



To: budget@fstb.gov.hk  
cc:  
Subject: The Budget 07/08

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Urgent

Return Receipt

Mr. Henry Tong  
Financial Secretary  
HKSAR Government

Dear Mr. Tong,

The Budget 2006/07  
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In response to the Information Pack for the Financial Secretary's Consultations for the Budget 2007/08, I would like to make some suggestions for your consideration.

I have made many suggestions. In the maintaining a robust and sustainable fiscal system, I have suggested that the government should increase the salaries tax and the charges to increase the revenue of the government. For the maintain Hong Kong's fundamental economic strengths, I suggest to attract some more international company to have investments in Hong Kong. In helping the poor and adjusted their needs, the government should increase the subsidies to the students and the new-comers from mainland China. At last for the aging population, I suggest to increase the medical resources, increase the demand for the housing and attract the young couples to have babies.

Please refer to the attached word document for the details about my suggestions. For further discussion, please feel free to contact me at  
Thank you for your considerations.

Your sincerely,



Financial Secretary.doc

(Name Provided)

(Editor's note: The sender requested anonymity.)

# **Views and Suggestion**

## **The Budget 2007/08**

(Name Provided)

**2<sup>nd</sup> February, 2007**

## Executive Summary:

I have made many suggestions. In the maintaining a robust and sustainable fiscal system, I have suggested that the government should increased the salaries tax and the charges to increase the revenue of the government. For the maintain Hong Kong's fundamental economic strengths, I suggest to attract some more international company to have investments in Hong Kong. In helping the poor and adjusted their needs, the government should increase the subsidies to the students and the new-comers from mainland China. At last for the aging population, I suggest to increase the medical resources, increase the demand for the housing and attract the young couples to have babies. I hope these suggestions are useful to you.

## 1. Introduction:

In this consultation, I am going to discuss the maintaining a robust and sustainable fiscal system, too few taxpayers and ageing population. In the maintaining a robust and sustainable fiscal system, I will suggest that we should keep going to maintain the final balance, and consider to maintain Hong Kong's fundamental economic strengths, help the poor and adjust their needs also reduce the taxes.

Secondly, in the too few taxpayers, I will suggest to have the taxes that most people in Hong Kong can afford it. And also I will suggest some ways to reduce the taxes burden of the middle class.

Thirdly, I will say some ways to solve the aging problem in Hong Kong. The aging problem is going to become more and more serious. And the expenses of the government will be increase rapidly, so it is an important thing to solve in the following financial years.

## 2. Maintaining a robust and sustainable fiscal system

As the revenue of the Government mainly comes from the residents in Hong Kong, Government should use this money very carefully. In the past few years, the revenue and the expenditure are not in balance. However, we are happy to see that the fiscal balance can be restored.

To make the fiscal balance to be restored in the following years, Government should have a good plan. I suggest that we should maintain constant tax revenue and create some ways to increase the revenue of the government.

### (a.) Maintaining a constant tax revenue

To ensure stable revenue, Government should notice whether the revenue of the residents have increase or not. When the salaries of the residents are increased, the government should increase the salaries tax. The revenue of the government will be increased at the same time. As the taxpaying population is expected to drop from 1.33 million in 1997-98 to 1.26 million in 2006-07 although the working population

has increased from 3.16 million to 3.5 million over the same period.

Secondly, although the working population has increased, the taxpaying population has been dropped. The Government should widen the tax base. So the government can reduce the allowance. And the people in Hong Kong should be needed to pay more salaries tax. And the Government can have more revenue from the residents. The government can save part of them to be used in other useful parts.

Moreover the government can have some other revenue from other type of tax. The government should increase the tax come from the luxury goods. For example, we can increase the tax of the cars' first registration tax, tobacco duty etc. Some of the residents will continue to buy these commodities. People may think that theses are very important for them. So, this can increase the revenue of the government.

### (b.) Increase the charges of the government services

When the government increases the charges of the government's services, they can have large amount of revenue as there are many Hong Kong people using the services. For example, everyday there are many people go to the government's clinics and hospitals. In the recent year, there are many people from mainland China using the Hong Kong's services. Our government should increase the charges rapidly to reduce the number of mainland China people to go to Hong Kong to use our services. People from China think that our services are better than theirs.

As there are too many things are very important that the government should do, they need a large amount of resources. However, some of the expenses are not useful. The salaries of the civil servants are higher than the private sector. Their salaries should be reduced and to make it similar to the non-government companies. So the government should maximize the revenue from the residents and reduce the wasteful of the government departments.

## 3. Maintain Hong Kong's fundamental economic strengths

Hong Kong is a well developed financial center. We should keep going to be a most free outlet for investment. The government should put much more resources on this to attract more investors to have investments here.

#### (a.) Attract more investors to come to Hong Kong

In Hong Kong there are not many larger, well-know local companies. We need to have the international companies to came and have investments here. The government should produce more benefits to them and attract them to have investments in Hong Kong. The government should reduce the operational costs to attract them to stay in Hong Kong to have their business. This can reduce their costs in their business.

Secondly, the government can make the environment of investments to be good. The government can put some money in to promote to foreigners that Hong Kong has a good environment for them to invest. The Government can also use some money to make Hong Kong to be a higher freedom, fair city. These elements will also attract the foreigners to come to Hong Kong.

The international investors can bring a lot of wealth to us. They can maintain our economics are strengths.

### 4. Helping the poor and adjusted their needs

There are many social problems in the recent years. In the past few years, there are many people lost their jobs and they cannot maintain their standard of living. So there are many poor people in Hong Kong. They need the government's help. So the government should have the support to them.

#### (a.) Increased the subsidy to the young people

In the past few years, there is economic downturn and many students do not have any jobs after leaving schools. Although in the recent year, the economy became better, they are not easy to find a job. Many people think that they have a low

education level. No employers want to employ them. There are also a large amount of them do not have jobs.

Government should put more resources on this. They can organize more courses with the youth centre to improve the knowledge to them. So they can easy to find the jobs.

### (b.) Increased the subsidy to the new-comers

There are also some new-comers from the mainland China. They may not know many about Hong Kong. They do not have abilities to do some works in here. We can provide them some financial support. And also their children are needed to go to school here, government should give them some supports to solve their financial problems. Alternatively, the government can give the subsidy to the non-governmental organization to help the new comers. Thais can help them a lot. They can be easier to live in Hong Kong.

We can support the poor by the vouchers, for example rent, rather than cash .The financial assistance will reduce the poor people's working incentive. However, the vouchers can reduce this situation happened. As the vouchers only give the suitable amount to them, this can reduce the people overuse the subsidies.

## 5. Aging Population

There are more and more people are to become elderly. The government services are going to having a large demand. The expenses of the services should have a large increase; the government will have a big burden.

### (a.) Increased the medical services expenses

The elderly people will need more and more medical services. The government should put more resources on this part. There will be an increase in the demand for medical services of the government, there will be also increased the need of the doctors and nurses. It is will also an increase of the medical equipments. The

government should put more resource on these things.

### (b.) Increase the need of the housing

The people are become older and older. And some of them do not have children or their children cannot take care them. It will bring other problems that they do not have a place to live. So the government should build more buildings for the elderly to live until they died. Or the government can provide some benefits to their children. Increasing the tax-allowance to encourage them to live with their parents.

### (c.) Attract the young couple to have baby

The solution of solve the aging problem is to have more babies born. The government can have some direct financial support to the young couple when they have a baby. It can attract some couple to have babies. If they still choose not to have babies, the aging population will become more and more serious.

## 6. Conclusion

There are my suggestions. I have mentions some problems that Hong Kong are facing. I hope those suggestion are useful to you.