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& Entrepreneurs
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香港女工商及專業人員聯會

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The Honourable Mr Tung Chee Hwa
Chief Executive
Hong Kong Special Administrative Region
Central Government Offices
5/F Lower Albert Road
Hong Kong

22 January 2002

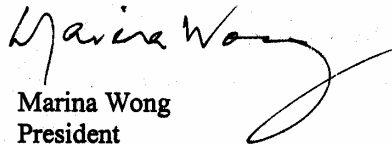
Dear The Honourable Mr Tung,

We, the Hong Kong Women Professionals & Entrepreneurs Association organised an Open Forum in conjunction with the Business Research Centre of the Hong Kong Baptist University on the topic "Hong Kong's Economic Future: Relative Roles of Government and Private Sectors" with five distinguished guest speakers on October 27, 2001. The forum was well received by over 200 attendees and has drawn extensive media coverage. A summary of the major points made at the forum is enclosed for your information.

It is with pleasure that I write to enclose our organization's views on government and private sectors in partnership for the well being of Hong Kong's future economy. We appreciate your attention.

With best wishes for year 2002!

Yours sincerely,



Marina Wong
President

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**Submission paper by Hong Kong Women Professionals and Entrepreneurs
Association (HKWPEA)**

**to the Chief Executive of the Hong Kong SAR
on
"Relative Roles of Government and Private Sectors in
Hong Kong's Economic Future"**

January 2002

An open forum was jointly organized by the HKWPEA and the Business Research Centre of the Hong Kong Baptist University on 27 October, 2001. The topic of the discussion was: "Prospects of Hong Kong Economy: Relative Roles of Government and Private Sector". Invited speakers of the forum were: Mr George Leung, Chief Hong Kong Economist of HSBC Securities (Asia) Limited, Dr Eden Woon, Director of Hong Kong General Chamber of Commerce, Dr Lui Sun Wing, Vice President of the Hong Kong Polytechnic University, Ms Christina Cheung, Director of South China Holdings Ltd and Prof Tsang Shu Kei of Hong Kong Baptist University with Dr. Jane Lee, Chief Executive of Hong Kong Policy Research Institute Ltd as the moderator. Abstracts of the speeches and a summary of the discussion (in Chinese) are attached to this paper.

Subsequent to the forum, the HKWPEA held a follow-up workshop to consolidate the ideas discussed at the forum and to crystallize some of the concerns of members of the Association regarding the present state of Hong Kong's economy and the way ahead.

Summarized below are the main points of the workshop discussion, which the HKWPEA respectfully submits for the consideration of the Chief Executive of the HKSAR.

1. Government maintenance of an attractive business environment

To attract more investors from overseas to set up business or their Greater China headquarters in Hong Kong, the Government should be more flexible in its tax policies and put in place more tax and other incentives such as providing cheaper land. The governments of Singapore and local governments in the Mainland have set some good examples.

It is not easy for many of our locally based companies to invest outside of Hong Kong, except in the Mainland where they may still have an edge. The Government and other semi-government organizations should provide more information and consultancy services to local companies who want to invest or do business in the Mainland.

2. Change of mindset in the civil service

Globalization, economic restructuring, economic downturn, and China's accession to WTO have all contributed to a dramatically changed economic playing field. However, government decisions and policies or indecisions and lack of policies indicate that the mindset of the civil service has not been able to adapt to the new situation. The policy of government non-intervention in business has become outmoded.

Civil servants should be encouraged to break with the traditional mode of thought and adopt an innovative approach to policy-making.

Holding on to traditions bears heavily upon government efficiency. Government practices and procedures should be thoroughly reviewed. If the bureaucratic mindset continues unchanged, an effective and efficient government remains a distant goal.

It is encouraging to note that accountability of civil servants, particularly of the most senior officials, features prominently on the Chief Executive's agenda. The first steps have been taken towards a more accountable civil service. We urge the Government to remain steadfast and determined to see this action through.

3. Enhancement of the tripartite government, business and education partnership

More interflow of personnel among government, academia and industry should be encouraged. It is noted that some pilot schemes of secondment from one party to another have been initiated. The attempts are still too timid. Such schemes should be expanded.

Government should build a stronger in-house research capability and at the same time, draw on business and academia's research resources. The habit of calling on overseas consultants for major feasibility studies should be changed. In the past years, their recommendations have often proved to be less effective than expectation.

The universities in Hong Kong retain an excellent pool of experts in many disciplines. Many academics have been trained and acquired practical experience overseas and they possess cutting-edge knowledge. Coupled with their knowledge of the local situation in Hong Kong, their views would be more practical and applicable. The Government should make better use of their services rather than go overseas.

4. Concern with unemployment

We understand that the underlying reason for the current level of unemployment is the restructuring of Hong Kong's economy. The serious economic downturn has pushed the unemployment rate to a level of concern. It appears that Government is unprepared to deal with the seriousness of the situation. There have been a number of initiatives by several departments, but these schemes seem to have produced little effect.

We support the Government's recent commitment to set up a special task force led by the Financial Secretary to consider how resources may be more effectively deployed.

In addition, Government could consider a subsidy or additional tax deduction for companies that create new employment. Companies should be encouraged to implement measures which would cut salary costs yet avoid laying off staff. Staff could be encouraged to take no-pay leave, work on reduced hours, or share a position on a part-time basis.

5. Economic integration with the Pearl River Delta

It is generally recognized in the business and industrial sectors that economic integration with the Pearl River Delta is the way forward for Hong Kong and that it should happen sooner rather than later. Government has been much too slow to take this fact into consideration in its overall planning of Hong Kong's future development. Economic windows are being missed, business opportunities foregone, and the services of much-needed professional talents denied.

We are of the view that entrance into Hong Kong by persons with special skills from the Mainland should be made less restrictive; 24-hour border crossing should be seriously considered; and Government should set up offices in the Pearl River Delta to liaise with local governments and to provide services to Hong Kong business persons.