

## Speech by the Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP Motion Debate on Demands on the Budget, 11 February 2004

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Selina Chow:

Madam Deputy, the motion moved by Dr LAW Chi-kwong today on "Demands on the Budget" obviously seeks to urge the SAR Government to, while achieving its target of eliminating the deficit, avoid substantially reducing its spending on three major public services closely related to the people's livelihood, appreciate the people's hardship at a time when the first signs of an economic revival have just appeared, and not increase public service charges affecting the people's livelihood.

I would like to point out that Hong Kong economy has suffered badly due to the SARS outbreak last year. The impact of the outbreak is so strong that not a single trade and industry has been able to recover fully. In other words, both the business sector and the community badly need an environment to "take a respite", as stated by Mr TUNG in the policy address, in which changes, new measures and burdens are kept to the minimum. Is the Government not going against the major philosophy of "taking a respite" outlined in the policy address should it decide that the freeze on some of the charges directly affecting the people's livelihood and the business environment be lifted?

Today, I have proposed an amendment on behalf of the Liberal Party in the hope that the Financial Secretary can appreciate the business difficulties and refrain from pinpointing business operators by raising charges that might affect the business environment. This Council has actually discussed repeatedly the relationship between charges related to and charges unrelated to the people's livelihood. I trust Members will agree that there is a close relationship between these two kind of charges. Increasing charges that affect the business environment may in the end increase the people's expenses, thus victimizing both the business sector and the people.

In a motion debate held last year on the following year's Budget, an amendment proposed by Ms Miriam LAU requesting not to affect the business environment was passed by Members. I hope Members can maintain this position today.

Madam Deputy, despite the saying that our economy has rebounded since it hit the rock bottom last year during the SARS outbreak, and there are signs of recovery in the market situation, I would like to point out that the so-called rebound means recovering at the most the ground lost during the SARS outbreak. Our economy is still at an early stage of recovery and not yet stabilized, not to mention the great number of uncertainties facing the market, now that we are threatened by the avian flu epidemic that has been plaguing Asia in full fury. The Government will only destroy the local business environment which has just "regained its strength" and stifle the pace of economic recovery once it decided that charges affecting various trades and industries should no longer be frozen.

The Financial Secretary announced at the end of last month to set up a super committee by merging four advisory bodies pinpointing the economy and employment for the purpose of performing a more efficient role in advising on the relaunch of the economy. If the freeze on charges is lifted now, will it appear that the Government is taking the lead in destroying the business environment despite its recent public announcement of its determination to relaunch the economy? Is it not a great irony?

Let me cite the retail trade as an example. Besides the requirement of applying for general business licences, there are various licence fees and other government charges. Let me now cite an example to illustrate my point. A supermarket has to, apart from paying the business registration fee, apply for a food factory licence and a frozen

confection permit. In addition, it has to apply for a bakery licence in order to sell bread and cakes, a cigarette licence and a liquor licence in order to sell cigarettes and beers, an appropriate licence for selling such snacks as sushi, a fresh provision store licence for selling fish and fresh meat, and a "siu mei" shop licence for selling "siu mei". These charges will add up to an enormous sum.

The burden will be further aggravated if rates, water charges, sewage charges and trade effluent surcharge are factored into all this, and the suffering thus inflicted is so great that it is indescribable. Should business operators charge consumers more or bear the burden by themselves? Under the present circumstances when only little profit can be made by all trades and industries, it is simply impossible for them to bear the burden by themselves. However, customers will be driven away should they be required to share the burden. The trades and industries are precisely being trapped in the middle. What matters is that the Government is undoubtedly taking the lead in raising charges if it increases charges that affect business costs at a time when the economy has just begun to see some small improvement. This is definitely not good to business operators and the people.

Some licence fees apparently not associated with the people's livelihood are actually closely associated with the daily lives of the people, only that Members may generally not notice if they are not highlighted for discussion. I mentioned earlier a number of licences required for the retail trade. These licences actually add up to more than 20. Other licences include: general restaurant licences, light refreshment restaurant licences, bakery licences, fresh provision store licences, liquor licences, frozen confection permits, permits for selling milk, and so on. In addition, there are licences for the sale of nonbottled drinks, Chinese medicine retail licences, and so on. All these licences involve the charging of fees.

Owing to the great diversity in the business operation of many shops nowadays, the licence fees indeed have a huge impact on consumers.

The findings of a survey conducted during the Lunar New Year show that the amount of spending made by the people of Hong Kong during this year's Spring Festival holidays was more or less the same as that of last year. The absence of a remarkable growth thus demonstrates that the people's confidence in spending has not yet fully recovered. How can the freeze be lifted at this very critical moment, thus rendering the charges that may likely be transferred onto consumers on a rise?

As for some of the proposals put forward in Mr CHAN Kam-lam's amendment, such as actively promoting Hong Kong as the off-shore centre for Renminbi, consolidating Hong Kong's status as an international financial centre, continuing to perfect the details relating to CEPA, further enhancing Hong Kong's economic co-operation with the Mainland and other countries of the world, relieving the tax burden on the public, and so on, are actually identical with what the Liberal Party has all along advocated. We have actually repeatedly urged the Government to speed up its work in these areas, and made a number of concrete proposals. As regards his call for the Government to "keep its pledge to invest in education", Mr CHAN has already explained it clearly. Actually, the Liberal Party is of the view that, given the gravity of the Government's existing deficit, there should be a shared commitment among various policy areas. The education sector can hardly justify itself should it maintain that not a single cent can be slashed. We will therefore abstain on Mr CHAN's amendment. Mr Tommy CHEUNG will give a more detailed response on issues pertaining to government expenditure later on in the debate.

As for the call made in the original motion on the Government not to substantially reduce its spending on three major public services, namely social welfare, medical services and education, the Liberal Party does understand and share that there is a keen public demand for these services. and that the Government should not reduce expenditure in

these areas without sound justifications. The Liberal Party will definitely lend its support if the so-called substantial reduction, as stated by Dr LAW Chi-kwong, is in excess of reasonable proportions. We will support the original motion, subject to our amendment that seeks to add the business environment rider. Yet I have to state it clearly that the Liberal Party absolutely supports reductions made in the interest of eliminating wastage or enhancing efficiency. We will also support reductions considered by us to be reasonable.

Thank you, Madam Deputy.