong. To support this development, we propose the introduction of “group loss relief”, to be available only to wholly-owned and near wholly-owned subsidiaries of the same group of companies.
- We also propose concessionary tax rates for income earned by regional headquarters for management and consultancy services provided to associated entities overseas.

We also propose that interest income received by regional headquarters from loans made to their overseas associates be exempted from taxation.

Tax administration and tax policy making

Headline tax rate is but one aspect of our tax system's competitiveness. A tax regime with rules clearly understood and interpretations consistently applied enables taxpayers to better plan their activities and lower their compliance cost and burden in the long run. That is just as important, perhaps more so, to make the Hong Kong tax system competitive.

Mr. Financial Secretary, accord an IRD "statement of loss" the same status of an "assessment", and thereby make it subject to the normal 6-year limitation period to reopen a case. Taxpayers should not be asked to carry an uncertainty of not having their loss status confirmed and a definite burden of having to keep records indefinitely.

Hong Kong raced to enter into a number of double tax agreements in the past year to shed its perceived image of being a tax haven. These treaties have however left considerable implementation details to be hashed out, especially as regards to issues that invoke the interaction of treaty provisions and the existing tax rules. With fair value accounting comes a move away from realization basis of taxation to assessing fair value gains on financial instruments that have not been realized. The tax rules, however, as yet do not recognize a carry back of losses to offset the tax assessed on unrealized gains in earlier years. Mr. Financial Secretary, these are examples of changing practices stemming from the demands of global economy and the evolving accounting standards that should warrant not expedient and patchwork fixes, but strategic and holistic look at the tax rules to be sure they keep pace with developments. There is a strong argument for and a practical need to have a high-level tax policy unit outside of the Inland Revenue Department to formulate tax policy that make us competitive. Mr. Financial Secretary, separate the role of tax collector and tax policy-maker.

Tax base

Mr. Financial Secretary, we must continue to look for ways to broaden the tax base. Given that land and property-related revenue has traditionally taken a significant place in our public finance, a solution to broaden Hong Kong's tax base will likely tie to the future direction of land (and housing) policy.

Our Society and our people's hope for a better future

Help people construct their future

Mr. Financial Secretary, we need new growth engines that can channel our labour force onto paths with good prospect of a better brighter future. Formal education and life-long learning is the best investment we can make to help our labour force acquire the right skills to compete.

Daring them to start their own businesses

The desire might be there, but more and more Hong Kong people balk at the idea of starting their own business ventures. The obstacles lie in high rent and high start up costs Mr. Financial Secretary, offer low interest start-up loan and rental assistance as incentives, so people will dare to start their own business and construct their future. This can particularly benefit our creative industries. Along with conventional profit-making ventures, this can possibly spring many social enterprises.

Many people are also put off because they fear they don't know how to go about starting a business, from turning a spark of idea into a credible business model, to jumping the regulatory hoops, to rolling the model into actual operation.

Mr. Financial Secretary, rally the talents we have in society to give business advisory to would-be entrepreneurs. We often think of social enterprises offering services and products directly to customers in need. We can conceivably also have social enterprises providing advisory and consultancy services to would-be entrepreneurs wanting to start a business or to fledgling social enterprises wanting to upgrade and expand. Retired but still energetic business professionals may be the ideal candidates to lead and operate such advisory consultancy services.

Nurturing the right talents for success

The right talents for the right jobs

Mr. Financial Secretary, do we have the right talents to support the economic development we desire? To meet our social needs? Mr. Financial Secretary, we need to better link education curriculum with the needs of economic and social development.

It is important to support the nurturing and development of our workers, since they are the human capital important to the success of Hong Kong's future. We propose measures to assist our workers in the following ways:-

Assistance in continuing education:-

- We propose that the current once a lifetime, HK\$10,000 maximum subsidy for continuing education be transformed into a financial support from the government to help young workers pursuing continuing education make interest payments on study loans that they obtain from financial institutions.
- To further help these young workers, we propose that they be allowed a further tax deduction on the amounts paid as interest on the study loans. The Government can consider imposing an age limit for persons to be eligible for the interest payment subsidy and the tax deduction.
- To encourage financial institutions to provide study loans to those who want to pursue continuing education, we also propose a guarantee scheme to support the loan applications.
- In this connection, we also ask the Government to consider a further increase of the self-education expense deduction allowance from the current HK\$60,000 to HK\$80,000 or higher. The Government may consider deeming the interest paid in respect of the study loans contemplated in the above proposal as self-education expense eligible for deduction. We also propose that, in appropriate cases, taxpayers be allowed to carry forward such interest paid for purpose of deduction.
- In the alternative or as a supplemental measure, we propose that the restrictions and conditions for the current once a lifetime, HK\$10,000 maximum subsidy for continuing education be re-examined. We believe it will help train more workers for the Six Industries if the subjects of reimbursable courses can be expanded into appropriate study areas. We also ask the Government to increase the lifetime cap or, as an alternative, introduce a rolling cap for the amounts of subsidy available to an applicant so that the scheme can be made more flexible and accessible.

Attainment of professional qualifications:-

- We propose a tax deduction for individual taxpayers on expenses associated with the taking of examinations towards the attainment of recognised professional qualifications. This will help produce workers with requisite professional knowledge and qualifications to serve the needs of Hong Kong as an international business and financial centre. To prevent abuse, the government can consider introducing appropriate caps for such deductions.

Language training:-

- We propose a tax deduction for individual tax payers on expenses associated with the taking of examinations towards the attainment of recognised language proficiency certification. To prevent abuse, the government can consider introducing appropriate caps for such deductions. To want Hong Kong to be a Chinese city with a difference, there is no room for complacency in the language capabilities of our labour force. Mr. Financial Secretary, help our students and our workers brush up their abilities to communicate – in Chinese, English or other foreign languages.

Internship opportunities:-

- We propose further incentives, through direct funding, tax deductions or otherwise, to Hong Kong taxpayers who employ Hong Kong youth as interns in their local or Mainland operations. To prevent abuse, the Government can consider introducing appropriate measures to stipulate the conditions to qualify for the incentives.

Class size in our schools

Mr. Financial Secretary, spend on smaller class size and on keeping experienced and dedicated teachers in our schools. Give students a fair chance at a better education, not schools an equal opportunity at class cutting.

Immigration policy

A suitable immigration policy can attract more talents and capital to Hong Kong to develop our economy. Mr. Financial Secretary, make it clear that we want investment amounts qualifying for residency directed to the newer industries we want to develop and to create job opportunities, not merely to buy property or stocks.

With a number of new immigrants expected to move to Hong Kong for family union, have plans to give them support and help them integrate into society.

The elderly population is treasure of talents

The HKIoD also believes the elderly population is a resource our society should continue to tap into, generally and in the area of social enterprises particularly. The Chief Executive announced the government policy to enhance cross-sector collaboration in the development of social enterprises. We have in Hong Kong a good body of retired persons who have diverse background and experience in business or in the professional trade who can be great mentors for schools, social enterprises and other organizations. Many can even play active roles managing and directing these organizations. Mr. Financial Secretary, roll out initiatives and measures to encourage able and willing retired persons take part in social enterprise development.

Mr. Financial Secretary, consider the feasibility of a flexible retirement age.

Work-life balance

Mr. Financial Secretary, introduce measures that will encourage enterprises and employers to promote work-life balance, so to ensure our talents will stay. Related measures may also include incentives to employers to upgrade work equipment and environment to promote occupational health.

A place with infrastructure that matches its development

Hong Kong must continue to invest in infrastructure to support its development. Mr. Financial Secretary, the third airport runway and the Hong Kong-Shenzhen airport rail link are projects to consider. While we plan for new ones, don't forget to keep existing amenities in good condition.

Pipelines

- Mr. Financial Secretary, accelerate the pace at which old outdated underground water pipes are replaced. This will save water and be good for the environment. This will also create jobs for many construction workers.

Building safety

- Mr. Financial Secretary, keep our home owners on alert for building maintenance and the requirements of the law, so they make good plans and decisions to keep the value of their property and improve the safety of our buildings.

Keep costs within budget

As projects compete for construction materials and labour, their final price tags can jump. Mr. Financial Secretary, keep project costs within budget.

A new generation of construction workers

Mr. Financial Secretary, devise further plans to encourage youngsters to get up-to-date construction skills training and to enter the construction industry.

A place where denizens can have affordable housing

Land policy

Land supply should not just be a matter of revenue generation. The decisions to put Hong Kong's land resources to various use must not only comport with strategic developmental goals but also with sustainable development of the territory on a general scale.

Affordable housing

We see land supply for private development of basic home units an important element towards stabilizing home prices. Mr. Financial Secretary, keep an eye on the number of newly finished homes and those under construction to make sure there is a sufficient new supply in the market.

Low income families certainly deserve our help to provide them public housing. Mr. Financial Secretary, make good on the Government's promise of the three year waiting time.

For the middle class, a stock of homeownership scheme housing units can give qualifying buyers alternatives to the costlier private housing market. We need a new supply of homeownership scheme units but it will take some time for them to come into the market. Mr.

Financial Secretary, design better incentives to make for the quicker turnover of existing homeownership scheme housing units in the secondary market.

Mr. Financial Secretary, if we are to embark on the “lease to own” game plan, execute it well. We have to overcome the not unreal possibility that property prices will continue to escalate, making it not possible ever for the renters to eventually become owners. Too much encouragement to buy homes can create an unreal expectation, enticing people to buy unwisely when in real they cannot afford. It could just be more fuel for the fire, driving prices further up. Mr. Financial Secretary, we need to be careful about this.

Home for the elderly

With a growing elderly population, we need to do more to make sure the old age can find housing units that are suitable for their living needs. We ask for more retirement communities with integrated medical and social amenities designed to attract late middle-aged persons to settle in and live through their golden years, with priority to move into nursing homes within those communities as they age and begin to require such care.

A place for tourists from all over

Sports events

Mr. Financial Secretary, convince the public the Government has a long-term vision and commitment to sports development. In another time the tide may well turn and the idea may become ripe for another bid to host a major sports event. In the mean time, build on the good foundation of the Rugby Sevens and the Marathon. Make Hong Kong an attractive host or stop for tournaments and season-long competitions in a variety of sports.

Leave a good impression

Mr. Financial Secretary, we don't necessarily need one-time major events to make public facilities and other amenities clean, comfortable and more convenient to tourists (as well as our own citizens). We don't necessarily need one time major events to make our service industry front-line workers courteous and knowledgeable. Mr. Financial Secretary, review the current industry self-regulation model for tourist operators and put in place improvements.

A place for worry free shopping

Hong Kong has made its name as one shoppers' paradise. This recognition can only be maintained if we are determined to rein in questionable sales practices.

As we put in place effective measures to ban questionable sales practices for ordinary goods and services, we should know that Hong Kong people deserve equally fair and transparent sales practices when they make major purchases to buy homes. Mr. Financial Secretary, rectify our property transaction practices.

A place with a pleasant livable environment

Of cars and air quality

If too many cars are considered a cause of poor air quality, we ask the Government to consider introducing road pricing in congested zones.

The Cultural District

We ask the Government to demonstrate leadership during the design process for the West Kowloon Cultural District and to put the much anticipated project on track for successful completion.

Mr. Financial Secretary, do more to bring arts and culture to the community so more citizens come to enjoy and appreciate arts exhibition and performances, and become regular goers when the new facilities are here.

Mr. Financial Secretary, give more assistance and support to successful performing companies who can display unique local strength and characteristics, so they become major anchors at the Cultural District.

Protect our countryside

Mr. Financial Secretary, we need better enforcement and stronger deterrence to stop developers from turning pristine landscape that should be for all to enjoy into private homes for a few.

Garbage ... what to do with our garbage?

Land already marked as country parkland should probably not be made into landfills. Mr. Financial Secretary, have plans to introduce advanced incineration and other waste disposal technologies. Roll out further measures to support the recycling businesses. Create incentives for residential and commercial buildings to reduce waste and keep recyclable materials off our landfills. Stop discarded electronic products from causing more damage to our land.

Food safety

Much food we consume is imported and a threat in food safety affects many. Mr. Financial Secretary, make sure our food safety detection apparatus is on the alert to act and protect.

Green buildings

Mr. Financial Secretary, the Government can lead the way in first devising world-class standards and then by adopting green sustainable features for public buildings.

Redevelopment, town planning and sense of community

With many old districts undergoing redevelopment, neighborhood shops disappear, in come chain stores. Many are feeling that our street economy is fading away.

The street economy is a cityscape to be cherished. The possibility of living on the town along street fronts doted with shops of all kinds is a character of living in Hong Kong and a source of the Hong Kong community spirit. Mr. Financial Secretary, is it possible that, as we redevelop old districts, we do better at keeping that cityscape and community spirit?

A caring community

Inflation: the monster returns

The minimum wage will go some distance in bringing meaningful compensation for the lower skill workers. But real wage increase for a broad spectrum of the working population, even for the more educated and trained, does not seem to be keeping up with rising prices. Over the past year, public utilities and public transport companies are putting in place substantial fare increases. Products from the Mainland and other places are costing more and there are signs this will escalate. From housing to clothing, costs are rising. All suffer, but those at the lower end of society are most hurt by it.

The HKIoD believes we must rely less on welfare but more on giving people the ability and means to construct their future. Yet, we agree that public resources should be used in appropriate circumstances to help the disadvantaged groups and others in need. Mr. Financial Secretary, help Hong Kong people cope with the mounting inflationary pressure.

The Government has often resorted to one-off reliefs. Mr. Financial Secretary, be mindful that the one-off reliefs adopted in the past often had the undesirable effect of leaving out those most in need because they simply don't qualify.

Transport subsidy and the commute

When a large chunk of the wages from work is eaten up by public transport fares, the desire to leave home to earn a pay chills. By and large public transport operators in Hong Kong do not charge on a family basis. Mr. Financial Secretary, award transport subsidy on an individual basis.

We believe strategic placement of transfer points, a better transfer fare mechanism and the wider adoption of monthly or weekly travel pass across different public transport service platforms will be an integral part of a larger public transport solution for those who need to make long commute to get to work.

Textbook assistance

In the past, families that qualified for textbook assistance did not get the money soon enough. Mr. Financial Secretary, help parents meet that hump of expenses at the end of summer when their children need books and stationery to get ready for school.

Food assistance

Mr. Financial Secretary, increase funding for food banks and other forms of food assistance.

Tax deduction for charitable contributions

Mr. Financial Secretary, allow taxpayers to claim tax deduction on a higher portion of their assessable income or profits. This can bring better leverage for corporate sponsorship for arts, cultural and sports events.

A place where people can get good quality reliable healthcare

Health insurance expense

Mr. Financial Secretary, allow tax deduction on purchase of health insurance.

Medical incidents, far too many!

Hong Kong must be able to maintain a high standard of healthcare services in order to achieve the Government's previously expressed desire to develop Hong Kong into a regional healthcare centre. Mr. Financial Secretary, adopt measures to enhance service quality and prevent medical incidents.

Mr. Financial Secretary, devise measures to encourage more people to take up the nursing profession. Improve the work hours for doctors at our public hospitals so they are more ready and fresh to treat their patients.

Beyond traditional medicine

Mr. Financial Secretary, direct additional resources to support research and development in medical and public health issues, biomedicine and Chinese medicine.

A place where people can live their golden years – and die – with dignity

Home alone!

There is no doubt Hong Kong has an aging population. There is also little doubt that among the old age, an increasing number are living alone. Mr. Financial Secretary, be more generous in tax and fiscal incentives to encourage family members to live with (or near to) and take care of their elderly members. Allow elders to apply for Consolidated Social Security Assistance on an individual basis, even if they live with their family members.

Aging at home and a home care service industry

If we were to effectuate the avowed policy of aging at home, we need far more resources allocated and much more resolute support to service providers to cut the waiting time for home care services.

Home care service provision must shed its image of being just social welfare. Home care service provision has all the potential to evolve into an industry of good business prospect with professionalized operations. We need more people with the right training and the commitment to work in this industry. Mr. Financial Secretary, roll out measures to channel some of our labour force, younger workers included, into home care services. Have plans to spark the local home care service industry.

Retirement communities

Not all families have the wherewithal to live with their aging parents. We believe retirement communities with integrated medical and other social amenities is one sensible way to complement the “aging at home – aging in the community” policy.

Those approaching retirement age, especially the empty nesters, can settle into ordinary flats that are part of the retirement community. When health conditions require them to be taken care of by others, they can receive home care services or move into retirement homes within the community. Younger and still able residents in the community can be organized to volunteer home care services to those older and more in need. Their contribution can be points redeemable for home care service when they in turn need it, or be counted towards priority for moving into nursing homes.

The retirement community will have integrated medical facilities. Geriatric hospitals combining Chinese and western medicine may be particularly suitable.

Retiring to the Mainland

Retiring to the Mainland is a real trend. It has some practical advantages. People should be given the real option of retiring to the Mainland. Mr. Financial Secretary, relax the residence requirement (the absence limit) for purpose of the Comprehensive Social Security Assistance and the “fruit money” Old Age Allowance.

Mr. Financial Secretary, will you consider supporting investments to build retirement residence communities on the Mainland, with integrated medical facilities, for Hong Kong retirees to retire on the Mainland?

Tapping the silver hair market

The more fortunate can finance their own retirement. A significant share of the retiring baby boomers will likely be more affluent than the previous generation. They will expect not just

the basic care but high quality products and services, whether for medical and health or for entertainment and leisure. This represents a huge market. Mr. Financial Secretary, roll out incentives and support to actively help businesses and social enterprises to tap this market. The silver hair market is the larger set encompassing the home care service industry we are envisioning.

It is not too much to ask for a burial place

We all die, and it is not too much to ask for a proper burial place. Families who purchase columbarium spaces today must be able to do so knowing that what they purchase is legal and will not be subject to eviction later on. Mr. Financial Secretary, put forth firm measures to stop illegal columbarium operators from taking advantage of families who lost their loved ones. Accelerate the introduction of the private operator licensing scheme.

A place with a strong and effective government

Keep our civil service strong

Hong Kong prides itself for an efficient civil service. In recent years, we have seen a number of promising talents leaving the civil service. The Government must have succession plans on hand to deal with the situation, to continue to groom the right talent and to keep them in service to the Government. The civil service team must remain strong to meet the administrative demands.

Elections and the elected representatives

We have important elections to take place in the coming two years. We ask the Government to take all necessary steps to ensure fair elections.

Mr. Financial Secretary, give candidates sufficient resources so they can run campaigns that help voters make informed decisions. The winning candidates will also need sufficient salary and stipend so they can in turn recruit and keep staff with better skills and experience to help them perform their public office roles better.

Efficiency

The Director of Audit and The Ombudsman have revealed many cases of government agencies and statutory bodies wasting taxpayer's monies. Mr. Financial Secretary, show us the Government's resolve at improving efficiency.

Eye on the future

The government budget may be an annual exercise but each budget will have its effect into the future. This budget must lay the solid ground work necessary to make Hong Kong ready to grasp the opportunities in front of us and to fulfill its many ambitions and aspirations. Mr. Financial Secretary, your budget this year must show the commitment and foresight for a better, brighter Hong Kong.

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