



By Email: fso@fso.gov.hk and courier

12 January 2012

The Hon. Tsang Chun Wah, John, GBM, JP
Financial Secretary
25/F, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong.

Dear Mr. Tsang,

2012-13 Budget

Thank you for your letter of November 24.

2. At a recent Executive Committee Meeting of the Chamber, it was decided that we should like to present to you the view below.

3. From many perspectives, 2012 does not augur well. The world has not passed over the financial instability in major economics and depending on the development in the Eurozone, the world economy may be worse. Palliative measures by United States, European Union and others may help alleviate the panic in the short term, but the long term prospects of the world are indeed worrying. Hong Kong as an externally oriented economy will definitely be affected by developments overseas. Inflation on the other hand is unlikely to subside, eroding the purchasing power of the Hong Kong population. The business environment it can be concluded will be more difficult.



4. In the circumstances, we propose that you may wish to consider the following:

- a) to freeze all government fees and charges arising from services provided or statutory provisions;
- b) to tax-exempt expenses incurred for people taking out insurance on medical, accident or death insurance;
- c) to ask public utilities (including fuel supply) not to increase their service charges. In this connection, we commend the Administration's effort in regard to the two power companies;
- d) to provide tax allowance for expenses incurred by Hong Kong residents who pay the charges of old age homes or similar care institutions for their parent(s) to live in or being looked after, where those institutions are not part of the government's overall welfare or medical subsidy schemes;
- e) to increase rates for premises left vacant for over six months;
- f) to hold tobacco tax currently in place for 2012-2013.



5. We believe those measures will bring relief to the majority of residents, give a fillip to business and raise some revenue to the government, while carrying a degree of social justice in a property-led economy.

With best wishes for the Chinese New Year,

Yours sincerely,

J. P. Lee
Chairman