

**Speaking Note for SHWF
at the Special Meeting of the Finance Committee
for Examination of the 2005-06 Draft Estimates
to be held on 13 April 2005**

Chairman and Honorable Members,

Hong Kong has all along been a healthy and safe international city. We boast a regional hub for people from all over the world to live, work and study. The Health, Welfare and Food Bureau contributes to this through vigorous efforts to ward off infectious diseases and ensure the highest standard of hygiene in the city. We are basically a gatekeeper.

This gatekeeper role is particularly important for this year, when Hong Kong will again draw worldwide attention with the opening of the Hong Kong Disneyland in September and with us hosting the 6th Ministerial Conference of the World Trade Organization in December.

Certainly, we have a bigger role to play and many more services to provide. We provide health care and a social safety net. We roll out family, youth, elderly and rehabilitation services. We regulate drugs, health products, food and live produce. We also work with the Women's Commission to promote the well-being of women in Hong Kong.

Our expenditure is mostly on human resources and we will ensure all public officers within the Hospital Authority (HA) and departments will align their operations with the policy objectives of the Bureau and give their best to accomplish our missions.

I would now highlight key resource provision and priority policy areas of our Bureau for the 2005-06 financial year.

In 2005-06, **\$67.8 billion** recurrent provision is allocated to health, food and environmental hygiene, social welfare and women's interests policy areas. This accounts for **34%** of the total recurrent

government expenditure and represents a real increase of **3.1%** over the 2004-05 revised estimate. The priority areas of our Bureau in the coming years are as follows.

Health

We are committed to ensuring that our health care systems are of quality, equitable, efficient, cost-effective and accessible to the public.

In 2005-06, we would –

- (a) heighten our preparedness against the threat of infectious disease, in particular avian influenza;
- (b) work out options to enhance the sustainability of our public health care system (including service positioning of HA, fees review, funding arrangement in respect of HA, health care financing);
- (c) step up momentum on developing a community-based, citizen-centred mode of health care service delivery model (community outreach services, family medicine, Chinese medicine clinics etc); and
- (d) raise the health capacity of our population and promotes ownership (building a smoke-free community, including anti-smoking legislation; preventive programmes; health promotion campaigns).

Health care systems are only as good as the people and professionals seeking to deliver them. We recognize the professionalism of our healthcare practitioners and would continue to promote Continuing Medical Education and training for Chinese medicine practitioners. We also recognize shortfall in the number of nurses, as well as the low morale and feeling of uncertainty among frontline HA staff, and I am confident that HA would devise robust strategies to address such challenges.

Food and Environmental Hygiene

On food safety and environmental hygiene side, our priorities in this financial year include the following -

Avian Influenza

In view of the recent avian influenza outbreaks in Southeast Asia, which indicate that the avian influenza viruses are becoming more pathogenic and causing higher fatality, we have recently announced our overall plan to reduce the risk of avian influenza outbreaks in Hong Kong.

As an immediate measure, we will maintain the maximum licensing capacity in local chicken farms at half of the existing chicken population to enable depopulation of live poultry, if necessary, be completed within a reasonable period of time.

As a longer-term measure, we propose to implement regional slaughtering together with a voluntary surrender scheme for poultry farmers and live poultry wholesalers. We have already identified the Western Wholesale market for the development of a medium sized slaughterhouse on a pilot basis and a financial feasibility study is underway to ascertain the scope for private sector participation.

We also propose to provide ex-gratia payment to poultry farmers and live poultry wholesalers, as well as retraining for affected local live poultry farm and wholesale workers should they choose to surrender their licences/tenancies and cease operation permanently. We are consulting the live poultry trade on the terms of the voluntary surrender scheme. Our plan is to seek funding approval from the Legislative Council in this year.

Regulatory framework to enhance food safety

We will introduce a number of measures to enhance our food safety. First of all, we will enhance our food surveillance, risk

assessment and communication programmes. We are assessing the need for setting up a framework for mandatory food recall in Hong Kong. We have studied local experience on mandatory recall of non-food products, as well as overseas experience on food recalls. We will further consider the details of the proposed regulatory framework for mandatory food recall in Hong Kong in consultation with the trade.

Besides, we have completed the public consultation exercise on our proposed labelling scheme for nutrition information in early 2004. Public views are generally in support of the proposed nutrition labelling scheme. We have also completed a Regulatory Impact Assessment (RIA), which shows that substantial net benefits to the community would be available from the introduction of nutrition labelling in Hong Kong. We will report the results of the public consultation, the RIA and our implementation plan to the LegCo Panel on Food Safety and Environmental Hygiene.

We will also strengthen the control of the quality of water used for keeping live fish and shellfish intended for use for human consumption. In this respect, we have appointed the Hong Kong Productivity Council to design and operate a voluntary Accreditation Scheme for Seawater Suppliers. The scheme will help ensure the availability of reliable seawater supply and assist restaurants and seafood stalls in complying with the prescribed standard of fish tank water quality. We are also formulating a proposal to prohibit abstraction of seawater from specified areas, such as the Victoria Harbour and typhoon shelters, for keeping live seafood. We will consult LegCo Panel and the trade on our proposal shortly.

Review of food business licencing regimes

LegCo Panel on Food Safety and Environmental Hygiene has set up a Subcommittee to study the Streamlining of Food Business Licensing. We are working closely with the Subcommittee with a view to streamlining the procedure of food business licencing for the benefit of the trade as well as our departments in view of the growing workload.

On fisheries, our priority this year is to better conserve our fisheries resources. In view of the depleting fisheries resources in Hong Kong, we will introduce a legislative proposal to set up a fishing licence system, to designate fisheries protection areas and to introduce a territory-wide closed season. We hope to better conserve our fisheries resources through the implementation of these measures.

Social Welfare

Substantive increase in welfare resources despite cuts in other policy areas

Despite the financial constraints of the Government and that the public spending in most of the policy areas has to be adjusted downwards, social welfare is an exception. The total provision for social welfare in 2005-06 amounts to **\$34.3 billion**, representing an increase of **6.4%** in real terms over 2004-05.

About **\$240 million** new money has been earmarked in 2005-06 for the implementation of a wide range of welfare measures to help the poor and the needy as outlined in the Chief Executive's Policy Address. The new initiatives cover a wide range of areas including family and children welfare, youth, elderly and rehabilitation services. I would not repeat the details here.

Together with a projected increase of 5% or **\$1,141 million** of the Comprehensive Social Security Assistance (CSSA) and Social Security Allowance expenditure in 2005-06 and the **\$200 million** earmarked last year for the launch of the Partnership Fund for the Disadvantaged, the new resources for the welfare portfolio for the coming financial year is substantive and reflects the Government's commitment towards the disadvantaged groups.

Sustainability of the welfare system remains a key issue

Public resources are finite. Sustainability of our welfare system is a live issue that we have to face. Resources devoted to the welfare side have doubled in the past 10 years, with its share in recurrent Government expenditure increased from 10% to 17%. Even excluding the spending on social security, new resources have been injected to expand our social services every year.

On the other hand, the demand side has also been increasing. The number of CSSA recipients has in the past 10 years increased three folds. Faced with an ageing population, the number of subsidized residential care places for the elderly has been increased by about 60% between 1997-98 and 2004-05. We expect that in 30 years, the payment for social security for the aged will increase from \$12 billion to **\$30 billion** and thrice as much expenditure will be required just to maintain the current waiting time for subvented elderly residential places. Public resources cannot be increased indefinitely.

Promotion of Self-Reliance and Cross-sectoral Co-operation

With the upturn in economy, I hope that more people can support themselves to avoid falling into the safety net. All along, we promote the spirit of empowerment and mutual help so that individuals and families are equipped to overcome adversities, rather than resorting to welfare dependency. Cross-sectoral cooperation, particularly tripartite partnership between the business sector, government and the welfare sector, is also promoted as a shared responsibility to our social issues.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.