

Beyond Conventional Wisdom - Steps to Diversified Development

Submission on the 2008-09 Policy Address

The Professional Commons

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I. Introduction

1. The Professional Commons is a think-tank committed to improve the quality of public governance and to advocate positions matters of significant public interest. In the last couple of months, our Research Unit and task groups have conducted a series of evidence-based research on major public policy issues. We believe that their findings would shed light on the formulation of better policies. The Policy Address to be delivered by the Chief Executive next month is an important document that not only sets out short-term policy measures, but it will steer the direction of future development of Hong Kong. In view of this, we have compiled a list of policy proposals for the Chief Executive's consideration in his preparation of the 2008-09 Policy Address.

2. There is a general view that Hong Kong lacks a sense of new direction and is not sufficiently strong to overcome the external challenges arising from globalization, as well as the internal pressures from the deteriorating socio-economic conditions of Hong Kong. Against this background, the Professional Commons believes that the Hong Kong Government's policies should, in essence, be forward-looking, encouraging of diversity, sustainability, providing opportunities for all, as well as being "people-oriented".

3. Based on our research results, we have proposed a list of policy proposals in the following areas:

- i. Diversity and economic strategy;
- ii. People's livelihood and social mobility
- iii. West Kowloon Cultural District and cultural policy;
- iv. Healthcare reform;
- v. Climate change; and
- vi. Universal suffrage and better governance.

II. “Diversity” and New Economic Strategy¹

Present Situation

4. The planning strategies based upon Victoria Harbour as the core metropolitan area are unsustainable. This metro core has been under severe development pressure, resulting in over-crowdedness, air pollution, and other social problems. In light of the spatial imbalance in development, the residents of the New Territories have suffered from high unemployment rate, lack of high level of services, environmental problems arising from unchecked development, etc.

5. The construction of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (hereafter the GZ-SZ-HK ERL, HK Section) appears to be an invaluable opportunity to redress the territorial development issues. As the Rail Link will link up with the Hi-speed National Rail Network and the Pearl River Delta Inter-city Express Rail Network, it is strategically important in reshaping the developmental landscape of Hong Kong, as it would bring in the flow of people and capital from the Mainland.

6. In respect of the development of information technology, building on the “NyLonKong” (New York–London–Hong Kong) designation and in light of the globalization and informatization trends characterized by knowledge sharing, Open Source software, etc., the local information and communications technology (hereafter ICT) sector and the Government of the Hong Kong Special Administrative Region (hereafter the Government) will have a great opportunity to join hands to steer local knowledge-based economy to a new direction.

7. Further, Hong Kong is in danger of losing its competitive edge in ICT development in the foreseeable future. The Government has not, to date, engaged in any solid planning on the installation of a territory-wide Wi-Fi system. On the other hand, at least 10 Mainland cities have recently formulated action plans to put in place city-wide Wi-Fi systems. Market information also shows that there would not be substantial increase in floor space of data centres. In the next few years, it might hinder not only the growth of the IT sector but also the overall development of the local

¹ The contents of this Section are largely drawn upon from the previously published research reports of the Professional Commons, including *Reconstructing Urbanscape: Research Report on Development Strategies of the Hong Kong “Secondary City Centre” and the Hong Kong Section of the Hi-Speed National Rail Network* (Hong Kong: The Professional Commons, March 2008); *Research Report on the Shrinking Middle Class in Hong Kong* (Hong Kong: The Professional Commons, June 2008); and *Hong Kong: Asia’s World City with a Vibrant Digital Life* (Hong Kong: The Professional Commons, August 2008).

economy in the long run.

8. Against the background of the importance of developing a knowledge-based economy, Hong Kong lags behind in the global trend of knowledge sharing. Local ICT sector is inactive in joining globalized projects in Open Source Software development. The mindset of the Government and business on innovative technology is biased more towards protection of intellectual property rights as the sole means to promote innovation. These constraints will adversely affect not only knowledge sharing but dry up the ingredient for innovation. Moreover, the present information dissemination mechanism has failed to maximize the economic value of government-owned data and information. Whilst the Government has recently taken a bold step in the provision of statistics gathered by the Census and Statistics Department through electronic means,² the progress for the opening up of other government information remains to be slow.

9. At present, school education is primarily reliant on the use of paper-based textbooks in teaching and learning. This is inconsistent with the development of a vibrant digital city life and environmental protection. Moreover, the hikes in prices of textbooks and the frequent revisions of textbooks regularly place heavy financial burdens on parents.

10. Despite government's oft-stated commitment on the facilitation of small businesses, the market environment is increasingly unfavourable for the development of small and medium-sized enterprises (hereafter the SMEs),³ as the management policies of the Government and public organizations paradoxically become more unfriendly.

11. In recent years, the Hong Kong Housing Authority (hereafter the HKHA) has introduced a "market-oriented" rental policy of the commercial properties which is characterized by "one shop for each type in each estate", "one shop fits all", no wet market stalls, predominance of chain stores, etc. Eventually, most of the public housing residents could not afford the opening and operating costs under the new business mode, as there are limited numbers of small-sized store spaces and the small businesses have to face fierce competition of the large business conglomerates.

² The latest move is the opening of the "Interactive Data Dissemination System" website from the Census and Statistics Department. Users are allowed to access raw data of the 2006 Population By-census and generate tables in various kinds of format. <<http://idds.censtatd.gov.hk>>.

³ Small and medium-sized enterprises are defined as those having less than 50 employees, including sole proprietorships.

12. It is well known that street hawking provides job opportunities and carries potential for wealth creation and accumulation. However, it has been a longstanding policy of the Government in regulating and restricting the growth of hawkers, even in the more spacious New Territories. In sum, hawker licensing policy, followed the rental policies of commercial premises in the shopping centres of public housing estates, is another example of the bureaucratic tendency to treat government policies as no more than assertions of “managerial supremacy” and “administrative convenience”.

Principles

13. “Diversity” should be the guiding principle that steer the economy of Hong Kong to a new direction, and help bring sustainable growth in the long-term. A holistic approach, under which a more diversified mode should be filtered down to related policy areas ranging from planning policy, industrial policy, regional development policy, transport policy, etc., would be of crucial importance to ensure the new economic strategy could be a success.

14. To sustain a long-term growth for Hong Kong, the Government should review its development strategies as soon as possible, particularly from the perspective of exploring new development opportunities beyond the metro core. The overhaul should take into consideration the new growth points in the economy, realigning the flow of capital and people inside and outside/to and from Hong Kong, and readjusting the spatial development across the territories.

15. The development of “Secondary City Centres” in the New Territories appears to be a sensible alternative to redress the spatial imbalance and relieve the pressure of the metro core. These prospective city centres are capable of developing into a hierarchy of multi-function communities with growing importance in the provision of economic and employment opportunities, public facilities and services, and cultural and entertainment facilities. People in the New Territories can then meet their needs in employment as well as in daily life in their immediate surroundings, instead of having to travel far to the metro core.

16. Other than the perspective of further economic co-operation between the Mainland and Hong Kong, it would be important to maximize the economic potential of the GZ-SZ-HK ERL, HK Section through optimizing its alignments and location of the its Hong Kong station in a bid to help boost the regional economy, particularly the development of a “Secondary City Centre” around the station.

17. In regard to the development of the information and communications technology (hereafter ICT), a cross-sectoral approach should be adopted to help bring a win-win situation among the local ICT industries and other sectors. This would energize the development of Hong Kong as a whole. Greater importance should be accorded to the application of ICT in a bid to facilitate the development of Hong Kong's knowledge-based economy and a vibrant digital city life. In particular, knowledge sharing and the development of an information society should be incorporated as a major vision for Hong Kong. It would be of equal importance to put advanced ICT infrastructure in place to upkeep our competitive edge in IT development.

18. Knowledge sharing has been a strong prevailing trend in global development. With claims to being a knowledge-based economy, it is important for Hong Kong to follow suit and nurture the free sharing culture, in a bid to add momentum for continuous growth of the knowledge-based economy. The Government should demonstrate her commitment to knowledge sharing by setting a model, and implementing corresponding policy measures. The Government should further open up government data for the use of the general public, and commercial use as well. Such a move can help boost a more knowledge-based business model. For example, this move will ensure that businesses can provide targeted information to clients based on the location of the connected wireless devices, like directions, nearby shops and restaurants. This will be conducive to the development of SMEs in Hong Kong.

19. As a replacement of paper-based textbooks, e-courseware and open source courseware should be utilized as they are more environmental friendly and can help alleviate parents' burden in purchasing of textbooks. They could also provide a wider range of study materials. This helps students explore knowledge by a more vibrant and dynamic means.

20. To provide a better business environment for the SMEs, the Government should adopt a holistic approach. It should critically review and rectify the mindset of "managerial supremacy" and "administrative convenience" and the overriding status of management in public policy issues in relation with economic activity. It should then place equal importance to the achievement of social objectives in policy making. Major changes should be imposed on two outstanding examples mentioned above: the rental policy of HKHA commercial premises and hawker licensing policy of the Food and Health Bureau.

Policy Recommendations

A. New Territorial Development Strategies

21. The Government should nurture different levels of “City Centres”. The metro core shall maintain the status as the most prominent business centres in the territory, with a number of “Secondary City Centres” be developed beyond the metro core, and its core area. Within the hierarchy of “City Centres”, there should be a structure of regional cost differentiation. Relatively inexpensive offices and commercial premises should be provided out of the metro core to house local SMEs, Mainland enterprises in general trade, hotels, etc.

22. To facilitate the development of “Secondary City Centres”, the Government should proactively formulate a set of regional development strategies which include:

- Formulating a regional economic development policy to facilitate new growth areas in the New Territories to provide high-level services as well as enormous employment opportunities;
- Provision of economic incentives (such as establishing a “regional” based taxation system — tax credits or other concessions) for firms investing in specific areas;
- Lowering the minimum resident threshold required for the provision of community facilities;
- Adoption of a well-rounded planning strategy, through the conservation in natural and cultural heritage, to steer future territorial development to a healthy direction.

23. Kam Sheung Road⁴ is an optimal site of the “Secondary City Centre” in the New Territories. It has the potential to be a major transport hub linking Hong Kong with the Mainland by building the terminus of the Hong Kong section of Hi-speed National Rail Network under the Kam Sheung Road West Rail Line station and its immediate surroundings (the existing car park). It can further grow into a major transport hub connecting the East and West of the New Territories when the Rail Link and the Northern Link are completed.

24. With the inflow of people and capital from the Mainland, Kam Sheung Road can further develop into a Mainland-Hong Kong business, trade and exhibition centre,

⁴ Kam Sheung Road has been identified as a potential site of New Development Area by the Government.

a hotel hub, a regional headquarters for the Government, regional headquarters for the Government, cultural and arts facilities, residential areas, and even a university town.

B. Facilitating the development of a vibrant digital city life

25. Wider ICT application is expected to help boost the development of other industrial sectors in Hong Kong. The use of ICT in tourism can serve as a good example.

- The website of the Hong Kong Tourism Board can serve as a genuine tourist guide that provides basic information to inbound tourists. It can also act as a showcase to demonstrate how tourist information can be provided in a format suitable for PDAs and mobile phones, such as creating 3D virtual maps and audio guide in multiple languages of sightseeing spots and museums.
- Through the establishment of a territory-wide Wi-Fi system and well-developed tourist-related websites, both inbound tourists and local citizens with PDAs or Wi-Fi enabled devices could explore and experience the vibrancy of Hong Kong's city life easily.
- Different GPS maps can be designed to link up with different list of online directories targeting the needs of different groups of visitors, such as pleasure seekers and business visitors. Greater intensity in e-marketing can add momentum for the vibrancy of Hong Kong's city life.

26. Local ICT sector would also benefit, as the building of infrastructure for a metropolitan positioning system integrating GPS, GSM and Wi-Fi system will definitely involve heavy investment and their involvement. It is likely that the development of web-based information services would also provide enormous business opportunities, for instance, construction of digital maps, digitalization of information on tourist spots, commercial information (such as shopping centres and restaurants guides), e-promotion, e-coupons, etc.

27. On hardware development, the Government should attach greater importance to the development of a territory-wide Wi-Fi system. It should collaborate with individual Wi-Fi operators to put in place a territory-wide Wi-Fi system in the near future and extend the free Gov Wi-Fi facilities to scenic spots frequented by tourists to facilitate the use of Wi-Fi pass.

28. It would also be important to ensure a stable supply of data centres in the future. Lower land costs in the New Territories can enable the provision of low-cost data

centre, and to free up the land bearing high costs in the metro core. By doing so, it is possible to develop Hong Kong into a hub for data centres or data hosting services.

C. Knowledge Sharing as a Driver for the Development of Knowledge-based Economy

29. To facilitate the development of knowledge-based business environment, the Government should take the lead in opening up of government information, for instance:

- Subject to the adequate protection of personal data, opening up more government-controlled data and information (for example, weather information, traffic information, raw data from the Census and Statistics Department, information in the Public Records Office) for wider commercial applications as well as for the development of other businesses;
- Publicizing the location data of the GovWiFi and commercial Wi-Fi access to help develop the wireless network;
- Commercializing the intellectual property rights of some government application systems for application in other IT projects.

30. The Government also has an important role to play in nurturing the culture of sharing:

- It should consider funding the startup of a website similar to the MIT “Open Courseware” website to enable registered educational institutes to upload their educational materials for free. This can include course outline, reading lists, lecture notes and even the video and seminars of an educational nature for public reference.
- The Government can join hands with business chambers, educational institutes and social services organizations to encourage voluntary contributions to the websites, particularly those with knowledge content.
- The Government should create an environment conducive to the creation of locally-developed Open Source software through establishing a dedicated research fund, providing free legal advice to developers, etc. It could also promote the use of Open Source software in Government departments.

31. Additional ICT-related elements should be incorporated by the Government in teaching and learning and assist the development of courseware database through the following ways:

- Organizing teachers, parents and other citizens to develop gradually an “Open

Source Courseware” database;⁵

- Adopting Open Source or “Creative Commons” open licensing schemes to distribute e-books, e-notes and multimedia teaching materials;
- Subsidizing the digitization of cultural or historical relics and talks, and open the contents to public;
- Funding schools to purchase e-books in the form of "site-license" for the whole school.

32. For the facilitation of creativity, an innovative copyright regime called “Creative Commons” should be introduced through legislative means, in parallel with the existing “all rights reserved” copyright regime. Rather than automatically granting the “all rights reserved” to the producers of creative works, the proposed “Creative Commons” regime allows creative workers to adopt the principles of “some rights reserved” or even “no rights reserved”.⁶

D. Better Business Environment for the SMEs

33. In this submission, we only make a few recommendations for the Government’s consideration, in anticipation that it could identify other policy measures that could facilitate the development of SMEs. The specific recommendations are as follows:

a. Rental policies of the HKHA business properties

34. The HKHA should overhaul the leasing policies and trade mix of the shopping centres in public housing estates in a bid to lower the barrier to entry for the opening of businesses. We recommend the following measures:

- Downsizing the scale of supermarkets to free up spaces for the opening of shops of other categories;
- Providing smaller sized shopping space in public housing centres in a bid to lower the opening and operating costs for businesses;
- Restoring wet markets to facilitate a favourable environment for the opening of individual businesses from the low educated, low-skilled individuals.

⁵ Please refer to <<http://www.opensource.org/licenses/category>>.

⁶ For more detailed information on the concept on “Creative Commons”, “some rights reserved” and “no rights reserved”, please refer to the Creative Commons webpage at <<http://creativecommons.org/about/>>.

b. Hawkers Policy

35. In regard to hawker licensing, we recommend that the Government:

- Replace a territorial-wide policy with a regional policy. Currently most of the fixed-pitched hawkers operate in the urban areas. The Government should consider issuing new hawker licenses and designate new hawkers-permitted areas in the New Territories;
- Replace its “one size fits all” policy to one based on the selection of sectors in the issuance of hawker licences, and consider the re-issuance of licences for the selling of consumer goods, such as clothing and other amenities.
- Design hawker permitted areas or a fixed area for short-term retail stalls in public housing estates.

III. People's Livelihood and Social Mobility⁷

Present Situation

36. It is obvious that continuous economic growth in the last couple of years has not brought significant improvement for Hong Kong's socio-economic conditions. Not only has severe inflation aggravated the pressure on household expenditure, most workers suffered more under the deteriorating working environment. From a long-term perspective, social mobility is of utmost importance not only in the realization of social harmony, but also to energize the citizens to strive for better living standards. However, the middle class in Hong Kong has shrunk in recent years, both in terms of the official statistics and self-perception of middle class.

37. Most Hong Kong citizens have to face high transport costs relative to their income levels. Generally speaking, transport cost constitutes the third largest item in household expenditure, after food and housing.⁸ With the increase in the fares of most major transportation tools in 2008, the burden of the passengers of public transport is getting heavier. Moreover, there is a growing number of the population living in the New Territories and working in the urban areas, increasing from 649 011 to 716 497 persons between 2001 and 2006.⁹

38. Economic recovery in recent years has not improved the quality of family life. Long and inflexible working hours appear to be one of the major factors leading to the disintegration of bonding between family members, thus triggering off family problems.

39. The future of youngsters who are less competent in academic performance looks gloomy in view of the challenges of globalization and the drive for a knowledge-based economy in Hong Kong, under which academic qualifications have become increasingly important. However, the local school system has been too homogenous, characterized by the predominance of grammar schools. Even worse,

⁷ The contents of this section are largely drawn from the previously published research reports of the Professional Commons, *Fairness, Forward-looking, Development: Research Report on Better Use of Fiscal Surplus*, (January 2008) (hereafter the *Research Report on Better Use of Fiscal Surplus*), and *Research Report on the Shrinking Middle Class in Hong Kong*, (June 2008).

⁸ See Census and Statistics Department (hereafter C&SD), *2004/05 Household Expenditure Survey and the Rebasement of the Consumer Price Indices*, (Hong Kong: C&SD, June 2006), p. 100, <http://www.statistics.gov.hk/publication/stat_report/consumer_price/B10600042005XXXXB0400.pdf>.

⁹ C&SD, *Hong Kong 2001 Population Census - Basic Tables for District Council Districts*, (Hong Kong: C&SD, 2002); *Hong Kong 2006 Population By-census - Basic Tables for District Council Districts*, (Hong Kong: C&SD, 2008).

most of the schools have become more “academic oriented” and placed a lesser degree of attention on the development of non-academic potential of students.

40. It seems too optimistic to think that attending associate degree courses would help get a high-paid job and better standard of living. As the competitiveness of associate degree holders in the job market is comparatively low in general, fresh graduates from such courses could only earn a monthly salary of HK\$9,100.¹⁰ On the other hand, many of them have to repay their student loans for up to 10 years.

41. How to improve the livelihood of the underprivileged continues to be an issue of concern. Many non-Chinese speaking students are facing the difficulties in learning Chinese as a second language under local school system. Even worse, substantial numbers of ethnic minority adults are unable to communicate fluently in either Chinese or English.

42. Moreover, many immigrants from the Mainland and overseas countries have found it difficult to get to learn even basic knowledge about the local society, hindering their integration into the community.

43. Despite the fact that Hong Kong is leading the world in the accessibility of ICT facilities for the general public (and providing them in low costs), the applications of ICT facilities for the digitally deprived, their knowledge in using ICT facilities, and the willingness to adopt ICT facilities to transform the quality of life in the underprivileged groups remain poor.¹¹

44. From a boarder perspective, the Government should inspire the community to map out the way forward in respect of their needs in different stages of life. For instance, it is well known that Hong Kong is encountering an aging population. However, more than 2 million of adults are not being covered by any form of retirement protection or pension scheme¹² and some of participants of Mandatory Provident Fund (MPF) Scheme will not have enough savings in their accounts to cover

¹⁰ “月薪平均 9100 「高不成 低不就」3 校副學士失業率逾 16%,” *Ming Pao*, 27 June 2008, p. A14.

¹¹ Hong Kong ranked 3rd out of about 180 economics worldwide in the “2007 ICT Opportunity Index” of the International Telecommunications Union. See “Building a Digitally Inclusive Society,” Paper presented to the Legislative Council Panel on Information Technology and Broadcasting (LC Paper No: CB(1) 441/07-08(01), December 2007.

¹² For the means of calculation of the number of adults are not being covered by any form of retirement protection or pension scheme. See Annex IV of The Professional Commons, “*Research Report on Better Use of Fiscal Surplus*, (January 2008).

their basic needs upon retirement.¹³ The needs on personal development also merit greater attention.

Principles

45. There is an urgent need for the Government to respond to the grievances of the community in regard to various kinds of livelihood issues. The Government should also place the facilitation of social class mobility as the grand vision for the future development of Hong Kong and address the long-term needs of the society through a “forward-looking” approach.

46. It should consider relieving the burden of public transportation costs, especially for the increasing number of the working population living in the New Territories and are working in the urban areas.

47. Our hardworking workforce deserves a better quality of life. It would be important to provide a working environment that is conducive for the accomplishment of a harmonious society, and to family life.

48. For youths, developing multiple talents of those who may not reach their potential in traditional academic disciplines should be one of the prominent objectives of school education in the future, as it might help encourage an alternative career path and even for the pursuit for a quality life.

49. It would be important to relieve the burden of education expenditure for the accumulation of wealth, particularly the associate degree students and their families.

50. Various measures should be in place to tackle the basic problems facing the underprivileged, including:

- For school-age non-Chinese speaking students, the problem in learning Chinese should be addressed by the provision of a tailor-made curriculum;
- For adults of ethnic minorities, it should be the responsibility of the Government to help address their language communication problem so as to

¹³ Those earning HK\$5,000 per month or under are not required to make monthly contribution themselves, while the contribution of their employers will amount to a maximum of HK\$250 only. As many as 4% of the employed population in Hong Kong who should be included in the MPF Scheme in accordance with the “Mandatory Provident Fund Ordinance” but have not participated in any retirement protection schemes yet.

- facilitate their integration into the community;
- Greater effort should also be paid to assist immigrants from the Mainland and overseas countries to familiarise themselves in Hong Kong;
 - Targeted measures using different ICT tools can be developed to cater for the needs of the six different underprivileged groups.¹⁴ Improving the quality of life should be accorded higher priority, rather than enhancing ICT literacy.

Policy Recommendations

A. Public Transport Subsidies

51. The Professional Commons proposes the provision of an “across-the-board” rebate scheme. The Government should provide a 30% fare rebate per trip for all public transport passengers (except for cross-boundary trips) during the whole 2009-2010 fiscal year. This would cost the Government around HK\$6.2 billion.¹⁵

B. Family Friendly Measures in Employment

52. As an initial step to make the working environment more family-friendly and a stimulus to encourage our adult population to have more children, we propose the following targeted measures:

- Inclusion of a mandatory paid paternity leave of at least 7 days (as many grassroots are still required to work for six days, it would provide a whole working week for them to take the leave) for new fathers;
- Extending the 10 weeks' maternity leave to 15 weeks by the inclusion of an optional (at the choice of the employee) 5 weeks of half-paid maternity leave;
- For the facilitation of the best practice for a “caring” employer, sick leave with pay should be allowed to be taken for single days (instead of consecutively for four days under the current Employment Ordinance).

C. Realizing Students' Multiple Potential

53. The objective of “One Person, One Sports, One Fine Arts” should be formally incorporated in school education. Such a development not only helps develop non-academic talent of the students but also create new employment opportunities in

¹⁴ The six different underprivileged groups are the elderly, the new arrivals, single parent families, the physically handicapped, low-income families and homemakers.

¹⁵ For the formula of calculation of the total costs in the provision of public transport subsidy, see Annex III of *Research Report on Better Use of Fiscal Surplus*.

the long term. It is expected to create greater demands on coaches and teachers in sports and fine arts. It would also encourage consumption of sports and fine arts programmes, activities and events, which would facilitate the development of both the sports and the fine arts sector in Hong Kong.

D. Comprehensive Review of the Policy on Subsidies to Associate Degree Programmes

54. It is now the appropriate moment for the Government to conduct a comprehensive review in light of more students undertaking post-secondary education, and the heavy burden that is faced by students and their families as a result. The Government should take into consideration that higher education could enhance the competitiveness of Hong Kong as a whole, and therefore it should bear the responsibility to cover part of the costs through providing government subsidies to the related institutions of higher education.

E. Relief Measures for Associate Degree Students and their Parents

55. A set of short-term measures should be adopted to relieve the financial burdens faced by associate degree students and their families. These measures are as follows:

- Abolish the collection of interest from the use of risk adjusted factor;
- Calculate loan interest only when the students graduate;
- Provide a HK\$80,000 “Post-secondary Education Allowance” to the parents having children studying in associate degree programmes.

F. Alternative Curriculum of Chinese Language

56. The Education Bureau should formulate a policy of “Chinese as a second language” and prepare a tailor-made curriculum for non-Chinese speaking students. Other corresponding measures should include: designing a stage-by-stage evaluation and for benchmarks, sponsoring the writing and publishing of language textbooks and teaching materials, providing additional support in finance and human resources for all schools enrolling non-Chinese speaking students.¹⁶

¹⁶ Hong Kong Unison, *Unison's Response to the Consultation Paper on 'Developing a 'Supplementary Guide to the Chinese Language Curriculum for Non-Chinese Speaking Students,*
<<http://www.unison.org.hk/CSLresponseenglish.pdf>>.

G. “Reception” Policy for the New Arrivals

57. The Government should proactively designate policies on the reception of the new arrivals, including those from the Mainland and ethnic minorities. It should assign specialized organizations to monitor the adaptation process of new arrivals on a case-by-case basis at their initial period of arrival. Other specific arrangements should include:

- Language training: promoting the use of the Continuing Education Fund for taking courses in either Cantonese or English;
- Adoptability courses: to invite related social service organizations to participate in course preparations, marketing and delivery. The contents should include the basic information about Hong Kong, public services information, the practical information on their areas of residence, etc.

H. Narrowing of digital divide

58. The scope and tools of “digital” and “ICT” should be broadened as telephone and digital television is expected to be a powerful tool of ICT in the near future. Wider ICT application should be considered to meet the needs of various vulnerable groups, including:

- Telephones with video screens would be particularly helpful to the elderly or people of low education level as these “high-tech” ICT tools are more user-friendly;
- Adoption of the new mode of interactive services through the digital TV by establishing a dedicated government services channel;
- Creating different versions of websites catering for different kinds of physical impairment, such as large-print websites for the visually impaired;
- Funding the use of ICT devices to address the safety concerns of the elderly in both indoor and outdoor settings;
- Providing free computers through the current “Computer Recycling Scheme” to meet the development need of school-attending children;¹⁷
- Adding Internet fees into the “CSSA Index of Prices” and providing free Internet access for the school children in the families of “working poor”.

¹⁷ In 2005, there were still 7% and 4% of primary school and secondary school children respectively do not have computers at home. See “Report on the Progress Made in Implementation of Previous Digital 21 Strategies,” Paper presented to the Legislative Council Panel on Information Technology and Broadcasting (LC Paper No. CB(1) 670/06-07(03), 15 January 2007, <<http://www.legco.gov.hk/yr06-07/english/panels/itb/papers/itb0115cb1-670-3e.pdf>>.

I. Multi-purpose “Citizen’s Account”

59. It would be advisable for the Government to set up a personal account for every adult citizen of Hong Kong, entitled “Citizen’s Account”, which could serve a dual purpose of personal development, as well as serve the needs for retirement. Community discussion and participation would be crucial to ensure the proposition could be a success. Key issues subject to further discussions from the public include: Government’s role and the payment of “seed money”, continuous injection of government surplus to the Account when the fiscal surplus exceeds a minimum threshold level, etc.

IV. West Kowloon Cultural District and Cultural Policy¹⁸

Present Situation

60. The blueprint of the Western Kowloon Cultural District has been under serious criticism, including the building of private housing in a cultural district, insufficient space for small arts groups, ambiguous arrangements of the open space, pressure arising from the principle of financial self-sufficiency, lack of cohesive and well-thought measures to help boost overall cultural development, etc.

61. According to the “West Kowloon Cultural District Authority Bill”, the appointment of Board members would be totally at the discretion of the Chief Executive. There is no obligation for these handpicked appointees to follow the “people-oriented” principle.

Principles

62. The Government should adopt a “West Kowloon for the People” approach in developing the district. It would be important to turn West Kowloon into a catalytic vital force behind the development of local culture or even the development of an overall integrated culture. The precious harbourfront should be opened up for public enjoyment as soon as possible. More factors concerning sustainable development should be injected into the project so that the quality of life in Hong Kong, apart from simply materialistic concerns, could be enhanced. The adoption of a stakeholder-led approach in the composition of West Kowloon Cultural District Authority can lay a solid foundation for the materialization of “West Kowloon for the People”.

Policy Recommendations

A. “West Kowloon for the People”

63. As part of the “West Kowloon for the People” approach, the development mix of the district should be revised with private residential development being reduced by one-third and unnecessary communal facilities be removed. By so doing, 14 000 square metres of open space can be released for culture or recreation-related usage. A

¹⁸ The contents in this section are primarily drawn from the previously published research report of the Professional Commons, *West Kowloon for the People: Research Report on West Kowloon Cultural District Development* (Hong Kong: The Professional Commons, December 2007) (hereafter *West Kowloon for the People*).

“creativity jam” can be formed by turning 25 000 m² of residential units into offices or workshops for small-scale arts and cultural groups and creative industries. A larger green park can also be provided through exclusively allocating the 15-hectare of public open space to the Park and its supplementary facilities for public enjoyment.

64. The current phasing development of the West Kowloon project should be further divided to enable early usage of the cultural facilities so that the cultural district can build up its identity among local cultural circle. In fact, it is feasible to advance the completion date of small scale or even temporary performance areas (for example, black box theatres and open air performance areas, etc.) to late 2012 for the accommodation of street performers as well as small-scale “people’s arts fairs”.

65. The cultural nodes should be developed through organic growth and land neighbouring the arts fairs should be reserved for future expansion. If necessary, land reserved for Phase II expansion may also be used for providing temporary cultural performance facilities, for example, Cantonese Opera theatres, circus marquees, etc. In addition, landscaped parks should also be built earlier for public enjoyment. By so doing, members of the community may enjoy at least part of the West Kowloon Cultural District two years ahead of schedule.

66. The open space inside the cultural district should be made green to the largest extent to facilitate the setting up of a “West Kowloon Park”. The whole park belt should include a central park of considerable size, a harbour-front promenade, cycling paths, and different areas inside the belt should be connected by a network of moving walkways and walking trails. The park should feature primarily natural view but without excessive artificial structures and cement hard surface paving in particular.

67. West Kowloon should be developed into a “low carbon demonstrative zone” to serve as a showcase for future sustainable development in Hong Kong and demonstrate to the world our commitment to the environment. Specific measures include installing moving walkways as major transport means within the area and to encourage visitors to stroll in the area, setting up cycling networks connecting new and established areas, designating pedestrian zones during daytime, adopting district cooling systems, enforcing higher energy efficiency standards in buildings, etc.

B. Cultural Diversity and the Creation of “Community Cultural Networks”

68. To avoid turning West Kowloon to be an “isolated cultural island”, there should

be “community cultural networks” in place across the territories. It would be of particular importance to set up “community cultural centres” at the district level to serve as a cultural node at the middle level. The Government should also invest in areas comparatively lacking cultural and arts facilities such as the Northwest New Territories and Tseung Kwan O, where additional cultural centres and performance venues should be built, and idle premises be revitalized for cultural and arts purposes. In this respect, the “creativity jam” in West Kowloon could be used for linking the West Kowloon Cultural District with local culture in a bid to tap the essence of district-based culture.

69. Contrary to the Government’s official estimation, our calculation showed that there could be HK\$1.5 billion additional revenue from land sale.¹⁹ It could be used for the setting up of a “district cultural development fund” to promote long-term programmes of stationing performing troupes or artists at schools, or in venues for performing arts to promote sustainable cultural activities in remote areas such as Tin Shui Wai.

C. “Stakeholder-led” Approach for the Selection of Members in the West Kowloon Cultural District Authority

70. The composition of the West Kowloon Cultural District Authority should follow the “stakeholder-led” principle whereby membership of the Authority should be diversified. It should comprise not only appointees of the Government, but also those who are chosen by concern groups so as to strike a prudent balance among all stakeholders, including government officials, professionals, individuals in the cultural sectors, members of the public and representatives from non-government organizations.

¹⁹ For the means of calculation of the additional revenue, see Section 3.8 of *West Kowloon for the People*.

V. Healthcare for All²⁰

Present Situation

71. As revealed by the recent consultation exercise on healthcare reform, emphasis by the Government as well as the general public is mainly on the long-term financing mechanism of the healthcare system. Other problems besetting the system have not been given the attention they deserve.

72. One set of such problems relates to the system's institutional capacity to improve the quality of care and to contain the cost of care. These include:

- Public funding being allocated to healthcare providers through block grants (i.e. a “patients follow money” allocation mechanism), which is by no means the right incentive structure to enhance quality and efficiency of healthcare services;
- The absence of an organized primary care network and the system being hospital- and specialist care-oriented;
- Compartmentalization between different levels of care in the private sector and between the private and public sectors;
- Low income groups' limited access to primary care as the capacity of general outpatient clinics of the public sector is limited and primary care consultation fees in the private sector are beyond their affordability, resulting in disproportionately high consumption of public inpatient and specialist care; and
- Supplier-domination and waning professionalism.

Principles

73. Greater effort should be made to improving the institutional capacity of the healthcare system, especially when there are controversial views on related resource allocation and financial arrangement across the community. A two-pronged approach should be applied in this regard: enhancing the system's institutional capacity to provide better care on the one hand and containing the cost of care on the other hand.

74. Effort should also be made to improve access to primary care.

²⁰ Please refer to Healthcare Policy Forum, *Containing Costs, Enhancing Quality, and Improving Access: A Proposal for Reforming Hong Kong's Healthcare System* (Hong Kong: Healthcare Policy Forum, 2007).

Policy Recommendations

A. “Money follows patient” principle for funding hospital and specialist care

75. Under the “money follows patient” principle, patients can choose hospital and specialist care providers of their own preference in both the public and private sectors. Healthcare providers will be reimbursed by the government according to a standard payment scheme regardless of the actual costs of treatment. Hospital and specialist care providers in the private sector will be required to register with a related authority if they are to provide care to publicly-funded patients. Those registered will not be allowed to reject patients to prevent selection of low-cost patients while avoiding high-cost patients. They will also not be allowed to extra-charge patients, i.e. charging extra payment, so as to prevent differential treatment of patients and discourage provision of unnecessary care. At the initial stage of this initiative, the bulk (80%-85%) of the expenditure of public sector providers would continue to be funded through block grants with the remaining portions funded through the “money follows patient” principle. The principle can improve the system’s capacity to improve the quality of care and to contain the cost of care. It is also a means for arresting compartmentalization and regulating the private sector.

B. Subsidizing low income groups’ primary care visits in the private sector

76. It is postulated that low income groups may be spared more severe illnesses if they have better access to primary care facilities. In view of these, subsidizing low income groups to seek care in the private sector can not only improve their access to primary care but may also help contain overall healthcare cost in the long run. We propose that the subsidies be \$150 per visit and capped at 10 visits per year.²¹ As an initial step, subsidies may be limited to the poorest 20% of the population as they utilize about 37% of public inpatient and specialist/A&E services.²²

C. Introduction of a territory-wide electronic medical records system

77. We propose to make the Hospital Authority’s electronic medical records system

²¹ These figures are derived from the statistics that: the average number of general practitioner (GP) visits per year per capita is about 6.99; median consultation fee per consultation with a private GP is about \$150. See J. R. Lu *et al.* 2007, Horizontal equity in health care utilization: evidence from three high-income Asian economies. *Social Science and Medicine* 64(1): 199-212, and Hong Kong Domestic Health Accounts.

²² O. O’Donnell et al. 2005. *Who Benefits from Public Spending on Health Care in Asia?* EQUITAP Project Working Paper No. 3. Rotterdam: Erasmus University and Colombo: IPS; and C&SD, *Thematic Household Survey Report No. 12.* (Hong Kong: C&SD, 2003).

truly “territory-wide” by rendering it accessible to healthcare practitioners in the private sector. All healthcare providers will have access to their patients’ medical records at the point of care. The system will help improve the quality of care by facilitating clinical decisions. It will also help alleviate the compartmentalization problem and related negative impacts on quality care and healthcare expenditures. In addition, it will constitute a mechanism for enhancing professionalism and protecting patients’ interests.

D. Instituting a primary care system with primary care practitioners acting as gatekeepers

78. With a proper primary care system, we expect unnecessary or improper use of specialist hospital care to reduce, which will in turn help contain healthcare costs in the long run. It can further contain costs and improve health outcomes through its emphasis on early detection and preventive care and its role in coordinating and monitoring care at different levels. Under the system, patients are required to register with a primary care practitioner of their own choice. Primary care practitioners play the role of gate-keeping for care at higher levels, i.e. without their referral, patients’ access to specialist care is not allowed. To ensure quality of care, physicians wishing to practise as primary care practitioners are required to register with related health authorities and to satisfy certain registration requirements, such as academic qualifications or practising experiences. To further protect patients’ interests, a reference fee schedule will be negotiated. To avoid self-referral, once registered, primary care practitioners will not be allowed to practise as specialists at the same time, even if they possess specialist qualifications. With the above requirements, a primary care system may also function as a means to regulate the private healthcare sector.

VI. Tackling Climate Change²³

Present Situation

79. The issue of climate change, particularly global warming, has become a major concern of governments worldwide. Hong Kong’s air quality has been deteriorating in recent years. In the first quarter of 2008, the “Air Pollution Index” from the Environment Protection Department rated as either “high” or “very high” in 70% and

²³ The contents of this section are drawn primarily from the previously published research report from the Professional Commons, “Research Report on the Better Use of Fiscal Surplus”, (Hong Kong: The Professional Commons, January 2008).

95% of the time in General Stations and the Roadside Stations respectively.²⁴ The average annual temperature recorded by the Hong Kong Observatory has recorded an increase of 0.34 degrees per decade between 1989 and 2007.²⁵ Recent figures show that the level of three kinds of pollutants (carbon dioxide, respirable particles and carbon sulphide) have rebounded since 2004. In 2006, the level of the three pollutants was back to the high levels in 2002.²⁶

80. It is a well-known fact that there is a strong correlation between climate change and the raising of sea-water level. There are estimates that the increase in seawater level over the next few decades may result in over 30 million eco-refugees in the Pearl River Delta (hereafter the PRD) area. Cross-boundary air pollutants have long been considered a major factor causing the deterioration of Hong Kong air quality. Hong Kong cannot afford to turn a blind eye on these issues, especially on its cooperation with the governments in the PRD concerning the tackling of climate change.

Principles

81. In November 2007, the HKSAR Government signed up as a member of the “Large Cities Climate Concern Group” (i.e. the “C40 Group”), a consortium of governments of major cities worldwide aimed at the coordination of member cities’ efforts in tackling global climate change. A number of major cities in the world, such as London, New York City and Tokyo, have already formulated long-term and comprehensive plans for the tackling of global climate change. The HKSAR Government should catch up through the formulation of a “low carbon” development strategy.

82. Being a developed economy (equivalent to “Annex I Countries” under the Kyoto Protocol), Hong Kong is in a position to shoulder more responsibility for the PRD region in accordance with the internationally recognized “Common But Differentiated Responsibility” principle.

²⁴ See <http://www.epd-asg.gov.hk/english/apisum/apisum_detail.php?year=2008&month=q1>.

²⁵ See <http://www.hko.gov.hk/climate_change/climate_change_hk_e.htm#urbanization>.

²⁶ “污染物濃度 最多升一成 鬧市空氣 5 年不進反退,” *Ming Pao*, 21 January 2008, p. A4.

Policy Recommendations

Creation of a Climate Challenge Fund

83. For the purpose of the tackling of global climate change, it would be advisable for the Government to earmark HK\$8 billion for the creation of a “Climate Challenge Fund” to finance and develop both local-based and cross-boundary initiatives for both “low carbon” and “energy efficient” strategies. The items which shall be included in the Fund are :

- A HK\$500 million “Low Carbon Professional Aid Scheme”;
- A HK\$2 billion “Green Community Subsidy Scheme”;
- A HK\$500 million “Green Homes Subsidy Scheme”; and
- A HK\$5 billion “Pearl River Delta Climate Challenge Fund”.

A. *Promoting Energy Efficiency at Home*

84. To enhance energy efficiency at the community level, the “Low Carbon Professional Aid Scheme” should be used to fund energy audit for households units, project design for energy efficiency upgrades for residential blocks, and consultancy services in relation to town planning, urban design, and related advisory services.

85. For the promotion of energy saving in residential buildings, the “Green Community Subsidy Scheme” should subsidize private owners in residential buildings for energy efficiency upgrade in line with the need for low carbon development. A grant of HK\$1,500 per household may be provided for such upgrade.

86. Under the “Green Homes Subsidy Scheme”, the Government should provide a subsidy for every adult in Hong Kong HK\$100 in changing the light bulb from incandescent lamps to energy saving bulbs.

B. *Tackling Cross-boundary Pollution*

87. The “Pearl River Delta Climate Challenge Fund” may be used to support measures under the mitigation strategy in order to reduce greenhouse gas emissions. The Fund may focus primarily on projects which comply with voluntary carbon credit standards but are outside the scope of Clean Development Mechanism under the Kyoto Protocol. These may include small-scale renewable energy projects, afforestation and distributed energy efficiency projects. The Fund may also be used for project design of

adaptation measures that are considered to be most cost-effective and with the most pressing need.

VII. Universal Suffrage and Better Governance²⁷

A. 2012 Political Reform

Present Situation

88. In the Report on Hong Kong's Constitutional Development by the Chief Executive to the Standing Committee of National People's Congress (NPCSC) in December 2007, the Chief Executive admitted the wishes of the majority of the citizens for a faster progression towards democracy. However, he still proposed a comparatively slow pace towards democracy in Hong Kong, with the first Chief Executive election by universal suffrage in 2017, leaving the realization of universal suffrage of the Legislative Council to a later, uncertain date (despite claims by the Chief Executive that this can occur in 2020). Under the current election system of Hong Kong, the Chief Executive is elected by an 800 member Election Committee according to the following distribution. Apart from category 4, the Election Committee members are elected via the functional constituencies (hereafter FCs).

89. There is a general view that the existing FC election in the Legislative Council suffers from three defects: under-representation; domination of corporate votes in the majority of the FCs, and encouragement of narrow interests under the present election arrangement. The Functional Constituencies must be totally abolished ultimately.

90. Supporters of FC system used to argue that the existing arrangement can help retain the experiences and expertise from businesses and professionals and their contributory inputs have been prominent to the long-term development of the territories.

Principles

91. Given that with universal suffrage is our destination in the journey of political development, the political arrangements in 2012 and afterwards should be strategically planned as a check point of progressive democratic changes. The overall electoral system must be more open and democratic compared to the previous one and head for

²⁷ The contents of this section are primarily drawn from the previously published research reports of the Professional Commons: *Position Paper on Constitutional Reform in 2012* (Hong Kong: The Professional Commons, May 2008); and *E-Government and Governance in Hong Kong: Research Report on Information and Communications Technology in Hong Kong* (Hong Kong: The Professional Commons, June 2008) respectively.

the direction of fair constituencies, fair candidate nomination procedures and fair voting.

Policy Recommendations

a. Introduction of “Comprehensive Functional Constituencies” in LegCo Election

92. A “Comprehensive FC” system should be put in place to revamp the existing FCs classifications into 6 larger FCs and restrict the eligible voters to individual citizens only. Within each FC, the voting is by a proportional representation system. This system avoids the monopolization of seats by large sectors and encourages the formation of groups and tickets across different subsectors, favouring with a political platform that can harmonize the different interests. The new system will comprise the following components:

- Four large FCs are to consolidate the existing FCs which is categorized according to the nature of the business activities, namely manufacturing and trade; infrastructure, logistics and tourism; business and professional services; community, social and personal services. They account for the 3.7 million of the population.
- Two new FCs will be introduced for other non-business sectors, professional or unionized labour voters. One is for adult students and retired persons. Another is for homemakers and economically inactive persons previously not included in FCs. They account for about 2 million of the population.
- All eligible voters in Hong Kong should be able to participate in both the elections for the geographical constituencies and FCs. We call this “One-Person-Two-Votes”.
- The electorate base of FCs consequently goes up to 5.8 million of voters, matching that of the geographical constituencies.
- The number of seats of each FC is allocated according to the proportion of eligible voters of that FC to the total number of eligible voters. The effect of each vote is ideally equal.

b. Comprehensive FCs as the Basis for the Election Committee for Selecting the Chief Executive

93. We propose to keep the number of Election Committee for the selection of

Chief Executive to 800. The 200 members from fourth category remain unchanged.²⁸ The 600 members from various business, industrial and professional categories (first, second and third categories) are to be elected using the same concept of Comprehensive FCs. The number of Election Committee members in each Comprehensive FC is by proportion of their eligible voters to the total number of eligible voters. By doing so, every vote will have equal effect.

94. The nomination threshold for an eligible Chief Executive candidate should be no more stringent than the present arrangement, ranging from 50 and 100 Election Committee members.

c. Consultative Member System in the Legislative Council

95. To acknowledge as well as to tap the knowledge and expertise of the business and professional sectors, a consultative member system should be established to formalise the current system of expert hearings in the bills committee stages of Legislative Council. The consultative member system is more a standing arrangement than ad-hoc one to give a clear responsibilities to such consultative members. The current FCs can maintain their seats in the new system when the new comprehensive FC is established in 2012. However, these members can give opinions only in the Legislative Council bills committee meetings. They are not given any voting power and cannot attend Legislative Council meetings and panel meetings.

B. E-Government to bring Better Governance

Present Situation

96. At present, Government websites are mainly serves to disseminate information. Only limited government services could be obtained via the Internet. It is also unlikely that the Government has had strong intention to engage the community at a greater extent through wide application of information and communications technology.

Principles

97. ICT application should be considered as a new front for better provision of

²⁸ Eligible voters of the fourth category include: Legislative Council members, District Council representatives, Hong Kong Deputies to National People's Congress, representatives of Hong Kong members of National Committee of the Chinese People's Political Consultative Conference.

government services. The Government should expand the online services website to be a one-stop gateway for all e-government services and create a new electronic platform which can facilitate users to proceed to the next step of actions after they have obtained the information from the websites.

98. The Government should facilitate e-participation as part of the roadmap towards the democratization of Hong Kong. A better leveraged ICT platform will allow the government to establish a “one-stop” consultation and engagement web portal for all Government consultations encompassing different policy areas.

Policy Recommendations

a. More user-friendly Government Web Services

99. To create a more user-friendly environment, the Government should adopt a single and personalized “e-account” system on government services, known as “MyGov” (My Government).²⁹ Under the new system, individual citizens will be offered a single user account with sound security mechanism to access multiple government services. Each user or an individual business can customize his/her own MyGov page through selecting government services and information he/she needs out of a range of such services. They should be allowed selectively to store the e-version of frequently used personal government-issued documents in advance in their personalized accounts (e.g. identity card, driver’s license, public examination records, etc.) so that they can simply embed the related documents when they file the e-applications, or e-forms, etc.

b. Greater E-participation

100. E-petition should also be allowed through the “one-stop” consultation portal, similar to an expanded version of the currently Internet-based “Public Affairs Forum” (www.forum.gov.hk). Direct communications channels could be established via the bureaux/departments websites so that citizens can interact directly with responsible officials through blogs, email or instant messaging. The Government should digitalize all Government documents that are already open to public, and provide a one-stop portal for government document retrieval to enable informed discussion on public

²⁹ The web visitors can then deal with the Government in electronic means in the areas of e-complaints/e-report; e-applications/e-registrations/e-renewals; e-enquiries; e-payments/e-bookings; and e-form submissions.

policy.

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