

ASIAN CONSULTANCY ON TOBACCO CONTROL
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**Presentation to the Legislative Council of the Hong Kong Special Administrative Region,
Bills Committee on Mandatory Provident Fund Schemes (Amendment) (No. 2) Bill 2011.
Item (a) setting up a statutory MPF intermediaries regulatory regime**

Dr Judith Mackay, SBS, OBE, JP, FRCP (Edin), FRCP (UK)

Date: 6 March 2012

Dear Chair and Members of the Bills Committee,

I am a medical doctor, who has worked in Hong Kong since 1967, firstly in university and public hospital practice, followed by public health. I am here today representing World Lung Foundation and the Asian Consultancy on Tobacco Control. I am also a Senior Policy Advisor for World Health Organization and an Honorary Consultant to the HK Department of Health.

I have also been mandated to make this presentation on behalf of:

- School of Nursing, The University of Hong Kong
- The Jockey Club School of Public Health and Primary Care, Faculty of Medicine, The Chinese University of Hong Kong
- Department of Community Medicine, School of Public Health, The University of Hong Kong
- Hong Kong Council on Smoking and Health
- Clear the Air, Hong Kong
- Dr Homer Tso, Honorary Consultant, Department of Health

Hong Kong Anti-smoking Policy: Since the 1970s the Hong Kong government has adopted an anti-smoking policy, which has been successful in many ways regarding tobacco control legislation and tobacco taxation policy. Our lowered smoking prevalence rates are now among the best in the world, but it is equally important to maintain vigilance, especially with regard to youth smoking.

FCTC and Hong Kong: China ratified the WHO Framework Convention on Tobacco Control (FCTC) in 2005 (after the establishment of the MPF system), and specifically stated that Hong Kong and Macau were included in this UN treaty.

Article 5.3 of the FCTC states: “In setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.” This applies to all sectors of government. Thus, any government that ratifies the convention has an obligation to divest of commercial links to the tobacco industry.

The Guidelines for Implementation are available at:

http://whqlibdoc.who.int/publications/2011/9789241501316_eng.pdf

GUIDING PRINCIPLES for the implementation of Article 5.3 state:

Item 7.2 (page 11) states: “**Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures.**”

HK Monetary Authority: The Hong Kong Monetary Authority has recently laudably but properly pledged to do just that. In a letter dated 2 February addressed to Clear the Air, the HKMA wrote:

“We can assure you that the investment of the Exchange Fund will comply with guidelines issues under international conventions which Hong Kong is party to. This includes the adoption of the Guidelines for Implementation of Article 5.3 of the Framework Convention on Tobacco Control (FCTC) by the World Health Organisation (WHO).

“For the investment portfolio managed internally by the HKMA investment team, there is no investment that will infringe the FCTC guidelines... In the light of the relevant guidelines under the FCTC, we have already requested all our external managers to examine their stock holdings for the account of the Exchange Fund, and make necessary arrangements to divest from the stock holding of the tobacco industry as soon as practicable if any such holding is identified. This exercise is now in good progress.”

Our present submission is that it would seem appropriate for the MPF to announce likewise (in fact, would be difficult for the MPF to announce a contrary policy).

Zero cost: It will cost the MPF nothing, has virtually no administrative costs other than vigilance, and is easy to implement.

Following global trends, and exemplar in Asia: Other administrations, such as Norway and New Zealand, have already taken such steps, and many others ranging from Australia to Scotland are in active discussion on divestment.

This is important not only for Hong Kong, but also to set an exemplar for Asia.

Unethical investments: We note that there is not yet any clause in the MPF about investment in industries such as munitions, blood diamonds, tobacco, etc, so this may be an appropriate moment to discuss this larger framework, although to my knowledge, the tobacco is the only item covered under international obligation on the Hong Kong government.

Mr Chairman and Members, thank you