



2007/02/13 07:42 PM

Urgent
Return ReceiptTo: budget@fstb.gov.hk
cc:
Subject: The Budget 2006/07

Mr. Henry Tong
Financial Secretary
HKSAR Government

Dear Mr. Tong,

The Budget 2006/07

In response to the Information Pack for the Financial Secretary's Consultations for the Budget 2007/08, I would like to express my opinions on the Government Budget.

As there is a strong economic growth recently and the foreseeable future are positive. I would like to give some suggestions on the government budget. For healthcare financing, I suggest that the tax deduction for using the private medical services will help to reduce the subsidies on public health caring. In education, I recommend that there should be subsidies on encouraging local students to have exchange programs and put more resources on helping children with special learning disabilities. Also, there should be more resources on the development of science and technology. I also think that increase in liquor and tobacco and betting tax would help to increase the revenue. At last, I would like to suggest that lower the direct tax rate to release the burden of middle-class. I hope these suggestions will be useful to you.

Please refer to the enclosed word file for further details about my suggestions. Please feel free to contact me at _____ for further discussions. Thank you for your kind attention.

Yours sincerely,



CONSULTATION.doc

(Name provided)

(Editor's note: Cannot ascertain whether the sender agrees to disclose his/her identity.)

Views and opinion on the Budget 2007/08

2nd February, 2007

Executive summary

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Introduction

As the present economic circumstances and the senior government officials said that the foreseeable future are positive and they are forecasting continuing fiscal surpluses. Some may say that it is the time to return back some money to the tax payers. Some may say that it is the time to re-allocate the resources and decide how the money should be used. I think the re-allocation of resources would be more appreciated. I would like to focus on the money use on healthcare financing, education, helping the disadvantaged group, development of science and technology, rise in income and sharing wealth with people. Also, I would like to express that the rise in tax rate of liquor and cigarettes will be help.

Healthcare financing

The government bears over 95% of the healthcare cost and there is a rapid advance in medical science so more expensive treatments and drugs are needed. The government subsidization will be heavier. There is more and more elderly in Hong Kong. I think the government should help the elderly to ease the burden on healthcare services. At the same time, the government needs to put more expenditure on elderly and health caring subsidize. If the tax reduction for contribution to private medical insurance schemes can be taken, it would not only help to ease the burden on government expenditure on health caring, it also helps to ease the services on public hospital. The workload in the public hospitals is seemed to be very heavy. If there is a tax reduction for using the private medical services, the cost of going to private clinics seem to become lower. When the price is lower or almost the same with the public hospital, I think more people will choose to go to private clinics. Since the waiting time is very long in public hospitals and people may need to spend time on the transportation to the public hospitals. If they can go to the private clinics nearby, it

will help them to lower other costs beside monetary cost like time cost. Also, government needs to spend a lot of money on each people who use the public medical services. If more people choose to go to private clinics, that can help to reduce the subsidies on public health caring.

Education

Manpower is important recourse for the development of a city. In order to obtain more talent in Hong Kong, besides attract Mainland and overseas talents and professionals to work and live in Hong Kong, I think it is important to put more resources on local education too. If Hong Kong only attract overseas talents to Hong Kong, it is good for improving the competitiveness power in Hong Kong. However, it doesn't help a lot on local education. Improving the local education and training up local talents is necessary needed. Widening students' horizons will probably help them to develop a international knowledge and it is important element for improving the competitiveness in Hong Kong. Recently, Hong Kong focuses on attracting more undergraduates from outsides Hong Kong to study in local tertiary institutions on exchange programs. Besides doing so, I think the government should put more subsidies on encouraging local students to go to other places to have the exchange programmer. Because those exchange programs for secondary and primary school is often provided by private company, only those children in the middle-class can join. So I think it is better to give some subsidies for those children who have talent to join these programs. They can learn about different cultures and gain experiences from it.

Furthermore, I would like to suggest that it is better to put resources on helping children with special learning disabilities like dyslexia and those gifted and talented children. There are more and more children suffer from dyslexia. However, there is limited resource on helping these students and they may not study properly.

Children is the manpower in the future, so it is important to give them proper learning or teach them some skills for their life. It also helps to ease the burden of caring them in the future. For the gifted and talented students, they may not use to normal learning methods. It may affect them to develop their talents. So I think it is necessary to put resources on planning some curriculum that is suitable for them. Maybe open a school or some courses maybe help. To develop their talents well will properly help the competitiveness in Hong Kong in the future.

Development on science and technology

As now is the Information Age, I think it is important to develop the science and technology of Hong Kong. It can help to gain the competitiveness of Hong Kong. Hong Kong is a financial centre and it needs information at the fastest way. Since then, Hong Kong has a science park to accommodate companies of all sizes and stages of development and to promote interaction and innovation on both local and global basis. It would not only help for the science and technology development and also help to cooperate with the companies all over the world. If the government can put more resources on the development of science and technology, it can help to promote the international status. It is very important for a financial centre, as it demand for a high communication and cooperation with others country all over the world.

Rise in revenue

The main sources of revenue in Hong Kong SAR government are profits tax and salaries tax. They account for 45% of the total revenue. Among other revenue, investment and property-related income like rates, property tax, stamp duties account for 30% of total income which is a high proportion. Although it can ensure that those with higher capacity to pay would shoulder greater tax burden. However, it is an

unstable taxation income and gives a large burden on middle-class tax payers. I would like to suggest that to raise the liquor and tobacco tax and betting tax. Since liquor and tobacco are luxury goods, raising tax on those good will not give a burden on lower-class sector and help to raise the income of government. Also, rising in tax mean that the selling price of liquor and tobacco will be higher and the quantity demanded for those goods will be less. Although those goods are difficult to find substitute, it still be effect to decrease the quantity demand of people by raising the price. As less people consume in liquor and tobacco, it can help to improve public health and the demand for healthcare will decrease. It helps to ease the burden on healthcare in the long term.

Raising the betting tax can help to raise the income and improve the image in Hong Kong. Because of the excitement, many of the people like to participate in gambling. So, if there is a raise in gambling tax, people need to spend more on those activities and they may consume less. With less people participate in gambling, it helps to improve the image in Hong Kong. As the gambling activities decrease, the expenses on security and social welfare will decrease too. Mover over, although it is now have the surplus in financial reserve recently, I think it is still need to save for the rainy day. So, I think it is worthy to do so.

Sharing wealth with the people

There is a surplus in financial balance recently. I think it is time to share wealth with the people especially those middle-class sector (whose income over \$2 million per year) as they are the mainly source of revenue in Hong Kong SAR government. I think the reduction on profit tax, rates and salaries tax will be helped. Since the middle-class are the mainly sector of paying those taxes and they had a heavy burden on taxation. By the reduction on profit tax, rates and standard tax rate, it

is not only can help to ease the burden of middle-class and it can also help to build up a supportive sense to the Hong Kong government. Middle-class is very important in the Hong Kong's income or development. So it is important to maintain them to have a positive attitude toward Hong Kong government. The reduction on those taxes will be the most direct way to help the middle-class to ease the burden on taxes and they will be appreciated the government to do so.

Conclusion

It is important for the government to balance both of the income and expenditure properly. Health caring and education is important for the future of Hong Kong. Also, keeping the middle-class be supportive is important too. So I hope that these parts would be put into consideration in deep.

Reference

1) For a document from the websites

i) Digital 21 : Hong Kong Science and Technology Park

----- IT infrastructure

<http://www.info.gov.hk/digital21/chi/itstructure/sciencepark.html>

2) For the publication from government

i) The 2006-2007 Budget

-----pp.13, 16-19, 21-22

ii) Broadening the tax Base---Consultation Document

-----pp.43-50, 65-70