

2002.10.9

**Speech by the Hon Mrs Selina Chow Liang Shuk-ye, GBS, JP
Motion Debate on Solving the problem of unemployment, 9
October 2002**

Selina Chow:

Madam President, the unemployment rate of Hong Kong has remained continuously high. It was not until the period between June and August this year that it dropped for the first time in 19 months, and the drop was only very mild. I believe members of the public must all be wondering why there has not been any ultimate solution to the unemployment problem after a lapse of almost five years. What role do we actually expect the Government to play? How effective have been the measures put in place by the Government? I wish to spend the rest of the time on exploring the causes of unemployment, clarifying the role the Government is supposed to play, and finding out whether the Government should be held solely responsible for solving the unemployment problem.

The root cause of the unemployment problem is the unclear direction of our economic development. We can see that employment is in fact a segment of the whole chain of economic activities. This means that when enterprises face business difficulties, job vacancies will naturally diminish. The role of the Government is to facilitate investment. It is not supposed to make any direct investment; instead, it should invest in the infrastructure and formulate appropriate policies, so as to attract and facilitate investment.

I must emphasize today that we must now stop asking the Government to provide any jobs on a "welfare" basis, because instead of helping in any way to solve the unemployment problem, this will impose a very heavy burden on society as a whole. This approach can at best treat the symptoms only, but may at worst tamper with quite a number of free economic activities in Hong Kong. I have always been convinced that the only ultimate solution to the unemployment problem is a comprehensive review of our economic policy and a re-orientation of our economic development. That way, we will be able to consolidate our strengths and thus create more jobs.

As far as unemployment is concerned, the retail trade is the worst-hit sector. Government statistics show that in the second quarter of 2002, the unemployment rate for the wholesale and retail industries was as high as 9.1%, and the rate in the corresponding period in 2001 was just 5.8%. Over the past few years, the retail trade has operated under very tough conditions. In nearby places, because of their lower currency

values, production costs are much lower than those in Hong Kong. The retail trade in Hong Kong is thus faced with fierce competition. Very obviously, Hong Kong can no longer compete with others in terms of prices. Rather, it must capitalize on its quality services and high efficiency, so as to make consumers feel that our goods and services are worth the money.

The Government and the Hong Kong Tourism Board are trying actively to promote the tourism industry, in the hope of boosting retail businesses. The tourism industry is a strength of Hong Kong, and it has been developing quite prosperously. The number of inbound visitors has been rising in recent years, with the largest rate of increase going to visitors from the Mainland. According to Immigration Department statistics, when compared with the figure of the previous year, there was a huge increase of 18% in the number of trips made to Hong Kong by mainland tourists last year. In actual terms, the number of such trips last year amounted to some 4 million. And, it is expected that there will be an even greater rate of increase this year.

According to the statistics of the Census and Statistics Department, over the past few years, the number of jobs provided by the tourism sector has also been rising continuously. Last year, the tourism sector provided, directly or indirectly, as many as 360000 jobs. This figure of course covered those jobs provided by other industries which serve tourists, such as the retail trade and the catering industry. As the number of tourists coming to Hong Kong increases, I am sure that the tourism industry will have enormous potentials to create even more jobs.

Having said that, however, I must point out that the local tourism industry is not entirely problem free. For instance, some tourists complained that their tour guides, who were greedy for commissions, had not been keen on taking them to any scenic spots, but taken them instead to places where the goods were not value for money. Some other tourists even complained that they had been cheated by shop operators, or had been sold goods inconsistent with descriptions. All these have smeared the reputation of Hong Kong as a Shoppers' Paradise, and will produce negative impacts on our long-term development.

In view of the varying standards of local tour guides, the Government will allocate some \$16 million for the purpose of financing a seven-day training course for about 8000 full-time and part-time tour guides. Those who have passed the course-end examination will be awarded a certificate. Depending on the number of participants in the training course, the Travel Industry Council may consider issuing a set of guidelines requiring all local travel agents engaged in receiving tourists to employ only certificated tour guides. Hong Kong should seize this opportunity to upgrade the standards of its tourism industry and seek to retain the "never-ending" source of tourists from the Mainland. The success of this will of course depend on how the industry is going to

exert pressure of improvement on its members and others.

To sum up, to solve the problem of unemployment completely, the Government must conduct a comprehensive review of its economic policy, determine a new orientation of our economic development, consolidate our strengths and upgrade our service quality, so as to enhance our competitiveness. The tourism industry is certainly one that warrants our serious attention and vigorous promotion, because presently it is providing Hong Kong with huge room of development and investment. Its job creation potentials will bring opportunities and hope to job seekers in Hong Kong. The creation of jobs through the promotion of the tourism industry will not only solve the unemployment problem, but also help upgrade this economic life-line. This is the best way to kill two birds with one stone.

Madam President, I am an optimist. But I am also convinced that the Government is not the best provider of jobs. Without investment, there will be no job opportunities, and without reasonable returns, there will be no investment.
