

WeConnect: Election Manifesto Prelude

NEW Resources for Education

NEW Direction for Taxation

NEW Hopes for Home Ownership

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My Vision ...

- I would like everyone living in Hong Kong to be hopeful and happy; and has confidence in Hong Kong as a well-governed, international metropolis with development potential, and a society that is just, protected by the rule of law, safe, abundant and benevolent.
- To achieve this vision, we must be united. We should be willing to seek consensus together to provide a favourable and stable environment for all businesses and professions to flourish so as to create even more opportunities for our younger generations.
- My running for the post of Chief Executive is precisely to do my utmost to resolve the conflict and divisiveness in our society. Using a pragmatic and inclusive approach, I will work with all sectors of the community to create a new environment and a more positive atmosphere.

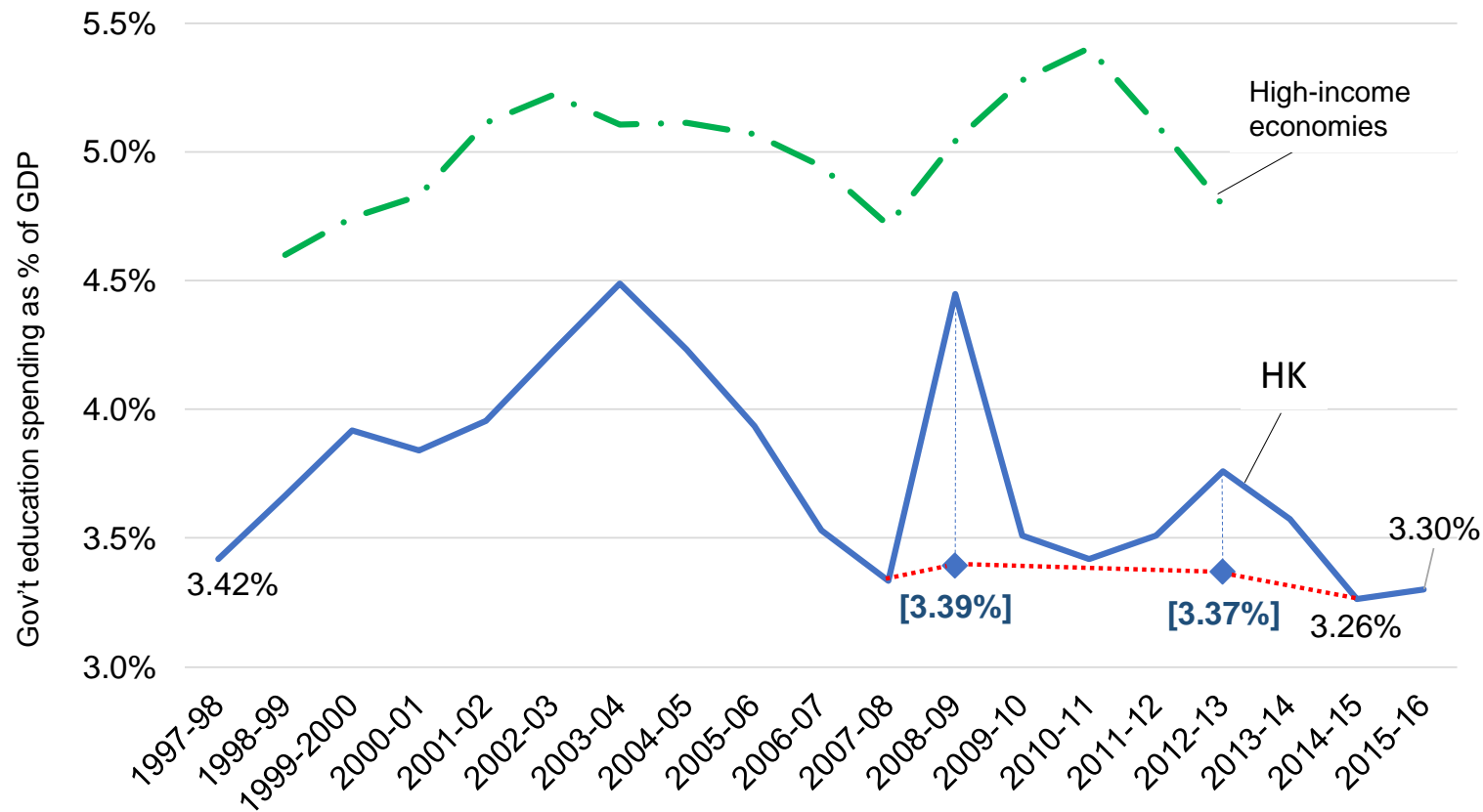
My Manifesto ... Walking With You, One Step At A Time

- I vow to canvass views from all sectors of our community, that through caring, listening, taking action, and adopting the broadest scope of public opinion, I shall complete my Manifesto together with you.
- Through a new style of governance, new roles for government and a new fiscal philosophy, my first priority will be to put forward one or two effective measures in three important policy areas to respond to specific aspirations of the public.
- I sincerely invite my fellow citizens to help flesh out these measures as well as to propose innovative recommendations in other policy areas that concern them.

My Vision for Education: New Resources

- Education is the most important element in ensuring a society continues to advance. It is also the key to a better future for Hong Kong. I would regard expenditure on education as a key investment for our future.
- The goal is to nurture our young people to become responsible members of society, with a sense of their nation and a love for Hong Kong.
- In recent years, we have witnessed problems in both the overall philosophy and implementation of Hong Kong's education policy. Should I be elected, I will conduct a comprehensive review of our education policy with the aim of creating a stable, caring, inspiring and satisfying teaching and learning environment for our students, teachers, principals and parents.

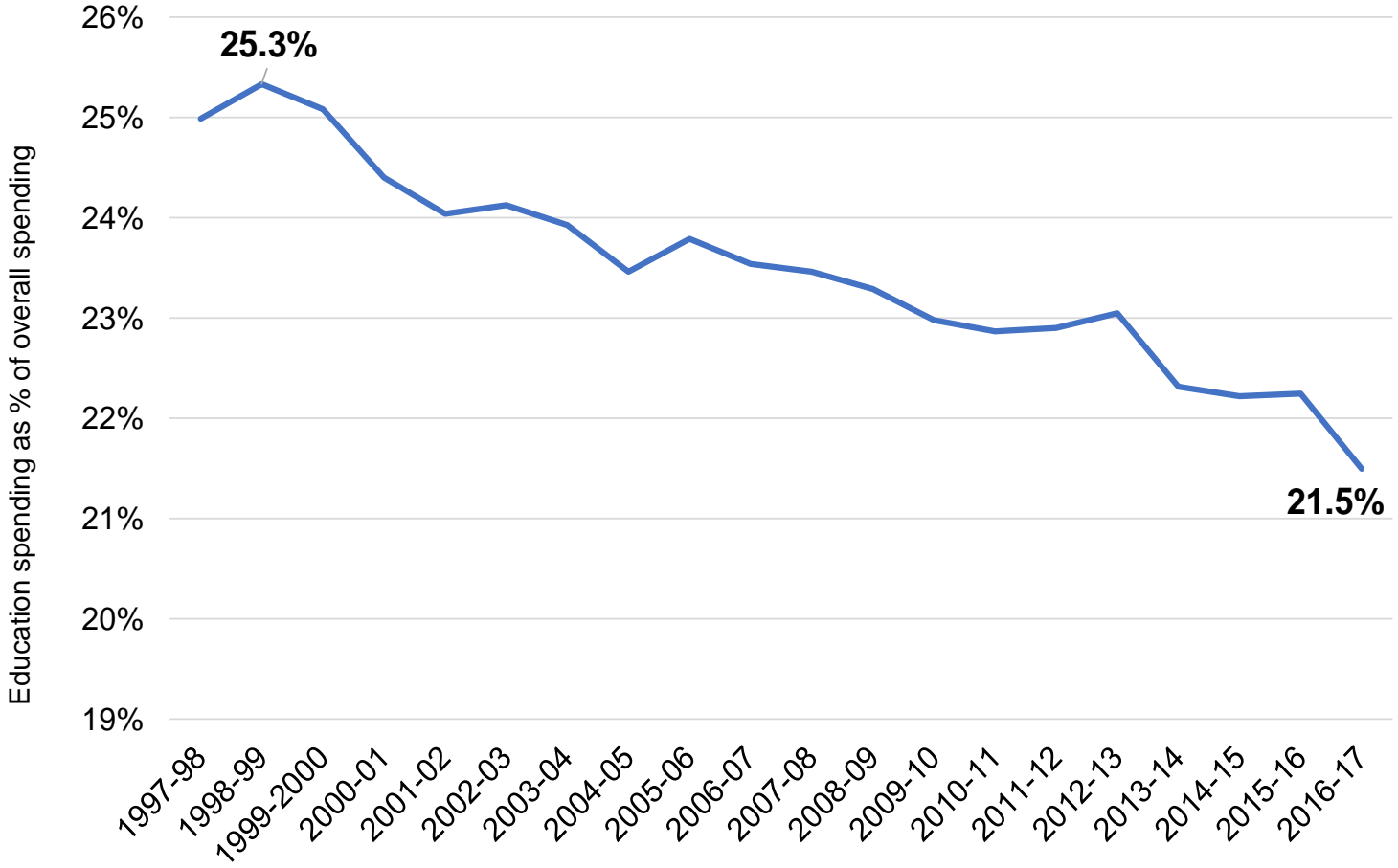
HK Gov't spending on education well below other high income economies



Figures in square brackets excludes one-off injections

Source: World Bank, Financial Services and the Treasury Bureau Census and Statistics Dept

HK Gov't recurrent spending on education at new low since handover



Source: Financial Services and the Treasury Bureau, Census & Statistics Dept

Immediate HK\$5 billion increase to annual recurrent expenditure on education to solve pressing issues

- I attach great importance to education and will propose a comprehensive review of the current education system.
- Some urgent resource issues must be addressed without delay. If elected, I promise to **immediately increase recurrent expenditure on education each year by HK\$5 billion** to offer stable employment for teachers and reduce the pressure on students. Spending can go towards:
 - Establishing a pay scale for kindergarten teachers
 - Improving staffing level for primary and secondary school teachers
 - Converting short-term contract teachers to permanent posts
 - Enhancing support for integrated education and special education
 - Upgrading the hardware and software provided at schools
 - Financial aid to secondary school graduates taking degree courses at self-financing tertiary institutions

Note: 2016-17 recurrent spending on education is estimated to be \$74.7b. \$5b equals to a 6.7% increase, lifting education expenditure to 22.6% of overall spending compared to current 21.5%.

Immediate HK\$5 billion increase to annual recurrent expenditure on education to solve pressing issues

- To determine how to use this additional funding, I invite all teachers, students, principals, parents, school sponsoring bodies and the community to express their views (proposals need not be constrained by the HK\$ 5 billion figure). Putting the most urgent needs first, let's connect with each other and work to resolve the problems faced by the education sector together for quality education in Hong Kong.

“If teachers feel uneasy or stressed, how can students learn happily?”

“When I heard Mrs Lam wants to create a stable environment for different stakeholders in the education sector, I couldn't help but cry...I am really worried..I want to follow my dream, but I'm afraid it is out of reach.”

- Letter to Carrie Lam by a post-90 teacher

My Vision for Economic Development: New Direction for Taxation

- I will use a new fiscal philosophy to propel the economy, making better use of the accumulated surpluses to enhance Hong Kong's competitiveness, and to respond to the aspirations of the public to improve their livelihood so that all can share the fruits of Hong Kong's economic success.
- I believe in the benefits of a simple taxation system. While maintaining the simplicity of the system and a low tax rate, I will propose a new direction for taxation.

Immediate Tax Relief Measures

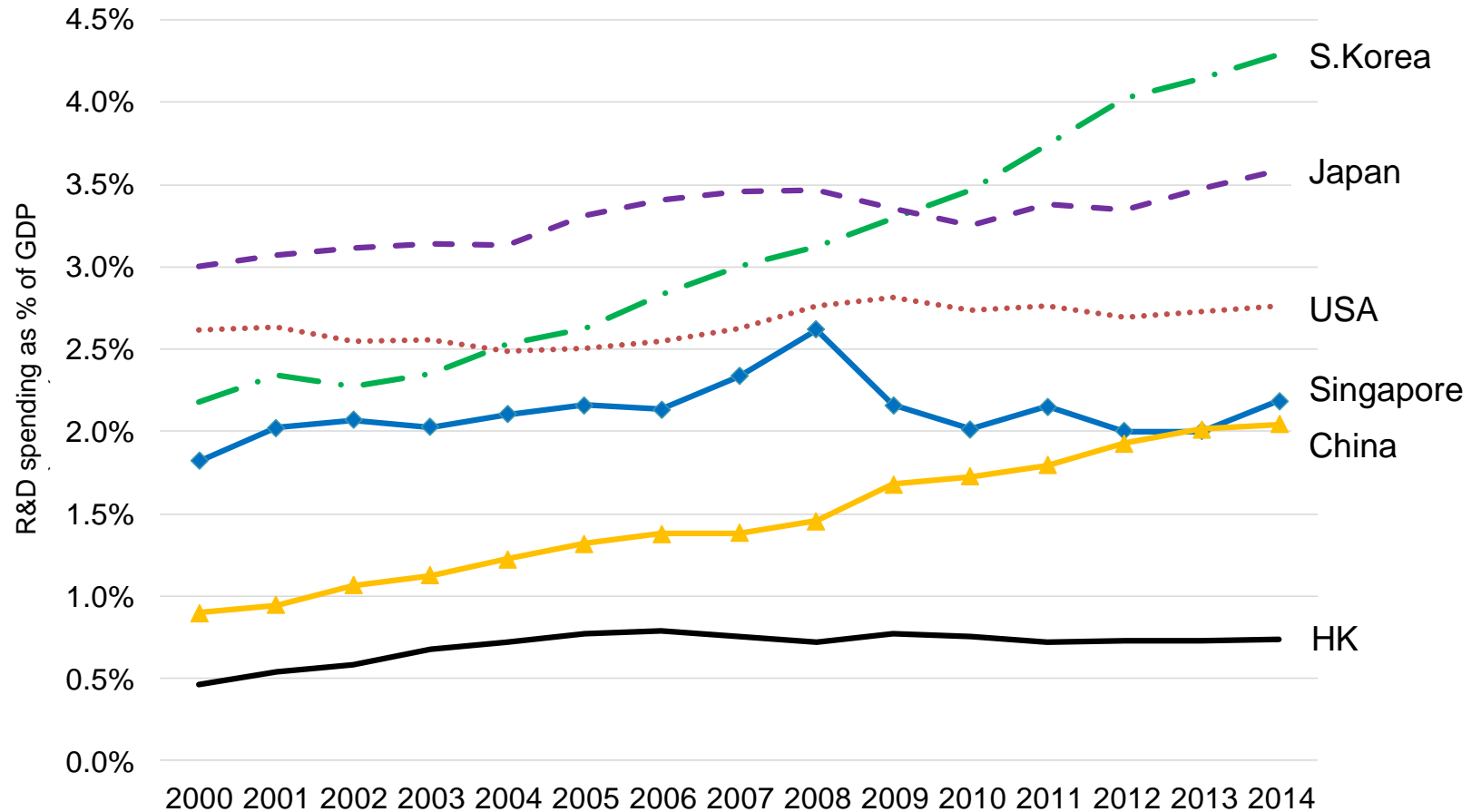
1. Two-tiered Profits Tax

- To reduce the tax burden on SMEs, the profits tax charged on the first HK\$2 million of profits for businesses will be reduced to 10% from the current rate of 16.5%. Tens of thousands of enterprises are expected to enjoy a 40% reduction in their tax bills.
- The Profits Tax rate for profits beyond the first HK\$2 million will remain unchanged.

2. Super Tax Deduction

- To encourage investment in research and development (R&D) to drive the development of innovation and technology in Hong Kong, R&D expenditure invested by enterprises will be eligible for super tax deductions that are higher than the amount spent (e.g. 200%).
- Super-deductions may also apply to spending on environmental improvements, arts and culture, design, etc.
- I invite friends from all industries to provide more concrete views to consolidate and enhance industries with an edge, and actively promote new industries.

HK R&D Investment Lags Behind Int'l Counterparts

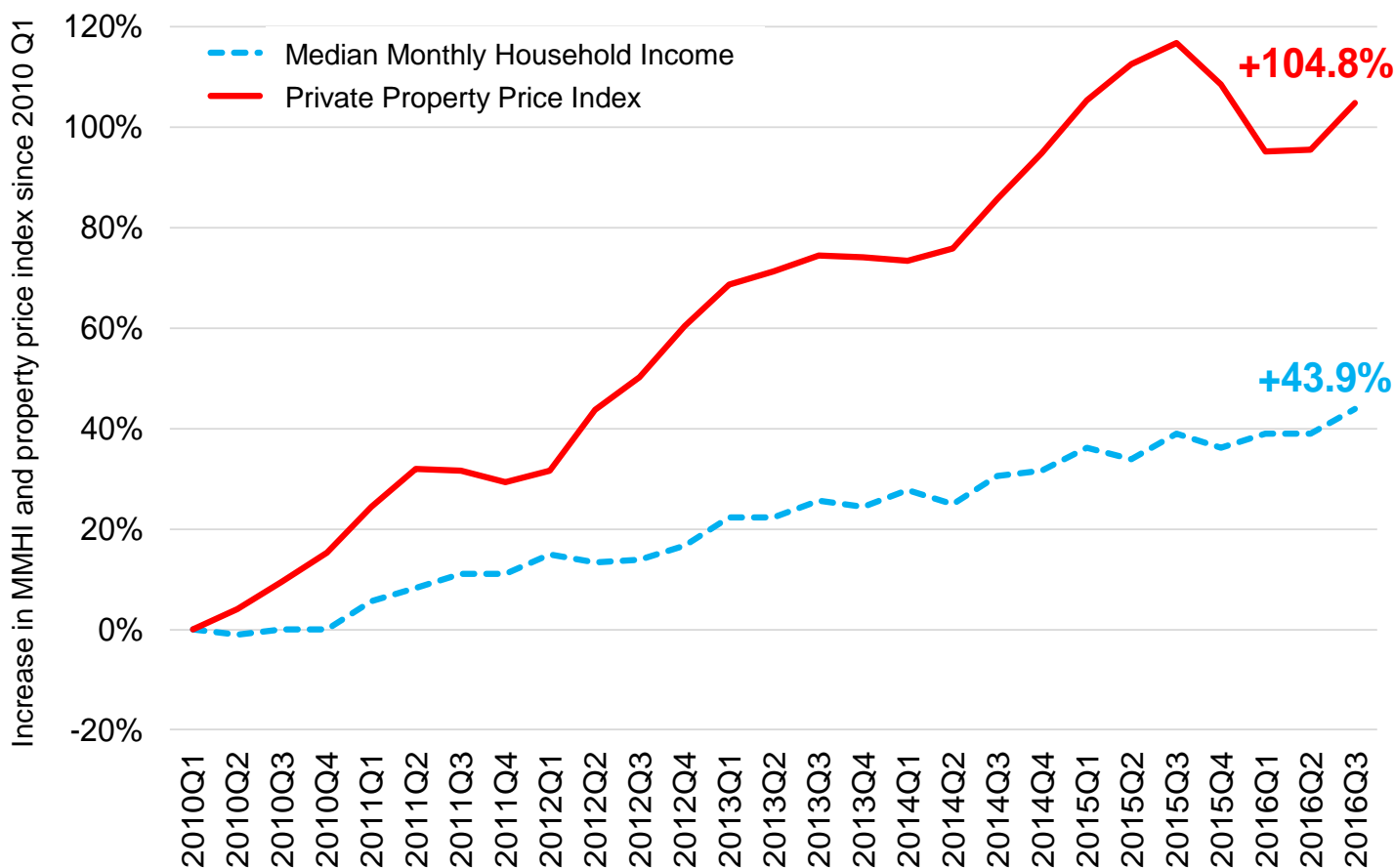


Source: HK Census & Statistics Dept, World Bank, OECD

My Vision for Housing: New Hope for Home Ownership

- Many people in our community live in poor conditions, such as sub-divided flats and illegally converted industrial buildings. In addition, 280,000 families are in the queue for a public rental housing flat.
- Rising property prices in recent years have made the dream of owning a home even more remote for many young, middle-class families.
- To improve our citizens' living environment and to satisfy the demands for home ownership, I will enhance land formation for housing.
- My housing policy will be focused on home ownership so that our citizens will be happy to call Hong Kong their home.

Private Property Prices Have Become Seriously Disjointed with Household Incomes



Excludes overseas domestic helpers

Source: Census & Statistics Dept, Ratings & Valuation Dept

How long does a young couple have to save up downpayment for a flat?

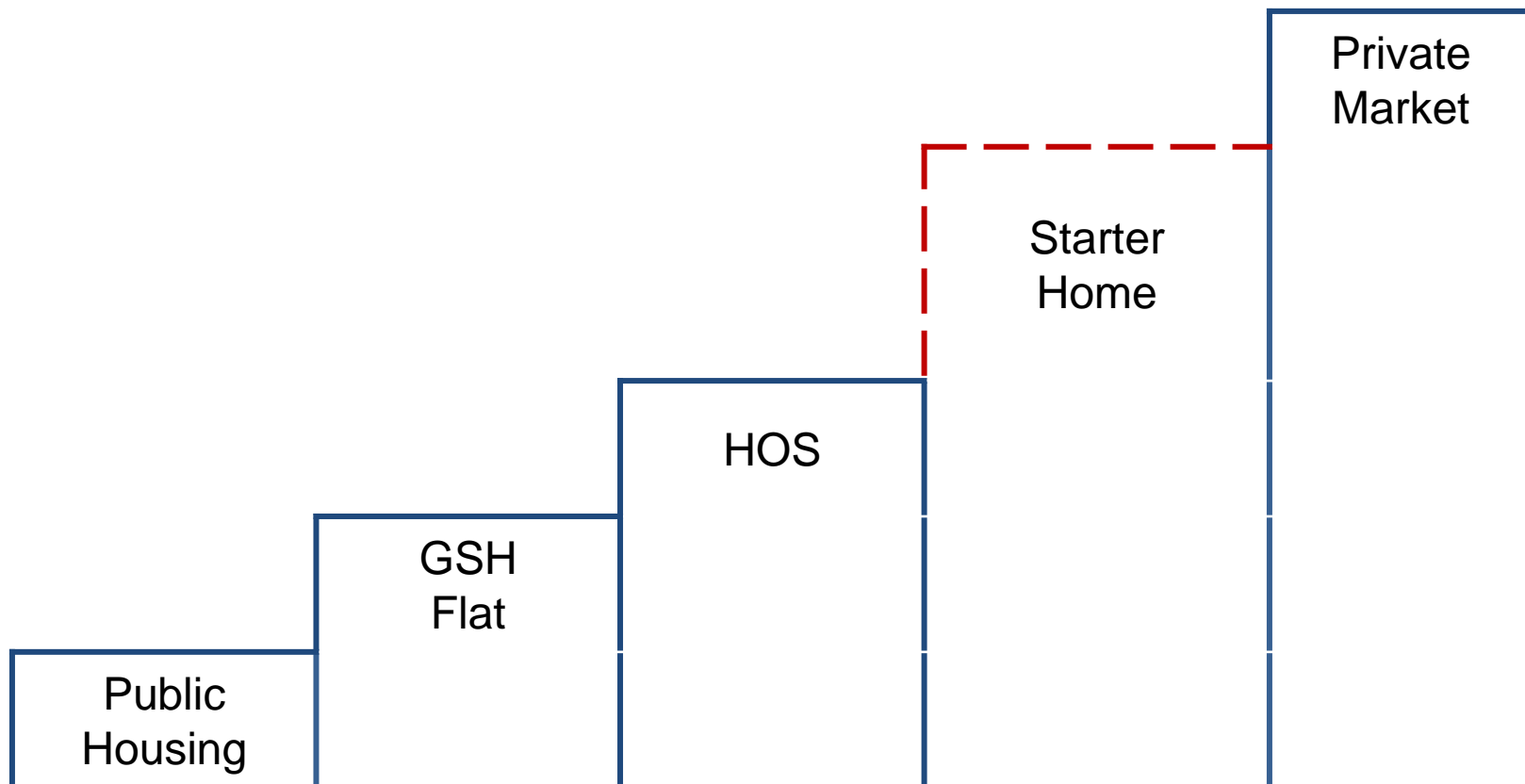
	Young Couple
Monthly income	\$60,000 (higher than MMHI* \$25,300)
% savings per month	30%
Price of targeted property	\$6 million (450sq ft flat in new town)
Payment on purchase (40% downpayment + 3% stamp duty + 1% commission)	Scenario 1 : (Rely on own savings) – 44%: \$264萬 Scenario 2 : (1/2 of downpayment from parents or second mortgage on) – 24%: \$144萬
How long to save up downpayment	Scenario 1: <u>12.2</u> years Scenario 2: <u>6.7</u> years (Property price continues to rise in the interim)

*Median Monthly Household Income

- Society must agree on how to increase land supply for housing. If I am elected, I will invite all sectors of the community to conduct a comprehensive and macro examination of where land should come from, whether it be from reclamations outside Victoria Harbour, regenerating older districts, developing brownfield sites in the New Territories and the outskirts of country parks or tapping into private developers' land reserves.
- I will rebuild the “Housing Ladder” to provide families at different income levels the opportunity to become home owners, with measures including:
 - Increasing supply for Green Form Subsidised Home Ownership Scheme (GSH), letting public housing tenants with improved economic conditions to purchase Home Ownership Scheme (HOS) flats and vacate public rental flats for those on the waiting list.
 - On top of the HOS, introducing affordable “Starter Homes” for middle-class families, re-igniting their dreams to own a home.

Rebuild the Housing Ladder

Re-ignite Dreams to Own a Home



Establish a New Task Force to Facilitate Community Discussion on Boosting Housing Land Supply

- Formed by professionals from planning, engineering, architectural and environmental fields, and people from local districts etc.
- **To identify a variety of feasible options, setting out the pros and cons, to enable the community to engage in a comprehensive discussion and make a decisive choice on how to increase housing land supply.**

Embracing Civic Engagement for a Bright Future

- In the next two to three weeks, I look forward to receiving specific suggestions from you in the three areas mentioned today, as well as on other policy areas, to help me finalise a comprehensive Election Manifesto.
- I hear the voices of Hong Kong's next generation and commit to resolving the difficulties faced by our young people in education, employment and home ownership.
- Born and raised in Hong Kong, this is my home. I have benefitted from our city's success and I am for Hong Kong. I look forward to "Connect" with you to build an even better Hong Kong.

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