

Annual Report 2007



Business and Professionals
Federation of Hong Kong
香港工商專業聯會

www.bpf.org.hk



MESSAGE FROM THE CHAIRMAN 2008

The last twelve months marked a busy year for the BPF. After in-depth discussion, consultation and enquiry, our painstaking research into the route ahead for health care reform was submitted in time to respond to the Government consultation. Also, a number of key BPF recommendations have been taken up by the Government in formulating its policy and preparing the fiscal budget, such as the appointment of deputy ministers, setting aside some of our budget surplus for a health care reserve and making an injection into individual MPF accounts rather than simply giving away a handout. Another two projects are being brought to conclusion; they are Reverse Mortgage to help asset rich but cash poor property owners and to add Captive Insurance to the span of our financial service sector. There are also more research projects and policy discussions in the pipeline.

We may not have the resources of some of our brethren in this busy, think tank arena, but at this time of strain for the global economy and the challenges facing our own, there is plenty that the BPF can do. I like to think our contribution to society is not related to our size!

I wish to thank most sincerely all our sponsors for their help and those of our members who have taken part in the discussions which have led to the production of thoughtful policy papers with so many fruitful ideas and initiatives. Our committees have never stopped helping BPF present to the Government and the public constructive recommendations on the way forward for Hong Kong. Last but not least, I must thank members of the membership committee who have helped me actively in recruiting new blood to join the BPF family.

I also wish to welcome warmly many new and younger members to our Federation.

A handwritten signature in black ink that reads "Wilfred Wong". The signature is written in a cursive, slightly slanted style.

Wilfred Y W Wong
Chairman

REPORT OF THE EXECUTIVE COMMITTEE 2007-2008

The following are the highlights of the Federation's work in the past twelve months. A chronological order of the major events is listed in the Event Calendar.

Fundraising Campaign, New Secretary General

The BPF successfully raised \$5.15 million last year for its research and public advocacy work. The Executive Committee would like to express its deep gratitude to all the donors whose generosity has been key to the Federation's quest in identifying proposals and strategies that will reinforce Hong Kong's unique role in China and the world today. The donors were:

Shui On Investment Co Ltd
Mr Wilfred Y W Wong
Mission Hills (China) Ltd
Ryoden Development Ltd
Chan Family Investment Corporation Ltd
Lai Sun Development Co Ltd
Harilela Hotels Ltd
Sun Wah Education Foundation Ltd
Si Yuan Foundation
AON Hong Kong Ltd

The Secretary General, Ms Connie Hui, left BPF in July after a decade of dedicated service. We would like to convey our appreciation to Connie for her contribution to the work of BPF. Connie will join us now as a member. We also warmly welcome Ms Pauly Tsang, her successor. Pauly has been working for a long time in non-governmental organisations. We are confident that the smooth functioning and vitality of the Federation will continue.

Political Development

The Decision of Standing Committee of the National People's Congress (NPC) last year

laid down the earliest possible years for the universal suffrage of Chief Executive in 2017 and Legislative Council afterwards. It was in essence a timetable and without doubt an important milestone for the HKSAR. It is time that Hong Kong gets its act together and focuses on reaching consensus on the details and a game plan. One key factor in achieving this however is to bear in mind the principles which have been reiterated time and time again: meeting the interests of different sectors of society, facilitating the development of a thriving economy with orderly progress and appropriate models for growth of the HKSAR.

The BPF has been working hard in the last few years in developing proposals which meet these criteria. We have advocated the bicameral system but have further developed our thinking to the “one man two votes” arrangement which will widen the electoral base of the Functional Constituencies so that every voter will have two votes: one each for the geographic and functional constituencies. Our earlier detailed proposals for the election of the Chief Executive that transform the Election Committee into a Nominating Committee, broaden the electoral base and set out the nomination and election methods have sit well with the latest NPCSC Decision. The merit of our proposals is up to the public to decide. However leadership is required if a consensus is to emerge. We will persist in our efforts.

Another major development this year is the appointment of Deputy Secretaries and Political Assistants. The Federation has long been saying that our “ministers” need the support of a full-time deputy and a team. The avoidable furore caused by the appointment process was the most unfortunate but without doubt this initiative was a step in the right direction.

Health Care

The long awaited Government consultation on health care financing was finally launched this year during which the Federation worked hard to promote its views as well as explain this complicated subject to the wider public. We participated or spoke in more than 30 events to workers in the field, patient groups, political parties, chambers and associations, professionals, academics, etc. and published a number of press articles during the short period.

The public is divided with some even questioning the need for reform – but this need is beyond doubt. Our message is clear in all our presentations: money is important in helping to drive the reform but it is not the crux. What we must do is to change from a focus on hospitals and cure to prevention and general well-being, i.e. primary care. We should instill patient centred care across Hong Kong with a community wide network of primary care, multidisciplinary clinics. We need to assure both quality and affordability of these services but we also have a shortage of doctors and nurses and other health professionals. All these mean better planning and management of health care. In this regard, the Federation strongly supports a Primary Care Authority to be set up and is commissioning the School of Public Health of the Chinese University of Hong Kong to prepare a paper on the management structure.

Government points out that values and principles are at the heart of reform. The one principle which the BPF in particular emphasizes is universal access to a publicly administered or sponsored healthcare system. Developing, legislating or bringing about, perhaps inadvertently, for different levels of service and choice in health care to different sectors can exacerbate the division in society.

The discussion and legislation on the supplementary financing will be a lengthy process. There are many pressing items that must proceed, while the more protracted work on financing and legislation can take its time.

The Federation has submitted its response to the Consultation Document and will continue its dialogue with Government and the community. It has also distilled the response into a booklet which will be published and widely distributed.

Captive Insurance

The study reports on the 11th 5 Year Plan by both the HKSAR Government and the BPF identified captive insurance as a specific opportunity for Hong Kong. The Federation hence followed this up with an objective study on the potential role of Hong Kong as a captive insurance domicile and examined the rationale of captive, its benefits to Hong

Kong and the Mainland as well as the regulatory and fiscal essentials needed to attract captive to Hong Kong. The conclusion is clear: to become a captive domicile, particularly for Mainland companies, will add depth to the range of financial services and it will be a catalyst for strengthening Hong Kong's status as a regional reinsurance, risk management and business hub.

A paper has been submitted to Financial Secretary, Secretary for the Financial Services and the Treasury, and the Commissioner of Insurance, whom the Study Group has been keeping a close dialogue with and will meet again to discuss how the initiative can be taken forward.

Reverse Mortgage

This grew out of the poor housing report published in the previous year. Reverse mortgage is a financial product that allows elderly homeowners to convert all or part of the equity in their dwelling to improve their financial position whilst allowing them to continue to live in their home. The BPF study looks into the applicability of reverse mortgage as one of a series of solutions to elderly issues facing Hong Kong by providing elderly homeowners who are asset rich but income poor an income stream. It consists of two parts. Part I provides a general picture of reverse mortgage – how it works, the level of income supplement it can provide, etc. Part II gives a broad view of the potential size of the reverse mortgage market.

The conclusion is that reverse mortgage is capable of providing a reasonable cushion for those in the lower and middle income range in their retirement and there is a potential niche market which in time could become quite substantial. The Study Report will be put in print and distribution soon.

Policy Address and Budget Speech

Over the year the BPF also made various submissions to the Government including the Chief Executive's Policy Address and the Financial Secretary's Budget Speech. A key guiding principle in our submissions is that Hong Kong must pursue policies that emphasize long-term interests over short-term political popularity. Along these lines we

advised the Government to set aside a portion of the substantial FY2007-08 fiscal surplus as seed money for health care reform, and to return a part of the fiscal surplus to the public by injecting funds into individual MPF accounts instead of issuing tax refunds so that money returned to the public would be used for retirement rather than current consumption. We are pleased to see that these and other BPF proposals have been adopted by the Government.

Dinner Discussion Series

The Federation's dinner series continues to be a platform for members and guests to exchange views under Chatham House rules on issues vital to the well-being and long-term development of Hong Kong. Speakers from August last year to date include Messrs Federick Ma on service industries, K C Chan on financial services, Anthony Cheung on Hong Kong Institute of Education's roles and aspiration, Barry Cheung on urban renewal, Jack So on Hong Kong's future as Asia's sourcing capital and Dr Victor Fung on the economic integration with the Mainland.

Senior Management Training Programme for Executives from China

The month of May saw the closing of the Sixth and final Scheme of this training programme which brought Mainland officials to Hong Kong companies for a six or 12-month internship training. Over the years the Programme has received excellent reviews from both the trainees and participating companies. Starting off as a supporting effort to the Western Region Development Strategy in 2002, the Programme has since spread to other developing areas such as Hubei, Jilin and Liaoning and covered eight provinces and municipalities in total. It has received 69 trainees, nearly half of them were post-graduates and the bulk under forty years old.

The success of the Programme has been due to the support of many, notably the Hong Kong University of Science and Technology, Chinese University of Hong Kong and The Hong Kong Polytechnic University, who provided the lectures; and of course our thanks also go to the participating companies and sponsors over the years:

(in alphabetical order)

- CLP China 中華電力(中國)有限公司
- Deloitte Touche Tohmatsu 德勤·關黃陳方會計師行
- ExxonMobil Hong Kong Ltd 埃克森美孚香港有限公司
- Hang Seng Bank Ltd 恆生銀行
- Harilela Hotels Ltd (Holiday Inn Golden Mile Hong Kong) 夏利里拉酒店置業有限公司 (假日金域酒店)
- Hopewell Holdings Ltd 合和實業有限公司
- The Hong Kong and China Gas Co Ltd 香港中華煤氣有限公司
- K.Wah Construction Materials Ltd 嘉華建材(香港)有限公司
- MTR Corporation 港鐵公司
(and the former KCRC 九廣鐵路公司)
- Paul Y. Management Ltd 保華德祥管理有限公司
- Shui On Construction and Materials Ltd 瑞安建業有限公司
- Shun Tak Holdings Ltd 信德集團有限公司
- Sun Hung Kai Properties Ltd (Royal Garden Hotel) 新鴻基地產代理有限公司 (帝苑酒店)
- Sun Wah Group 新華集團

The Federation would like to convey its heartfelt thanks to all of the above, as well as Prof Chia-Wei Woo and Ms Phoebe Hui, respectively the Convenor and manager of the Programme, whose leadership and hard work were key to the Programme. Lastly, once again our deep appreciation goes to Mr Vincent H S Lo, whose staunch support has made the Programme possible.

August 2008

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Mr Vincent H S Lo, GBS, JP

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* *In alphabetical order*

Major Events Calendar 2007 – 2008

2007

September

- Annual General Meeting & Annual Dinner; Guest of Honour: The Hon John Tsang, Financial Secretary
- Submission: BPF Paper on the 2007/08 Policy Address

October

- *Economic Development*
 - Meeting with Mr Clement Cheung, Commissioner of Insurance, on captive insurance
 - Press article:
 - 「提升自身經濟價值 配合國家發展路向」(Economic Weekly)
- *Health Care*
 - Press interview:
 - 「買家角色強化政府—私營診所關係」(HKEJ)
- *Political Development*
 - Submission: BPF Response to the Green Paper on Constitutional Development
 - Press articles:
 - “One step at a time” (SCMP)
 - 「普選循序漸進 不能大躍進」(HKET)
 - “One person, two votes” (SCMP)
 - 「保留功能界別 由普選產生」(HKET)
 - Submission: BPF Response to the Policy Address

November

- *Health Care*
 - Press articles:
 - “Voucher scheme: the first step to a healthy system” (SCMP)
 - 「長者醫療券——醫療改革的重要一步 勿與福利混為一談」(HKEJ)
- *Political Development*
 - Press articles:
 - “A helping hand” (SCMP)
 - 「設副局長 構思可取」(Ming Pao)
 - Dinner discussion: The Hon Frederick Ma, Secretary for Commerce and Economic Development

December

- Health Care
 - Meeting with the Hon York Chow, Secretary for Food and Health
 - Meeting with Dr Heston Kwong, Assistant Director of Health
- Submission: BPF Paper on the 2008/09 Budget
- Dinner discussion: The Hon Prof K C Chan, Secretary for Economic Services and Treasury

2008

January

- Budget consultation with the Hon John Tsang, Financial Secretary

February

- Public Finance
 - Press article / release:
 - BPF Response on Government Budget 2008-09
 - 「盈餘雨露均霑 全民受惠」(HKET)
- Political Development
 - Press interview: Business group urges wider voter base in 2012 poll (SCMP)
- Dinner discussion: The Hon Professor Anthony Cheung, President of the Hong Kong Institute of Education

March

- Health Care
 - Press articles:
 - “Healthy Balance“ (SCMP)
 - 「要避因病致窮 中產負擔重」(HKET)
 - Meeting with Ms Sandra Lee, Permanent Secretary for Food and Health
- Dinner discussion: Mr Jack So, Chairman, Hong Kong Trade Development Council

April

- Health Care
 - Presentations / meetings:
 - British Chamber of Commerce
 - The Chinese General Chamber of Commerce
 - The Chinese Manufacturers' Association of Hong Kong
 - Hong Kong General Chamber of Commerce
 - Mr Thomas Chan, Deputy Secretary for Food and Health

- Spoke at a Briefing Session on Health Care Reform and Financing organised by the Employers' Federation of Hong Kong
- Spoke at a Discussion Forum on Health Care Reform organised by the Hong Kong Institute of Certified Public Accountants
- Meeting with Ms Cherry Tse, Commissioner of Labour
- Dinner discussion: Dr Victor Fung, Chairman, Greater Pearl River Delta Business Council

May

- *Economic Development*
 - Meeting with Mr Clement Cheung, Commissioner of Insurance
- *Health Care*
 - Sandwich Luncheon: Prof Sian Griffiths, Chairman, Department of Community and Family Medicine, Chinese University of Hong Kong
 - Presentation / meeting:
 - American Chamber of Commerce
 - The Alliance for Patients' Mutual Help Organisations
 - Civic Party
 - Democratic Party
 - Democratic Alliance for the Betterment and Progress of Hong Kong
 - The Hong Kong Association of the Pharmaceutical Industry
 - Liberal Party
 - Mr Anthony Wu, Chairman, Hospital Authority
 - Legco hearing on Health Care Reform
 - Press articles:
 - 「人口老化是醫療改革的主要原因嗎？」 (HKEJ)
 - 「基層醫療：醫療改革的關鍵」 (Ming Pao)
- *Political Development*
 - BPF Paper to the Task Force on Constitutional Development of the Commission for Strategic Development

June

- *Health Care*
 - Submission: Response to Government Health Care Consultation Document "Your Health Your Life"
 - BPF as a supporting unit to and spoke at the Public Policy Forum on Hong Kong Healthcare Reform
 - Presentations / meetings:
 - The Frontier

- The Hon Bernard Chan, Member, Executive Council
- Press articles:
 - 「風險共擔」 (Ming Pao)
 - 「醫療改革 中產受益」 (Ming Pao)
- Dinner discussion: Mr Barry Cheung, Chairman, Urban Renewal Authority

July

- **Press article** 「加快公布業績 勝交季度報告」
- Lunch meeting with Mr Walter Vieira, Visiting Professor, Kellogg Business School, Northwestern University and Founder and President, Marketing Advisory Services

LIST OF BPF COMMITTEES

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