

**Summary of views expressed at the  
First Meeting of the Commission on Strategic Development  
held on 1 September 2009**

(Translation)

The Chairman welcomed Members to the first meeting of the Commission on Strategic Development (CSD). He thanked Members for rendering their services as advisers to the Government and looked forward to hearing their views and suggestions on different issues in the coming three years. He told the meeting that in addition to its regular meetings, the CSD would, in this term, hold a series of focused discussions to be chaired by Professor Lau Siu Kai, Head of the Central Policy Unit (CPU), to deliberate on individual strategic issues in depth. He expected that this new arrangement would provide more opportunities for Members to thoroughly explore individual issues and provide valuable opinions to the Government.

**Consultation on 2009-10 Policy Address**

2. As regards the discussion topic for this meeting, the Chairman would like to hear Members' views on the policy priorities of the Government in the coming year. He remarked that despite the signs of recovery shown in the local economy, the global economy had yet to demonstrate a rebound. As such, improving the economy would remain a priority for the Government in the following year. In April this year, the Task Force on Economic Challenges (TFEC) proposed the development of the six economic areas in which Hong Kong enjoyed clear advantages, namely testing and certification, innovation and technology, educational services, medical services, cultural and creative industries, and environmental industry. The development of these industries would complement the four traditional pillar industries of Hong Kong and give fresh impetus for sustaining our economic growth. The Chairman invited Members to focus their discussion at this meeting on promoting the development of a knowledge-based economy and the six aforementioned industries. He added that views on other key policy areas would also be welcomed.

3. Views expressed by Members in the discussion session are summarised in the ensuing paragraphs.

## General views

4. A number of Members indicated their support for the Government to centre on economic development in the up-coming Policy Address (PA). A Member remarked that as the economy was showing signs of recovery, the Government should switch from a defensive economic strategy to a pro-active one, with its focus shifted from preserving employment and preventing an economic slump to speeding up economic recovery, stimulating consumption and promoting employment. However, another Member was of the view that the Government should carefully consider the needs of the community when formulating measures to improve the local economy as the global economic outlook remained uncertain.

5. A Member commented that the PA should set out clear blueprints for education and social development. Another Member opined that the PA should clearly indicate Hong Kong's positioning, directions for future development, and its role in the development of our country.

6. A Member opined that the PA should not overlook the subject of constitutional development. In dealing with the electoral methods for 2012, the Government could not disregard the 2017 and 2020 electoral arrangements. Although a timetable for implementing universal suffrage had been set by the Standing Committee of the National People's Congress in late 2007, some details of the roadmap, such as the meaning of "democratic procedures", needed to be further explored. The Government should take the opportunity to clarify these details in the PA or during the up-coming consultation exercise on the 2012 electoral arrangements. Another Member considered that the PA should focus on the economy rather than constitutional reform.

7. A Member said that even if the PA did not include any further relief measures, it should not overlook the needs of the grass-roots and the disadvantaged. The Government should allocate more resources for enhancing social services for the needy, including those for the mentally handicapped, patients suffering from mental illnesses and the elderly. In addition, the Government should establish a permanent mechanism to monitor various social issues and improve the livelihood of the disadvantaged. A Member specifically advised that the Government should take early steps to address the education needs of students studying in special schools who had reached the age of 18. He believed this would help foster a favourable social atmosphere before the delivery of the PA.

8. A Member remarked that the Chief Executive should spell out clearly and succinctly his approach of administration and governance in the PA so as to give the public a better understanding of the policy priorities of the Government.

#### Economic development

9. A Member opined that with the Mainland economy flourishing, the prospects of Hong Kong's economy hinged on whether we could provide the services and skills that catered for the needs of the Mainland. If our economy could be effectively aligned with the development of the Mainland market, it would benefit Hong Kong in its future economic progress.

10. A Member pointed out that Hong Kong's status as an international financial centre of our country was being challenged by Shanghai. Hong Kong should deepen its economic integration with the Mainland, in particular with the Guangdong Province, and seek opportunities and room for further development in the Pearl River Delta region. Another Member noted that as an international financial centre, Hong Kong enjoyed many advantages, including its market economy, free flow of capital, unrestricted exchange of currencies, the rule of law, freedom of speech and information, etc. Shanghai would not be able to catch up with Hong Kong on these fronts anytime soon. In the meantime, we should introduce some vigorous, specific and practical measures, such as attracting those enterprises among the world's top 500 which had investments in the Mainland to list in Hong Kong, in order to maintain Hong Kong's competitiveness and consolidate its status as an international financial centre.

11. A Member said that in drawing up the strategy for Hong Kong-Guangdong co-operation, the Government should adhere to the fundamental principle of achieving mutual benefits. While assisting in the development of Mainland provinces and municipalities, Hong Kong should not undermine its own advantages or adversely affect local employment and people's livelihood. Under the framework for Hong Kong-Guangdong co-operation, the Government should strive to seek development opportunities for Hong Kong. It should also promote co-operation between the two places on high technology.

12. A Member remarked that Hong Kong should continue to strengthen its ties with other regions, especially East Asia, so as to consolidate its status as a cosmopolitan city. To this end, the Government should properly capitalise on its membership in the Asia-Pacific Economic Cooperation and its advantages as Asia's World City.

#### Developing the six industries

13. A number of Members expressed their support for the Government to propose in the PA the development of the six industries where Hong Kong enjoyed clear advantages, as they could enhance the quality of Hong Kong's human resources and create jobs. A Member opined that the Government's economic policies had failed to address some deep-seated social issues. The Member hoped that the Government would evaluate the benefits of developing the six industries not only in terms of their contribution to GDP, but also their effectiveness in helping to resolve pressing social problems, such as unemployment, prospects for young people and retirement protection for the elderly.

14. A Member remarked that efforts to develop the six industries should be prioritised. The Government should accord priority to innovation and technology in order to enhance Hong Kong's overall productivity.

15. A Member expressed the view that in developing the six industries, the Government should pay attention to and cater for the current needs of the Mainland market. Besides, it should examine whether the competitive advantages enjoyed by Hong Kong in the six industries were strong enough to enable us to become a market leader.

16. A Member opined that the Government should not merely pay lip service to develop the six industries and at the same time overlook the four existing economic pillars. It should also endeavour to create a favourable environment for developing the six industries, and set up a dedicated body or inter-departmental task group to monitor and review the position and progress of the development of the six industries.

17. A Member expressed doubts as to whether all six industries identified by the Government were suitable for further development as industries. In particular, the Member considered that educational services and medical services should primarily aim at meeting the needs of the local

community. Commercialising these services hastily without first satisfying local needs would aggravate the public's grievances. On the other hand, another Member opined that developing the six industries would not impact on the provision of social welfare and services.

18. A Member suggested that the Government should provide land at concessionary terms and introduce facilitation measures for overseas professionals to live and work in Hong Kong, so as to facilitate the further development of the six industries. Another Member suggested that the Government might take advantage of the financial tsunami to attract overseas talent and organisations to Hong Kong. InvestHK and the Trade Development Council could play an active role in this regard.

19. A Member opined that in formulating the modes of development and policies for the six industries, the Government should adopt the approach of specialisation. On educational services, for example, Hong Kong might consider developing specialised universities instead of traditional "supermarket-type" universities. On medical services, the prospect of establishing specialised hospitals could be explored.

20. A Member was of the view that there had already been enough discussions on the development of the six industries, and it was time for the Government to consider how best to implement the recommendations and effectively kick-start the development of these industries.

21. A Member opined that government departments should work together to provide adequate policy support for promoting the development of the six industries.

22. A Member remarked that due to the high start-up costs of the six industries, there might not be much opportunities or room to accommodate individual business starters except for the cultural and creative industries.

23. A Member hoped that the development of the six industries would create more middle-ranking jobs in addition to the lower-ranking ones.

#### Testing and certification

24. A Member suggested that the Government should seek global recognition of Hong Kong's testing and certification services and the

Mainland's acceptance of testing and certification reports published by Hong Kong companies. The Member added that there were quite a number of Hong Kong-owned testing and certification companies in the Mainland, and suggested that nation-wide recognition of these bodies should be sought under the CEPA framework.

25. A Member opined that Hong Kong could facilitate the Mainland in developing its testing and certification industries by helping to raise their service levels and training up the required manpower.

#### Innovation and technology

26. A Member opined that the Government should take reference from South Korea in its development of the "Digital City", and consider offering policy incentives such as land premium concessions, tax exemptions or financial assistance to facilitate the development of innovation and technology.

27. A Member was of the view that the Quality Migrant Admission Scheme should incline towards innovation and technology experts in the Mainland who had made significant achievements in scientific research. Attracting these people to Hong Kong could help establish Hong Kong as a base of innovation and technology.

#### Educational services

28. A Member opined that the development of educational services could benefit Hong Kong mainly by boosting the GDP, creating jobs and improving the quality of local manpower.

29. A Member opined that for Hong Kong to become a regional education hub and to encourage the establishment of private institutions, the Government should raise the admission rate of local universities so as to increase the participation rate of young people in tertiary education from the present 18% to between 25% and 30% in 10 years, in order to improve the quality of the local manpower. Another Member shared the same view, on the basis that this could help dispel the misconception that developing the educational services as an industry might reduce the opportunities for local students to pursue higher education. On the other hand, a Member expected that there would be a large number of candidates

sitting for the Hong Kong Advanced Level Examination in 2012. The Government should make early preparation to ensure that eligible students would not be deprived of the opportunity to receive higher education due to insufficient places in tertiary institutions.

30. A Member suggested that the Government might learn from the approach adopted by Boston in attracting talent from across the globe, promoting high-technology industries, creating jobs and contributing to the GNP of the United States through the development of education.

31. A Member noted that the TFEC's recommendations on developing educational services on the whole laid greater emphasis on the provision of hardware and financial arrangements than software, such as ways to attract and retain talent, and the need to learn from the experience of overseas institutions in running educational programmes.

32. A Member considered that in developing educational services, Hong Kong should draw reference from the practice of overseas institutions and actively explore overseas markets. This would help expand our pool of talent, turn our education expenditure into investment, and attract the business sector and overseas resources to invest in Hong Kong's higher education sector.

33. A Member opined that Hong Kong's educational services should adopt an international outlook. He suggested that the Government might adjust its policy and provide higher institutions with land and other required resources to encourage the institutions to collaborate with prestigious universities outside Hong Kong in offering educational programmes. Another Member opined that the Government should try to attract prestigious universities overseas to establish branches in Hong Kong.

34. A Member expressed concern about the interface between Hong Kong's educational services and the education systems in other places, in particular the Mainland.

35. A Member suggested that the Government should consider commercialising the research findings of higher institutions with an approach similar to that adopted by the Massachusetts Institute of Technology.

## Medical services

36. A Member supported the Government's proposal to develop medical services as an industry and make available sites for the establishment of private hospitals.

37. A Member opined that Hong Kong's medical services sector enjoyed clear advantages. Medical services in the Mainland, on the other hand, still had a long way to go before it could catch up with Hong Kong, whether in terms of institutional framework, technology or service standards. As such, there was plenty of room for the local medical services sector to tap into the Mainland market. The sector should step up its promotional efforts in the Mainland and improve its mode of service delivery to cater for the needs of the Mainland market, such as providing one-stop medical tourism services.

38. A Member was of the view that Hong Kong had the potential for further developing its medical services, but the Government would need to first solve the problem of manpower shortage. For example, it should explore ways to retain quality doctors working in public hospitals, and attract overseas professionals in the relevant fields to practise in Hong Kong.

39. A Member said that in promoting the development of our medical services as an industry, the Government should provide policy support to help the sector enhance its overall professional standards. Hong Kong could also export its professional services to the Mainland to help improve the service standards of its medical institutions and train up their personnel.

40. A Member remarked that in the course of developing Hong Kong's medical services as an industry, the Government needed to assess whether the public healthcare system could withstand the brain drain to the private sector, so as to minimise the impact on the public.

41. A Member considered that medical services in Hong Kong were of very high quality. The Government should improve and promote the image of our public healthcare services to prevent it from being distorted by negative media coverage.

## Cultural and creative industries

42. A Member supported the Government's proposal on promoting the cultural and creative industries as they could help sustain the economic, social and cultural development of Hong Kong, in addition to upgrading and adding value to other industries.

43. A Member agreed with the classification of the local creative industries into 11 sectors as proposed by the CPU in its 2003 Baseline Study on Hong Kong's Creative Industries. The Member also agreed with the recommendations of the Unit's 2006 Study on the Relationship between Hong Kong's Cultural and Creative Industries and the Pearl River Delta, including the establishment of an integrated development platform for the cultural and creative industries, the formulation of relevant policies and the implementation of related measures.

44. A Member expressed his support for the immediate and medium-term measures recommended by the TFEC for the development of the cultural and creative industries. However, the Member considered that the Government should step up its efforts in strategic policy formulation, continuous institutional development and policy implementation. The Member also suggested that a platform should be established to provide information about the industries, strengthen communication between members of the industries, and raise public awareness of and support for the industries. Another Member suggested that the Government should launch an online platform for regular posting of original works of animation and comics by local artists to showcase their work to customers worldwide.

45. A Member noted that the products of the cultural and creative industries were intellectual properties (IP) and that Hong Kong, with its comprehensive IP legislations and a sound judicial system, could develop into a regional IP centre and provide services for the transfer, trading, licensing, valuation, financing, dispute resolution and arbitration on IP.

46. A Member supported the conversion or redevelopment of industrial buildings for use by the cultural and creative industries as proposed by the TFEC.

47. A Member suggested that the Government should encourage the business sector to participate in supporting the development of local arts

organisations. For example, it could introduce a matching grant scheme to help performing art groups raise funds.

48. A Member suggested that the Government should promote the wider use of Putonghua to help the local cultural and creative industries enter the Mainland market.

#### Environmental industry

49. A Member opined that the Government should promote the development of the environmental industry as soon as possible, and enhance the involvement of non-profit-making district organisations in the process so as to create more jobs for workers with low education levels and low skills.

50. A Member noted that Hong Kong had many outstanding ideas on environmental protection which could be applied to the Mainland market. In particular, we could provide more management support services for the Mainland in handling industrial waste.

#### Other views

51. A Member suggested that the Chief Executive should conduct a self-assessment to take stock of the pledges that he had honoured since his election in 2007 and identify areas for improvement.

52. A Member suggested that the Government should set up arrangements with other countries for avoidance of double taxation in a bid to reduce the tax burden on overseas talent living in Hong Kong, so as to attract them to work here.

53. A Member suggested that the Government should reduce or waive certain taxes and government fees to facilitate the development and operation of small and medium enterprises.

54. A Member opined that the PA should highlight the functions and importance of the family in enhancing the quality of our manpower and building a harmonious society. Co-operation between families and schools could help address youth problems. In this regard, the District Councils had a considerable role to play. The Government should discuss

with the District Councils on how to fully utilise the functions of the family and promote family education at the district level. The Government should also set up a dedicated department to promote family education, in particular parent education.

### **Any Other Business**

55. There was no other business.

### **Concluding remarks**

56. The Chairman thanked Members for their valuable opinions on the issues discussed at the meeting, and said that the Government would keep an open mind and seriously consider and analyse their views. He expected that the PA coming up could boost the community's confidence in the medium to long-term development of Hong Kong.

57. The Chairman thanked Members again for attending this meeting and reiterated that focus discussions would be held by the CSD in this term for in-depth deliberation on individual strategic issues. He called on Members to continue to render their support to the Government in the coming three years, so to enable the Government to create a better living environment for the Hong Kong people.

58. The meeting was adjourned at 5:00 p.m.

59. The attendance list is at Annex.

**Secretariat to the Commission on Strategic Development  
October 2009**

策略發展委員會

第一次會議  
2009年9月1日

First Meeting of the Commission on Strategic Development  
1 September 2009

出席人士

Attendance List

主席 :

Chairman :

The Chief Executive

行政長官

官方委員 :

Official Members :

Acting Chief Secretary for Administration

署理政務司司長

The Financial Secretary

財政司司長

Director, Chief Executive's Office

行政長官辦公室主任

Head, Central Policy Unit

中央政策組首席顧問

非官方委員 :

Non-Official Members :

The Hon Sir David AKERS-JONES, GBM, JP

鍾逸傑爵士, GBM, JP

The Hon CHAN Mo-po, Paul, MH, JP

陳茂波議員, MH, JP

Mr CHAN Wing-kee, GBS, JP

陳永棋先生, GBS, JP

Prof CHEN Hung-yee, Albert, JP

陳弘毅教授, JP

Prof CHENG Kai-ming, SBS, JP

程介明教授, SBS, JP

Mr CHEUNG Chi-kong

張志剛先生

Mr CHEUNG Chun-yuen, Barry, JP

張震遠先生, JP

Prof CHEUNG Yan-leung, Stephen, BBS, JP

張仁良教授, BBS, JP

Prof CHIN Tai-hong, Roland, JP

錢大康教授, JP

Sir Chung-kong CHOW  
Mr CHOW Yung, Robert, BBS  
The Hon EU Yuet-mee, Audrey, SC, JP  
Mrs FAN HSU Lai-tai, Rita, GBM, GBS, JP  
Mr HE Guangbei, JP  
Mr HO Hei-wah, BBS  
Mr HOO, Alan, SBS, SC, JP  
Mr HUI Hon-chung, Stanley, JP  
The Hon Mrs IP LAU Suk-ye, Regina, GBS, JP  
Ms KAO Ching-chi, Sophia, SBS, JP  
Prof KO Jan-ming  
Mr KWOK Ping-kwong, Thomas, SBS, JP  
Mr LAI Kam-cheung, Michael, MH, JP  
Prof The Hon LAU Juen-ye, Lawrence, JP  
Mr LAU Nai-keung, SBS  
Dr LAW Chi-kwong, SBS, JP  
Mr LEE Chung-tak, Joseph, SBS, JP  
Dr The Hon LEE Kok-long, Joseph, SBS, JP  
The Hon LEUNG Kwan-yuen, Andrew, SBS, JP  
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Dr LI Ka-cheung, Eric, GBS, JP  
Mr LI Tzar-kuoi, Victor  
Mr LIAO Cheung-sing, Andrew, GBS, SC, JP  
Mr LO Sui-on, BBS, JP  
Mr NIGHTINGALE, Anthony John Liddell, SBS, JP  
The Hon SHEK Lai-him, Abraham, SBS, JP  
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Mr SO Chak-kwong, Jack, JP  
Mr TIEN Pei-chun, James, GBS, JP  
Mr TUNG Chee-chen, SBS, JP  
Dr WONG Chi-yun, Allan, GBS, JP  
The Hon WONG Kwok-kin, BBS  
Mr WONG Ying-wai, Wilfred, SBS, JP  
Mr WOO Kwong-ching, Peter, GBS, JP  
Mr WU Ting-yuk, Anthony, GBS, JP  
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因事未能出席

Apologies

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Mr BRANDLER, Andrew

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