

# OFFICIAL RECORD OF PROCEEDINGS

Thursday, 9 February 2012

The Council continued to meet at Nine o'clock

## MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, S.B.S., S.B.ST.J.,  
J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE FRED LI WAH-MING, S.B.S., J.P.

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE WONG YUNG-KAN, S.B.S., J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

THE HONOURABLE MIRIAM LAU KIN-YEE, G.B.S., J.P.

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING, G.B.S., J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

THE HONOURABLE ABRAHAM SHEK LAI-HIM, S.B.S., J.P.

THE HONOURABLE LI FUNG-YING, S.B.S., J.P.

THE HONOURABLE FREDERICK FUNG KIN-KEE, S.B.S., J.P.

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.B.S., J.P.

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, G.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, B.B.S., J.P.

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

PROF THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING, J.P.

DR THE HONOURABLE LAM TAI-FAI, B.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, J.P.

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

THE HONOURABLE IP WAI-MING, M.H.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**MEMBERS ABSENT:**

DR THE HONOURABLE DAVID LI KWOK-PO, G.B.M., G.B.S., J.P.

THE HONOURABLE CHAN KAM-LAM, S.B.S., J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, G.B.S., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG, G.B.S.

THE HONOURABLE LAU WONG-FAT, G.B.M., G.B.S., J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE TOMMY CHEUNG YU-YAN, S.B.S., J.P.

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE LEE WING-TAT

DR THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

THE HONOURABLE CHEUNG HOK-MING, G.B.S., J.P.

THE HONOURABLE KAM NAI-WAI, M.H.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE WONG KWOK-KIN, B.B.S.

DR THE HONOURABLE PAN PEY-CHYOU

### **PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.  
SECRETARY FOR EDUCATION

THE HONOURABLE GREGORY SO KAM-LEUNG, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

### **CLERKS IN ATTENDANCE:**

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY  
GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

**PRESIDENT** (in Cantonese) : Council will now resume and continue with the debate on the motion "Reviewing the education policy for ethnic minority students".

## **MEMBERS' MOTIONS**

### **REVIEWING THE EDUCATION POLICY FOR ETHNIC MINORITY STUDENTS**

#### **Continuation of debate on motion which was moved on 8 February 2012**

**MR PAUL CHAN** (in Cantonese): Good morning, President and Honourable colleagues. President, many discussions have been held on the education for ethnic minority (EM) children by the Panel on Education. As the issues confronting us are practical ones, we cannot just engage in mere paper talk. My assistant's mother had once taken six months' no pay leave to work as a volunteer with a Christian voluntary agency to give tutorial lessons to EM children. Here I would like to share with Members some of her experience.

Among the seven South Asian children she had come into contact, all of them were born in Hong Kong or came to Hong Kong for residence and education when they were small. However, their learning progress lagged far behind Hong Kong children of their age. For instance, some of them, though they were Primary Five or Six students, did not acquire the knowledge that should be learnt by Primary One or Two students. Not only was their Chinese standard lagging behind, their English level was also lagging far behind. While children in Hong Kong have to recite the times table when they are studying in Primary Two, these South Asian students were unable to recite the times table due to language problems. As a result, they had problems with Mathematics since Primary Two.

My assistant's mother is a veteran teacher with many years of teaching experience. She has made some analysis and I would like to share with you. First of all, these South Asian children have to learn three languages concurrently, namely their mother tongue, Chinese and English. As their second and third languages are used at schools, it is actually not easy for them to learn. Sadly, they cannot well master the three languages. As Members should know,

language is a tool for learning. With a poor mastery of this tool, naturally they have difficulties in making progress. We cannot imagine the insurmountable difficulties encountered by children who came to Hong Kong at an older age.

Second, these children will easily give up because of their sense of failure. Owing to poor language ability, these children have a strong sense of failure as early as they were studying in primary schools. They lost the motivation to learn, and worse still, they escape school or even give up studying altogether. This is indeed very regrettable. It is even harder for them to catch up with others in future.

Third, these children cannot see a way out. Most of these children are from low-income families, a typical family is one which the father works at construction site and the mother does not go out to work. When teachers ask them what do they want to do when they grow up, the boys will usually say that they want to be construction workers. As they seldom have a chance to get in touch with people in other trades and industries, they naturally think of following in the footsteps of their father. President, I do not mean to look down on construction workers. They deserve our respect for they make a living with sweat and toil. I only wish to point out that these children might have no idea of their prospects and opportunities. Let me cite myself as an example. I had absolutely no concept of professionals when I was studying in primary and secondary schools. The only exception was the doctor whom I visited when I was ill. I really had no idea at all of what engineers, lawyers and accountants were. When you know nothing at all, how could you have the ambition to be a professional?

Fourth, it is not easy for these children to adapt to Hong Kong's competitive environment. According to an international study, Hong Kong students are among the best in the world in terms of reading and mathematical ability. At an early age, Hong Kong children have been accustomed to participating in a wide range of extra-curricular activities in addition to dictations, tests and examinations. Hence, even if problems with language learning are excluded, it is indeed extremely difficult for EM children to compete with local students. In addition, they mainly study in "designated schools", making it harder for them to compete with local students in public examinations.

President, the Equal Opportunity Commission (EOC) has published a detailed report on education for ethnic minorities (EMs) and put forward many constructive recommendations. For instance, there are recommendations for devising a curriculum and assessing standard for teaching Chinese as a second language, providing EM students with counselling services for further studies and employment, and providing pre-primary EM students with additional language support.

In addition, I would like to take this opportunity to put forward some proposals by front-line teachers. In one proposal, it is suggested that schools or organizations arrange for EM students to visit local universities, with a view to broadening their horizon and enabling them to understand that studying in tertiary institutions is a way out, and that should be their goal. Meanwhile, arrangements can be made for older students, such as Secondary Five and Six students, to receive short-term internship training in companies. In fact, the main objective is not to receive internship training. Even if the internship period lasts only one week or two, students can still broaden their horizon through training in different companies or professional offices, so that they will know more about the working conditions of others, which is conducive to helping them find out their aspiration for their future. We have once arranged some children living in Tin Shui Wai and the North District to visit and receive training in professional offices. Although the training lasted only two weeks, it proved to be an immense encouragement for the children and gave them hopes for the future.

Meanwhile, the Government can also mobilize the strength of the community by collaborating with organizations with experience in providing tutorials to EM students, so as to give these children more opportunities to come into contact with local people and the community life while fostering an environment for learning Chinese more effectively.

President, given that integrating EMs into our community is our policy, we must implement this policy thoroughly, so that EM children will have the opportunities for further studies and employment. I greatly support a proposal put forward recently by the Panel on Education that an additional post be created in the Education Bureau for taking charge of education for EMs and special education.

With these remarks, President, I support Mr Abraham SHEK's motion and other amendments.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, the education policy for ethnic minorities (EMs), especially in regard to Chinese learning, is a kind of hidden racial discrimination, for there is all along a lack of sensible teaching and support as well as an absence of appropriate curriculum and examinations, thereby affecting the opportunities for further studies and employment for ethnic minority (EM) students.

For EM students, learning Chinese is a nightmare. Owing to their poor Chinese standard, EM students have great difficulties to move up the social ladder or reduce inter-generational poverty through education. Currently, the chances for EM students attending government-funded universities are far lower than those for local students. On the contrary, the number of EM students giving up learning due to overall performances being dragged down by poor Chinese standard is higher than that of local students. This situation and the hidden discrimination must be stopped.

We must begin at kindergarten level, for it is the most preferable and crucial stage for learning Chinese. The Government must provide funding and spare no efforts in offering special support. The Government's current proposal of offering a six-month support programme to pre-primary EM children is actually inadequate. The learning of any language requires constant exposure, and as EM students lack Chinese support at home, they tend to get half the results with double the effort. Therefore, the Government must, based on the number of EM kindergarten students, arrange special Chinese teachers or visiting tutorial teachers to teach them and help them lay a sound Chinese foundation, eliminate the cultural gap, and alleviate their psychological fear of learning Chinese.

As a short-term solution, retired teachers or students from the Hong Kong Institute of Education (HKIED) or even university students should be employed to provide one-to-one Chinese tutorials for EM students. It is most important for students to build up confidence in Chinese, so that they can engage in self-learning in future; otherwise, EM students will always be lagging behind, and when the gaps in Chinese learning get wider and wider, they eventually drop out of school. As an interim solution, the Government should provide additional

resources for the HKIEd to take immediate steps to train EM teachers in Chinese, so that they can be deployed to teach in kindergartens upon graduation. As for a longer-term solution, more EM university students should be admitted, so that when they graduate, they can teach EM students in primary and secondary schools. In order to remove the difficulties of EM students in learning Chinese, we must begin at the kindergarten level and start training EM teachers. Demonstrating the courage to surmount every difficulty is always better than window dressing.

Currently, there are three modes of teaching EM students in primary and secondary schools.

The first one is the mode of individual integration. Under this mode, the whole school only has dozens of EM students. The merit is that there are more opportunities for EM students to get in touch with local students, but the demerit is that owing to the small number of EM students, no special attention will be paid to them with regard to their progress in learning Chinese, hence they will easily be neglected if their result is not good.

Under the second mode, EM students can study in designated schools where a greater proportion of students are non Chinese speaking. The merit is that there are more subsidies and focused support, and a more uniform Chinese curriculum will be offered. However, the demerit is the lack of opportunities for integration. Some students may attend schools just to muddle along, and learning Chinese in classes is just like rote learning. Students are rarely divided into different classes according to their Chinese standard.

The last mode is that schools will intake an appropriate number of EM students, hence their needs will not be neglected and these students can integrate with local students. Students can also be divided into different classes based on their Chinese standard and tutorial lessons can be provided accordingly.

However, schools have a deeper concern, if the number of EM students is too small, these students are very often left unattended; but if there are a large number of EM students, some local parents will transfer their children to other schools. Should EM students become the majority, the implementation of integrated education may not be possible. In the final analysis, we must eliminate hidden discrimination against EMs in society and prevent the idea of

discrimination to spread. As these three types of schools will continue to exist in the future, the Government must adequately address the several key issues mentioned below.

First of all, the Government should provide appropriate Chinese curriculum or teaching materials for EM students in these three types of schools, and identify the most appropriate Chinese teaching methods for different types of schools. For instance, in schools where the number of EM students is small, after-school tutorials should be given by Chinese teachers. In schools where there are many EM students, students should be divided into different classes based on their Chinese standard. In schools where there is an appropriate number of EM students, they can be put in different classes for Chinese learning to be complemented by after-school tutorials.

Next, the Chinese Language testing system must be reformed. Currently, the level of the General Certificate Secondary Education (GCSE) Chinese is far lower than that of the Hong Kong Diploma of Secondary Education Examination. Hence, universities will not exercise discretion to admit EM students with GCSE Chinese qualification, and they also fail to compete for employment opportunities with such Chinese standard. I propose that the Government should consider modeling on the International English Language Testing System in providing a comparable test of proficiency in Chinese, so that EM students can take tests of different levels of proficiency at any time, thereby enabling students with different needs and abilities to obtain different Chinese qualifications in phases to facilitate their further studies and employment. Students can still make their own arrangements to sit for examinations after graduation.

Lastly, a certain number of publicly-funded university places should be set aside for EM students. Moreover, the authorities should relax the Chinese entry requirements for these students or even set up special scholarships for them, so that the accomplished students can apply for self-financed places in Hong Kong, or even pursue further studies overseas. They should also be encouraged to return to Hong Kong after graduation to serve people of their ethnicities.

President, to address the EM issues, we must begin with the law; we must begin with pursuing for equal rights; we must take education as the point of departure, with kindergartens as the first step; and we must first train EM teachers. But more importantly, we must stop people from discriminating

against EMs in a tangible or hidden manner. This is a big issue of social integration. Though an all-out effort is warranted, we must proceed in a pragmatic manner.

With these remarks, President, I support the original motion and all amendments.

**MR FREDERICK FUNG** (in Cantonese): First of all, President, I would like to declare that I am the convenor of the Policy and Research Committee of the Equal Opportunities Commission (EOC) as well as a member of the Working Group on Education for Ethnic Minorities. Hence, I had participated in discussing, writing and reviewing this Report. This is the background I would like to declare in the first instance.

As many colleagues have talked about the content of this Report today, I will not give detailed comments here. Instead, I will talk about some principles and backgrounds as well as how the Government treated this EOC Report before and after its publication.

President, there are some major principles we must understand. Education is most crucial in the sense that it is particularly indispensable to the growth, development and prospects of individuals. Education can enable individuals to have a clear vision of their own prospects and development. Hence, it is conducive to individuals making achievements in other areas as well as promoting the overall social development. So, we must not look down upon anyone, irrespective of their gender, race, with or without disabilities.

In fact, many international covenants are related to education, and most importantly, these covenants have been endorsed by our country. For instance, the following covenants have already been in force in the People's Republic of China and the Hong Kong Special Administrative Region (HKSAR): First, the International Covenant on Economic, Social and Cultural Rights; second, the International Convention on the Elimination of All Forms of Racial Discrimination; third, the Convention on the Rights of Persons with Disabilities, and fourth, the Convention on the Rights of the Child. As for local legislation, there are the Sex Discrimination Ordinance, the Disability Discrimination Ordinance and the Race Discrimination Ordinance.

All these Ordinances and covenants convey the message to us, and in particular to the Government, that everyone should enjoy equal access to education, irrespective of their gender, race, with or without disabilities. In Hong Kong, all eligible children, including ethnic minority (EM) children, are entitled to 12 years of free education, nine of which is compulsory. Though EM students have equal opportunities to education, the percentage of their attaining higher level of education is exceptionally low.

According to the statistics in 2006 (the statistics of the 2011 Population By-census is not yet available), EM students accounted for 3.2% of the total student population at the pre-primary level. This means that there were 5 452 EM students (excluding 1 325 White) out of some 166 000 students. This proportion was commensurate with the proportion of the number of EM persons to the population of Hong Kong. In other words, theoretically speaking, a comparable proportion of EM students should attend primary or secondary schools or universities. But actually, the statistics told us a different story. At the upper secondary level, the percentage of EM students only accounted for 1.1%, and at the post-secondary level, the percentage dropped to a mere 0.59%, which is absolutely disproportionate. Hence, we have set up a Working Group to study the underlying problems.

The Working Group had held three seminars at different levels for people from all walks of life. The first session held on 25 November 2010 was attended by principals and teachers from 12 schools which specifically admit EM students. The second session held on 2 December 2010 was attended by non-governmental organizations (NGOs) serving the EM community. The third session held on 22 January 2011 attracted students and parents from different ethnicities. In other words, the three seminars were participated by students, parents, teachers, principals and even the NGOs serving the EM community.

We have collated the views collected and compiled this Report in which a lot of recommendations have been put forward. In our view, the four points I am going to talk about are the paramount concerns of the participants.

First, the participants consider that pre-primary education is very important, because if pre-primary education is not well provided, students can hardly receive good education as they move on to the next stage of learning.

Second, apart from children, support should also be provided to parents. If parents do not know how to read and speak Chinese, no one at home can guide the children in learning Chinese. Even if the children learn Chinese at school, they still find it very difficult to do revisions at home. Nowadays, many EM children can speak fluent Chinese. Members may be aware that a television reporter is an EM person. If we close our eyes and listen to her, we will certainly not be aware that she is not a Chinese.

Third, new methods must be developed for teaching these children to use Chinese as their second language. As many teachers have not received any training in coaching EM students, they have no idea how to teach these students to learn Chinese. Hence, a new set of methods must be developed for teaching EM students.

Fourth, after allocating \$600,000 to each school, the Government has not followed up the effective use of the funds. Some principals and teachers have indicated that they have no idea how to make effective use of the funds. Hence, I think that the authorities should establish a comprehensive system to follow up the approach and effectiveness of these schools in using the funds. Moreover, they should keep track of the learning process of EM students since they were young until they attend secondary schools, with a view to gaining an understanding of their learning progress. The Government must absolutely not think that the problems will be resolved by allocating \$600,000 and no follow-up actions are required.

President, after collating the opinions, we had invited the Education Bureau for discussions before the finalization of the Report. Eventually, we met with the Bureau for the first time on 4 April 2011, after repeated invitations. At the meeting, however, the Under Secretary for Education merely listened to us without saying anything and did not answer any questions put to him. During the one-hour meeting, we did all the talking and we had no idea whether or not he was listening. He merely said that he would put all our opinions on record for consideration. We were extremely furious that he made no response at all because the questions raised by us at the meeting, the opinions put forward by parents, teachers and NGOs and all sorts of information had already been submitted to the Bureau a long time ago. During the meeting, the Under Secretary for Education was simply "silent". When we invited the Education Bureau again for discussions after the publication of the Report, the Secretary

repeatedly declined our invitations under the excuse that he was fully engaged. After our repeated lobbying, the Under Secretary for Education finally accepted our invitation to meet again on 11 July. However, he merely indicated that the recommendations made in the Report were being studied without responding to any of them.

After studying these issues, the EOC had already gained an understanding of the situation, it has also collected evidence and opinions of the persons concerned. So, what should be done next? It was not until 12 December 2011 that a discussion was held by the Panel on Education of the Legislative Council. I hope the Secretary can really (*The buzzer sounded*) .....

**PRESIDENT** (in Cantonese): Mr FUNG, your speaking time is up.

**MR FREDERICK FUNG** (in Cantonese): ..... give us a sincere reply to resolve this issue. Thank you, President.

**MR WONG KWOK-HING** (in Cantonese): Good morning, President.

Since ancient times, education has been playing a pivotal role in all societies. Even as early as the Spring and Autumn Period thousands of years ago, Confucius already understood the importance of universal education. I believe there is no need for me to dwell on the value of education. Everyone here, as well as members of the public, definitely acknowledge this fact.

The SAR Government's annual overall expenditure on education is the highest among various policy areas. After decades of development, and thanks to the efforts and support of members in the education sector, the quality of education in Hong Kong has generally been recognized internationally. In the 2007 Policy Address, the Chief Executive highlighted his determination to strengthen Hong Kong as a regional education hub, and developing education services has been one of the objectives of the SAR Government.

Regrettably, how can we "resist foreign invasion" without first "preserving peace at home"? If the internal affairs are not well handled, all initiatives, no matter how good they are, serve no purpose. On the one hand, we want more

overseas students to come and study in Hong Kong, but on the other hand, we neglect the needs of ethnic minority (EM) students who have been living in Hong Kong for years, depriving them of their basic education rights and protection. If ethnic minorities in our society suffer from anxiety and helplessness, how can we live up to such a grand name of being an education hub?

President, in the Report published by the Equal Opportunities Commission (EOC), that is, the Report on the Working Group on Education for Ethnic Minorities — Education for all, it is mentioned that according to the latest statistics (that is, the 2006 Population By-census), EM students accounted for 3.2% of the total student population at pre-primary level (5 452 out of 166 394). The proportion was commensurate with their population in Hong Kong. At the upper secondary level, the percentage of EM students was reduced to about 1.1% (2 109 out of 189 380). At the post-secondary level, the percentage dropped significantly to about 0.59%.

President, given that the Education Bureau has reiterated the SAR Government's compliance with the spirit of the Race Discrimination Ordinance to ensure that non-Chinese speaking students enjoy equal opportunities to receive education and pursue further studies, why would EM students become a rare group at post-secondary level? Do they not like studying? In fact, it boils down to the gap between the ideal and the reality.

EM students may have the right to choose schools freely and enjoy equal rights to education, but such rights are confined merely to governance principles, because in the course of implementation, various practical difficulties, such as teaching languages, curriculum, school support, and so on have stifled their chance to further studies. In the past, a number of people and organizations had repeatedly expressed their views on the relevant issues and put forward quite a number of specific and constructive proposals. As time is running out, I will not dwell on this topic.

President, I only wish to remind the SAR Government that at the meeting of the Legislative Council Panel on Education held on 14 March last year, I requested the Administration to review the school placement for EM students, so that they could go to schools that were nearer to their places of residence. Has the Administration considered my proposal? Secretary, I hope you can respond to my question in your reply later.

President, I would like to point out strongly in this meeting that the situation has not been improved so far. In Tung Chung, there are no primary and secondary schools which use English as the major medium of instruction and are suitable for EM students. Should they wish to study in this kind of school, they must go to schools in other districts. How far will they have to travel? President, a considerable number of EM students living in areas like Tuen Mun, Tin Shui Wai and Tung Chung have to travel from the northwestern part of the territory to the eastern tip of the territory, that is, Chai Wan, to attend schools. Mr SHEK, do you think they are extremely miserable? A round trip by MTR (excluding bus trips) would take four hours a day. In such a modernized city as Hong Kong, this situation is ridiculous. It is really incredible!

It is most undesirable for EM students to travel a long distance to Chai Wan each day, not only do they have to spend a long time in travelling, but they also have to bear high transportation expenses. Why can't they, like other students, study in mainstream schools near their residence through the Central Allocation; and why do they have to travel long distance to schools in other districts? The reasons are language problems, inadequate support, and the Government's failure to allocate school places appropriately.

I hope Secretary Michael SUEN can address this issue squarely. In such a modernized cosmopolitan city as Hong Kong, quite a number of EM students still have to spend four hours on trips between their homes and schools by MTR — excluding bus trips. Is this acceptable and justifiable?

President, owing to cultural differences, the Chinese proficiency of some EM students cannot catch up with Chinese teaching in mainstream schools, and hence, these students have been in a disadvantageous position in the mainstream education system. Although the Government has provided language and other support programmes, as pointed out in the EOC Report, the quality of these programmes are not guaranteed, and the results are disappointing. Hence, some EM students cannot but opt for "designated schools" for focused support. Some of them have even quitted schools as a result.

In fact, the difficulties encountered by EM students in pursuing further studies and in seeking employment have existed long ago, and these problems are not caused by one single factor, but are related to the entire education system and

inadequate support in the community. In fact, the Government should not and cannot brook any more delay.

I call on the Government to address the relevant issues squarely and seriously, conduct a comprehensive review of the relevant policy, and respond to and implement the EOC's recommendations proactively.

Thank you, President.

(The microphone could not transmit any sound while Mr Ronny TONG was speaking)

**MR WONG KWOK-HING** (in Cantonese): The microphone is not working.

**PRESIDENT** (in Cantonese): Can you hear any sound?

**MR WONG KWOK-HING** (in Cantonese): No.

**MR RONNY TONG** (in Cantonese): President, can you restart the timer?

**PRESIDENT** (in Cantonese): Please continue.

**MR RONNY TONG** (in Cantonese): President, Hong Kong and the United States have one thing in common, that is, both are immigrant cities. Even if we are not immigrants, our parents are; even if they are not, their parents are. It is precisely for this reason that Hong Kong has all along been a cosmopolitan city.

President, ethnic minorities (EMs) had far more opportunities in the past than at present. Just look around, many people who make major contributions to Hong Kong society are EMs. To cite some recent examples, the Chairman of the Bar Association of Hong Kong is an ethnic minority (EM) person. Many of our judges, and even a handful of judges of the Court of Final Appeal, are EMs.

Moreover, we have a small number of EM entrepreneurs and EM civil servants. How come they had opportunities for development and succeeded in breaking through the barriers during the colonial era, but EM children today have to face tremendous obstacles?

A series of figures were cited by many colleagues last night and this morning. All these figures point to the fact that EM children must overcome great barriers to develop and excel in Hong Kong. The reality reflected by these figures is really shameful. Given that Hong Kong is a cosmopolitan city, we have all along taken pride in our embracing and pluralistic core values, why then our education is so unsatisfactory? President, education is a major element contributing to the success of a society. Even Chief Executive Donald TSANG once admitted that the disparity between the rich and the poor was inevitable and could not be changed in a capitalist society, but education could have some effects.

Such being the case, I would like to ask the Secretary: as you joined the civil service before the reunification, can you tell us why, after the reunification, EM children have suddenly confronted with so many difficulties?

I have an out-of-the-box idea. As everyone knows, the difficulties confronting EM children in Hong Kong mainly lie in learning Chinese, whereas in Hong Kong ..... excuse me, may I remind you that both Chinese and English are our official languages. Why must we insist that the Chinese standard of EM students must meet the standard for Chinese people? Why can English not be used as the standard of promotion for EM people?

I hope the Secretary can consider this proposal. Perhaps someone may say, "Mr Ronny TONG, your idea is politically incorrect." In fact, many comments made in Hong Kong are politically incorrect. I do not understand why many people are fond of linking politics with other issues. I do not think that people who are not proficient in either English or Chinese cannot make contribution to our society. President, just now, I have already cited numerous examples to demonstrate that many renowned lawyers, judges, entrepreneurs, educationists and civil servants are EMs. How can you say that they have made no contribution to society? Will their knowledge of Chinese make a big difference? Given that Hong Kong is a bilingual society, should we not be so stubborn?

Another out-of-the-box idea concerns the reason why EM students fail to learn Chinese well. Just pay a visit to EM schools and you will find out the answer.

Secretary, both you and the Government emphasize mother tongue teaching. While Hong Kong people use Chinese to teach English, how can Chinese be used to teach EM students to speak English? Or how can we use other languages to teach them to speak Chinese? If you have to thoroughly implement the policy of mother tongue teaching, you obviously have to inject resources to implement this medium of instruction for EM students by using their mother tongue to teach them Chinese. Only in this way can they have the opportunities to enjoy comparable opportunities for promotion as other children in Hong Kong. Should you fail to do so, please cast aside the so-called mother tongue teaching policy, because it is extremely unfair and unjust to implement the policy in this manner.

President, I hope the SAR Government can make reflection on why, after the reunification, EMs have fewer opportunities to stand out among others and have poorer prospects?

Thank you, President.

**MR ALBERT CHAN** (in Cantonese): First of all, President, I would like to thank Mr Abraham SHEK for proposing such a worth discussing and meaningful motion, expressing concerns for the education of ethnic minorities (EMs). Given that Mr SHEK is a representative of the real estate sector, his act is particularly praiseworthy. As the real estate sector enjoys enormous power and influence, comments made by its representative carry more weight than those made by us.

Regarding the rights and interests of EMs, I have discussed with the former Secretary for Education and Permanent Secretary for Education numerous times. Years ago, I had rendered help to the Indians, Pakistanis and Nepalese living in Yuen Long and Tuen Mun to write a submission entitled "Proposal for Ethnic Minority Secondary School", to be handed over to the Government. Despite my extremely detailed discussions with the former Permanent Secretary for Education, all my proposals were rejected because, according to the Government's policy, no special schools would be set up for EMs. Hong Kong's

education policy is "cultural hegemony". There are two types of hegemony: The first one is "Greater China mentality", meaning that nothing will be done for non-Cantonese speaking persons; the second one is based on socio-economic status, that is, English-speaking people from the United Kingdom, the United States, Canada, Australia, New Zealand, and so on. The tuition fees of international schools of these people are exorbitantly high, and only the rich will be admitted, regardless of their languages. This is the special characteristic of Hong Kong as well as that of international financial institutions.

The problem confronting EMs is that they speak a little English at home since childhood, and most of the time, they communicate with their family members in their mother tongue. Therefore, they will face numerous problems when they enter primary schools. In Yuen Long, for instance, there are kindergartens for Nepalese, Indian and Pakistani children. These children can adapt themselves in terms of culture and language, and when they reach the primary school stage, they can be enrolled in the Umah International Primary School.

However, problems will emerge when these students attend secondary schools, because there are no secondary schools in Yuen Long specifically for Indian and Pakistani students. As pointed out very clearly by Mr WONG Kwok-hing just now, many students in Yuen Long and Tuen Mun have to travel to Sham Shui Po or Yau Tsim Mong, and some even travel a long distance to Chai Wan, in order to attend secondary schools. This has been the case for years. In recent years, some of the problems have been slightly ameliorated due to the special assistance and support services provided by the Government in certain secondary schools. But generally speaking, there has been a lack of education services specifically offered to Indian and Pakistani students. The Government refuses to provide such services; this is a problem concerning government policy. While counselling is provided for students facing difficulties in existing conventional schools, in particular secondary schools, no such services are specifically provided for Indian and Pakistani students. This is one of the major defects of Hong Kong's overall education policy, and the hegemony mentality is fully reflected. I hope Mr SUEN can, during the last several months of his term of office, help ameliorate the hardships faced by Indian and Pakistani students. This issue has been discussed for a decade or so, but so far, no major improvements have been made; there are only some fine-tunings and slight improvements.

After the reunification, EMs in Hong Kong ..... my focus is people of Indian, Pakistani and Nepalese nationality. People from the United Kingdom, the United States, Australia and New Zealand have absolutely no problem, given their social status and financial capacity. Besides education, Indian and Pakistani people also face hardships in employment. According to tradition, if the father or grandfather of an Indian or Pakistani is a policeman, then he would become a policeman, too. Nowadays, unlike the British-Hong Kong era, one must know Chinese to become a police officer. One of the major problems after the reunification is that, despite English being an official language, things are different from that before the reunification when people who only knew English could become civil servants or police officers. After the reunification, the employment problem facing Indian and Pakistani people is that they have no opportunities to become civil servants, because they cannot speak fluent Cantonese and cannot read Chinese. Hence, it is most ridiculous to say that English is an official language in Hong Kong. If Hong Kong, compared with Singapore and other places, is to become a world-class city ..... knowing only English has made these permanent Hong Kong residents face a certain degree of discrimination or lose their competitive edge. This is the reality. In fact, it is meaningless to say that English is an official language recognized by the Hong Kong Government, because the Government is actually taking the lead in discriminating against EMs who speak English only and depriving them of employment opportunities.

President, I very much hope that the Secretary can consider the practices of many other places. Even though the United States adopts the so-called "melting pot" policy, special arrangements are made in many cities and states for EMs, especially Chinese ..... there are Chinese schools in many places, especially big cities, in the United States. Canada's pluralistic cultural policy, so to speak, is actually extremely tolerant. Although the Chief Executive has often mentioned tolerance, Hong Kong's education policy is most intolerant, which is something of hegemony. Hence, the policy must be improved so as to respect the lives, cultures and religions of EMs in Hong Kong.

Incidentally, this is certainly not purely an education issue. You see, planning is the same. In many overseas cities, places have been reserved for the construction of churches and even mosques during town planning. In the case of Hong Kong, there are hardly any sites for the construction of churches, even

Sheng Kung Hui cannot find a place to build a church in Tung Chung. (*The buzzer sounded*) ..... All this proves that there is no policy to care for EMs.

**PRESIDENT** (in Cantonese): Mr CHAN, your speaking time is up.

**MR ALBERT CHAN** (in Cantonese): Thank you.

**MR JAMES TO** (in Cantonese): Last year, President, the Equal Opportunities Commission (EOC) published the Report on the Working Group on Education for Ethnic Minorities, under the title of "Education for all", and proposed a series of improvement measures. Nonetheless, this year's Budget has not proposed any initiatives and provided additional resources to address the ethnic minority (EM) issues. Not only do government officials not recognize the problems raised by the EOC, the recommendations made by the EOC have also been rejected by the Education Bureau.

The problems facing EM students lie mainly in learning Chinese. Since the primary level, EM students and their parents have already encountered great difficulties in learning Chinese. Hence, most students can only attend designated schools where a greater proportion of students are EM students, and English is the medium of instruction (EMI). Although students graduated from primary schools may be allocated to mainstream secondary schools, many of them are allocated to Band 3 schools as their total score is adversely affected by their low attainment in Chinese. As it is even more difficult for them to catch up with others in secondary schools where Chinese is used as the EMI, they have to revert to designated schools in the end. Without any learning motivation, some students simply quit schools.

According to the Chairperson of the EOC, Mr LAM Woon-kwong, the fact that the number of designated schools soared from 15 to 28 in four years does reflect that the policy of integrated education has failed. Non-Chinese speaking students can only resign themselves to fate or run their own course when they reach secondary stage. In the end, the admission rate of EM students into universities is only one seventh of that of local students.

What was the response of the Government? As regards the question of why the majority of Southeast Asian students can only attend designated schools, the Education Bureau gave this official reply, and I quote, "Our school system is open to all students, including non-Chinese speaking students ..... non-Chinese speaking students may enrol in any mainstream schools, and the development of a school into a designated school for supporting non-Chinese speaking students reflects the choice of parents."

The government official's comments provoked fierce criticisms and great resentment from teachers and ethnic minorities (EMs) in a seminar held by the University of Hong Kong in December last year. Attending designated schools is not the choice of EMs. On the contrary, it is because they have no choice. In the absence of support, EM students in mainstream schools lag behind in their attainment in Chinese and are not welcome. LAM Woon-kwong has even criticized the Government for making such a "cold-blooded remark" and added that he found it most annoying that the Education Bureau still uses the excuse that parents are free to choose.

To address the difficulties encountered by EMs in learning Chinese, the EOC has proposed to devise a Chinese assessment method suitable for them. However, government officials hold the view that the learning progress and results of non-Chinese speaking students, if given support, do not compare less favourably with local students. Nonetheless, quite a number of EM students say that Chinese characters are "block words", which are very different from alphabetic writings. For them, Chinese characters are like magic pictures in amulets. Government officials actually neglect the fact that EM students are denied equal opportunities to further studies because of their low Chinese standard, how can they think that the Chinese standard of EM students compare favorably to local students.

Before a new assessment method is devised, the Government can actually consider providing subsidies for students taking overseas Chinese examinations. Currently, the Government merely provides subsidies for General Certificate Secondary Education, which is comparable to Primary Two level, but no subsidies to General Certificate of Education (GCE) and GCE Advanced Level examinations, which are comparable to Primary Five and Secondary One levels respectively. However, the fees of these two examinations, which reach \$2,700

and \$4,080 respectively, are exorbitant expenses for many Southeast Asian students from the lower class.

The EOC has also proposed, among others, a language learning programme for EM children at pre-primary level. Although the Government has indicated that it will encourage non-Chinese speaking children to learn Chinese as early as possible, it has failed to propose any practicable measures. Both the Democratic Party and the Hong Kong Unison had proposed to the Government that assistance should be provided for EM children in learning Chinese at pre-primary level. Let me cite the 18 administrative districts as an example. An annual expenditure of only \$13.4 million or so is required if the projection is made on the basis of two Chinese teachers for each district. As this would yield twice the result with half the effort, we do not understand why the Government is reluctant to launch this programme.

Before the reunification, students enrolled in universities were required to take two language examinations only, and it was not compulsory for them to take the Chinese language examination. After the reunification, however, students wishing to pursue further studies are required to take Chinese language and English language examinations. In particular, they must comply with the new requirement of taking the Chinese language examination. Hence, Chinese has become a stumbling block for EM students pursuing further studies or seeking employment, thus making them a loser under the education system. As Southeast Asian students from places such as Nepal and Pakistan are mostly from the lower class, the education system, if fails, will make them fall into inter-generational poverty more easily. Many Southeast Asian people and their ancestors have lived in Hong Kong for over a century. However, the fact that they have been marginalized with their scope for development stifled over a long period of time will definitely lead to growing dissatisfaction with mainstream society. Their discontent, if not addressed at an early stage, will probably turn into a thorny issue of social division.

**MS EMILY LAU** (in Cantonese): President, I speak in support of Mr Abraham SHEK's motion.

As our microphones fail to function, we have to use the sound receiver. A speedy check is needed to see what has gone wrong.

President, regarding today's motion concerning the improvement to the education system so that ethnic minority (EM) children can enjoy equal access to education, the Legislative Council have already reached a consensus. As a matter of fact, a consensus has been reached by the Legislative Council for many years. President, I remember when you served as Chairman of the Panel on Education, we had engaged in irritable discussions on the subject. Despite our unanimous support of the relevant measures, government officials were reluctant to implement them as if they held a grudge against these measures.

President, whenever I discuss the relevant subject, I would like to mention the relevant covenants. Here is the International Covenant on the Elimination of All Forms of Racial Discrimination signed by the authorities. President, when the relevant committee of the United Nations last reviewed the actions of the SAR Government taken to eliminate all forms of racial discrimination, it had particularly raised concerns on the SAR Government's failure to formulate the education policy of making Chinese a second language for non-Chinese students. It had also suggested that a public consultation should be conducted and a policy should be formulated to enhance the quality of Chinese language education for these students.

I do not know whether the authorities dare to give an account to the United Nations because nothing has been done in this regard so far. President, racial discrimination is also mentioned in the International Convention on Civil and Political Rights.

Various committees of the United Nations, including the Committee on Economic, Social and Cultural Rights, had at one time even reprimanded the SAR Government for violating the relevant convention by failing to formulate the Race Discrimination Ordinance (RDO). The Government thus hastily enacted the RDO. However, even after the enactment of the RDO, the current situation has not changed and the Government has stayed put.

President, we hope that the authorities will listen to our views. I have heard some officials say that they do not support our proposal of providing an alternative and simpler Chinese language curriculum and assessment mechanism for EM students. A high-ranking official has even queried why they do not learn our language as they are members of the 7 million-odd people in Hong Kong; only in this way can they integrate into our society.

If assistance is provided from the day EM children are enrolled in kindergartens to ensure that they are proficient in Chinese, English, as well as their mother tongue, problems will not arise. However, President, the problem lies in the lack of supporting measures. Just visit the kindergartens and primary schools and you can get a full picture.

President, what is the current situation? We have received a letter from the Hong Kong Unison Limited (the Unison), a dedicated body to fight for the rights of ethnic minorities. As the submission is written in Chinese, Members should understand. The Unison requested the Chief Secretary for Administration to exercise his powers under the RDO and direct the Equal Opportunities Commission (EOC) to initiate a formal investigation.

First, the Unison opines that under the so-called 'integration education' policy for non-Chinese speaking students implemented by the Education Bureau, the EM students are scattered in different mainstream schools without adequate and appropriate support in their learning of Chinese ..... this has most probably constituted indirect discrimination under the RDO.

Speaking of integrated education, some parents have indicated that their children will quit school if EM students are admitted. As a result, the situation has become more complicated. This is the first point.

Second, the Unison hopes that the EOC will study whether the policy of designated schools has created an adverse effect of racial segregation on non-Chinese speaking students. President, such a situation is like the case of South Africa in the past. Do you consider this most undesirable?

Just now a Member quoted paragraph 9 of the Appendix of the EOC's report, "Education for all: the Report on the Working Group on Education for Ethnic Minorities" (the Report), which states that "There is a view that the policy of giving the choice of designated schools might in itself be discriminatory because it reinforces segregation, quoting section 4(3) of the RDO which states that segregating a person from other persons on the ground of the race of that person is treating that person less favourably than the other persons are treated."

Third, the Unison hopes that the EOC will investigate whether the Secondary School Places Allocation (SSPA) system has constituted direct or indirect discrimination against non-Chinese speaking students under the RDO.

President, the EOC had conducted an investigation on certain aspects of education in the past. The former EOC Chairperson, Ms Anna WU, had conducted an investigation on whether the SSPA system involved sexual discrimination. Many parents were infuriated at the then SSPA system, under which boys and girls were handled separately in school places allocation. They queried why girls could not be allocated to schools of their choice while boys could be so allocated, even though the girls' academic performances were better than the boys'. After investigation, the EOC found that boys and girls were handled separately in school places allocation.

Certainly, the authorities had to make improvement after the EOC had released the investigation report. However, the then incumbent high-ranking official summoned Ms Anna WU and scolded her, saying why she bit the hand that fed her. The official said, "You bite the hand that gives you money." The EOC, as an independent statutory body, should perform its statutory duties.

We hope the Secretary of Department will listen to our views. Many people hope that the EOC will conduct an investigation instead of merely stating that "there is a view". President, at the meeting of a relevant Panel on that day, I asked, "As it is stated in the Report that 'there is a view', what is the view of the EOC?" Does the EOC hold a different view? If so, why did it mention the relevant problems in the Report?

President, the Unison hopes that the authorities will provide financial assistance to EM students. Just now, quite a number of Honourable colleagues mentioned that EM students have to take various examinations such as General Certificate Secondary Education. As some of these examinations are subsidized by the Government, the examination fees are only a few hundred dollars. However, as for other examinations which demand a higher standard, 70 to 80 students intend to take such examinations in order to prove that they have attained a higher standard because this will help their future development. While the fee of some examinations is only \$2,720, some are as high as \$4,080. Nevertheless, the fees of these examinations are not subsidized.

I heard that a kind-hearted person has donated \$150,000, but not all EM students can be benefited. Our treasury is flooded with cash, just like a person who is too fat to put on his socks, an expression once used by Stanley HO to describe the rich. Nevertheless, the authorities are reluctant to allocate \$100,000 or \$200,000 from the reserves. Owing to such rigid policies, major incidents are not dealt with, not to mention the minor ones. I will certainly condemn the authorities.

I support Mr SHEK's motion.

**PRESIDENT** (in Cantonese): The "Request to speak" system may also be out of order. Would Members who wish to speak please raise their hands so that I can ask the Clerk to jot their names down.

**MR TAM YIU-CHUNG** (in Cantonese): President, Hong Kong, a cosmopolitan city where East meets West, has all along been promoting cultural diversities and ethnic integration which are regarded as one of the core values of our society. Although in the past decade or so, various sectors of the Hong Kong community, the Equal Opportunities Commission (EOC) and the SAR Government have been committed to facilitating the integration of ethnic minorities (EMs) into the big family of our society through publicity, education and policy initiatives, the fact that Chinese and English languages have been adopted as the main medium of instruction under Hong Kong's education system in the past and at present has failed to take into account the language limitations of EMs. As a result, many ethnic minority (EM) youths face great difficulties and constraints in respect of further studies or employment. Therefore, it is difficult for EMs to share the fruits of prosperity, not to mention that this may constitute an insurmountable gap for them to integrate into our society.

In order to eliminate this gap, the EOC published the report entitled "Education for all: the Report on the Working Group on Education for Ethnic Minorities" (the Report) in July last year. It is a comprehensive review of the problems faced by EM communities under the present education system, as well as the inadequacies of the existing education system in respect of support measures for EMs, such as the lack of a comprehensive and intensive pre-school Chinese language course for EM children, the lack of comprehensive support

measures to help EM students enrol in mainstream schools, the lack of a flexible mechanism to enhance the resources for designated schools which have admitted a large number of EM students, as well as the failure in establishing a set of dedicated Chinese language proficiency assessment criteria for EM students. The Report has also put forth a series of recommendations related to these issues.

The SAR Government, after receiving the Report, has explained to the Legislative Council Panel on Education what support measures in education for EMs have been implemented. However, most of these measures are those which have been already been put in place and far from adequate to solve the problems enumerated in the Report. It is inevitable that EMs feel disappointed. Therefore, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) hopes that the authorities will, in accordance with the recommendations in the Report, expeditiously implement a series of specific education policies for providing support to EMs in response to their aspirations.

First, according to the studies of many educators and linguists, it will be easier for students to learn a foreign language at a young age. Therefore, if a comprehensive and intensive Chinese language course can be provided for young EM students, it will be much helpful to those whose second language is Chinese in the learning of Chinese and even their adaptation to our education system in which Chinese is used as a main medium of instruction. At present, however, only school-age EM children are provided with Chinese courses, and no comprehensive and intensive pre-school Chinese courses are provided to EM kindergarten students. In this connection, the DAB opines that the authorities should consider the recommendation of the Report that EM kindergarten students be provided with comprehensive and intensive pre-school Chinese courses in order to help them establish a good foundation for Chinese language as early as possible.

Furthermore, to help EM students integrate expeditiously into a learning environment in which Chinese is used as the main language of learning will be a great help to them in respect of pursuing further studies, seeking employment as well as integrating into our society in future. However, EM children who wish to study in mainstream schools in which Chinese is adopted as the medium of instruction face many difficulties. For instance, EM children are forced to study in designated schools because their Chinese language proficiency is relatively low and unable to meet the Chinese language standard required by mainstream

schools or they may not adapt to the Chinese curriculum of mainstream schools. However, there is a lack of targeted policy measures to help them enrol in mainstream schools. Therefore, the DAB agrees to the recommendations of the Report that the authorities should help EM students enrol in mainstream schools in respect of admission policy, curriculum arrangement and allocation of resources.

The DAB suggests that apart from providing intensive and comprehensive Chinese language courses for new arrivals, young and school-age EM children and students, the authorities can also provide instructional resources specifically for EMs in learning Chinese, deploy additional EM teaching assistants and clerical staff to mainstream schools and pre-school education institutions which have admitted a certain number of EM students, as well as enhance training courses for teachers of EM students. These measures will help EM students adapt to the curriculum and campus life of mainstream schools, and alleviate the difficulties faced by mainstream schools in preparing teaching materials and providing training for teachers after they have admitted EM students. This will also greatly facilitate the admission of EM students by these schools.

Besides, the DAB is of the view that the lack of initiative by the authorities in learning the education level, vocational training and employment situation of EM students in the past has resulted in the lack of data on EMs. In the absence of accurate data, the authorities cannot formulate policies or measures that meet their needs. In this connection, the DAB suggests that the authorities should set up a database for systemic data collection on EM students and youths with a view to formulating appropriate education policies and youth support strategies.

With these remarks, I support the motion and all the amendments.

**MS CYD HO** (in Cantonese): President, Hong Kong is a society in which importance has been laid on cost efficiency with emphasis being placed on low costs, quick and fruitful returns. Consequently, such an attitude is adopted even in the provision of education and schools are run like factories. Moreover, there is only one "production line", meaning that education is provided according to only one set of procedures and one timetable; hence students are cloned, without taking into consideration their individual differences in background, starting points, or learning progress. Furthermore, the same teaching schedule is applied to all students, regardless of whether they are outstanding or mediocre. In other

words, students have to attain the standards stipulated by the curriculum of each grade, and if they fail to adapt to the system, they will be ousted.

Under this bureaucratic approach in education, many local Chinese students have suffered, not to mention ethnic minority (EM) children who have grown up in different cultures, backgrounds and languages. Given the big learning gap between EM students and local students, it is all the more difficult for EM students to meet the requirements of mainstream schools.

I am most grateful to Mr Abraham SHEK for proposing this motion today. We really have to seriously review the problems of our existing education system. Moreover, as Hong Kong always brags to be a cosmopolitan city, and as we have recently been troubled by the immigration problems, we should consider how to help immigrants and people of different ethnicity and cultures to integrate into the mainstream society under the education system.

The Chairperson of the Equal Opportunities Commission (EOC) has completed a report and raised a number of institutional reform proposals, such as providing training to teachers who teach Chinese as a second language, so as to help EM students. There is really a shortage of teachers in this field. But I would like to point out that the provision of training to teachers cannot solve all the problems. On the contrary, the implementation of small-class and small-group teaching is of utmost importance. If large-class teaching with more than 30 students in a class is adopted, even if there are teachers who are qualified for teaching Chinese as a second language, given the existing mode of teaching in primary schools with 25 or 28 students in a class, without considering whether these students have any proper and sufficient Chinese-speaking environment after school, such a reform is still far from adequate.

President, here I would like to cite a case concerning the San Wui Commercial Society School in Sheung Wan which has almost been closed. Owing to under enrolment, it naturally has to adopt small-class teaching. Some of its graduates are ethnic minorities (EMs). On a school visit, we noted that the Cantonese level and Chinese writing skills of these EM graduates were excellent. If we continue to adopt the present system which only attaches importance to cost-effectiveness with emphasis on quantity, quick returns and high quality at low price, even if the EOC Chairperson's recommendation that Chinese be taught as a second language is implemented, it may not work at the end.

Besides, President, when speaking of the language proficiency of EMs, we must bear in mind that not all of them were born in Hong Kong and not every one of them has attended kindergartens in Hong Kong. According to the EOC's Report, the first thing to do before these children are admitted to kindergartens is to help their parents identify and receive adequate information, so that they know the need of sending their children to kindergartens, thereby enabling their children to learn Cantonese from childhood and alleviating the difficulties encountered when applying for admission to primary schools. These are the things to do. As many women who immigrated to Hong Kong do not speak English, the Immigration Department or the Education Bureau should disseminate such information in different languages so that parents will know they can apply for kindergarten education allowance. They should also be informed of how to obtain these social services and resources so that they will be more willing to send their children to kindergartens, thereby alleviating the problems encountered when their children go to primary schools.

Nevertheless, we should also be aware that as some children have come to Hong Kong for family reunion in their teens, they will encounter more difficulties. What should be done in order to help them? This will certainly depend on the provision of after-school group tutorial or individual tutoring services. There are a lot of such examples in foreign countries. How do the local authorities help Chinese immigrant students? The answer is that some people are responsible for checking the students' homework of the day after school, so that students can catch up in two years. This is most important.

Another measure is to assess the Chinese language proficiency of these students. The Hong Kong Certificate of Education Examination has recently adopted an assessment method which will assess the actual performance of a candidate instead of adopting a relative assessment method which is known as "drawing curve". In fact, the same assessment method should be applied to EM students. Apart from considering the adoption of an alternative curriculum to meet their needs, the authorities should also give them an opportunity to demonstrate the actual standard of their language proficiency. Therefore, the adoption of an assessment method which will assess their actual performance will be desirable. I would also like to appeal to universities and tertiary institutions, while they admit students according to their results in different subjects, they can adopt a flexible admission policy if Chinese language requirement is of less importance in some areas of studies, so that EM students will also be admitted.

This will enable some of them to climb up the social ladder and then render assistance to their compatriots afterwards as Mr Abraham SHEK, who is one of us, did. Another example is Mr Ronald ARCULLI who is serving on the Executive Council. However, we need to render assistance to some of them so that they can receive tertiary education and become influential in society before they can (*The buzzer sounded*) ..... render assistance to their communities.

Thank you, President.

**MS AUDREY EU:** President, I would like to start by referring to the Race Discrimination Ordinance (RDO).

Of course, it is easy to see that there is discrimination when you treat one race different from the other. But sometimes, if you treat them on an apparent equal basis, that could also amount to racial discrimination, and this is what section 4 of the RDO talks about. If you impose a requirement or a condition such that one particular race would have difficulty meeting that condition and it results in a situation where that particular race — in this case, the ethnic minority (EM) — in fact has a considerably smaller number of people being able to comply with that requirement or condition, and if that requirement or condition is not justifiable, and also when the result is to the detriment of the EM, then that can also amount to racial discrimination.

The Equal Opportunities Commission (EOC) made a study of our education system, and it comes quite close to saying that there is racial discrimination but it does not use that word, it just said it is unfair. I would like to just read from those parts.

On the question of admission and assessment, what the EOC report says is the "EM" is rejected due to his lesser proficiency in Chinese as compared with other Chinese speaking competitors. The Chinese proficiency requirement, if unjustly administered by individual schools, may amount to indirect discrimination under the RDO. Similarly, in assessing EM students' academic performance, it would be unfair to set the same Chinese proficiency requirement for them without adequate and appropriate support.

On the choice of designated schools, which is part of our current system, the EOC working group said that on the face of it, you have a choice, the parents have a choice, but some parents have but to choose designated schools due to the absence of adequate and appropriate language support, alternative Chinese curriculum, or moderated Chinese language assessment criteria for EM students in the mainstream schools, which may adversely impact the overall academic performance of their children. There is a view that the policy of giving the choice of designated schools might in itself be discriminatory because it reinforces segregation, quoting section 4(3) of the RDO. The working group considers that the Education Bureau should carefully review the policy of designated schools. As I said, it comes quite close but stops short of saying there is in fact discrimination.

We have all received a letter from the Hong Kong Unison Limited (Unison). We all know this is one of the non-governmental organizations (NGO) dedicated to supporting the EMs and what this group suggests is that we urge the Chief Secretary for Administration to direct the EOC to carry out formal investigations into the following three current situations as to whether they in fact amount to discrimination:

- "(a) whether the current policy of 'integrated education' for non-Chinese speaking children (i.e. placing them in mainstream schools yet not providing them with adequate support for Chinese learning) constitutes direct or indirect discrimination under the Race Discrimination Ordinance;
- (b) whether the policy of 'Designated Schools' results in racial segregation, which constitutes direct discrimination; and
- (c) whether the current Secondary School Places Allocation Scheme constitutes direct or indirect discrimination against non-Chinese speaking students under the Race Discrimination Ordinance."

The second matter that the Unison urges the EOC to do is to establish a Code of Practice on education with reference to the RDO.

The third and the last thing that the Unison says, which is extremely important, is that at the moment, over 90% of the EM secondary students sit for

the United Kingdom GCSE Chinese language examination. Now, this is only equivalent to something like Primary Two or Primary Three standard in Hong Kong. As a result, this standard is of course above the GCSE level when they graduate from primary school, but it is not good enough to cope with the local HKDSE curriculum and examination. When they want to learn higher level Chinese language, they have to sit for the more advanced GCE (AS) and GCE (AL) examinations. However, the examination fees are very high (this is something that also Emily had mentioned) and both the Education Bureau and the Hong Kong Examinations and Assessment Authority refuse to offer subsidies. These students mostly come from low-income families and simply cannot afford the high examination fees, so eventually, they have to give up taking the examinations. The Unison has tried to seek help from the Community Care Fund but they indicated that only non-full-time students would be subsidized and therefore refused the request from the Unison.

The Unison however has managed to raise this year HK\$150,000, but this is just sufficient to subsidize some of the EM secondary students to sit for these two examinations — the GCE (AS) and GCE (AL) Chinese examinations — and this barely meets the demand this year. Therefore, it formally requests that the Education Bureau offer subsidies for these two examinations to bring the fee level to those of the HKDSE and the GCSE, that is, to the level of HK\$540, so that all full-time EM secondary students may have the chance to sit for a Chinese language examination that suits their respective ability.

These are very modest, very reasonable requests and I formally read them into the record. I hope the Secretary can actively and immediately start taking the appropriate action, in addition to all the measures that have been incorporated into the amendment put forward by our colleague from the Civic Party, Miss Tanya CHAN. We support the original motion and all of the amendments. Thank you, President.

**MR ALBERT HO** (in Cantonese): President, Hong Kong had been under colonial rule for over 100 years. As Members all know, over 90% of the population is Chinese, who mainly speak the Chinese language. However, during the 100-odd years of colonial rule, English had been the only official language until the 1970s, and our mainstream society suffered from language discrimination. As the Chinese language dominates in mainstream Hong Kong

society, many people, despite their loss of opportunities due to low English proficiency, were under less stress. It is because most people in society speak Chinese after all, bringing about opportunities for doing business and convenience in everyday life. For large businesses, people who were bilingual, like Mr Abraham SHEK, were appointed as their general managers and help liaise with clients, since they spoke both the local language and English. With the advent of the 1970s, Hong Kong began to promote Chinese as one of its official languages, the status of Chinese has thus been elevated progressively. This is certainly desirable and we hope to see success; after the reunification, it is further hoped that emphasis can be placed on both Chinese and English.

At this juncture, I want to emphasize that Hong Kong remains an international city, and we treasure a social culture, social structure and policies that promote diversity, openness and the coexistence of multiple races. This is very important. Under such circumstances, we need to ascertain whether ethnic minorities (EMs) are discriminated against by our language policy and thus deprived of reasonable opportunities they deserve for education, training and employment. This is a very important point. The Secretary may say that every one is expected to have a good command of Chinese, since it is our official language. I am sorry to point out, however, that such a mindset may not be right. Hong Kong is very special in the sense that the Basic Law provides clearly that both Chinese and English are the official languages. Such provision does not require everyone to receive compulsory education through the same level of instruction in both Chinese and English. And, it is not the case in reality. We should not create an environment where EMs feel left out due to language discrimination, and are thus deprived of many development opportunities. The pressure faced by EMs in such an environment is far worse than the pressure faced by the Chinese community which was subject to language discrimination in the 1950s and 1960s. We should not advocate "cultural chauvinism" for assimilating people of different races, changing all of them into Han Chinese, or requiring all of them to familiarize with and master the Chinese language.

President, Hong Kong people are most experienced in handling issues relating to EMs, because many Hong Kong people have immigrated to other places, like Canada, the United States and Australia. Many people will tell you that when EM immigrants move to those places, local people there will respect different cultures and take good care of these immigrants, so as to enable them to

learn the local language, namely English, as their second language. These countries have good pedagogical methods and tools, and they respect the mother tongue of immigrants at the same time. Therefore, my point is, first, whether we have properly helped these EMs, and whether we have a set of methods to enable them to learn Chinese, which we expect them to master, as their second language. We know that their first language is English or other languages, and Chinese is not their mother tongue after all. In this context, do we have good pedagogical methods, facilities and education environment? This is my first point.

Second, many countries adopt multiple languages as their official languages, but I fail to see that such countries require each of their citizens to have an equally good command of all such languages. The best example is Canada, with which Hong Kong people are most familiar. Most people there understandably have no problem with English. But, will they be forced to master French, take French examinations, and have English and French proficiency for entering the civil service? The answer is no, except in the case of Montreal in the east. However, in western and central Canada, you will have no problem entering the civil service as long as you are proficient in English. In addition, they will encourage you to learn some other languages, such as Spanish or even Chinese, because they need multi-language services. This is very important.

A reality in Hong Kong is that many EMs live here together with us, and their languages and cultures are part of the valuable culture of Hong Kong. We need to respect them and refrain from eliminating or assimilating them. Doing so is not right. We need to help them secure equal development opportunities in mainstream society. This should be a broad policy objective of ours.

President, multiple languages are often needed for the provision of public services in, for example, the Correctional Services Department, the Police Force and public hospitals. If so many visitors come to Hong Kong — certainly most of the visitors come from the Mainland, but a considerable number of them come from South Asia or other places — Hong Kong residents who speak different languages can actually provide translation services, since Members all know that there are some 200 000 to 300 000 foreign language speakers in Hong Kong.

President, I have an experience. Hundreds of South Asians were on hunger strike in the detention center of Castle Peak Bay Immigration Centre

(CIC) for three days; I was invited to visit them and spent two days meeting with these 200-plus people. President, I must tell you that I spent over 20 hours meeting with them, but only one person acted as my translator in CIC. He spoke Urdu, a language that is comprehensible to most South Asians. Only one person translated for me, and he was exhausted. President, how could it be like this? We must treasure people who speak EM languages. Is there any big problem with their lack of Chinese proficiency? In CIC, every one speaks good Chinese, but there is only one translator who can speak Urdu.

Therefore, I hope the Secretary will note that we must give them equal opportunities, and respect EM cultures. In respect of school admission, training and employment, we should not impose on them the same Chinese proficiency standards and requirements as those imposed on local students. Doing so will constitute indirect discrimination and cause losses to Hong Kong.

**PROF PATRICK LAU** (in Cantonese): President, I rise to speak in support of Mr Abraham SHEK's original motion, as well as the amendments moved by Members like Miss Tanya CHAN and Ms Starry LEE.

As a matter of fact, this issue has been discussed time and again in the Panel on Education of the Legislative Council. I remember that the President also raised this issue in the previous session, because you and Mr Abraham SHEK both think that ethnic minorities (EMs) face considerable problems, even discrimination as mentioned by several Members just now, in the existing education system.

President, I think that the problem of "a lack of harmony" seems to have emerged in Hong Kong society. We actually have no resources other than talents in Hong Kong society. Therefore, it is a very wrong idea if we do not treasure all the human resources of Hong Kong. As Members know, our industries have been relocated to the north, and many things are no longer produced here. As such, talents are what we need, and I hope Secretary SUEN can do something to nurture talents.

Why do I say so? I and Secretary SUEN were born in the same post-war period, and we are what are known as baby boomers. I very much understand how the then Hong Kong society facilitated the integration of people of different ethnicities. The school I attended specifically arranged ethnic minority (EM)

students to study in special classes. We had a harmonious time together as EM students learnt Cantonese and played with other fellow students. Certainly, children were naïve and would not see the differences between skin colors. We played together and did not see there were any differences among us. However, due to their learning problems, the school specifically organized a class for them, with a view to facilitating their study of English or other languages. Since Chinese is a difficult language, writing and comprehension are not easy for them, but they have no problem when it comes to speaking.

Mr Ronny TONG remarked just now that many renowned persons in Hong Kong, lawyers and judges from the legal sector or even chairmen of trade unions are EMs. They have certainly received very good education before attaining their status.

President, a professor of mine, my mentor, is a Portuguese who grew up in Hong Kong, and he has not encountered any problem. He is not good at writing Chinese, but speaks very fluent Cantonese. As an architect, he certainly needs to communicate with people, and he has all along had no problem in this regard. As English is one of the official languages in Hong Kong, I believe this imposes no problem on his teaching or profession. Nevertheless, at present, many schools in Hong Kong, including even integrated schools, do not offer separate classes, and all students need to learn Chinese, including comprehension and writing skills, which has caused considerable difficulties for EM students. Do we need to review this practice after all? Why could EM students perform noticeably well when separate classes were offered in the past?

In fact, let us look at the present problem. As all Members agree, we hope that the Government can implement 15-year subsidized education and small-class teaching. Small-class teaching also benefits EM students to some extent, because it provides more focused attention and better pedagogical methods can be adopted. In addition, it is very important for EM students to be educated with locals starting from kindergarten through the provision of 15-year subsidized education. As Members know, wealthy students can be educated in international schools, where a high degree of harmony is found. I find no problem with this. However, the problem lies in our subsidized school places, meaning that there is fierce competition for good schools, and EM students are covertly excluded from good schools due to the misconception of many parents in society.

Most importantly, given that the number of subsidized university places has remained unchanged for many years, competition is fierce when many people compete for university admissions, imposing considerable difficulties on EMs after their graduation from secondary schools. Despite the fact that the Education Bureau has, upon our repeated requests, made changes to the Chinese examination system for providing EM students with opportunities for admission, it is difficult for more EM students with less outstanding academic performance to be admitted if the number of subsidized university places remains unchanged. Therefore, if we do not face up to this issue, we may end up being unable to help EMs with their university admissions. If they are not admitted to universities, it would be very difficult for them to succeed and contribute to Hong Kong in such a competitive society, in particular, a knowledge-based society.

Therefore, I earnestly request the Education Bureau to consider the contents of the motion or amendments moved by the Members concerned. I hope the Government can consider the various ways proposed therein.

Thank you, President.

**MR CHAN HAK-KAN:** President, with regard to the motion on "Reviewing the education policy for ethnic minority students", I would like to make the following points in this debate.

First of all, the mainstream education system creates inequality. Let me give you an example. I know about a parent who lives in Ma On Shan. He is a Pakistani. He has a daughter. Like most ethnic minorities (EMs) in Hong Kong, he is not financially well off. So, he sent his daughter to a public primary school. He is worried about her future when she graduates because he told me the Islamic secondary schools in Hong Kong do not have good banding.

Even though his daughter is eager to learn the Chinese language, and despite the fact that she speaks perfect Cantonese, she is poor in reading and writing Chinese.

The father explained to me that he does not read and write Chinese too, so his daughter can only turn to her teacher for help. Over time, his daughter feels very frustrated. Under the current education system, if she cannot get good

results in the Chinese examinations, even though she may be doing very well in all the other subjects, including English and Mathematics, still, it is very hard for her to move on to higher education.

So, what does that mean? That means it is very hard for his daughter to go to the universities; that means it is very hard for his daughter to get a good job in Hong Kong; that means his daughter's future looks dim. Is this fair? Is it just? Why do we have such an unfair education system? What can we do about it?

And what can the father do? He really wants to send his daughter to an international school, but his financial situation does not allow him to do so. Eventually, he sent his daughter to an English secondary school in Kowloon. He told me many of his friends have sent their children to the West to study abroad; some families have even emmigrated to England, just to look for better education for their children. He summarized their difficulties in one sentence: "They are made worse off after the handover in 1997."

It is a shame. We cannot let this happen. The Government needs to review its education policy for the EMs now. The Government needs to make sure that all children enjoy equal opportunities in terms of education. But what does "equal" mean? Are we talking about "equality" or "equity"? I think we can go further and discuss whether it is necessary for the EMs to write perfect Chinese. This is exactly what the mainstream education demands.

President, what is the purpose of public education? The purpose of public education is not only about social investment, it is also about the development of the potential of every student. Hong Kong needs them. We need all of them to contribute to Hong Kong when they grow up. The EMs are valuable human resources too. We cannot afford to lose them. A responsible government must understand their hardships and tackle the problems effectively. Therefore, the Government must take action now and make Hong Kong a better place for the children of the EMs to live and to study.

Thank you, President.

**MR CHIM PUI-CHUNG** (in Cantonese): President, when we discuss this motion, we should first be clear about the definition of ethnic minorities (EMs).

In the 1940s and 1950s, local ethnic Chinese were third-class citizens. Naturally, people whose homeland was Britain were certainly first-class citizens, Indians and Pakistanis were second-class, and local ethnic Chinese only came to be third-class. This was an undeniable fact.

Second, President, we should consider the policy of the Government. The existing policy of the Government recognizes biliteracy and trilingualism; it recognizes two cultures, English and Chinese. I have heard many different views expressed by many Members today, and I believe all such is for the sake of votes in certain constituencies. However, the most important question is whether we should request the Government to amend laws, so that EMs can be exempted from the biliteracy requirement in various areas and need not pay any attention to Chinese. Some people say this aims at eliminating discrimination, but I would rather say this will enable EMs to enjoy privileges. Therefore, we must be keenly aware that such requests necessitate the amendment of laws by the Government. In addition, we need to understand that Chinese is a language used by many people globally, but we must not forget that decades ago, Chinese was not allowed to be taught in Indonesia, Malaya or even Singapore. How did ethnic Chinese in those places cope with such situation? They spontaneously encouraged their children to learn Chinese. We can even see that the Princess of Thailand is definitely better than me in the command of Chinese, but I am not sure whether she is better than the President. However, this sufficiently proves the importance of one's willingness to learn. The responsibility fully lies in oneself, and the others are not to blame for insufficient conditions or efforts made on one's own part.

Certainly, President, the most important thing is the education system implemented by the Government. Under the current circumstances in Hong Kong, I myself absolutely do not support the implementation of the so-called mother-tongue education by the SAR Government. Why? It is because Hong Kong has a very special status. China has over 1.3 billion people, and all of them are educated in Chinese. All right, as an SAR, Hong Kong truly needs to embrace the world while relying on the Mainland. It is necessary for Hong Kong to emphasize diversity instead of merely mother-tongue education and Cantonese. Local students should even be encouraged to integrate into the international community, and learn more foreign languages and cultures, or even foreign technologies and different ethnic cultures. Certainly, I very much doubt the ability of the Government to do so.

The mindset of South Asian parents living in Hong Kong is also very important. Understandably, it is undeniable that they have difficulty in comprehending or learning Chinese. However, similarly in Thailand, we Chinese do not speak Thai and our culture is different. Under such circumstances, can you tell Thai people that ethnic Chinese in Thailand need not take Thai language test, because it is difficult for Chinese people to master the Thai language? This does not make sense. Therefore, it is right that government policies need to be equitable and reasonable. I think that the implementation of biliteracy and trilingualism by the SAR Government is already a policy that cannot be changed, but the problem lies in how to make the EM children more willing to learn Chinese. They possibly hold the view that they will not live in Hong Kong permanently, or that China is the place where Chinese is most widely used, and since they do not have to live in China and will one day return to their homeland or even move to other foreign places where English is used, they need not pay so much efforts to learn Chinese.

Some Members asked just now why they have to take examination in Chinese. All right, they may be allowed not to use Chinese, and their English standard may be better than local Chinese children, will this not create another form of racial discrimination and inequality? We have to consider this point of view and perspective. We hope that the Government can generally take into account the interests of the various parties, instead of inclining towards any one party. Only such is in line with the spirit of equality in Hong Kong. And this is important. Hence, I will abstain from voting on any of the amendments.

**MR CHEUNG KWOK-CHE** (in Cantonese): President, the extent of civilization of any given society is not assessed by its global competitiveness ranking, the Index of Economic Freedom, or the ranking on the Ease of Doing Business Index. Instead, it correlates closely with how we treat the disadvantaged groups. The Hong Kong Government has been indifferent to the needs of the elderly; it has refused to face squarely the needs of residential care services for the elderly and people with disabilities, as well as turned a blind eye to the hardships of the new arrivals, people who live in sub-divided units, cubicles and low-income people who reside in remote areas. This Council has, on many occasions, severely criticized the Government for being indifferent. The motion proposed by Mr Abraham SHEK reflects that the Government has

also been unfair to ethnic minority (EM) students, who are the vulnerable groups in our society.

The Equal Opportunities Commission (EOC) issued the "Education for all: the Report on the Working Group on Education for Ethnic Minorities" in July last year, but the Secretary only responded to the Report at the Legislative Council by the end of last year. Unfortunately, the so-called response was nothing but repeating the Government's established stance like a parrot, without even listening to the EOC's recommendations. The EOC Report, having taken into consideration the requirements of international covenants and the successful experience of many countries, has highlighted its focus on rights while examining the various circumstances of Hong Kong. I am of the view that the content is reasonable and fair, but the Government will eventually cast the Report aside or even put it in the litter bin.

The Hong Kong Unison limited (the Unison) submitted a 12-page proposal at the meeting of the Panel on Education on 12 December last year together with the "Proposal of Chinese Language Learning Support Scheme for Ethnic Minority Kindergarten Students", refuting the Government's so-called response. Contents of the proposal include an analysis of the current situation, research data, operation modes and performance indicators. I fully agree to the proposal. If the Administration does not agree to any of the recommendations, it can make criticisms and even raise counter-propose. However, the Government has all along made no response, and has adopted the attitude of "no work, no error". This is simply outrageous.

At present, the study path of EM students in Hong Kong is almost like walking down a road leading to the lower stratum of society on which they can never turn around. The 30 designated schools set up by the Government have received most of the EM students. For these students, those 30 designated schools can be described as a system of legalized racial segregation, isolating them from the community and making them stay away from the circle of social interaction. This will adversely affect the overall development of these young people.

As for Chinese learning, what EM students learn is the school-based curriculum. Since the Chinese language curriculum is at a very elementary level, they can only sit for the United Kingdom's General Certificate Secondary

Education (Chinese) examination upon completion of senior secondary education. Even if they have attained good results, their level of Chinese is still at primary school level. Why does the Government formulate such a low level of Chinese language for them? It is because the Government sees that the Chinese language level at mainstream schools is not suitable for EM students and, therefore, a particular curriculum is needed. However, the SAR Government is still reluctant to adopt the practice of the European countries and the United States in offering course like "English as a second language" for the needy. Why does our Government not draw up similar curriculum such as "Chinese as a second language" for EM students? Even if EM students have obtained assistance from mainstream schools, the point is: can they mingle with the majority to facilitate group learning and social development?

I strongly urge the Education Bureau not to keep repeating something like "the current Chinese curriculum framework is lively and flexible ..... teachers can adjust swiftly according to the needs, interests and abilities of students (including non-Chinese speaking students)" because this kind of utterance is completely inconsistent with the facts. First of all, we cannot presume those EM students who grow up in Hong Kong are ready to blend completely into the learning of Chinese language in the classroom. Second, completion of a 60-hour planned bridging course cannot "quickly raise the standard of Chinese language of the newly arrived EM students so that they can integrate into an ordinary Chinese language class" like what the Government has said. Third, as for those EM students who would only stay in Hong Kong temporarily or intend to move to the Mainland for development, it is not good enough for them to learn some simple Chinese, contrary to what the Government has said.

President, I agree to the Unison's viewpoint that the designated schools policy currently adopted for EM students carries an effect of racial segregation, which may have constituted direct discrimination under the Racial Discrimination Ordinance. I have to reiterate that they do not need any tutorial or "remedial class" after school. What they need is something more than attending Chinese immersion classes or "Chinese Language Learning Support Scheme for Ethnic Minority Kindergarten Students". Apart from importance being attached to human rights, fairness and justice by the Government, EM students need a fair treatment by our community; and they should have the same starting line as other students. The Government should review the education policy for EM students and respond to their concerns under the principle of impartiality and fairness.

We fight for the rights of education for EM students because we care about our young people as well as the benefits of their next generation. Moreover, we do not want to see that the Hong Kong society has to pay a high price for such inadequacy. With these remarks, President, I support the motion.

**MR WONG YUK-MAN** (in Cantonese): President, according to the 2006 Population By-census, ethnic minority (EM) students with pre-primary education constitutes about 3.2% of the total number of students, that is, among 16 600-odd students, 5 452 were EMs. This percentage ties in with the proportion of EMs in the total population of Hong Kong. However, the percentage of EM students in senior secondary school and tertiary level, including diplomas/certificates, sub-degree and bachelor's degree programmes, dwindles to 1.1% and 0.59% respectively. The opportunity of EM students being admitted to local degree courses is one seventh of that of Chinese students, reflecting unequal treatment suffered by EM students during their schooling. This is an objective fact.

On the other hand, according to the rough estimate of the Education Bureau, although the overall school-age population is decreasing, the number of EM students has increased to 14 000 at present from around 10 000 three and a half years ago, showing that the relevant problem should indeed be treated with urgency and the Education Bureau cannot shirk its responsibility.

According to the "Education for all: the Report on the Working Group on Education for Ethnic Minorities" (the Report) released by the Equal Opportunities Commission (EOC) in July 2011, the existing education system has failed to cater for the needs of EM students who are mostly from low-income families. Moreover, language barrier is the greatest hurdle to academic attainment of EM students. From November 2010 to January 2011, the EOC had held three sharing sessions with the teaching profession, EM parents and students, and non-governmental organizations serving the EM community. Nine recommendations were put forth in respect of teaching Chinese language, language examination, employment and ethnic integration. The Government's attitude and actions remained unchanged although criticisms had been accepted. When thumbing through the news reports, I found some clippings in which comments for the EOC's recommendations were mostly positive while criticisms for the Education Bureau were mostly negative. By comparing the positive

comments with the negative criticisms, it is found that the EOC's recommendations are considered feasible by the public. However, the Education Bureau did not take heed of it. For instance, according to a press report, after the release of the Report, LAM Woon-kwong had repeatedly invited Michael SUEN, the Secretary for Education, for a meeting but failed. He could only meet with the Under Secretary for Education, Kenneth CHEN, who disappointingly gave ambiguous response every time. "The Education Bureau is reluctant to face the problem that these children's failure rates at school are particularly high. As it is reluctant to face the problem, it will not work out a solution through discussion with us in a pragmatic manner. I am extremely disappointed." LAM Woon-kwong remarked. According to another press report, the Hong Kong Unison Limited (the Unison) made a statement yesterday that it had longed for a discussion of the issue with Michael SUEN, Secretary for Education, and felt deeply regretted at his absence from the meeting. These are the reports extracted from the news clippings. I wonder if Members have paid any attention to it.

Today, Secretary Michael SUEN is present. May I ask him why he did not take on a steering role in respect of such an important issue? Over the past six months, the Education Bureau has yet to give any definite response to the EOC's recommendations on the ground that the stakeholders concerned are still being consulted. May I ask the Secretary which organizations have been consulted? What is the result of the consultation? The EOC has already conducted a consultation for him. Will the consultation conducted by the Secretary be as extensive as the EOC's? When will a specific response be given? This is already the best we can get. Regarding the issue of education for EM students, the EOC has done a lot of work, thereby saving the Education Bureau's efforts. However, a cold shoulder, instead of a specific response, is given to the EOC's recommendations for as long as six months in the past.

Is the Education Bureau at its wits' end or not resolute enough in addressing the problem of education for EM students? The Unison "appealed" to Chief Secretary Stephen LAM in order to lodge complaints about problems related to EMs in December last year but in vain. What response would be given is crystal clear. Stephen LAM talked in his usual manner as if he were a human flesh recorder. It was reported that at the one-hour meeting with Stephen LAM, officials from the Education Bureau, the Constitutional and Mainland Affairs Bureau, Civil Service Bureau, Home Affairs Bureau and Correctional

Services Department had also been invited to attend the meeting. Fermi WONG of the Unison said that they simply took turn to reiterate how perfect the existing policy was in an attempt to put up a defence for themselves by means of an inter-departmental conference. There was a lack of genuine intention to listen to views in a rational manner. This is the comment of the Unison. What has been achieved through such a grand meeting arranged by Stephen LAM and attended by various bureaux?

We have to speak up for these organizations for the unfair treatment at today's Council meeting in discussing the motion debate proposed by Mr Abraham SHEK. If the next Government continues to ignore the EMs, especially the education for lower class students, I think such a Government should be scrapped. The Unison will arrange parents of these students to seek judicial review against the Education Bureau for violating the Race Discrimination Ordinance and Bill of Rights in July this year the soonest. When the administrative arrangements have constituted oppression of EMs or the disadvantaged groups, the only way out is to seek judicial relief. This is inevitable as there are no other alternatives. I think it is most lamentable for the EMs to solve the problem of education for their children by resorting to judicial relief. I hope that the Education Bureau will seriously face up to the problems related to EM students at present or the problem of discrimination against by our existing policies on education which is clearly perceivable by everybody. So, I will certainly wish the Secretary, who is attending this Council meeting today, good health and hope that he can take a rest after completing his tenure. Given that policies need continuity, I hope that he can tackle the problems during his tenure. Thank you President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

**MR PAUL TSE** (in Cantonese): President, originally I did not intend to speak, but the speeches of some Honourable colleagues have stimulated my thoughts and I wish to point out some of my observations. At the outset, as a member of the Equal Opportunities Commission (EOC), I have to declare interests and make clear that I certainly support the EOC's report and the recommendations therein. Moreover, I strongly support the proposals stated in the motion and the amendments.

Some practices and ideas can be said to be totally in line with our ideals, regardless of whether they are politically correct. After all, there are some common values and ideals which are shared by humans and call for our support. But Mr CHIM Pui-chung, in his speech just now, has also mentioned some phenomena before the handover, which I need not repeat as Hong Kong people who had lived in that era will share with his views.

In her speech, Ms Emily LAU has mentioned the discrimination in respect of admission of boys and girls by schools. I have listened to some views. Some individuals from some prestigious schools in Hong Kong as well as some dedicated educators have also pointed out that some policy out of so-called good intentions and the consideration of gender equity in respect of student admission has, at the same time, created a lot of unfair situations although it is certainly a benevolent and appropriate policy. According to common sense and my own experience, boys develop and mature much slower than girls. Boys will often be discriminated against if boys and girls are subject to the same assessment criteria for a certain maturity or development stage. As a result, they will be deprived of the opportunities for being allocated to their preferred secondary school. I have no idea of the basis of such comments. However, these are really the voices of some principals who have years of experience in that field. Moreover, judging from the proportion of students admitted by many prestigious schools, it seems that boys are subject to adverse effect to a certain extent.

President, there is another point I have noticed. It is true that according to some reports, the number of ethnic minorities (EMs) in Hong Kong has increased from around 10 000 people three years ago to around 12 000 people at present. Certainly more problems will emerge. However, the figure of 12 000 people, in comparison to the 1.3 billion population in the Mainland, can be said to be a world of difference. Recently, there have been some inappropriate remarks and attitudes, which to a certain extent, reflect that even our 1.3 billion compatriots have also been discriminated against, not to mention EMs. What is the cause of such situation?

I do not think that these problems can be solved by tackling one or two issues in a simple and superficial way or by adopting some positive support measures for EMs as these problems have been neglected for many years. If we cannot even deal with the problem of discrimination against Mainland compatriots, what can we do to help EMs?

I do not mean that we should do nothing. Nor do I mean that as this being the case, there is no harm in treating them more harshly. I just think that we should be more rational and adopt a more accommodating attitude in dealing with any issue so that problems can be dealt with in a proportionate manner. At present, we have to spend almost \$10,000 on processing each torture claim application or each claimant. However, according to past experience and the latest information, only one out of 1 000 applications can really provide little evidence to prove that the applicant is in need of assistance, while the remaining 999 cases are just a waste of our resources. Under such circumstances, it is inevitable that Hong Kong people or government departments concerned cannot deal with these problems most effectively or even whole-heartedly.

President, another challenge is how to strike a balance. On the one hand, we do not want to discriminate against any EMs, but at the same time, we also hope that, through certain measures or creating a certain atmosphere, EM families can integrate into the communities of Hong Kong people and even Chinese people as early as possible. Sometimes, over tolerance or protection may prevent them from integrating into our society, thus doing a disservice out of good intentions.

This is like some people who attach great importance to hygiene and everything, including clothing, is sterilized before use. They will stay at home when they feel slightly unwell. However, they are always the one who are most vulnerable to disease. So, I hope we can strike the right balance when dealing with the problem.

Many expatriates, especially Westerners, who have been living in Hong Kong for more than 20 or 30 years, can only speak simple Cantonese like "thank you", their Cantonese is enough to make taxi drivers understand that they want to go to the peak. Why? It is because expatriates in Hong Kong, especially those who speak English, are not encouraged or required to integrate into our society over the years.

On the contrary, the same kind of expatriates living in Japan will soon be able to speak Japanese fluently because they have no alternative if they want to live in Japan. Similarly, they can speak Putonghua very quickly if they have moved to Beijing or Shanghai as they have no other choice. Of course, the current situation has improved. But they really did not have much choice in the

past. I am saying this not because I want to criticize or discriminate against them. But in reality, we really have to maintain a balance.

I certainly agree that more resources should be allocated in this aspect. But I do not want to see that some Honourable colleagues would become fundamentalists when issues such as rule of law or fairness are raised. This will not be in the interest of our society as a whole as the balance is upset and we will lose the objectivity in handling issues.

Thank you, President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, you may now speak on the two amendments. The speaking time limit is five minutes.

**MR ABRAHAM SHEK**: I am happy to read and accept the two amendments made by the Honourable Starry LEE and the Honourable Tanya CHAN who are both the Chairman and Vice Chairman of the Education Panel. Their amendments have added depth and breadth to my motion, making it more meaningful and practical for not only a rational discussion but also the formulation of the policy for ethnic minority (EM) students in the learning of Chinese language.

I appreciate the Honourable Tanya CHAN for laying out a total of eight initiatives for the motion, which compares to our Government's piecemeal education policy for the EM students. Her amendment is more concrete and comprehensive in that it has taken heed of the education needs of our EM students. Among the eight initiatives, I wish to pinpoint the importance of establishing an alternative Chinese language curriculum, as some Councillors here thought that we are preaching that the EM students should not learn Chinese. This is not the fact. We want them to learn Chinese, and this is the whole purpose of this motion debate.

The Honourable Starry LEE has urged for the setting up of a database for systematic data collection which is also very important for the formulation of future education policy for the EMs. In addition, the latitudinal support to our EM students, with the provision of career counselling and support for parental education as mentioned by the Honourable Starry LEE, is of vital importance.

President, I will support the two amendments to the motion. I hope every Honourable colleague here will also vote in support of the motion and all the amendments. Thank you.

**SECRETARY FOR EDUCATION** (in Cantonese): President, I would like to take this opportunity here to thank Mr Abraham SHEK, Miss Tanya CHAN and Ms Starry LEE for proposing the motion and amendments today as well as other Members for their valuable views. I will collectively respond to Members' views.

First of all, I must reiterate our commitment to assist non-Chinese speaking students in learning the Chinese Language at an early stage and facilitate their adaptation to the local education system and their integration into society. Different measures have been implemented to assist non-Chinese speaking students in their study. Next, I will explain in greater detail.

To begin with, we believe that if non-Chinese speaking students can have an early start in learning the Chinese Language, they can more quickly adapt to the local curriculum which uses Chinese as the medium of instruction; and if they can get to know local students at an earlier age, they will find it easier to get along with local students and learn from each other, and in turn they can better integrate into the local community. To this end, we encourage non-Chinese speaking children to study in local kindergartens, which can also facilitate a smoother transition to public primary schools.

According to our observation obtained from school inspections, most kindergartens have provided real-life situations and learning exercises for students, both non-Chinese speaking and Chinese speaking, to learn the Chinese Language together. Subject to the need, teachers have also adjusted the school curriculum and revised teaching strategies to cater for the learning needs of non-Chinese speaking students. Moreover, kindergarten teachers are trained

every year on developing appropriate classroom learning exercises for non-Chinese speaking students through the School-based Professional Support Programmes and Professional Development Programmes for kindergarten teachers. These modes of support are constantly reviewed, with a view to enhancing the cognitive and other abilities of non-Chinese speaking children and assisting them in building up a good foundation for learning the Chinese Language.

The Education Bureau will also step up its efforts to disseminate important messages to non-Chinese speaking parents. Printed materials with different language versions for ethnic minorities are available and relevant application forms are distributed. We call on Members to encourage non-Chinese speaking parents to let their children learn the Chinese Language at an early age, so that they can start the learning process early and integrate into society sooner.

Some Members have pointed out just now that the chance for non-Chinese speaking students to pursue university education is far lower than that of local students, criticizing that the support measures are ineffective and thus suggesting that a separate Chinese curriculum and assessment system should be set up to facilitate non-Chinese speaking students in attaining the Chinese Language qualification. We must first talk about our education vision, in order to explain our policy. Like other advanced places, the curriculum framework of Hong Kong (including the Chinese Language and English Language curricula) has to be flexible and robust, so that schools can adjust the curriculum to cater for students' needs and progress, and use different teaching strategies and materials for efficient learning by students. Taking into consideration the practical needs of schools admitting non-Chinese speaking students, we issued a Supplementary Guide to the Chinese Language Curriculum for Non-Chinese Speaking Students (Supplementary Guide) in 2008, together with a series of supplementary teaching materials dispatched to primary and secondary schools in Hong Kong. Schools admitting non-Chinese speaking students can adopt different curriculum modes (such as "Immersion in Chinese Language Lessons", "Bridging/Transition", "Specific Learning Purposes" and "Integration") by following the suggestions in the Supplementary Guide with consideration to the backgrounds and Chinese Language standard of their non-Chinese speaking students, so as to assist these students in progressively learning the Chinese Language. Depending on the circumstances of individual students, schools can choose one or more of the curriculum modes for teaching. Studies show that if non-Chinese speaking

students who have a motive to learn the Chinese Language and are given appropriate assistance, their learning progress is comparable to that of local students.

Since the launch of the Supplementary Guide, I am glad to see that schools have actively participated in the Professional Development Programmes for teachers and applied different curriculum modes in the Supplementary Guide in their lessons, meeting the needs of non-Chinese speaking students to learn Chinese as their second language.

We understand that non-Chinese speaking students may be affected by their mother tongue when they learn Chinese. In order to assist teachers in evaluating and grading the progress of non-Chinese speaking students, we will systematically launch the internal assessment tools developed by the University of Hong Kong and collect the related data. We will also look into the feasibility of non-Chinese speaking students attaining other internationally-recognized Chinese Language qualifications. While the feedback loop of teaching and learning will be strengthened, efforts will also be made to strengthen the learning motive of non-Chinese speaking students, particularly those who have a late start in learning the language, so as to enable them to bridge over the different curriculum modes of the Supplementary Guide and proceed to learn advanced Chinese Language. In other words, if these students consider that the Chinese Language of the General Certificate of Secondary Education is easier for them, they can first attain this widely-recognized qualification necessary for further study before further upgrading their Chinese Language ability.

Moreover, in order to further implement the suggestions in the Supplementary Guide, we will review the modes of support currently provided to schools and their effectiveness, as well as co-ordinate the support measures from different parties, so as to strengthen the feedback loop and facilitate the learning process of non-Chinese speaking students. I am delighted to learn that the Panel on Education has endorsed the arrangement concerned in its meeting held on 9 January 2012.

Some Members are concerned that designated schools admitting more non-Chinese speaking students may deprive their students of a favourable environment for learning Chinese. First of all, I must point out that a school does not become a designated school because of a government action. Instead, it becomes a designated school because a certain number of non-Chinese

speaking students have chosen to study in that school, and additional resources have been granted accordingly. More importantly, we should not conclude that a designated school lacks an environment for learning Chinese just because it has more non-Chinese speaking students, and then go one step further to propose that designated schools should be abolished. The truth is, the arrangement and operation of designated schools provide focused efforts catering to the Chinese-learning needs of non-Chinese speaking students. For instance, these schools may have a Chinese learning corner, daily Chinese newspaper reading session, Chinese reading competition, buddy/joint-school Chinese reading scheme, and so on, which provide an enhanced Chinese-learning environment for non-Chinese speaking students. Besides, designated schools also play a positive role in developing school-based teaching materials and in supporting other schools by means of experience sharing.

On the school admission front, we revised the Primary One Admission arrangement in 2005, such that apart from choosing the primary schools in their school net, non-Chinese speaking students can also choose schools admitting more non-Chinese speaking students in other school nets according to their own needs. It is worth noting that some schools all along have a mission and vision of providing more support for non-Chinese speaking students, and that some non-Chinese speaking parents have chosen to let their children study in these schools on their own initiative. I reiterate that it is the choice of the parents, whether or not to let their children receive primary one education in designated schools, and the issue of the Government allocating seats for students to study in these schools does not exist. We will further review the situation in respects of school development, aspirations and choices of non-Chinese speaking parents, as well as adaptation needs of non-Chinese speaking students.

As stated in the beginning of the debate, we will expand the school network providing support to non-Chinese speaking students. In other words, apart from designated schools, it will also cover other schools. We will further consider whether it is necessary to tackle the labelling effect possibly arisen from the term "designated school". We will also fine-tune the school-based support services to assist schools in further applying the school-based curricula and teaching strategies with reference to the Supplementary Guide, so as to formulate a better set of graded learning targets and performance index for non-Chinese speaking students of varying standards, and thereby enhance their learning efficiency.

Moreover, the Education Bureau has put in place systems to collect related information about students (that is, the Student Enrolment Survey, the statistics on Territory-wide System Assessment and public examinations, and the performance under the School-based Professional Support Programmes). Based on the information, analyses and assessment are made on the effectiveness of support measures and adjustments will then be made, so as to tailor to the needs of students.

The Chinese Language Learning Support Centres, which we have commissioned to the University of Hong Kong, provide after-school Chinese learning support for non-Chinese speaking students. Starting from the 2010-2011 school year, we have piloted the After-school Extended Chinese Learning Scheme, which enable non-designated schools to apply for funding to diversify their modes of after-school support. In the 2011-2012 school year, about 90 schools have joined the Scheme, benefiting some 4 000 non-Chinese speaking students who account for about 70% of non-Chinese speaking students studying in non-designated schools.

In order to enhance the job-seeking ability of non-Chinese speaking students, a pilot scheme on Workplace Chinese Language with programmes pegged to the Qualifications Framework will be implemented in this academic year. We also look forward to the synergy in this regard when the Vocational Training Council (VOC) sets up one more youth college to provide specialized support for non-Chinese speaking students. As a matter of fact, the VOC encourages non-Chinese speaking students to enrol in its vocational education and vocational training programmes and is happy to develop tailored programmes for them. In respect of further study and career guidance, relevant information has been uploaded onto the Education Bureau's website for reference. The Education Bureau will maintain close collaboration with the Hong Kong Association of Careers Masters and Guidance Masters to provide suitable guidance for non-Chinese speaking students on further study and career development. The annual Careers Guidance Handbook contains specific information for non-Chinese speaking students, while the annual Education Expo also reserves a dedicated information counter to cater to individual needs of non-Chinese speaking students.

In respect of support for non-Chinese speaking students with special education needs, Member may refer to the document we submitted to the Panel on Education on 9 January 2012 for the details. In essence, the Education Bureau provides schools with additional resources, professional support and teachers' training, so as to help schools cater to the needs of students, including the needs of non-Chinese speaking students, through a Whole School Approach.

The additional resources provided by the Education Bureau include Learning Support Grant, additional teachers and teaching assistants under the Intensive Remedial Teaching Programme for Primary Schools and Integrated Education Programme, Enhanced Speech Therapy Grant, and so on. Schools can deploy such additional resources flexibly to support students according to their needs. For example, schools can employ teaching assistants to provide classroom assistance to non-Chinese speaking students in their mother tongue. In respect of educational psychology services as well as speech therapies and audiological services, apart from assistance provided to schools in this regard, different assessment tools and a variety of teaching resource packages are also developed for teachers' use.

On teacher training front, the five-year Teacher Professional Development Framework on Integrated Education launched in the 2007-2008 school year has been implemented and reviewed as scheduled. The elements of catering for cultural diversity have been integrated into the training programmes concerned.

At present, non-Chinese speaking students are also included in the mechanism of Early Identification and Intervention of Learning Difficulties Programme for Primary One Pupils. The Education Bureau will arrange, when such needs arise, educational psychologists to conduct comprehensive assessments on these students at Primary Three. When assessing non-Chinese speaking students, educational psychologists, audiologists and speech therapists will select suitable assessment tools and appropriately adjust such tools, taking into account the cultural and education background, life experiences and language ability of the students. When interpreting the assessment results, they will consider the students' learning history and other relevant qualitative information to ensure the reliability of the results.

We will continue to heed stakeholders' views and formulate the execution details of the aforesaid support measures, so as to enhance the learning efficiency of non-Chinese speaking students. I believe, with concerted efforts, we can build an integrated society.

President, I so submit. Thank you.

**PRESIDENT** (in Cantonese): I now call upon Miss Tanya CHAN to move the amendment to the motion.

**MISS TANYA CHAN** (in Cantonese): President, I move that Mr Abraham SHEK's motion be amended.

**Miss Tanya CHAN moved the following amendment:**

"To delete "," after "That" and substitute with "education is the key to success and the future of our next generation;"; and to add "; the relevant initiatives should include: (a) implementing a separate Chinese curriculum assessment scheme especially for ethnic minority students to help them meet the requirements of further education and vocational training; (b) providing pre-primary educational institutions with additional resources and relevant support to encourage the admission of ethnic minority students; (c) enhancing the training for teachers who teach Chinese as a second or foreign language; (d) designing suitable assessment schemes for adoption by schools to facilitate early identification of ethnic minority students' special needs, so that they can receive appropriate education; (e) launching a study to monitor the learning progress of ethnic minority students to enable the Government to review their needs and the effectiveness of their education, and establishing a database for systemic data collection and analysis, so as to facilitate the formulation of an education policy and the provision of support which meet the needs of ethnic minority students; (f) increasing intake quotas, providing a positive learning environment and adequate support to meet the demand of ethnic minority students with special educational needs; (g) enhancing the career guidance and vocational training services for ethnic minority graduates; and (h) enhancing public awareness of the importance of cultural diversities and ethnic integration, so as to create a better learning

environment for ethnic minority students" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Miss Tanya CHAN to Mr Abraham SHEK's motion, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

**PRESIDENT** (in Cantonese): Ms Starry LEE, as Miss Tanya CHAN's amendment has been passed, you may now move your revised amendment.

**MS STARRY LEE** (in Cantonese): President, I move that Mr Abraham SHEK's motion as amended by Miss Tanya CHAN be further amended by my revised amendment.

**Ms Starry LEE moved the following further amendment to the motion as amended by Miss Tanya CHAN:**

"To add "; and (i) developing teaching materials and providing parental education" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Ms Starry LEE's amendment to Mr Abraham SHEK's motion as amended by Miss Tanya CHAN be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, you may now reply and you have three minutes 43 seconds.

**MR ABRAHAM SHEK:** Thank you Michael for coming in person to attend our debate. You have given us a reply telling us that we should trust the system, and that there is light at the end of the tunnel for the ethnic minorities (EMs). I hope the EM students would feel that there is not another train coming in the opposite direction. That is a death trap. You have listened, but whether you have heard or not is up to the Government to decide.

There is an English saying, "You cannot teach an old horse new tricks." I am not being disrespectful to you. The "old horse" is not you. The "old horse" is the Education Bureau and that is very important. Education is what makes a man and we are what education gives us. We are here today because we have

received education. This motion debate is to ask the Government to give education to the EM students so that they can have a choice like us, being able to choose what we want to be and that is important. This is, as I said earlier, the fundamental right which must be observed. The debate is not to ask the EM students not to study Chinese, as Mr CHIM Pui-chung might have indicated. We are asking them to learn better Chinese, giving them support so that they can become one of us and integrate into society. This is what a harmonious society should be. We cannot just leave them by the roadside and let them see what equality is but not enjoying equality. That is the whole gist of today's motion.

I thank all the Members for speaking and for their time and efforts in fighting for equality in receiving quality education for the EMs.

Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Abraham SHEK, as amended by Miss Tanya CHAN and Ms Starry LEE, be passed.

**PRESIDENT** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion as amended passed.

**PRESIDENT** (in Cantonese): Second motion with no legislative effect: Formulating an industrial policy.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr Andrew LEUNG to speak and move the motion.

### **FORMULATING AN INDUSTRIAL POLICY**

**MR ANDREW LEUNG** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

The past three decades of reform and opening up of the Mainland have seen a vast number of factories having relocated their operation to the Pearl River Delta (PRD). The Government has all along adopted the policy of positive non-intervention without providing assistance to the enterprises. Seeing that the peripheral regions have been developing in the direction of high value-addedness and high technology, Guangdong Province has called for the upgrading and transformation of enterprises, but the Government of the Hong Kong Special Administrative Region (SAR) has yet to introduce a consistent and comprehensive industrial policy to make long-term plans for the future of Hong Kong. The Federation of Hong Kong Industries (FHKI) published in 2003 a research report on the development of the manufacturing industry in the PRD, pointing out that we employed 10 million workers and operated nearly 60 000 factories in the PRD and close to 500 000 workers were also employed in Hong Kong. It also stated that these producer services accounted for over 50% of Hong Kong's Gross Domestic Product (GDP) and created in the PRD the most effective global production chain. It was only after the release of the report that the Government was woke up from its dream and realized the importance of industries. In view of the future challenges faced by Hong Kong, the authorities should formulate a long-term industrial policy to enable Hong Kong's industries to develop in a high value-adding and design-based direction, while implementing a series of support measures to, among other things, lead the local enterprises to develop beyond the Hong Kong market, set up channels for export marketing and review afresh the policies on industrial estates, industrial sites, training of talents, and so on.

There are views that Hong Kong does not need industries. But taking a look around the world, we will see that many advanced countries and economies worldwide have attached great importance to the development of their industries. In Germany there is a large number of high technology-based heavy industries and machinery and automobile manufacturing industries; in Switzerland, emphasis is placed on high technology-intensive and high value-adding goods, such as machinery manufacturing, clocks and watches, chemical products, pharmaceutical products, and so on; Japan focuses on the production of key components; and Singapore's industries account for nearly 30% of the GDP. Like other advanced countries, Hong Kong's industries also face the problems of expensive production cost and high wages. In this connection, the manufacturing of high value-adding products should be concentrated domestically, whereas the parts with lower added value should be produced in neighbouring countries where wages are lower. This should also be a way out for Hong Kong's industries.

President, Hong Kong is renowned for its light industry. The industrial policy should, therefore, dovetail with the industries where we enjoy advantages. For this reason, I have consistently advocated that high value-adding design and research elements should be combined with traditional industries to create a new direction for development.

Design is an indispensable element in the development of high value-adding products. The Government has made this year the "Hong Kong Design Year", which is most encouraging to the industrial and design sectors. I believe the "Hong Kong Design Year" will promote the further development of Hong Kong into a creative economy. Having said that, it is still necessary for the Government to put in place a comprehensive plan to support the design sector in future.

As the FHKI has always stressed, while financial provisions are certainly important to promoting the development of innovative technology in Hong Kong, the key actually lies in how enterprises can be encouraged to make commitments to development. The authorities should explore ways to attract enterprises to spontaneously invest in research and development (R&D) and provide incentives for them to include high value-adding design elements in their products. This is why we have all along advocated a tax deduction being three times of the expenses incurred in R&D and product design. We hope that this can enable

enterprises to take the lead and create a cluster effect, thereby "making the pie bigger" for young people to have more opportunities of development. I believe this will be more effective than any rebate scheme.

Speaking of research, Hong Kong has, in recent years, actively studied new technologies and materials, and results have been gradually produced. However, it is not enough to produce results only, as we must ensure that the industrial sector can practically apply these research results in their operation. To this end, the Government should assist and encourage the industrial sector to apply these research results in traditional industries. For example, nanotechnology can help open up new horizons for the textile industry, and these revolutionary results of scientific research will play a vital role in the development of Hong Kong into a "capital of garment and fashion". Moreover, rare earth is a raw material indispensable to the production of high technology-intensive electronic products. We believe the authorities can leverage on the experiences and technologies of the industries in this respect to strive for the supply of rare earth resources by the Mainland to Hong Kong, in order to facilitate the production of more high-end products.

Green economy is an inexorable trend of development globally. Many new research projects and technologies have focused on the development of environmental industries. President, I once proposed a motion on the "Policy on the recycling industry", urging the Government to further promote a recycling economy in tandem with waste reduction and recovery in order to support the development of environmental industries, and hoping that the Government will provide support to enterprise in the production of biodiesel, eco-blocks, and so on. After several years of efforts, I think the Government has now attached greater importance to these measures and having said that, I think government support has remained inadequate. Green industries can generate enormous economic benefits for Hong Kong but they require government support in terms of land and policies, so that apart from operating in the recycling park, recyclers can also operate in industrial parks. Reference can even be made to the concept of "urban mining" in places such as Japan and Korea, so that useful metal and materials can be recovered from the over 70 000 tonnes of waste electronic products generated in Hong Kong annually, which means that precious metals or rare metals that are useful can be recovered. These "urban mines" are profitable but as a first step, in order to attract enterprises to develop these industries, the introduction of technologies from overseas can be an option. Moreover,

subsidies can be provided to local universities or research institutes to actively develop technologies for recovering rare metals at lower costs. Besides, the industries are also actively striving for the development of biogas in Hong Kong, in the hope that the Government can, in its policy, support them in using waste food to produce gas.

Hong Kong has already mastered certain technologies. The industrial and environmental sectors strongly believe that these green technologies can be developed as a new direction for industries and that they can provide ample business opportunities and better still, the products can be exported to other provinces and municipalities in the Mainland, thus creating more job opportunities.

The SAR Government has proposed the development of brands of green products in Hong Kong but refused to make an undertaking of procuring environmentally-friendly products produced by local industries on a priority basis. I think internally, the Government should translate its words into actions by taking the lead to use low-carbon environmentally-friendly products while providing additional resources to environmental industries, such as waste recycling; and externally, the Government can promote a regional recycling economy and forge collaboration with Guangdong Province to expand the scope of waste recovery, disposal and recycling.

President, people like us who run factories in Hong Kong and the PRD are treated in a strange way in that we are called factory owners or manufacturers on the Mainland but in Hong Kong, though we are still factory owners, the Government has treated us as the service industry, making us "schizophrenic" sometimes. The global economic environment has turned complicated, and the governments of various countries have proactively led their manufacturers to look for business opportunities in other countries. During her visit to China last week, the Chancellor of Germany, Angela MERKEL, promoted Germany's machinery manufacturing industry to Premier WEN and Mainland enterprises, and she further went southward to Guangzhou to meet with Germany-based enterprises and visit their factories in Guangdong Province. The Prime Minister of Canada, Stephen HARPER, who is visiting China now, is also leading a deputation of business leaders to look for opportunities of co-operation with China. These are enviable to us. I hope the Government can seriously treat us as industrialists, and I hope that the Chief Executive, the Secretaries of

Department and Directors of Bureau can more often lead us to seek opportunities of development beyond Hong Kong.

I very much welcome the Government having accepted the proposal of the Economic Synergy last year of setting up a dedicated fund of \$1 billion to assist enterprises to tap the domestic market on the Mainland. Although the authorities have not yet announced the details, I hope that this \$1 billion fund can help enterprises seize the opportunity of the National 12th Five-Year Plan to expand domestic sales and that by capitalizing on the advantage of "early and pilot implementation" that we enjoy under the framework of Guangdong-Hong Kong co-operation, the Government will lead enterprises to develop in the huge market of Guangdong Province. Guangdong and Hong Kong have always been in close partnership. Both Governments should join hands to lead the industries to open up markets for export.

Opening up markets aside, the relocation of our factory plants has also been a big headache to us because the ever-rising cost and the many restrictions in the PRD have made the operation of Hong Kong manufacturers increasingly difficult. Hong Kong-based enterprises have all along been operating on their own in the Mainland and government support has been limited, and given the magnitude of the work involved in relocating the production chain, government support is required indeed. According to past experiences, collective relocation is the only way which is most beneficial to the enterprises because a collective move can guarantee that there will be sufficient enterprises in the new location, hence attracting suppliers to move in. The authorities can make reference to the model of Singapore's development of Batam in Indonesia or Suzhou's industrial park. The Government should play a leading role and lead business enterprises to build a new Hong Kong Industrial Park in Western China or Southeast Asia.

Besides, the Government should provide suitable industrial sites in the industrial park for enterprises intending to stay in Hong Kong to enable them to develop new industries. New or emerging industries, such as cloud computing, have different requirements for the new industrial buildings, and in order to develop these industries, it is necessary to provide support in terms of the land policy. Given rapid technological advancement, together with the emergence of new business models and industrial development, data centres of the new generation will be massive in scale. As I mentioned before, Hong Kong has most of the conditions required by "Tier 4", except for the land. As long as the

Government can take one more step, Hong Kong has all the conditions necessary to become the new-generation regional data centre, which will attract more multinational enterprises to set up their regional headquarters in Hong Kong.

It is not easy for "newcomers" to enter the industrial estates, and a great part of the remaining space cannot cope with the development of emerging industries. The high value-adding fur industry, for instance, had once been keen on returning to Hong Kong for development and hoped to introduce an advanced central sewage treatment and recycling system, but this could not be achieved eventually due to the fossilized land grant policy in industrial estates. Moreover, Members may have learnt before that MyCar also hoped to set up shop in Hong Kong a few years ago but likewise, they could only move northward to the Mainland due to the lack of land of a large area suitable for use as factory. The authorities should review afresh the existing policies on industrial estates and industrial sites and grant land for the development of a fourth industrial estate.

Lastly, I would like to talk about the training of talents. Many young people are interested in pursuing a career in the fields of scientific research, design, and creativity. The neighbouring countries and regions have also been committed to training the relevant talents to support the development of such industries. I used to be the Chairman of the Vocational Training Council, so I know that the Government is willing to provide training to young people who are creative and who have talents in design and brains for research. I hope that the Government can take a more targeted approach in training more talents in the fields of research and design. Coupled with the Government's efforts to attract local and overseas enterprises to develop high technologies which will, in turn, create a cluster effect, young people will have access to more opportunities of joining these industries for development.

In view of challenges on all fronts and in order to develop the industries, we cannot just emphasize innovations or make empty talk about technology. It is necessary to adopt matching measures in trade in order to make it a success. The SAR Government should seriously draw up an industrial policy and invite experts to compile a report on an in-depth study on the future direction of Hong Kong industries in the long term, making reference to the demands of stakeholders from an objective perspective. The Government should enhance cohesion in all sectors of the community and define the advantages and positioning of Hong Kong, while looking into the feasibility of fostering

co-operation with Guangdong Province and providing support to further regional co-operation and development, so as to enable the Government to provide support in a more target-specific manner.

It is imperative for the SAR Government to promote and support industries on all fronts from a clear angle and at a high level by, among other things, promoting the sustainable development of industries, supporting environmentally-friendly and green industries, co-ordinating the work of the relevant government departments and industry support organizations, and building channels of communication with the Guangdong Provincial Government and the relevant ministries and commissions of the Central Government. This will enable the industries and the relevant parties to start dialogues and exchange views early on new policies and legislation that may affect Hong Kong businesses, thereby ensuring the smooth cross-boundary industrial co-operation between Hong Kong and the Mainland and achieving transformation towards high value-adding production and continuous business expansion, while expediting the progress of tapping the Mainland domestic market. This will make contribution to the economies of the country and Hong Kong, thus achieving a win-win situation.

With these remarks, President, I beg to move.

**Mr Andrew LEUNG moved the following motion: (Translation)**

"That this Council urges the SAR Government to formulate a comprehensive policy to promote high value-adding, new technology-intensive and innovative industries, so as to ensure Hong Kong's long-term economic development."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

**PRESIDENT** (in Cantonese): Mr IP Wai-ming and Mr Ronny TONG will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the two amendments.

I will first call upon Mr IP Wai-ming to speak, to be followed by Mr Ronny TONG; but they may not move the amendments at this stage.

**MR IP WAI-MING** (in Cantonese): President, Mr Andrew LEUNG of the industrial sector has proposed a motion on "Formulating an industrial policy" today. The Hong Kong Federation of Trade Unions (FTU) agrees to and supports this motion, and we hope that Mr LEUNG's sector can re-establish its prestige. But we, being Members from the labour sector, would like to review the development of industries in Hong Kong from the labour point of view. This is why I have proposed an amendment from the employment angle today, hoping that the review of the industrial policy can at the same time benefit workers, hence achieving a win-win situation for both employers and workers.

As a matter of fact, President, after the War in the last century, industries had been a pillar of Hong Kong, feeding many families of Hong Kong people. From sewing and textiles, wig making, assembling plastic flowers to the electronics and toy industries in later days, all these had been the locomotives of the local economy. But since the opening up of our country in the 1980s, many factories have relocated northward, resulting in the hollowing out of the pillars of the manufacturing industry and the loss of many jobs. The biggest problem is that we do not have other job types to make up for the loss after the northward relocation of factories.

According to the information in the Hong Kong Annual Report, the manufacturing industry accounted for 18% of the Gross Domestic Product in 1990 but the percentage dropped to 7% in 1997; in 1990, the manufacturing industry employed as many as 715 000 workers but the number dropped to 309 000 in 1997. And information also shows that the number of workers in the manufacturing industry has now shrunken to 121 000, accounting for a mere 3.4% of the total workforce. Hundreds of thousand workers have become unemployed because of industrial transformation. Experienced and skilled workers who used to work in factories have become unskilled workers as referred to by us nowadays. They can only take up jobs in service industries, working as cleaners, security guards and domestic helpers. President, these experiences are most distressing.

Despite repeated vows made by the Government after the reunification of developing industries into a knowledge-based production base of high value-adding goods, more than a decade has passed and yet, the figures cited by me just now show that not much progress has been made in industrial development, and it is still the case that workers can find jobs only in the several pillar industries such as the financial services industry and the service industry. Under such circumstances, these workers often may not be able to apply their original skills or new skills and hence, they are easily branded as unskilled workers. In view of this, I have particularly emphasized in my amendment the need for the Government to develop industrial diversification, so that workers can access employment opportunities in various directions.

President, the original motion mentions the promotion of high value-adding and new technology-intensive and innovative industries. The FTU supports this point, and most of the six industries where Hong Kong enjoys clear advantages as always mentioned by the Government are precisely among these industries. However, we must particularly remind the Government that in developing these industries, it is also necessary to consider the creation of jobs and the groups of people who will benefit from these developments. It should not be over-optimistic; nor should it exaggerate the effects on employment produced by these industries. An example is the Government's propaganda about a certain Internet company setting up a data centre in Hong Kong. While this data centre takes up 2.7 hectares of land, only around 25 jobs have actually been created in the centre. I hope that the Secretary can, later on, provide information on the jobs created other than by the centre. In this connection, we hope that while the Government attaches importance to new technology-intensive and high value-adding industries, it must also set aside measures and policies for the development of industries capable of absorbing a huge workforce, especially those capable of assisting grass-roots workers. An example is the environmental industry mentioned by Mr Andrew LEUNG which is also among the six industries where Hong Kong enjoys clear advantages. We consider that this industry can benefit both grass-roots workers and professionals. As regards the existing traditional manufacturing trades, such as food and beverage manufacturing, printing and reproduction of recorded media, we hope that the Administration can consider entrenching the relevant industries to help them explore more room of development.

President, next, I wish to talk about the matching of manpower resources with the industrial policy. In fact, a few decades ago when the manufacturing industry was still a pillar of the economy, the skills and experiences of workers were mostly acquired through a system of apprenticeship whereby the master passes his skills or experience onto the apprentices. Apprenticeship does have its merits and this is why the Government enacted the Apprenticeship Ordinance (the Ordinance) in 1976 to standardize the management of apprenticeship, so that the specified industries can attract young people to join their trades through apprenticeship. In this way, members of these trades or the masters can pass their skills onto the apprentices and provide job opportunities to them. After the apprentices have completed training, they can apply their special skills and pursue a career in the relevant trades. However, many of the job types currently covered by the Ordinance relate to special skills in traditional industries, such as goldsmith, knitting machine mechanic, machinist, and offset litho plate-maker. These skills have already faded away in Hong Kong and it is difficult to attract people to join these trades. This explains why nobody has joined such trades to become registered apprentices in these job types over the past few years.

In fact, to meet the development of new industries in the high value-adding direction, the training of talents, relevant experiences, and opportunities of workplace attachment are all very important. We, therefore, propose that the Government should review the Ordinance and incorporate into the Ordinance more job types and professions which may offer prospects of development in the future. The Government should also introduce amendments to the Ordinance, having regard to how the new apprenticeship system can be implemented under the new economic environment to ensure that they will complement each other. As no amendment has been made to the Ordinance since its enactment in 1976, we hope that through an amendment of the Ordinance, the apprenticeship system can dovetail with the current development of industries and trades in which Hong Kong enjoys advantages. In the meantime, the acceptability and professionalism of apprentices should also be clarified. For instance, consideration can be given to counting apprentices' workplace attachment as qualification and including apprentices in the qualification and articulation arrangements in tertiary education. Particularly as the Government has introduced qualification framework accreditation, we consider it all the more necessary to amend the Ordinance, in order to respond to the development of new industries. This will enable young people to have more options other than furthering their studies, and encourage more young people to willingly join these trades by starting out in

junior positions, thereby facilitating the development of emerging industries. I hope that the Government will not develop new industries to the neglect of the nurturing of talents and experiences.

Lastly, President, I also wish to mention that in developing industries, the Government should provide a series of support. For instance, to address the land problem, the authorities should consider increasing the provision of industrial sites and providing more sites for the development of industrial estates in new towns and new development areas. This will, on the one hand, support industrial development and on the other, enable people living in the more remote parts of the territory to work in their districts, which will ease the problem of high transport fares in seeking employment. This aside, we also hope that the Government will introduce more policies to support the industries, such as providing tax allowances or guarantees for loans and insurance, so that industries with potential can be developed in Hong Kong and more employment opportunities and jobs can be created for local workers as a result.

With these remarks, President, I hope that colleagues will support my amendment. Thank you.

**MR RONNY TONG** (in Cantonese): President, when I listened to the radio after I had got up this morning, I heard a news report that some people will find quite interesting. It is about a research study made in Virginia, the United States. The study has found that long meetings can cause employees' brain functions to decline. President, if what I will be saying does not make sense, you should know the reason.

President, this study has actually put across a very important message. That is, many people consider it a matter of course to work long hours, and from the bosses' point of view, this is certainly correct as they pay wages to their employees and it is only reasonable for wage earners to exert their utmost at work. From employees' point of view, they think that if they work hard to meet the demands of their bosses, they may have prospects of promotion and it is precisely because wage earners have to do their utmost to meet the demands of their bosses that they are under enormous pressure psychologically during meetings, thus leading to a decline in their brain functions.

President, if business operators can understand this point, I believe there will be far less disputes. They should understand that insofar as work is concerned, what matters is not only how much time has been spent, but how efficient it is, or even whether the employees are willing and consider it worthwhile to exert their utmost for their bosses. Society attaches great importance to harmony, and I believe employer-employee relationship also needs to give weight to harmony. A harmonious relationship between employers and employees can, in fact, directly lead to better business development.

President, while this seems on the surface to be a theory promoted by the labour sector, traces of it can actually be found. President, an example is a survey conducted by CNN recently which ranked countries by their paid holidays. The report of this survey, which targeted on employees with 10 years of service, was based on information gathered from a total of 39 countries or regions worldwide in respect of paid holidays and statutory paid public holidays for employees. Brazil and Lithuania topped the list with a total of 41 days of paid holidays each. They were followed by Finland, France and Russia, each offering 40 days of paid holidays a year.

Hong Kong is a world-class metropolis in terms of its economy and culture, but we lag far behind others when it comes to holidays. Hong Kong was ranked the fourth last on the list, as wage earners have only 26 days of paid holidays a year, which is even two days less than Taiwan. In developed Asian countries and taking Japan and Korea as examples, their annual paid holidays also outnumber those of Hong Kong as theirs are 36 days and 34 days respectively. The survey has assumed that wage earners in Hong Kong work only five days a week, which is actually a wrong assumption because a great majority of wage earners in Hong Kong do not work five days a week, and even for civil servants, this arrangement has only just started on a pilot basis.

President, what actually does this have to do with the economic development of the regions or countries concerned? According to the statistics of the International Monetary Fund for the corresponding period, Luxembourg had the highest per capita Gross Domestic Product in the world last year, which stood at US\$94,400, and in the first 15 countries which included Denmark, Finland, France, Australia, Norway and Sweden, workers could enjoy an average of over 35 days of paid holidays and labour holidays. This goes to show that if employees can have enough rest, they may be more capable of working hard for

their bosses or regions and this will, in turn, enhance the effectiveness of productivity.

President, these studies are telling us that standard working hours are no scourge. I understand that members of the business community have inherent fears of standard working hours, but whether from the perspective of economic development, personal health, family values and even basic rights of individuals, the prescription of standard working hours is absolutely most justifiable indeed. President, the International Covenant on Economic, Social and Cultural Rights and International Labour Conventions have clearly provided that it is the right of everyone to enjoy "just and favourable conditions of work" and required the State Parties to ensure rest and reasonable limitation of working hours for workers, and I think we do not have to say too much about this.

However, much to our regret, the SAR Government has always said that no consensus has been reached in society. President, we hear this every day. For everything that the Government is unwilling to do, the Government will reject it on the pretext that no consensus has been reached. Or perhaps put it more plainly, the Government is actually waiting for the many bosses or businessmen to reach a consensus before it will be willing to further promote standard working hours.

This is also reflected in the recent nominations for the Chief Executive Election. It seems that Mr Henry TANG can certainly secure enough nominations and so, he has appeared to be paying no heed to the demands of the FTU as he thinks that he basically does not care for their nominations. But for another candidate hopeful, Mr LEUNG Chun-ying, as he may not have enough nominations — I learnt of this only from press reports and I do not know whether this is true or not — he has been willing to openly accept the "harsh" proposition made by the FTU of setting up a working group to promote the enactment of legislation on standard working hours (This is what has been reported and I do not know if it is true or not). President, his purpose of accepting the proposal of standard working hours is wrong. As I said earlier, this should be pursued from the perspectives of economic development and the rights of workers, rather than making some empty responses in a bid to seek political interests. President, I strongly believe that another candidate for the Chief Executive Election, Mr Albert HO, does not have to make any pledge in this respect because basically, it

is already included in his platform that standard working hours will be considered.

President, like standard working hours, labour holidays are certainly another issue of concern. Recently, we have had a debate in which we discussed whether workers currently enjoying labour holidays should be treated on a par with other wage earners or they should be treated differently from other wage earners as they have always been from the very beginning. This is unfair, contrary to the principle that I have just mentioned.

President, I would also like to talk about the point of "creating a favourable environment conducive to setting up businesses" mentioned in my amendment. President, I certainly do not mean creating a favourable environment only for the big bosses or enterprises in the commercial sector. It is true that they do need such an environment and to this end, we have vigorously promoted a fair competition law in the hope that enterprises in all trades can continue to develop their business in a level playing field, thereby promoting the competitiveness of the Hong Kong economy. Having said that, President, in proposing this amendment, I have another view and that is, the SAR Government should not neglect the need of individuals to start a business. In the course of restructuring of the Hong Kong economy as a whole, we actually should not neglect the environment for business start-up by individuals.

Looking at other economically developed countries, we can see recently that many cases of very successful businesses are achieved by individual endeavours. Facebook is a case in point. They have recently captured the global limelight and the scale of their stock market listing is most astonishing. But in the beginning, they were just a couple of schoolmates starting a business in their garage or at home. In this connection, I hope that the SAR Government must not forget that in Hong Kong, there are also many young people who have the ideals and the brains to create businesses capable of generating plenty of important business opportunities for and making contribution to Hong Kong. I hope that the SAR Government can study how a favourable environment can be created for business start-up by individuals, such as encouraging and rewarding industries with creativity by providing loans or incentives to them or in some other ways.

President, I hope colleagues can carefully consider my amendment and support it.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, first of all, I have to thank Mr Andrew LEUNG for proposing this motion.

Mr LEUNG mentioned in his speech earlier the need to have a long-term policy on industrial development. It has been the established policy of the Government to provide a business-friendly environment and appropriate support to the industrial and business sectors. For instance, from the macro perspective, the low and simple tax regime and sound infrastructure of Hong Kong are conducive to the development of the industrial and business sectors in Hong Kong and to maintaining Hong Kong's competitive edge in the international community.

Mr LEUNG also mentioned the need to provide support measures. In respect of promoting high value-adding and innovative technologies, under the principle of "market leads, government facilitates", the Government has introduced a number of measures to support their development. These measures include providing technological and funding support to the industries as incentive to upgrade their technological levels and enhance their capacity of design and innovation, with a view to assisting the industries to face up to challenges in a business environment with fierce competition. Through the SME Loan Guarantee Scheme of the Trade and Industry Department, we have also provided loan financing support to the relevant enterprises.

Apart from the dedicated departments of the Government, a number of relevant organizations, such as the Hong Kong Science and Technology Parks Corporation, the Hong Kong Productivity Council and the five Research and Development Centres set up by the Government have taken various measures to support the sustainable development of the industrial and business sectors in a high value-adding direction through the provision of quality research infrastructure and technological support.

President, the Government has been maintaining close communication with the industries, chambers of commerce and the relevant organizations, in a bid to

share and listen to their views and proposals. Meanwhile, we have been reviewing and improving government policies and specific support measures in the light of their aspirations, with a view to meeting the long-term development and needs of the industrial and business sectors, so that we can join hands to face the opportunities and challenges in the future. I will first listen to Members' views and give a further response later on.

Thank you, President.

**MR JEFFREY LAM** (in Cantonese): President, the Government had once expressed its intention of supporting the four pillar industries and the six major industries with competitive edge in Hong Kong. However, apart from the financial and real estate industries, we do not know when those industries can take off. Premier WEN Jiabao and other officials from the Central Authorities have advised the SAR Government to foster a balanced development of industries, but I still have not seen any fruit in this regard thus far.

President, since the 1980s, there have been northward relocations of industries in Hong Kong. According to a quarterly employment survey conducted by the Census and Statistics Department, the employment size of the manufacturing sector continued to decline, with only 113 000 employees in June last year. In this sector, the textile and garment industry experienced a drop in its number of employees to less than 20 000 for the very first time in March last year and further to 18 000 in June.

European countries once trod on the path of de-industrialization, thus leading to drastic reductions in the employment sizes of their manufacturing industries. For example, there were only 700 000 employees in Sweden's manufacturing industry in 2008, a number not even up to 20% of its workforce. However, the outbreaks of financial turmoil in the United States and the European debt crises have brought to the fore the inadequacies of such de-industrialized countries to cope with crises. As a result, such countries have turned to launch re-industrialization measures one after another in recent years. For instance, while developing services industries, the Swedish Government strenuously develops high-end electronic, environmental, biological and pharmaceutical manufacturing industries by steering enterprises towards the application of high and new technologies in traditional industries, thus injecting

new vitality and economic impetus into such long-standing enterprises as Sony Ericsson and ABB. Sweden was rated the second in The Global Competitiveness Report 2010-2011 released by the World Economic Forum, a rating even higher than those of Singapore and the United States. This achievement is most closely attributable to its re-industrialization efforts.

President, with higher wage costs due to a tight labour supply in China's coastal regions and coupled with the major initiative of industrial transfer on the Mainland, China's sole dependence on low production costs has turned into something of the past. Faced with the prevailing environment, Hong Kong should conduct a timely review of its industrial policy and render assistance to enterprises in areas such as innovation, production efficiency and marketing, so as to help them develop new industries marked by high value-adding and the use of high and new technologies.

President, is local enterprises' restructuring conducive to Hong Kong? The answer must be in the affirmative. Take a look at this iPad on my hand. According to a study conducted by the University of California, Mainland workers only get a meagre share of profits for the assembly process, and assembly plants only get a profit share of around US\$10 from this iPad worth US\$500. The remaining amounts are profits of the relevant United States companies, which are used for purchasing patented components from other countries. From this, we can see that possessing innovative technologies can bring about great profits.

President, speaking of an industrial policy, the SAR Government can do better and more. Places with limited natural endowment such as Taiwan, Singapore and Korea can still enjoy marked achievements in economic development. Despite the northward relocation of manufacturing bases from Hong Kong, the publicity, accounting and logistic departments still remain in Hong Kong. New technology-intensive and high value-adding industries without the need for too many employees, such as the timepiece accessory industry, foodstuff industry, clothing design industry and pharmaceutical industry, can have their final stage of production conducted in Hong Kong for boosting profits. In Hong Kong, there are also emerging industries such as the environmental industry, but enterprises engaged in this industry invariably consider themselves fighting a lonesome battle and find it difficult to operate.

Local industries need government's support in the form of an industrial policy in order to be innovative and develop high and new technologies. The Government can make efforts in three areas. First, protect intellectual property rights, so that adventurous and innovative entrepreneurs and scientific research personnel can make profits. Second, create conditions for nurturing technological talents. The thriving of Taiwan's electronic industry is largely attributable to the abundant availability of electronic engineering talents in its local communities. Third, provide assistance for Hong Kong products to develop new markets, especially domestic markets.

President, so far, Hong Kong has not offered any tax concessions to enterprises for carrying out research and development and innovative activities. The Research and Development Cash Rebate Scheme was rolled out last year, but it is less effective than tax concessions. This is a view that we have collected from enterprises, especially small and medium enterprises (SMEs), and we have already reflected such views to the Government. With its small subsidy amounts and narrow scope of application, the scheme can hardly benefit enterprises, especially SMEs.

I hope the Government can listen more to the opinions of the trade on industrial matters and refrain from politicizing everything. In fact, industries are very important to us. We also hope that the Government can establish a Hong Kong Industrial Commission as a standing body designated to steer and co-ordinate the handling of all matters that are likely to impact on Hong Kong's sustainable industrial development.

Hong Kong possesses well-developed infrastructures, facilities and networks for scientific research. The Government should optimize such resources for developing emerging industries with potentials, for example, the aircraft equipment and appliances industry, advanced medical instruments industry, Chinese medicine healthcare products industry and the various deep processing industries such as rare earth processing industry. Such developments are conducive to Hong Kong's overall economic restructuring and can create large numbers of employment opportunities.

President, I so submit.

**PROF PATRICK LAU** (in Cantonese): President, an article in *Ming Pao Daily News* entitled to the effect of "Indigenous Autonomy of Hong Kong Seen From A Historical Perspective" mentions that apart from finance, the service industries and tourism, there is no systematic measure introduced by the SAR Government to promote other hi-tech industries. This is because all along the Hong Kong Government has only been emphasizing the development of finance, the service industries and such like sectors, causing an unbalanced development of these sectors. So I am very supportive of this motion proposed by Mr LEUNG to urge the Government to formulate a comprehensive policy to promote high value-adding, new technology-intensive and innovative industries, so as to ensure Hong Kong's long-term economic development.

If Hong Kong is to introduce a comprehensive policy on industrial development, the first thing it must do is to identify which industries are suitable for development in Hong Kong. Examples of these are industries related to environmentally-friendly materials and recycling, as well as the creative industries well liked by many young people. The scope of high value-adding, new technology-intensive and innovative industries should also be determined. The Government should increase its funding for the universities, tertiary institutions and the Science Park in order that they can carry out in-depth academic and applied researches. The Government should act on the results of analyses done by research institutions to formulate comprehensive matching policy initiatives.

However, I think that apart from developing policy software, it is also important to foster the hardware of a creative environment. Recently I have read a biography on Steve JOBS. President, I really recommend this book. I notice that JOBS is a perfectionist who wants to change the world. He is also a Bauhaus supporter who places special emphasis on designs which combine arts and technology. So the aim of the Apple products created by him is to change the world and merge arts into our daily life by means of hi-tech products.

JOBS lived in Silicon Valley for a long time and he was much affected by the simplicity of the architectural art there. He mentioned in his book that he had been interested in those so-called EICHLER Homes in California since he was a young man. These are homes built in a style of simplicity by the developer EICHLER, taking into account the particular environment and climate of California. These houses make use of large glass panels and simple

structures, creating a living environment congenial to the region. JOBS got his inspiration from these houses and so he designed some products which are neat, user-friendly and affordable. These products were then launched onto the market in large quantities. This is also the source of inspiration for the first generation of Mac computers.

I believe since Steve JOBS lived in this environment characterized by a massive amount of architecture in a style of simplicity and it is because of this influence that Apple products are especially user-friendly and simple in design. This accounts for hi-tech products that captivate the world, that is, the iPod, iTunes, iPhone, iPad and iCloud. All these products are noted for their aesthetic appeal and simple style. They have added much convenience to our life and changed the way we live.

So I think that it is important to have the right living environment in order that creativity can be stimulated. The most direct way is to start from the art of architecture. If we live in a city with an aesthetic appeal and if we can come into contact with buildings and community facilities which are creative when we grow up and every day, we will find that under such influences, the trend in our society will be inclined towards the development of innovative industries.

Steve JOBS advocates the Bauhaus style in design because it blends art with technology. He also champions the idea of merging liberal arts education with technology. His great success in creating the Apple products is proof that placing an emphasis on liberal arts education is crucial. In my opinion, streaming in Hong Kong schools starts too soon and students can only concentrate on either arts or science subjects to the neglect of their artistic and creative development. This is one of the causes that stifle creativity and so there is a need to review this practice indeed.

In my opinion, a creative living environment should be fostered. The most important thing is to change how society thinks and the attitude of parents. The problem now is that society attaches too little importance to creativity and parents do not encourage creativity either. Some parents, in their bid to push their children to get good grades, even tell their children to only strive to get good grades in arts subjects.

A recent survey conducted by the Chinese YMCA Hong Kong shows that nearly half of the parents interviewed did not show any appreciation for their children's creativity. Almost 30% of the parents even scolded their children for having done the creative acts. They told their children that they were not doing the right thing they were supposed to do. This phenomenon is indeed worrying. If there is no recognition and appreciation for creative education by society, any policy on innovative industries will be futile no matter how good they may be if this is not matched by talents training efforts. President, apart from efforts made in the education system, a more important factor in talents training is to foster a creative environment. So if we were to launch any policy on innovative industries, the first thing we should do is to change the thinking of this society and enhance the importance it attaches to the arts. Another important thing is to aim at giving our children a life in the city surrounded by buildings with an aesthetic appeal. Then from their childhood, our children can grow up in a world where they can actually see and touch creativity at work. And as we launch an industrial policy which is innovative and blends various realms like architecture, arts, technology and creativity together, more people can be encouraged to aspire to becoming Steve JOBS of Hong Kong. We can then make use of the development of innovative industries to change our living environment for the better and improve the quality of life of our people. I hope the Government can pay more attention to this. Thank you, President.

**MS LI FUNG-YING** (in Cantonese): President, it is not a new topic at all if Hong Kong should formulate an industrial policy and at various points in time we have discussed the industrial policy of Hong Kong. But with the changes in time and space, the contents of our industrial policy would also change. In the 1960s and 1970s, whenever we mentioned an industrial policy, those factory buildings in San Po Kong, Kwun Tong and Aberdeen would immediately come to our mind. All these factory buildings which have seen their past glories used to be crowded and the hustle and bustle of life in these buildings is seen no more. Now many people who are aged over 40 must have had the experience of once working in these factory buildings, earning a living in the plastics, garment manufacturing or electronics industries. These industries were the ones that enabled our economic take-off and accounted for our development into the financial centre we are today.

As times change, there are rapid changes to the global economic environment. New economies have replaced those industries with which we used to rely on to achieve our success on account of their cheap labour and land. But at the same time we can see that our industries are blazing a new trail as well. And now besides the industrial estates, we have the Cyberport, the Science Park and the Eco-Park, fostered by our policies and facilities. I am sure the aim of these policies and facilities are the same as that proposed in the motion today, that is, to formulate a comprehensive policy to promote high value-adding, new technology-intensive and innovative industries, so as to ensure Hong Kong's long-term economic development. But the problem is that the effectiveness of these policies and aims are questioned by society. The Cyberport, for example, has become a project which stresses real estate and information technology is given only a secondary place. The tender exercise regarding the Eco-Park after completion has encountered numerous setbacks. In addition, these emerging industries, unlike traditional industries, cannot hire a large number of elementary workers. The result is that grass-roots workers find their job opportunities greatly reduced and many work types have become odd jobs and there is little job security.

The environmental protection industry is perhaps one of the few industries that can hire a large number of elementary workers. According to information from the Environmental Protection Department, all of the units in the first phase of the Eco-Park which used to have a poor response in the tender exercise have been leased. The response to the tender exercise regarding phase two is good. The recycling and separation of waste in Hong Kong has taken shape and with the commissioning of the Eco-Park, the local recycling industry should have greater room for development. The Government is also obliged to further promote the development of these trades.

President, we cannot turn the clock back and our industries cannot shuttle through time and return to the glorious past of the 1960s and 1970s. Admittedly, massive production stressing quantity of the past will find it hard to survive in Hong Kong. But it does not mean that trades like garment manufacturing, electronics, leather and shoemaking are out of the question here. Provided that we still have the relevant talents and skills, these traditional trades emphasizing quantity can migrate to a path stressing quality and brands. However, the transformation of these traditional industries is never easy because that hinges on factors like the culture in society, for example, whether or not due

respect is paid to craftsmanship, the problem of passing on trade skills and recognition of the market value of these skills, and so on.

Over the past couple of years the Government has introduced the policy of Energizing Kowloon East that seeks to revitalize factory buildings and the industrial area in Kwun Tong. But we are seeing the harms of that policy before benefits. In the past, the withering factory buildings were the workshops of people who wanted to start a business stressing quality and build their own brands because the rentals of these factory buildings were low. The immediate effect of the Government's policy of revitalizing factory buildings is rapid soaring of rentals of these factory buildings and many business starters have seen their room of survival stifled. This has also made the transformation of traditional industries even more difficult.

President, the amendments to the motion on industrial policy such as prescribing standard working hours and a uniform number of public holidays will undoubtedly help promote the healthy development of society and it is only when society can grow in a healthy manner that there can be any long-term economic development.

Thank you, President.

**DR RAYMOND HO** (in Cantonese): The production value of the secondary industry including the manufacturing industry accounted for 31.6% of the GDP in 1980. At that time, the industries was the largest employer in Hong Kong and its number of employees accounted for 50.1% of the working population of Hong Kong. By 2000, the production value of the secondary industry only accounted for 7.3% of the GDP. In terms of employment, the number of employees in this sector as a share of the working population dropped to 11.6%. These figures bespeak of the fact of the massive relocation of our industries to the Mainland. Our economy has in turn become heavily reliant on the service industries, especially the financial and real estate sectors. In recent years the series of international financial crises, such as the financial tsunami which started in the United States in 2008 and the escalating problem of sovereign debts in Europe, has served to expose the predicament we face as a result of this over reliance on the financial industry.

After the relocation of the production base of many enterprises in Hong Kong to the Pearl River Delta Region, and after many years of development, these enterprises are now facing problems like the ever-increasing production costs, including wages. Their operation is made more difficult as more stringent labour and environmental protection laws are introduced on the Mainland. Some of these enterprises are forced to move further inland or to other neighbouring countries where the costs are lower.

As early as in the 1980s I noticed the problem of the impact on our economic structure with the northward movement of our industries. At that time, I was involved in many government efforts concerning policies on industries and technology. Such work was voluntary in nature, being public service. At that time, the Industry and Technology Development Council was chaired by the then Financial Secretary Hamish MacLEOD. There were six Policy Secretaries who were members and I was another member. I took part in the Committee on Science and Technology for a number of years. During the period from 1992 to 1994, I was the chairman of the Technology Committee of the Industry and Technology Development Council. I made great efforts in promoting the development of industrial automation and innovative technology.

At that time, the six universities undertook a large number of researches and submitted a report called Roadmap to the Government. The report recommended the development of certain innovative industries such as information technology, biotechnology and material technology which were considered to have potentials. However, as the Government then was excessively obsessed with the policy of positive non-intervention, these recommendations were not seriously implemented. They were practically neglected.

Then the Hong Kong Science Park was established in Sha Tin and land was offered at cost to companies engaging in the development of new technology or improvement of existing technology. In 2000, the Government financed the setting up of the Hong Kong Applied Science and Technology Research Institute to promote the development of industries with science and technology content in the territory. It cannot be denied that these measures have brought positive impacts on Hong Kong, but their effect in promoting the development of innovative technology here is limited.

For many years, the focus of policy addresses has seldomly been placed on any policy to propel the development of the industries and technology. It was only in recent years that the Government's policy stand of positive non-intervention seemed to soften. In a bid to promote economic diversity and enhancing our long-term competitiveness, the Government proposed in the Policy Address of 2009-2010 to develop the six industries where Hong Kong enjoys a clear advantage. These are the education, healthcare, testing and certification, innovative technology, cultural and creative, as well as environmental protection industries. This shift in policy should be welcomed. Take the example of the testing and certification industry, Hong Kong does have the conditions to become a testing and certification centre in Southeast Asia and even for the world. But two years have passed and we cannot see any positive efforts taken by the Government to promote these six priority industries. A direction is also lacking. A step forward should have been made to enable the faster and balanced development of the industries in Hong Kong. But sad to say, some time is wasted.

Insofar as the promotion of the overall development of science and technology in Hong Kong is concerned, the expenditure on research and development (R&D) in Hong Kong only accounts for 0.79% of the GDP. It is a deplorably low percentage compared to other countries and economies. It is 2.7% in the United States, 1.4% in China and that will soon be raised to 2.5%, 3.3% in Japan, 3.0% in South Korea, 2.3% in Taiwan and 2.2% in Singapore. It gives people an impression that we do not attach enough importance to the development of science and technology. It is noteworthy that the actual R&D expenditure in China is greater than that of Japan and China has become the number two country in the world in terms of R&D expenditure. The experience of many countries in the past shows that the start-up resources for R&D mostly come from the governments concerned. That was the case of Japan in the 1960s and 1970s. Then such costs were borne by the enterprises. Therefore, the Hong Kong Government should increase its financial commitment to science and technology and encourage private sector enterprises to take active steps to engage in such efforts and increase the resource commitment.

Similarly, when it comes to the development of industries, government assistance for the related trades at the initial stage is also very critical. For example, there used to be no specialists on the design and construction of oil rigs in Singapore. But with the great efforts undertaken by the Singaporean

Government, and the development to date has seen the country now rank among the forefront of the world in this respect. The scale of the related industry is huge. As for the Mainland, the shipbuilding industry in Dalian has seen rapid development thanks to government assistance and also a speedy rise to the top echelon globally.

President, to develop the industries in Hong Kong, the Government should not confine its efforts to brief mention made in the policy address or the budget. It must formulate a policy with a specific direction and introduce concrete assistance measures to complement it. Thank you, President.

**MS CYD HO** (in Cantonese): President, the development of industries in Hong Kong should be premised on the principle of ensuring the job security of the people of Hong Kong. If an industrial policy will only offer concessions or better credit insurance service to the production lines of Hong Kong manufacturers outside the territory without giving any incentive for these production lines to be relocated back to Hong Kong, and if nothing is done to assure the job security of local residents, this will never help narrow the wealth gap in Hong Kong and hence there is little sense for such an industrial policy.

Ever since the beginning of the 1980s when the Mainland started opening up to the world, and ever since this movement of our production lines northwards, the working population in our manufacturing industries has been falling. It fell from 996 000 at that time to 110 000 this year. As many as 880 000 jobs are lost. Of course, with respect to this monumental economic restructuring that took place during the past 30 years, a number of major industries have fared extremely well. As many as 1.41 million jobs are provided. Compared to the entire working population, however, there are still 1.81 million jobs. We may say that these 1.81 million jobs can accommodate people who used to work in the manufacturing industries. But we have to know that if we ask these skilled workers in the manufacturing industries or the middle management or associate professionals in these industries to switch to the finance or real estate sectors, there would be some difficulties. As a result, all these skilled workers have become labourers at the elementary levels and an M-shaped society is thus formed. The problem of the wealth gap has become acute.

Let us look at the manufacturing industries in the third quarter of 2011 and the distribution of jobs there. Among the limited number of people employed in these industries, managers and executives take up 17.28%, associate professionals take up 20% and craft workers (that is, skilled workers) take up 22.6%. This percentage is quite high when compared to the middle-level positions in other trades like construction, transport, warehouse or even public administration and social personal service. Therefore, the Government should revive the manufacturing industries so that young people who join the industries at the entry level can hope to climb up the social ladder. At least they can reach positions in the middle management. In this way, workers at the elementary levels can have a chance to move upwards.

But what is the Government's view of the manufacturing industries? With respect to the Policy Address of 2011 just released, we have had a chance to discuss with the Chief Executive reviving the manufacturing industries. What is his reply? He said, "Cyd HO, please do not talk about it anymore. Unless the jobs you are talking about can lead to a per capita income of US\$30,000." I really did not know what the Chief Executive was talking about. It is because the present situation in Hong Kong is that the monthly income of more than 60% of the households here is less than \$20,000. According to the argument of the Chief Executive, those households making less than \$20,000 a month would have nowhere to go. Also, less than 30% of the people can manage to make \$20,000 a month.

What the Government should do is to provide more opportunities to these grassroots, that is, people at the very bottom of the social strata. It must not aim at doing things to add to the cosy life of the high-income group. It must not rely on the consumption of this group to trickle down wealth to the grassroots. The Government has also overlooked the fact that not every person in the working population is so outgoing that he can take up a job as a salesman, hence being suitable for jobs in the finance, real estate or tourism sectors. The Government is duty-bound to realize that in our population, there are bound to be people whose personality and skills would make them better suit for a job in the manufacturing industries.

As a matter of fact, there can be very high returns from manufacturing industries. An Honourable colleague has just mentioned the case of precision industry, that is, watch-making in Switzerland and jewellery manufacturing in

Hong Kong. These are trades of that type. But due to the insular mentality of our Government, our opportunities of development in this regard are simply wasted. The results of researches done by our tertiary institutions have also gone down the drains. A case in point is the electric car developed by The Hong Kong Polytechnic University (PolyU). If only there is a place as large as a football pitch, then we can start a production line here. If Hong Kong can make its own brand of cars and use a place with the size of a football pitch to produce the cars, we would be happier to see it than winning the championship in some regional football matches. The kind of jobs thus created is long-lasting and more practical. However, the Hong Kong Government would not want to do it and so the PolyU has to co-operate with the Mainland company BYD Automobile to produce the electric car.

The manufacturers should take the blame for the shrinking of the manufacturing industries because production costs were spent where unnecessary. In the past they used to speculate on the quotas and the prices for quotas were even higher than the products. So these factory owners should take the blame. They did not want to do anything about sewage treatment and they just wanted to reap hefty profits by speculating on the quotas. They were after greener pasture like the nomads and they would leave a place once the grass was devoured. Then what remained on the pasture was grass that either withered or grew very slowly.

Now Guangdong Province is like vacating its birdcages to house another kind of birds. When these Hong Kong factory owners want to come back to Hong Kong, they have to face the hegemony of estate developers and the high land price policy. This is the responsibility of our Government, and inexpensive land must be provided. For a consortium, if it owns a piece of land as large as a football pitch, it is obvious that it will use it to build posh flats instead of operating a factory to make electric cars. But we are not talking about the consortium; we are talking about the Government. The Government has the responsibility to set aside this piece of land for the manufacturing industries, make preparations for diversification of the economy and provide a wide range of jobs. It should take into consideration the employment of the people and offer them a social ladder for upward movement. In the final analysis, the Government should take the lead to change the land policy and shatter the hegemony of the estate developers. I would leave this issue to Mr LEE Cheuk-yan for a detailed discussion later on.

Now I would like to use 20 seconds to talk about the Apple Inc. Despite the fact that the Apple Inc. has been doing a swell job in R&D and as many as 1 million jobs are provided throughout the world, compared to the jobs created all over the world, only less than 5% of these jobs are offered locally. So I wish to stress again that even if there is R&D, the underlying principle should be protecting the jobs of the locals. Only when this is done that any policy on industrial development would be meaningful.

**MR LEE CHEUK-YAN** (in Cantonese): President, I would like to supplement the remarks made by Ms Cyd HO just now. The Labour Party supports a policy of re-industrialization premised on employment, and we have always thought that the greatest problem in Hong Kong lies in this exceedingly narrow scope of our industries. All this talk by the Chief Executive about the four major pillar industries and the six industries where we enjoy a clear advantage are actually not industries with any advantage at all. Furthermore, these four pillars of the real estate, finance, logistics and tourism industries have a very narrow scope. What we need is a diversified industrial policy and in this bid of diversification, we cannot afford to leave industries out.

What we mean by industries are not those we used to have, nor are they the manufacturing industries which used to flourish 20 or 30 years ago. What we are talking about are reincarnated industries, with innovation, technology and design elements added to them. The pity about Hong Kong is that there are four major hurdles that we have to clear in this re-industrialization. These four major hurdles are namely, the hegemony of the estate developers, the hegemony of the financiers, a fossilized and incompetent government and a glaring lack of talents. I will discuss each one of them in turn.

The first obstacle is obvious enough, that is, the hegemony of the estate developers. Just take a look at the chart of the richest persons in Hong Kong. All those names found in it are people from the real estate sector. But the same chart in the United States — and I do not know if the person topping the chart is that young man who founded facebook and he could well be number one — and Bill GATES and Warren BUFFETT may have already lagged behind. Why can that young man manage to find himself in the chart of the richest people? It is not because of what he has done in real estate, but by using his ingenuity and

creativity to develop facebook. Do we have this sort of thing in Hong Kong? No.

So under the menacing grip of the real estate hegemonists in Hong Kong, we can only find these people pushing up the prices of land, properties and rentals. This actually stifles the development of all the trades. In these circumstances, there is not the slightest chance for other trades to grow because they have to bear with the excruciating pains of exorbitant property prices and skyrocketing rentals. Therefore, the first and foremost thing is to address this problem. Failing this, I do not think there would be any development in Hong Kong. This motion proposed by Mr Andrew LEUNG is very important and certainly we would lend our support to the formulation of an industrial policy. But if this problem is not solved, I would be interested to know how in Mr LEUNG's opinion the problem of the hegemony of the estate developers can be addressed. Does he think that despite the high rentals, companies can still survive?

The second hurdle to clear is the hegemony of the financiers. One kind of hegemony is about bricks and mortar and the other is about that of the financiers who have got no brains. Why? It is because the financial institutions have a policy on lending that has been a cause for criticism for years and that is, loans will only be advanced to people who have got the bricks and mortar and those who do not will be rejected. With this kind of a banking system, how can we expect the industries to thrive? Even when we have young people who have brilliant ideas and entrepreneurs who are most innovative, if what they have got are only ideas and gimmicks but not bricks and mortar, then Mr Gregory SO, what then can they do? No bricks and mortar means nothing can be done.

But this is not the case in other countries. As we all know, the development in venture capital in the United States has reached a level where 11% of the jobs in the private sector enterprises are linked with this kind of capital. Venture capital is ..... how should I translate it into Chinese? Perhaps we can call it an innovative form of capital investment. And 11% of the jobs in the private sector in the United States are linked with this kind of capital. And 20% of the GDP in the United States, or 21% rather, are related to this kind of innovative capital investment. What about the case of Israel? Silicon Valley that we often hear about can also be found in Israel. In 1993, when the Israeli Government decided to launch that scheme, it also introduced two policies.

One was on offering tax concessions and the other was a one-to-one matching grant, that is to say, the amount of private investment made would be matched by a similar amount of capital input from the government. The result is that Israel has developed the second largest innovative capital market outside the United States and almost 70% of its growth in GDP comes from advanced technology. The R&D in Israel also ranks number one in the world and it occupies the highest share in terms of GDP among countries in the world as well. It can be said that Israel has put in all its resources in R&D. When Israel can do it, what has Hong Kong got under the financial hegemony we have? Nothing.

As we are flanked on both sides by the hegemonies of the estate developers and financiers, and if our Government is one which is capable, there may be a chance for it to intervene and come to our rescue. But this Government is both inept and fossilized. Just look at the speech made by the Secretary earlier. He was just playing the same old tune, saying that Hong Kong has got all these good conditions, a simple and low tax regime, the assistance given to the SMEs, and so on. These are nothing new. Are there any ideas to support innovative technology? The Secretary may cite examples like the Science and Technology Parks, but do they represent any innovative technology? Members can go for a site visit there to find out. I know that the restaurants in the Park are not bad, but the place is nothing more than a cluster of office buildings. Even if there are some hi-tech companies there, what they are doing is not related to innovative technology and these companies are only offering some technical services which they have been doing all the time. This Government is so fossilized that it will never take any action to lend its support to innovative technology and ideas. And so the whole thing just drags on.

The fourth major problem is about talents. There are no talents in the companies in Hong Kong who are working on innovative ideas. Why? The reason is simple. The entrepreneurs in Hong Kong can make fast money by speculating on properties. The engineers trained in Hong Kong all end up doing sales work. Who will care about innovation? The environment we have is not suitable for the training of talents in innovative technology and so we do not have these people.

Lastly, about the amendment proposed by Mr Ronny TONG, we will certainly support it, for the purpose of countering the speech made by Mr Jeffrey LAM. Sweden ranks the second in the world in terms of its competitiveness but

its labour protection system is the best in the world. So there is no contradiction between labour protection (*The buzzer sounded*) and competitiveness. Therefore, we will support the amendment by Mr Ronny TONG. Thank you, President.

**MR ALBERT CHAN** (in Cantonese): President, first of all, I wish to thank Mr Andrew LEUNG for proposing this motion. I would think that Dr LAM Tai-fai should also propose a motion on this topic too. Actually, this motion is about urging the leaders and top-echelon officials in the Hong Kong Government not to forget their past.

On the question of the roots of Hong Kong, the incumbent Chief Executive is a very smart guy and he knows how to change with the wind. But he has forgotten his past. The second person who has also forgotten his past is the hot Chief Executive candidate Henry TANG. He comes from a family of industrialists. When he was the Secretary for Commerce, Industry and Technology and later as the Financial Secretary, I said to him — when he and I were Members of the Legislative Council, I would chat with him and of course, I have not had such opportunities in these few years — I pointed out to him that as he was a representative of the industrial sector and as he came from a family of industrialists, when he had the power to formulate economic policies for Hong Kong in his capacity as the Secretary for Commerce, Industry and Technology and then as the Financial Secretary, he should try to steer Hong Kong industries to a new path of development. But even as he was the Secretary for Commerce, Industry and Technology and the Financial Secretary for so many years, he had not made any contribution to the industries in Hong Kong at all.

As the Chief Executive, Donald TSANG has destroyed the industries in Hong Kong with his own hands. Over the past 20 years, I have had contacts and fights with various government departments and I have begged and implored the officials on many occasions. At the beginning of the 1990s, the Government resumed the land in the Yam O log pond. It also resumed the land with a number of iron casting workshops with small boilers operating as family businesses to facilitate the residential projects along the Tsuen Kam Interchange. These iron casting workshops were the only ones left in Hong Kong and there were only three or four of them at that time. The Government resumed the land on which these iron casting workshops operated. These workshops were the last

ones and they were not found elsewhere in Hong Kong. In those days, if a ship needed some spare parts, these workshops could cast these parts and repairs could be made instantly. Such workshops were not found in other parts of Hong Kong. But the trade had disappeared. The acquisition of the Wah Kee Industrial Centre, home to some 600 factories, caused the only factory making chains for dogs to disappear. So a lot of these kinds of industries have withered. Many Members of this Council have pointed out that the garment industry and the toy industry which flourished in the 1960s and 1970s have disappeared.

I recall pointing out to Donald TSANG personally in the 1990s that this log pond in Yam O was the only one left in Hong Kong and this log pond had not only helped the development of the relevant trade but the very storage of timber there had offered jobs for other industries like timber sawing and transportation. But after the Government had resumed the land for the log pond, it refused to relocate it to another place.

For many years the only example of relocation is the Shiu Wing Steel Limited and it could be due to the fact that the PONG's family is on good terms with the Government and they have some clout. The Industry Department then particularly wrote a report to sing praises of the trade, saying that it had vital contributions and impacts on the economy of Hong Kong. But three similar steel works in Tiu Keng Leng were resumed at that time and only the Shiu Wing Steel Limited was relocated.

For many years the leaders in the Hong Kong Government have simply neglected the industries. They do not care about our roots and the importance of these industries in offering jobs to the working class. It can well be said that they simply forget the past. So throughout these years I have been strongly denouncing the Government for this kind of uncaring attitude. I have been criticizing it for only trying to promote the finance and tourism industries to the total neglect of the industries which are so important and can create so many jobs.

It makes us sad and outraged if we look at the figures. In the year 2011, industries in Hong Kong only accounted for 7% of the GDP. But it is 28.3% in Singapore, 32% in Taiwan, 39.4% in South Korea and 27.5% in Switzerland. President, industries in Hong Kong only account for 7% of the GDP. What a pity, and what a shame. Thanks to the industries, our economy took off in the 1970s. Now people working in the industries only take up 4.7% of the working

population. This is the figure for 2010. In Singapore, it is 30%, and it is 35.9% in Taiwan, 23.6% in South Korea, and 23.4% in Switzerland. Both Hong Kong and Singapore are cities. The hinterland of Singapore is the entire Southeast Asia while that of Hong Kong is the Mainland. But in terms of the percentage in the GDP and the working population, industries in Hong Kong are deplorably small in scale. This is the result of government policy all along.

Hong Kong actually has a lot of opportunities. We have the Motherland at our back and we can build industrial production bases and many products can use Hong Kong brands in marketing in places on the Mainland and throughout the world. But all through these years the Government of Hong Kong has overlooked this need. Now that the Chief Executive Election is around the corner and People Power will of course state its staunch opposition to this kind of small-circle election. And we must condemn these politicians who have forgotten our past. I have to ask the two candidates for the Chief Executive Election whether or not they have forgotten our past and where they would think the livelihood of the members of the public lie. They must stop this kind of hollow and bombastic talks which forget the very past of our society and which neglect the needs of the people.

**DR SAMSON TAM** (in Cantonese): President, Mr Albert CHAN said just now that industries are the root of Hong Kong's development over the past few decades.

I remember that when I was studying in secondary school and then in the university, I worked summer jobs in the industries. At that time, the industries included watch-making and other kinds of family industries. I also worked in the construction industry and for two weeks I had worked as a steel fixer. I therefore know that the earnings made by all kinds of industries are good to Hong Kong.

I am sure that the industries now are certainly vastly different from those in the past. And if Hong Kong still has to rely on traditional industries like assembling plastic flowers, watches and clocks, it will never work. It is because of this that the Government should think about the kinds of economic activities Hong Kong needs in future and what kinds of new industries would serve the

purpose. I therefore agree that the Government should start thinking about a new industrial policy right away.

I agree very much with some Honourable colleagues who have said earlier that an industrial policy is meant not only for creating wealth, it is also instrumental in preserving jobs in Hong Kong. How should jobs be preserved? I think that now it is a good time for it. Because of economic restructuring, China is no longer just a powerful workshop of the world, it also badly needs new concepts, especially those in science and technology and innovation. So things not done by the Government in the past do not mean that they will not work. The Government should undertake a review in this aspect and draw up a new positioning. This is the right time for it and the Government must seize this new opportunity.

Let us look at the administrative framework of the Government. There are two relevant departments, that is, the Innovation and Technology Commission and the Trade and Industry Department. We all know that these two departments are only responsible for enforcing policies and Secretary Gregory SO is the policymaker. But since Secretary SO has such a busy schedule of implementing so many policies that he would have no time to do anything about a policy on high technology. This I understand. But even if he does not have the time for it, this does not mean that such a policy is not important. So I would expect the new term of the SAR Government can put in resources and work out a long-term industrial policy for Hong Kong.

Let us look at the situation in Taiwan. Taiwan is an example often cited by Members, because Taiwan has done a good job in this aspect. It has used 30 years to shape Taiwan into an island of science and technology. When the Taiwanese President MA Ying-jeou had freshly assumed office, the cabinet formed by him immediately set itself to the task of formulating a new policy in that area. I am sure this is because he knew that the industries like computer hardware and technology products which contributed to Taiwan's economic achievements were beginning to face new challenges.

What are these new challenges? They are the relocation of factories engaged mainly in producing technology products and computer hardware to the Mainland for reasons of lower costs and possibilities of mass production. And like Hong Kong, the number of workers in Taiwan has been dropping.

Therefore, the Taiwanese Government has to formulate a new policy in order to effect some changes. What are these changes? According to some reports, economic celebrities are appointed to the cabinet, like the new Minister without Portfolio in the Executive Yuan, CHANG San-cheng, who used to be the Regional Director of Hardware Operations in Asia, Google Inc. In other words, the Taiwanese Government is appointing professionals into its cabinet to help formulate a new industrial policy. This is because though the previous industrial policy had helped Taiwanese enterprises thrive, they have been relocated to the Mainland subsequently. The results are a loss of jobs in Taiwan and a widening wealth gap there. I therefore implore the SAR Government to make employment the prime consideration in contemplating an industrial policy and pay special attention to a policy on high value-added industries premised on employment.

The new policy introduced in Taiwan stresses the promotion of things like "education cloud" and "healthcare cloud" as complements to conventional technology and hardware. In the conventional industries, there used to be a pinhole focus on the manufacturing industries. But the manufacturing industries are actually a link in the entire chain of industries. There are links like product design and marketing before and after production and there is also after-sale service at the very end of the chain. Each of the parts in the system has to tie in with the whole. I am sure it is only in Hong Kong that there can be a blending of the Internet economy with conventional industries and this is precisely what is being done by the Taiwanese Government.

Against such a backdrop, I must say I am very worried. The Taiwanese Government has committed resources to setting up a framework to boost the export of service industries. The service industries are an edge of Hong Kong and the conventional industries here have transformed into service industries. Now our neighbours are making a repositioning of their industries. I therefore hope that the SAR Government can seize the opportunity to do something about it.

Some Members have said earlier that if Hong Kong is to do well in industries, there must not be any excessive involvement of the Government. This is because it is not the Government's responsibility and what it should do instead is to provide a good platform.

Some Members have mentioned talents training, the provision of more opportunities and a matching environment. Just how many resources do tertiary institutions in Hong Kong inject into training up technical personnel? And after receiving the training, will they have access to good job opportunities? What kinds of assistance does the Government offer to help them enter the industries? All of these areas provide great room for efforts input.

The Government can foster a congenial environment to enable technological products and services to venture into the Mainland market or the Asian market. As for the Innovation and Technology Fund mentioned earlier, risk investment and such like issues raised earlier, I think that the Government should give more thoughts to them and spearhead the relevant actions. So I would expect the Government to take the initiative to think about how best new elements like technology and innovation can be injected into the industrial policy so that young people and entrepreneurs of the new generation do not have to go to the real estate or finance sectors to make money. Instead they can make use of their expertise, capabilities and enterprise to create wealth and more jobs for Hong Kong.

Thank you, President.

**MR CHAN KIN-POR** (in Cantonese): President, Hong Kong is under the threats of the European debt crisis and another financial tsunami may hit us anytime. In such circumstances, I think that it is most meaningful for the Legislative Council to debate the topic of an industrial policy. Every time when Hong Kong faces a financial crisis, the dangers are especially immense. As we know, our industry mix has long been stressing the financial and real estate sectors and so we are particularly vulnerable to economic fluctuations. Once the financial industry is under attack, the entire economy of Hong Kong would sink into a quagmire.

Hong Kong is an international financial centre and its achievements are remarkable. But behind all such glory, there is actually a great crisis here because the conditions conducive to our development are diminishing. Meanwhile, we have to face the challenge from Shanghai. The fact that we can still manage to keep our economic position is to a very large extent attributable to the Mainland and its support. No wonder people have kept saying in recent years that Hong Kong faces a crisis of being marginalized. There is a need for

Hong Kong to have a sense of this impending crisis and to re-orientate its direction of development. While the financial services industry remains an important pillar of Hong Kong, we must also study the development of other industries. We should think in particular how industries can become a secondary pillar for Hong Kong such that it can steer Hong Kong back to the development direction of industrial diversification. For if not, we will only fall behind and find the future challenges difficult to address.

Hong Kong also faces the problems associated with an imbalance in our demographic structure. There has been a massive influx of Mainland residents to settle in Hong Kong and the result is an enormous labour force at the grassroots. In this knowledge-based economy of Hong Kong nowadays, there are not enough jobs at the elementary levels to meet such a huge demand. The problem can be addressed at times of a booming economy. But when the economy runs into the ebbs, the problem will only worsen and a lot of people will be forced out of their jobs. So developing the industries is an effective method to solve the problem of an over abundance of labour supply and it can also be seen as a means to solve the problem of unemployment as well. From another angle, Hong Kong should have enough labour force to support the development of its industries and I believe, given the training, local workers can also cope with jobs in high value-adding industries.

As we find in many negative comments made, the present-term Government is deaf and blind to the call for an industrial policy. As a matter of fact, a lot of government support is needed in the development of industries and there must also be an industrial policy to offer concessions and competitive terms, for example, in taxation, training of technical personnel and land. More importantly, the Government should assume a leading role in assisting the development of the industries. As we look around places in the Asia-Pacific Region, stories of success in industrial development all owe a good deal to the immense support from the governments concerned. As these stories have been told many times already, I do not think I have to repeat them. If the Government is to assume a leading role, it must first renounce the "big market, small government" policy. In fact, when the Government avows to develop the six priority industries, it has always refused to assume a leading role and so these six industries have not made any progress to date.

Many people think that Hong Kong does not possess the conditions for industrial development principally because production costs are high and land premiums expensive. Such unfavourable conditions do impose great restrictions on Hong Kong if we are to develop low-end industries of low technology content. But as many experts have said, it is not true that we do not have any edges. In areas like the potentials for the development of high and innovative technologies, convergence with world standards in production technology, the flow of information, quality assurance and talents in technology, we do enjoy some edge. The question remains how these edges can be effectively tapped by the Government and the entrepreneurs. As to the question of land, now the Government is thinking about opening up the Frontier Closed Area. I am sure if only the Government wants it, it can certainly find suitable plots of land for use by the industries.

With the rapid development of the Mainland economy, there would be a lot of new opportunities for the development of economy. But there are many uncertainties as well. I hope that the Government, especially the Government of the next term, can expeditiously draw up an industrial policy for Hong Kong from a long-term perspective so as to change the imbalance in the economic structure at present.

President, I so submit.

**MR CHIM PUI-CHUNG** (in Cantonese): President, the history of Hong Kong's industrial development began in the 1950s. Owing to changes in the political environment, industrialists in the vicinity of Suzhou and Zhejiang brought with them equipment and capital to Hong Kong for development. Consequently, Hong Kong had experienced significant development from a fledgling business environment. Spinning factories and many other industries had thrived at that time. With the emergence of textile quotas later on, a lot of garment manufacturers, such as jeans manufactures, became rich. At the same time, by the end of the 1950s, with the popularity of plastic manufacturing and the "black pea", that is, transistor radio, Hong Kong's industrial sector entered once again a period of global prominence and status.

With the advent of the 1980s, given the surging cost of the manufacturing sector and the robust development of the real estate sector, industries had to move

northward to the Mainland. Nevertheless, it did not mean that Hong Kong people did not enjoy the fruit of achievement. A handful of industrialists, with foresight and vision, had catered to the changing environment and moved northward for investment. At present, service industries are the mainstream in Hong Kong. I have been criticizing the Hong Kong Government for being short-sighted. Hong Kong has already evolved into a service-oriented economy, encompassing sectors such as finance, tourism as well as transportation and trading, but as a matter of fact, the services provided by Hong Kong people pale in comparison with those of Thailand and Japan. Our vision is inferior as well. In Hong Kong, people serve only for benefits and money, but not for serving others. The changes in social environment are actually nobody's fault.

President, the most important task for our Government in future is to be awakened, but I have to ask, "Fifteen years has passed since the reunification, but has this Government ever been awakened? Does it have any sense or feeling at all?" It just muddles along and has never taken any initiative to work out something nor pursue benefits for Hong Kong people from a long-term perspective. That said, we cannot totally blame the government officials. They benefitted from the colonial education and the favourable conditions offered by the colonial authorities, and now they have become members of the ruling class of the SAR Government. Yet, they are really short-sighted.

President, there are two main aspects in the motion of "Formulating an industrial policy" proposed today. On the one hand, we have to push ourselves ahead and have foresight; and on the other hand, we have to learn from other people, as I have always said. Among the Western European countries, Switzerland is the role model. It is true that Hong Kong's wage level is higher than that of China and other regions, but if we compare our land price or wage level with that of Switzerland, I staunchly believe that ours can be 20%, 30% or even 50% lower. Despite this, Switzerland still manages to be a world's leader with its watch industry and other industries. Why does Hong Kong not learn from others in this regard? Let us also take a look at Taiwan. In 1949, the Communist Party of China liberated China, and the Kuomintang retreated to Taiwan with virtually nothing in possession. But nowadays, the industrial sector of Taiwan can boast that in any one computer around the world, there must be some components manufactured in Taiwan, otherwise it cannot be named as a computer. This is the kind of pride and heroism that the Hong Kong Government should take the lead in encouraging the people to learn from them.

At the same time, without doubt, Hong Kong has become a place where everyone only aspires to earn quick money. The industrial sector is really having a hard time. It is really difficult to ask a young person to work in a factory nowadays. Regarding this problem, Members representing the labour sector, such as Mr LEE Cheuk-yan, have to under certain responsibilities. Why? We do not intend to disregard or show no concern of the rights of labourers. Yet, an industrialist or one who engaged in the industrial sector must have capital, which means that he is rich, and despite his wealth, he has to come under censure by workers. For me, this is definitely not I want. I am not being selfish, but after balancing the interests and rights, I may as well pursue other forms of development, instead of engaging in the industrial sector which is regarded as "exploiting workers". Under such a circumstance, people who do not exploit others cannot be engaged in the industrial sector. Hence, what can the Government do to encourage the younger generation to embrace the industrial sector and learn of its importance?

President, we can see that many products sold in the recent Hong Kong Brands and Products Expo have won the favour of Mainlanders and Hong Kong people alike. Furthermore, since the implementation of the CEPA in the Mainland, numerous famous Hong Kong brands have sold much better than before. Therefore, the Government has to enhance Hong Kong's status, capitalize on modern technology and the enterprising spirit of Hong Kong people, as well as our neighboring environment for the creation of its industries in future. This is what we expect will pave the way for a better tomorrow for the harmony of our society.

**DR LAM TAI-FAI** (in Cantonese): President, one has to make a lot of decisions in his life, some are right and some are wrong. Luckily, I have made two very wise decisions. First, I chose to study an industry-related subject to equip myself with relevant skills; second, after graduation, I have all along been engaged in the industrial sector. The sector may not guarantee remarkable success, but those engaged in it can definitely make a living as well as live and work in contentment.

As a matter of fact, Hong Kong's industrial sector has managed to develop in full throttle on the heel of China's reform and opening up, making significant

contribution to the economic prosperity of Hong Kong. It can be said that the sector has laid a profound and solid foundation for Hong Kong's economy.

As many Honourable colleagues have mentioned earlier, the industrial sector not just contributes significantly to economic development, more importantly, it also provides a great deal of employment opportunities, especially for the middle and lower classes as well as for non-skilled workers. In the early 1980s, nearly 1 million people were engaged in the manufacturing sector, accounting for more than 40% of the total workforce. At that time, the society was virtually in a state of full employment, and everyone lived and worked in contentment and harmony. But nowadays, as Hong Kong tilts towards the finance and real estate sectors, many deep-rooted social conflicts and grievances have subsequently arisen.

After the reunification, the Special Administrative Region (SAR) Government, in pursuit of quick success and instant gains, initiated a "great leap forward" with its proposals on developing emerging industries, including a Chinese medicine centre, a Cyberport and a floral port. I am not against developing emerging industries, but I find it unacceptable that the Government has ignored the industries which have a rock-solid foundation. The Government is short-sighted in believing that Hong Kong's industrial sector cannot and should not be redeveloped. So, it lets the sector live and perish on its own, and stops short of offering appropriate assistance for it to upgrade and transform, grasp business opportunities or develop in a sustainable manner. The result has been apparent to all: these so-called emerging industries, such as the Chinese medicine centre and the floral port, are all "loud thunder with no rain", all having a fine start but a poor finish, whereas the industrial sector, amid the Hong Kong SAR Government's ignorance, has kept on shrinking.

President, I mentioned just now that since the reunification, the Government has tilted towards the finance and property sectors. Despite having undergone several financial crises, it has neither learnt any lesson nor ever been awakened, taking no initiative at all to redevelop the industrial sector as a form of physical economic activity. In 1997, the year of reunification, manufacturing accounted for 6.5% of the GDP. It amounted to 3.4% when the then Chief Executive TUNG Chee-hwa left the office, and merely 1.8% in 2010. The number of people engaged in manufacturing has dropped from 300 000 in 1997 to the current level of around 100 000, accounting for less than 4% of the total

workforce. What do these figures indicate? They indicate that Hong Kong's industrial sector is getting increasingly close to devastation under the Government's policy mindset of zero support.

The Government always says that the current state is one of full employment, with an unemployment rate of merely 3.3%. Yet, Members have to be aware that behind all the glamour, unemployment among young people is indeed very serious. Why? The reason is that under the absence of an industrial sector, the types of work and job opportunities available in society have become very narrow in scope and limited in number. As a result, for young people who do not aspire or manage to find a job in the finance, property or service sector, job opportunities are scarce, and so is their prospect for upward movement. What will ensue then? The current situation shows that this has already given rise to many deep-rooted conflicts and grievances, which in turn are getting bigger and deeper ever.

I very much agree that given Hong Kong's high land price and labour cost at present, it is not apt to develop traditional industries that are labour-intensive in nature and require large pieces of land. Nevertheless, the industrial sector can develop along another direction. It can take the route of "three highs", that is "high value-added, high technology and high quality", along which new room may be explored for development.

Let us take a look at many of the developed economies, such as Germany, Switzerland and Japan. For all the problems of high land price and high wage level that these countries are facing, their industrial sectors still manage to develop sturdily. Let me cite Finland as an example, its industrial sector accounts for 30% or so of its GDP.

If the industrial sector is to develop along the route of "three highs", it is impossible to rely on the effort of the sector alone. Therefore, the Government has to devise policies and roll out measures in support of the sector's development, so that the Government and the sector and take forward the development in tandem. Only through this can a favourable business environment be created for the development of our enterprises and the sector itself.

President, good tools are prerequisite to the successful execution of a job. To develop products along the route of "three highs", it is necessary to purchase state-of-the-art machinery for the production process carried out in the Mainland. However, the current Inland Revenue Ordinance of Hong Kong is by no means an incentive for enterprises' purchase of new machinery. Why do I say so? The reason is that if an import processing enterprise installs machinery in its Mainland production plant, it will not be eligible for the depreciation allowances dedicated to machinery and plants. Over the past few years, I have been working to reflect the sector's concern to the Government, and suggest that section 39E of the Inland Revenue Ordinance be reviewed and amended. Nevertheless, the public officers in charge have all along handled the issue in a highly rigid manner. They sidestep the difficulties involved, decline to take up challenges, and refuse to make any review or make any amendments. As a result, our import processing enterprises can neither upgrade and transform along with the State's policy nor grasp the opportunities involved.

If the route of high technology is to be taken, the Government needs to offer numerous incentives, such as double tax reduction, to encourage more enterprises to engage in research and development (R&D) in order to enhance their competitiveness and innovativeness. Of course, there should also be measures to assist enterprises in commercializing their R&D deliverables and taking them to the market, so as to provide an avenue for such deliverables.

The "Made in Hong Kong" brand is a guarantee of confidence and quality in the international arena. We should capitalize on our edge to implement and build on the various agreements signed under the CEPA over the years with a view to making this little door open. Realigning the production processes carried out in the Mainland and Hong Kong through the CEPA can increase the range of products available under the "Made in Hong Kong" brand, enhance the value of the brand, and explore further business opportunities to the benefit of the sector's development.

President, I so submit.

**MR WONG KWOK-HING** (in Cantonese): President, for some time in the past, the manufacturing industry enabled Hong Kong's economy to take off, turned

Hong Kong into one of the "Four little Dragons" of Asia, and supported the living of a million people or so.

Nevertheless, from around the 1990s, as Hong Kong's traditional manufacturing industry and some of its production processes moved to regions where land price, rent and labour cost were lower, the importance of the industrial sector to Hong Kong's economy seemed to shrink progressively. The number of people engaged in the sector has fallen from more than a million to 100 000 or so today. According to the figures from the Census and Statistics Department, about 128 800 people were engaged in manufacturing in 2006; and in 2010, the number dropped to about 111 400, translating into a 13% decline.

In addition, comparing the third-quarter production volume of 2011 with that of 2010, industries recording declines included metal; computer, electronic and optical products; as well as machinery and equipment, reporting a drop of 12.2%; wearing apparel saw an 11.8% decline, and textiles 11.2%. On the contrary, industries recording growths only included food products, beverages and tobacco products (a growth of 5.7%), paper products as well as printing and reproduction of recorded media (a growth of 1.4%).

The above figures tell us that Hong Kong's industrial sector is shrinking gravely and is even on pace to an all-out demise sooner or later.

President, for many reasons, it is difficult to keep developing low-skilled manufacturing industries in Hong Kong. In its place should be industries that are high value-added, high technology and are able to develop in a sustainable manner. They should be the way out for Hong Kong's industrial sector. However, does the Government attach any importance to them? Have relevant policies been devised? The answer is no.

Over the past two decades, there has been an exodus of industries, as well as a rapid decline in a large number of elementary posts. Despite the successful transformation in Hong Kong's economic structure, its development has been more on tertiary industries, such as finance and trading, tourism and service over the years. Industrial development as a form of physical economic activity can be said to be playing a lesser role. The economic structure has gradually turned from diversity to one reliant on a few sectors, which is very unhealthy.

Why does Hong Kong need an industrial sector? The reason is simple in that it can address the problem of employment for members of the public, such that there are multiple employment pathways for the new labour force that arises every year. Only through a job can one make a living. Therefore, the Hong Kong Federation of Trade Unions has, over the past 10 years or so, been urging the SAR Government to devise an employment-oriented economic policy, but the Government has turned a deaf ear. For example, the financial turmoil in 1997, the burst of the dotcom bubble in 2000 and the financial tsunami in 2008 have all stagnated Hong Kong for a long time.

Experience affirms that we need production activities that are tangible and physical in nature in order to sustain social and economic development. If the whole society is solely reliant on the service sector, it may be badly hit amid economic downturns, and economic contraction will likely ensue. Hence, it is necessary for Hong Kong to have its own industrial sector in order to achieve diversification for its economic model and job types, with a view to spreading out the risk of economy downturn.

Moreover, Hong Kong enjoys an edge in terms of its geographical location, and the CEPA has facilitated the development of cross-border trading by allowing Hong Kong-made products to enjoy zero tariffs when being exported to the Mainland. These measures can serve the purpose of attracting foreign capital to set up plants in Hong Kong.

Although the cost of production of Hong Kong may be far higher than that of cities in the Mainland and neighboring countries, if Hong Kong focuses on high value-added, high-technology and high quality industries, I believe that the price of land dedicated to such industries and the proportion of wage to the cost involved will both reduce.

In addition, Hong Kong also needs to have a good and healthy land policy, instead of merely tilting towards the property and finance sectors. The Administration should provide cheap lands to industrialists, and offer vigorous support and active push for the restructuring and upgrading of industries, as well as develop multiple industries. The Hsinchu Science Park in Taiwan offers a case in point where the businesses of electronic contract manufacturing, semiconductor manufacturing, computer software development and optoelectronics are successfully run with the backing of government policies.

As high-technology industries have to be supported by higher education institutions and a transportation system, the Administration should increase the amount of land in the vicinity of multi-disciplinary universities for industrial uses and enhance the transport facilities in the area. Areas in the vicinity of Cyberport, Tai Po and Sai Kung are the ideal places for such purposes.

As stated in the Budget, the \$4.9 billion Hong Kong Science Park Phase 3 development has commenced and measures to revitalize the three industrial estates will be implemented; we welcome such initiatives. Yet, I am a bit disappointed by the Government's undue conservatism in new industrial estate development.

Apart from hardware, the software support available in Hong Kong is also favourable. The Government should keep on encouraging universities, enterprises and research and development (R&D) centres to employ local university graduates to participate in R&D.

The above initiatives not only facilitate R&D, but also contribute to the recruitment of local R&D talents and the enhancement of the quality of higher education, such that all talents and resources available will be optimally used.

Apart from the support in respect of policies and administrative measures, the Administration should also provide tax incentives and interest-free loans to small and medium factories, so that they may, in the first few years of operation, enjoy substantial incentives in respect of taxation, interest-free loans, machinery and plant, investment-related rebates, and so on. The Administration should not deem these measures interventionist. Instead, it should offer vigorous support to attract high-technology firms to relocate their plants back to Hong Kong and lure new investors to the territory at the same time.

With these remarks, I support the original motion and the two amendments.

**MR ALAN LEONG** (in Cantonese): President, ever since the industries in Hong Kong fell into a gradual decline in the 1990s, the Hong Kong economy has been relying on the traction provided by the dominant financial and real estate industries. We can note in the Budget released recently that in 2010, the four traditional pillar industries created a total added value of over \$1,000 billion,

contributed 58% to the GDP and employed 1.7 million people. In contrast, the six industries where Hong Kong enjoys clear advantages as identified by the Task Force on Economic Challenges in 2009 accounted for only 8.4% of the GDP in 2010 and the total number of employees hired by these six industries only stood at about 400 000.

We still remember that the former President of the Hong Kong University of Science and Technology, Prof Paul CHU, before leaving his post, made some thought-provoking parting remarks. He said, to this effect, "Hong Kong should not rely solely on the financial industry for its economic momentum. Rather, it should learn from the example of Taiwan and Singapore by developing high-technology industries, which will lead Hong Kong in making its economic transformation." Hong Kong needs the support of an industrial policy in the development of technology and turning the fruits of the technological research conducted by universities into products.

Unfortunately, the Government lacks any specific complementary industrial policy and its financial support for researches conducted by universities is also insufficient. In addition, officials do not have any patience for technological research. It is said that they would ask "what results have you got" on a daily basis and many workers in the Hong Kong Science Park are feeling very frustrated. Such an approach is very much consistent with the mentality of the top officials of the SAR Government, who are eager only for immediate results and benefits. The development of technology requires long-term commitment and investment. It is unlike property and stock speculation, which requires us to see how much money we should invest and how much money we have made every day.

Concerning the successful experience of Taiwan, I have also looked up the relevant information. Starting out as an agriculture-based economy in the 1950s, Taiwan has transformed into a leading producer of high-technology products, with many of its semiconductor, optoelectronic and telecommunications goods occupying a large share of the global market. In 2009, Taiwan ranked first in the world in integrated circuit packaging and testing, while placing second in integrated circuit design in terms of the global market share. A study points out that Taiwan's achievement is closely related to the two major policy initiatives of its Government. The establishment of the Industrial Technology Research Institute (ITRI) in 1973, coupled with the opening of the first science-based

industrial park in 1980, has helped foster the development of the high-technology industry in Taiwan.

President, the ITRI in Taiwan undertakes applied researches and provides technological support. It derives half of its funding from the Government and the other half from private research and service contracts. Research projects are conducted in close co-operation with small and medium enterprises (SMEs). The ITRI co-operates with SMEs conducting researches and the results of these researches are transferred to local industries for further development and eventual commercialization. For technology diffusion, the ITRI grants about 1 000 patents and transfers hundreds of items of technology to the industrial sector each year. The ITRI would also spin off technical teams that have developed to maturity and create private firms. For example, the United Microelectronics Corporation was a research and development team which developed into a company with a strong presence in the global market.

President, it is true that in Hong Kong, there is also the Hong Kong Science and Technology Parks Corporation and the Hong Kong Science Park managed by it. However, as pointed out by President Prof Paul CHU, does the Government have any comprehensive industrial policy? Apart from meeting such basic requirements as the provision of land, financial assistance and tax concessions, has it taken any further steps to help the commercialization of the fruits of technological research and their application to commercial uses? To effectively transfer the results of research to the market, we can learn from the strategy of the Commission for Technology and Innovation (CTI) in Switzerland which pursues a four-pronged strategy.

First, assisting in the financing of market-oriented research and development projects implemented by companies in collaboration with universities; second, investing in the promotion of entrepreneurship by supporting the establishment and expansion of companies with great growth potential; third, promoting knowledge and technology transfer between businesses and universities; and fourth, participating in international research and development programmes particularly relevant to the Swiss economy. The CTI's work effects considerable leverage in the promotion of innovation in the country, and many SMEs have benefited from it.

President, recently, when the Chief Executive Officer of the Hong Kong Science and Technology Parks Corporation, Mr Anthony TAN, was interviewed, he said that Hong Kong absolutely had the ability to groom and nurture another Prof Charles KAO. Unfortunately, the Government lacks any clear development goal and has failed to take the lead in eliciting greater support from the relevant industries and the business sector. We can see that in the Budget released recently, the measures on the promotion of the innovation and technological industries are only rehashes of old initiatives, with some tinkering to them. The Civic Party hopes that the Government can learn a lesson from the painful experience of the past and change course completely, so that the industrial policy of Hong Kong can bring results and a vision.

I so submit.

**MR WONG TING-KWONG** (in Cantonese): President, generally speaking, high value-adding, new technology-intensive and innovative industries can be classified as the new industries of Hong Kong. The development of new industries is the common goal of many developed regions because the Governments of various places know that the 21st century is the century of knowledge and innovation. In order to emerge as the frontrunner in global competition, it is no longer preferable to rely solely on toil and sweat. To get twice the result with half the effort and ensure prosperity, it is necessary to establish a knowledge-based economy underpinned by the development of high value-adding, high-technology and innovative new industries.

In recent years, the Mainland has endeavoured to develop new industries, so as to wean itself of the dependence on the low value-adding processing trade. The nurture of new technology-intensive industries has become a development strategy of the utmost importance to the Mainland. Many references to this area can be found in the National 11th Five-Year Plan and the National 12th Five-Year Plan. It can be envisaged that within a decade, the industries on the Mainland will experience sea changes.

In Hong Kong, we have talked about the development of new industries for years and proposals on six industries where Hong Kong enjoys clear advantages have also been made. However, the results so far are less than obvious. The

root cause is the absence of a comprehensive and sound policy on the development of new industries.

President, to ensure that the industrial development in Hong Kong would not lag behind others, we must formulate a comprehensive policy to encourage competition, reinforce our strengths and establish an economic model founded on knowledge and innovation, so as to promote the development of new industries.

In this regard, it is true that Hong Kong faces some drawbacks and challenges, for example, high land prices, high rents, high wages, a weaker foundation of research and development, and so on. However, we still possess many advantages. We have an excellent infrastructure, a well-developed legal system, a clean and efficient Government, international business experience and networks, close links with the huge Mainland market, and so on. So long as we can give play to our strengths and avoid our shortcomings, new industries will have great potential in Hong Kong.

First, the Government should lay down short-, medium- and long-term goals and strategies for the long-term development of new industries, formulate a more proactive new industrial policy to offer concessionary measures to specific new industries and multinational corporations, so as to attract them to make investments and technology transfers in Hong Kong. These concessionary measures include the provision of tax and loan concessions, direct government participation in investment, establishment of new industrial parks, development of the boundary areas into new industrial sites and offering concession on Government rent and rentals.

On talents, the Government should all the more allow tertiary institutions to offer relevant new programmes having regard to the needs of development of new industries, so as to nurture more talents for them. At the same time, the Government also has to offer facilitating measures by continuing to actively import suitable talents from outside Hong Kong, so as to meet local demands.

Apart from talents, the promotion of co-operation among various parties is also very important. The Government should establish a network and mechanism to encourage the academic sector and the relevant industries in Hong Kong to co-operate with organizations outside Hong Kong in R&D activities. For example, the Government can create websites and organize exhibitions, seminars and exchange groups to provide information on technology transfer

projects and partnerships. It can also establish a clearly defined co-operation mechanism to enable it to co-operate with the relevant industries and the academic sector in establishing companies, so that these three parties can share the profits. In addition, the Government can also take the lead by making an equity injection for the establishment of a venture investment fund to promote the development of new industries.

At present, new industries on the Mainland are developing rapidly, so Hong Kong should also seize the opportunities and development trends presented by the National 12th Five-Year Plan and tap the strengths of the Mainland by relocating some of the non-core production processes of its new industries to the Pearl River Delta Region. The two places can also co-operate with each other in R&D and complement each other with their respective strengths.

In fact, there are quite a number of new industries with development potential in Hong Kong and Chinese medicine is one example. Endeavours have also been made in this regard in Hong Kong. We propose that in order to further promote the development of Chinese medicine, the Government should establish a high-level dedicated body to take charge of the overall planning and provision of one-stop support services for the development of the Chinese medicine industry. At the same time, publicity on Chinese medicine pharmacology should be stepped up and a standardized regime for the dosage, compositions and pharmacodynamics of proprietary Chinese medicines should be established. In addition, the Government should also put in place a regulatory and assurance regime that converges with the rest of the world, so as to facilitate exchanges with places outside Hong Kong. The Chinese medicine industry is a new industry that Hong Kong should nurture vigorously. Apart from the Chinese medicine industry, there are also other industries with great development potential in Hong Kong. In this regard, the Government should conduct more studies.

In Hong Kong, the issue of new industries has been discussed for many years. It is now time we translated our words into actions. The Government should really formulate a comprehensive policy for the new industries. For this reason, the DAB supports the original motion. As regards the two amendments, we believe that their general direction is correct, so we will also support them.

President, I so submit.

**MR WONG SING-CHI** (in Cantonese): President, in this discussion on the industrial policy today, I heard many Members say earlier that we have to develop various industries to create diversified employment opportunities within the Hong Kong economy. These comments are actually reasonable and correct. However, many Members have discussed this issue from the angle of getting rich, making a lot of money and promoting economic development. President, I do not oppose discussions from this angle, but I wish to look at the industrial issue from the angle of public feelings.

When I was young, after graduating from Secondary Five, I worked for some time before going on to Secondary Six. At that time, I worked in a factory and I remember that the factory produced transistor radios. I sat there for eight hours a day, only responsible for placing four screws onto each radio. The work process taking place before me was very monotonous but when I eventually saw the transistor radios that looked like vintage cars — I still have a vivid memory of this — strong feelings welled up in me and I felt a great sense of achievement because I had played a part in producing that beautiful transistor radio and contributing to the process. Although the work was hard and it was drudgery, I was very gratified.

Subsequently, I worked on a construction site and was only responsible for drawing lines for others to build concrete structures. After I had completed the work process, again, I was very gratified at seeing the entire completed building because I had played a part in the construction of the building. However, President, increasingly, the job types in Hong Kong society do not give this sense of achievement.

Many young people have told me what kind of jobs they would look for after graduation from Secondary Five. They invariably said that they would become salespersons. They had no idea what they would sell and only told me they would find a job as a salesperson. Some housewives are unemployed, so what kind of work can they do? Well, they can work as cleaning workers and some as security guards.

I do not mean that these jobs are no good. These jobs are all in the service industry, respectable ones. However, I cannot see what particular sense of achievement these jobs can give because all of them are money-oriented. For example, in working as a salesperson, the amount of money a person earns daily

depends on how many pieces of goods he can sell on a particular day. He may not understand his wares very well, but he still has to sell them. The wares may not be made by him but so long as he can sell them, he can make some money.

President, from the angle of the feelings of the public, nowadays, there are less and less truly gratifying jobs in Hong Kong. Although the jobs in some industries are demanding, we need some productive jobs that can let employees witness the completion of some work processes through their hard work. In contrast, in the financial industry, no one would think that the stocks on which one speculates is great unless they are profitable. But people would not feel good about a certain company on account of their speculation on its stocks. There is a difference here. If one has really been involved in one of the simple work processes, one would be very gratified when one sees the end product.

I hope that in Hong Kong society, the work performed by the public would not just serve as a money-spinner for some capitalists or a tool for making money, rather, it should enable the public to truly derive satisfaction and a sense of achievement from it. Therefore, I think that when Hong Kong develops its industries, we should focus on how to let these workers gain satisfaction and a sense of achievement from the production process. In fact, this applies not just to the industries. Even with regard to other types of jobs, I also hope that bosses and entrepreneurs can provide support to workers in this regard and enable them to gain some satisfaction.

President, the main cause for the gradual decline of various industries or other types of jobs is the hegemony of property developers, since land prices are too high. So long as we do not deal with this problem, many types of jobs dependent on land will disappear gradually. Not only do we have to support the industries, concerning other jobs that need land or space, I hope the Government will also do something about them in terms of land premium, for example, by providing subsidies or imposing regulation, so that these types of jobs can be preserved.

Nowadays, we often say that the development of industries has to move in the direction of high technology, high added value or innovation. We have to channel manpower to these types of jobs to turn some inexpensive raw materials into items with great added value because we have to pay land premiums. For this reason, no matter how, we have to conceive items with new technology or

high added value. In fact, I do not mean that these items do not have their own problems but in the end, only this sort of things can be found in Hong Kong. The reason is simply the need to pay land premiums. Why can we not control land premiums, so that more job types can be created in Hong Kong? Therefore, no matter if we talk about industrial development or other areas of economic development, we have to combat the hegemony of property developers. I hope the Government can really understand this point.

President, apart from the economy, today, the issue of the feelings of the public that I wish to talk about also includes labour rights. We also have to care about the employment conditions of workers. We should let employees receive reasonable wages. Therefore, after the implementation of a minimum wage, we still have to care about the review of the minimum wage, so that each worker can receive wages that they deserve.

In addition, in the past, when working in factories, we could go home for meals because many factories were located close to people's homes. However, nowadays, it is no longer possible for factory workers and even workers in all other job types to go home for meals. I believe that regardless of the type of work or the economic and industrial development, it is necessary to promote the spirit of family-friendliness, so that each worker, apart from creating assets for society, can also create a better living for their own families and each member of the public can find satisfaction in their work on the one hand and lead a happy family life on the other. Thank you, President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr Andrew LEUNG, you may now speak on the two amendments. The speaking time limit is five minutes.

**MR ANDREW LEUNG** (in Cantonese): President, I have to thank Mr IP Wai-ming and Mr Ronny TONG for their amendments to my motion. In fact, both of them only add new provisions to my motion wordings, like "decorating

Christmas tree", without deleting a single word from the original motion. This indicates that we all support the formulation of a comprehensive and sound industrial policy in Hong Kong.

The rationale behind Mr IP's amendment is consistent with that of my original motion. The industrial sector has all along stressed that preserving the industrial sector cannot only secure the means of living of wage earners but also create many new jobs. During the industrial heyday of Hong Kong in the 1970s and 1980s of the last century, almost half of the local workforce was employed in the manufacturing industry. To keep pace with the times, the production model is now different from the labour-intensive mode in the past. However, as I mentioned earlier, promoting high value-adding, new technology-intensive and innovative industries can create many local jobs. Above all, our industrial sector can provide the younger generation with more opportunities and room for development, and give them a chance to move up the social ladder.

Mr IP Wai-ming mentioned in particular manpower training. As a former Chairman of the Vocational Training Council (VTC), I fully realize the importance of manpower training to the development of a society, and certainly I agree that the existing Apprenticeship Ordinance in Hong Kong must be reviewed. Over the past year, both VTC and I had reflected to the Government time and again that the present apprenticeship system, which has been in place for decades, has not been reformed. The regulatory provisions are outdated, they are too restrictive, rigid and inflexible. There are limited resources to meet the present needs of employers. I had also successfully persuaded officials of the Labour and Welfare Bureau and the Labour Department to join me for a duty visit to Germany and the United Kingdom last year to see what had been done to reform the apprenticeship system in these two countries. I hope the Government will promptly roll out corresponding measures to help the apprentices in Hong Kong, so as to keep pace with the times and meet the needs of employers nowadays.

Mr IP proposed in his amendment to provide land and financial facilitation and support to emerging industries. I cannot agree more. As I have already expressed my views in my previous speech, I am not going to repeat the details here again.

I certainly support the amendment moved by Mr Ronny TONG to "create a favourable environment conducive to setting up businesses and promote better employment relationship". The labour relations in Hong Kong has been quite good, with both sides managing to maintain good communication and work hard together, going through all the thick and thin with mutual understanding and tolerance. As regards whether to "set standard working hours and standardize the number of general holidays" as proposed by Mr TONG, I think this issue should not be attached to my original motion like "decorating Christmas tree". This is a topic that can be further explored in other discussions on labour issues. We of course hope to strengthen employee benefits in a systematic way with sufficient data and thorough analysis. However, I did not hear Mr TONG ever mention the word "industry" after speaking for 10 minutes. There was no mention of industrial policy, high technology, or anything alike. This made me wonder whether he was — as Mr TONG described himself — somewhat talking nonsense. I think he might have worked excessively long hours that he sounded a bit like talking nonsense. I doubt to some extent whether he is going all out of his way to do more just for the sake of fighting a wage rise for the 140 000-strong domestic helpers.

President, I support Mr IP Wai-ming's amendment. I so submit.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I am very grateful to the 18 Members who have made valuable suggestions today on how the Government should help industries sustain their development. Since the views expressed by Members today are wide-ranging, I will try to respond to the major areas mentioned by Members and refer the proposals relating to other policy areas to the relevant Policy Bureaux.

The Government attaches great importance to the industries. Just now, many Honourable Members have expressed their personal views on Hong Kong's industrial development in the past. No matter what, over the past few decades, as Dr Samson TAM and Mr WONG Ting-kwok said, Hong Kong's industrial development has changed from a low-cost and labour-intensive mode of production to a knowledge-based and high value-added mode of production. In response to this trend, on the promotion of long-term industrial development, the support measures adopted by the SAR Government should also go beyond just providing support to the traditional manufacturing industries. Not only is

innovation and technology a major driving force in the sustained development of the Hong Kong economy, it is also crucial to the upgrading and restructuring of industries and enhancement of our competitiveness. Therefore, the focus of our support measures is on high value-adding and high-technology and innovative production activities, where Hong Kong enjoys comparative advantages, so as to ensure the long-term development of the Hong Kong economy. Through the motion debate today, I wish to explain to Members the Government's strategy for the further development of the industries in this area. We will strive to strengthen the complementary measures relating to the infrastructure and the funds for scientific and technological research and join hands with the industrial, academic and research sectors in capitalizing on the strengths of Hong Kong in this area, so as to ensure Hong Kong's sustained economic development and the creation of more job opportunities, an issue over which Members have expressed concern today.

In respect of the infrastructure, the Government has noticed that in a knowledge-based economy, some high value-adding, high-productivity and high-technology industries have an increasing demand for land. In view of this, the Government has all along been providing first-class scientific and technological research infrastructure and suitable sites to meet the needs of the sector. We will continue to develop the Hong Kong Science Park and Industrial Estates, support local industries and attract overseas technological companies to Hong Kong.

The Hong Kong Science Park is our flagship infrastructure in scientific and technological research providing world-class offices and laboratories for scientific and technological research. More than 350 technological companies have now set up shop in the Park and 60% of them are local companies, including the core members of the industrial sector. The Park has reached an overall occupancy of 90%, providing over 8 000 employment opportunities in the field of scientific and technological research.

Earlier on, a number of Members have expressed concern about Hong Kong's development in terms of employment. Through its incubation programmes, the Hong Kong Science and Technology Parks Corporation (HKSTPC) also provides offices and laboratories, and even support in such areas as marketing, financing and technology, to newly established technological companies at the initial crucial stage of their start-up. So far, 330 enterprises

have been benefited. The HKSTPC has also embarked on the development project of Phase 3 of the Park at a total cost of \$4.9 billion. It is anticipated that the project will be completed in phases from early 2014 to 2016. When the Phase 3 development is fully inaugurated, the total gross floor area of the research and development offices and laboratories of the Park will increase by half to 330 000 sq m, which will be able to attract an additional 150 companies and create 4 000 job opportunities.

At the same time, the HKSTPC also manages three industrial estates which provide factory sites to manufacturing and service industries that cannot operate in multi-storey buildings. These industrial estates are now home to more than 160 enterprises specializing in traditional manufacturing operations as well as state-of-the-art technologies. The principal business operations of about 60% of these enterprises are based in Hong Kong.

To make optimal use of the land in industrial estates, the HKSTPC is implementing a revitalization initiative to encourage grantees that have not made good use of their land in the industrial estates to take up new projects or assign their land to other technological companies that are able to meet the prevailing admission criteria. In the past year, 8 hectares of land in the industrial estates were allotted to these new companies the business of which mainly involved high technologies, such as advanced food processing, high-end data centres and pharmaceutical production.

Mr IP Wai-ming doubted if data centres could make contribution to the economic development of Hong Kong, particularly in terms of employment opportunities. In fact, it is also pointed out in a consultancy report that about 4 800 people are directly employed at data centres in Hong Kong and at the same time, other job opportunities have also been indirectly created. This is because data centres are part of the essential infrastructure supporting our pillar industries. Co-location of critical business operations and supporting data centres can help improve efficiency. The regional data centres of many financial institutions are located where their regional headquarters are found, and many multinational companies also locate their support, R&D and information and communications technology operations in cities where their data centres are located. Therefore, the establishment of data centres in Hong Kong can raise Hong Kong's competitiveness and increase job opportunities. For example, a certain multinational company that had established a data centre in Tseung Kwan O also

had its regional information technology development centre constructed there. Consequently, more than 800 job opportunities were created.

In the Financial Secretary's Budget released recently, it was announced that the HKSTPC would be invited to explore the feasibility of expanding the Yuen Long Industrial Estate.

Mr Andrew LEUNG is particularly concerned about the commercialization of the results of scientific and technological research. To move towards high added value and promote the commercialization of the results of R&D, in 2006, Government established five R&D centres to co-ordinate research and promote technology transfer and commercialization. They include:

- (1) automotive parts and accessories;
- (2) logistics and supply chain management enabling technologies;
- (3) textiles and apparel;
- (4) Nano and advanced materials; and
- (5) information and communications technologies.

Since the establishment of the R&D centres in 2006, more than 400 R&D projects have been launched, with the Innovation and Technology Fund (ITF) providing about \$2.25 billion in funding support. Some 100 of these projects have entered the stage of commercialization and various centres are striving to promote the results to the relevant sectors or public organizations.

On funding measures, we have established a number of support schemes to promote the development of innovative and creative technology, as well as encouraging and supporting the upgrading and restructuring of various industries.

Prof Patrick LAU raised the issue of creativity in particular. We all know that design is a very important aspect with regard to creativity as it helps companies achieve value-addedness. The CreateSmart Initiative (CSI) administered by the Create Hong Kong (CreateHK) provides funding support to projects which are conducive to the development of the creative industries. As at the end of December 2011, the CSI has approved a total grant of about

\$146 million, benefiting more than 70 projects. The Design Business Collaboration Scheme provides funding support for design-business collaboration projects on a dollar-for-dollar matching principle to encourage SMEs to use design services. As at the end of December 2011, the Scheme has committed about \$230 million to 351 projects.

On innovative technology, scientific and technological research is key to the development of high value-adding, high-technology and innovative industries. The Government launched the ITF in 1999 to finance local universities, research institutes and the industry in carrying out projects that contribute to innovation or technology upgrading in industry. By the end of last year, the ITF has granted about \$6.3 billion to support more than 2 600 projects.

On the support for SMEs in R&D, the Small Entrepreneur Research Assistance Programme under the ITF operates as a matching grant to provide funding support to SMEs. So far, it has funded more than 350 R&D projects with a total funding of about \$400 million.

Ms LI Fung-ying queried the effectiveness of these measures. Let me give an example. The Small Entrepreneur Research Assistance Programme has assisted quite a number of SMEs in embarking on their journey to success. One of the software firms receiving assistance has developed in less than a decade from a small business hiring a few employees to a successful enterprise hiring hundreds of employees and making an annual revenue of hundreds of millions of dollars. This company is also a member within the big family of the Hong Kong Science Park.

To further encourage SMEs to engage in R&D, the Financial Secretary announced in the Budget that the Small Entrepreneur Research Assistance Programme would be enhanced by increasing the funding ceiling for each project from \$4 million to \$6 million, refining the operational details of the Programme and expanding its scope of funding, with a view to assisting SMEs in making innovations and creating business opportunities continually.

Mr Jeffrey LAM raised the issue of intellectual property rights and the need to protect new inventions. We have also approved the Patent Application Grant under the ITF to provide financial assistance to local enterprises and individuals applying for patents for the first time, so as to protect their inventions.

We would review the scope and mechanism of the ITF from time to time to better support the industries. We have introduced a series of improvement measures since 2009, including expanding the scope of the ITF to cover the expenses incurred in the production of samples/prototypes and the implementation of trial schemes in the public sector. During the past year, various R&D centres have actively liaised with various government departments, public organizations and business associations and implemented 27 trial schemes. For example, the LED street lamp prototypes developed by the Hong Kong Applied Science and Technology Research Institute are being used on a trial basis in the facilities of the Hong Kong Science Park, the Highways Department and the Housing Department.

Apart from providing financial support to local applied R&D through the ITF, in 2010, we also launched the Research and Development Cash Rebate Scheme to enhance the research culture among business enterprises and encourage them to establish stronger partnerships with designated local research institutions. No ceiling is imposed on the number of applications or the amount of rebate for each enterprise under this scheme. As at the end of January this year, the Scheme has approved about 350 applications involving a total rebate amount of over \$10 million.

Under this Scheme, enterprises conducting applied R&D projects with the support of the ITF or in partnership with local designated research institutions will enjoy a cash rebate of their expenses. To further encourage the sector to increase investment in R&D, in the Budget, the Financial Secretary announced a significant three-fold increase in the level of cash rebate under the Scheme, from the original 10% to 30%.

Mr Jeffrey LAM also said that we had to expand into the Mainland domestic market. For this reason, apart from supporting local industries, we are also actively providing assistance to Hong Kong companies in upgrading and restructuring and expanding into the Mainland market. Many Hong Kong companies have invested in manufacturing operations in the Mainland, and many of them are in the processing trade. Under the National 12th Five-Year Plan, the State will continue to maintain a stable policy on the processing trade, support Hong Kong enterprises on the Mainland in upgrading and restructuring and strive to boost domestic demand. All these developments will bring opportunities and create momentum for the business sector in Hong Kong.

All along, we have been encouraging and assisting Hong Kong businesses in developing the Mainland market. For example, through CEPA, the threshold for entry into the Mainland market has been gradually lowered. Moreover, the Hong Kong Trade Development Council also organizes many promotional activities on the Mainland to help Hong Kong businesses.

To further help Hong Kong enterprises upgrade, restructure and expand into the Mainland market, the Chief Executive proposed in the 2011 Policy Address the establishment of a dedicated fund of \$1 billion to encourage enterprises to move up the value chain, develop their own brands, upgrade and restructure their operations, as well as expanding into the Mainland domestic market.

The dedicated fund consists of two parts. The first part is designed to provide funding to individual enterprises and the second part provides funding for non-profit-distributing support organizations. Regarding the funding for individual enterprises, it is intended to assist enterprises in developing their own brands, tapping the Mainland domestic market and upgrading and restructuring their business operations in the Mainland. As for the funding for non-profit-distributing support organizations, the fund mainly seeks to help them launch large-scale projects spanning a number of years and designed to assist Hong Kong enterprises in general or specific sectors in developing their own brands, upgrading and restructuring and tapping the Mainland domestic market, as well as enhancing their overall competitiveness in the Mainland. President, we have consulted the industries earlier on and are now drawing up the details of implementation. We plan to submit the funding application to the Legislative Council Finance Committee in the first half of this year and expect the fund to be introduced in the middle of this year.

Regarding the support in financing for companies, given the fluctuations in the external economic environment, companies, particularly SMEs, may have to face difficulties in financing once again as a result of the credit crunch. To help enterprises tide over the difficult times, the Financial Secretary has also proposed in the Budget the introduction of time-limited concessionary measures under the SME Financing Guarantee Scheme launched by the Hong Kong Mortgage Corporation Limited.

Under the concessionary measures, the maximum loan guarantee ratio will be raised from the current 70% to 80% and at the same time, the annual guarantee fee will be substantially reduced. Under the new concessionary measures, a company which has currently obtained a guarantee ratio of 70% can now obtain a guarantee ratio of 80% by paying only 30% of the current guarantee fee. The Government will provide a total guarantee commitment of \$100 billion. The concessionary scheme will be open for application for nine months. We believe these measures can help the sectors concerned by providing timely and appropriate support to the industrial sector.

In addition, the standing supporting measures administered by the Trade and Industry Department, namely, the "SME Loan Guarantee Scheme", the "SME Export Marketing Fund" and the "SME Development Fund", are providing strong support to SMEs in financing, developing the export market and enhancing the overall competitiveness of the sector.

On talents training, earlier on, a number of Members have also pointed out that talents are very important to the sustained development of Hong Kong industries. The training provided by the Vocational Training Council, the education and training courses offered by the Employees Retraining Board, the implementation of the Qualifications Framework and the funding from the Trade and Industry Department under the SME Development Fund for various companies to organize staff training courses, all serve to enhance the quality of the staff of companies.

Regarding the nurture of talents in scientific and technological research, the Internship Programme under the ITF provides financial assistance to research institutes or enterprises, so that they can engage two additional local university graduates as interns to participate in each R&D project. In the past three years, a total of over 800 internships were provided under the Programme. To inspire more young people to engage in R&D, the Financial Secretary has also announced in the Budget that the monthly allowance under the Internship Programme will be increased by \$2,000.

To nurture design talents and design start-ups, the Design Incubation Programme subsidized by the Government offers rent-free or subsidized rental office facilities to newly-established design companies. It also provides business operation training to help these enterprises secure a firm footing. Each

successful applicant can receive funding support capped at \$500,000 over the two-year incubation period. Since 2006, 100 companies have participated in the incubation programmes of the InnoCentre. The CreateHK also provides funding support for the advertising and digital entertainment industries, so that they can provide employment and on-the-job training opportunities to fresh graduates. The Graduate Trainee Programme for the advertising industry provides about 90 jobs and a total of 60 jobs are being offered under the Hong Kong Digital Entertainment Industry New Graduate Support Scheme from 2011 to 2013.

The Vocational Training Council administers the "Apprenticeship Scheme" under the Apprenticeship Ordinance (Cap. 47). The Scheme enables apprentices to receive systematic on-the-job training in various industries. The training offered includes day-to-day practical work and relevant education courses.

Currently, the "Apprenticeship Scheme" provides apprentices with choices from amongst around 130 trades including automobile, electrical machinery, construction and jewellery, and the relevant posts range from mechanics and technicians to project assistants and designers.

Non-designated trades take up about two thirds of the total number of trades under the "Apprenticeship Scheme". Employers and apprentices in non-designated trades participate in the "Apprenticeship Scheme" on a voluntary basis. Regardless of whether they work in designated trades or non-designated ones, under the arrangements of the "Apprenticeship Scheme", apprentices can receive appropriate on-the-job training and attend relevant education courses. As at the end of 2011, about 3 200 apprentices are receiving training under the "Apprenticeship Scheme". Both employers and apprentices are interested in joining the programme through non-designated trades, thus making the trades and industries covered by the programme more diversified.

The Administration will continue to enhance the "Apprenticeship Scheme" to meet the needs of both employers and apprentices. It will also closely monitor the situation and consider the need for making adjustments to the trades covered by the "Apprenticeship Scheme" and for making amendments to the Ordinance in the light of the relevant situation.

Mr Ronny TONG mentioned the need for the Government to encourage people to start up their own businesses. To this end, the Hong Kong Mortgage Corporation Limited is planning to launch a microfinance pilot scheme in

mid-2012 to provide micro business start-up loans to those who aspire to setting up their own businesses, with a maximum loan amount of HK\$300,000. It would also co-operate with the banking industry and voluntary agencies to provide a comprehensive support network. This pilot scheme will have a trial period of three years and a tentative aggregate loan amount of HK\$100 million.

As for the amendment proposed by Mr Ronny TONG in relation to setting standard working hours, I must point out that the issue of standard working hours is a highly complex and controversial one. At present, employers, employees and various sectors of the community have divergent views on whether standard working hours should be prescribed in Hong Kong. As the imposition of standard working hours would have far-reaching implications on Hong Kong's society and economy, the Administration has to be prudent in handling the matter. The Labour Department is currently conducting a policy study on standard working hours and we hope to complete the study by mid-2012.

As for the issue of increasing the number of statutory holidays to align with that of general holidays, I wish to point out that general holidays and statutory holidays are different in nature and were established against different backgrounds. The existing requirements under the Employment Ordinance, including the number of statutory holidays, is a consensus reached in the community after extensive consultation. In contemplating enhancement of employment benefits, it is necessary to strike a balance between the interests of employers and employees and carefully consider and assess the possible impact of the proposal on business costs. It is also necessary to secure wide support and a consensus in society. In order to understand the distribution and respective proportions of employees enjoying statutory holidays and general holidays, as well as such information as the characteristics of their working hours, the Labour Department has commissioned the Census and Statistics Department to collect statistics on the number of employees taking statutory holidays or general holidays and the distribution thereof, as well as other information, such as the sectors and occupations in which they are engaged, in order to make a further analysis.

President, undoubtedly, creative and innovative technology is an important direction in Hong Kong's industrial development in the future and the Government's determination in assisting the industrial sector to move towards high technology and high value-addedness is also beyond doubt. The economic achievement and social stability of Hong Kong are closely related to overall

harmonious labour relations. Harmonious labour relations are the result of the joint tripartite efforts of employers, employees and the Government. We will carefully consider the views expressed by Members just now and seize the opportunities and face the challenges together with the industries.

President, I so submit.

**PRESIDENT** (in Cantonese): I now call upon Mr IP Wai-ming to move his amendment to the motion.

**MR IP WAI-MING** (in Cantonese): President, I move that Mr Andrew LEUNG's motion be amended.

**Mr IP Wai-ming moved the following amendment: (Translation)**

"To add ", since the nineties of the last century, the massive northward relocation of factories created a structural problem of industrial imbalance in Hong Kong and large numbers of grass-roots and skilled workers became unemployed or underemployed due to industrial shrinkage, the unhealthy phenomenon of society relying solely on a handful of industries to support its economy has progressively emerged; in order to ease the problem concerned and develop industrial diversification," after "That"; to add "as well as industries capable of sustainable development and creating massive employment opportunities, and at the same time, re-design the relevant manpower training, including reviewing the Apprenticeship Ordinance and extending the relevant system to various emerging industries, as well as providing land and financial facilitation and support to emerging industries" after "innovative industries"; and to add "and different employment opportunities for local workers" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr IP Wai-ming to Mr Andrew LEUNG's motion, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Ronny TONG, as Mr IP Wai-ming's amendment has been passed, you may now move your revised amendment.

**MR RONNY TONG** (in Cantonese): President, I move that ..... sorry, President.

**PRESIDENT** (in Cantonese): We have come to page 23 of the Script.

**MR RONNY TONG** (in Cantonese): President, I move that Mr Andrew LEUNG's motion, as amended by Mr IP Wai-ming, be further amended by my revised amendment.

President, my amendment only adds some additional proposals to Mr IP Wai-ming's amendment. President, in this regard, Mr Andrew LEUNG said in his reply just now that I was talking incoherently. Of course, he has the right to speak. Nevertheless, I hope employers in Hong Kong would not consider the proposals put forward by us today from Mr Andrew LEUNG's angle.

President, I believe that if Mr LEUNG has ever examined the amendment proposed by me carefully, he would have noticed that my proposal reads like this, "expeditiously study setting standard working hours and standardizing the number of general holidays for the relevant trades", and of course, the focus is on the word "study".

Just now, in his reply, the Secretary .....

**PRESIDENT** (in Cantonese): Mr TONG, you should just explain the wording of your revised amendment.

**MR RONNY TONG** (in Cantonese): President, I am trying to explain why we consider it necessary to conduct a study. To conduct studies is something that any civilized and advanced economic and social system has to consider. Just now, the Secretary has already responded to this issue in his reply and indicated his willingness to conduct studies.

I hope Honourable colleagues, including friends in the business sector, will support my amendment.

**Mr Ronny TONG moved the following further amendment to the motion as amended by Mr IP Wai-ming: (Translation)**

"To add "; besides, this Council also urges the SAR Government to create a favourable environment conducive to setting up businesses, promote better employment relationship, and expeditiously study setting standard working hours and standardizing the number of general holidays for the relevant trades" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr Ronny TONG's amendment to Mr Andrew LEUNG's motion as amended by Mr IP Wai-ming be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

**PRESIDENT** (in Cantonese): Mr Andrew LEUNG, you may now reply and you have one minute 31 seconds.

**MR ANDREW LEUNG** (in Cantonese): President, I am grateful to the 18 Members who have spoken and this is really better than I expected. Initially, I thought that not too many people would speak on the topic of an industrial policy. With the exception of Mr TONG, who did not mention the word "industry" even once, various Members have presented many excellent views that are quite similar to the ideas in my original motion, so that we can have another opportunity to talk about an industrial policy.

The Secretary spent more than 20 minutes on giving his response but I also know what he said just now, that is, he is taking action. However, my motion says, "That this Council urges the SAR Government to formulate a comprehensive policy to promote high value-adding, new technology-intensive and innovative industries". Now, a little bit is being done in various areas and some processing of applications is being done, but there is no overall policy. A number of Honourable colleagues have pointed out that this is not enough. If the Government fails to examine this area afresh, I think an opportunity will be missed. Naturally, I propose that an expert team be tasked to study how we should proceed with this and indeed, there are only four months to go before the

term of the present SAR Government expires, so I can only hope that the new Government would conduct studies in earnest to see how an opportunity can be created for Hong Kong's long-term future, in particular, how opportunities in upward mobility can be created for the younger generation. I hope that although only several months are left in the term of the present Government, it would still do its best. However, I also hope that the next Government will continue with the efforts.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Andrew LEUNG, as amended by Mr IP Wai-ming and Mr Ronny TONG, be passed.

**PRESIDENT** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion as amended passed.

## **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 15 February 2012.

*Adjourned accordingly at twenty minutes past Two o'clock.*

