

**Speaking Note for SHWF
at the Special Meeting of the Finance Committee
for Examination of the 2006-07 Draft Estimates
to be held on 15 March 2006**

Chairman and Honorable Members,

The work of the Health, Welfare and Food Bureau is intimately linked with people's livelihood. We provide health and medical care services to safeguard public health and enable a safety net to take care of the under-privileged. We provide family, youth, elderly and rehabilitation services to address the needs of the needy. We regulate medicine to ensure public health. We conduct food surveillance for safe food consumption. Besides, we work together with the Women's Commission to promote the well being of women.

2. In this year's Budget, the total recurrent expenditure of our Bureau is \$69 billion. Health expenditure accounts for \$29.9 billion. Welfare expenditure amounts to \$34.6 billion. The rest of \$4.5 billion is allocated to the food and environmental hygiene portfolio. This represents an increase over \$1 billion in our major recurrent allocation, comprising the \$650 million one-off funding granted to the Hospital Authority last year which is now converted to recurrent funding. Of this new money, around \$950 million is allocated to the health area, around \$100 million goes to welfare, and \$32 million is made available for food and environmental hygiene work. These new resources would enable us to enhance the quality of our services for the community. There are four key areas in our many tasks for this year.

- (i) of paramount importance is to prevent and control the outbreak of avian influenza. This is to ensure that Hong Kong will continue to be an international city safe in public health. Our focus is to prevent human infection and infection of local poultry. This would be balanced against our community's gastronomic penchant for fresh poultry meat;
 - (ii) to strive to set up the Centre for Food Safety by the middle of this year to enhance protection for public health through strengthening the existing food safety regulatory functions;
 - (iii) to continue discussion with this Council on the "2005 Smoking (Public Health) (Amendment) Bill", with a view to having the bill passed within the current legislative session. The legislation would by phases make illegal smoking in indoor public places such as restaurants and indoor work places with effect from 1 January 2007, significantly reducing hazards of second-hand smoking;
 - (iv) to consult the public on health care financing by the middle of this year. The consultation seeks to build consensus on which a strong foundation for the implementation of a new health care financing scheme can be laid. This is most essential to ensure quality health care in the midst of ever rising health care expenditure.
3. As Members present are Members of the Panel on Health Services and the Panel on Food Safety and Environmental Hygiene, I

would first give an account of the work programmes under these two policy areas. Later, I would turn to welfare when the Members of the Panel on Welfare Services join the meeting.

Food and Environmental Hygiene

4. On food safety and environmental hygiene side, our priorities in 2006-07 include -

Addressing Avian Influenza Problem

5. Over the past year, the whole world still came under the threat of avian influenza. In view of this, we have launched a range of measures to reduce the risk of local avian influenza outbreaks, including banning backyard poultry keeping so as to reduce the risk of poultry infected by avian influenza.

6. We also noted that there was a confirmed human case of H5N1 infection in Guangzhou, Mainland. To reduce contact between humans and live poultry as well as the duration of live poultry staying in the markets, we decided on 5 March to suspend import of live poultry, day old chicks and pet birds from Guangdong Province for three weeks for the authorities to conduct a full investigation. Subject to confirmation that there is no other human infection case and no avian influenza outbreak in the farms of Guangdong Province, we will resume import of live poultry from Guangdong to Hong Kong.

7. In the future, we will continue to implement effective

measures to reduce the risk of local avian influenza outbreaks. We will maintain the number of maximum licensing capacity of local chicken farms at 2 million. We are fully aware that this would have an impact on the trade. As such, we have since July 2004 made available nearly \$600 million by phases to help voluntary exit of the trade for switches to other business. This covers farmers, wholesalers, retailers and transporters.

8. For the longer term, we are actively identifying a site in the New Territories that is relatively far from residential areas but in proximity to poultry farms for the development of a poultry slaughtering plant. This would help achieve our policy objective of separating live poultry from humans. It is expected that it would take three years for completion.

Food Safety

9. We plan to establish a Centre for Food Safety. The Centre will be established under FEHD. The arrangement is intended to address the growing public expectation for better food quality and safety standards. The Establishment Sub-committee of the Legislative Council has approved the relevant proposal on 8 February this year. The proposal will be submitted to the Finance Committee of the Legislative Council for consideration on 7 April. I hope that Members will support our proposal. If everything goes well, we hope to start the work in establishing the Centre for Food Safety in mid 2006.

10. Furthermore, we will introduce legislation for implementing nutrition labeling scheme within 2006-07 after consulting the industry. A

study on regulating the safety of seafood and aquatic products is also well underway. We will consult the Legislative Council, the industries concerned and the public in due course.

Health

11. In 2006-07, expenditure on health accounts for 15% of the total recurrent government expenditure, and over 40% of the total recurrent provision of the Health, Welfare and Food Bureau. In respect of health and hospital services, 27 Legislative Council Members have raised a total of 190 questions, this reflects Members' concerns over health issues.

Health and Hospital Services

12. The new Chief Executive of the Hospital Authority has taken up his position in March, meanwhile new resources are provided to the Hospital Authority this year. Apart from converting an amount of \$650 million one off funding (which is due to lapse at the end of March) into recurrent funding, additional recurrent provision of \$300 million is provided for in the coming year's budget with additional recurrent \$300 million in each of the following two years. Such arrangement would help to alleviate the stringent financial condition of the Hospital Authority and would provide more certainty to the Authority in respect of its resources, enabling it to make longer term financial arrangements.

13. Looking ahead, the Hospital Authority faces substantial challenges: meeting public expectations, responding to increases in

service demands, enhancing efficiency, improving staff morale, amongst others. All these cannot be achieved overnight. With new resources and new leadership, we hope developments will take a new aspect in the Hospital Authority.

Healthcare Financing

14. In 2006-07, we estimate that the total expenditure devoted by the Government and the public on public and private medical services would amount to more than \$60 billion. We all knew that coupling with the advancement of medical technology and an aging population, we would no longer be able to pay off future public and private medical expenditures if merely relying on taxation revenue and personal income. The Health and Medical Development Advisory Committee chaired by me is exploring into other healthcare financing options. It is expected that initial recommendations would be available for public consultation mid this year.

Social Welfare

Social Security

15. Recurrent government expenditure on Social Welfare in 2006-07 is \$34.6 billion, an increase of \$2.3 billion compared to the Revised Estimate of 2005-06. It amounts to 17.3% of total recurrent government expenditure, which ranks second following the fund allocated to Education.

16. In the past few years while the Government was under fiscal constraints, expenditure in many areas had been reduced. However, recurrent expenditure on welfare was increased every year and has doubled during the past decade. Having disregarded the growth in expenditure relating to the Comprehensive Social Security Assistance (CSSA) Scheme and other social security schemes, the expenditure on welfare has increased by more than 90%, which far exceeded the growth in the government expenditure over the same period (39.6%). In the coming year, public expenditure on welfare including the non-recurrent items will amount to \$36.2 billion.

17. The Government has never slackened in its commitment and care for the disadvantaged groups. With the growing welfare budget and heavily subsidized public health, housing and education, we have already built up a comprehensive safety net.

18. Government recurrent expenditure on social security has almost doubled from 6.3% in 1994-95 to 12.2% in 2005-06. We must ensure the sustainability of our welfare system. Our emphasis will be to strengthen the support services, thereby increasing the social capital of different people with different needs to face adversities and thrive.

Elderly Services

19. The resources we will invest in the elders will also increase. In 2006-07, Government's estimated expenditure on social security for the elders and services for the elderly (not including public housing or public health services) will amount to \$16.5 billion, representing an increase of 4.7% comparing with the 2005-06 Revised Estimate.

20. It is the wish of many of our elders to “age in place”. We would take forward our vision of “ageing in place” with the additional \$20 million recurrent expenditure to strengthen home care services for elders in need by providing cleaning, meal delivery and escort services.

Family Support Programme

21. The Chief Executive has pledged in his Policy Address in October 2005 to further strengthen families and our support to them. Despite the full array of existing services available for our families, there remain needy families who are unwilling to seek help. To increase connection with these families and to address their problems at an early stage, an additional recurrent funding of \$30 million is allocated to launch a Family Support Programme (FSP) in Integrated Family Service Centres/Integrated Services Centres (ISCs), Family and Child Protective Services Units (FCPSUs) and Psychiatric Medical Social Services Units (MSSUs) in 2006-07. Also, we have allocated additional resources to strengthen and extend family education to promote the values, ethics and individual responsibility needed for family harmony.

Comprehensive Child Development Service

22. The Administration attaches much importance to early childhood development. With an emphasis on early identification and early intervention of problems, the pilot Comprehensive Child Development Service (CCDS) was launched in Sham Shui Po in July 2005. It has been extended to Tin Shui Wai, Tuen Mun and Tseung Kwan O in January 2006. An additional \$20 million has been

earmarked to improve the pilot CCDS and gradually extend the service to the other communities in Hong Kong by phases. We aim at conducting a full review of the pilot run in the third quarter of 2006.

Rehabilitation

23. To achieve the policy objective of facilitating people with disabilities to fully integrate into society, we will provide convalescent and continuing rehabilitation day services to discharged patients with mental, neurological or physical impairment, and will strengthen training and support services for family members and carers of people with disabilities through various rehabilitation services programmes. We will also launch a Visiting Medical Practitioner Scheme to enhance the basic medical care for people with disabilities living in residential rehabilitation service centres.

Women's Interest

24. The total provision for promoting women's interest in 2006-07 amounts to \$19.8 million, representing an increase of 17.2% in real terms over 2005-06.

25. In the past five years, the Women's Commission, with full support by the Government, has made good progress in promoting women's interests. In 2006-07, we will continue to support the Women's Commission to promote family-friendly employment policies and practices, to explore initiatives to nurture caring families through promotion of quality parenting education, and to promote a

multi-disciplinary approach to tackle domestic violence in partnership with stakeholders, amongst other on-going initiatives.

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

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