

**HONG KONG WOMEN PROFESSIONALS
AND ENTREPRENEURS ASSOCIATION**

**An Opinion on the 2007-8 Government Budget and Chief Executive Election
Speech**

In this document are presented the views of the members of the Hong Kong Women Professionals and Entrepreneurs Association (HKWPEA) on the 2007-8 HKSAR budget and the ideas presented by Chief Executive Mr. Donald Tsang in his election speech. The HKWPEA is a non-profit organization with a mission to enhance professional standard, training, and business opportunities and provide mutual support for its members. Ranking high on the Association's agenda is to give opinions to the HKSAR Government on various policy consultations and budget issues.

After reviewing the Government's financial position for the recent past and having sought additional input from both HKWPEA members and others who are experts in the financial sector, we would like to offer our opinion on the announced 2007-8 budget and related plans for Hong Kong as put forward in the CE's election speech. Based on the information that we have received, the Hong Kong Government currently enjoys a healthy financial position which will allow investment in selected areas for the future good of the community. We are optimistic that this healthy state will continue into the near future and recommend that the Government loosen its purse strings to provide continued or additional funding for worthwhile Government services.

Regarding future revenue sources, we endorse the current concept of a simple low tax regime. However, we believe that the Government must seek ways to broaden the tax base such that a wider percentage of the population shares the tax burden. Measures that are currently under consideration for doing this such as GST are not popular in

the community and threaten Hong Kong's reputation as a "duty free port", "shoppers' paradise", and low tax territory for businesses. We therefore believe that the Government must explore other means for broadening the sources of revenue, and that the Government should not institute a GST or other measures without prolonged public consultation.

With respect to expanded funding, we would like to comment on four areas: the environment, healthcare, education, and social enterprises. We urge the government to take action now while the revenue is available to prepare for projected future events.

In the area of the environment, the Hong Kong government must work with our neighbors in the Pearl River Delta to control various types of threats to the environment, particularly air and water pollution. Locally, the Hong Kong government must take action to limit the burning of coal for electricity generation and seek other means of reducing waste that is going into landfills or being dumped into the harbor.

Hong Kong has enjoyed a relatively high standard of healthcare in the past but with the aging population the burden on the system will continue to grow in the coming years. We recommend the Government to give strong consideration to providing initial funding for an individual healthcare insurance scheme such as those in the UK and Switzerland. By 2033, it is predicted that Hong Kong will have 27% of the population who are over 65 years of age. Thus, it is imperative that the Government start funding this scheme as soon as possible.

With respect to the healthcare insurance scheme, we believe that to provide quality and value for money, patients must be given choice. At this moment, the choice is limited to seeing private doctors in private clinics/hospitals or seeing public doctors in public clinics/hospitals. There are few choices in between for patients. Private and public hospitals each have different strengths in treating certain diseases. If there is private insurance cover, those insured should be able to have completely free choice of both doctor and hospital. We support a system that could allow a private doctor to admit a patient into a public hospital because of the superior facilities for treating a specific illness. Likewise, we would also expect that a professor of surgery could perform an operation at a private hospital because of a need for highly specialized treatment.

We also support a medical insurance scheme that covers health promotion and screening, and we would like to suggest the Government consider a tax incentive for people who pay from their own pockets for recommended health screenings. In order to implement these suggestions, the Department of Health should develop guidelines on health screening for illnesses such as cancer, diabetes, heart disease, etc.

With respect to education, Mr. Donald Tsang warned us in his Election Speech about the huge cost of setting up a small class education system. Since businesses favor overseas graduates over those educated locally, it is clear that some action must be taken to improve our local approach. Although we see that direct subsidy schools with smaller classes often achieve better results, we urge the government to consider additional options. Although Hong Kong has introduced continuous “educational reform” over the past decade, the desired results still have not been obtained. With

the strong emphasis on test results, students lack a general interest in what they are learning and do not develop skills that will allow them to take initiative for their own further development. Thus, the government must seek ways for changing the fundamental approach to education that is given in the early years, not just reduce the size of classes.

Finally, we would like to comment on how the government could assist social enterprises that do a great deal of good for the community. Since these enterprises have their own mission and are unable to compete with for-profit types of organizations, it is important that government assist them, in carrying out their good works, for example, by allowing them to become government suppliers or by leasing government premises to them at concessionary rates.

We appreciate this opportunity to give our opinion. As the members of the HKWPEA are professionals and entrepreneurs from a wide variety of backgrounds, we hope the Government will feel free to call upon us in the future to offer our opinions or advice.

June 6, 2007