

**Commission on Strategic Development
Executive Committee**

**Information Note on Progress of Work
of other Committees of the Commission on Strategic Development
(Position as at 31 July 2006)**

Purpose

Members are invited to note the progress of work of the three other Committees of the Commission on Strategic Development as set out in the following tables.

Committee on Governance and Political Development

Subject discussed/ to be discussed	Date of meeting/workshop	Progress
Constitutional Development	29.11.05	The Committee agreed to discuss the formulation of a roadmap for universal suffrage in two stages. The first stage would focus on principles and concepts with a view to concluding discussions by summer 2006. The second stage would be to discuss the design of a universal suffrage system for the selection of the Chief Executive and the formation of the Legislative Council, with a view to concluding discussions by early 2007.
Principles and concepts of universal suffrage	20.1.06	The Committee generally agreed that, broadly speaking, a universal suffrage system should be a one-man-one-vote system which could

		take the form of direct or indirect election. A universal suffrage system also allows for taking special electoral arrangement to cater to the interests of particular social categories. The Committee also generally agreed to explore the concept and design of universal suffrage for selecting the Chief Executive first.
Overseas experience in implementing universal suffrage for the legislature	28.2.06	The Secretariat organised a workshop on 28.2.06 to help Members learn more about overseas examples on how the design of their legislatures could accommodate the interests of different sectors of their respective communities. Five speakers, namely Dr Sung Lap-kung, Professor Ma Ngok, Dr Li Pang-kwong, Dr Sing Ming and Sir David Akers-Jones were invited to make presentations. There was a general view that the future electoral systems should enhance participation of the business sector. There were however divergent views on the feasibility of introducing a bicameral system for our legislature.
The Basic Law principle of facilitating the development of the capitalist economy	24.3.06	The Committee agreed that, when attaining the ultimate aim of universal suffrage, the principles of facilitating the development of the capitalist economy and meeting the interests of different sectors of society must be ensured so as to maintain the stability and prosperity of Hong Kong. Also, the

		economic development of Hong Kong, as well as the principles of “keeping expenditure within the limits of revenues”, “low and simple tax regime” and “Big Market, Small Government”, should not be affected.
Conclusions of discussion on the concepts and principles relating to universal suffrage	26.5.06	The Committee generally agreed with the report on conclusions of discussion on the concepts and principles relating to universal suffrage prepared by the Administration. The Administration will revise the report according to the comments raised by some of the Members. The revised report will be distributed to Members for reference. The relevant conclusions will form the basis for the discussion on possible models for the selection of the Chief Executive and formation of the Legislative Council by universal suffrage.
Review of the role, functions and composition of District Councils	27.6.06	On 27 June 2006, the Secretariat organised a workshop for Members to exchange views on the consultation document on “Review on the Role, Functions and Composition of District Councils” issued on 27.4.2006. Representatives from HAB and CAB attended the meeting to brief Members on the consultation document. The Secretariat has also invited a concerned group and an academic to participate in the workshop.

		<p>Members generally agreed with the broad direction of the review, particularly on the proposal to enable District Councils (DCs) to have greater involvement in the management of some district facilities. In this connection, some Members considered that the staffing support for DCs should be strengthened. Members generally agreed to the proposal to increase the remuneration and allowances of DC members.</p>
<p>Possible models for the selection of the Chief Executive and the formation of the Legislative Council by universal suffrage</p>	<p>28.7.2006 22.9.2006 23.11.2006</p>	<p>Members had commenced discussion on possible models for implementing universal suffrage for the Chief Executive at the meeting on 28.7.2006. Members reached a consensus that the election of the Chief Executive by universal suffrage should be preceded by the nomination of candidates by a broadly representative nominating committee in accordance with democratic procedures. This is in line with Article 45 of the Basic Law.</p> <p>The Secretariat, in collaboration with CAB, will organise workshops in September/October to facilitate members' further discussion on the detailed arrangements, including the composition of the nominating committee and the nomination mechanism.</p>

		<p>Discussion on models for implementing universal suffrage for the Legislative Council will commence in the next six months.</p> <p>Relevant discussions are expected to be concluded by early next year.</p>
Nurturing Political Talent		The Secretariat, in collaboration with CAB, would organise a workshop in September 2006 for Members to express their views on the Consultation Document on “Further Development of the Political Appointment System” released by the Government on 26 July 2006.
Development of political parties		The Committee will discuss this issue at future meetings.

Committee on Economic Development and Economic Cooperation with the Mainland

Subject discussed/ to be discussed	Date of meeting/workshop	Progress
Hong Kong’s economic cooperation with the Mainland on all fronts	5.12.05	The Committee has a general view that it was necessary to strike a proper balance between enhancing our cooperation with the Mainland and extending our international connections. There was a general agreement that more should be done on the education and training of local talent to maintain and enhance our competitiveness.

Promoting the development of creative industries	6.2.06	<p>There was a common view that “creativity” and “creative industries” would be a key driver for Hong Kong’s economic growth. Hong Kong should leverage on its major asset of human capital and maximise its potential creative content in adding value to its economy. Three key areas had been identified for Government action: (i) attracting talent to work and live in Hong Kong; (ii) re-visit the available statistics to see if there is room to better measure the performance of the creative industries; and (iii) continuing the current efforts to protect intellectual property rights. The performance of selected creative industries would be studied further.</p> <p>The Secretariat on 8.6.2006 circulated an information paper on the assessment on the performance and prospects for a number of selected creative industries (advertising, design and software) prepared by the Government Economist to Members for information.</p>
Hong Kong as a hub for talents	11.4.06	<p>The Committee agreed that in the face of globalisation, Hong Kong should have a sufficient pool of talents to support the development of a high-value-added and knowledge-based economy. The Committee considered that to be “a hub for talents”, Hong Kong should nourish local talents and attract foreign</p>

		<p>talents. On nourishing local talents, the Committee opined that proactive measures should be introduced to enhance the quality of education in Hong Kong, including upgrading the biliterate and trilingual proficiency of our students and broadening their international horizon. On attracting foreign talents, the Committee proposed to increase the percentage of non-local students in local tertiary education institutions, adopt a more flexible admission scheme, review the quotas and approving criteria under the One-way Permit Scheme, improve the air quality of Hong Kong, promote creative and cultural activities, and improve the quality of life in Hong Kong.</p>
High value-added logistics	12.6.06	<p>Members considered that Hong Kong's strength in professional supply-chain management, inter-modal connectivity and efficiency made it a logistics hub in Asia. However, in the face of keen competition from neighbouring cities, Hong Kong's logistics industry should move towards high value-added supply-chain management operations to maintain our competitiveness. On promoting Hong Kong as a regional logistics hub and an international maritime centre, Members had put forth a number of proposed measures which included increasing the cost competitiveness of land transportation, port and air freight;</p>

		enhancing the local and cross-boundary transport and logistics-related infrastructure; developing e-logistics and strengthening Hong Kong as the prime logistics information centre; strengthening the training of employees in the logistics sector; simplifying Mainland's customs procedures and extending the operating hours of selected customs points; providing tax incentives; and strengthening economic cooperation with neighbouring countries and cities, etc.
Consultation paper on "Broadening the Tax Base Ensuring our Future Prosperity – What's the Best Option for Hong Kong?"	21.8.2006	The Committee will discuss this issue at its fifth meeting.
Report on "The Review of Hong Kong's Competition Policy"	21.8.2006	The Committee will discuss this issue at its fifth meeting.
Creation of employment		The Committee will discuss this issue at future meetings.

Committee on Social Development and Quality of Life

Subject discussed/ to be discussed	Date of meeting/workshop	Progress
Overview of major social development trends in Hong Kong	1.12.05	<p>The Committee exchanged views on the major social development trends including continued fertility decline, population ageing, economic restructuring and globalisation etc.</p> <p>The Committee held that emphasis should be placed on balanced social development at the levels of the entire society, the local community and the individual, and the core values that should be promoted. Hong Kong needs to keep abreast of international trends in this rapidly changing era of information age and globalisation, help its people to adapt to both local and external environments and adjust their expectations. The roles of the Government, the business and Third Sector should be defined.</p>
Tripartite Partnership	13.2.06	<p>The Committee discussed Tripartite partnership (TPP) at its meeting on 13.2.06. The Committee cautioned against over-regulation and suggested that the government should provide leadership, promote TPP in more areas and in wider scope, transcending different sectors and strata of the community, consider the needs and aspirations of small and medium enterprises, and the need for more publicity and encouragement.</p>

Population policy	28.3.06	<p>The Secretariat organised a workshop on population policy (Part I) on 28.3.06. Three speakers, namely Dr Paul Yip of HKU, Prof Wong Siu-lun of HKU and Dr John Bacon-Shone of HKU were invited to make presentations on “Experience of Selected Countries in Encouraging Childbirth”, “Experience of Selected Cities in the Mainland in Attracting Professionals and Talents” and “Experience of Selected Countries in Attracting Talents, Professionals and Investors” respectively. There was a general view that, similar to many other overseas countries, Hong Kong was facing the following population challenges: ageing, low fertility, population quality and mobility of people. It was important that Hong Kong should formulate population policy to secure and nurture a population which sustains our development as a knowledge-based economy.</p>
	24.4.06	<p>The Committee discussed issues on promoting parenthood and quality of population at its meeting on 24.4.06. On promoting parenthood, Members generally considered that having children or not was a personal decision; the role of the Government was to help eliminate factors that discouraged childbearing; and the Government should step up publicity and education to reinforce family values, and emphasise the important role of the family in society. On the quality of population, the Committee considered that the supply of university places should be increased; proactive measures</p>

		should be introduced to attract Mainland or overseas students to study in Hong Kong; and a flexible system should be adopted to enhance the mobility of talent.
	30.5.06	The Secretariat organised a workshop on population policy (Part II) on 30.5.06. Two speakers, namely Prof Nelson Chow of HKU and Dr Joe Leung of HKU were invited to make presentations on “Population Ageing” and “Eligibility and Portability of Public Benefits” respectively. Members generally considered that issues on population ageing as well as eligibility and portability of public benefit worth further consideration. They also suggested to consider necessary reviews on policies related to the tax regime, education and healthcare systems in light of population ageing in Hong Kong.
	6.7.06	The Committee discussed issues on population ageing as well as eligibility and portability of public benefits at its meeting on 6.7.06. Members generally agreed that ageing population would become a major challenge to the community in the years to come. Major issues to enhance the quality of life of the elderly people were highlighted including retirement protection, healthcare financing, active ageing, etc. Members also expressed concerns on the increasing public expenditures on public healthcare and welfare benefits related to elderly people. The Government might need to review the healthcare

		<p>financing and tax system to ensure a reasonable allocation of public resource. On the eligibility of public benefits, it was pointed out that Hong Kong had a low tax regime but was relatively generous on provision of public benefits. On the portability of public benefits, the majority of the Members accepted the current arrangement under the Portable Comprehensive Social Security Assistance Scheme for elderly people, but had reservation on further extension of the portability arrangement to other public benefits.</p> <p>Members noted that the Council for Sustainable Development commenced their public engagement process on population policy in June.</p>
Support for the Family	20.9.06	The Committee will discuss this issue at the fifth meeting.
Income inequality and social mobility		The Committee will discuss this issue at future meetings.

Secretariat to the Commission on Strategic Development
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