

OFFICIAL RECORD OF PROCEEDINGS

Friday, 25 June 2010

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

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

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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, B.B.S., J.P.

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

THE HONOURABLE CHEUNG HOK-MING, 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 KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

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.

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE WONG YAN-LUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

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

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, G.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

DR THE HONOURABLE YORK CHOW YAT-NGOK, G.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

MS FLORENCE HUI HIU-FAI, J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

MS JULIA LEUNG FUNG-YEE, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, J.P.
SECRETARY FOR DEVELOPMENT

DR KITTY POON KIT, J.P.
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE EVA CHENG, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

PROF LAU SIU-KAI, J.P.
HEAD, CENTRAL POLICY UNIT

CLERKS IN ATTENDANCE:

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Good morning, Members. Council will now resume and continue with the debate on the Motion Concerning the Amendment to the Method for the Formation of the Legislative Council and its Voting Procedures.

MOTIONS

Continuation of debate on motion which was moved on 24 June 2010

MOTION CONCERNING THE AMENDMENT TO THE METHOD FOR THE FORMATION OF THE LEGISLATIVE COUNCIL AND ITS VOTING PROCEDURES

MR WONG YUNG-KAN (in Cantonese): Thank you, President. Many things have changed overnight.

President, I do not mean to offend anyone. I only wish to talk about the principle of how one should conduct oneself. In my view, we should respect and tolerate one another in this Council. However, I am most unhappy to have heard to date Members of the Council curse two people with illness. The first one is MA Lik, our former chairman, and the second one is "Uncle Wah". In any case, how can one lack this kind of tolerance when conducting oneself? Why can one not do better? We always tell the public that we have to care about the elderly and many other people. However, some of us are now saying such things to our seniors. I think it is totally unfair. Besides, in terms of personality and character, are people saying such things worth our respect? I think one should conduct oneself in a moral and virtuous manner, and keep a clean tongue.

President, as a functional constituency (FC) Member, especially the FC I represent, I have always been reproached. Here, I wish Members could understand that this FC does have some roles to play. One of them concerns food safety, and the other price stability. I have always told the Government that if assistance is not given to help some trades survive, prices will continue to surge. We should not assume that an abundant supply of food from the Mainland will always be available to us. The flooding in the south this time has

made us see the picture. How can we rely on the supply of food from the Mainland when it is hard hit by disasters? Is it not possible for Hong Kong to rely on its own? I think this is precisely the value of Members returned by FCs. They uphold every single trade, or contribute a greater effort to social stability. Of course, it is not strange that someone may disagree. In the Council, no one will totally agree with someone else or his or her preferences. You may have your own preferences, and I may have my own views.

I feel very honoured to be a Member. In my 10-odd years in the Council, I have done what I should do for the sector, and I have also done what I should do for society and the people. We have raised proposals. Whether or not they are implemented is the responsibility of the Government, not mine. I have only advised the Government on what should be done.

I have consulted the sector on the procedures that will be put to the vote today. President, you should have known it. Several days ago, you came and joined our celebration at a banquet of over 70 tables. I went to every table and asked their views on the two resolutions proposed by the Government and whether they supported them. They answered in the affirmative. Therefore, I think I have done what I should do. For this reason, I will support the passage of this resolution when it is put to the vote today.

Besides, I believe Members will share the same view concerning Members to be returned by the District Councils (DCs) in future. Many people wonder whether they will become formidably super Members. On the allocation of seats, it is hard to tell who will come out on top. No one knows who will win these seats. I believe they must be someone smart. I have profound feelings about this because in the process, the sector and I have all along felt the concern and care of our country for Hong Kong. I have time and again in this Council requested the SAR Government to provide the sector with subsidies. However, over the years, only proposals have been raised but nothing concrete has ever been done. In 2006, I went to Beijing in person to discuss with the State Ministry of Agriculture. The Minister then told me that they "only worked but not talked", and they would work first and talk later. Fortunately, after five to six years, we got what we deserved. In 2009, the fishermen in Hong Kong were given a subsidy of over RMB 200 million. Should I take the credit? No. I

only maintain that when the sector encounters a problem, we should strive for a solution. As a FC Member, I go for what should be done.

Regarding the public, as I am also a DC member, I have made every effort, be it mental or physical, on district affairs. I would meet with the public in the Council at least three evenings every week. I would also pay frequent visits to the districts and mix well with the residents. Therefore, in my constituency, no one, whether an adult or a kid, calls me a Member. They just call me "Uncle Kan", which is not music to the ears of other people. This is how I came up with this alias, and I am very happy with it. Many kids have been with me since their tender years, and I watch them grow up. I think this is worth it. I think I should have achieved something in the Council.

President, when I was interviewed by some kids or university students in my office, I often asked about their views on the present Government and the constitutional system. Particularly, I also asked those "post-80s" who had set foot in society to work now how they looked at themselves as the "post-80s". Some of them are even "post-90s". Among them, some are actually dissatisfied with the Government. However, the majority of them think that when we strive for something, we should not resort to any forms of force. Instead, we should present our views to the Government in a sensible and reasonable manner or through various channels. I think only this can reflect the spirit of Hong Kong people.

I wish to add one more point. We have lost the spirit of sailing in the same boat nowadays. Just take a look at the present situation. Whenever something happens, raids are launched. Raids come first with no discussions at all. It is always actions before words. Sailing in the same boat, as the phrase suggests, is pulling together and helping each other in times of trouble. I think only this is sailing in the same boat. However, nowadays, people only have raids in mind. After arguing with each other, there are neither discussions nor actions, but only raids. Is this the best way of doing things? I do not think so really.

President, I support this motion.

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

MR TAM YIU-CHUNG (in Cantonese): President, over the past two days, I have only reported on behalf of the Legislative Council Subcommittee on the constitutional reform package, and I have not spoken so far. My colleagues in the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) have expressed one after another the views of the DAB on the constitutional reform package and some of their personal feelings. Mr WONG Yung-kan has just spoken deeply on some of his personal feelings about being a FC Member. I have listened carefully to the views of various Members. Over the past two days, I have had completely different experiences compared with those I had during the debate on the same subject in 2005. Although the voting results were known to all before the debate, Members labelled as "pro-Beijing" and Members in the pan-democratic camp (subsequently called Members of the opposition camp) exchanged shots at the time while the Government was busy lobbying for and consolidating the six votes it lacked. At the final stage, the Government even hoped that we could resort to filibustering to extend the meeting so that it could have more time to try to secure these six votes. However, at the final stage, the situation "at the goal" changed, eventually leading to the long burial of the 2005 constitutional reform package. It was not until the end of last year that the subject was raised afresh in this Council.

At the time, besides "pro-Beijing" Members like we were in deep mourning, government officials were also overcome with indignation. We could only hope that in the year of 2007-2008, as many as 40 votes could be secured, and the problem could then be solved. Otherwise, the task would again be left undone.

After several years' effort, like the Heaven sympathizes with those with determination, we gained an increased number of seats, at least closing the gap between the numbers of votes in the past. However, the difference remained at least four votes, making it quite difficult to strive for the endorsement of the 2012 constitutional reform package. Therefore, when the media made enquires with me, I maintained that I was not optimistic. The SAR Government also understood very well the extent of the difficulty. Besides securing the pledge of the Central Government for a timetable for universal suffrage, it responded in this

package to some of the demands of the pan-democrats. We can also see that this package does take one more step forward in democratization than the 2005 constitutional reform package.

However, after the release of the consultative document, the League of Social Democrats (LSD) and the Civic Party initiated the so-called referendum, thus shifting the focus of the consultative effort for the constitutional reform. Moreover, these two Parties assumed a hard-line stance and attacked on the constitutional reform consultation as if it was devoid of any merits. Fortunately, most of the public opinion did not side with the idea of a referendum. And, the biggest political party in the pan-democratic camp, the Democratic Party, even announced its non-participation in the exercise. Besides, it formed the Alliance for Universal Suffrage (the Alliance) together with some Legislative Council Members, academics and organizations, showing a moderate and rational attitude and hoping for the forging of a consensus on constitutional reform through communication and dialogue. The representatives of the DAB met with the Alliance to discuss together each other's constitutional reform proposals. In the course of the discussion, we affirmed some of their viewpoints and propositions. Subsequently, under the arrangement of the SAR Government, the Alliance and the Democratic Party met with the officials of the Liaison Office of the Central People's Government (LOCPG) and started the discussion on the constitutional reform package. The DAB publicly welcomed this turn of events. We also hoped that mutual understanding and mutual trust could be enhanced through communication to minimize misunderstanding. Regarding the demands initially made by the Alliance, we thought it was difficult to satisfy them all at once. However, after the various statements made by the officials of the Central Authorities and the SAR Government, the gap seemed to narrow gradually. At last, only the "revised" proposal concerning the electoral method for the FC of DC members and the adoption of "one-person-two-votes" was left.

The proposal of "one-person-two-votes" has all along been a subject of discussion within the DAB because we are well aware that the FCs were first introduced in 1985. The public view on the FCs Relevant surveys found over 30% of the people agreed to retain the FCs. Some were of the view that should the FCs be further improved, it would be welcomed. The FCs are a problem difficult to solve. The DAB has actually explored such proposals as

"one-person-two-votes", "1+31 votes" and "1+30 votes". For instance, other methods such as a gradual phase-out have also been discussed.

However, despite the discussions, it is really not easy to solve this problem at once. Thus, we think the "one-person-two-votes" proposal is actually not new. It was already explored in the past. Other than the DAB, many different political groups, social figures, organizations, academics and experts have mentioned these proposals. Our sole consideration is whether the implementation of the "one-person-two-votes" proposal in 2012 will violate the Decision of the NPCSC made in 2007. We have always maintained that the constitutional development of Hong Kong must adhere to the Basic Law and the relevant regulations of the NPCSC. In this regard, we think the immediate implementation of the "one-person-two-votes" proposal may violate the Basic Law.

More than a week ago, we learnt from sources that according to the experts and legal experts of Hong Kong and the Mainland, the "one-person-two-votes" proposal was feasible. Subsequently, Secretary for Justice WONG Yan-lung even explained it in detail at a press conference. After this legal issue was clarified, the DAB again called a meeting of its central committee, at which the Chief Secretary for Administration Henry TANG attended in person to give an explanation. After thorough discussions of the central committee of the DAB, we arrived at the conclusion that should the proposal comply with the relevant regulations of the NPCSC, and should such a change enable the passage of the constitutional reform package to take forward the constitutional development of Hong Kong, the DAB was prepared to give it our support because we fully understood the intense dissatisfaction of Hong Kong people with the stagnation of our constitutional development. Hence, we did a great deal of work and joined the Alliance for Constitutional Development. We also made every effort to promote the passage of the package in the hope of arousing the public's concern and obtaining their approval, with a view to taking forward the constitutional development.

Under these circumstances, the DAB publicly expressed our support for this constitutional reform package, and for the relevant revision eventually made. Of course, some of the media sometimes reported in bold headlines the "about-turn" of the DAB, or the "about-turn" of the Democratic Party, or the

"about-turn" of Members in the pro-establishment camp. However, if our democracy does not include tolerance and compromise, but only insistence of one's personal views as well as theoretical and sweet talk made from the moral high ground, it is not helpful to our constitutional development. Thus, if changes can be made to lead to a compromise, it will be beneficial to the overall democratic development in future, and it will enable the passage of this constitutional reform package. The DAB holds that subsequent to the passage of the constitutional reform package, Hong Kong will march towards a new milestone on the road to universal suffrage, further paving the way for the implementation of universal suffrage in 2017 and 2020.

Yesterday, I listened carefully to the views expressed by Members in the Civic Party on the many inadequacies of this constitutional reform package. However, I found their arguments weak and unconvincing, such as their comments on insufficient discussion and consultation. I also listened carefully to the speeches of many Members returned by FCs. They said that when they had learnt of this new revised package of the Government, they immediately consulted their respective sectors. In the course of such consultation, many members, people and organizations in the sector gave them quick responses. After listening to their brief accounts, I thought the majority of the people actually supported this revised package. Thus, it proves that people are not ignorant about this package. If they know nothing about it, they will not give it their support hastily. Therefore, I think the argument of insufficient discussion and consultation advanced by the Civic Party is not justified. Such a good response after the release of the package has shown that people actually have a clear idea of the situation.

Moreover, this is not a complicated concept. "One-person-two-votes" means one FC vote and one vote in the geographical direct elections. I think this Of course, regarding the consultation work consultation can never be sufficient, be it six months, nine months or one year; it will never be sufficient. Regarding the discussion on constitutional affairs, my involvement in began with the drafting of the Basic Law in 1985. In the 25 years since, we have been discussing at one time or another various issues in relation to the constitutional development of Hong Kong. Hence, discussion has been ongoing. Even if the package was passed now, we would still have to make further efforts in enacting local legislation. There are still opportunities of listening to various views at that stage. The Secretary has also undertaken to attend the meeting of the

Legislative Council Panel on Constitutional Affairs to be held on 19 July to listen to our views on the enactment of local legislation for the constitutional reform package, as well as other Members' views on the preservation of FCs in the future.

The existence of FCs is, in a sense, warranted. Over the past two days, FC Members have actually presented many, in my view, very reasonable comments in their speeches. To Hong Kong, it is actually good to have a certain degree of representation of the various strata in the Council. To maintain close contact with the various strata through these Members is also very important. Although some Members say that this model is rarely seen in the other countries in the world, the history of our constitutional development, the characteristics of Hong Kong and the operation of the past 20-odd years have, in my view, proven it effective. Thus, we should not write it off at one stroke or sling mud at it recklessly. I also hold that we should not act in this way.

Lastly, I wish to point out that subsequent to the passage of the constitutional reform package, it is likely that the political landscape of Hong Kong will see new changes. I hope that the Government will sum up the experiences of the promotion of the constitutional reform this time around. It should not assume that after the passage of the constitutional reform package, it can either relax its grip on various issues or avoid giving careful consideration to certain matters. Moreover, I suggest that it should improve the communication and liaison between the Legislative Council and the various friendly political parties and groupings. I believe government officials, after listening to some of the Members' speeches yesterday, should share this view of mine. I hope that after the passage of this constitutional reform package, a new atmosphere of co-operation will be fostered in Hong Kong, including in this Council. We are also prepared the DAB and Members of the pro-establishment camp can strengthen their co-operation in pursuing greater communication and co-operation with other political parties and groupings, including the Democratic Party, to work hard together for Hong Kong and serve the people of Hong Kong. Thank you, President.

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

MR IP WAI-MING (in Cantonese): President, according to the division of work of the Federation of Trade Unions (FTU), I am not responsible for constitutional affairs. The other two of my colleagues already spoke earlier. I would also like to say something now.

President, after we voted on this resolution today, as many people say, a new milestone may be laid in Hong Kong. However, where do we go from here? In fact, the issue of FCs is a historical problem. It was left behind by the British Hong Kong era, with many years of operation. Many people hold a great many different views on the FCs. Some may say they prove to be effective, and some may criticize them strongly. However, I believe my colleague, WONG Kwok-hing, has put it very clearly. We in the FTU think that there is room for discussion about the reform or abolition of FCs. However, we cannot ignore the historical development. Moreover, many things cannot be achieved with one leap. I have read some books on the British political development. Since the signing of the Magna Carta, the political system of the country has actually undergone development for hundreds of years, during which it did go through some corrupted periods. If Members really wish to hold discussions on this, I think the use of violent actions and abusive language is actually dispensable.

I am a Member in the FTU returned by the Labour FC. The FTU also holds geographical constituency seats. I believe Members in the FTU, whether they are returned by the geographical constituencies or FCs, serve the workers and answer the people with the same heart. Hence, in our view, regarding some of the recent attacks on us, although we respect their opinions, to a certain extent, I feel somewhat upset. I also think that some of the words used by them are sometimes outside the subject under discussion.

Honourable colleagues in the Democratic Party spoke a number of times at yesterday's meeting. Among them, Fred LI said he had put up with it for a long time. However, such personal and verbal attacks have, in fact, not only targeted at the Democratic Party. Over the past couple of years, we have often seen these incidents. Only this time, the target happens to be the Democratic Party. I think the Democratic Party is now deeply affected, feeling the pain of the needle into its flesh. However, is this true democracy? We often say that the true spirit of democracy is tolerance, respect and compromise. Leaving aside tolerance and compromise for the time being, is there any due respect? We

would often notice people attack us on the Internet. I have often maintained that the issue of FCs can be discussed. But I do not wish to see some rhetorics of personal attacks. It is because apart from being disrespectful sometimes, those remarks also attack my mother whom I always respect. Hence, I hope that improvements will be made in this regard in the future.

Regarding this DC proposal, some people think it is likely that super Members will emerge in the future, for they may hold hundreds of thousands of votes, even more than those of Members returned by geographical direct elections now. Some people even joke that these Members can run for the Chief Executive office. However, I earnestly hope that, if these so-called Members with a larger number of votes are real pursuers of democracy, they should all the more be humble. As they have such a big mandate from the people, they should all the more be humble. When they face the other people, whether these people share the same view with them, they should all the more be respectful. For instance, in the wake of the "516" incident, some people have always claimed that they have got the mandate of 500 000 people. We have never underestimated these 500 000 people. However, I hope all the more that these 500 000 votes aside, they should respect those who declined to vote or held different views, and behave a bit more humbly.

President, the motion will be put to the vote later today. It is believed that the results will be the same as yesterday, with the motion passed with a two-thirds majority of votes, unlike some officials' claim that some Members will press the wrong button. However, I think it is really necessary for the Government to consider one point. Before the discussion, Members were of the view that if this constitutional reform package failed to be passed, the governance of the Government would encounter great difficulties. However, I wish to ask: After the motion is passed, is the governance of the Government going to run smoother? I believe everyone has an answer in their minds. Perhaps the Government itself should also think about it.

Five years ago, perhaps for some reasons, this boat of ours "dropped anchor". Eventually, our boat can "weigh anchor" now. After the anchor is weighed, we set sail for the implementation of universal suffrage in 2017 and 2020. However, in this course, what can we do? Can the Government let itself relax? We are now in 2010. It will be 2014 four years from now. I believe

we may be in this Chamber — Perhaps a new Chamber because we will move to the new Legislative Council Building then — we have to discuss again the election methods for the formation of the Legislative Council in 2016 and the selection of the Chief Executive in 2017. We will have to argue over it once again. Once every four years, right? Just like the World Cup.

However, Secretary Stephen LAM, I wonder whether you will remain in office in the next term. If you do, I hope you can choose a better time, not during the World Cup, to discuss these issues, so that we can enjoy the football matches in a more comfortable and relaxed manner. Many strong teams in history cannot even make it to the last 16 this time. Yesterday, even Italy lost. Perhaps this Council has an influence on it. I think Secretary Stephen LAM should bear a great responsibility. If we could enjoy the football matches in a more relaxed manner, we could then cheer Italy on. Four years later, I am afraid we will have to once again enjoy the World Cup matches in similar circumstances.

In fact, I think the Government should consider how it will lead Hong Kong to continue to face the future. After the passage of the package, what should the Government do? CHAN Kin-por put it most aptly yesterday. Even if a consensus is reached in the Legislative Council on many issues, does the Government respect the Legislative Council and put it into practice? In our view, the present problems of Hong Kong actually relate to the philosophy of governance of the Government. Why do our young people turn increasingly radical? Why do we say the wealth gap problem is worsening? Another example is one that we always do not wish to mention; that actually is not necessarily a fact; that the Government is all along unwilling to admit — the so-called collusion between the Government and business. Perhaps, in reality, there is no such problem as collusion between the Government and business. But why are the public in general so readily buy this notion? In fact, is there really something wrong with the governance of the Government itself?

As the present package is going to be passed, what will the Government do in the coming two years? How will it face the series of people's livelihood problems in Hong Kong? Regarding these questions, the Government must give us responses and tell us the answers. We let this package pass now — the Government said that if the package could not be passed, it would encounter

difficulties in governance, and it would be better if the package was passed. Well, what will you do now? What will you do about people's livelihood issues? How will you solve — let us not say solve, how will you alleviate the prevailing wealth gap? How will you solve the present problem of Hong Kong people in facing difficulties in finding a dwelling when they are alive, as well as a niche when they are dead? All of these are concrete problems. During the discussion on the constitutional reform this time, as many Members say, the "Act Now" campaign has ripped Hong Kong apart. However, what is the plan of the Government to heal the scar and close the divide in future? I really wish to listen to the plan of the Government in this regard. I hope it will tell us what it will do in the next two years. How will it make this boat that just "weighed its anchor" set sail for another bearing?

In the past 13 years, we have been through rain and storm, and this boat of ours has actually seen much of damage. If not for the policies of the Central Government, I wonder how our economy will fare now. However, are we going to rely on the Central Government forever? How can we achieve self-reliance? I hope the Government will give us answers to these questions. We earnestly hope that the Government will do more concrete work to solve the people's livelihood problems and relieve people's hardships. And, we strongly demand the Government to do so. I hope the Government will not just glance at the people gathering at the Chater Garden in support of the constitutional reform. They have come out to back you up today. It is not my wish to see the Government dispose of them like used tissue afterwards, failing their enthusiasm and determination to support the Government today. Thank you, President.

MR CHIM PUI-CHUNG (in Cantonese): President, "one country, two systems" is practised in Hong Kong. Why are there "two systems"? It is because the Chinese Government understands that the people of Hong Kong do not like the communism it practices. The Central Government understands that the people of Hong Kong do not welcome socialism with Chinese characteristics. It knows that the people of Hong Kong enjoy and favour capitalism instead. Everyone understands this situation, which is also welcomed by the public.

President, under these circumstances, in Hong Kong, what represents capitalism? It is, of course, the businessmen and the business sector. This is

an undeniable fact. Then what represents the interests of the business sector and the businessmen? It is, of course, the FCs. Everyone has to admit this point, which is undeniable.

President, everyone wants to enjoy capitalism, and yet the demand to abolish the FCs is raised, which means to deny the existence of the business sector and the businessmen. Then, please do not reiterate the wish to maintain the capitalist way of living in Hong Kong. Instead, we should switch to enjoying the social welfare system with Hong Kong characteristics. President, if we give it deeper thoughts, we will know this involves the amendment of the Basic Law. We cannot demand this and then that. This is particularly true to the legal professionals. You have to think clearly about your representativeness. Many people in Hong Kong have followed your banners to go this way and that way. Therefore, you have to think clearly. Such an argument You criticize CHIM Pui-chung for the many crooked arguments. Then you just come and argue with me. Is this the situation?

Many Members in the pan-democratic camp demanded the Government to make three pledges: First, when will the FCs be abolished? This is making life difficult for the Government. What right does the Government have to abolish the FCs? This involves, as I mentioned earlier, the fundamental spirit of the Basic Law and the facts. Can we demand the Central Government — either the Premier or the General Secretary — to make a pledge now? Hence, before asking someone else to do something, we should first think about whether we can do it. Only when we can do it should we ask someone else to do so. Actually, it is impossible. This is my new argument. I do not care if you call me smart or what — I am so involved in thinking that all my hair is lost — I only provide the fact for everyone's discussion.

Second, friends in the pan-democratic camp demand the Government to pledge to implement universal suffrage in 2017 and 2020. The Central Authorities have made such a pledge. You only have to choose to believe it or not. If you do not believe in the Central Authorities, how will they believe in you? Exactly which is greater — you or the Central Authorities? We should do some self-examination on this.

Third, they demand the SAR Government to pledge to truly abolish the appointed DC seats. Regarding this point, I believe no arguments would be necessary. Hence, all of your arguments are meant to find yourselves a way to back down with good grace, to make deductions and to evade responsibility. President, I firmly believe that the eyes of the people of Hong Kong are discerning, their mind is clear, the benefits belong to them, and they know how to think.

Let us come back to the discussion on the representativeness of FCs. President, we understand that 30 Legislative Council seats are returned by the FCs. Members returned by the FCs have generally been unfairly treated and criticized recently, being queried whether they have vested interests. My earlier argument has precisely stated that the FCs represent one charming trait of Hong Kong, namely, a capitalist society.

President, how many of these 30 representatives really represent the business sector? Has anyone done any statistics? Actually, there are 11 of them. The other eight represent the professionals, including some from the pro-democracy camp. Although they have kept criticizing their own representativeness, I have actually avoided As our stances and views are different, I do not wish to criticize them as being absolutely right or wrong. I only request them to respect other people's opinions, and not to insist that their view is absolutely right. It is particularly true to the legal professionals. Basically, they only represent either the defendant or the plaintiff over and over again. The only difference is that which side approaches them first, and which side pays higher legal fees.

Third, among the 30 of us, there are 11 who represent the union and labour sector. Having said this, I think everyone should take out their pens. You can do the sums yourselves to see if I have got them wrong. Thus, President, have these representatives really be involved in collusion between the Government and business? Rather, it is communication between the Government and the business. This is a fact left over from history of Hong Kong. As members of the general public, we hope that businessmen can make fortunes in Hong Kong and reap the rewards. We also hope that they will benefit society as a whole in return and make contributions in various aspects. This is the ardent wish of the general public.

Hong Kong is a place where there are many traffic lights. In other words, everyone has an equal chance of getting started. If one feels deprived or unfairly treated, at worst, one can become a boss. One can start a small business slowly. The most important thing is whether one has the determination and the opportunity. If one only complains of not having any chances in society, should we send a circular to the yet-to-born generation, telling them they will get no chances and therefore do not need to come into this world? Is it possible to do so? No way. The world will go on.

Mr LEE Cheuk-yan has left the Chamber. I do not wish to "expose" the information of his family. His family was actually quite wealthy in the past. However, he was not left any fortune, and so he joined the labour movement in frustration. This is not unfair treatment. I will explain it for him. Other Members do not have to worry for him

PRESIDENT (in Cantonese): Dr Margaret NG, what is your point?

MR CHIM PUI-CHUNG (in Cantonese): It is not necessary for other Members to worry for him here.

PRESIDENT (in Cantonese): Dr Margaret NG, is it a point of order?

DR MARGARET NG (in Cantonese): President, I wish to raise a point of order. President, Members are not allowed under the Rules of Procedure to impute motives to another Member. I hope the Member who is now speaking will not imply that some Member has some sort of motives or purposes.

MR CHIM PUI-CHUNG (in Cantonese): President, I have been a Member since 1991. I do not need another Member to give me any instructions, including you, President.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, according to the Rules of Procedure, a Member shall not impute improper motives to another Member in his speech.

MR CHIM PUI-CHUNG (in Cantonese): Regarding this point, if he has the chance, he can come here and argue with me. Other Members should represent their own selves. Why did Dr Margaret NG say those things earlier? I pointed out just now that Members of the legal sector would act in either of two ways. I hope Members will understand and appreciate.

PRESIDENT (in Cantonese): Dr Margaret NG, is it a point of order?

DR MARGARET NG (in Cantonese): Yes, a point of order on the same issue. However, it is related to the Rules of Procedure, not anything to do with me. Mr CHIM Pui-chung did it again a moment ago. He not only targeted at Mr LEE Cheuk-yan, but also me. Hence, President, I request you to make a ruling.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, I repeat, the Rules of Procedure provides that a Member shall not impute improper motives to another Member in his speech. It is clearly stated in the Rules of Procedure. Therefore, when you

MR CHIM PUI-CHUNG (in Cantonese): President, I can do nothing to prevent anyone from fitting oneself into the picture.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, this is not a matter of fitting oneself into the picture. It is because you mentioned Mr LEE Cheuk-yan earlier, telling us why he suddenly joined the labour movement, and so on. Apparently, you were criticizing another Member. For this reason, I think you should withdraw that remark.

MR CHIM PUI-CHUNG (in Cantonese): President, I will absolutely not withdraw it. This is my freedom of speech. I am exercising my freedom of speech in the Council. Or else, you may adjourn the meeting to consider the issue.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, there is no need for us to adjourn the meeting to consider the issue. It is because regarding this issue, the Rules of Procedure

MR CHIM PUI-CHUNG (in Cantonese): President, you must deduct the time spent, I do not wish

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, please sit down first. Regarding this issue, the Rules of Procedure clearly stipulated that whether the Member you comment on is in this Chamber or not, once your speech suggests that a Member of this Council has improper motives, you have violated the Rules of Procedure. I consider that your speech just now did impute improper motives to another Member of this Council, and so you should withdraw that remark.

MR CHIM PUI-CHUNG (in Cantonese): President, I will absolutely not withdraw it. Other Members have always disrupted order and behaved improperly in this Chamber, and yet you have never enforced the Rules of Procedure. I voted for you to let you have a chance to be the President. If you treat me in this manner now, I will definitely not accept it.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, if you do not withdraw that remark earlier, I cannot allow you to continue to sit at the meeting.

Mr Paul TSE, what is your point?

MR PAUL TSE (in Cantonese): I very much wish

MR CHIM PUI-CHUNG (in Cantonese): You have to enforce the Rules of Procedure strictly in future. I am leaving now. But you have to enforce them strictly in future.

MR PAUL TSE (in Cantonese): President, I wish to seek your clarification on the so-called order. Does the relevant rule apply to incidents in the Council, speeches by Members like the earlier situation, or all circumstances in general? If people outside the Council keep accusing Members returned by FCs of collusion between the Government and business, is this something to do with motives? President, if yes, then why did you allow criticisms of Members returned by FCs for collusion between the Government and business? I wish to have a fair comment.

MR CHIM PUI-CHUNG (in Cantonese): Besides, President, how do you know there are no such incidents? Which Court has handed down a judgment? You have to do some investigation. Only when it is not the case that can you rule I am wrong. However, perhaps it is really the case, right?

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, please sit down. The freedom of speech of Members to state a fact is, of course, within the protection. You mentioned earlier the family background of one of the Members. You may have facts to back you up, but I think it does not constitute an accusation of the motive of that Member. Mr CHIM Pui-chung, please remain silent first and listen to my response to Mr Paul TSE's question.

Mr Paul TSE, the Rules of Procedure regulate Members' speeches in this Chamber. When a Member speaks and accuses other Members, whether they are returned by FCs or by other kinds of elections; and when the Member refers to collusion or improper motives in his speech, the Member definitely violates the Rules of Procedure. I was aware that in the debate over the past couple of days,

a number of Members expressed many views on the system of FCs and the performance of Members returned by FCs. I was also aware that when some Members returned by FCs raised their queries, some of the Members who had made accusations of FCs clarified that they had just targeted at the system. And, they even made it clear that they did not target at any particular Member. If a Member targets at another Member, or if I notice such a case, irrespective of whether the Member targeted is returned by FCs, as long as the accusation is related to improper motives, the Member violates the Rules of Procedure.

MR PAUL TSE (in Cantonese): Motive is one thing and offence is another, thus you should distinguish clearly between the two. Generally speaking, by offence, it means that it is offensive to all Members of FCs, and that includes all Members of FCs present. I think Mr CHIM Pui-chung crossed the line earlier, but if you, President, has not made any ruling so far and waited until now to draw such a clear line, then it is like what happened with the goddess of democracy

PRESIDENT (in Cantonese): Mr Paul TSE, please be seated.

MR PAUL TSE (in Cantonese): I think that you are being unfair. You may say that it is offensive, but

PRESIDENT (in Cantonese): Mr Paul TSE, please be seated.

I will not debate with Members in the Chamber on issues relating to the interpretation of the Rules of Procedure. If Members have any views on my enforcement of the Rules of Procedures, you may express them outside the meeting.

In connection with the point made by Mr CHIM Pui-chung earlier, I now suspend the Meeting.

Will Mr CHIM Pui-chung and Mr Paul TSE please step outside? I would like to talk with you both.

9.50 am

Meeting suspended.

10.00 am

Council then resumed.

PRESIDENT (in Cantonese): Members, as you all know, while it is very important to uphold Members' freedom of speech in the Council, we also have some rules on how Members should speak at meetings and that has been written down in the Rules of Procedure. While upholding the freedom of speech of Members, I also have to uphold the dignity of the whole Council and ensure the smooth conduct of our meetings. The motion now under debate is an issue of enormous concern to members of the public, and it is also an issue which leads to a lot of disputes in society. In this Council, Members from different political parties and groupings may also have very strong or contradictory views, thus we might have heard some very strong or sharp remarks in Members' speeches during our debate over the past two days.

The Rules of Procedure provides that Members shall not use offensive or insulting language about other Members and government officials, and shall not impute improper motives to another Member. I have to draw a line when Members criticize each other severely in their speeches. I must admit that sometimes it is not easy to draw the line; for example, Members of FCs may take offence when Members criticize the FC system, so how exactly should the line be drawn? I hope that each Member could use wisdom to make his or her own determination. However, when I think that circumstances under which the Rules of Procedures have been violated or when other Members said that the Rules of Procedures have been violated, then I have to deal with the situation.

As some Members have mentioned in their speeches, I hope Members could be more tolerant and understanding towards each other and appreciate that the Rules of Procedure is enforced to uphold the dignity of the whole Council, so that meetings could be conducted smoothly.

I would now call upon Mr CHIM Pui-chung to speak.

MR CHIM PUI-CHUNG (in Cantonese): President, I am very happy with your ruling. I have no intention to question Mr LEE Cheuk-yan's motive earlier. Nevertheless, I would now continue to speak. President

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, are you saying that you did not intend to say that Mr LEE Cheuk-yan has improper motives?

MR CHIM PUI-CHUNG (in Cantonese): I have already said that it was unintentional. Of course, I also have no intention to embarrass Dr Margaret NG for after all we are colleagues. Regardless of whether someone is right or wrong, we always have to respect each other in the Council and this is more important. President, we hope

MR PAUL TSE (in Cantonese): President, I would like to seek an elucidation on one point. You said earlier that if you hear something out of order or if a Member makes a complaint, then you will make a ruling. My understanding is that if the language is offensive, then you will take the initiative to sanction the relevant opinions. I hope you would maintain and implement this practice for I often find that you may take certain actions if a Member lodges a complaint, but otherwise, it seems that you have seldom taken actions on your own initiative. I hope you would clarify whether the presence of a policeman is required to monitor the situation and whether you would only take action when a Member stands up every time? Or would you take the initiative?

PRESIDENT (in Cantonese): Mr TSE, you have stated your views very clearly. Mr CHIM Pui-chung, please continue.

MR CHIM PUI-CHUNG (in Cantonese): President, if the current constitutional reform proposal could be passed

MS CYD HO (in Cantonese): I hope that Mr TSE would make a clarification. He said the presence of a policeman is required to monitor the situation, so has he offended the President? Because he said earlier that the presence of a policeman would be required to monitor whether the President has made a ruling or not.

PRESIDENT (in Cantonese): Ms Cyd HO, I have heard what Mr TSE said earlier and I do not think he meant any offence. Mr CHIM, please continue.

MR CHIM PUI-CHUNG (in Cantonese): If everyone does not have anything more to say, then I will continue. *(Laughter)* President, if the constitutional reform proposal could have our support and be passed, then I personally think that the people of Hong Kong have taken a step forward in their thinking. President, I would now try to speak on the relevant benefits. Since we all respect the Basic Law, the first benefit is that we will make the four words "gradual and orderly progress" come true in endorsing the proposal. Hong Kong people are intelligent and they cherish their future. If we still continue to argue every day, without making any headway or gradual progress, then not only will the Basic Law be implemented ineffectively, the commitment we made to ourselves or the future of Hong Kong will also become very pessimistic. The fact that we have now got the chance to take this step is really worth treasuring.

President, the second benefit is, regardless of whether you have doubts about whether there are ulterior motives behind the proposal on "one-person-two-votes" or not, as a pet phrase of the general public goes, it is disadvantageous not to take an immediate action in time. People will feel that

they have been given unfair treatment because some people have got two votes. Of course, you may say that some people have got eight to 10 votes, but that is actually not true. Some people may own eight to 10 companies but each company will have different that is, each FC has its own representative, and the owner will certainly appoint different people to represent different companies. As regards the inclination of vote in regard to different companies, to put it bluntly, many of the big bosses may not necessarily take an interest, thus it would be up to the appointed staff to make a personal decision. And, even if the staff did promise his boss how to vote, can there be any evidence to show that the decision rests with the big boss? This is something which we all question. As such, if the proposal is endorsed, the general public will also have two votes. There is no doubt that some people will then question the different value of the two votes. We must admit that in Hong Kong, bosses could work well with workers. How many bosses could there be in a company? The majority of a company must be the workers. Under such circumstances, President, their representativeness varies. As such, if the proposal is endorsed, it will make the mentality of the general public more balanced.

Nevertheless, President, Hong Kong people should be encouraged by and appreciative of the fact that the proposal which is beneficial to Hong Kong, the State and the people of Hong Kong was put forward by the Democratic Party, advocated by the SAR Government and accepted by the Central Government with a receptive mind. I hope that the State would attach more importance to views that are beneficial to Hong Kong and the State in future. Then, President, Hong Kong people will be happier in future.

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

DR PAN PEY-CHYOU (in Cantonese): President, I would like to talk about my personal feelings in regard to the FCs. First of all, I would like to state my own case, and this could be taken as a declaration of interest. I am a Legislative Council Member returned through the Labour FC. I ran for the Legislative

Council election in 2008. As there were only three candidates running for the seats of the FC back then, all the three of us were eventually elected uncontested. Over the past two years, I have performed my duties as a Legislative Council Member of the labour sector dedicatedly. As many members of the public may know, the Federation of Trade Unions (FTU) has a rule and that is, an incumbent of the Labour FC seat can only serve for one term. In other words, whatever changes are made to the FCs in future, and whether they continue to exist or not, for me, there is no conflict of interest. As such, on the one hand, I would like to talk about some of my personal experiences with regard to FCs, and on the other, I would like to talk about my own views from the observations I have made.

Over the past years, the media of Hong Kong and some people of the pro-democracy camp have looked upon FCs as scourges. FCs are regarded by many as — I do not want to use that term, but I could feel the extent of their hatred when I read the reports — a kind of heinous object. Individual Members of FCs have been subject to a lot of attacks, for example, some were said to be very lazy, seldom attended meetings, late for meetings or left early and so on. Some people have also said that apart from sponsoring or speaking on motions in relation to their own fields, certain FC Members have completely "got lost" during the rest of the time and no one knows where they are. Many people also criticized FC Members for only striving to defend the privileges of their own sectors, and that is, to say that they have disregarded the sufferings of the people, and are the culprits for the discrepancies between the rich and the poor in Hong Kong. I believe I am fair in my observations, for we can actually see such criticisms in the news reports. As a FC Member, my term of office is only four years, so what observations have I made? According to my observations through my contact with many Members, including those returned through geographical and functional constituencies, there are actually individual examples for which such criticisms are due. I can say that though such criticisms are quite exaggerated, there is also some grain of truth. However, among Members whom I have come into contact, most are very diligent and this is my belief. I do not wish to name these Members, for everyone can actually see who they are with their own eyes over the years. Some Members have worked late into night in the Council, or even given up their private time during weekends. We should

not forget that the majority of FC Members actually have their own jobs and in addition to coping with the work of their own sectors, they have spent time and energy on serving the people of Hong Kong. I think that this is very laudable.

I find that the majority of FC Members are very loyal and dedicated to their own sectors. Let us not talk about what happened in the past, and just with regard to the current motion, I have heard FC Members explain in detail how they made their greatest efforts in consulting the relevant sectors, and in determining the correct direction for casting their votes during the process, within such a short period of time and in the midst of such volatile discussions on political reform. Such are all indications of their strong dedication.

As regards issues outside the scope of their sectors, like Members returned through geographical constituencies, the majority of FC Members have also participated in the work of many panels, subcommittees and select committees, which are very often not directly related to their own sectors. Though many of these issues are related to people's livelihood and the community at large and not necessarily directly related to the work of their own sectors, FC Members have still contributed their time and energy. I think that I really need to say a few words in fairness to these colleagues. I think that public reports are sometimes very one-sided, and the media might not have reported on Members who have discharged their responsibilities dedicatedly and worked diligently. As such, I think that it is necessary to put this on record.

And, what are my views on FCs as a whole? First of all, I would look at the functions of FCs. I think there is no doubt that the greatest purpose of FCs is to speak out for the sectors they represent and Members must defend the interest of their own sectors, for example, a Member of the Medical FC should uphold the interests of the medical profession and a Member of the Labour FC must certainly protect the interests of workers at large, and a Member of the real estate sector must also uphold the interests of the real estate sector for this is one of the most basic functions of FCs, and the system is actually designed to allow all major sectors of Hong Kong to have representatives to speak for them in the Council.

It does not really matter that there are discussions or even arguments in the Council as long as the final decision is a compromise which reflects the views of the whole society and different social strata, and such is the biggest role of FCs. Of course, FC Members have also participated in discussions on issues which are not related to their sectors. As citizens and members of society, FC Members have integrated with each other by offering their experiences and opinions through their participation in discussions on issues which are not directly related to their sectors. There is this saying: "three cobblers with their wits combined exceed that of ZHUGE Liang, the mastermind", not to mention that we have so many masterminds here.

The system itself has attracted many criticisms, for people think that FC Members have protected the interests of their own sectors and that it has many defects. They also criticized Members of the business sector for protecting their own interests, those of the banking sector for protecting their own interests and the real estate sector for theirs, and asked why they should protect their own interests when they are already so rich? However, is this not true that this is exactly a microcosm of society? I dare say there will not be so many people living in Hong Kong if there are no discrepancies at all in our society and everyone have equal per capita wealth.

There was a saying, which even a three-year old knew, on the Mainland in the early years, and that is, "you get 36 yuan no matter whether you do the work or not". People who loved that system would not have come to Hong Kong. Everyone who lives in Hong Kong knows that there are discrepancies between the rich and the poor and that there are different social strata. Even I, a Member of the labour sector, would say so. While I strive to uphold the interests of people at the grassroots, workers and "wage earners" at large, it does not mean that I think that all problems can be solved by filling the gap between the rich and the poor in the whole society completely. Moreover, the FC system also has a merit and that is, under this system, the work of upholding the interests of one's own sector is exposed under the sun. The meetings of the Legislative Council are opened to the public and media every day. Here, the debates we hold and the votes we cast are all conducted under the sun, completely transparent. What will happen without such a system? Later, I would talk about what will happen

to our society if the actions of upholding the interests of different sectors are all conducted in the dark?

Some people said that FCs have interfered with social justice. We have to look at this from two angles. Firstly, will there be social justice if there are no FCs and only a democratic system? Here, I could not but quote an example which you may have all known. First of all, take India as an example. Though it has a publicly recognized democratic parliamentary system, how many cases of injustice are there in the Indian society? If we take a look at the report of the Transparency International, then we will see what is India's rating of perceived corruption? And, what is Hong Kong's rating? The caste system of India discriminates against its lower social pariah. Since such a system could be found in a democratic society, I think we should look at this from a wider perspective. Another example is the Philippines which also have a democratic election system, and I have never heard of it adopting any FC system. But then, is it true that the all problems of social injustice could be resolved if there are no FCs and a "one-person-one-vote" democratic system is implemented?

If we do not have FCs and if a democratic system is implemented, then a lobbying system could only be adopted if the power of big capitalists and powerful people in society were to be upheld and this is the system adopted by the United States. We could take a look at what impacts, advantages and disadvantages of the United States lobbying system have on its country? But now, I will not go into the details.

On the other hand, our society has adopted a FC system since the reunification of Hong Kong, and we have also enjoyed a certain degree of democracy, though it cannot be said to be full democracy, and what is our society like? We have a rather high rating, which is comparable to that of the United Kingdom or even higher than that of the United States, in the Transparency International, and that is to say that our society has a high degree of probity.

Secondly, on the economic front, we are a free economy which enjoys a very high rating in the world. By a free economy, it means that anyone who comes to do business in Hong Kong will not be refused access to the market due

to collusion of existing forces. People from the outside are most welcomed to set up and operate businesses in Hong Kong, and that can be done very easily for everything are governed by regulations here.

The Hong Kong economy also has a very high rating in terms of international competitiveness, and our only not at all satisfactory index is the discrepancy between the rich and the poor, which is even worsening, with the low-income people earning less and less. These are the people and "wage earners" with the lowest income, and we are very much concerned about the fact that their income is ever dropping. Though it is the trend of most developed regions and countries in the world that the gap between the rich and the poor is widening, I think it should not be tolerated. For this reason, we are now actively advocating the enactment of legislation on minimum wage and our work in this area will soon come to fruition. After achieving this target, we must continue to advocate the setting of standard working hours.

Furthermore, we think that the Government should further provide more resources for helping the poor. I hope everyone will understand one point, and that is, among those who have made the greatest efforts in actively advocating such poverty alleviation measures and others on narrowing the gap between the rich and the poor are Legislative Council Members of the labour sector and they are Members returned by functional constituencies.

I so submit.

PRESIDENT (in Cantonese): Members, please turn off your alarm devices for our meeting should not be interrupted. Does any other Member wish to speak?

MR CHEUNG HOK-MING (in Cantonese): President, I am a rather shy person. Since I have poor oratorical skills, when there are loud voices during discussions in this Chamber, I usually dare not come forth to argue. Four Members had already spoken this morning. The speeches of three of them were very pleasant to the ear. Except for the minor interlude when Mr CHIM Pui-chung spoke, I would say it is the atmosphere in the Chamber this morning that has prompted me to rise and express my views.

President, I did not loaf around last night. I left after eight o'clock because a group of about 60-odd Choi Yuen Tsuen villagers downstairs were yelling and demanding to meet with the Secretary. I understood the Secretary had a vital role to play. If they had continued to make a scene, the meeting might not have been able to proceed smoothly and end at 9.45 pm last night. Thus, Chairman LAU Wong-fat and I persuaded them to continue their meeting in Wan Chai, in order that the meeting in the Chamber could proceed smoothly. Why have I talked about this? Because the last paragraph of Mr TAM Yiu-chung's speech just now mentioned that while the voting result of the first motion yesterday was 46 in favour of the motion and 13 against it, it was believed that the outcome later today would be similar. The remarks of Mr TAM Yiu-chung just now, in addition to the incident of Choi Yuen Tsuen villagers last night, have made me realize that although the package will be passed by an overwhelming majority today, the Government still has to take the lead in many policies. A lot of work needs to be done when we take forward the constitutional development. Based on the fact that some 60 to 70 residents of Choi Yuen Tsuen came here yesterday, I guess something must have not been properly handled in the process. That is why I agree to what Chairman LAU Wong-fat said, that it was hoped after the passage of the motion today, the Government would continue with its effort in working with the public of Hong Kong, with a view to accomplishing the jobs we should do.

President, it was my honour to take part in the debate on the previous constitutional reform package in 2005. The debate is still fresh in my mind. At that time, I was allocated the seat occupied by Mr CHEUNG Man-kwong now. A Member sat in an oblique angle to me, occupying the current seat of Chairman LAU Wong-fat. Of course, the seating has been changed. But at that time, the colleague who occupied that seat had played the pivotal role. Back then, the Government was fully confident that the package would certainly be passed. But the speech of that Member managed to bundle up all of our colleagues in the pan-democratic camp. Unfortunately, the package was vetoed in the end. I was very distressed at that time. In my opinion, in terms of the pace of democratization, the package to be passed that day represented a giant step forward from the original spot. But unfortunately, the package was vetoed in the end. At that time, I had listened to the arguments of those Members who voted against the package, and found that they had based their negative votes on several points. First, they demanded to abolish the appointed seats of the DCs.

As for the other argument, I believe all of you must have a very clear idea of it — a timetable must be set. Although I did not agree with this when I listened to the discussion back then, I thought it had grounds. The Government should have activated the process in 2005 and moved forward in this direction.

I am happy to see that the Government has liaised with the public and the political parties through various channels after 2005. And finally it had introduced this proposal which was subsequently revised. At that time, I was also pleased. Although the appointed seats of the DCs are not abolished yet, the right to vote and the right to stand for election of the appointed DC members are virtually abolished. Despite the loud voices of objection from Members, it is accepted in the end, which is indeed heartening.

Moreover, we can see the many efforts made by the Government in formulating a timetable. The two timetables of 2017 and 2020 will meet the demands of some opposing Members. In my opinion, they are also acceptable. To make us even more delighted, the Central Government took this package a step forward on Monday (21 June). More than 400 DC members will be able to elect from among themselves, with the exception of the appointed DC members. Election of DCFC members will also be open to over 3.1 million electors who have never cast votes in FCs on a "one-person-one-vote" model. I think this is a very desirable package.

President, the voting result reflects the wish of the public; while 46 votes in favour of the motion and 13 votes against it reflect the view of the public. I am standing here today to urge the 13 Members to genuinely look ahead of you. Your every move will be watched by the public. You are insisting on your philosophies today. But the public know clearly that the constitutional development has to move forward, and democratization has to roll forward, too.

President, as I rise to speak today, I also wish to make a point. As the Vice-Chairman of the Heung Yee Kuk of the New Territories, I have to admit I am a shy person. This is probably the opposite of the unmindful and unrestrained character of the New Territories people. However, some of them still speak in soft voices and in a gentle manner. At the time when the

Secretaries made their statements, I had already pointed out that there were not only two categories of members in the DCs. There are elected members, appointed members, and 27 ex officio members. Unlike the 400-odd members, these 27 members were neither returned through election on a "one-person-one-vote" model, nor were they appointed by the Government which appointed those who had made certain contribution to the society as members of the DCs after much observation. These 27 members had to overcome many hurdles. Village representatives were elected as members of the Rural Committees by villagers on a "one-person-one-vote" basis. The Chairmen of the Committees were elected from among members. If we say that an elected DC member represents 17 000 electors, I believe the representativeness of the Chairmen of the Rural Committees is comparable to 17 000 electors.

President, it seems the package this time around has not distinctly mentioned the arrangement for the 27 ex officio members. I hope that when it comes to local legislation, the Government will seriously and genuinely consider these 27 ex officio members. I hope that the Government will, based on the method of their forming as well as their performance in serving the communities, pass an unbiased and fair judgment on them, so that they will be able to genuinely play their role in the DCs. I have expressed my views today in my capacity as Vice-Chairman of the Heung Yee Kuk. I hope that the Government will think twice in this regard. Thank you, President.

MR ANDREW CHENG (in Cantonese): President, I have attentively listened to Members speak on the DCFC. The issue has been discussed in the Chamber for numerous times. I would like to emphasize once again, we are targeting the system but not individuals. Many Members from the FCs have performed very well. I would like to talk about an article written by Mr Gary CHENG, who used to be a comrade of the President. He had sounded weighed down when he mentioned the "abolition of the FCs". He then suggested universal suffrage could only be implemented in a direct election for a single geographical constituency; then are the improved FCs feasible? This gave me an impression that President, why is the display showing well past nine minutes when I have barely started to speak?(*Laughter*)

I am worried. Can we correct the display first? I do not have a speaking note. I am going to speak according to the time indicated by the display. President, what are we going to do? Well, just make the speaking time just now a gift for me.

PRESIDENT (in Cantonese): Mr CHENG, please start all over again. We will restart the timer.

MR ANDREW CHENG (in Cantonese): President, I am not going to repeat what I have just said. It is this concept that makes me most worried. It turns out that universal suffrage in the future will be something like the description by Deputy Secretary-General QIAO Xiaoyang. There is a great possibility that it will include the FCs. Just as Dr PAN Pey-chyou said in his speech just now, the improved FCs would be "FCs under the sun", so that the public would be able to see each and every undisguised move of the Members. Isn't this better than the existing traditional FCs, or the geographical direct elections in which a candidate will only get tens of thousands votes?

President, when important issues concerning the people's livelihood were discussed in the Council over the years, did Members of the FCs vote in accord with the aspiration of the public? Not only did Members of the FCs, even Members returned by geographical direct elections, the DAB, of which the President is a representative, and the FTU with regard to the proposal that platform screen doors be installed by the MTR Corporation Limited — President, you know very well I am very concerned about this — when it was not binding, they said they would fight for the proposal and support it, and there was also the issue of publicity signboards. But when the merger of the two rail networks was on the table, when it was binding, they opposed the installation of screen doors. Members who opposed the proposal included not only those returned by FCs, but also Members of the ruling coalition returned by geographical direct elections.

President, in the future, with these super DC representatives from the ruling coalition, even if everything is conducted under the sun, will there be any difference? President, this is where the problem lies. In future, before they become DC members, they will have to join political parties. Will they choose to join the ruling coalition, the democratic camp or remain independent? The imposition of hurdles after hurdles makes me worried. Many have said that the FCs under the sun will make the Council more democratic in future, and asked why we refuse to accept the proposal.

President, there is another point. It concerns the FTU of which Mr PAN Pey-chyou is a member. The FTU comes from the labour sector of the FCs, but it had actually opposed the right to collective bargaining.

MR WONG KWOK-KIN (in Cantonese): President, I would like to make a clarification. The FTU has never opposed the right to collective bargaining.

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, please sit down.

You were not making a clarification just now, you were debating. According to our rules, it is only when you have spoken, and the Member who speaks after you have misunderstood your speech, that you can rise and make a clarification after the Member has finished his speech. If you disagree with the accusation made by a certain Member of the group to which you belong to, of you yourself, or of your work, but since you have already spoken, you cannot rise to refute him. Mr Andrew CHENG, you may continue.

MR ANDREW CHENG (in Cantonese): President, just now Dr PAN Pey-chyou went on to say that it was because of the existing disparity between the rich and the poor. However, are FCs and collusion between business and the Government not one of the reasons that caused the disparity between the rich and the poor? I do not want to mention this phrase all the time. It gives the impression of shouting slogans. What do you mean by government-business collusion? It is government-business co-operation only. There is just a very thin line between government-business co-operation and government-business

collusion. It takes a fair constitutional system and a universal and equal election to resolve this thin line.

The issue of the right to collective bargaining is not my hobby-horse, it is the hobby-horse of Mr LEE Cheuk-yan — I hope I have remembered the case accurately — during the time of the Provisional Legislative Council "Long Hair" has not spoken. Later on, he may mention this again. There is another comment, saying that we are developing from a quantitative change to a qualitative change. President, I have done some calculations. Among the 30 FC seats, only five or six FCs involve personal votes, and they include the sectors of legal practitioners, educators, accountants, doctors, nursing professionals and social workers. Members of these sectors cast votes in their personal capacity.

These traditional sectors have been part of the system for over 20 years. If it is really feasible to develop from a qualitative change to a quantitative change, why have the doctors, accountants — I am particularly referring to these two FCs because different representatives of these two sectors have different voting preferences over the past few years. Of course, I am only referring to their voting preferences on issues of constitutional development and democratic government. Are they actually standing more on the side of the democratic camp or the pro-establishment camp? We can see that even though some representatives of doctors who are pro-establishment object to questions on Article 23, they have designed some beautiful questionnaires to consult their members, with a view to confirming his own inclination of supporting the establishment and the Government.

Thus, I hope that I hope my judgment is wrong, because Mr Gary CHENG had once said this when he mentioned my name I had paid special attention to that particular article written by Gary CHENG in this newspaper because he was a former Member whose views on some issues — even though sometimes I disagree with his analyses, I wish to gain an understanding of his views. He believes that there are some people in this Council who persevere with their cause even though they know that it is impossible to succeed, and that some people are prepared to become martyrs. However, he is not referring to me. He said it seemed Andrew CHENG was not that kind of people.

President, in this world, is there anyone who would like to be a martyr? How can we witness the birth of universal suffrage if we have lost our lives? As a matter of fact, we have different convictions now. Someone thinks that I am not a person who perseveres with his cause even though he knows that it is impossible to succeed. As I said last time around, time after time, my convictions had retrogressed step by step. From 2007 and 2008 to 2012, and now, our bottomline is the abolition of FCs. Although this package has yet to be passed, people ranging from Deputy Secretary-General QIAO Xiaoyang, to many commentators, including a number of our pro-establishment Members present in the Chamber, have continuously hinted that with the improved version of the FCs, the FCs under the sun, the qualitative change will certainly develop to quantitative change, Hong Kong people will be able to have two votes. Isn't that something to be happy about? President, the people of Hong Kong are very practical. At present, each member of the public has only one vote. But he can see that over 200 000 electors have one more vote than he does. Then it is reported that after the passage of this package, he will be able to have one more vote in 2012. Furthermore, this vote will not be used in the elections of the traditional FCs; instead, it will be used in geographical direct elections. These are DC members. Isn't that something to be happy about?

If this is a midway station, I will agree to that. I have already made a compromise. But if this is a midway station, and that there will be a gradual abolition of all FCs in 2016 or 2020, an undertaking should be made with this midway station. It is not so difficult to make an undertaking, is it? However, if an undertaking is not even made, the foundation of trust will have to be built on the way in which the SAR Government handled various issues in the past. How did the SAR Government treat us? At present, the Council is executive-led. It is simple. Let me cite a few examples on issues related to the people's livelihood, which are within the scope of my concern; for instance, the issue of anti-smoking. When I put forward a proposal in the Bills Committee, Members of the pro-establishment said, "You want to ban smoking at bus termini, on beaches, and even in parks. We are only talking about banning smoking indoors." They were against this. We spent a lot of time arguing over one single issue. I put forward a view and the argument lasted for several months. Subsequently, Secretary York CHOW thought this over and considered it feasible. When he introduced the proposal for implementation, Members of the pro-establishment camp immediately responded by saying that it was a good proposal.

President, there was also the issue of Route 8. I believe Mr LAU Kong-wah must — I do not know whether he had attended that meeting — if my memory is correct, from the outset back then, the Government had proposed a toll rate of \$15. I said it could not be that amount. The toll rate of the Lion Rock Tunnel was \$8, while the toll rate of the other route was \$15. Who was going to use the other route? Members of the pro-establishment camp said the toll rate was appropriate. I insisted on proposing an amendment. I believe it was an embarrassment to Members of the pro-establishment camp at that time. In the end, the Government decided to withdraw the franchise. Members of the pro-establishment camp then said it was a good arrangement, and that the Government had heeded public opinions. President, examples of this kind abound.

There is also the system of separate voting. Not too many people have mentioned the system of separate voting over the past few days. As a Member of the Legislative Council, this has been the greatest pain to me since 1998. With respect to proposals concerning people's livelihood, very often the number of Members voting in favour of them far exceeds the number of Members voting against them, but due to the systems of FCs and separate voting, they cannot be passed. President, many people say that this is "Laap Saap (rubbish) Council", for all proposals related to the people's livelihood will always fail to pass. President, the systems of separate voting and FCs have formed the foundation of our deep-rooted conflicts. As a result, the disparity between the rich and the poor gradually takes shape. I hope that Dr PAN Pey-chyou as a Member from the labour sector will reflect on what he said in this regard just now.

President, the concept of "one-person-two-votes" is really very tempting. I believe it has already undermined the determination of some people in their fight for universal suffrage. Nobody will disagree that we need to take forward the constitutional development. However, the conclusion we may draw next is instead of seeing democratization being taken forward, we are going to see it coming to a standstill. We will have to continue waiting. With the retention of the FCs, allowing them to march along with direct elections, geographical direct elections under the sun will walk hand in hand with the FCs, calling a halt to democratization. This is the last thing I wish to see. Thus, I continue to urge you to join the 1 July rally. Let us use the steps of the people to reactivate the halted democratization.

President, although I may be a bit agitated today, I do not wish to give an impression that every time when we talk about this issue, we would be chiding one another. I had appealed to "Long Hair" and Albert Chan before — I will not appeal to "Long Hair" to apologize to "Uncle Wah" anymore. Anyhow, Members' words and actions, irrespective of whether they are irrational abuses or rational arguments, will be judged by the public. The Central Government or the SAR Government has also used this criterion to make their criticisms. They have asked whether such quality and irrational abuses represent a level of mature democracy. Thus, I hope that in putting forward our principles and directions, Members will do so in neither an overbearing nor a subservient manner. Discussions should be based on facts. The universal suffrage we pursue in the future has to be drawn up by the people. It is possible that excessive populist sentiments and radical behaviour may cause democracy to come to a standstill. Thus, I am making this appeal to you once again.

I am using the last 10 seconds of my speaking time to urge "Long Hair" to say "Sorry" to "Uncle Wah". After all, it is something one man should say to the other. Thank you, President.

MR LAU KONG-WAH (in Cantonese): President, first of all, I would like to respond to Mr Andrew CHENG's accusation regarding the stance of the DAB on the installation of platform screen doors at railway stations. Certainly, I understand that Mr Andrew CHENG is still trying to play the role of a Young Turk. However, this impulsive accusation should be based on facts. As a matter of fact, the DAB had all along taken the lead in the demand for the installation of platform screen doors. I can still remember that we helped people with disabilities in wheelchairs stage protests back then. If Mr Andrew CHENG's accusation is substantiated, our accusation of Mr Andrew CHENG's opposition to fare reductions by the two railway corporations and freezing of fares will also be substantiated. Thus, I hope that Mr Andrew CHENG will make sure his words are founded on hard facts. The strategy of the DAB was to demand the MTR Corporation Limited to implement fare reduction and freezing of fares, as well as installing platform screen doors. Even now, we are still maintaining this as our stance, demand and action.

President, although I have many personal views of the functional sectors, I am not going to engage in a lengthy debate on this today, because I believe we will have opportunities to discuss the subject in the future. Today, our most important task is to pass the 2012 constitutional reform package. Yesterday, I went to the Chater Garden after the counting of votes. Many members of the public were saying happily they had won the first half. In other words, we still have the second half today. We hope we will also win in the second half. This is the aspiration of the public. Hong Kong has to win. Hong Kong has to move forward.

I understand that the Civic Party and the League of Social Democrats (LSD) may not support the Government's package today. But I sincerely wish to say a few words to the two political parties. In my opinion, this current package proposed by the Government has already succeeded in striving for the maximum room under the framework of the principles prescribed in the Basic Law and the Decision made by the NPCSC. On the one hand, we have to act in accordance with the law, and on the other, we are given the maximum room. During the whole process, we can see the pursuit of such an objective. Unfortunately, friends from the Civic Party have all along criticized every proposal and option. However, they have never put forward a package — a package which, while compliant with the law, can offer the maximum room.

Yesterday, Mr Alan LEONG quoted Article 68 of the Basic Law. It is true that Article 68 states that ultimately there will be universal suffrage. But he proposed a package which demanded universal suffrage for all elections immediately. This contravenes the spirit of the Basic Law. Yesterday, Ms Audrey EU was holding a document with signatures — I noted several friends had put their names on the document, saying they wish to support "one-person-two-votes" — the basic difference between her proposal of "one-person-two-votes" and the current proposal put forward by the Government is that she demands the immediate abolition of FCs, which contravenes the Decision of the NPCSC. Thus, it is entirely incomprehensible to me as to why the Civic Party, formed by five solicitors, should put forward an arrangement that contravenes the legal principles and the constitutional system. Why have they put forward such a proposal? I am really baffled.

PRESIDENT (in Cantonese): Mr Alan LEONG, what is your point?

MR ALAN LEONG (in Cantonese): President, according to my understanding, you mean I have to wait until Mr LAU Kong-wah has finished his speech

PRESIDENT (in Cantonese): Has he misunderstood your speech?

MR ALAN LEONG (in Cantonese): Yes.

PRESIDENT (in Cantonese): You can make a clarification after Mr LAU has finished his speech.

MR LAU KONG-WAH (in Cantonese): I believe people who are solicitors should be well versed in legal principles and law. It is unfortunate that the interpretation of legal principles has turned into a political tool. This is probably what makes people, including members of the Civic Party, so distressed. This is probably what makes Mr Ronny TONG so unwilling.

President, I think that taking this step — passing the 2012 package and continuing to fight for universal suffrage in accordance with the Basic Law are not mutually exclusive. We can proceed step by step. I believe the majority of Honourable colleagues in this Council are heading in this direction today. Of course, there will still be arguments.

There was this famous line by Ms Audrey EU when she debated with Donald TSANG: "We would rather make no progress than making a wrong step." President, Ms Audrey EU and friends from the Civic Party have, indeed, made a mistake and headed in a wrong direction. First, they resigned and forced the by-elections, which was a waste of public funds. This is their first mistake. Today, we have a package with enhanced democratic elements, which they refuse to accept. This is their second mistake. Their style is getting closer and closer to that of the LSD. This is their third mistake.

Their style is getting closer and closer to that of the LSD. President, these are not my words. Some members of the Civic Party have issued a public letter to the Civic Party in newspapers, pointing out that the actions of the party, "particularly the comments of leader Audrey EU on referendum, are getting closer and closer to that of the LSD, which makes us very disappointed." Thus, I hope friends from the Civic Party will be persuaded. As a matter of fact, when they formed this political party, members of the public had a lot of expectations for them. They had hoped that the Civic Party would adopt a rational, moderate and pragmatic approach. Unfortunately, when they are moving farther and farther away from this, more and more people will be leaving the party.

President, when the Civic Party was first established, it had the aspiration of becoming the ruling party. However, if the political platform of the ruling party deviates from the Basic Law and abandons the Decision of the NPCSC, what kind of future will there be? Will there be a way out for Hong Kong? Thus, I urge them to go back to the basics, and come back to the right track before they are completely lost. Don't make one mistake after another, and another.

Insofar as friends from the LSD are concerned, President, you may have noticed that, since several Members have joined the Council from the beginning of this term, not only has the culture of the Council changed, the culture of society as a whole has also undergone a fundamental change. It seems that people have become accustomed to verbal abuses and raids, and allusions to bloodshed and riots. This kind of crude culture is not what Hong Kong people wish to see.

Mr LEUNG Kwok-hung is back now. Now I will wait

MR LEUNG KWOK-HUNG (in Cantonese): President, will Mr LAU Kong-wah accept my enquiry?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, as you are waiting for your turn to speak, if you are not in agreement with Mr LAU Kong-wah's remarks, you may respond when it is your turn to speak. Mr LAU Kong-wah, you may continue.

MR LAU KONG-WAH (in Cantonese): Of course, I am still waiting for Mr WONG Yuk-man and "Hulk" to come back. I have noticed that in our Council only, three of our staff and security guards have already been injured during this session. Yesterday, a friend upstairs had also hurt his back. All of our colleagues felt sorry when we heard that, and sent him our regards. However, should Hong Kong people grow accustomed to this kind of battering culture? Friends from the LSD have all along advocated and incited such a culture; should they be held responsible for this?

President, language may be the lightest object in the whole world. But if it is used to harm people, it may become the heaviest weapon. Its power has been evident in the comments of Mr LEUNG Kwok-hung over the past two days. It is not our wish to see this again. It has been recognized by all that Mr WONG Yuk-man and Mr LEUNG Kwok-hung are learned persons. However, if a learned person is not a cultivated person, he will be more dangerous to society than a person who is neither learned nor cultivated. I had spoken to WONG Yuk-man about this before. I hope they will think of their position. Should we continue to make our next generation witnesses to these scenes?

President, the Civic Party has contravened the Basic Law and deviated from the Decision of the NPCSC. I would describe such a deviation as "losing a just cause". The words and deeds of the LSD have violated family ethics and degraded human nature. I describe such words and deeds as "unethical". The two political parties have faults and failings in morality. However, these two political parties are telling society that they are keen on taking the moral high ground. President, isn't this a great mockery?

President, yesterday, Dr LAM Tai-fai said that we of course we understand that there have been great changes. He said that we were unable to grasp even the "flank of the boat". As a matter of fact, we do not mind at all. In a dragon-boat race, the most conspicuous person is the beater of the drum. It does not matter whether you are sitting in the front row or the back row, in the first seat or the back seat, the most important thing is to arrive at the finishing point. Dr LAM Tai-fai manages a football team. Of course, the player who scores is the most conspicuous person. However, it does not mean that the defenders, the goalkeeper, and even the manager the manager has not even touched the ball, but it does not mean that he is not happy.

Thus, I think we should put it in a wider perspective. "Have a broader mind, and the road will open up". Many friends who drive often see such a slogan at the rear of cars driven by "taxi drivers". "Have a broader mind, and the road will open up". We may have this feeling when we drive our car in our daily life. This is exactly the point highlighted in the process of the constitutional reform, where compromise has to be made. The road may be narrow, but if every political party has a broader mind, the road may look broader. We also hope that the future will be like this.

Ms Emily LAU went to the Chater Garden yesterday. Many of our previous supporters that is, our current supporters greeted and applauded her. I think this is also historical. As a matter of fact, members of the public are that straightforward. When the label of each person is pulled away — some of us are called legislators, some of us are called officials, some of us are called the DAB, some of us are called the Democratic Party, some of us are called the LSD — when the temporary label of each person is pulled away, what remains is just a person, an ordinary member of the public. As a human being, we have to observe some basic standards. We are not animals. When we are just ordinary members of the public, we have the aspiration of going forward and realizing democracy instead of making no progress. We understand very well that an ordinary member of the public in all his wits will certainly support the passage of the constitutional reform package today.

Mr CHEUNG Man-kwong said there would be "a footprint for each step". I totally agree with him. I also hope that we will be able to take this step in the future. With regard to the Central Authorities, I think we have seen their greatest sincerity in this process. As for the governing team of the SAR Government, at close range, we can see that they have really made the greatest effort. The DAB has all along advocated throwing our arms open. I have never seen Chairman TAM Yiu-chung hold his fists tightly. We hope we can encourage each other in our endeavours in this regard.

Recently, there is this movie called "Ip Man 2". I guess many of us have seen the movie. After a fight between IP Man's pupils and those who challenged and attacked them, Master IP Man said, "It is a good thing for us to have peace at heart, and to treasure our refusal to fight." Peace at heart is probably the highest common factor. Refusal to fight means not to calculate gains and losses, hits and misses of each party; but to focus on the overall interests of Hong Kong and

the greatest interests of the public. This we always take to heart in the DAB. I also hope that we can join hands and work together for this. It is my wish that if supporters of the DAB find it hard to understand our action this time around, they will still go forward and support the constitutional reform after listening to my speech. Thank you.

MR LEUNG KWOK-HUNG (in Cantonese): President

MR ALAN LEONG (in Cantonese): President, have you forgotten about me

PRESIDENT (in Cantonese): Mr Alan LEONG, do you wish to make a clarification?

MR ALAN LEONG (in Cantonese): President, the speech of Mr LAU Kong-wah just now accused the Civic Party of having no regard for the Decision of the NPCSC, launching rebukes all the time without putting forward any proposals. I would like to clarify this point. In fact, in my speech, I have clearly pointed out that we are striving to implement genuine universal suffrage for the selection of the Chief Executive not later than 2017, to implement universal suffrage for the forming of the Legislative Council not later than 2020, and to abolish the FCs. With regard to this, we have already clearly taken into account the Decision made by the NPCSC in December 2007.

In the proposal of the Civic Party, with respect to the DC package, we have already made suggestions on the undesirable aspects, that is, to regroup the FCs with similar numbers of electors in 2012, and to increase the seats returned by direct elections with the aim of replacing these FCs in 2016. Thus, I hope that Mr LAU Kong-wah can first ascertain the facts. President, it does not matter that we have different views, but it is wrong to say that the Civic Party only launches rebukes without putting forward any proposals. It is also wrong to say that the Civic Party has no regard for the Decision of the NPCSC. We have clearly indicated that if only an explicit undertaking is made in respect of the three items I mentioned just now, that is, using the 2012 package as a midway

package, discussions and negotiations can be conducted on any other matter. These are the facts the Civic Party does not mind taking all the trouble to strike home repeatedly. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, I find it really laughable that Mr LAU Kong-wah has actually explained from another angle why he joined your party in 1994. He joined your party when the blood which was shed on 4 June had not yet dried out because he could figure it out accurately that he would become a winner in the 16 years from 1994 to 2010. He made the right choice in leaving in a flurry on that day. Let us consider this. The Democratic Party is shaking hands with this traitor today — I criticized him as a traitor long ago; he is a traitor of democracy.

I told Honourable colleagues the story of the Arc De Triomphe yesterday. When he spoke today, Mr LAU Kong-wah was marching through the Arc De Triomphe. He attacked the Civic Party and the League of Social Democrats (LSD) and he even criticized the political party of which he was once a member. He vindicated himself just as what Dr FAUST who sold out his soul had done. He is now an honourable Executive Council Member, and he can smell at close range the stinky odour of FC elections and the SAR Government under one-party dictatorship (the small-circle government). However, he finds the smell pleasant and he even wants to share it with us. He does not think that it is a stinky odour and he is very pleased with himself.

What are we discussing today? We are discussing whether Hong Kong people will really see genuine universal suffrage in the future or in the years specified. I cannot talk nonsense about the matter here for Mr QIAO Xiaoyang has lately defined the right to universal suffrage according to his understanding. Prof RAO Geping has said that the right to universal suffrage includes only the right to vote but not other things. Moreover, the SAR Government has cited the interpretation of the International Covenant on Human Rights by the former government in defence. In fact, when it is implemented in the future, universal suffrage is defined as universal and equal suffrage without the right to make nominations. In other words, the candidates will not be given universal and equal treatment. But the Democratic Party have also made such observations, only that they have turned a blind eye to it and accepted this so-called "optimized

DC" package. According to CHEUNG Man-kwong, if I am a member of the ruling group one day (I just made one wrong remark), there will be political terrorism.

President, they are actually the ones who will bring about political terrorism. No matter what I have said about SZETO Wah, I just blurted it out and I had not conspired to do so. Yet, they plotted to do something during those seven months. I said long ago that CHEUNG Man-kwong had proposed to Secretary Stephen LAM — he was not present today — the DC package at a meeting of the Panel on Constitutional Affairs in November; that happened in November.

President, the fate of all is related to the political situation. I have incurred public wrath today just because the Democratic Party has conspired to compromise with the Communist Party; I am being attacked just because of one remark I made. I restate here that my behaviour has nothing to do with the LSD, and my personal friendship with SZETO Wah or my understanding of him is not a subject for discussion here. I will answer questions about all other things.

What else should I say? Dr PAN Pey-chyou said that we would be in good times when we see the light of the day insofar as FC elections are concerned. He was just saying that we should continue to have FCs. This is a very dangerous conclusion. I would like to seek the advice of

(Mr CHIM Pui-chung stood up)

PRESIDENT (in Cantonese): Mr CHIM, what is your point?

MR CHIM PUI-CHUNG (in Cantonese): President, I would like to ask you to rule on what Mr LEUNG Kwok-hung just said, that is, about Mr CHEUNG Man-kwong conspiring with the Communist Party. Has he imputed motives on other Honourable colleagues as pointed out in your ruling a while ago? I await your ruling.

MR LEUNG KWOK-HUNG (in Cantonese): President, it is not necessary to listen to the tapes. I simply said that Mr CHEUNG Man-kwong had proposed the DC package to Secretary Stephen LAM. I was referring to a conspiracy by a political party/grouping.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please continue to speak.

MR LEUNG KWOK-HUNG (in Cantonese): Do you want to listen to the tapes?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please continue to speak.

MR CHIM PUI-CHUNG (in Cantonese): I am not saying that you are wrong; I am just asking the President to make a ruling.

MR LEUNG KWOK-HUNG (in Cantonese): Need not be angry; need not be angry.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung, I do not think what Mr LEUNG Kwok-hung has just said has violated the Rules of Procedure. Mr LEUNG Kwok-hung, please continue.

MR LEUNG KWOK-HUNG (in Cantonese): I find this conclusion most shocking. In fact, as a doctor, it is unreasonable of him to say that. If he says that even countries practising democracy cannot solve issues of people's livelihood, may I ask him to enlighten me whether or not countries not practising democracy can solve such issues? According to surveys, this is not the case. I cannot help but point out that the living standard of the people in all authoritarian countries not practising democracy is on a constant decline.

Members, India's caste system has posed obstacles to democracy in India. The situation is like this: The problem with democracy in India nowadays is that the caste system is overriding the democratic system just as nowadays, FCs are overriding a system of universal suffrage. You have let the cat out of the bag. If the democracy in India is not successful, the so-called democracy in Hong Kong will surely fail in future too because FCs are actually a replica of the caste system in India. The Indian culture has created four different castes and here, we have 30 different castes, so how can we eliminate them? Moreover, this kind of castes was not nurtured by our own culture. Maybe it is due to "patriarchal politics" or one-party dictatorship. How dare one say such things?

Another thing is, may I ask Mr LAU Kong-wah why he said that the LSD and the Civic Party had not put forward any proposal — we certainly did and it is related to "one-person-two-votes". Mr LAU Kong-wah's speech is designed to try one's utmost to protect one's rights and interests. He has served two regimes. During the period when Hong Kong was under the rule of the British-Hong Kong Government, the culture was "philistine plus comprador". What do I mean by philistine? The general public just wanted to make do with the bare minimum. They have come to Hong Kong in order to escape from the bane of the Communist Party or the wars, so they yearn for a comprador culture. This is the basis for the Hong Kong-British Administration. The Legislative Council and the Executive Council were the foundation of this comprador culture. The philistine system of the public was the foil for this political foundation of a comprador culture and comprador regime.

Today, Mr LAU Kong-wah has gone through a transformation and patriarchal politics is the foil to one-party dictatorship and patriarchal politics is supported by submissive politics. He looks gleeful, not because he has strong grounds but because the democratic movement has lost its vigour and forward momentum after meeting all these setbacks in the past 12 years. The Democratic Party is a reflection of weariness and disappointment. They think that they are making a contribution to the democratic movement by doing so. Even if I do not judge it from the angle of interests, which is so familiar to you, this is the basis for the French Revolution and the "Thermidor Reaction". At

that time, it was terror for terror in order to continue with the so-called revolution. The guillotine was invented in this context. The guillotine was invented by that doctor.

Today, Hong Kong does not have to feel terrorized. The terror cannot be seen for the time being. There is no need to fear the blood and the terror. There is only a decline in people's awareness and fickleness. The crowd outside is roaring out of anger because of the immense oppression and on the other side, people are paid to indulge in revelry. What kind of future does our society have? For what are we sitting here?

It is said that we need to be accommodating. The proposal put forward by the Democratic Party is meant to have five DC members returned to this Council by more than 3 million voters and to endorse the election of 30 FC Members returned by 220 000 voters. This "one-person-two-votes" arrangement is not equal, universal or fair. This is the FC system approved by the Communist Party. Today, I will say that such an act of endorsement is forgery. If it is said that we should sing praises of it, I cannot agree with this.

Then, may I ask Mr CHEUNG Man-kwong how he can possibly move the privileged class in such a corrupt system and ask them to give up the privileges they are enjoying? First of all, he did not propose the abolition of separate voting. In fact, all these only lead to one conclusion, that is, as Mr LAU Kong-wah has put it, we have to look up. In fact, in an election forum, I once asked him for his views on constitutional reform. He said they would follow the Central Authorities. So I said, "What if the Communist Party falls from power?" At that time, he laughed deviously. This turned out to be the truth. The Communist Party does not have to step down. Once the Communist Party changes its face, you have to "scramble to pull up your falling pants". What was said to be disallowed a couple of days ago became the possible when Ms Elsie LEUNG said that it would be allowed. Is that right? Who has shame? What is shame? One has to be responsible to oneself. Propriety, righteousness, integrity and one is missing, it is shame

(Mr TAM Yiu-chung indicated his wish to speak)

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, is it a point of order? Mr LEUNG Kwok-hung, please sit down first. Mr TAM Yiu-chung has to raise a point of order.

MR LEUNG KWOK-HUNG (in Cantonese): I am not used to be seated. What does he want?

PRESIDENT (in Cantonese): It is not a matter of whether you are used to it or not. Please sit down first. He has to raise a point of order. Let us listen to him first.

MR LEUNG KWOK-HUNG (in Cantonese): I see.

MR TAM YIU-CHUNG (in Cantonese): I found that he has said something insulting Mr LAU Kong-wah in his speech, including "scramble to pull up one's falling pants".*(Laughter)*

PRESIDENT (in Cantonese): I think that it is just an analogy.*(Laughter)* I do not think Mr LEUNG Kwok-hung means it literally. Moreover, I also notice that in Members' speeches just now, there were also some rather sharp and acrimonious criticisms. I have been listening to Mr LEUNG Kwok-hung's speech attentively and so far, I do not think there is any breach of the Rules of Procedure in his speech.

(Mr Paul TSE indicated his request to speak)

PRESIDENT (in Cantonese): Mr TSE, is it a point of order?

MR PAUL TSE (in Cantonese): President, please rule on the word "shameless". It is a moral judgment, which is extremely an insulting criticism of one's character. I have heard this word many times and it was also used on Mr LAU Kong-wah just now. I would like you to comment on it.

PRESIDENT (in Cantonese): I have already pointed out just now that, in debates, a number of terms may arouse resentment among Members. However, we need to draw a line. If we think that the accusations made by a certain Member against other Members are all in breach of the Rules of Procedure, our debate can hardly proceed. However, I also have to remind Mr LEUNG Kwok-hung that it is provided in the Rules of Procedure that a Member should not use offensive or insulting language about other Members in his/her speech. Therefore, please be careful when you continue with your speech. Mr LEUNG Kwok-hung, please continue.

MR LEUNG KWOK-HUNG (in Cantonese): Thank you, President. In Qi, it was the Grand Historian's bamboo slips (that told of Cui Zhu's assassination of Duke Zhuang); Or, it appeared as the tablet that struck the bandit (Zhu Ci);⁽¹⁾ my speech was interrupted by him. It is just like sending in a substitute during a football match, making it a lousy game.

Very simply, first, with the Communist Party of China's frequent expressions of its stances, the political party represented by Mr LAU Kong-wah has kept changing its position. It is trying to overturn its previous positions again and again. This reveals that the entire process has been a conspiracy. Not only do 6.9 million people have no way of knowing of this conspiracy, even the majority of the people in this Council are also unable to discuss or learn anything about it. This process represents the evil of the FCs, the evil of the existing system. You are the victim, but you still love to talk about them.

Secondly, what I find terrible after listening to all of these speeches is that Ms Emily LAU said that today, we have made a major compromise by entering the cross-party coalition. She thought that the cross-party coalition deserves our

(1) <<http://www.slideshare.net/route66mn/songs-of-the-righteous-spirit-men-of-high-purpose-shishi>>

praises. Is this really the case? In such a corrupt system as they describe it, in which the powers are so imbalanced, any negotiations with them will surely lead to a poisonous result. Rosa LUXEMBURG, whom I respect very much, said that if someone from the opposition camp in the legislature told you that you were a "smart" guy, that you really have regard for the overall interest, that you are really a saint who has the virtues of benevolence, righteousness and morality, then you must have made a mistake.

In the cross-party coalition, another concession that the Democratic Party has made on the agenda is the legitimization of the evils of the FCs. Was there any cross-party coalition in the actions against legislating on Article 23 of the Basic Law? How did we resist the legislation on Article 23? That is the reason why I advocated the resignation *en masse* of Members returned from five geographical constituencies to trigger a *de facto* referendum. That was a rehearsal. After listening to all the speeches, I feel terrified because I have not realized that today's concession is to pave the way for the formation of a new ruling coalition. Now, a hand is beckoning, saying let bygones be bygones, that the Democratic Party is forgiven and it should join the cross-party coalition in the future. How terrible this is.

What will happen then? The lump sum grant are not all those proposals that bring sufferings to Hong Kong people and aggravate the problem of wealth disparity all rubber-stamped here in this Chamber by this corrupt system of a ruling coalition? Are not all those motions beneficial to the living of Hong Kong public rejected here in this Chamber by this ruling coalition and this corrupt system? Therefore, today's debate is not marked by impulsive arguments, nor is it marked by strategic arguments. On hearing Ms Emily LAU say such things, I realized that this is the final "Good bye". It is because I cannot join a ruling coalition under such a corrupt system. I cannot possibly find in a corrupt system the endorsement by an even more corrupt system, that is, the communists party's one-party dictatorship.

It is very hard to say goodbye but today, I cannot help but say goodbye. Thank you, President.

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

DR LAM TAI-FAI (in Cantonese): The motion on the method for selecting the Chief Executive was smoothly passed by the Legislative Council yesterday. There was little complication, so to speak. Today is the second-half session. It has stopped raining out there. I reckon the motion will also be passed smoothly today. However, no matter what, I still urge Members to have regard to the overall situation, so that this constitutional reform package for 2012 can have a satisfactory ending.

In fact, human beings are gregarious animals and no matter what we do and what decisions we make, we should give priority to the interests of the public and the interests of the group first, and we certainly cannot put personal interests before that of the group or the public. If we can look after the interests of the group and take account of the overall situation, the things we do will gain the support and approval of all people and will be long-lasting.

I agree with Mr LAU Kong-wah that the most pleasant thing, and also the most important thing, is to enable the passage of this constitutional reform package, so that we can take a step forward. It does not matter who sends the ball into the goal. In fact, I am not used to launching attacks because usually, I am a midfield player, mainly responsible for "directing attacks". For this reason, if we can forget about past grudges and support this constitutional reform package in the overall interest, I would feel very happy.

In the past two days, I have heard many people say that the pro-democracy camp has betrayed democracy. I dare not pass a judgment rashly. As I am not a member of the Democratic Party, I dare not pass a comment or judgment to say whether or not they have betrayed democracy. However, from my point of view, in doing so they have actually shown commitment, committed to the further development of democracy. Some Members once said that without struggles, there would not be any change — Mr Albert CHAN has raised his hand, so it was him who said that — this rationale is not entirely wrong, but if there is no change and no compromise, how can there be any consensus? If there is no consensus — if only you have the view and others do not share it, how can there be any consensus? Without any consensus, this proposal is meaningless. For this reason, there must be a consensus and negotiations before there can be any success and a step can be taken.

This time, I can see that the pro-democracy camp has made a lot of effort in forging a consensus. Yesterday, I was a bit late, mainly because I wanted to finish listening to the interview of Mr CHEUNG Man-kwong in a radio programme. Mr CHEUNG Man-kwong recounted the efforts of the pro-democracy camp, including himself in the work of the constitutional reform, in the past several months — I think he wanted to give an account to the public or the voters who support the Democratic Party — and confessed his own feelings, while giving an account on the turn of events. I learnt that in this process, there had been a lot of unexpected twists and intriguing stories. To me, no matter as one of the audience or his colleague in the legislature, I have gained a better understanding of the lobbying done by the Democratic Party in the past few months and in this process, many emotions were experienced, including disappointment, worries and happiness — be it happiness due to false hopes or real hopes. I felt that they have really done a lot. Of course, I have many friends in the Democratic Party with whom I can see eye to eye, Mr CHEUNG Man-kwong in particular. He is a senior in the education sector and often, I would seek his advice and I also respect him. For this reason, according to my judgment and from the Mr CHEUNG Man-kwong that I know, I firmly believe in the remarks made by him. In fact, I found Mr CHEUNG Man-kwong's voice in the radio programme very thick set and sincere, and I believe other members of the audience can also feel this.

I find that Mr CHEUNG Man-kwong is a person with foresight. In fact, earlier on, when a panel meeting was held in this Chamber, Mr CHEUNG Man-kwong also mentioned this proposal in brief over a chit chat with me and of course, we did not talk in detail and he only said that this was not a bad proposal. When I subsequently recall this, he did really mention it to me, so I think he is prescient. However, even if he is, it is necessary to put down the baggage to do this, which is not easy indeed. He had to express his goodwill because many people regard the pro-democracy camp as the opposition. He had to first set down his baggage and express his goodwill. Otherwise, how could he have discussions with the Central Authorities? This is by no means simple. In doing this, he has absolutely broken the deadlock in the whole matter. Dr Priscilla LEUNG held a rope and tied many knots on it. However, it is useless to tie knots, and the most important point is to know how to untie them. I think Mr CHEUNG Man-kwong has really broken the deadlock.

In addition, I wish to take this opportunity I need shine the shoes of the Democratic Party and I only want to say something that I truly feel. I think that Mr Albert HO — I wish very much to have the opportunity to talk with him because he is the Chairman of the Democratic Party and I have had less chance of talking with him on this matter, he has the stature of a great man who is far-sighted. Why? I think that a political party must insist on its beliefs and the belief of the Democratic Party is to strive for universal suffrage. It is definitely necessary to insist on this belief, but insisting on it does not mean being obstinate. Obstinance and insistence are different. At an appropriate time or appropriate moment, it is definite necessary to make compromises and carry out co-ordination. It is not necessary to insist on one's own methods and get to the goal in one stride, rather, we can get there by stages. We do not necessarily have to insist on taking the MTR when crossing the harbour and we can take the ferry instead. They can both take you across the harbour, only that the ferry is slower and the MTR is faster. However, Mr Albert HO has not given up his insistence and he has also made this clear publicly many times. I trust the SAR Government and the Central Government must have also heard this clearly. He did not give up his conviction, only that he is not insisting obstinately that at this stage, we should achieve our target in one stride.

To pursue unrelentingly is not the same as blind pursuance. Mr Albert HO is still pursuing universal suffrage unrelentingly but he is not doing so blindly. He is fully aware that this moment, he cannot get it and he would not demand it regardless of the circumstances, but he would pursue it unrelentingly. This is my feeling and my judgment, and I do not know if I am correct. I think that he is exercising flexibility rather than changing tack. It is only by dealing with the matter with flexibility that there is room to manoeuvre. If there is no room for manoeuvring, today, there is a great likelihood that this motion cannot be passed and would even end in a tragedy. This time, it can be said that there is a more satisfactory ending and we are happy about it. History can bear testimony to this page of history and achievement made by him.

In fact, they are both clever men and how could they possibly not know that how possibly could the six-member team not know that once they have made this decision, they surely have to spend a lot of time giving explanations or will be subjected to impacts? They were surely aware of this, but they still had to have regard for the overall situation. As Mr CHEUNG Hok-ming said, appointed DC members like us must also have regard to the overall situation

I did not know that the microphone had fallen down and I thought I was speaking loudly therefore, they can cope with the storm. Now, even heaven is on their side and the rain had stopped when we were voting, so there is now sunshine after the rain.

Coming back to the proposal today, of course, I support its passage. Many Honourable colleagues also pointed out in their speeches that this was not the best proposal, but how possible can there be the best proposal in the world? Only that at this moment, this proposal is more acceptable to all parties and that is all. I often said to my employees that if they want to find the best employer before they would work for him, I believe they would not find any job all their life. Similarly, if an employer only wants to hire the best employees, he would never be able to hire any employee either. Even Prince Charming does not necessarily have to marry Snow White, right? If Members think that this proposal is acceptable at this moment, we should accept it.

This proposal has also prompted me to think a lot. I believe that from the logical point of view, this proposal can provide room for all people to think about how best the FCs can be optimized at this stage. I also said yesterday that there are now many voices calling for the abolition of FCs and according to my personal judgment, such voices are getting more numerous and this is a fact. Is the electoral system of FCs perfect? Even the Government has pointed out in a high profile that they do not comply with the principle of universality and equality and they need improvements. This is also the fact.

To my understanding, no system in the world can exist forever and ever. With various opportunities and situations, systems can be changed. Formidable as dinosaurs might be, they could go extinct as well. Does one mean that dinosaurs would exist forever? This is not possible. When the dinosaurs ruled the Earth they thought that they were the strongest and would never go extinct. However, in the end, they could not escape the fate of extinction. Therefore, the question is just when something will go extinct and at what time should changes be made.

Today, no consensus has yet been reached in society, so can we proceed first in the direction of the DCFC, with the Government taking the lead in improving the electoral system for traditional FC, including the electorate bases,

the election method, nomination method, and so on. The elections of some FCs can even adopt the mode of "one-person-two-votes". All these can be considered, and they can be very flexible. We should just be open-minded in considering them.

Mr LAU Kong-wah told me just now to be open-minded, and it was an enlightenment to me. In the future, whenever I want to scold anyone, I will be open-minded, tolerant and accommodating. I have to raise my EQ because I scolded someone yesterday. Therefore, we may as well be more pragmatic and practical and deal with traditional FCs properly from the angle of streamlining and improvement. After dealing with them properly, streamlining them and making efforts — what I mean by making efforts is not long-term ones but to do so within a short period of time — and if it is still impossible to win the approval of society and the voice calling for the abolition of FCs is getting louder and louder, and together with the fact that FCs are only concerned with helping their sectors rather than the general public after the improvements are made, it would not have any room for survival at all and in that event, there is no longer any need to insist that they have to exist forever because they will naturally disappear like dinosaurs and this is the rule of nature.

Today, I do not wish to spend too much time discussing the merits and demerits of FCs, or how they are making contribution to society because today, Mr CHAN Kin-por and Mr Vincent FANG have already talked about these and Members have also listened for a long time about these. Today, I think it is time the Government led us in thinking about how to improve the system of traditional FCs because their opponents have said repeatedly that they are not targeting Members from FCs but the system. However, the system is not decided by me, and I only took part in it. This is like a football match set down for 90 minutes. I take part in it for 90 minutes and it is not possible for me to change it to a 120-minute or 150-minute game. The decision rests with the Government, so it should improve the electoral system for traditional FCs as soon as possible. I hope the Secretary can follow up the efforts in this regard.

Another point that I wish to talk about is that the accusation of collusion between the Government and business in the FCs is totally unfounded because should there be any evidence, this would constitute a criminal offence, right? If

there is any conflict of interests or transfer of benefits, there is surely some evidence. For this reason, this is only a judgment, an impression. However, how did such judgments or impressions come about? Probably, the implementation of certain measures might have caused the public to hold certain views, but this is not something that can be solved by us in the business sector. Rather, it is necessary for the Government to consider how to allay the doubts and negative perceptions of the public, so as to make them think positively.

I would like to talk about section 39E of the Inland Revenue Ordinance again. How can one possibly say that there is collusion between small and medium enterprises and the Government? Had there has any, I would have asked the Government to repeal section 39E as soon as possible because we all understand that section 39E provides that if we transfer the machinery of our factory to the Mainland, we will immediately lose our entitlement to the depreciation allowances. In the face of this requirement, how can we upgrade or transform our operations? What kind of collusion is this? Had there been any collusion, the first step I would have done is to ask the Government to amend section 39E, so that our sector would not have to continue to suffer or pay double taxes. In this way, the sector can upgrade and transform. Therefore, I do not know why there is such a doubt. Of course, some people say that the doubt has to do with some consortia, but since I personally have less contact with such consortia, I am not sure if it exists. However, it is really necessary for the Government to do a proper job before public misgivings can be allayed.

President, I so submit.

MS AUDREY EU (in Cantonese): President, in Mr LAU Kong-wah's speech just now, he accused the Civic Party of having made no proposal or violated the Basic Law and the Decision of the NPCSC. Regarding this point, Mr Alan LEONG has already given his explanation and I do not need to repeat it. I will explain, in a rational, moderate and pragmatic manner as suggested by Mr LAU Kong-wah, why the Civic Party opposes this motion.

President, the first reason is also a very simple reason, that is, time is very important to the public. Let us think about this: How much time has the

Government spent on the consultation exercise on the proposal to introduce a statutory ban on idling vehicles? Whenever the Government wants to introduce any amendment, it always consults the Panel on Environmental Affairs. Even when introducing a piece of legislation, the Government has to consult the Panel. All along, consultations have been extremely important. However, this time, from November till last week, the Government was still talking about the old proposal. Therefore, insofar as public participation and the right to know are concerned, there are still many blanks. Even Mr KAM Nai-wai of the Democratic Party, Mr Paul CHAN of the pro-establishment camp or Dr LEUNG Ka-lau all support that the proposal should not be pushed through the Legislative Council at the present stage. Therefore, President, the first reason is very simple.

President, the second reason is even more important. The Civic Party considers that the proposal is a deviation from the roadmap and the goal of universal suffrage. As a matter of fact, it is a different approach. President, Mr LAU Kong-wah's speech today talked about the "famous lines" I have spoken in the debate the other day. Mr LAU Kong-wah, it would be too much a compliment. However, the four words "taking a wrong step" that I said during the debate the other day were also mentioned in the speeches of different Honourable colleagues who have participated in the debate yesterday and today, saying that I would rather maintain the *status quo* than taking a wrong step. President, this is of course founded on my wish of not to mark time at all. However, the approach that I want to take is really different from the one supported by Members today. President, the one I demand is also compliant with the Basic Law and the Decision of the NPCSC. What I demand is a roadmap showing how FCs can be reduced, with a view to leading to the eventual abolition of FCs. This is a very clear roadmap, and it is also a direction supported by the public.

Members can refer to the latest opinion surveys to see that the great majority of Hong Kong people — 70% of the public — hope that FCs can be abolished not later than 2016. Our demand is very clear. However, President, our present approach in marching towards 2012, described by some people as the "dilution approach", would mean that we have to bear with that for two more terms. How to bear with that? That is, more seats will be added in order to gently "dilute" the traditional FC seats. Dr LEUNG Ka-lau indicated in his speech that he wondered when this way of diluting the FC system would finish

and how many seats had to be added as even adding 100 seats could not achieve a two-third majority. Dr LEUNG Ka-lau said that 1 000 years would be required. Therefore, then, today, when Dr LAM Tai-fai talked about dinosaurs, I was even more scared.*(Laughter)* I have not realized that the FCs are like dinosaurs as there is no knowing how many thousands of years it will take before they can be eliminated or become extinct. Therefore, President, these are two different approaches. I dare not say we must be right. I dare not say that the Democratic Party or our friends who vote for the proposal today must be wrong either. But they are really two different approaches. For this reason, whether Members are voting for or against the proposal, we do not need to query whether or not the others are casting their votes according to their conscience.

President, before talking about the differences between these two different approaches, I would like to digress a little. I think some criticisms are rather ridiculous and they also show that those who hold such arguments are simply short of justifications. On many occasions, Honourable colleagues of the pro-establishment camp in the Legislative Council pointed out that we could not "achieve our target in one stride". In particular, Mr WONG Kwok-hing took out a rice bowl yesterday and said, "When you eat, you have to do so mouthful by mouthful. You may get choked and killed if you swallow the whole bowl of rice in one go!". They are saying that one cannot "achieve our target in one stride". At first, when these Honourable colleagues talked about this point, I did not quite understand why they said that we wanted to "achieve our target in one stride" because obviously, we had never demanded that the target be achieved in one stride.

We have been demanding the abolition of the FC system since 1985. In our debate, the Chief Executive also said that FCs had existed for 25 years, didn't he? President, so far, for as long as 25 years, we have been demanding a roadmap in order to have a clear picture of how FCs can be abolished in a gradual manner in the next 10 years. How can this be a demand to "achieve our target in one stride"? President, looking back at the reported submitted by the SAR Government to the United Nations, I can see that it is stated clearly in the report that FCs have been giving undue weight to the views of the business community and the network of FCs — talking about the system — must be seen as a transitional arrangement. Just as stipulated in Article 68 of the Basic Law, the ultimate aim is the election of all Members of the Legislative Council by universal suffrage. In other words, to implement universal suffrage, the FCs

must be abolished. This point is very clear. This was stated in the report 11 years ago. I am puzzled as to why they would say that we wanted to "achieve our target in one stride", whenever we discussed about this issue. President, the remarks made by two Honourable colleagues from the FTU that the development of democracy had to proceed in a gradual manner suddenly made me realize something. President, guess what they said after that. They talked about the Magna Carta enacted in the United Kingdom in 1215 to point out that we have to do it slowly. President, I find it most ridiculous indeed. In this Legislative Council, they are telling the people of Hong Kong that it will be like swallowing a bowl of rice in one go and getting choked if we demand that FCs be abolished in 2020 and therefore, we have to do it like that in the United Kingdom, since 1215, the development of democracy I hope that the people of Hong Kong can listen more to some jokes like this. It is unlikely that they will choke on the rice but rather, they will spurt it out. President, I think a more appropriate analogy has to be drawn.....

(Dr PAN Pey-chyou raised his hand)

PRESIDENT (in Cantonese): Dr PAN Pey-chyou, what is your point?

DR PAN PEY-CHYOU (in Cantonese): I want to make a clarification.

PRESIDENT (in Cantonese): After Ms EU's speech, you can make a clarification on the part that you think she has misunderstood. Ms EU, please continue.

MS AUDREY EU (in Cantonese): President, I think our friends, those representing FCs in particular, should use more appropriate analogies and think carefully because even though many of our friends in the FCs represent various sectors — of course, we also represent workers' interests — many workers may have difficulty in getting fed daily. They could clearly see that the FCs have opposed the legislation on minimum wage in at least three debates in this

Chamber. This is also the reason why the motion on setting a minimum wage was negated on three occasions in 2004, 2005 and 2006. We have to defer it to this year to discuss setting a minimum wage. Due to continuous opposition from the FCs, the relevant legislation cannot be discussed earlier. Therefore, when they used such an analogy to defend the FCs, I think many of those workers who have difficulty in paying for their daily meals will also be a bit upset.

However, President, why do I say that there are two approaches? President, we have already pointed out clearly that the core issue with universal suffrage, insofar as the Legislative Council is concerned, is the abolition of FCs and this is the key in moving towards universal suffrage. We wish to see how FCs will be gradually reduced until their total abolition is achieved. Some people say that the proposal is *de facto* direct election. However, President, everything can be seen from the other side. If it is said that this is *de facto* direct election, in fact, they are *de facto* and transformed FCs. Some people have put this in a better light by saying that they are improved FCs. Precisely, this will sow the seeds for permanently retaining or preserving FCs for a long period of time.

Members have read many commentaries and I also quoted some of them yesterday. A number of FC Members talked about how good they were and how great a contribution they have made when they spoke in the Legislative Council yesterday and today. Therefore, it is only necessary to improve the FCs a little, then they can continue to be retained. President, I have made it very clear. I said that my remarks are not targeting anyone in the legislature, rather, we are talking about the system. In fact, if someone wants to join the legislature, they may as well use the same method and join it in an equal and universal way. This is just like people waiting for promotion. Each year, people who want to be promoted have to sit for the same examination. This is not a complicated requirement, nor is it an unfair one.

Many people say that if the FCs were abolished, this legislature would not be able to obtain professional advice and advice on business and the economy. Of course, this will not be the case. President, Hong Kong is a city comparable to any place in the world, so why does our system still seek to defend the strong,

powerful and rich group of people with backgrounds and clout? We all have to act like a man. No matter what our backgrounds are, we should all demand a universal and equal system, so that all Hong Kong people will not think that the seats reflect any class difference. Just now, when Mr LEUNG Kwok-hung spoke, he talked about the caste system in India and in fact, this is true and we really have to remove this privilege and this class.

President, if the approach we take is to transform the FCs so that they can continue to exist, this will indeed extend our timetable. We only have three opportunities and they are in 2010, 2016 and 2020. If we take this approach, no matter if we describe it as improvement or dilution — let us say that the five seats are improved — how can the distribution of power of the present Legislative Council be changed? Even if five of the 35 seats were diluted, this could not change the present situation of domination by the existing 30 seats. President, this also explains why I cannot support following this approach.

Furthermore, President, recently, there was an accident of tree collapse, taking the life of a member of the Hong Kong public. In a television programme, I heard his families ask in tears if this Government of ours did not care about anything but constitutional reform. President, this really struck me very greatly and I really do not wish to see Hong Kong go through the same ordeal once in five years, discussing how to dilute and how to improve those FC seats. Why can Hong Kong people not really help those in the same boat and demand a fair system, so that everyone can follow one or two universal and equal methods in joining the Legislative Council? Why is this so difficult? Why are people with vested interests occupying the seats unwilling to give up their vested interests, or why do they think that only he or his seat can bring benefits to Hong Kong?

President, in order to have a harmonious society, we really have to solve this problem as early as possible. We can talk about matters in the next decade. Which Government is incapable of talking about matters in the next decade with commitment? If we resolve issues concerning the changes in the next decade in one go, would this not make society more harmonious, so that we can have more energy to deal with other matters?

President, I also wish to respond to the question raised by Mr Albert HO in his speech yesterday, that is, what if the proposal is negatived. President, if this question is raised by other people, I will understand it. However, since this question is raised by the Democratic Party, I would like to use the reply of the Democratic Party to answer a question raised by the Democratic Party. Not long ago, that is, last week, he said that if the proposal was negatived, they would move a motion of no confidence. I believe his motion of no confidence may not be passed and he also knows that. However, this approach of theirs can actually unite the power of Hong Kong people. We can see that public opinion is very clear, that is, it is focused on the hope for a roadmap, so that this issue can be resolved as soon as possible.

As regards another question asked by Mr Albert HO yesterday, that is, whether or not vetoing the proposal can help us secure a roadmap, similarly, I can also use the reply of the Democratic Party to answer the Democratic Party. All along, in opposing the referendum, they said that if we lost, we could not come back to the Legislative Council and even our power of veto would be lost. Even in last week, they were still talking about the power of veto. In 2005, they also negatived a proposal. However, after the proposal was negatived, we obtained a roadmap. Therefore, I wish to ask Mr Albert HO whether or not, if we focus our power on the same approach, in the hope of solving this problem in the next 10 or eight years in one go — even if not immediately — so that Hong Kong people do not have to think about how to dilute the FCs every five years, will our power be even greater? For this reason, President, this is indeed a different approach. However, I cannot say that our approach is definitely correct or will definitely be successful.

(THE PRESIDENT'S DEPUTY, MS MIRIAM LAU, took the Chair)

Mr James TO put it very well in his speech yesterday. He said that there had to be different methods and different approaches. Many people quoted the articles of LIAN Yi-zheng and borrowed his comments, saying that the situation is very favourable to the pro-democracy camp because various parties will have different territories. Deputy President, for this reason, I call on all supporters of democracy, including, of course, Members of the Legislative Council, various

political parties and members of the public supporting democracy that they should not regard the situation as division and should regard it as splitting to multiply or transform.

I remember that when my daughter was small, she liked to watch Japanese cartoons. Deputy President, in Japanese cartoons, there was a superman who had to split up when dealing with the demons. His head would change into an airplane, his arms into rockets and legs into another kind of weapon, to launch an attack on the enemy. I hope that friends who support democracy will not feel discouraged, and they should not regard today as the darkest day for democracy. In fact, we should point our guns outward, and aim them at the enemies we have to target instead of pointing them inward at ourselves. I am saying this to friends in the LSD. I know that recently, many people are telling "Long Hair" to apologize to SZETO Wah, but SZETO Wah said that he did not need "Long Hair" to apologize to him. Maybe "Long Hair" can consider putting it in another way, that is, to wish SZETO Wah good health, so that he can see the day when universal suffrage is implemented.

Deputy President, we wish to make an appeal here. On 1 July, we should not feel discouraged. Come out and stand up together to campaign for the abolition of FCs in a moderate, rational, pragmatic but also very firm manner. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak? Dr PAN Pey-chyou, you have already spoken. Do you wish to make a clarification?

DR PAN PEY-CHYOU (in Cantonese): Yes, I would like to clarify something.

DEPUTY PRESIDENT (in Cantonese): Fine.

DR PAN PEY-CHYOU (in Cantonese): Excuse me. I would like to clarify something. I would like to put it very simply that, when I spoke yesterday, I

mentioned that England signed the Magna Carta in 1215. It is a historical event and I did not say in any part of my speech that Hong Kong would like to follow the example and take 800 years to implement universal suffrage. I have never said that. Besides, I know many British people and they have never thought that their history is ridiculous.

MR ALBERT CHAN (in Cantonese): Deputy President, that is not a clarification. He has already clarified his point, and if he goes on speaking, it will be

DEPUTY PRESIDENT (in Cantonese): He has finished clarifying his point. I should give him a chance to clarify his point, right? Does any other Member wish to speak?

DR MARGARET NG (in Cantonese): Deputy President, we have had many discussions on the constitutional reform, and this is the third day of our debate. I am going to sum things up.

Deputy President, the aim of the constitutional reform is to implement Article 68 of the Basic Law, that is, the election of all the Members of the Legislative Council by universal suffrage. Actually, half of the Legislative Council is already returned by direct elections, and the question lies in how the other half of the seats for FCs can be abolished. How can FCs be abolished under the Government's package? We are asking for a roadmap precisely because the Government has not abolished the FCs. With a roadmap, we can discuss how the aim under Article 68 of the Basic Law can be achieved.

Mr CHIM Pui-chung said earlier that those from the legal profession should also abide by the law and he thinks that the spirit of the Basic Law is that FCs should be retained, so we have to amend the Basic Law if we want to abolish FCs. Deputy President, as you are also a member of the legal profession, I trust this will not baffle you. According to Mr CHIM Pui-chung, FCs should be retained in order to preserve the characteristics of Hong Kong as a capitalistic

society. Deputy President, among all countries in the world, the United States most earnestly upholds capitalism but FCs are not found there. Besides, Article 68 of the Basic Law has very explicit provisions and there are very explicit bases in law concerning how the provisions should be interpreted. The interpretations in the past were authoritative interpretations by the Central Authorities, which were read aloud very clearly by Audrey EU during the first debate.

Deputy President, I remember that Mr Jasper TSANG also asked, before he became the President of the Legislative Council, what the definition of universal suffrage was. Should Article 25 of the International Covenant on Human Rights be followed? He thought so because the entire Basic Law does not contain another definition of universal suffrage while the relevant definition has been confirmed under Article 39 of the International Covenant on Human Rights. Thus, he thought that the definition of universal suffrage should be consistent with the definition under the International Covenant on Human Rights. Nowadays, government officials have repeatedly emphasized that we should comply with the concepts of universality and equality. Obviously, it is not at all possible for us to say today once again that we should not bother about Article 25 of the International Covenant on Human Rights insofar as the definition of universal suffrage is concerned.

Deputy President, we have spoken quite a lot on the Government's original constitutional reform package, and we have explained why we oppose the Government's package. The remaining question is whether this revised DC package would change the situation somehow so that we should not oppose it and we should support it instead? Our answer is in the negative. Because for one thing this revised package still increases the number of FC seats, and for another, we are most dissatisfied with the current FC system because it is an unfair system which is not going to change a bit.

Deputy President, what has this revised package modified? It has not modified the current system and it has just modified a government package that we originally did not need to endorse. We originally did not need to endorse this package of the Government. Therefore, we are not going to modify this government package, and we are asking if it can modify the present situation. Deputy President, what are the advantages of increasing the number of seats? I

have heard some Honourable colleagues say that the Legislative Council has to do a lot of work and it needs additional manpower. They approach the matter from the perspective of the need to increase the number of seats. All along, the Government has not given any reasons or grounds to support that the Legislative Council is not big enough, or how increasing the number of Members to 70 can enhance efficiency and reduce our workload, or we should increase the number of seats due to the population ratio. If that is the case, I would like to ask it to explain why there should be 70 Members. Would the number be increased further in the future? We have not discussed these issues yet.

The Democratic Party thinks that this is a revised package and they have given some reasons in support of it. First, I can call this the substantive result argument; or using a common saying, "we are going to get as much as we can". The substantive result argument comprises two aspects. First, we have the impression that more opportunities will be given to people who have gone into politics to join this Council. Nevertheless, Deputy President, a very fundamental principle is that this Council serves the community, not those who have gone into politics. We are not a company that wants to create more job opportunities for those interested in taking up employment. Second, how can the democratic elements be enhanced? They say broadening the electorate bases of FCs? Nevertheless, Deputy President, firstly, the unfair situation will actually not be improved and it has conversely entrenched the irrationality of FCs. Let us first consider where the unfairness lies as far as seats are concerned, namely, the inequitable value of votes. At present, 30 seats are returned by 3.3 million people, and 20 seats are then returned by 220 000 people. What is the case under the revised package? In the future, 35 seats will be returned by 3.3 million people, and 30 seats will still be returned by 220 000 people while five seats will be returned by some 3 million people. Will the situation become more abnormal? Deputy President, what is most unfair now is not the fact that some do not have the votes, rather some sectors can elect a seat by a very small number of votes. Thus, there are some so-called privileged people. At present, it is most unfair that the total number of electors for the smallest 15 FC seats is just 10 000, yet these 10 000 are better than 3.3 million electors.

The revised package does not modify the unfair system any bit. There are neither modifications nor improvements. Also, we should pay a very high price

to accept the point that there will be enhanced democratic elements because we will lose certain important grounds. In particular, it will do great harm when we ask for enhanced democratic elements and regard the DC package as *de facto* direct election. Why? Deputy President, Mr QIAO Xiaoyang has said that universal suffrage emphasizes most the right to vote, which makes us very worried. If we accept this point, we will have to give up the right to stand in elections and the right to make nominations which are part and parcel to the right to election under universal suffrage. The DCFC as currently proposed has the most restricted right to stand for election and make nominations. If those from the legal profession are not satisfied with Margaret NG, more than 6 000 lawyers can stand for election and all of them will have the right to make nominations. However, there are only 400 DC members, so if a person dislikes these DC members, he actually does not have much choice. If we give up this reason and consider that *de facto* direct election means broadening the ultimate electorate base, I am afraid we should consider one question: when we discuss the election of the Chief Executive by universal suffrage in the future, will we also accept the restrictions on the right to nominate and stand for election? Is it the case that, so long as the Chief Executive is elected by "one person, one vote", there will be *de facto* universal suffrage or direction election even if universal suffrage is not achieved?

Deputy President, what has the revised package changed? It has changed our direction from abolishing or gradually abolishing FCs to having more and more FCs. I have seen some packages that proposed increasing the number to 70 seats this time and to 100 seats next, creating more and more seats. Is this the direction we should head in? This runs contrary to our request for reducing or abolishing FCs.

Deputy President, another reason why the Democratic Party accepts this revised package is that there is a so-called people's universal suffrage roadmap behind it. Mr CHEUNG Man-kwong outlined this roadmap when he just spoke. He said: so long as the number of directly elected seats continues to increase in 2012 and 2016, we will be able to open up a new scene: directly elected seats will gradually encircle and isolate FC seats, and a two-thirds majority will eventually be secured. We can start an uprising when the opportunity arises, to abolish FCs and send them to the Museum of History. I am really delighted, for Mr CHEUNG Man-kwong also thinks that the word "uprising" is quite forceful. As

regards the directly elected seats mentioned by Mr CHEUNG Man-kwong, I certainly want to ask him if they include those returned by *de facto* direct elections. Actually, these arguments and this roadmap support the so-called "diluting" approach that the Government has bashfully proposed. However, the Government has more craftily or smartly chosen not to reveal this clearly because it knows that it needs to make a pledge if that is clearly revealed but it may not be able to honour the pledge in future. Although Mr CHEUNG Man-kwong hopes that this Council can start an uprising, I am not very optimistic about this Council being able to do so, and I conversely think that we will only go farther and farther away from our goal.

On the contrary, the roadmap suggested by Mrs Regina IP can more directly meet the aspirations for the abolition of FCs because she said that taking a big step forward towards democracy would change the political ecology and DC members would be held in much higher esteem. The next step would be opening up the FCs and broadening the electorate base of FCs in 2016. By 2020, as suggested by Mrs Regina IP, there should be "one-person-two-votes", which are definitely votes under universal suffrage. She said that there would be a half-and-half ratio between members returned by geographical constituencies through direct elections and members returned by the public on a "one-person-one-vote" basis. There is no barrier to nominations or standing for election, so, this "one-person-two-votes" model complies with the principles of direct election. Yet, as she said, the most crucial point is to broaden the electorate base of FCs. Then, it is not necessary to change directions or accept a revised package, creating five more DCFC seats for no reason.

What are the essential factors that will help this revised package achieve the objective? First, the approval of the Central Authorities should certainly be obtained, but I always believe that the Central Authorities would consider the actual situation in Hong Kong, and that largely includes people's sentiments and public opinion in Hong Kong. To take forward Mrs Regina IP's roadmap or the Civic Party's very explicit request for the abolition of FCs, we should unremittingly pursue the abolition of FCs. We need to have determination and ideals as this cannot be accomplished very easily.

Many Honourable colleagues have said that there will be a new political landscape. They have referred to two routes: one of them is reconciliation with

the Central Authorities, and this is mainly about discussions; the other route is resistance by the masses. We stick to the point that the so-called resistance by the masses requires the public to accept democracy of a participatory nature. Some people think that they have persevered for so long without any results, so they will take as much as they can. I do not agree with them, and I think that we already have got considerable results. In 1999 when the National People's Congress (NPC) interpreted the Basic Law for the first time, we in the legal profession were still inside an ivory tower, and we thought that we only needed to make the legal basis explicit. We later found that the public basically did not understand what was meant by interpreting or amending the Basic Law. Thus, the Bar Association acted as though we were fairies having descended to earth and wrote articles in newspapers day after day. That is a continuous route. When the Government proposed to enact legislation to implement Article 23 of the Basic Law, we distributed the Rainbow Brochures; we participated in the Chief Executive election to enable the masses to take part; and the people's participation in the anti-express rail activities demonstrated to us clearly the distinct characteristics of FCs. During the referendum campaign, more people gained the impression that they ought to use their votes to convey their demand for the abolition of FCs. All these are very important and substantive results. During negotiations with the Central Authorities, the Central Authorities did what it liked, yet the developments in the community could not be abolished by anyone. I hope that all of us will make efforts together in this direction (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up. Does any other Member wish to speak?

DR MARGARET NG (in Cantonese): Thank you, Deputy President.

MR LEE WING-TAT (in Cantonese): Deputy President, first of all, I am very happy, my microphone is stuck.

Deputy President, first of all, I am very happy after listening attentively to the remarks made by Ms Audrey EU and Dr Margaret NG. I have not read the

news using my computer because both of them conveyed the meticulous logical thinking and approaches of the Civic Party towards the fight for democracy; I have great respect for them for that.

Certainly, I agree that our routes are somewhat different, but it is healthy to debate our differing routes. My grouping includes Andrew CHENG — he has already left the Party — and James TO; although they are sitting next to me, their ideas differ from mine.

I would also like to answer some questions on behalf of the Democratic Party. First, Audrey EU has just told us that she agrees that debates should be conducted in a rational, moderate and pragmatic manner, and I strongly support her. In a democratic society, people's support should not be secured through hurling abuses, making criticisms and discrediting others without evidence. According to an old saying, a person who can come up with convincing arguments will be respected by others wherever he goes, thus convincing people with moral integrity is always better than convincing them with force and abuses.

Ms Audrey EU and Dr Margaret NG have asked if the "dilution theory" works. This is actually just about a choice of routes, and after Ms Audrey EU and Dr Margaret NG have just indicated another choice made by them, Honourable colleagues should have already made their judgments. I have told Mr WONG Yuk-man that we are not sure if our judgments this time are correct or not, but we will know that 10 or 15 years later. I would like to tell Honourable colleagues that we have chosen our route in good faith because we need to deal with not only the long-term political dispute. I hope Ms EU and Dr NG will understand that, among the public, there are some people who insist on the full implementation of democracy within a short period of time, and we have also contacted most from the silent middle class and most ordinary people who feel seriously powerless and helpless in the face of the absence of progress in constitutional development for a long period of time. We only need to refer to the long-term surveys conducted by different academics to find that the public extensively have such feelings of powerlessness and helplessness.

Of course, the constitutional disputes have caused the emergence of some radicals. But I hope Margaret and Audrey will agree that, no matter how radical

the constitutional development arguments are, most Hong Kong people want to strive for the Government's support in a rational and moderate manner. The concept of mathematical duplication is about gradual increase, and there is another concept about geometric changes. In connection with the theories of sociology or policy studies, when we reach a certain critical point, the changes are not just about the number of seats that will be increased each day or on each occasion. When there is a critical mass, the changes are unimaginable to us.

Deputy President, Audrey has just asked if FCs would remain here forever. In fact, the Democratic Party has answered this question several times. The five so-called FC Members elected by Hong Kong people — I call this "*de facto* direct election" — are pretty much the same as directly elected Members, and their right to nomination is restricted. The problem is whether such a restricted right will restrict people holding different views from standing for election. If there is a lower threshold, we think that the extent of participation by people from different spectrum the threshold is no longer important. Mr Alan LEONG stood in the Chief Executive Election in 2007, which was more substantively a small-circle election than FC elections because only 800 people had the right to vote. Nevertheless, 3 million people can vote in the *de facto* direct election. When Mr Alan LEONG secured nominations for taking part in the Chief Executive Election, he was restricted in terms of the nominating right. Has the system been modified? Nothing has been done by Alan, Audrey and the rest of us. Is a polling system with 3 million electors better than one with 800? Why could we nominate Alan LEONG to stand in the election in 2007 while this current system will amplify the problem? Deputy President, I cannot understand that as far as logic goes.

Margaret NG has just talked about the substantive result argument, which provides opportunities of participation to more people. In fact, this is not the idea of the Democratic Party as we have never considered if junior party members could stand in elections, and we just want the system to be taken forward amidst changes. What do we wish increased in the next term? Certainly, we want more directly elected seats. Given an additional 10 seats this time, there will be 16.6% more democratic elements in the Legislative Council, and I cannot find any reason why this proposal should be opposed. I also fail to see why this 16.6% of people have not lashed at the system. Lashing does not necessarily means hurling abuses, displaying placards and chiding other people.

I also lashed out at Vincent FANG and he frequently criticized me and Fred LI; I also reproved LAM Tai-fai and we disagreed on many things besides football; I reproved CHIM Pui-chung as well. In the course of rational discussions, they insisted on not giving up the traditional FCs. I knew that and I also agreed that that should not be done. Yet, we can ponder over this further and convince or tell them through rational discussions within the system and using power outside this Council that FCs cannot remain forever. I can now better sense the feelings of friends from FCs. For how many more terms can they sit here? All of them have actually pondered over this.

Deputy President, Margaret NG has asked what our route is. Our route is that we will not just rely on our power in this legislature to promote the constitutional reform; we have never had such an idea. As I mentioned yesterday, if there was no *de facto* referendum campaign, no "post-80s" movement and no strong social pressure from the non-government organizations outside this Council, I do not think the Central Government or the SAR Government would sit down for discussions with us. I have taken part in movements outside this Council for decades, and I still believe today that just relying on the power within this Council is not enough to promote a reform. Despite however much our disagreement with the *de facto* referendum campaign is, we have never thought that it lacks power or effects. It has power and effects. We are just working in two different positions.

Deputy President, today, I have read an article in the *Hong Kong Economic Journal* written by a group of young academics and commentators including SHUM Yuk-fai, LAM Fai (who organized the assembly outside), KAM Man-fung, NG Kam-ho, NG Hoi-lam, LAM Man, WONG Wai-kwong, WONG Pui-fung, TANG Kin-yat, SIU Yu-kwan and HUEN Chi-wai. The article is entitled "In pursuit of democracy but not populism". I believe these young academics and commentators are highly respected by the post-80s group and university students. I would like to refer to two paragraphs in the article as follows: we think that using the written language and assemblies are healthy ways for people to express their views, and the expression of views in support of the constitutional reform and the holding of assemblies in opposition to the same deserve sufficient respect. However, we approve of mass movements but not populist movements in the form of hurling abuses. Also, beyond our daily life, this practice of wilfully hurling abuses has even spread to social networking

websites. Comments on current events and the expression of personal views may attract stares of hatred, and acts of jeopardizing the democratic spirit that emphasizes pluralism, brazenly sowing dissension, and irresponsibly discrediting others have become increasingly common. Quite a few public figures who have fought for democracy throughout the years have come under serious personal attacks, and it is frequently said that they have thrown themselves into the arms of the communist, and they are traitors to Hong Kong or damned thieves. Regardless of the views of various parties on them, we deeply believe that nobody should come under personal attacks.

Deputy President, we are already "old dogs" in the democratic movement. I got to know SZETO Wah when I took part in the Golden Jubilee School incident in 1978. I was 23 or 24 at the time and I had passion. One of my university classmates was arrested by the police. He was a medical student then, but he subsequently failed to become a doctor because of the incident. For this reason, though I may not agree with what friends outside are doing, I understand them. They would like to have a democratic system as soon as possible. Probably because we have been through this path, we know that we need to take one step at a time in all respects. In our view, excessively radical actions will scare off the middle elements in society who are striving for democracy.

I am delighted to find that Audrey EU and Margaret NG have expressed today that In particular, Audrey EU supports fighting in a rational, moderate and pragmatic manner. I hope Audrey would tell her friends in the LSD that — though they no longer regard us as their friends — after so many years of development in Hong Kong, the democratic movement has not come by become of a few persons from democratic parties and groupings, but due to millions of people taking one step at a time for decades. With the fruits of their efforts, Hong Kong has not become another Macao or Singapore. Although there is no democratic system, we at least have freedom, the protection of personal safety and the rule of law, and we can express many varied and different opinions. Nevertheless, I have to say that, when more and more people resort to wantonly hurling abuses, personal attacks and discrediting others without evidence, our social leader should have a heightened awareness of the fact that he is a role model for young people. Of course, young people will not speak softly like me, LEE Wing-tat, or like CHEUNG Man-kwong who pays a lot of attention to rhetorics. They demand that problems be solved instantly or even immediately

so that the problems will just be transient. But society will fail to meet their demands very often. We must understand their passion and encourage them to make efforts. Taking part in "post-80s" movements are definitely better than playing computer games on the Internet, right? We have to appreciate their passion, but we can discuss with them the ways and means. It is better for us to approve of their roles than becoming antagonistic to them.

Deputy President, we still have a lot of work to do after the vote, and my only expectation is that, if the democratic movement would slowly bear fruits within a few generations, each of us should show the greatest breadth of vision on democracy. The Democratic Party still regards the LSD as our ally on the road to democracy, but they are playing as the left wing. Without their protection, the Government may not have engaged in negotiations with us. The people's movement is the biggest and hardest key to power of the democratic parties and groupings, including the Democratic Party. Without them, and if they have not proactively been making efforts, working and organizing the movements outside, it will be impossible for us to negotiate with the Government and we will never have any dialogue with the Central Government. I hope that various democratic parties and groupings will have such vision so that we are at least different but harmonious.

Deputy President, lastly, I would like to cite an expression from *The Analects*: "Only when the year turns freezing cold do we realize that pines and cypresses are the last to wither⁽²⁾." I remember that Uncle Wah wrote this in his Christmas card one year. Although it is summer, winter comes every year and every kind of animals and plants are tested if they can make it through the winter. Pines and cypresses can withstand the cold, and I believe friends from democratic parties and groupings within this Council and friends outside supporting the democratic movements, including many "post-80s" youths, are just like pines and cypresses that can withstand extreme cold weather; they will eventually herald the arrival of spring. Thank you, Deputy President.

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

(2) The Analects of Confucius, Chichung HUANG, Oxford University Press, 1997

MR TOMMY CHEUNG (in Cantonese): Deputy President, I would like to take this opportunity to talk about my views on the FCs.

That many colleagues have in recent years consistently demonized, belittled, discredited and caused divisions in the FCs in order to win votes is, to me, hard to accept. According to what Ms Audrey EU said earlier, the problems in Hong Kong such as social disharmony and disparity between the rich and the poor seem to be caused by the FCs. I even have the feeling that sometimes, some colleagues have resorted to employing extremist practices in order to catch the limelight for their speeches and instigate public rage.

Over the past few months, on the issue of minimum wage, I have been victimized most profoundly. As Members all know, I am now nicknamed "20-dollar CHEUNG", and I guess many members of the public may have \$20 banknotes with my portrait printed on them all over their homes. In this connection, I must say that the Civic Party has my admiration. These five barristers now in this Chamber are well versed in the grey areas in law. They have used my portrait without seeking my consent and printed it on their pamphlets, instigating and spurring the public to vote for them. Yesterday, in this Chamber, many colleagues talked about my "remarks on \$20", but no matter what I said, they just would not support me. Deputy President, as you know, I have never suggested a rate of "\$20" and on this point, Mr WONG Kwok-kin knows best. He has stated openly the fact that Tommy CHEUNG has never proposed \$20 to be the minimum wage. But does it mean that I have to support direct elections and the abolition of FCs? Certainly not. Here, I still wish to say it once again that it is not my position to pitch the minimum wage at \$20. This is not the position of the Liberal Party; nor is it the position of the catering sector. In fact, on that day I had not held any meeting with the sector, so how can this be taken as my position? I was just responding to questions from reporters and I said that according to the statistics of the Census and Statistics Department, it would do the least harm to set the minimum wage at a level of \$20. However, with verbal attacks on me everywhere, I must say that no explanation, however reasonable it is, will be possible.

With regard to the policy on minimum wage, as Ms Audrey EU also said earlier, we held debates on it in 2004, 2005 and 2006. Many years ago, I already said that this could be a disservice, and I still say so even today, as it will only

force the less competitive underprivileged and investors to leave the market, thus aggravating the problem of disparity between the rich and the poor. Members need not listen to me, and they need not say that I am scaremongering. Just take a look at the experiences of countries where legislation is enacted on minimum wage, including Britain. Have they solved the wealth disparity problem?

Some colleagues have stressed repeatedly that I oppose it all in the interest of the catering sector, and they even said that I have been colluding with property developers. By the same token, can I say that Members in support of the minimum wage are ignoring the life and death of the underprivileged in order to win votes from workers and to keep their seats? One day when these workers earning low wages and with a low level of skills lost their jobs as a result of the minimum wage level being set at \$33, will the Confederation of Trade Unions or the Civic Party give them jobs? Over the past year, we have often heard colleagues say in this Chamber that the FCs know only to protect their own interests and that as a result, many policies aiming to improve the people's livelihood were not passed. This comment is so unfair. Many colleagues in FCs have responded to this point and I do not wish to make any repetition here. In fact, if we link the livelihood problems with the abolition of FCs or otherwise, which will cause the complicated social problems to become politicized and simplified by ultimately laying all the blame on FCs, the public and this Council would only be prevented from thoroughly studying the root causes of the problems and hence would not be able to prescribe the right cure.

Deputy President, many issues in the sector are closely related to the people's livelihood and the economy. For example, Secretary Dr York CHOW had in the past proposed a myriad of ways to dry up the poultry trade because of the avian influenza. He often cautioned that a disaster was looming and yet, nobody said that he was scaremongering back then. He said that all the measures taken were for the sake of public health but in fact, he was "chopping off his toes to avoid the worms" and he was trying to make things convenient to himself. However, this has threatened Hong Kong's position as a Gourmets' Paradise and the people have since been made to consume chickens at higher costs.

Had it not been the agriculture and fishery industry, the retail industry and the catering sector exerting their utmost to put up resistance and strike a balance and pressing the Government to co-operate with the sectors, there would not have been local farms delivering fresh chickens to retail sales points direct while measures are being stepped up for the prevention of avian influenza with the purpose of insisting on keeping a small quantity of live chickens for sale at retail markets nowadays. Without their efforts, we may not even have a daily supply of 7 000 live chickens nowadays, and local farms may not be able to rear live chickens, and it may be difficult for Hong Kong people to keep the habit of cooking tonic soup with fresh chickens.

Over the years, I have championed for zero wine duty. I thank the Chief Secretary for Administration for his support and facilitation in this respect. This year, Hong Kong has overtaken London to become the second largest wine auction centre in the world. I believe it will not take long before we can surpass New York, and this will create many employment and investment opportunities and stimulate the economy. Why are these policies not considered policies for improving the people's livelihood? Yesterday, Mr Andrew LEUNG spoke at length on situations relating to the financial tsunami, and I am not going to repeat his points. Mr Vincent FANG and I, jointly with many industries relating to wholesale, retail and catering services, have set up a Joint Coalition Against Financial Tsunami. We have urged the industries to sign a no lay-off charter. I do not know if there is any such case in other parts of the world, but this has never been heard of in Hong Kong. Riding out the storm with employees can produce a stabilizing effect on the economy. Can Members directly-elected in geographical constituencies (GCs) do the same? Without the efforts made by the representatives of the sectors, how could this be done so efficiently?

Since we joined this Council, we have realized that we must be concerned not only about issues relating to our sectors, as we have to do our best to play our roles on other social issues. A case in point is that I had proposed an amendment to The English Schools Foundation (Amendment) Bill 2007 to the effect that the Board of Governors will include a parent representative of students with special educational needs to be elected by all parents of students in the schools. The rights and interests of students with special educational needs are therefore fully addressed. This amendment was supported and passed by colleagues from various political parties and sectors.

When I contested the Legislative Council election in 2004, I was competing with two rivals. One of them openly criticized me for doing too many other things in this Council, including the deliberations on the bill on school-based management and I was said to be not suitable for being a representative of the Catering FC. I do not wish to go over again the reasons why it had taken so many years for the Democratic Party and us to scrutinize the bill on school-based management, but this has precisely highlighted the fact that being Members of this Council, we, who are FC Members though, care not only about issues relating to the FCs.

Deputy President, I dare not say that FC Members are particularly competent. But I am not sure if the scope of responsibility of directly-elected Members may be too broad, or they may have too much work to do and so, they may not be able to thoroughly understand the needs of our sectors. As we are more familiar with the needs and practical operation of our sectors, we are in a better position to make concrete proposals on promoting the business environment and attracting investments. In fact, during my decade-long experience in this Council, I have handled issues relating to the catering sector as referred to me by some Members directly elected in GCs who were unable to handle such issues. In many cases, the complainants had first sought assistance from directly-elected GC Members who did not know what to do and for issues relating to the catering sector, it was only until I was involved that their cases could be successfully resolved. This has also reflected the roles played by FC Members. In fact, in my sector there are 19 000 licences and over 200 000 workers who are all Hong Kong people. What problem is there for me to work for them?

FC Members are a bridge that serves to bring the voices of various sectors and the professionals into this Council, thereby helping to strike a balance among the interests and needs of all sectors in the community. Furthermore, the 30 FC Members are representatives of various groups of taxpayers, such as doctors, lawyers, teachers, and members of the retail sector, who are all Hong Kong people, and the catering sector which I represent is no exception. Some colleagues said that we are still a minority, but I have 100 000 votes which speaks for my representativeness. I think engaging in the catering sector is a lifelong investment. I believe their voices and views should be respected and brought into this Council for thorough discussion.

Deputy President, in fact, each system has its pros and cons. While we say that many Western countries are very good in that they have universal suffrage, they actually have their own problems and it is easy for them to slip into populism, giving away too much welfare and becoming more and more heavily indebted. As we have seen recently, both Germany and Britain have problems, and the United States even has to issue banknotes to solve problems. The "PIGS" are still caught in crises. These are all countries where "one person, one vote" is implemented in elections. Is it that handouts must be given in every election and then banknotes have to be issued to make remedies? What if, in the end, nobody is willing to provide loans?

A few years ago, some representative council members from Israeli visited us. Ms Emily LAU and I met with them. Ms Emily LAU introduced to them that I am a FC Member while criticizing FCs in Hong Kong as a very stupid thing unique to Hong Kong. One of them was a lady who studied in the United States and subsequently returned to Israeli. Her reply was quite interesting. She said that since the electoral system in every country has its own characteristics, what problem is there if this is unique to Hong Kong but not found anywhere else in the world? She even added that the presidential election in Israeli is also very special and different from everywhere else and still, their election is held in such a way, and she questioned what problem there is with this. So, if we look at the systems in other countries, we will see that in the United Kingdom there are the House of Commons and House of Lords. In the House of Lords there are still appointed Lords as well as Hereditary Peers. In the United States, there are the House of Representatives and the Senate. Why is it that each State has two votes in the election of the Senate, instead of using the population-based method for the House of Representatives? This is how they exercise checks and balance. Indeed, each electoral system has its uniqueness as well as characteristics. I do not understand why some political parties would field candidates to contest the election if they consider FCs worthless? With regard to the queries raised by Ms Audrey EU about FCs earlier, I wonder if she had asked Dr Margaret NG and got an answer from her. People outside this Council are saying that their attitude is one which seeks to gain double benefits. I may not agree with this comment about gaining double benefits, but I have no comment on whether or not it is correct. While I may not agree to the way the

LSD has acted in this Council, they are at least earnest and forthright in that they do not contest the FC election when they say that they oppose it.

Lastly, Deputy President, I wish to say that the Liberal Party supports this constitutional reform package and in 2005, we also supported the package back then. As you have already explained this, I will not repeat it here. I just wish to talk about my personal feelings. In fact, the revised proposals on DC seats and the method for selecting the Chief Executive are not in the least beneficial to the Liberal Party. Insofar as the five DC seats are concerned, we may not even have the tickets for entry but we still support this package. Although members of the Liberal Party were all defeated in the last GC direct elections as both of our candidates had lost, they have continuously worked in the districts over the past two years and will continuously try to put down roots in districts. I very much admire their perseverance and I hope that the middle class and small enterprises can be more supportive of members of the Liberal Party working in districts, and I hope that they can secure more seats through direct elections. I support that constitutional development should move forward. I prefer to grope our way across the river rather than hope to achieve the goal in one step.

Deputy President, I so submit.

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

MRS SOPHIE LEUNG (in Cantonese): Deputy President, many Honourable colleagues have spoken from their hearts today and I have tried my best to listen to all their remarks both inside and outside this Chamber. Some Honourable colleagues from the pro-establishment camp said a while ago and yesterday that this package seemed to have little merits. Actually, we should ask ourselves this question: From which angle should we look at this issue? Honourable colleagues from the pro-establishment camp who have joined this Council or all of us who have been working in this Council all along understand that we have a very important mission. I would like to share with Honourable colleagues the right attitude towards this mission, and what exactly that attitude on my mind is.

In fact, many people including myself have joined this Council because of the implementation of "one country, two systems". If I am asked what are the gains and losses, I will say that, since I have joined this Council, I seemed to have become a public figure, and I can no longer enjoy an ice lolly on the street. That is the greatest loss to me. Why should people get to know me? It would be best if I could just be an ordinary person as it would be the happiest thing for me. I read not long ago that Mr Michael SUEN could only eat snacks in the street or stroll around when he was in Japan; I also feel pretty much the same. Nevertheless, because of such a special concept — the implementation of "one country, two systems" in Hong Kong — the pro-establishment camp have joined this Council. We have joined this Council and spoken up not because we were frustrated or we no longer held official positions. These are absolutely not the reasons for us joining this Council. I trust many friends from the pro-establishment camp also share my view.

I am certainly delighted to find that the Democratic Party understands today the need for compromise and an adjustment of their direction in order to open up a route that is more acceptable to the general public. I am pleased to see them share the mission of the pro-establishment camp. In this way, we can live our life happier every day.

We work here every day fulfilling the mission, which is a great honour for us. Moreover, we witnessed the historical moment of the implementation of "one country, two systems" upon reunification, and we are having this debate here today. It is lucky for me to have a part to play, and I would be able to tell my children and grandchildren in the future that I have been involved in all this. I trust that this is also something that we should be proud of.

Quite often, Members from the opposition camp say that we are impeding the advancement of the world. Their intelligence quotients are actually not high enough. We need checks and balances in all respects, how can a person arbitrarily run wild just like a bull in a china shop, having his own way? Can they not accept checks and balances? They should consider why checks and balances are necessary. Mr Tommy CHEUNG has aptly said that sometimes it is just like the case of the scholar running into the soldier; nobody can explain clearly what happened.

Sometimes, in the interest of the future development of society as a whole, we have to consider if some suggestions will work. Taking small-class teaching as an example, I said a few years ago that all of us wanted small-class teaching but we should consider if we had actually reached that stage, and whether small-class teaching could really be implemented. I was not talking about resources and financial strength. We should also consider if the teaching methods of teachers could be changed. I had been saying so all along and I had not indulged in empty talks. I had conducted tests for more than a decade and explored how students could be inspired. At last, the Education and Manpower Bureau accepted our suggestion about inspiring students and incorporated this element into the scope of Liberal Studies. This made me very much delighted. These are the responsibilities shouldered by the pro-establishment camp and also something we would like to do. We would like to do the things that others have failed to do.

(THE PRESIDENT resumed the Chair)

Therefore, we do not need to In the past two days, some said that we could get nothing, but it is not my intention to get anything. Frankly, we do not want to get worldly wealth or reputation in this connection. We hope that "one country, two systems" can really be implemented in Hong Kong, and a political system suitable for Hong Kong can be developed, for other countries to learn from and model themselves on. These are our ideals. It is their business if their ideals are not as lofty. They may have to go home and ask their mothers why their ideals are not as lofty. Yet, this is my ideal, and that is what I, Sophie LEUNG, hope for.

Moreover, according to some Honourable colleagues, as Members here do not have the status of being members of the ruling group, constitutional development should be taken forward to facilitate the creation of a ruling party. For more than a decade in the past, though the pro-establishment camp did not enjoy the status of a ruling group, we often practically worked as such. We discussed matters and rebuked, and we discussed issues in private with a lot of officials. We also considered ways to change certain things and the reasons for making changes; we even tried to make changes. We did it, and we had actually

done a lot. I do not wish to name them one by one here, but I really did it. That was what we wanted.

Ms Emily LAU referred to the eight-party coalition a few times, and she seemed to cherish the memory of those days. Why did she cherish the memory? Just because we had practically worked as a ruling group and that made us happy. Nevertheless, the most important thing is that we should not scold officials so severely that they almost do not have the face to appear before their parents. Would this be helpful to them? I do not think so. Furthermore, I would look at the work of Members of this Council from another angle. I think we should approach the matter from a wider perspective. All of us were sworn in when we joined this Council, and each of us made an affirmation, or an oath for religious reasons, yet, the rituals have the same meaning. Should we distinguish between 60 Honourable Members in terms of superiority or inferiority? Dr Margaret NG has just said that we should not serve for the votes, but we should serve the community. I would like to ask which When Honourable colleagues criticize Legislative Council Members from FCs, please also specify which Honourable Member is not serving the whole community. I hope they would speak up and produce the evidence. Every Member is serving the community. I can say that I disdain to participate in a direct election. As Tommy CHEUNG has just said, those people tell only part of the truth, and they are even deceiving electors for the sake of securing their votes. I do not think I can do anything like that. So, for the time being, I do not consider directly elected seats superior to FC seats. I will not think so, and I will not go outside and instigate those young people, or even tell them to unduly lash at others for they simply will not be able to do so and they may be injured. One of them was injured yesterday. Compassion is common to all men, and these young people have parents. Do they really want to do that?

More often than not, it seems that Honourable Members just talk about positions but not whether it was right or wrong when they speak — I am just citing some editorials. They are led by emotions, and we now see that they are criticizing one another and they are suspicious; they are hostilely pinpointing people but not matters. Why? I personally think that this is worrying insofar as the development of society in future is concerned. I also hope our officials will understand that it is most important for their teams to become more united

and work in a more consistent manner. They should also consider how the views of friends from the pro-establishment camp can be collected in a better way. I am not saying that they must heed such views, but they should figure out how a balance can be struck. After all, I think that we need not give friends or Honourable Members from the pro-establishment camp medals or advantages. We will feel very comfortable so long as they can do a better job, giving us a lighter burden. That is what I would like to say.

Sixty Honourable Members are duty-bound to serve the community, and we should approach issues from the perspective of the community as a whole and also with a macroscopic vision. We discussed here wine duty — as I mentioned a while ago — and estate duty earlier on. We have done a lot for Hong Kong in these areas. Nonetheless, we have frequently been criticized for collusion between business and the Government, and speaking for the business sector. I think that is most unfair.

Lastly, I would like to say that we from the pro-establishment camp and friends from FCs should express views and face the masses more often. In the future, we should continue to speak out in society in the interest of justice; otherwise, the situation will become tougher and tougher. We do not wish to bring any more calamities to the younger generation. I saw young people outside doing some basic as their parents when Mr YAM — YAM Leung-hin, right? — came here the other day, I impetuously wanted to write a note to all Legislative Council Members and ask them, "Will you tell your children to do the same thing?" This point warrants some deep thoughts. When they are urging any young person to do something some of them may not have children yet but they can ask their electors who are mothers, "Will you tell your children to do such things?" They may think differently when they have become parents.

With these remarks, President, I really hope that the motion today can receive more than 46 votes and be passed.

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

(No Member indicated a wish to speak)

SECRETARY FOR JUSTICE (in Cantonese): President, in the debates that have taken place, many Members have mentioned matters that are irreversible. In fact, there are some matters in constitutional development which, having come to the present stage, are irreversible.

First, in terms of law, what is irreversible is that according to the Basic Law and the NPCSC's Interpretation made on 6 April 2004, the method of returning each Chief Executive and Legislative Council must go through a "five-step mechanism". At present, the SAR Government is authorized by the NPC to deal only with the two electoral arrangements for 2012 and we know that we are now in step three of the "five-step mechanism". We cannot deal with the electoral arrangements for 2016, 2017 or 2020 at the same time. Each of these electoral arrangements requires the activation of the "five-step mechanism", so any demand to bundle up the elections in 2012 with the elections of other years (that is, the elections in 2016, 2017 or 2020) is infeasible. If anyone insists that if the SAR Government disagrees with making certain changes to the elections in 2016, 2017 or 2020, the package for 2012 will be negated, President, this is in effect forcing us to do something difficult on which we cannot possibly deliver under the present legal framework.

In law, another irreversible thing is the Decision of the NPCSC in 2007: Universal suffrage will not be introduced in 2012, the principle of functional constituency seats and directly-elected seats accounting for half of the seats respectively will remain unchanged and the voting procedure of the Legislative Council for bills and motions will also remain unchanged.

(Mr LEUNG Kwok-hung interrupted)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please do not interrupt a public officer who is speaking.

MR LEUNG KWOK-HUNG (in Cantonese): What he has said

PRESIDENT (in Cantonese): Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): Does he think that he is the Head of the Committee of Political and Legislative Affairs or

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung.

MR LEUNG KWOK-HUNG (in Cantonese): He is the Secretary for Justice.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, during the debate over the past two days or so, you have had sufficient time to express your views. It is now time for the Secretary for Justice to speak. Please sit down and observe the Rules of Procedure.

MR LEUNG KWOK-HUNG (in Cantonese): I cannot see that identity in him, I only see that he is here as if he is the Head of the Committee of Political and Legislative Affairs

PRESIDENT (in Cantonese): Please refrain from violating the Rules of Procedure. Secretary for Justice, please go on.

SECRETARY FOR JUSTICE (in Cantonese): Thank you, President.

PRESIDENT (in Cantonese): Secretary for Justice, if you attach the microphone to your lapel, it would be easier for us to hear you.

SECRETARY FOR JUSTICE (in Cantonese): I am sorry.

President, therefore, under the second legal framework mentioned by me just now, any proposal that advocates all FC seats be abolished in 2012, that any new seats should not include FC seats, or that separate voting be abolished in 2012, is infeasible.

In other words, if new seats are to be added to the Legislative Council in 2012, they must include FC seats.

President, we must not forget that there are also some facts and progress that are also irreversible. First, we already have a timetable for universal suffrage with legal effect, and this is irreversible. Deputy Secretary-General QIAO Xiao-yang elaborated in 2007 and stressed again in April this year that this was a timetable with legal effect and it counted. He also stressed that if the revised package could get nowhere in the Legislative Council, even though the door to universal suffrage was open, we may not be able to go through it because of our own lack of progress.

The second irreversible fact is that universal suffrage must conform to the principle of universality and equality. Deputy Secretary-General QIAO Xiao-yang also made an unprecedented statement on the principles in June, pointing out that universal suffrage in the future must manifest the principles of universality and equality in elections. The Government has pointed out time and again that we will listen humbly to all suggestions and views on the ultimate mode of universal suffrage and the next Government will also follow this matter up actively.

President, the third irreversible fact, also one that we keep stressing all the time is that the existing electoral method for traditional FC is not compatible with the principles of universality and equality, so it cannot exist together with universal suffrage. In fact, from the beginning, when this package was proposed, no increase in traditional FC had been included in it.

The fourth irreversible fact is the new DC proposal has enhanced the democratic element while complying with the Basic Law and the Decision of the NPCSC in 2007. If it is endorsed, the proportion of directly-elected seats and indirectly-elected seats returned by an electoral base of over 3 million voters will increase from 50% to 60% and the proportion of seats returned by traditional FCs will decrease from 50% to 40% correspondingly. This will be conducive to forging a consensus on and dealing with the issue of retaining or abolishing FCs and in this regard, there has already been fairly sufficient discussion in the legislature.

President, and Members, in our discussions, many people used the analogy of walking or not walking to describe the present situation. Under the constitutional design of the Basic Law, the endorsement by a two-thirds majority of the Legislative Council must be secured before any package on constitutional development can stand a chance of being passed. It can thus be seen that on the road of constitutional development, we must walk in a down-to-earth manner. The package put forward by us now is down-to-earth and progressive, because it is most capable of moving closer to the goal of universal suffrage and enhancing the democratic element, while being compliant with the law. With this, the Legislative Council will stand a greater chance of endorsing a consensus and a package to deal with such issues as the retention or abolition of FCs in the future.

President, lastly, allow me to say once again that in fact, it is by no means easy for us to get to where we are. I hope very much that we can treasure this.

I remember that when I was sharing my views on the constitutional reform package with young people in schools, I said that I also wanted to see the introduction of universal suffrage, therefore, I had to pursue the goal of universal suffrage all the more pragmatically. I also hope that we can be down to earth and pragmatic, adopting an approach that is constructive and enables us to achieve our goal in walking on the road towards democracy and universal suffrage.

The best approach that is constructive and enables us to achieve our goal does not just refer to the hardware. The development of software for a democratic system is also very important. I believe this includes the spirit of

democracy as mentioned by Mr LAU Kong-wah today and by Mr Ronny TONG earlier on, including mutual respect, tolerance, pluralism and co-existence. I believe they were speaking from the bottom of their hearts and the majority of the Hong Kong public would agree with them. There is also another thing that is equally important, one which is stressed and practised by the majority of Members, and that is, serving in the legislature but caring not about the honour or otherwise for oneself or one's own political party, rather the interests of Hong Kong society and the public. This includes the interests of people who, on seeing this "Act Now" badge of mine, would ask me, "Secretary, have you had a hard time with your work?" and people who, on seeing this "Act Now" badge of mine, would say, "You are shameless!". All the work is done with the aim of serving the interests of the general public.

President, the constitutional development in Hong Kong has come to a historical juncture and later, Members will make history in casting their votes. I call on Members to support this motion.

Thank you.

PRESIDENT (in Cantonese): Secretary for Constitutional and Mainland Affairs, you can now speak in reply.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, in the last debate, I tried to respond to every Member as far as possible but this time, I will speak in a more general manner.

First, I notice that several Members of the pro-democracy camp, including Mr CHEUNG Kwok-che and Mr Ronny TONG, said that concerning the "one-person-two-votes" revised package, originally, they thought that in principle, it could be considered but due to various reasons, they could not support it. Mr LEE Cheuk-yan's position is also similar. They are all members of the Alliance for Universal Suffrage (the Alliance). But Mr LEE Cheuk-yan said that the original proposals of the Alliance in several areas had not been all accepted and in particular, he considered that the fight for "genuine universal suffrage" had not yielded any result, so he could not vote in favour of the package

on this occasion. However, I wish to point out to Mr LEE Cheuk-yan, other Members here or various political parties and groupings that, before the implementation of the election of the Chief Executive by universal suffrage in 2017 or the implementation of the election of the Legislative Council by universal suffrage in 2020, the sectors, members of the public, political parties and groupings represented by them will have a certain degree of representation and participation, be it in this legislature, in the next Legislative Council and the one after the next. Therefore, according to the Basic Law, if Members think that they can give their support, they can vote in favour of the package and if they think that it is not good enough to deserve Members' support, they can cast an opposing vote. Members will all carry weight and have the opportunity to make a decision. All people, be it political parties and groupings or the Government, aspire to democracy and if the first step can be taken today, we should render it our support.

Therefore, to respond to Mr LEE Cheuk-yan, we all hope that there can be a roadmap and in the Decision of the Standing Committee of the National People's Congress (NPCSC) made in December 2007, in fact, a partial roadmap for the election of the Chief Executive by universal suffrage was available. According to this roadmap, after the nomination of several candidates by a nominating committee, all registered voters can then elect the Chief Executive by universal suffrage.

Another point is that a number of academics in the Alliance have proposed a direction of "path dependence". This time, by proposing the direction of "one-person-two-votes", it has been made clear that the composition of the Legislative Council in 2016 and 2020 can only be further democratized. For this reason, we still hope to make a last-ditch effort to lobby for the support of Mr LEE Cheuk-yan and the several Members mentioned earlier by me.

Yesterday, when Mr Vincent FANG spoke, he expressed the concern that by increasing the number of FC seats from 30 at present to 35, and given that the five new seats will be returned by 3.2 million voters, "balanced participation" by FCs and in the composition of the Legislative Council in 2012 would be affected. I wish to tell Mr Vincent FANG and other Members that the composition of the Legislative Council in 2012 as specified now will retain the existing 30 FC seats

and basically, there will not be any change to them. It also retains the participation of various sectors in the work of the Legislative Council.

Dr LEUNG Ka-lau mentioned in particular the ways of dealing with the electorate bases of FCs in the future. He has adopted a more open attitude and believes that in the future, various FCs may have to find more voters and expand their numbers of voters, so that they can be comparable with one another. However, things are not that simple in this world. Dr LEUNG Ka-lau may remember that in 2003, when I was serving as a Secretary in the last SAR Government, I also suggested that the inclusion of Chinese medicine practitioners in the Medical Functional Constituency could be considered. Dr LEUNG Ka-lau is probably aware that there are over 6 000 members in the Chinese medicine sector and according to the law, they can go into practice, be they listed Chinese medicine practitioners or registered Chinese medicine practitioners and their number stands at over 4 000 in total. Members in the Western medicine practitioner and dentist sectors have some reservation about this step. I have cited this small example because I want to tell Members that when we talk about the major principles, the rationale may sound very straight forward, but when they are put into practice, there is really some degree of difficulty. However, I appreciate the view voiced by Dr LEUNG Ka-lau and various Members on the need to develop FCs further. We can examine and discuss the major principle together again in the future.

Dr Samson TAM talked specifically about the two rounds of public opinion surveys conducted in the information and technology industry. Since we now have the new "one-person-two-votes" proposal, the surveys indicate that this has boosted the degree of support for the 2012 constitutional reform package. Of course, we welcome this development. Prof Patrick LAU also said that the same opinion could be observed in the architecture and surveying sector to which he belongs, and Mr Paul CHAN of the accountancy sector and Dr LEUNG of the medical sector also said that the same opinion can be observed in their sectors.

Yesterday, Mr CHAN Kin-por said that he had to express some heartfelt feelings of his FC. I think it is most remarkable that he said being a Legislative Council Member was actually very hard work but even so, he still thought that he

had to carry on. Having heard his speech yesterday, I think Mr CHAN Kin-por has to bear in mind that in the next Legislative Council, there will be 10 new seats, with five seats returned by geographical direct elections and five "atypical" FC seats to be returned by 3.2 million voters. Judging from the standard of his speech yesterday, I believe that if he runs in direct elections, there is a great likelihood that he would be elected.

Ms Miriam LAU reminded me once again that I should take on board her advice and consider expanding the electorate base of the Transport Functional Constituency. I reiterate that I am most willing to listen to her views as well as those of other groups and individuals concerning this FC. However, each time when Ms Miriam LAU talks about this point, she would talk about "lemons" and I think that if she goes on talking in this way, people may be misled into thinking that the Government has given us a special licence to operate a cafeteria specializing in Hong Kong-style tea with milk or lemon. This is not so. Ms Miriam LAU thinks that if the "one-person-two-votes" proposal was not proposed by the Democratic Party but other political parties or groupings, the SAR Government certainly would not give it any consideration. In fact, in the debate yesterday, I responded that in the past few years, various political parties and groupings had proposed various types of "one-person-two-votes" proposals at various stages. Therefore, the proposal put forward by us now is the fruit of the efforts made by all parties in the past few years.

Mr Albert HO spoke at great lengths yesterday and I subscribe to most of his views. However, there is one point that I wish to comment on. Mr Albert HO believes that not only would this development in democracy in Hong Kong affect the pace of democratization in Hong Kong, it would also affect the development of democracy on the Mainland. However, I wish to point out that the democratic systems of various places have to be nurtured and cultivated in the local soil. If we look at the United Kingdom and the United States, they are both western countries but their systems are entirely different, one being a parliamentary system and the other, a presidential system. For this reason, a system suitable for Hong Kong may not be suitable for regions outside Hong Kong. Yesterday, Mr Albert HO said that we had already come to an important juncture where we had to consider together whether or not, if the constitutional reform package for 2012 was negated, only a "lose-lose-lose" situation would

arise. I agree with him. Be it Hong Kong society, the public, the Government or various political parties and groupings and Members, all of them would lose. In contrast, if we can pass this proposal today and give a second vote to 3.2 million registered voters, this will give the entire Hong Kong society hope and greater confidence in implementing a system of universal suffrage in the future. President, I remember that in 1999, when the former Governor of Hong Kong, Mr Chris PATTEN, visited Hong Kong, on one occasion, I had the opportunity to chat with him. I said that with the Asian financial turmoil of that year, the atmosphere of Hong Kong society had become very gloomy. His suggestion was, "Give hope to the people.", that is, to give hope on the future to the Hong Kong public. Today, by implementing "one-person-two-votes", the package can enable the constitutional reform package for 2012 to be passed and Hong Kong society as a whole will have hope.

For this reason, I agree very much with Mrs Regina IP, who said that after the passage of this package, the political landscape in Hong Kong will see changes. I also agree with Mrs Regina IP's comment. There is no need for Hong Kong to continue with "Member politics" since Hong Kong is a pluralistic society. So long as all of us are prepared to work for the future of Hong Kong, political parties and groupings of all backgrounds and independent Members of all backgrounds can all have dialogue, communication and co-operation.

Mrs Regina IP mentioned the remuneration of Legislative Council Members and DC members. I can confirm that my personal view is that adequate and substantial remuneration must be offered in order to nurture more political talents. However, I did not say that what is being offered now is "shameful".

Before my conclusion, I wish to comment further on several areas. What happened these days shows that one week is a very long time in politics. On 14 June, the Chief Secretary for Administration and I met with Mr Albert HO and Mr CHEUNG Man-kwong. Within a week, on 21 June, the Chief Executive, after consulting the Executive Council, announced that the "one-person-two-votes" proposal could be accepted. Another example showing that one week is a long time is that in the televised debate between the Chief Executive and Ms Audrey EU last Thursday, after the end of the debate, many friends expressed great admiration for the debate skills of Ms EU, but I believe

the development this time around indicates that Ms Audrey EU may have won the debate but the Civic Party has lost in terms of its strategy.

Many friends have raised queries in three areas. The first query is why the Civic Party had to plan and organize the resignation *en masse* of Members returned by five geographical constituencies in order to carry out the so-called "referendum". This is because this sum of \$150 million in public funds really should not be wasted and after the by-election, only a record low turnout rate of 17% for Legislative Council elections since the establishment of the SAR was recorded. The second query is why the Civic Party is still adhering to its wrong ways, not having come to its senses yet. Nowadays, general public opinion supports giving 3.2 million registered voters a second vote. They have campaigned for so many years and want to make headway in democracy. Now that there can be substantive progress, why do they not want it? The Civic Party said it did not want to go down the wrong way and do any wrong to the next generation. However, if this package is negated today, people in this generation would immediately be deprived of a second vote, so how possibly can this be justified? The third query is that many people do not understand why the Civic Party, being a political party with a professional base, would choose to team up with a rather radical political party. Be it the organization of the so-called "referendum by the five geographical constituencies" or its intention to vote against the constitutional reform package for 2012 today, they all show that it has acted counter to the simple rationale of "a good bird chooses the branch that it perches upon".

(Mr WONG Yuk-man stood up)

MR WONG YUK-MAN (in Cantonese): President.

PRESIDENT (in Cantonese): Mr WONG Yuk-man, what is your point?

MR WONG YUK-MAN (in Cantonese): I hope the Secretary will clarify the criticism he just levelled at the Civic Party. He has already won a full victory, buddy, why should he gain extra advantages at other people's expense?

PRESIDENT (in Cantonese): Please stop speaking at once and sit down.

Members, in the last two debate sessions, I think every Member has been given sufficient time to express his views. I understand that public officers and Members may disagree with certain remarks made by one another, but the remarks of Members and officials have been presented clearly before the public, and the public can determine whose arguments are more tenable. Mr WONG Yuk-man, the Secretary is now speaking in reply; according to the Rules of Procedure, this debate will come to a close when the Secretary has finished replying. Please allow the Secretary to

MR LEUNG KWOK-HUNG (in Cantonese): This Council does not

(Mr LEUNG Kwok-hung, holding a placard in his hand, walked towards the President)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you do not return to your seat, I will immediately ask you to leave the Chamber.

MR LEUNG KWOK-HUNG (in Cantonese): you are speaking against your conscience, and the principle is

(A number of security officers moved forward to stop Mr LEUNG Kwok-hung)

PRESIDENT (in Cantonese): You leave the Chamber immediately.

MR LEUNG KWOK-HUNG (in Cantonese): allow us to express in this Chamber that this is a shame a rape of public opinions I must

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave the Chamber immediately.

MR LEUNG KWOK-HUNG (in Cantonese): this is a scam; I will not vote
.....

(A number of security officers and the Clerk moved forward to stop him)

PRESIDENT (in Cantonese): You leave the Chamber immediately.

MR LEUNG KWOK-HUNG (in Cantonese): This is a scam.

(A number of security officers tried to escort him away from the Chamber)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you leave immediately and you cannot come back today.

(The security officers removed Mr LEUNG Kwok-hung, who kept on shouting, from the Chamber)

MR LEUNG KWOK-HUNG (in Cantonese): Just that there are people public opinions; dual universal suffrage in 2012, nobody conferred powers on the 500 000 people conferred powers This is transferring benefits behind closed doors. Opposing

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, therefore, I have to make a last-minute appeal. I hope that the Civic Party can pull back before it is too late because a political party which runs counter to public opinion

MR ALBERT CHAN (in Cantonese): It is you who are running counter to public opinion.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): can hardly be successful in the long run. Public opinion is very clear, that is, it is hoped that the constitutional system can take a step forward in 2012. Another point that I wish to take this opportunity to talk about is that colleagues in the Government can see very clearly that they have to persevere in striving for democracy for Hong Kong. In the past few years, there was never any let-up in two areas: In 2005, after the package for 2007 and 2008 had been negated, the Chief Executive and colleagues in our policy area did not give up and continued to make efforts until we secured the Decision of the NPCSC in December 2007, according to which the Chief Executive will be elected by universal suffrage in 2017 and the Legislative Council will be elected by universal suffrage in 2020. Therefore, I have to tell Ms Audrey EU that it was not because the package of proposals was negated that we secured the timetable for universal suffrage. In fact, the Government embarked on its work relating to the timetable for universal suffrage in November 2005 and internally, it began to take forward this matter and make preparations at an even earlier time.

The second area in which we have made efforts unrelentingly is the proposal of "one-person-two-votes". In the past few months, the Chief Executive and colleagues in our policy area communicated with various political parties and groupings extensively. We also reflected to the Central Authorities the views on the "one-person-two-votes" proposal a number of times and continued with lobbying up to the final week. Eventually, a consensus could be reached. For this reason, I wish to say to Mrs Regina IP that it is not true that the Central Authorities considered it necessary to intervene after the debate on television. This is not the case at all.

President, yesterday, Ms LI Fung-ying said that in dealing with such matters, we had to turn the impossible into the possible. Today, because of the support from various political parties, groupings and independent Members for this direction, what originally appeared to be impossible has turned into the possible today.

President, a few minutes later, Members will cast their historic votes. I still remember that after Members had negated the package for 2007 and 2008 in 2005, I had the opportunity to say to Members in the legislature that perhaps a few years later, Members would have another opportunity to carry out another voting on democratization in Hong Kong, and then in that event, I hoped

Members could seize the opportunity. Today, this opportunity has come again. I hope Members will all cast a supporting vote, so that from now on, no one will ever doubt again whether or not democracy in Hong Kong has any future or any hope because after Members have endorsed the package for 2012, our next stop would be the election of the Chief Executive by universal suffrage in 2017. President, I call on all Members to support the motion.

PRESIDENT (in Cantonese): As Members are aware, under Article III of Annex II to the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, this motion requires the endorsement of a two-thirds majority of all the Members of the Council.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Constitutional and Mainland Affairs be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Andrew CHENG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew CHENG has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr Albert HO, Dr Raymond HO, Dr David LI, Mr Fred LI, Mr James TO, Mr CHEUNG Man-kwong, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Kong-wah, Mr LAU Wong-fat, Ms Miriam LAU, Ms Emily LAU, Mr Timothy FOK, Mr TAM Yiu-chung, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Frederick FUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr LEE Wing-tat, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHEUNG Hok-ming, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr KAM Nai-wai, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Hak-kan, Mr Paul CHAN, Mr CHAN Kin-por, Dr Priscilla LEUNG, Dr LEUNG Ka-lau, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr IP Wai-ming, Mr IP Kwok-him, Mrs Regina IP, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the motion.

Mr LEE Cheuk-yan, Dr Margaret NG, Mr LEUNG Yiu-chung, Mr Andrew CHENG, Ms Audrey EU, Mr Ronny TONG, Ms Cyd HO, Mr CHEUNG Kwok-che, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted against the motion.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that there were 59 Members present, 46 were in favour of the motion and 12 against it. Since the question was agreed by a two-thirds majority of all the Members of the Council, he therefore declared that the motion was endorsed by a two-thirds majority of all the Members of the Council.

(Members of the meeting tapped on the bench, while Mr Albert CHAN holding a placard shouted loudly)

MR ALBERT CHAN (in Cantonese): President, we register our strong protest against this. Today is the darkest day for the development of democracy in Hong Kong. The democratic rights in Hong Kong have been exploited; functional constituencies will exist eternally. President, the League of Social Democrats will leave in protest.

PRESIDENT (in Cantonese): This meeting shall continue. Will Members please observe order.

(Mr WONG Yuk-man shouted and walked out of the Chamber)

MR ALBERT CHAN (in Cantonese): Congratulations to you all for your wealth and power. President, I will leave and you do not have to get angry. I will walk out of the Chamber now Functional constituencies will go down in history as an eternal notoriety.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Tate's Cairn Tunnel Ordinance (Amendment of Schedule) Notice 2010.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): President, in my capacity as Chairman of the Subcommittee on the Tate's Cairn Tunnel Ordinance (Amendment of Schedule) Notice 2010 (the Subcommittee), I move that the period for scrutinizing the

Notice be extended to 14 July 2010. Given that the Subcommittee needs to continue the discussion on issues relating to the toll increase by the Tate's Cairn Tunnel, I urge Members to support extending the period for scrutinizing the Notice to 14 July 2010.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the Tate's Cairn Tunnel Ordinance (Amendment of Schedule) Notice 2010, published in the Gazette as Legal Notice No. 67 of 2010 and laid on the table of the Legislative Council on 26 May 2010, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 14 July 2010."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Miriam LAU be passed. 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 passed.

PRESIDENT (in Cantonese): Ms Miriam LAU will move a motion under Rule 49E(2) of the Rules of Procedure to take note of Report No. 14/09-10 of the House Committee laid on the Table of the Council today in relation to the Fugitive Offenders (South Africa) Order.

According to the relevant debate procedure, I will first call upon the mover of the motion to speak and move the motion, and then call upon the Chairman of the Subcommittee formed to scrutinize the subsidiary legislation concerned to speak, to be followed by other Members. Each Member may only speak once and may speak for up to 15 minutes. Finally, I will call upon the designated public officer to speak. The debate will come to a close after the public officer has spoken. The motion will not be put to vote.

PRESIDENT (in Cantonese): Members who wish to speak will please press the "Request to speak" button.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU to speak and move her motion.

MOTION UNDER RULE 49E(2) OF THE RULES OF PROCEDURE

MS MIRIAM LAU (in Cantonese): President, in my capacity as Chairman of the House Committee and in accordance with Rule 49E(2) of the Rules of Procedure, I now move the motion as printed on the Agenda to enable Members to debate the Fugitive Offenders (South Africa) Order contained in Report No. 14/09-10 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments.

Ms Miriam LAU moved the following motion:

"That this Council takes note of Report No. 14/09-10 of the House Committee laid on the Table of the Council on 23 June 2010 in relation to the subsidiary legislation and instrument(s) as listed below:

<u>Item Number</u>	<u>Title of Subsidiary Legislation or Instrument</u>
(1)	Fugitive Offenders (South Africa) Order (L.N. 43/2010)."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

MR JAMES TO (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Fugitive Offenders (South Africa) Order and Mutual Legal Assistance in Criminal Matters (South Africa) Order (the Subcommittee), I report on the deliberations of the Subcommittee.

The Subcommittee has held two meetings with the Administration. Members have made article-by-article comparisons of the Fugitive Offenders (South Africa) Agreement with the Model Agreement for the Surrender of Fugitive Offenders and of the Mutual Legal Assistance (South Africa) Agreement with the relevant model agreement.

Insofar as the Fugitive Offenders Agreement is concerned, members have deliberated in detail the conditions for extraditable offences, refusal of surrender, postponement and temporary surrender and the notice period for termination of the Agreement. I would like to specifically point out one of the clauses of extraditable offences whereby a contracting party shall confirm to the other party by notice in writing that surrender for the offences may be granted in accordance with its laws. Members have expressed concern over this clause. According to the Administration, this "catch-all" clause is added to provide flexibility to either

party to the Fugitive Offenders Agreement in amending laws which may affect the list of relevant offences without the need for re-negotiation. Members have noticed that a similar formulation has been included in almost all the Surrender of Fugitive Offenders Agreements signed by the SAR Government with other foreign jurisdictions. The Administration has assured members that the Fugitive Offenders Ordinance has to be amended by the SAR Government before surrender for the offences under this "catch-all" clause can be granted.

Members have also deliberated on the understanding of "serving a sentence" and "in custody" in South Africa. Members are worried that in some countries, a person may not be held in custody or serving a sentence in effect but are so deemed. At members' request, the Administration has confirmed that South Africa has the same understanding in respect of "serving a sentence" and "in custody" as that of Hong Kong. Members are of the view that in signing other Surrender of Fugitive Offenders Agreements in future, the Administration should consider the meaning of "serving a sentence" and "in custody" adopted by the foreign jurisdictions concerned before deciding the appropriateness of including a relevant clause therein, so that whilst in custody in the Requesting Party, a person serving a sentence will be regarded as continuing to serve the sentence.

Insofar as the Mutual Legal Assistance Agreement is concerned, members have deliberated in detail such matters as the limitations on compliance, the limitations of use, information to be supplied in support of a request for assistance and the return of items and objects to the Requested Party. According to the Administration's understanding, as the items and objects supplied to the Requesting Party are furnished for the purpose of the proceedings, they should be returned to the Requested Party when the proceedings have been concluded. At members' request, the Administration has undertaken to clarify with South Africa whether it has the same understanding in this regard and will advise members in writing later.

The Subcommittee will support the Fugitive Offenders (South Africa) Order and Mutual Legal Assistance in Criminal Matters (South Africa) Order.

I have given the aforesaid report in my capacity as the Chairman of the Subcommittee.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Security to speak. This debate will come to a close after the Secretary has spoken.

SECRETARY FOR SECURITY (in Cantonese): President, Hong Kong has been actively co-operating with other jurisdictions in combating serious crimes, and has been seeking to conclude bilateral agreements with other jurisdictions which intend to have closer co-operation in the surrender of fugitive offenders (SFO). These bilateral agreements will be conducive to enhancing international co-operation in the fight against cross-border and cross-boundary crimes and they will also ensure that no criminal will go scot-free.

The Fugitive Offenders Ordinance (the Ordinance) provides for the necessary statutory framework for implementing the SFO arrangements signed between Hong Kong and other jurisdictions. The Fugitive Offenders (South Africa) Order (South Africa Order) was made by the Chief Executive in Council under the Ordinance with a view to implementing the "Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Republic of South Africa Concerning Surrender of Fugitive Offenders" (the Agreement). The Agreement is set out in the Schedule of the South Africa Order by the strength of which the Agreement can be implemented in Hong Kong.

The South Africa Order stipulates that the procedures set out in the Ordinance may apply between Hong Kong and the Republic of South Africa, but subject to the limitations, restrictions, exceptions and qualifications contained in the terms of the Agreement. The arrangements for the surrender of fugitive offenders set out in the Agreement are in essence consistent with those set out in the Ordinance.

The Legislative Council's Subcommittee on Fugitive Offenders (South Africa) Order and Mutual Legal Assistance in Criminal Matters (South Africa) Order has completed the scrutiny of the South Africa Order. I hereby wish to thank the Subcommittee for its support of the relevant Order.

Just now Mr James TO mentioned the addition of item (47) to paragraph (1) of Article 2 of the Agreement, which allows both parties to amend the list of offences. The authorities explained to the Subcommittee that it was a "catch-all" clause, and it might cover any statutory amendment to be made by either party which might affect the list of relevant offences set out in the Agreement. With this "catch-all" clause, re-negotiation to incorporate changes into the list of relevant offences in the Agreement can be avoided. In fact, a similar formulation has been included in almost all the SFO Agreements signed by the SAR Government with other foreign jurisdictions.

The enactment of the South Africa Order enables the enforcement of the Agreement signed between Hong Kong in respect of the surrender of fugitives. It is a vital step in enhancing co-operation in the surrender of fugitives between Hong Kong and foreign jurisdictions. I wish to take this opportunity to thank the Subcommittee for its support of the enactment of the Order.

Thank you, President.

PRESIDENT (in Cantonese): In accordance with Rule 49E(9) of the Rules of Procedure, I will not put any question on the motion.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of the motions each may speak, including reply, for up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak for up to 10 minutes; and other Members each may speak for up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Legislating for "standard working hours".

PRESIDENT (in Cantonese): Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

PRESIDENT (in Cantonese): I now call upon Dr LEUNG Ka-lau to speak and move his motion.

LEGISLATING FOR " STANDARD WORKING HOURS "

DR LEUNG KA-LAU (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, when I move the motion on legislating for standard working hours as the representative of the medical sector, I am playing three different roles. In the medical sector, about half of the members (that is, more than 5 000 people) are employed by either public organizations or other medical groups, and they are all wage earners, despite being professionals. Every family has its own problems; I absolutely support the enactment of standard working hours. As regards the second role, the other half of the members of the medical sector are employers, that is, independent practitioners. Each of them employs at least three staff members. I have also consulted the Hong Kong Medical Association (HKMA). We, as employers, will not be mean to our staff, and we also hope that employees can serve our patients in a polite manner. If overtime work is required, we will either employ one more staff member or offer overtime compensation. Therefore, the HKMA does not have any problem with this proposal. The third role that I play is that of a doctor. Every day, we have to face many patients who suffer from health, mental, family and even social problems due to long working hours. Therefore, from the perspective of these three roles, I support legislating for standard working hours.

What are the objectives of legislating for standard working hours? Simply put, there are two. First, it is hoped that employees can be treated fairly so that the more they work, the more they get. I want to tell the Secretary that the existing Minimum Wage Bill itself does not run on the premise that the more one works, the more he gets. This is because if an employee is paid \$40 an hour and the minimum wage rate is \$30, the employer can require him to take up 25% or even 30% of overtime work without offering any compensation. Therefore, the Minimum Wage Bill itself cannot help employees get more by working more.

The second objective is to ensure that employees' health and family life will not be affected because of long working hours, and that the provision of services to clients will also not be so affected. Some friends think that standard working hours is merely a product of welfarism provided by individual democratic and developed countries under a democratic political system. In this connection, I have reviewed some international studies. It is found that the International Labour Organization has, in a research report, set out the legislative position of 100-odd countries around the world on standard working hours, and more than 90% of the countries have legislate for standard working hours. Let us not talk about the situation in Europe and the United States and concentrate on the standard working hours stipulated in Asian countries: 48 hours for Cambodia; 40 hours for our Motherland; 40 hours for Indonesia; 48 hours for Laos; 48 hours for the Philippines; and 48 hours for Thailand and Vietnam. Therefore, I can say that standard working hours is a universal value rather than a product of welfarism.

Before deliberating on this topic, I hope that Members agree to the two objectives that I mentioned earlier. If Members do not agree to these two objectives, I do not mind if they voice their opposition. However, if Members agree to these two objectives — first, employees should be treated fairly so that the more they work, the more they get; and second, employees' health should not be affected because of long working hours — we can proceed to deliberate on how to handle this issue. The key to the issue lies on whether legislation should be introduced. I believe that several conditions have to be met when it comes to legislation. First, the objectives are correct and just; second, whether legislation is feasible; and third, whether legislation is necessary. On whether legislation is feasible, I will talk about this later. As regards whether legislation is necessary, I just want to point out simply that if standard working hours should be put into practice and employers are capable of doing so, yet a minority of employers are still reluctant to comply, legislation is then the only way out.

The Government has also raised its views during the deliberation on standard working hours in the Council. There are several points of concern. First, the issue is complicated in nature and society has yet to reach a consensus, so an in-depth discussion is necessary. Moreover, this issue has far-reaching implications. How many times has this issue been raised in the Legislative Council? According to the records, this issue has been raised at least five times

in 1997, 2000, 2004, 2005 and 2006. I believe that the issue cannot be solved overnight, as it has discussed for more than 10 years. How is today's situation different from that in the past? Today, we have already introduced the Minimum Wage Bill, which has tackled most of the problems deemed complicated by the Government. So, what are the complicated questions?

The first point, which is also very important, is the calculation of working hours. As the Minimum Wage Bill takes the wage rate as the basis, so how should working hours be calculated? Even though Members may have different opinions and points of contention, the question has pretty much been settled now. Even though Members do not agree to the calculation method, they have to follow it in principle. Moreover, it is simpler to handle standard working hours than minimum wage, as there is no need to provide exemption to employees with disabilities and student interns. We have no reason to require employees with disabilities or student interns to work longer hours than the able-bodied.

In addition, as regards the complexity of the issue, I have tried to ask an office assistant to spend a few months drafting a Standard Working Hours Bill for Members' reference. In fact, "all articles are written by copying each other's work". It is not too difficult to draft such a Bill. Moreover, during the drafting of the Bill, we can also draw reference from other sources as to how flexible arrangements can be included in the Bill. Many friends have expressed their concern that after the enactment of the Bill, employees cannot work overtime, and employers have to pay substantial amount of overtime compensation, thus resulting in a lack of flexibility for employees and employers to sort out contractual arrangements. However, we find that many countries already have this kind of legislation in place. First, in general, subject to employees' consent, they can work longer than the standard working hours. But according to the protection provided by the law, if an employee hopes to be protected by standard working hours, the employer cannot terminate his employment on this ground. His employment can of course be terminated on other grounds, but not this. Second, I also know that the working hours and workload of individual trades and industries may be seasonal in nature. Employees may sometimes need to take up a lot of work or meet some deadlines, but sometimes they may have less work. Therefore, the European Union takes the average weekly working hours in four months' time as the basis for calculating the standard working hours. In other words, the working hours of a certain fortnight may be higher than the standard working hours, this is permissible as long as time-off is given to employees

within four months. According to the third arrangement, if there are genuine needs to require employees work overtime and compensation will be given, employers can require employees to work overtime by paying a certain percentage of the wage. Moreover, the legislation can also grant exemption to some individual trades and industries, such as administrative or managerial staff. In addition, exemption can also be provided for employees who can decide working hours on their own. Therefore, from a technical point of view, legislation is not complicated.

Another biggest concern comes from members of the business sector. In this connection, I have commissioned the University of Hong Kong to conduct a public attitude survey. A survey was also conducted in April on employers of small and medium enterprises (SMEs) in Hong Kong to collect their opinions on standard working hours. We successfully interviewed 1 005 employers — not a small sample size — it was found that 84% of employers had stipulated working hours in the contracts signed with employees, and that only 40% would offer overtime compensation. The next point, which is the most important, is that when we asked those 1 000-odd employers whether they supported legislating for standard working hours, it was found that employers in Hong Kong were not unscrupulous, with 56% of them supported or greatly supported legislating for standard working hours, while only 24% of them opposed or strongly opposed. Compared with the Liberal Party's earlier survey on minimum wage, which indicated that only 44% of employers supported minimum wage and 34% objected. Members can therefore see that the resistance of SME employers in Hong Kong towards standard working hours is in fact not as great as imagined.

We have also asked those employers what standard working hours should be stipulated if legislation was to be enacted. The median number of working hours was 44; 70% of employers accepted 48 hours, while only about 20% accepted working for more than 48 hours. We then asked employers, if legislation on standard working hours was really enacted, what relevant measures would they take to cope with this legislation? 50% of employers said they would compensate employees working overtime, while another 49.3% said they would employ more staff. Therefore, legislating for standard working hours can in fact increase employment opportunities. In addition, only 5% of employers said they would reduce the basic wage of employees to make up for the overtime compensation. This is actually a pretty low percentage. And with the

introduction of a minimum wage, I believe this situation will not become very serious. I only have a little time left. I hope to hear the response from other friends and the Government.

President, I so submit.

Dr LEUNG Ka-lau moved the following motion: (Translation)

"That, as Hong Kong is in general an affluent and civilized society, yet some employees still need to work long hours, adversely affecting their personal health and family life and giving rise to many social problems, this Council urges the Government to legislate for 'standard working hours' according to the principles of fairness, flexibility, and having regard to the business environment and competitiveness of Hong Kong."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr LEUNG Ka-lau be passed.

Originally, five Members would move amendments to this motion. However, as Mr LEUNG Kwok-hung is absent from the meeting, he cannot move his amendment. This Council will now proceed to a joint debate on the motion and the remaining four amendments.

I will call upon Mr WONG Sing-chi to speak first, to be followed by Mr IP Wai-ming, Ms LI Fung-ying and Mr LEE Cheuk-yan; but no amendments are to be moved at this stage.

MR WONG SING-CHI (in Cantonese): President, in our recent discussions on labour policies both inside and outside this Council, Members very often focused on the issue of legislating for a minimum wage or that of occupational safety and health. Other issues have frequently stolen the limelight from this important aspiration of workers to demand for standard working hours. However, the Democratic Party considers it necessary to maintain our position on legislating for standard working hours, so as to ensure that millions of wage earners can enjoy reasonable labour rights.

President, in our debate on the motion on "a new occupational culture" in this Chamber in December last year, I mentioned that in order to successfully promote a new occupational culture for millions of wage earners to enjoy work-life balance, some premises had to be satisfied first, one of which was standard working hours. In reply to a question raised by a Member during the Question and Answer Session held in October 2009, the Chief Executive mentioned that the issue of minimum wage would first be resolved before examining that of standard working hours. However, the consistent position of the Democratic Party is that since the latter issue has direct and positive impacts on work-life balance, the Government should absolutely start examining the issue of legislating for standard working hours in an expeditious manner or "Act Now" for the benefit of the general employees. With the imminent completion and enactment of the legislation for a minimum wage, some technical issues pertaining to the calculation of working hours can generally be resolved. That said, the Democratic Party holds that the authorities should absolutely focus once again on the important issue of stipulating standard working hours, so as to be accountable to the general wage earners. The motion moved by Dr LEUNG Ka-lau today provides a very good platform for Members to discuss and make some recommendations to the Government. The Democratic Party will support today's original motion and all the amendments.

President, an ideal life pattern should allow a balance among work, rest and activities, so that one can have a balanced development in various aspects. However, over all these years, Hong Kong people always need to work round the clock and they have gained worldwide fame for being hard-working. According to the information of the Census and Statistics Department, in 2009, nearly 20% of wage earners, that is, some 690 000 people in Hong Kong worked more than 10 hours a day. I think Members of this Council are also included in this category. According to the research findings released by another organization, 98% of the interviewees worked more than eight hours a day and they are adversely affected, such as having insufficient rest, health problems and increase in pressure. At the same time, another study indicated that the greatest pressure faced by families in Hong Kong was constituted by long working hours and

excessive workload. One of the conclusions drawn from this study was that Hong Kong must legislate for standard working hours to relieve the pressure on families. Enterprises should also promote more family-friendly policies to reduce family pressure on parents, so that they can have more time to handle their children's problems.

President, stipulating standard working hours is a general trend. As early as 1930, the International Labour Organization already drew up an international covenant on the number of working hours, which had the support of a number of its member states. At present, various regions and countries, including those in our neighbouring region, such as Taiwan and Singapore, have already signed the relevant covenant and implemented the provisions. The governments in our neighbouring regions have adopted a progressive attitude, while in contrast, wage earners in Hong Kong suffer from work-life imbalance. Hence, the Democratic Party holds that Hong Kong Government should brook no delay in making preparations for legislating for standard working hours. Regarding the specific measures for standard working hours, the Democratic Party proposes to stipulate by law that the standard working hours be 44 hours per week with overtime pay at a rate of not less than 1.25 times of the normal pay. However, given the specificity of some types of work, exemption or special treatment in different forms may need to be given to employees in certain industries. In addition, the Democratic Party will also lobby for enacting laws to provide that employers must, except in the case of emergency services, allow employees to take a 20-minute rest for every five hours of continuous work, so as to protect the latter's health. President, in devising the abovementioned specific measures for standard working hours, we note that some Members will later propose various amendments, which contain different justifications or recommendations on the relevant figures. The Democratic Party takes an open-minded attitude towards these amendments because we believe that our primary intention is to protect the rights of employees. For these reasons, the Democratic Party opines that as the legislative work on standard working hours is still at the brainstorming stage, the authorities should pool collective wisdom and listen to the views of various parties, so that comprehensive and extensive consideration can be given when the work in question is commenced in the near future.

Meanwhile, President, I also wish to take this opportunity to urge the Government to implement more family-friendly policies, which are closely related to the subject of maximum working hours. As I said just now, in many families, problems in family relationships actually arise from the conditions of work. Family-friendly policies can relieve the pressure of life brought by various problems in work and help the public establish proper values towards life and family relationships. As the Government always indicates that it attaches importance to family core values, it is duty-bound to urge employers to implement standard working hours and it should also take the lead to put in place family-friendly policies. Not only can the mode of work-life balance reduce the work pressure on employees and achieve the objectives of raising productivity and improving work quality, it can also reduce labour disputes, ultimately enabling both the employees and employers to benefit.

Family-friendly policies cover a wide range of areas and involve various policies. Hence, the consolidation of the relevant policies can absolutely not be neglected. I wish to take this opportunity to share with Honourable colleagues how family-friendly policies can help employees achieve work-life balance. In fact, research reports released by various organizations have pointed out that family life is closely related to work. Moreover, these reports have coincidentally highlighted that at present, employees are facing immense work pressure. In May this year, the Continuing Professional Development Alliance conducted the Survey on Employee Wellness of Hong Kong Professionals (the Survey), so as to gain an understanding of the wellness of employees in the workplace. Some 280 professionals engaged in the fields of accounting, legal services and surveying responded to the Survey. As indicated in its findings, over 95% of the respondents stated that they very often had to work overtime. Among them, 30% had to work overtime every day for two hours or more for reasons of excessive workload and being more productive. Long working hours have adverse impacts on physical health. 30% of the respondents indicated that they were under pressure, and that they were prone to getting a cold or flu. Some of the respondents even had the intention to change jobs because of these problems and some had to seek assistance from psychiatrists. The longer the working hours, the higher the risk of employees suffering from anxiety or depression.

(THE PRESIDENT'S DEPUTY, MS MIRIAM LAU, took the Chair)

In addition, figures provided by the Hong Kong Council of Social Services indicated that between 1998 and 2006, the Family Solidarity Subindex had recorded negative growth for five consecutive times. I believe this was due to the impacts of work on families. Certainly, at the same time, family matters may also affect work. A survey conducted by The Hong Kong Polytechnic University several years ago indicated that the work performance of many respondents had been affected by family matters in the previous year, causing them to be late to work or having other problems. Many respondents said that they very often had to work overtime and felt exhausted when they returned home after work. I think Members of this Council also have the same experience.

Deputy President, the Democratic Party also proposes that the Government should designate a "family day", so that we may leave our work aside and spend a relaxing day with our families, thereby reducing our work pressure.

The Democratic Party also advocates the introduction of paternity leave by the Government so that the male employee can take care of his child and wife. The Government should provide incentives to encourage employers to implement family-friendly policies.

Lastly, I suggest that the Government should introduce "family impact assessment", so that employees can understand the situation of their families. In this regard, the Government should devise more family-friendly policies for the working class so that they can take care of their families and work at the same time.

Thank you, Deputy President.

MR IP WAI-MING (in Cantonese): I will speak briefly on this amendment today, and several colleagues will then make their specific supplementary remarks.

Deputy President, as a union worker, every time when I discuss issues on workers' welfare, including labour disputes, a classic film will naturally come to my mind, that is, Charlie Chaplin's "Modern Times". The film portrays how the character suffers a mental breakdown with the torture of incessant work caused by the mechanical mode of mass production, in which workers are gradually

caught in the mechanical process. The film, simple in its content, really makes us laugh with tears.

Although the mode of production in the Industrial Revolution as depicted in "Modern Times" is no more seen in Hong Kong now with the dwindling of the manufacturing industry, it does not mean that workers can relax in their work. On the contrary, given the economic globalization and integration unrestricted by time and space and the labour market in Hong Kong dominated by the services industry, wage earners are being oppressed by their work in another form of extremity. Many of the grass-roots workers have to work on shift 24 hours round the clock leading a life with day and night being reversed. Some workers have to work more than 10 hours a day on a long-term basis, going to work at dawn and returning home at midnight, earning a salary of only six or seven thousand dollars. They have to forfeit the time spent with their families and children. Even clerical workers have to work overtime every day probably without compensation "as a rule". They cannot leave office if their bosses are still in, and they may be regarded as not working energetically enough if they do not work overtime.

Many Honourable colleagues have pointed out that the phenomenon of long working hours has given rise to a lot of social and family problems in Hong Kong. As such, there is a practical need for us to regulate the working hours, so that wage earners can have proper rest time to which they are entitled; and they can spend more time with their families and children. Deputy President, this is the essence of the family-friendly policy, which has always been emphasized by the Social Welfare Department under the ambit of the Secretary, and has long been advocated by the Labour Department. We have to take the initiative forward immediately, because if Hong Kong people feel more and more oppressed at work and have to work increasingly long hours, it may be woeful to find that in future, Hong Kong people no longer have the spirit of hard struggle but suffer from mental illness. More and more people may have to approach our colleague, Dr PAN Pey-chyou, for treatment.

Deputy President, what I have said are not words to frighten people, but facts concerning the phenomenon that the working hours of Hong Kong people are "ridiculously" long. An earlier survey revealed that Hong Kong people ranked third in the world with regard to working hours, only next to Cairo and

Seoul. The average number of working hours per year is 2 295, which is 20% more than the world average of 1 902 hours.

Deputy President, let us look back at the weekly working hours. It is proposed in the International Labour Conventions that the maximum weekly working hours should not exceed 40 hours. However, according to our past records, it is found that the average weekly working hours increased from 45 hours from 1995 to 1998 to an average of 46 hours in 1999, and has remained at 48 hours from 2000 till now. Recently, I learnt from the Government's Quarterly Report on General Household Survey for the first quarter of 2010 that the working hours for many industries exceed 48 hours, for instance, 50 hours for both "service workers and shop sales workers" and "plant and machine operators and assemblers", and 54 hours for workers in the "elementary occupations" and the "retail, accommodation and food services".

From these, we can see that the problem of long working hours in Hong Kong is aggravating in some grass-roots sectors such as services and retail trades or elementary occupations. Deputy President, recently the term "working poor" (窮忙族) has become popular in Hong Kong. This term originates from Japan, referring to those wage earners who work very long hours with life evolving around work, and even though they work so hard, they earn so little that they cannot get out of poverty. Such situation is very common in Hong Kong now, especially among youths. The life of these workers centers on work only with little time for rest, they cannot earn what they should get and their health and family relationship may also be affected. We think deep-rooted social problems will arise if this situation persists.

Deputy President, I opine that the principle of stipulating standard working hours is mainly to protect the employees' interests. As such, I have added quite a few specific suggestions in my amendment, for example, eight hours per day or 44 hours per week, as advocated by the Hong Kong Federation of Trade Unions after considering the practice in some developed overseas regions, provisions in international laws as well as the actual situation of Hong Kong. We are of the view that standard working hours at 44 hours per week will give reasonable protection to our workers without affecting the economic development of Hong

Kong. I have to point out that by legislating for standard working hours, the situation of unreasonably long working hours in some industries can be rectified, as these industries are required to employ more workers, the grass-roots labourers can be benefitted.

Regarding the proposal "to provide employees with a 30-minute break for every six hours of continuous work" in the amendment, we have drawn reference from the "Guide on Rest Breaks" issued by the Labour Department and have taken into consideration the actual problems incurred. In actual situation, as some employers do not wish to employ more workers in order to cut costs, they will very often arrange the rest breaks at the start or at the end of a shift. Let us take the conditions of the airport ground workers as an example. Many of these workers have their "so-called" meal time before a duty shift, that is, they have their meal time when they report duty at around seven o'clock, and then work for eight to nine hours straight until the end of the shift; or they start work at around seven o'clock, and then work eight to nine hours straight before having a meal break of one hour. Is this fair to the employees? This practice in fact puts very great burden and pressure on the employees. Moreover, can these workers manage to cope with such heavy workload that also requires labour strength?

As regards compensation for overtime work, we are of the view that employers have the responsibility to pay compensation to employees working overtime, and overtime work without compensation is simply an exploitation of the personal time and life of wage earners. We also propose that the Government should strictly enforce the regulations on rest days and statutory holidays, and all general holidays should be counted as statutory holidays. In this way, employers cannot require employees to work on these holidays without any compensation; they have to allow wage earners to enjoy the rest time they are entitled to with their families and children. The existing discrepancy between the statutory holidays and general holidays in Hong Kong is a structural problem that causes labour disputes. Since the Secretary has assumed office for such a long time, it is unacceptable that he has not taken any actions to solve this problem and has not introduced any legislative amendments. Actually, being "wage earners" alike, they are subject to the same working hour restrictions but have different holidays, which, we think, are utterly wrong in such a civilized society as Hong Kong. We hope that the Secretary can resolve this problem very soon. We also know the Secretary likes to work, and he works very long

hours. But we hope that the Secretary can show consideration for wage earners in Hong Kong, and enact legislation for standard working hours as soon as possible.

Deputy President, I support the original motion and all the amendments.

MS LI FUNG-YING (in Cantonese): Deputy President, striving for legislation on standard working hours has long been a major agenda of the labour movement. Upon the establishment of the International Labour Organisation in 1919, the Covention No 1 under the Treaty of Versailles that protects labour interests has already established the principle that workers should work eight hours a day and 48 hours a week. This illustrates the importance of standard working hours in the labour movement.

Workers in Hong Kong are well known for their virtues of being hardworking and uncomplaining, with great devotion to their work, and they have contributed to Hong Kong's economic take-off. Today, while Hong Kong has developed from a small fishing port to an international metropolis, many labour protection initiatives still remain at the standards of developing countries and regions or even lag behind these standards. The standard working hours is a glaring example. I think we fail to do justice to workers in Hong Kong who have contributed their sweat and blood to Hong Kong's economic development from generation to generation.

The long working hours of Hong Kong employees are world-known. According to the statistics on patterns of hours of work of employees contained in the Special Topics Report No. 50 released by the Census and Statistics Department last year, 35% of employees (900 000 people) work more than eight hours a day; about 60% of them (over 150 000 people) work more than 10 hours a day. 33% of all employees (900 000 people) work more than 50 hours a week. The majority of employees working overtime are non-skilled and front-line employees.

In his policy address released last year, the Chief Executive claimed that he had high regard for family relationship. For those hundreds of thousands of employees who work more than 10 hours a day, what kind of family relationship do they have? Last week was Father's Day, on the day before Father's Day, the

Federation of Hong Kong and Kowloon Labour Unions that I belong to released the findings of a survey on the relationship of male security guards who work on a 12-hour duty shift with their children. Among the 315 security guards interviewed, near 80% of them held that their working hours have serious impact on their relationship with family members. Over 40% of them described their relationship with the children as distant or very distant; and more than 50% said the last family activities with their children were two to three months ago or even longer. This is the epitome of the family lives of this group of workers with long working hours.

When the Chief Executive attended the Legislative Council Question and Answer Session after the delivery of the policy address, I asked him about the relation between long working hours and family lives. Back then the Chief Executive replied that if the issue of working hours was to be resolved during the stage of scrutiny of the legislation on minimum wage by the Legislation Council, it might meet with strong resistance. Therefore, the problem should be resolved step by step. The Chief Executive openly admitted that the working hours of Hong Kong employees were too long, and he believed that this problem must be addressed. In this regard, my view is consistent with the Chief Executive, but I disagree with him that we should postpone addressing the problem due to resistance.

The Council will soon complete the scrutiny of the Minimum Wage Bill. I believe the Bill to be submitted to the Legislative Council on 14 July will be passed. Originally, minimum wage and standard working hours are so closely related that they can even be described as the two sides of a coin. Nevertheless, the legislation on minimum wage has completely shunned the issue of standard working hours. As regards legislating for a minimum wage without regulating standard working hours, the Government has explained that this measure would allow workers to earn more by working more. This specious excuse has in effect removed the boundaries between normal working hours and overtime work, and given normal wages the same definition as overtime wages. In particular, our legislation on minimum wage contains no provision that a minimum wage must reach the level of a living wage. Therefore we are all the more worried that if a minimum wage is set at an excessively low level that is insufficient to sustain the basic living, the grassroots will be forced to work for long hours. I am not going to talk about the issue of minimum wage in today's

debate, but I must point out, the legislation on minimum wage without the regulation of standard working hours is crippled and flawed, and the crippled and flawed part must be rectified.

Last week, in the meeting of the Panel on Manpower of the Legislative Council, the Government stressed that the Labour Department has all along been encouraging employers to adopt family-friendly measures. A pile of measures and information on promoting family-friendly measures have been presented, but the goals and results of such promotion have been left out. I hope that when the Secretary gives his reply later, he will not repeat the information that has been presented to the Panel on Manpower or use maintaining market flexibility and the competitiveness of Hong Kong as excuses to evade addressing the issue. I hope the Secretary will give a solid reply on stipulating standard working hours and ensuring a work-rest balance for employees.

The labour sector has a very clear and precise stance on legislating for standard working hours. If the Government disagrees that we should legislate for standard working hours at this stage, I urge the Government to, by following the example of the Wage Protection Movement, roll out a working hour protection movement for two grass-roots trades such as security guards and cleaners who have to work for relatively longer hours at present. If the plights of long working hours of the front-line workers of these two trades fail to improve substantially, then we should move on to legislation. I believe that regulation by means of legislation is a precondition for effective and meaningful promotion of family-friendly employment measures, otherwise all these discussions are only empty talks and the wishful thinking of the Government.

I admit that Hong Kong's employment model has undergone enormous changes due to economic transformation. Given that there are plenty of non-static and contract jobs in the traditional trades, a across-the-board regulation on working hours may not be compatible with the current development in the labour market. Nevertheless, a flexible labour market should not be an obstacle for stipulating standard working hours, nor an excuse for us to evade the problem. In the report titled "Hours of Work: From Fixed to Flexible?" released by the International Labour Organisation in 2005, it was suggested that the total working hours of employees during a period of time or the time that employers allow employees to take rest during a period of time could be adopted as a means to regulate working hours. The Report also pointed out that a policy to achieve

balance between working hours and work should cover five dimensions, namely, promoting health and safety of employees, helping employees to better meet their family responsibilities, encouraging gender equality, advancing productivity and facilitating employee choice and influence over their working time.

Deputy President, I sincerely hope that Members representing the business sector in this Council would have wider perspective, take into account the interests of Hong Kong society as a whole and consent to the proposal of stipulating standard working hours. My amendment contains neither specific details regarding the stipulation of standard working hours, nor the factors to be considered in stipulating specific standard working hours. From the perspective of humanity, I put forth, in my amendment, a labour policy which should be put in place by an administration that claims to be people-oriented and has high regard for family values. I hope this is the consensus of this Council. On this basis, various stakeholders can conduct more discussions on the principles of stipulating standard working hours and the details of the proposals, with a view to eventually drawing up a proposal that is in line with the interests of Hong Kong society as a whole. Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): First of all, I am grateful to Dr LEUNG Ka-lau for moving the motion today because the Hong Kong Confederation of Trade Unions (CTU) has been moving a motion on standard working hours in every legislative session over the years. I would also like to wish Dr LEUNG Ka-lau good luck because the motion moved by me was negated every time, and I believe the motion today will also be negated because of the votes cast by functional constituency (FC) Members. Therefore, I would like to raise the issue of FCs.

Deputy President, this subject is indeed very important to Hong Kong. Now, the issue of minimum wage has been resolved and legislation will be enacted soon. The CTU is certainly very glad because among the various demands, at least the issue of prescribing a minimum wage level is resolved. However, even if a minimum wage level is prescribed, the society still remains inhumane if a worker has to work more than 10 hours per day. Therefore, we have been persistently pursuing the introduction of standard working hours. Deputy President, the situation in Hong Kong now is very appalling. Why?

Because in times of economic downturn, everyone is anxious and insecure, but there is an upside to it because working hours are shorter when the economy is poor. Once the economy begins to pick up, the number of working hours will soar at once. Deputy President, I have just come across some statistics provided by the Census and Statistics Department on the working hours in the first quarter of 2010. These statistics show that the number of people who worked more than 55 hours amounted to 815 000, representing 25.1% (that is, a quarter) of the working population. That means one in every four workers worked more than 55 hours. What does it mean by working 55 hours? Actually, it means working about nine hours per day. However, it should be borne in mind that meal time is excluded.

Therefore, think about the time workers spend on work per day. The number of people who worked more than 55 hours amounted to 810 000, representing a sharp increase of 12.6% compared with the same period in the previous year, that is, in 2009 when the economy was poorer. That means over 724 000 people worked over 55 hours last year, and the number has increased by 90 000 this year. Come to think about it, when the economy is in good shape, we are all very pleased but workers have to pay the price right away by working long hours. Then, if workers work more than 65 hours per week — mind you, the situation has almost gone to the extremes when workers have to work 65 hours per week as it would break down to 12 hours of work per day. Now, 254 000 people have to work more than 65 hours per week, that is, about 250 000 people have to work more than 12 hours per day. This is the real Hong Kong. The median working hours has also increased from 45 last year to 48 at present. Members can see that these figures reflect the hard work of workers.

Honourable colleagues, let us genuinely ponder and ask ourselves how we feel during these few days. Members may feel very tired and exhausted as the meeting lasts from 9 am to 10 pm. However, just imagine, this happens to some workers every single day. Certainly, the Secretary may say that his situation is the same every day, but I always wonder whether the Secretary is keen on working only because he leads a boring life. Frankly, this is not a good way to put it, and I am only joking.

The Secretary works 12 hours a day on a voluntary basis, and yesterday we attended meetings from 9 am to 10 pm on our own accord. However, what

would happen if we do so every day? What would happen if Members have to attend meetings from 9 am to 10 pm every day? Are we doing justice to workers in Hong Kong? Actually, staff members of the Secretariat also have to work from 9 am to 10 pm. Are we doing a disservice to them? Actually, we are not. Therefore, we have got into such a plight, all because of the long working hours of the working masses, and we have paid a heavy price for it.

Sometimes I would wonder with regret whether workers in Hong Kong, especially those who have to work long hours, are any different from slaves in the old times. Both of them have to work very hard round the clock without ever calling it a day. They have neither family nor personal time, and all they have is work. Young people have no time for dating; those who wish to get married — how can they get married when they have no time for dating? Even if they have a spouse, they still cannot enjoy their married life because they would not dare to have children; or those who have children cannot spend time with them. This is the situation of workers in Hong Kong. Some of them may have a couple of children, but how much time can they really spend with their children at home? If a worker leaves home for work at about 7 to 8 am and does not arrive home until 10 pm, his children may have already gone to bed. Nowadays, parents are under great stress. Some parents also have to help their children with their homework, and if there is no one to help their children review their lessons, they may have to make other arrangements. The situation would be better if one parent does not have to work, but may I ask how many single-income families with one working parent there are in Hong Kong? The situation is that all families are dual-income families with working parents.

The current situation of workers in Hong Kong is that when they have a job, they will lose the ties with their families and relatives, and they cannot enjoy family life at all. Then, what about their health? Do they suffer from any illnesses? Just now, an Honourable colleague said Dr PAN Pey-chyou will make a fortune if he runs his own business and starts a private clinic because there will surely be many psychiatric patients awaiting psychiatric treatment, just that he is not in private practice now.

What is the current situation of psychiatric problems? The provision of training has now become a new terminology. The Government is now very keen on promoting training, but how can one receive training if he does not have any

time? What will be our future economic conditions? If the cornerstone of our future economy rests on the present training, how do we have time for training? I understand that the political party to which the Deputy President belongs also advocates human resources training. You have mentioned this, but you have refused to resolve this problem. The Liberal Party has also refused to resolve the problem of working hours. May I ask how workers can have time for training? Therefore, Members should consider the real price that the whole society has to pay in relation to the problem of working hours?

There is one more point I would like to raise. Deputy President, the new term, "unpaid meal" has been coined in the circle of the working masses. What does an "unpaid meal" mean? It means the employer requires workers to work overtime without payment. An "unpaid meal" is uncompensated overtime work. In what way is it different from dine and dash? The contract specifies that the working time is from nine to six, but workers are required to keep on working after six o'clock without payment, and sometimes they have to work until eight or nine o'clock in the evening. If it is not an "unpaid meal", what is it?

Therefore, Deputy President, one cannot help but sigh with regret that government officials and the business sector are unscrupulous and workers are pitiable with regard to the current situation in Hong Kong. This is also a shame for Hong Kong. Let us look at the historical development. The first international labour convention was put in place in 1919. As early as 1919, it was already stipulated that all workers in the world shall work eight hours per day. According to a survey conducted by the International Labour Organization on 109 countries, the standard working hours in 40% of these countries is 40, while those in 30% of these countries is 42 to 45, and those in the remaining 30% of these countries is 48. Countries all over the world have legislated for standard working hours. Therefore, if employers in Hong Kong consider stipulating standard working hours infeasible, how come it works for employers in other countries? If one claims that costs are high in Hong Kong, are costs not high in other countries? Why does Hong Kong insist on enslaving workers? When most countries in the world, the poorest and the richest alike, have introduced regulation on working hours, why does Hong Kong enslave workers and not introduce regulation on working hours?

Deputy President, the CTU has all along been advocating two proposals, which are precisely the proposals put forward in my amendment today. First, I would like to explain why I use the term standard working hours instead of maximum working hours. Do not wrongly think that our advocacy of standard working hours forbids overtime work. That is to say, if the standard working hours is 44 hours, employers may require workers to work beyond 44 hours with overtime pay at a rate of 1.5 or 1.25 times of the normal pay. The rate of compensation is negotiable, but overtime work must not be uncompensated. If uncompensated overtime work is not allowed, employers will think twice before requiring workers to work overtime. I believe if employers have to pay workers for overtime work, they may not require workers to work overtime. Therefore, we have to make sure that costs will be incurred for requiring workers to work overtime. As for maximum working hours, some countries have specified the requirement but others have not, depending on the situation of different places. However, we should at least stipulate standard working hours and overtime compensation. As regards whether a limit should be set on the number of hours of overtime work, that is negotiable, and we can then move on along the roadmap. However, this is at least a starting point.

Second, Deputy President, we advocate a minimum rest period. Why? If an employer is required to arrange for 11 hours of rest time for workers, that is, workers are entitled to 11 hours of rest in 24 hours — this is proposed by the European Union — that is to say, if an employer requires workers to work until 12 o'clock at midnight, workers can only start work at 11 am the following day. At least, this can greatly shorten the working hours the next day. Therefore, Deputy President, I very much hope the Secretary will show some heart in his reply later and refrain from enslaving workers in Hong Kong. Thank you, Deputy President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first, I must express my thanks to Dr LEUNG Ka-lau for moving the motion "Legislating for 'standard working hours'" today. As the mover of the motion is a professional rather than a Member representing the grassroots, I find it especially meaningful and very refreshing. I must also thank Mr WONG Sing-chi, Mr IP Wing-ming, Ms LI Fung-ying and Mr LEE Cheuk-yan for their

amendments. To begin with, I wish to respond to Mr LEE Cheuk-yan's comment that I work very long hours. This is a fact, and I must declare that it is true. But I must at the same time clarify that I work long hours not because I find my life very boring. Rather, this is because I want to serve the public.*(Laughter)* I must clarify this point because working long hours due to boredom is not a good thing.*(Laughter)* I really want to serve the public, in the hope of furthering the rights and interests of workers.

Deputy President, like Honourable Members, the Government of the Special Administrative Region (SAR) attaches great importance to workers' rights and interests. I dare say that this year, the year 2010, will be a watershed in the history of improving workers' rights and interests. I can say so very confidently. Why? In the past few months, we witnessed the coming into being of two significant and monumental milestones. First, through our joint efforts, including the efforts of the legislature, and the efforts of the labour-management consultation, we have achieved very great results. The first result, as Members all know, is that in April, this Council amended the Employment Ordinance. Under the amended Ordinance, employers who wilfully fail to pay payment under an award of the Labour Tribunal will be subject to criminal sanctions. The legislation shall formally commence on 29 October. This is a very significant milestone, one which has not come by easily. Another milestone, as Members know very clearly, Deputy President, we hope that the Second Reading of the Minimum Wage Bill can resume on 14 July; and we all hope that in the last meeting of the current legislative session, we can pass this very important legislation which I regard a flagship labour law. These two pieces of legislation prove that we are totally devoted to improving the rights and interests of workers, and that also explain why we work such long hours.

Dr LEUNG Ka-lau's original motion urges the Government to legislate for standard working hours according to the principles of fairness, flexibility, and having regard to the business environment and competitiveness of Hong Kong. I must thank Dr LEUNG Ka-lau for his perception of the topic. He has laid bare the key factors we must consider when formulating labour policies. He also pointed out that like minimum wage, the issue of standard working hours is also a major policy. In formulating any significant labour policy, on the premise of safeguarding Hong Kong's overall interests, and in consideration of the pace of our economic development, I have time and again stressed the importance of this

point, we must carefully consider the affordability of society as a whole, and, at the same time, strike a reasonable balance between the interests of both sides — the interests of employers on the one hand, and those of employees on the other. All these factors are embodied in the 10 words or so of the motion, expressed succinctly and vividly. I am very grateful to Dr LEUNG Ka-lau for this.

Regulating the number of working hours will have far-reaching impacts on the social and economic development of Hong Kong. As Members know, operational flexibility is a factor which determines the profits or losses of an enterprise to a very large extent, and it is also essential to the maintenance of Hong Kong's overall competitiveness. As Members know, 98% of the enterprises in Hong Kong are small and medium enterprises. If we impose regulation on the number of working hours, their operational flexibility will be reduced to a certain extent. The truth of this is beyond any doubt. And, this will in turn affect the increment of job supply in the market. From this, it can be noticed that the impacts of regulating the number of working hours must not be ignored. We must not lightly enact any legislation. This is a very important point.

As a matter of fact, the existing policy and legislation have already stroke what we think a sensible balance between flexibility and regulation in respect of work and rest. I may perhaps say a few more words on this issue. Under the Employment Ordinance, an employee under a continuous contract shall be granted not less than one rest day in every period of seven days, Members are well aware of this already. Besides, employees are also entitled to paid annual leave, and the length of paid annual leave will increase incrementally from seven days to 14 days according to the length of employment. At the same time, all employees are entitled to 12 statutory holidays a year irrespective of their lengths of employment.

What is more, the Employment Ordinance also permits employers and employees to stipulate the hours of work and overtime arrangements (including the calculation of overtime pay) for employees through negotiations. In case an employee is entitled to overtime pay, the employer must duly discharge his obligation, or he will commit the offence of wage default. In addition, in all those cases specified in the Ordinance, all overtime pay must be included in the computation of the statutory benefits concerned. With such policy and legislative support, we believe that we have already provided employees with wage protection while enabling individual trades and industries to formulate

pragmatic operational arrangements in accordance with their respective characteristics.

Deputy President, I understand that working long hours continuously will have adverse impacts on the health of employees as well as their family lives and social lives. For this reason, the Occupational and Health Ordinance provides that where reasonable and practicable, an employer must seek to ensure the occupational safety and health of his employees. We understand that fatigue resulting from prolonged working hours without any rest breaks may lead to industrial accidents in the end. We are very concerned about this point. We therefore think that the provision of appropriate rest breaks is one way to deal with the fatigue resulting from prolonged working hours. In this connection, Members may remember that in 2003, the Labour Department published the Guide on Rest Breaks. According to the Guide, employers and employees are encouraged to work out through consultation rest break arrangements suitable for the employees as well as meeting the operational needs of the business. The Guide was formulated by the Committee on Occupational Safety and Health under the Labour Advisory Board following consultation with employers' representatives, employees' representatives and occupational health professionals. Our Labour Department will continue to publicize the Guide extensively through various different channels and publicity activities.

Mr WONG Sing-chi's amendment urges the Government to proactively implement family-friendly employment measures, and to promote work-life balance. Ms LI Fung-ying advocates the people-oriented principle. All these proposals are totally in line with the convictions of the Government. In recent years, one of the major tasks of the Labour Department is to promote harmonious labour relations, and most important of all is the formulation of enlightened family-friendly employment measures. It is hoped that employers would adopt the people-oriented principle and work out flexible work arrangements that can meet the needs of employees at different stages of their lives as well as their family needs. We also encourage employers and employees to have frank communications on terms of employment, including working hours and rest breaks, in the light of their respective circumstances. Through publicity and education activities, as well as the network of 18 Human Resources Managers Clubs (with as many as 1 800 human resources managers from various trades and industries) under the Labour Department and nine industry-based Tripartite

Committees (with representatives from the Labour Department, employers and employees), we hope to promote and foster frank communications and co-operation between employers and employees. We hope that we can thus achieve our goal.

Deputy President, I so submit. After listening to Members' views, I shall give a more thorough reply. Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, today, Members who propose the original motion and various amendments to the motion request the Government to regulate working hours, and implement family-friendly policies by legislation and policies. I completely agree to these proposals.

Deputy President, when the Government published the budget sometime ago, I sought the opinions of the public in the community. Last year, when the Chief Executive announced the policy address, I visited various local communities in the New Territories West to listen to the views of the residents. Residents in Tin Shui Wai and Tung Chung said to me, "Mr Wong, do you know how much we suffer, the whole family can hardly see each other." I would like to draw the attention of the Secretary to these words, simple as they are, they reflect the plight faced by wage earners. Why does a family living together in a public housing unit of several hundred square feet can hardly see each other? According to local residents, parents have to go to work at the crack of dawn, before the children wake up, so they cannot see the children. At night, when children return home from school, have dinner and go to bed at around 9 to 10 pm, their parents have not yet returned from work. By nine to 10 at night, the children have to go to bed, for they have to go to school the next morning, so the parents cannot meet with their children when they return home. It is so difficult for parents and children to see each other. Under such circumstances, how can they build a warm family and foster a harmonious relationship? How can good relationship be built between husbands and wives, parents and children?

Some young people tell me that they have to work eight to 10 hours a day and have utterly no time to further their studies after work; even if they attend classes, they feel very tired. Though the Government has organized many training courses or retraining courses, they do not have the energy to attend those courses even if they want to. Obviously, for a person with a normal life, he

should have his own life other than work. How come it seems that we are having problems even in living? It is really a problem.

Deputy President, every year, at the International Women's Day on 8 March, I attend many celebration activities. At every celebration activity, I tell workers and residents that we do not celebrate the "8 March" now, but have to strive for a "three-eight system" — eight hours for work, eight hours for studies and eight hours for rest. About a hundred years ago, workers in Chicago of the United States went on strike to strive for this target. Regrettably, this target has not yet been realized in Hong Kong today.

Deputy President, undoubtedly, with the efforts made by the labour sector and the continual effort made by the legislature, the Government has started to listen to us and has introduced the legislation on minimum wage. The legislation will soon be put to vote in this Council. Why do workers have to work such long hours? It is because the hourly wage is so low that if they do not work long hours, they cannot make a living. After a minimum wage is laid down by legislation, they may not need to work for so many hours to earn a living. As for those unscrupulous employers — I only refer to the unscrupulous employers, they will assess the hourly wage they have to pay and will not go too far. Hence, minimum wage and working hours are interrelated. In fact, if legislation on minimum wage is successfully enacted, it will definitely solve part of the problem faced by grass-root and manual workers engage in cleaning, security and catering and so on, in their work.

Though some of the problems arising from standard working hours can be solved by a minimum wage, many wage earners above the grass-root level have to face problems regarding the lack of protection in working hours. This is a common problem. Like Dr LEUNG Ka-lau, doctors also have to face this problem. Many wage earners engaging in the fields of accounting, information technology and computer, and so on, which are mainly mental work, have to work long hours. People working in banks have long working hours, the same situation also apply to teachers. They all have to face problems in respect of working hours. In response, the Chief Executive proposed in the policy address last year the launching of a Happy Family Campaign. A few years ago, in response to our aspiration for the provision of paternity leave, the Government

introduced the family-friendly policies. I think the Government can indeed be more pragmatic by considering the enactment of legislation to regulate standard working hours, for this will provide better protection to wage earners.

Hence, upon the passage of the legislation on minimum wage next month, I hope the Secretary will undertake to commence the studies on legislating on standard working hours. I believe once this step is taken, all wage earners in Hong Kong will lead a stable family life. This is the best option. Besides, the Government will not have to spend so much money to set up integrated service centres for mental wellness. This is true.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR WONG KWOK-HING (in Cantonese): Thank you, Deputy President.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, early this year, a group of people belonging to the second generation of certain famous persons and wealthy businessmen came forward to urge Hong Kong people to revive the "spirit of the Lion Rock". They urged that Hong Kong people should work with stamina and diligence, have an enterprising spirit, and be self-reliant in times of adversity. These people even proposed selecting Hong Kong Spirit Ambassadors. When I read this news, I could not help laughing secretly, for Hong Kong people are asked to work hard and have an enterprising spirit by a group of wealthy descendants enjoying the protection of their elder generation. However, I really doubt, are Hong Kong people not working hard enough now?

When it comes to whether Hong Kong people are hard working, we should not indulge in empty talk but should provide evidence. According the report of the UBS AG last year, the working hours of Hong Kong people ranked third in the world. I wonder if these figures can convince the group of wealthy descendants who know nothing about the hard facts of life. Hong Kong people have indeed been working extremely hard, and no more pressure should be imposed on them, as if they are at leisure.

Some people may argue that in the 1960s and 1970s, most people in Hong Kong were willing to work hard and they made no complaints. Some people had to take up two to three jobs to earn a living. Moreover, they would not stir up troubles, such as go on strikes at will or confront their employers. Hence, some people will then ask: Are Hong Kong people of this generation lazy?

I urge Members not to look back. Hong Kong is no longer in the 1960s and 1970s. At that time, the economy in Hong Kong just started to develop. Live was difficult, and it was not easy to earn a living. But this is not the case now. The GDP per capita of Hong Kong people was US\$20,000 in 2008, ranking 28th in the world, and people in Hong Kong are well-off. At this time, should we put in more thoughts on enhancing the living standard of the public instead of keep thinking of making more money and increasing the GDP?

At present, an overwhelming majority of developed countries or regions have stipulated standard working hours by means of legislation, and the general public of Hong Kong has voiced this aspiration for many years. Regrettably, the Government refuses to legislate by giving various excuses, such as the stipulation of standard working hours will undermine the flexibility of the labour market in Hong Kong and hamper business operation. The Government also considers that employers and employees can by means of negotiation make arrangements on working hours according to their needs.

I believe Members will understand that long working hours will definitely affect the physical and mental health of workers. Since workers do not have enough time to exercise or rest, they may suffer from occupational diseases. Worse still, they may suffer from mental problems because of work pressure. Workers may at anytime show symptoms of mental illnesses, such as depression or psychosis, and so on.

On the other hand, long working hours will have adverse impact on family life and social life. In a survey conducted on the previous Father's Day, it is found that 33% of the fathers interviewed talk to their children for less than five minutes every day. Moreover, 18% of the respondents said that they chatted with their wives for less than five minutes every day. It is a sad fact of life.

For the sake of work and earning money, they have to give up the time to be with their families, is it worthy to do so?

If husbands and wives or parents and children do not have much time to communicate, the relationship between husbands and wives will become distant, and children will not want to stay at home. This will definitely bring about family problems. For less serious cases, it will give rise to family disputes; for more important cases, it will result in domestic violence and juvenile problems. The Government has to invest enormous public money to handle and solve these social problems. This situation warrants our serious consideration.

Besides, it is impossible for anyone to concentrate on their work for long hours. If employers force employees to work overtime continuously, it will not only affect the physical and mental health of employees, but will also affect their efficiency, which may result in a lose-lose situation.

Hong Kong is an economic developed and highly civilized society. The Government should cast aside prejudice, broaden its horizons, observe the prevailing international trend and truly care about the public, so that wage earners can lead a better life in Hong Kong with dignity.

Deputy President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): Deputy President, colleagues in my office have prepared a speech for me, together with some other materials, however I think it would be more meaningful if I speak out from my heart.

The figures before us are indeed shocking. Recently, according to statistics compiled by the Census and Statistics Department, the working hours of employees in Hong Kong are as many as 48 hours a week. If the number is divided by eight hours, it means that they have to work six days a week. This is the general situation. In fact, working hours are especially long in some industries, such as retail trade, live-in domestic helpers, catering industry and so on. Their average working hours are 54 hours a week. That is only an average number, without considering those who work the longest hours. In addition, some statistics from international organizations also mentions Hong Kong. The

UBS AG conducted a survey in 2009 to compare the situation in 73 cities in the world. I do not know if it is an honour or a shame that Hong Kong ranked third among 73 cities in the world in terms of long working hours. The working hours in Hong Kong were 2 295 a year. We are rather shocked at this figure, we know that Hong Kong people work long hours, but we never dream that our working hours are among the longest in the world.

Recently a spate of suicide cases occurred in the Foxconn plant in Shenzhen. Of course, we still do not know the reasons for the suicide, nor the working conditions there. But these suicide cases do tell us that work has a lot to do with mental health. Why do workers in Hong Kong work such long hours? I do not want to go into details of the causes. I can only say that employers ask workers to work overtime without compensation because they want to cut costs. As employees do not have any bargaining power, and are afraid of being sacked, they have to put up with the adverse situation. But with such long working hours and no time for rest, what will the consequences? I am a doctor and just now a number of Honourable colleagues have mentioned my name, and so I would like to talk about the effects of excessively long working hours on one's physical and mental health. I would not talk about pressure at work because there is no direct relationship between pressure at work and working hours. Certain kinds of work cause great pressure, but the working hours may not be long. Certain kinds of work require long working hours, but may not impose great pressure on employees. So I would just leave this aside and focus my discussion on the impact of long working hours.

First, I would talk about physical health. Long working hours deprive us of sleep. As we all know, if we stay up late, we may do so occasionally, what if we do not have enough sleep over a long period of time, what kind of problems will arise? Sleep is actually a time when the body recovers and rests. Problems in our body caused by hard work during day time can have a chance for recovery when we sleep at night. If you do not have enough sleep, your body will not have sufficient time to recover. The lack of sleep itself will lower immune system and even reduce our lifespan. Many studies have shown that when the time for sleep is too short, it will cut our life short.

With respect to physical health, excessively long working hours will deprive workers or employees of their time for exercise. Currently, there are

more and more studies on the effects of exercise on our body. Put simply, what are the effects of exercise on our body? First, aerobic exercise can strengthen our heart and lung functions and well-being. The heart is one of the most important organs in our body and once it has problem, blood supply for the whole body will not be sufficient. Therefore, heart failure is a great problem indeed. In addition, exercise can strengthen our muscles and bones, and a strong body will reduce the chances for injury at work or at leisure. So this is a protection against occupational injuries.

Third, sufficient exercise can improve our mood. Nowadays, the medical and psychiatric professionals have in fact begun to use exercise to treat mild forms of depression.

Fourth, exercise can enhance immune system and protect us from infection of the respiratory tract and other diseases. In the end, the chances of contracting cancer can be reduced.

In terms of mental health, we know that many factors are conducive to mental health. Apart from exercise which I have just talked about, support from family and friends are also very important. It can help us withstand adverse situations. Another very important factor is that we should have some good friends, so that we can have someone to share our problems with. Also, if we take part in certain activities which can develop our potentials and give us a great sense of satisfaction, these can help us overcome adversities.

If work has taken up all our time, leaving us with no time for rest, no time for exercise, no time to build our social network, and no time to chat with friends and meet them, do you not think that our mental and physical health will be adversely affected? Nowadays, employers are beginning to realize the importance of mental and physical health. If they only ask workers to work overtime and do more work, this will never be a solution to the problems. However, if not every employer thinks this way, I believe the only solution is to enact legislation to impose regulation. This will protect the health of workers.

I so submit to support the motion and the amendments.

MR FREDERICK FUNG (in Cantonese): Deputy President, for many years, the setting of a minimum wage has been one of labour issues which the Association for Democracy and People's Livelihood (ADPL) is concerned about. The legislative procedures are now in a crucial stage. As the Bills Committee has almost completed the deliberation of the Minimum Wage Bill, it is expected that the Bill will be ready for submission to the Legislative Council for Third Reading before the summer recess, and will come to effect in end 2010 or early 2011.

Deputy President, it can said that setting a minimum wage is the core issue of the entire movement to fight for labour rights, it marks a big change in the social values of Hong Kong from the dominance of the free market to recognition of the dignity of workers and the price of labour. The situation where grass-roots workers cannot make their ends meet with a meager income will become history.

In that sense, stipulating standard working hours is another core issue of the labour movement. In view of the scope of coverage or the positive effects on the life of each employee, the impacts of stipulating standard working hours are extensive and far-reaching. It will become another battlefield for the ADPL and all parties and organizations which are concerned about labour rights.

Deputy President, I am glad that Dr LEUNG Ka-lau has proposed this motion to remind the Government that it must be honest and candid and face up to the strong public demand to legislate for standard working hours. It must never act like what it did in the past, that is ignore the fact that wage earners are being exploited by putting up excuses such as undermining competitiveness, disrupting free market, and so on.

In fact, many statistics and figures from surveys in the past have indicated that the average weekly working hours of employees in Hong Kong were as high as 48 hours. More than 40% of employees work 50 hours or more per week, among them, more than 700 000 work more than 60 hours per week. Deputy President, Dr LEUNG Ka-lau commissioned the Public Opinion Programme of the University of Hong Kong in April to undertake a survey on legislating for standard working hours. Of the 1 005 employers of small and medium enterprises (SMEs) interviewed, 84% said that working hours were prescribed in the employment contracts of their staff, but on an average, their employees worked three hours more than the working hours as stated in their contracts and

58% did not compensate their employees for overtime work. Only 40% would give leave or overtime premium to compensate their staff.

These figures reflect that wage earners in Hong Kong are among the most diligent and hardworking people in the world, and on the other hand, most of these employees who habitually work overtime do not get any overtime compensation. This shows that employers have been abusing their powers and exploiting the good will of employees to work industriously without complaints. Employers willfully require employees to work overtime without pay, thus depriving them of family life and rest time.

We still remember that the Chief Executive has once stressed that the family-oriented concept and family values would be the major factors for consideration in formulating policies. The Labour and Welfare Bureau even promotes a family-friendly policy as part of its policy agenda. But up to now we fail to see any concrete policies and measures using this family-oriented approach as a core value. At most we can say with reluctance that a five-day week is launched, but that is only limited to government bodies and the situation in the private sector remains unchanged. As for the paternity leave which the ADPL has been fighting for many years and the stipulation of standard working hours which are so vital to balancing family life — nothing has been done.

Deputy President, the ADPL conducted a survey just before Father's Day and two figures obtained from the survey are very shocking. 33% of the fathers interviewed spent less than five minutes a day talking to their children and 18% of the fathers interviewed spent less than five minutes a day talking to their wives. In theory, family members can chat with each other and care for each other all day long, yet it turns out that there are so many fathers who only have five minutes a day to talk to their wives and children. When people in a family only have so little time to be together, can they still be called a family? I believe these people spend more time talking to their partners, co-workers and bosses than talking to their wives and children. This is something that cannot and should not have happened. The harsh reality is really destroying our families.

Earlier on, the authorities set up a Family Council. Behind all the flamboyant publicity, no concrete work has been done at all. It has even gone to

the extent of admitting that it is no more than an organization which engages in publicity and activities. It can never be entrusted to carry out any in-depth examination of the existing policies and laws, so as to avoid such policies and laws posing an obstacle to family ties. It is not possible to ask the Family Council to take the lead to stipulating standard working hours which are so important to families.

Deputy President, even though the Government claims to attach importance to family values, it has not faced squarely the factors causing family problems and has not taken any remedial measures. So how can this be called attaching importance to family values? The reality is that wage earners work overtime for an extended period of time, leaving little time for communication with members of the family, how can a harmonious relationship be built given such restraints? How can the ability to overcome adversities and the force of cohesion be boosted in a family? Does the Government not understand this?

Deputy President, I recall that during the consultation period on the health care financing scheme which we have heard so much about, the Government pointed out that as people aged, they would be affected by more illnesses associated with city life like hypertension, colon cancer, and so on. These problems have something to do with bad diet and lack of exercise, and will cause a surge in health care expenditure in the future. However, the Government only concerns about drawing money from the people's pockets and does not tackle the problems at root. I just want to ask, when people have to work long hours, they have no time to build strong family support, not to mention having time to care for their mental and physical health, the two pillars of health. Since they have no time for rest and exercise, how can they lead a healthy life? To be honest, we have no idea how to reform our health care system. The Government must start from the basic by promoting the public to have a healthy life pattern. It should prevent our lives be consumed by overtime work. By stipulating standard working hours, the people can strike a healthy work-life balance.

Deputy President, I so submit and support the motion and all the amendments.

MR IP KWOK-HIM (in Cantonese): Deputy President, Hong Kong people have always been working very hard and their working hours are generally long. According to the findings of the latest General Household Survey conducted by the Census and Statistics Department, in the first quarter of this year, the median working hours is as high as 48 hours per week, one hour more when compared to the number at the end of last year, and three hours more of the same period last year. In Hong Kong, a total number of 1.3 million people work more than 50 hours in a period of seven days, equivalent to 37.4% of the total working population. Among them, 254 000 people work between 60 to 70 hours or more per week. These people may not have any rest days throughout the year and they have to work more than nine hours a day. This is the information compiled by the Census and Statistics Department.

Employees who are senior in age with low educational attainment work long hours but their income is meagre. The median working hours of unskilled workers are as many as 54 hours per week, six hours more than the average number. Women work longer hours than men, their median working hours is 60 hours.

The Legislative Council has discussed this issue for many years, the last time was in 2006. On the issue of legislating for standard working hours, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has reservations and concerns. We hold that the purpose of legislation must be clarified first. A few years ago, we learnt that in some countries where standard working hours are stipulated, the labour sector has some different views on this issue. There are people who oppose the legislation. The reason is that when the economy is bad, workers who want to make more money by working longer hours cannot do so as they are restricted by the law. Their incomes are naturally limited, thus legislation may not necessarily be beneficial to workers.

As a matter of fact, when the legislation on minimum wage is implemented in Hong Kong, apart from some older and low-skilled workers who may be driven out of work, we are also concerned about the employment situation of those employees whose monthly pay, when calculated on an hourly basis, is slightly less than the minimum wage. For cost-effectiveness sake, employers may cut the number of these employees or lengthen their working hours in order to make up for the additional operational expenses brought about by the legislation on minimum wage. In view of that, if matching measures should be

formulated to tie in with the implementation of minimum wage, the stipulation on the regulation of working hours would be of greater practical needs in future.

We must stress one point, if relevant regulations are to be formulated in the future, the main purpose should be to protect the economic benefits of employees and to prohibit employers from wilfully lengthening working hours to exploit the workers. In such circumstances, the authorities should stipulate standard working hours. But apart from that, the authorities may also need to address the needs of specific work types, for example in considering the possible damage to certain functions of the body due to long hours of work, the maximum successive working hours should be stipulated, that is to say, the maximum working hours and the minimum rest time should be imposed.

Also, in order to ensure a balance between the protection of the rights of the employees and maintaining flexibility in the economy, we need to address an important issue and that is whether certain work types should be exempted from the standard working hours system and whether employers and employees are allowed to come to an agreement not to comply with the requirements. If non-compliance is allowed, this piece of legislation will lose its effect in times of economic downturn when people have difficulty in finding a job. If this is not permitted, this restriction may become an obstacle to enhancing productivity when the economy is vibrant.

Deputy President, owing to this reason, the DAB will support the original motion of Dr LEUNG Ka-lau and the amendment of Ms LI Fung-ying. However, we have reservations for other amendments. There are many specific proposals in these amendments on legislating for standard working hours. Although the DAB is supportive of the major direction in these amendments, we find that the issues concerned are similar to those concerning minimum wage which we are about to legislate. They are also very controversial as well. As they will have a far-reaching impact on Hong Kong society and economy, we must be very prudent. The DAB thinks that the issue of working hours should be discussed in detail by the three parties, namely the employees, the employers and the Government. There is also a need to forge consensus in society. If we are to make any judgment on the specific requirements in this motion debate, we would think that it would be too rash. We have reservations about any decision

made before consensus is reached. Therefore, the DAB will abstain from voting on the other amendments. I so submit. Thank you, Deputy President.

DR MARGARET NG (in Cantonese): Deputy President, I believe many Honourable colleagues would agree that the working hours of Members of the Legislative Council are very long and they often have to work under very adverse situations. However, we only have ourselves to blame and it has nothing to do with others. It should not be a cause of complaint either.

As for today's motion and amendments, I share the views and wish to show my support. First, I understand that excessively long working hours will affect a person's life and that is an issue related to human beings. We are human beings, not machines. We should not sell portions of our time every day in order to earn a living. This practice is contrary to human nature. We have just completed a debate on the constitutional system. Very often, on issues regarding constitutional system or other policies, or in the area of environmental protection and conservation, we need to have the support from the public. Why do we often find it hard to discuss these issues with the people? This is because they hardly have time to listen. They cannot spare any time to listen to us because they have to work very hard. Even if they have the time, they would rather watch TV or idle away the times, doing things that do not require any thinking. At most they go shopping in a mall or dine out. This should never be a normal person's way of life. But in Hong Kong, we regard this way of life normal.

In my view, if a person works excessively long hours, one of the greatest problems he has to face is his relationship with his family members. Their relationship will be distant and he cannot get the kind of support that he should get from family life or family members. Deputy President, taxi drivers play an important role in my life. Often we will chat and sympathize with each other, as we both work long hours. Taxi drivers do not have time to be with their family members. There are many things for which substitutes can be found, but none for family members. If someone has a good relationship with his family, he can enjoy some kind of satisfaction; but if he cannot see his family members, he feels like living more and more like a machine.

Deputy President, when the Secretary spoke earlier on legislation, he said that he noted the affordability of the economy and society. Hearing this, I am very worried. This is because on the one hand the Secretary said that he sympathized with the workers and understood their hardship, yet, on the other hand when he talked about affordability of society and the economy, he said that there was no room for discussion.

Over the past decades, whenever I heard people praise Hong Kong for its great efficiency, my hairs would stand up. This is because this view seems to be saying that we only go after efficiency to the neglect of other things. The greater the efficiency, the better, and we must not do anything that will affect efficiency. Personally I cannot accept such a viewpoint and value.

The Secretary has just pointed out that the adaptability of SMEs are subject to certain restrictions. This I agree. We cannot see everything from the perspective that large corporations or big consortia are exploiting the workers. We should not take this approach and we also like to see progress in society. When we have this value judgment and incorporate them in laws and policies, society will then have to make adaptation. The most important thing is that we should listen to more views in the decision-making process to see how we can help SMEs solve some practical problems. When the relevant policy is endorsed, many problems can be avoided if the policy is well implemented.

Deputy President, if we are willing to face the problems, there can be progress in society. An example is that not long ago, many people see statutory holidays as a joke. They think that employees should not take leave. However, nowadays many people take statutory holidays and travel abroad with their family members. They will save money to travel around when they are on vacation. This is a desirable phenomenon. So I think the Secretary should not worry too much that legislating for standard working hours will definitely affect Hong Kong's competitiveness.

Lastly, I hope the Secretary can consider this legal question. Although the Employment Ordinance provides for statutory holidays, there are loopholes in the law. According to section 19(1) of that Ordinance, no employer shall require an employee to work on any of his rest day. The meaning is clear enough. But

speaking from my experience, there is a glaring loophole in enforcing this provision. This is because the word "require" is used in the Ordinance. The employer may intentionally create a situation in which an employee has to work on his rest day, but there is no written provision, nor the employer has formally tell, require or demand his employer to work on his rest day. In this way, the employer can exploit this legal loophole.

My experience relates to the contract of a security guard in a housing estate. Let us assume that the estate has 10 blocks and at least 10 security guards and a supervisor should be hired. However, if the employer does not provide sufficient manpower, the supervisor cannot discharge his duty to draw up a duty roster. In this case, the employees will be forced to work. As long as the employer has not explicitly stated that they are required to work, there is nothing we can do about the case. Deputy President, I hope that the Secretary can pay attention these legal loopholes in considering issues relating to working hours and holidays. To legislate on an issue is not to window-dress it, the law has to be enforced to truly protect the rights of the workers. Thank you, Deputy President.

MR ALAN LEONG (in Cantonese): Deputy President, last Sunday was Father's Day and I believe many fathers would have a chance to spend a nice holiday with their children. Unfortunately, very often, wage earners in Hong Kong can only spend the time with their families on limited occasions like the Father's Day. For other times, they have to work hard for a living. Moreover, in order to stay competitive in the job market, many people have to work overtime without compensation and they dare not voice their grievances.

According to the "Work Life Balance Survey of the Hong Kong Working Population 2009" conducted by The University of Hong Kong Public Opinion Programme, working hours of people belonging to "restaurants/hotels" are the longest, 56.4 hours a week, followed by "property" (52.2 hours) and "other personal services" (51.8 hours). Their working hours are much longer than the standard working hours of 48 hours as stipulated by the International Labour Organization. Owing to long working hours, more than 70% of wage earners have less than two hours a day for private activities. As work takes up most of

their time, they do not have time to teach their children, they may even have no time to spend with their children and talk to them. The work culture of today, that is prolonged fatigue, insufficient time for rest, heavy workload and overtime work as a matter of course, has caused serious work-life imbalance. The mental stress that the Hong Kong people are having is so great that it is reaching a breaking point.

Deputy President, long working hours may not necessarily enhance economic benefits. In contrast, fatigue at work will lower efficiency and performance, it will also be difficult to encourage workers to further their studies, enhance their expertise and skills. Many traffic accidents and industrial accidents are caused by workers who work long hours and hence they are too tired. Employers should know that their staff is their most valuable asset. So they should uphold the well-being of their staff and ensure that they have good physical and psychological development. Therefore, it is necessary to enact legislation to regulate working hours.

Deputy President, some people think that stipulating maximum working hours will produce adverse effects on economic development. They cite the examples of Germany, France and Japan which have undergone economic recession after maximum working hours are imposed. Therefore, they call on us to learn from the failure of overseas countries. They worry that legislating for working hours will undermine our competitiveness in the international market. However, the economic depression in Europe is not entirely due to maximum working hours. On the other hand, the crux of the problem does not lie in maximum working hours, it hinges on the level stipulated. Countries like France and Germany stipulate the maximum working hours to too low a level, that is only 35 hours per week, 13 hours less than the standard set by the International Labour Organization. The Civic Party thinks that the Government must deal with this issue carefully and strike a good balance. This will not only serve to protect the rights of the workers but can also make enterprises stay competitive. Hence a win-win situation can be achieved. Posing restrictions on working hours is not undesirable but we should refrain from confusing maximum working hours with posing obstacles to business.

Deputy President, some people think that the people of Hong Kong like to work hard and they have a mentality of "more work, more pay". If maximum working hours are imposed, their chances of making money will be reduced. But the fact is, the income of the wage earners is so low that they cannot make a living, they cannot make their ends meet even if they have a job. When there is no choice left, they are forced to work overtime endlessly in order to earn more money. However, if they have such a choice, these wage earners will certainly want to spend more time with their family and enjoy life.

Deputy President, people from the working class work diligently in silence, but all they get in return is a meager income and long working hours. What they give is more than what they get in return. However, some big consortia are ungrateful and in order to reap greater profits, they would resort to exploiting the workers and depriving them of their welfare. In order to protect workers' benefits, it is necessary to study immediately the stipulation of maximum working hours.

Deputy President, the Government always calls on the public to pursue lifelong learning and self-enhancement, but wage earners have to work excessive long hours that they can hardly find time to pursue learning. The Government has once launched an advertisement with the slogan "It is so good to go home". I believe many wage earners would be deeply impressed when they saw this advertisement. The phenomenon of not able to go home early due to long working hours is getting more and more common. Hence, the Civic Party is of the view that the Government should conduct study expeditiously to formulate relevant measures or to regulate working hours. This will ensure that grass-roots workers can also share the fruits of economic prosperity and enable them to strike a good balance between work and life.

Deputy President, I so submit.

MS STARRY LEE (in Cantonese): Deputy President, I have mixed feelings in dealing with the issue of standard working hours. On the one hand, I know that more than 90% of the companies in Hong Kong are small and medium enterprises, and as legislation for minimum wage is going to enact soon, if standard working hours are also stipulated, it will definitely impose great pressure on the costs of these companies. However, I have a special emotional

attachment to the issue of standard working hours. Why? This is because when I left a certain big accounting firm and began a career in politics, many colleagues, good friends and old classmates of mine would expect me to work on this issue. They are all professionals, most of them accountants. They have to work overtime on a long term basis. The Secretary mentioned earlier that he was glad this motion was moved by a professional. What I want to say is that not only doctors have to face the problem of excessively long working hours, many industries, including professionals, have to face the same problem. I would like to share with Members my experience of working for more than a decade in an accounting firm.

Work in an accounting firm can be divided to low and peak seasons. In low seasons, an employee will be happy if he can finish work at 8 pm. I am not joking. I used to work like that for more than a decade. Just now Mr LEE Cheuk-yan asked jokingly — I do not really think he was joking — if we felt tired having to attend meetings from 9 am to 10 pm during the past few days. Actually, for people who engage in auditing, this is the minimum working hours required of them during a peak season. It would be good to leave the office at 10 pm. So when they return home, they can still watch TV for one hour, take a bath and go to bed. I do not know if Members have ever left their offices at 11 pm or 12 midnight. Such working hours are acceptable to me if I had to handle some busy jobs. But if we have to meet deadlines, it is really very common for many people who work in big accounting firms to stay up and work all night.

People in the same profession always joke that anyone who has not worked overnight means that he or she has not really been working in the trade. This is my work for more than 10 years and it is no exaggeration. Actually, I do not want to share with Members my story alone. In preparing this speech, I asked my colleague to search in the discussion columns of the websites for some experience sharing by people working in big accounting firms. At first, my colleague did not understand what I was saying because he had not worked in that profession before.

Then he found a lot of comments and messages on the Internet. Please allow me to share with Members excerpts from a website:

"I have been working in one of the "big fours" for almost two years. What I feel now is vastly different from the time when I first joined the company. Now, I only have one question and that is: what is wrong with this profession?

When I was at university, I heard many people say that it was very difficult to get into one of the "big fours". Prospects were good and one could make good money. Although I am not major in accounting, I just want to give it a try. Surprisingly, I had three offers. I was overjoyed but I was not overwhelmed.

Of course, I dreamed that I would become a professional and enjoy recognition from people, and that my income would surge by many times in a matter of years.

However, I sensed something went wrong after working for some time. Why is everybody in the company talking about how to leave the company? This is true. They also talk about how to find another job. Why is everyone so scared and unhappy whenever they talk about the boss or the manager?

Do they not say that prospects in this profession are good? If this is so, why does everyone want to leave all the time? Does the boss not say that every staff member is the biggest asset of the company and the company highly values them? Why is everyone so unhappy with the partners of the company?

I get the answer very soon.

The reason is simple. This is a sick profession. If anyone outside has any fantasy about it, we must admit that the marketing skills are superb. Why do I say that it is a sick profession? This is because working hours are excessively long and there is zero compensation.

Before I joined the profession, I knew that overtime work was the norm. At that time I even thought childishly that flowers would only bloom and blossom after a severe and cold winter. If I worked hard, I would do a good job and have a return that was commensurate with my hard work.

I had to do overtime work the first day I had field work. I finished work at 9 pm, then 11 pm, then 2 am

Despite the long hours, I was still somewhat stubborn and I said to myself — people should aim for a long-term goal. So I took on every task happily.

But at that time I began to query, why could we not claim overtime pay or that we could only claim very few hours of overtime pay? For example, for every six hours of overtime work, I could only claim one hour of overtime pay.

Though we did not claim overtime pay, the seniors were very careful in handling the issue of overtime work. I came to know that this was related to the issue of recovery rate. Recovery rate affects the performance of managers and partners."

DEPUTY PRESIDENT (in Cantonese): Ms Starry LEE, I know you are quoting, but if you mix your Chinese speech with English terms, the interpreter would have great difficulties.

MS STARRY LEE (in Cantonese): All right, I understand.

"When I saw that the charge rate was \$800 per hour for a very junior auditor like me, I really failed to understand. Proportion wise, my pay is only \$70, how can the firm charge a client for some \$800? Are there so many non-wage costs? If we look at the fees which partners and managers charge the clients, the fees are incredibly high.

Of course, with such a high recovery rate, and if costs are to be recovered, it is only natural that the staff are not allowed to claim too much overtime pay. Because of that, colleagues have to work overtime, but they cannot claim overtime pay."

This article is too long and I can only quote the conclusion: "I had once worked for 40 hours and only slept for one or two hours, seeing the sun rise. Although for the time being I can still hang on as I am young and physically strong, when I look at my colleagues, they all look so haggard" This is really a very true story.

In his conclusion, that person said that he wrote this article to advise people to think carefully before joining the accounting profession. This is because this profession not only requires diligence and knowledge from people, but also their health, their dignity and the time they have with their family. We share the same view and that is, if you want to have achievement in this trade, you have to be like an orphan, and also an orphan who does not have any boy friend or girl friend.

We are so furious because the bosses and officials shut their eyes to the problems. I know that this motion may not be passed today, but I hope very much that I can have a chance to say something (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MS STARRY LEE (in Cantonese): and that is, the professionals are also greatly affected by long working hours. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, Ms Starry LEE has just said that the motion today may not be passed. Actually, I fail to see why this motion cannot be passed. After 31 hours of debate which stretches over three days, can Honourable colleagues not see the importance of standard working hours?

Deputy President, I go to office everyday at 7.30 am and I go home at 10.30 pm every night. My two dogs are beginning not to recognize me. Some time later, I think my domestic helper and even my son would no longer recognize me.

Deputy President, put aside all these jokes, this is really a very solemn issue.

Last week I watched a news feature and that was about the plight of young people nowadays. These young people are called the "working poor" (窮忙族). A number of young people were interviewed in the programme. They had to

work non-stop every day and had to work overtime all the time without any overtime premium. They could not refuse to work overtime as well. When it was time to finish work, they would look at each other and then glance at the clock, but no one dared to leave, because their supervisor was still sitting there watching over them. So long as the supervisor did not leave, they dared not do so. Moreover, they dared not ask for overtime premium. Even if they did ask, they would not get any premium. So nowadays young people have to work for six days a week and some even work seven days a week and more than 10 hours a day. All they can get is a salary of a few thousand dollars. Those who are lucky may get some \$10,000. Even after working for three or four years, they cannot expect to have a higher salary. They cannot even hope to buy a flat or build a home with that salary.

Deputy President, we consider that the issue of maximum working hours or standard working hours should be duly considered and regulated at a constitutional level. Actually, on standard working hours, the International Covenant on Economic, Social and Cultural Rights and the international labour conventions do provide that every person shall have the right to enjoy fair and good working conditions. Article 39 of the Basic Law states clearly that these covenant and convention shall remain in force and shall be implemented through the laws of Hong Kong.

I have checked the past record of proceedings of this Council and found that the issue of standard working hours was discussed in this Council on the very year when I joined this Council, that is, 2004. I recall it was brought up by Miss CHAN Yuen-han of the Hong Kong Federation of Trade Unions. She moved a motion at that time, merging the two issues of standard working hours and minimum wage. Needless to say, the motion was voted down and furthermore, it was voted down by Members from the functional constituencies.

Today we are so lucky to see that a motion on minimum wage is likely to get passed in this Council during this legislative session. If there is only a minimum wage but there is no law to regulate standard working hours, we are actually doing only half of the work. In many cases, a minimum wage can be meaningless. Deputy President, as I have just said, the official working hours of many people should be from nine to five or nine to six, but this is not the fact. Often they have to stay in the office and work overtime. But they do not get any

overtime premium. They have no bargaining power and they cannot refuse a demand from their supervisors to do overtime work.

Deputy President, figures compiled by the Census and Statistics Department indicate that in the first quarter of 2010, taking seven working days as a basis for calculation, each working person in Hong Kong worked an average of 45 hours a week. When put into a five-day week, it means that they worked nine hours a day.

Nine hours may not look too many, but we should note that this is only the median hours of work. If we study the figures carefully, there are in fact a large number of wage earners who work more than the median working hours. Presently, there are 3.24 million wage earners in Hong Kong and among them, 17.1% or 555 117 people have a median of 50 to 59 working hours per week, that is, they work 10 hours a day.

There are even worse cases. Among the wage earners, 9.4% (303 000 people) work 60 to 64 hours per week, that is, more than 10 hours a day; 2.9% (93 000 people) work 65 to 69 hours per week. What is most horrifying — Deputy President, the words "most horrifying" are written by my assistant, not by me — is that 2.7% (86 000 people) work 70 to 74 hours a week or more than 14 hours a day. Deputy President, unfortunately, I am among these 86 000 people. So as I have said, I have not put down the words "most horrifying". Actually, 14 hours are not bad enough. This is because 1% of wage earners in Hong Kong, that is, 31 000 people, work more than 75 hours a week, that is, more than 15 hours a day.

Deputy President, the Oxfam conducts a survey every two years since 2005 to see if Hong Kong should legislate for maximum working hours or standard working hours. The findings are obvious enough. Of the some 500 interviewees, 60% are in favour and only 24% oppose. Deputy President, many countries in Asia have already enacted laws on standard working hours. These include Japan, China, Taiwan and Singapore. Other countries such as France and Britain in Europe, the United States and Australia have laws regulating working hours and the number of stipulated working hours per week is far lower than the number of hours I have cited.

Deputy President, today, I will certainly hear many people — may be those from the Liberal Party or other parties and groupings will say, "The economy of

Hong Kong will certainly be hard-hit if overtime pay is increased." Deputy President, I do not think this is a correct argument to make. If the economy improves and wage earners can benefit, I think they are willing to work harder. But the situation now is not like this. The economic situation has gone better, but the wage earners cannot benefit from it. As such, I think there is a need to legislate for maximum working hours (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR CHAN KIN-POR (in Cantonese): Deputy President, working hours have always been long in Hong Kong. Most of the people, regardless of their occupations and positions, have to work long hours and they are accustomed to working overtime. Naturally, such a living style affects the health and family relationship of the people, thereby giving rise to many social problems. The motion proposed today by Dr LEUNG Ka-lau on legislating for standard working hours can enable various sectors of the community to re-consider this issue.

In fact, standard working hours were implemented in Europe, the United States, and many Asian countries a long time ago. However, relevant legislation has not yet been enacted in Hong Kong, despite its being an international metropolis. Many employees have been working overtime for a long period of time without compensation.

In December last year, I proposed a motion in the Legislative Council on "Urging the Government to promote a new occupational culture campaign for work-life balance", in the hope of encouraging the business sector to introduce some measures, such as flexible working hours, flexible leave or more employee-friendly measures, so as to alleviate the work pressure of employees, thus enabling them to have more time to enjoy family life. I also expressed the hope that concrete campaigns could be launched by the Government expeditiously. Now it is also opportune for us to commence a study on standard working hours and for the community to conduct open discussions on this issue.

The original motion proposes that the business environment and competitiveness of Hong Kong have to be taken into consideration when

legislation on standard working hours is enacted. I cannot agree with it more. The inclusion of these two conditions by Dr LEUNG Ka-lau has indeed greatly increased the chance of the motion being passed. As we all understand, the significance of functional constituencies is that people in the business sector can point out the difficulties facing the sector while Members returned through direct elections can raise issues concerning the people's livelihood, so that consultation can be held between them, with a view to formulating principles acceptable to both parties. This is precisely what Dr LEUNG Ka-lau is doing now. Therefore, I believe the motion merits our support if it can really take into consideration the business environment and competitiveness of Hong Kong.

At present, Europe and the United States are addressing the issue of standard working hours in a different manner. In the United States, employers have the power to request their employees to work overtime, but overtime pay at a rate of 1.5 times of the normal pay must be given as compensation. In some European countries, however, employees can decide for themselves whether or not to accept working overtime. In my personal opinion, if standard working hours are to be introduced into Hong Kong, consultation between employees and employers should be held according to the principle of mutual respect. As a major principle, compensation should be given for overtime work. As for the specific details, they should be left to various sectors of the community for discussion.

It is hoped that the Minimum Wage Bill, which is currently being scrutinized by the Legislative Council, can be passed shortly. To a certain extent, the debate on the Bill can make the business sector understand that legislation aimed at protecting labour is not evil. So long as employers and employees can communicate frankly and remove unnecessary misunderstanding, many problems can be solved. At the same time, minimum wage and standard working hours have always been complementary. When the enactment of legislation on the minimum wage system is completed, I think we should commence a study on the introduction of standard working hours.

Some people in the business sector may worry that standard working hours will push up operating cost, a fact that cannot be denied. However, standard working hours can make employees receive more reasonable returns, and they will be pleased to accept working overtime. Ultimately, their productivity will

be increased and the quality of their work improved. In fact, working overtime for a long period of time might cause employees to suffer constantly from physical and mental exhaustion, thus resulting in low efficiency. If employees can have adequate rest, the efficiency and quality of their work might rise sharply. Therefore, despite a rise in operating cost, enterprises might eventually be benefited if the productivity of their employees is raised.

Deputy President, I so submit.

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

MR PAUL CHAN (in Cantonese): Deputy President, I would like to thank Dr LEUNG Ka-lau for proposing this motion. The survey and findings cited in relation to his motion have provided us with more information to facilitate our consideration of this issue.

Deputy President, just now, we heard the experiences shared by Ms Starry LEE and some online stories about a young man working in the accountancy profession. I would also like to share with Members a joke I recently heard — as we have been holding meeting in this Chamber for two days already, it may be relaxing to hear a joke. The story is about a young man who, like us, worked till midnight. When he was about to take a taxi to go home at 1 am or 2 am, he met an armed robber. The robber pointed his knife at the young man and said, "Give me your money or else you will be killed." The young man, who looked dejected, opened his wallet, took out his name card and said, "I am working in a big accountancy firm, but I have no money, and my work has nearly killed me." I think Members would feel sorry after hearing the experiences shared by Ms Starry LEE and the story told by me, though they sound amusing, particularly as I am a representative of the accountancy profession.

I worked my way up from the elementary level as a wage earner for a long time before I set up a company. I have a family, and my children are very young. Therefore, I can say that I am particularly impressed. Secretary, regarding today's motion on "standard working hours", we should really address the issue proactively and do something. From the earlier discussion and observation of the social changes of Hong Kong as a whole, we have found some fallacies about standard working hours. For instance, some people worry that

small and medium enterprises (SMEs) will be affected the most. However, I can tell Members that the examples cited by me and Ms Starry LEE earlier were found in major companies. Before I joined the Legislative Council, I ran a small firm. I can say that the working environment of small firms is better than that of big firms in terms of working hours or humanity measures. So, will stipulating standard working hours really affect SMEs? Not necessarily. In some major firms, owing to the great differences in status between employees and employers, employees will be abused because of their total lack of bargaining power if no appropriate laws and regulations are not in place.

On the other hand, even if SMEs will really be affected, will the introduction of a minimum wage and standard working hours affect their competitiveness? I do not think so. In my opinion, to compete by reducing prices is not the most desirable solution. Will a lowering of prices lead to enhanced competitiveness? To a certain extent, only through exploiting employees can businesses lower prices to scramble for business.

Let us look at the situations in other places. Members might have visited such places as the United States or Europe. Why can businesses be operated in these places where wages are so high? In terms of minimum wages and terms of employment, employees in these places fare much better than workers in Hong Kong. Why can these places manage to retain their competitiveness? As time is running out, I cannot explain here in great detail. However, I find the argument that business environment and competitiveness will be affected by standard working hours totally untenable.

On the other hand, if there is a consensus in the community on standard working hours and a minimum wage, we may actually push for changes. Some appropriate adjustments will then be made in the business community. Why is the situation in the accountancy profession so miserable? This is because all listed companies, especially those from the Mainland, have to have their annual accounts ready by 31 December. Therefore, these companies have to submit accounting reports by the end of April, and announce their performances within three months. This is why they have to work very hard during this period. Should there be a consensus in the community that standard working hours are warranted, the market might then realize that the annual accounting date needs not be fixed. Hence, flexibility may be enhanced.

I also wish to point out that the most important consideration in formulating standard working hours is flexibility, one of the points raised in Dr LEUNG Ka-lau's motion. In other words, we will not restrict the number of hours that workers work per day or per week or during a certain period. We merely stipulate standard working hours and if an employee is requested to work for longer hours, he should be compensated. I believe one of the reasons employees find so unhappy is that they are not given adequate compensation after working for an excessively long period. I think they will not feel the same if they receive adequate compensation, whether in the form of cash or holidays, and they will not have the feeling of being oppressed or exploited.

As we all know, the working hours of investment banks are very long. However, Members may find that young people working in these banks have fewer complaints to make about being exploited for working long hours.

Besides, standard working hours must be flexible. For instance, employees working in some companies might be required to work overtime for a certain period during peak seasons. However, when the companies are less busy, these employees will be allowed to take leave as compensation. If a company is busy all year round, it should recruit more employees or pay more salaries. I think this is what a responsible employer ought to do. Only in doing so can Hong Kong has a prosperous future. We absolutely do not wish to see employees and companies in Hong Kong get involved in tragic incidents similar to those of Foxconn which occur recently. Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, all wage earners would like to have standard working hours stipulated. I was a beneficiary of standard working hours when I was studying in the United States in my teens. At that time, I could easily find a job, especially a casual job, as each restaurant employed 10 to 20 casual workers but only two permanent workers. When I got my first job after graduating from the university, I also benefited from a five-day 40-hour working week, and as a result, I managed to study a master's programme in business management.

I wish to point out that, with the enactment of legislation on minimum wage, there will also be more part-time jobs than permanent jobs in Hong Kong,

and the situation may aggravate. But one thing is certain: with the introduction of standard working hours, the employment of casual workers will become even more common.

Some people argue that the catering industry has already employed many casual workers and cannot absorb more. However, the market is very pragmatic. Under the double constraints of a minimum wage and standard working hours, it will be forced to alter its mode of operation owing to substantial increases in wages.

Although the operating hours of the catering industry is relatively long, there are more customers in the morning, noon time and evening sessions. Naturally, there will be re-deployment of manpower and work according to these three periods. For instance, restaurant operators may spend money on buying one more dishwasher, and employ casual workers during noon time and in the evening for washing dishes; they may stop deploying staff to sell dim sum and have dim-sum order forms instead; they may employ more part-time waiters during peak hours and even streamline their menus as well as trimming manpower. In other words, more and more low-paid posts will be filled by casual workers rather than permanent staff.

I am not saying that employers in the catering industry do not want to give their employees more benefits. It is only that many restaurants owners are also salary earners. According to the statistics provided by the Census and Statistics Department, even before taking into account tax deduction and depreciation, more than 20% of restaurants incur losses, and only 50% of restaurants manage to break even. Therefore, a substantial rise in wages will only bring these catering businesses, which are making low gross profits, into a cruel elimination race.

It can be anticipated that the catering industry will move towards two extremes, the major food chains with a central kitchen and the family-run small food premises requiring little manpower. These two types of food premises will have an edge in the market. As for small and medium food premises in the middle of the chain, they will continue to shrink.

Over the past couple of years, more and more investors in the catering industry have chosen to operate food premises in the north or in Southeast Asia. With the implementation of a minimum wage in Hong Kong, if we further impose

standard working hours, we are in fact encouraging these investors to withdraw their capitals from Hong Kong.

There is indeed a tendency in the international community to shorten standard working hours in order to push up employment rates and given wage earners more time to spend money. However, I cannot see any results. Moreover, it is difficult for such a wish to come true in Hong Kong.

In advanced Western countries, education standards are in general relatively high, and the low-skilled labour force is relatively small in number. Many of these countries even have to import foreign labour to fill low-skilled job vacancies. The implementation of standard working hours might only make most people in the low-skilled labour force earn slightly less money; their livelihood will not be affected in a substantial manner as a result.

However, in Hong Kong, we have a relatively large number of people senior in age with low education attainment and skills. People aged over 15 with an education level of Secondary Three or below accounting for 30% of the labour force. Furthermore, the ageing population and the cumulative increases in the number of new arrivals from the Mainland will only make the over-supply of low-skilled workers in the market even worse.

The implementation of a minimum wage and standard working hours will simply not enable us to administer the right cure. On the contrary, it will lead to the loss of more low-skilled work types and even turn more jobs into casual jobs. In the end, more and more grass-roots employees will not be able to make ends meet, and they may even need to take up a few more jobs to earn their living. How can they upgrade their living standard? How can they spend time with their family members? Therefore, Members should not think that family harmony can be promoted with the implementation of standard working hours. The two are not necessarily related.

Although the original motion proposes that the competitiveness of Hong Kong will be taken into consideration when standard working hours are formulated, I think the proposal is self-contradictory, as competitiveness will surely be undermined by the introduction of standard working hours. Furthermore, the implementation of standard working hours would mean that

more wages would have to be paid should the statutory working hours be exceeded. As a result, expenditure for overtime payments will increase substantially. Small and medium enterprises requiring more manpower and better management will be impacted.

I am always convinced that a minimum wage and standard working hours will only bring short-term benefits to workers, but will impact the overall economy of Hong Kong in a far-reaching manner. A large number of employees with relatively poor competitiveness and investors will be forced out of the market. Should this situation remain unchanged, the disparity between the rich and the poor in Hong Kong will only worsen.

In 2002, economists Bruno CRÉPON and Francis KRAMARZ pointed out in their theses that, during the period from 1981 to 1982, minimum wages were successively raised by 5% and standard working hours were curtailed by one hour. As a result, employees originally working overtime have their jobs lost by approximately 2% to 4%, and the loss of low-paid jobs reached an even higher rate of approximately 8%. It is evident that disadvantaged groups were hit particularly hard as a result of the imposition of standard working hours.

However, the most far-reaching impact of standard working hours is that markets will become rigid and lose its self-defense power in times of difficulties. According to Prof Edward PRESCOT, a Nobel prize winner in economics, Japan experienced a decade-long period of severe economic depression during the 1990s not because banks were reluctant to lend money, but because the standard working hours were shortened by four hours and measures such as five-day week were implemented during that period. A substantial decline in productivity had led to an overdraft of all cumulated capitals.

I strongly believe that compared with a minimum wage, standard working hours affect a wider level of labour force, and the power of destruction will be even greater. Let me cite doctors as an example. If there is a substantial increase in expenditure on overtime payments, will our public money be able to cover the increased expenditure on public medical services? I would like to advise Members to consider this carefully.

Deputy President, I so submit.

MR WONG KWOK-KIN (in Cantonese): Deputy President, as everybody knows, the working hours of Hong Kong people are the longest in the world. Most wage earners go to work early but finish work late, and almost every wage earner has to work overtime without any compensation every day. I think I need to make it clear that overtime work is mostly uncompensated. I believe wage earners do not necessarily hate working overtime if compensation is given. Owing to long working hours, they have less time to spend with their family members. Even chatting with their family members is hard to come by or even a luxury. The reason is that many wage earners invariably spend more than 10 hours on working and commuting, and so they do not have time for rest. They can only spend time with their family members when they have a holiday.

Speaking of holidays, Deputy President, there are two entirely different holiday systems in Hong Kong, namely general holidays and statutory holidays. I wonder if general holidays are not statutory. In Hong Kong, some wage earners can only take 12 days of statutory holidays, but some can take 17 days of general holidays. This is indeed difficult to understand, as both are regarded as holidays. Since holidays are meant to give wage earners an opportunity to take a break, why are statutory holidays five days less than general holidays? Can it be that workers have stronger bodies so they can have five days less for rest? Or is it because the social status of manual workers is lower, and so they are subject to such kind of discrimination?

Deputy President, the origin of these two types of holidays can be dated back to the 1950s when our society relied basically on manufacturing industries, and blue-collar workers outnumbered white-collar employees in the labour market. With labour rights being taken seriously by the community, "labour holidays" were designated. At the same time, bank employees were allowed to enjoy so-called "bank holidays".

For the purpose of differentiation, some people will call these two types of holidays: blue-collar and white-collar holidays. However, such a differentiation will obviously lead to polarization, giving the impression that the status and rights enjoyed by the blue-collar class compare less favourably than those enjoyed by the white-collar class. With socio-economic development, the factory era of Hong Kong is long gone. The line between the blue-collar and white-collar

classes has already become very blurred. In spite of this, we still find the concept of inequality between the blue-collar and white-collar classes unacceptable.

Deputy President, we all agree that all jobs should enjoy equal status. However, when we look at the present situation, we will find that there is still differentiation regarding holidays. In present-day society, there are simply no strong justifications to support and explain why some wage earners can enjoy 17 days of holidays, while some others can only enjoy 12 days of holidays. This is a typical case of double standard.

In my opinion, this unfair situation should be changed step by step. The number of "labour holidays" should be brought on a par with the number of general holidays. In other words, the two types of holidays should be merged, so that all wage earners can enjoy the same number of holidays.

Besides bringing "labour holidays" on a par with general holidays, there is also a need to amend the Employment Ordinance. We propose that all public holidays except Sundays should be included as "labour holidays", so that the working hours of all employees can be calculated according to the same criteria, thus avoiding the occurrence of unfairness as a result of two different calculation criteria.

Deputy President, Hong Kong stresses speed and efficiency. It is precisely because we lead such a hectic life that every one of us hopes to steal a moment of leisure in the midst of pressing affairs and have a longer rest period. What is more, we hope to have more time to spend time with our family members and friends. Nowadays, our biggest entertainment and wish is to make an annual overseas trip with our family members. Employers should notice that when their employees resume work after taking holidays, they look more energetic and feel better, and their efficiency is even higher. All this can compensate the loss incurred as a result of, as described by employers, rising costs due to excessive holidays.

Deputy President, I so submit.

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

MR PAUL TSE (in Cantonese): Thank you, Deputy President. I will probably make my speech very short.

During a recent discussion on minimum wage, we found that many problems will arise when some concepts are put into practice. One of the problems is related to the uniqueness of the tourism sector. As mentioned by some colleagues just now, the hotel industry is one of those industries which have longer working hours. Another example is the aviation industry. Because of the needs of the industry, employees have to work long hours — of course, international aviation rules require that employees in the industry cannot work continuously for an excessively long period. The working hours of tour guides and escorts, for instance, must be long because of the nature of their work. Just now, Mr CHAN Kin-por said that the motion today could provide an opportunity for Members to consider this situation. While there is no harm in considering this situation, a more flexible approach might need to be adopted towards consultation or consideration. For instance, unlike the situation with minimum wage, we must not adopt an across-the-board approach to subject all trades and industries to an inflexible regulation. This is one of the points I wish to make.

Secondly, just now, some colleagues raised the problems with the catering industry. In fact, during the discussion on constitutional reform this morning, a colleague pointed out that capitalism is widely practised in the United States. So, why can the situation in Hong Kong not be the same? Although capitalism appears to have reached an advanced stage in the United States, many measures taken in the country are in fact more socialist in nature, such as the social welfare protection measures. Therefore, Members should not think we can totally draw on the experience of the United State and European countries. In fact, the capitalism we are talking about is different from the implementation of socialist policies. Of course, given the economically advanced situation in Hong Kong, some capitalist measures which are purely theoretical in nature can be slightly amended to ease the disparity between the rich and the poor, so as to enhance the income of the poor.

However, whenever we wish to revise capitalism or narrow its scope in principle or in theory, we must also consider the impact of doing so on society as a whole. As pointed out by some colleagues, the Basic Law stresses that the

capitalism system in Hong Kong shall remain unchanged for 50 years. Capitalism is not mere empty talk; it is backed by many visions, initiatives and policies. We have to remind Members every time that this is not a desirable policy under capitalism. If we suggest there is a need for revision, improvement or modification in the light of certain social needs, we must understand the notion of doing so instead of saying that the policy is required or welcomed without giving consideration to as a so-called devil's advocate, I must draw Members' attention to this point and put it down on record.

I had once benefited from minimum wage protection. When I was studying abroad, I had to work not only on weekends, but also for many evenings on weekdays. I understood the mentality of wage earners of hoping to have minimum wage protection. We had to go to work when everyone else was having fun on weekends. Naturally, we hope to enjoy extra protection or be protected when working hours were long.

In Hong Kong, whatever although it is not as horrible as what Ms Starry LEE said — she is not in the Chamber at the moment — I remember when I was a barrister or a trainee solicitor, I worked till dawn for several nights voluntarily. Such an enterprising spirit is one of the cornerstones of Hong Kong's success. Of course, with the passage of time and social progress, what the young generation ask for and how they look at things might be different. However, I still hold that they should be given room for making their own choice. Some people may be willing to work long hours voluntarily for the sake of their careers, interest or aspirations. Therefore, we should not impose too many restrictions. However, protection should be given to some types of work, certain trades or industries, or certain social strata. Therefore, I think that the proposals for consideration are acceptable. However, if we are to take immediate action I have some reservations about confirming the timing and certain details, as proposed in some of the amendments.

One more point I wish to raise is the two models mentioned by colleagues earlier — the British and American models might be different. I find the European model inflexible, that is, employees will be allowed to choose if the upper limit is exceeded. On the contrary, according to the American model, people will be allowed to choose, and there will be only one limit, if the limit is

exceeded, both parties have to agreed on details of compensation. This is a more feasible approach.

In conclusion, I think it is time for us to consider this issue. However, in the course of consideration, we should allow more room, choices and flexibility for discussion at this stage, so that Members can consider clearly the underlying notion and impact in a more detailed manner. Members should also bear in mind that Hong Kong has a very huge or even very cheap labour market as its neighbour. This might be a bit different from the situation in the United States or Europe.

Therefore, we must not enact legislation in a vacuum since doing so might affect the overall competitiveness of our market as well as the employment and living quality of the working class whose competitiveness is relatively weak. Living quality is not necessarily pegged with so-called minimum wage and maximum working hours. Very often, it is a matter of personal preference. For example, some people prefer watching soccer matches than joining family activities in their spare time.

Thank you, Deputy President.

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

MR VINCENT FANG (in Cantonese): Deputy President, Hong Kong is an international financial and business centre where competition is very keen and natural resources are scarce. The key to Hong Kong's success is our diligence and enterprising spirit that we have always been proud of. As a result, working hours in Hong Kong are inevitably long. Of course, I do understand that if circumstances permit, it is most preferable for everyone to devote eight hours for work, eight hours for recreation and eight hours for sleep. I think Members will merely regard this as the most ideal scenario. In reality, however, how many people manage to do so?

Obviously, Dr LEUNG Ka-lau, the mover of this motion today, knows that such an ideal condition is a utopia, which is hard to come by. Therefore, he can

at most ask for compensation in the form of extra wages or holidays should the working hours of employees exceed standard working hours. However, what impact will legislating for standard working hours bring to Hong Kong society?

What warrants attention is that various strata of the community have yet to reach a consensus on the definition of working hours, the scope of exemption and levels of wages in connection with the enactment of legislation on minimum wage. The far-reaching impact of a minimum wage on the overall economy of society and the labour market is still unknown, and no one is clear about it.

It has been pointed out by many Chinese and Western academics that stipulating a minimum wage will very likely do harm despite good intentions. Apart from the risk of pushing up inflation, a minimum wage might add to the difficulties encountered by disadvantaged groups in seeking employment. In other words, a minimum wage might even be unhelpful. We must address all these problems carefully, for a minimum wage might easily turn into a time bomb for the community.

In addition, the current global economic situation is still unstable. The latest unemployment rate for March to May has surged back to 4.6%, the level recorded early this year. The employment market is indeed worrying. Should legislation be enacted for regulating working hours, thus further distorting the market, an even greater impact will be produced. I believe most Hong Kong people do not wish to see this happen.

Although it is proposed in the original motion that the Government should legislate for standard working hours according to the principles of fairness, flexibility, and having regard to the business environment and competitiveness of Hong Kong, how can a balance be struck though the proposal sounds easy to implement? Will the business environment or labour market be affected adversely? Should standard working hours be truly implemented, employees working overtime will have to be given extra compensation. Will doing so push up production costs, thus lowering our competitiveness?

Deputy President, according to a report published by Heritage Foundation in January this year on Index of Economic Freedom, Hong Kong is ranked the

world's freest economy for the 16th consecutive year. However, the competition law, which is current under deliberation, and the enactment of legislation on minimum wage will pose a serious threat to the freedom of Hong Kong.

Nevertheless, I also think that it is not satisfactory if the working hours are so long that the living pattern of employees and their family members is affected. But the problem is: Do we have other alternatives besides legislative means?

In fact, the existing Employment Ordinance has already laid down basic requirements on rest day. Apart from the enjoyment of statutory holidays and paid annual leave, the legislation has also stipulated that "an employee employed under a continuous contract is entitled to not less than one rest day in every period of seven days". An employer who without reasonable excuse fails to grant rest days to his employees or compels his employees to work on their rest days is liable to prosecution and, upon conviction, to a fine of \$50,000.

As for overtime allowances, the Ordinance also states clearly that an employer must explain to an employee before the commencement of work the overtime pay rates and any other allowances. As regards types of work requiring relatively long working hours, such as security guards, it is already stated clearly in the permits issued by the Government to security guards that permit holders cannot work more than 372 hours per month and, under normal circumstances, not more than 12 hours per day.

Furthermore, the Committee on Occupational Safety and Health under the Labour Advisory Board also published a Guide on Rest Break in July 2003 to encourage employers and employees to, having regard to different circumstances of various trades and industries, make rest break arrangements that can suit employees and cope with business operation through consultation. We support this kind of arrangements with greater flexibility to allow employers and employees to make arrangements for sufficient rest break for employees in the light of actual circumstances.

In our opinion, the Government might as well step up publicity and education to prevent both employers and employees from overworking and ensure an appropriate balance. The Government should also strengthen collaboration with the business sector and come up with more incentives to

encourage enterprises to review their work flow, manpower arrangements, and so on, in order to enhance work efficiency and reduce working hours suitably. We cannot accept an across-the-board approach to legislate for standard working hours.

Thank you, Deputy President.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): Dr LEUNG Ka-lau, you may now speak on the four amendments. Your time limit is five minutes.

DR LEUNG KA-LAU (in Cantonese): First of all, Deputy President, I would like to thank colleagues for staying in this Chamber. I joined the Legislative Council two years ago, and this is the first time I attended a Council meeting till Friday. I abided by the regulations just now.

A total of 19 Members have delivered their speeches. Regarding the four amendments proposed by four colleagues — Members should know that the motion is not binding. I can only express some of my ideas by proposing this motion — Therefore, I will support all the four amendments, though many of the details therein can be discussed later. The motion merely provides Members with a platform, so that they can discuss and express their views to see if there is any misunderstanding.

After two days of meetings, my mind is blocked and not too well-organized I would attempt to spend a little time to give a response.

I have great respect for my friends in the Liberal Party

DEPUTY PRESIDENT (in Cantonese): Dr LEUNG Ka-lau, you should speak on the four amendments. You still have three minutes 44 seconds to reply.

DR LEUNG KA-LAU (in Cantonese): Fine. Perhaps let me respond to the amendment proposed by Ms LI Fung-ying. One of the proposals raised concerns protection for working hours, that is, the handling of the issue of working hours by non-legislative means.

During my opening speech, I already stated under what circumstances legislation must be enacted. First, the objectives must be clear and correct, that is, to protect employees and treat them fairly. Second, the health of employees should not be affected as a result of working long hours. So, the first point concerns correct objectives, and the second point concerns feasibility.

Just now, we mentioned some overseas experience. In fact, not only advanced countries in Europe and the United States have such protection, most Asian countries also have protection. I forget to mention one point just now. In fact, only four or five countries in the world have not stipulated standard working hours. These countries include India, Pakistan, Zimbabwe, Nigeria and Jamaica. As famines may still occur in these countries, no such protection is enacted there.

The third condition governing the enactment of legislation is that the above-mentioned objective cannot be reached by other channels apart from legislation. Regarding the present situation, even though it is right to do so, if many employers who have the ability to do so refuse to comply, then we really have to consider first, we have to understand their concerns. Perhaps they do not support legislating due to some misunderstandings. We have to try our best to help them through communication. Perhaps some employers refuse purely for business reasons — simply put, perhaps a small fraction of employers wish to make the most profits. In that case, there is no other better solution to address this issue except enacting legislation.

Perhaps I shall stop here for the time being.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I must once again express my thanks to Dr LEUNG Ka-lau. And, I must also congratulate him on the fact that even at the end of this marathon meeting, so many Members have still stayed behind to take part in this debate. This is indeed rare and commendable. I also wish to thank the four Members for their amendments and the 15 Members for speaking in this debate.

As rightly pointed out by Mr IP Kwok-him just now, the issue of standard working hours is really highly contentious. Ms Starry LEE also mentioned one dilemma just now, expressing her personal feelings very succinctly. For those who support stipulating standard working hours, they think the measure can protect the mental and physical health of employees, allow them to spend time with their families, pursue value-added studies and upgrade their skills during their leisure; for those who oppose and have reservation about the idea, they argue that the measure may adversely affect the flexible operation of enterprises, especially their ability to cope with economic downturn, and in the long term, the overall competitiveness of enterprises may be weakened, thus affecting economic development and the labour market. Both sides are clearly divided on this matter.

The Government agrees that to strike a work-life balance is vital for people's mental and physical health, family life and social development. We totally agree to this point. We also understand that as a result of long working hours, employees will have less time to spend with their families and to pursue further studies. In some industries, long working hours without any rest breaks may lead to accidents at works or even affect public safety. We therefore totally agree to Members' viewpoints.

Mr IP Wai-ming and Mr LEE Cheuk-yan regard it necessary to legislate for rest breaks. As a matter of fact, as I pointed out in my opening speech of this debate, the Labour Department issued the Guide on Rest Breaks in 2003 and has conducted in-depth studies on this matter. At that time, we consulted the Committee on Occupational Safety and Health under the Labour Advisory Board. It was decided that we should not legislate for rest breaks because this might add to the operating costs of small companies and reduce the flexibility required by individual industries, trades and posts. The Committee was of the view that it was most appropriate for employers and employees to work out rest break arrangements through consultation and on the basis of their unique operational needs.

For this reason, in recent years, the Labour Department has been focusing on promoting the formulation of family-friendly employment measures by employers and employees through voluntary consultation. This has been our direction.

In fact, the Employment Ordinance already sets out various basic measures for establishing a family-friendly working environment, such as stipulating the numbers of various types of holidays, such as rest days, statutory holidays, annual leave and maternity leave. Job security for pregnant employees is also provided for. In case an employee is absent from work under an agreement with the employer (that is, an employee is absent from work with the employer's consent, for example he takes no-pay leave to attend to family business), the continuity of his employment contract will not be affected by his absence. There is protection in this regard.

Mr WONG Kwok-kin and Mr IP Wai-ming both advocate that the number of statutory holidays under the Employment Ordinance should to be the same as that of general holidays. They are actually talking about the difference between 12 days and 17 days. I must point out that general holidays and statutory holidays are different in terms of nature and backgrounds. General holidays are governed by the General Holidays Ordinance, and they shall be taken as holidays by all relevant organizations. On the other hand, statutory holiday is a basic fringe benefit that an employer must provide to his employee under the Employment Ordinance. Therefore, we are talking about a fringe benefit vis-à-vis a holiday for all institutions. The 12 days of statutory holidays under the existing Employment Ordinance have been stipulated following extensive consultation. Any amendment proposals, whether to increase or decrease the number of holidays, must first undergo sufficient discussions in society because any such amendments will impact all social sectors. We must conduct prudent studies and ensure extensive social support and consensus before proceeding.

I also wish to point out that as a matter of fact, the existing number of statutory holidays in Hong Kong does not compare any less favourably with those in other places. When compared with 13 nearby places, Hong Kong actually ranks fourth in the number of statutory holidays. And, according to a report published by the International Labour Organization in 2005, among the 65 countries with statutory holidays, more than two-thirds of them have less statutory holidays than Hong Kong. In spite of all this, we have still been

encouraging employers to give their employees with conditions better than those set out in the Employment Ordinance as the Ordinance only provides basic protection and benefits. We hope that employers can offer conditions better than those stipulated in the Employment Ordinance, so as to boost morale and achieve a win-win situation.

Mr IP Wai-ming and Dr Margaret NG both request us to strictly enforce the provisions on rest days, statutory holidays and paid annual leave. Dr Margaret NG, in particular, has mentioned the loophole in section 19(1) of the Employment Ordinance. I wish to stress that it has been our long-standing policy to enforce these provisions strictly. Under the Employment Ordinance, unless there are any emergencies, no employers shall force their employees to work on rest days. In case an employer requests his employees to work on statutory holidays, he must appoint alternative holidays. No employers shall offer their employees any cash payment in lieu of statutory holidays. This means that no employers shall buy their employees' holidays with money. This is a very important point. Concerning the problem mentioned by Dr Margaret NG, I would conduct further studies with my staff after the meeting, so as to ascertain what specific actions we may take in relation to section 19(1). We may contact Dr NG again to collect more information, so that we can enhance our efforts of monitoring. As for paid annual leave, employers must allow employees to enjoy this benefit and provide them with annual leave pay. The Employment Ordinance provides that an employer may be liable to prosecution if he causes any damage to their employees' right to rest days, statutory holidays or paid annual leave without any reasonable excuse. In order to safeguard employees' rights and interests, the Labour Department has been taking stern enforcement actions against the offences concerned. From 2009 to the end of May this year, there were as many as 984 summonses that led to successful prosecution and conviction.

Besides, in a bid to further promote occupational health, the Labour Department has been conducting active publicity and promotional activities through various channels, so that employees can have a correct understanding of work stress and know how to deal with it. We have also compiled a booklet entitled "Work and Stress". In this booklet, the common causes of work stress are explained, and various practical ways of preventing and tackling work stress are also suggested for organizations and employees. I am very grateful to Dr PAN Pey-chyau for hosting a medical seminar in his capacity as a medical

practitioner. Using only six minutes in a short span of seven minutes, he taught us how to do aerobic exercises and get enough sleep. I think his advice is very useful. We have also compiled a booklet and made a compact disc on stretching exercises and aerobic exercises (which I mentioned just now), so as to encourage working adults to do exercises, even in their offices. As a matter of fact, even when they are working on the computer, white-collar workers may still do some stretching exercises for their own protection, or it is possible for them to simply leave their desks for a while and return for work later on. We have all along been disseminating all these messages. All the relevant publications are free of charge and can be downloaded from our website. We have also been holding seminars at regular intervals. Last year, for example, 267 seminars of this kind were held, attracting the participation of as many as 8 000 people.

Many Members are concerned about the family-friendly employment measures implemented by the Labour Department. We encourage employers to offer paternity leave to their employees, but how effective are such measures? Members have asked this question. I wish to cite one or two specific figures which merit Members' attention. The first figure is about the Caring Company Scheme which the Hong Kong Council of Social Service has been running for several years. We have looked at some related statistics, and we note that in 2007-2008, 1 200 companies introduced various family-friendly measures. And, some of the projects involved are already underway. In 2008-2009, 1 400 companies launched such measures. In 2009-2010, the number of such companies rose to 1 740. In other words, the message has slowly found its way into the management of many private enterprises. As for paternity leave, we have conducted a questionnaire survey on the Hong Kong Institute of Human Resource Management, covering 1 800 different organizations. According to the findings, in 2006, paternity leave was available in 16% of these organizations. In 2008, the percentage rose to 21%. This shows that the culture has started to change slowly. We will continue to make more efforts.

Mr Paul CHAN says that a campaign should be launched to encourage a family-work balance. I agree with him entirely. As a matter of fact, in the last motion debate on this topic, I already agreed that while no legislation should be enacted, we should make all-out efforts to support the work in this regard.

As I have mentioned, any policies on labour rights and interests will affect employers, employees and even society as a whole and our economy. Before

implementing any policies, the Government must consider the arguments of all sides in an objective, comprehensive and prudent manner and also conduct thorough analyses and evaluations. The proposal on standard working hours will have far-reaching effects on Hong Kong's economic and social development, and many Members (especially those representing the business sector and tourism sector) have already pointed out the problems involved. And, we also know that in the course of legislating for a minimum wage, many problems must be tackled. Therefore, the whole thing is not simple at all. Unless we can obtain a social consensus, especially a consensus between employers and employees, we should not enact any legislation lightly.

If we look at Hong Kong's socio-economic development, we will observe that legislating for standard working hours will affect the flexibility of the labour market and the business environment. Many industries, such as the retail, hotel, real estate and tourism industries, must require their employees to work flexible hours due to their unique operational needs. As Members have pointed out, apart from affecting the flexible operation of enterprises, legislating for standard working hours may entail the fragmentation of jobs. This may lead to the emergence of more casual or part-time jobs, thus affecting the livelihood of employees. Employees' incomes may thus be affected. As a result, such a measure may not give them any real benefit. What is more, owing to the presence of large numbers of small and medium enterprises in Hong Kong, the imposition of standard working hours will inevitably hinder business operation. Enterprises may choose to shift the costs to consumers by increasing prices.

After listening to my remarks, some Members may ask, "Now that the Government has proceeded with legislating for a minimum wage, why does it not legislate for standard working hours at the same time?" I wish to point out that the commencement of the legislative process for a minimum wage is actually the outcome of many years of deliberation and discussions in society, during which we managed to forge a consensus after balancing the interests of all sides. I think that at this moment, we must most importantly wait for the passage of the Minimum Wage Bill and ensure the implementation of a minimum wage for the protection of grass-root workers. Therefore, we should focus on the setting of a minimum wage and then monitor the enforcement of the legislation, so as to find out its effects on employment, working hours and operational modes. The issue of standard working hours is equally complex. I am not saying that we should simply ignore this issue. Rather, I am saying that we should not under-estimate

its impacts on employers, employees and even society as a whole. We must handle the task with prudence. In the long run, we must conduct in-depth exploration and forge a social consensus before actually proceeding.

Deputy President, the rapid development of Hong Kong's economy over the past few years has largely relied on our human resource. Hong Kong workers were and are still noted for their flexibility and adaptability. The key to maintaining this advantage of ours is the striking of a sensible and appropriate balance between preserving the competitiveness of Hong Kong and its talents on the one hand and the protection of workers' rights and interests on the other. We will continue to formulate and implement the required policies and measures in this direction.

Deputy President, I so submit. Thank you.

DEPUTY PRESIDENT (in Cantonese): I now call upon Mr WONG Sing-chi to move his amendment to the motion.

MR WONG SING-CHI (in Cantonese): Deputy President, I move that Dr LEUNG Ka-lau's motion be amended.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To delete "as Hong Kong" after "That," and substitute with "an ideal life pattern should allow an even distribution of time for work, rest and activities to facilitate a balanced development of the various aspects of a person; however, while Hong Kong nowadays"; to delete "yet" after "society,"; to add "; in this connection" after "social problems"; and to add ", stipulating that the 'standard working hours' be 44 hours per week with overtime pay at a rate of not less than 1.25 times of the normal pay, and that exemption may be granted to employees of certain industries in the light of the specificity of their work, so as to protect the employees' rights; at the same time, the Government should also proactively implement family-friendly policies, which are closely related to the objectives of stipulating 'standard working hours', to promote work-life balance" immediately before the full stop."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Dr LEUNG Ka-lau's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for three minutes.

DEPUTY PRESIDENT (in Cantonese): Will Members please proceed to vote.

DEPUTY PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Mrs Sophie LEUNG, Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG and Dr LAM Tai-fai voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Prof Patrick LAU, Mr IP Kwok-him and Mr Paul TSE abstained.

THE DEPUTY PRESIDENT, Ms Miriam LAU, did not cast any vote.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr Andrew CHENG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan and Dr Priscilla LEUNG abstained.

THE PRESIDENT'S DEPUTY announced that among the Members returned by functional constituencies, 22 were present, eight were in favour of the amendment, seven against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 15 were in favour of the amendment, one against it and four abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

MR FRED LI (in Cantonese): Deputy President, I move that in the event of further divisions being claimed in respect of the motion on "Legislating for

'standard working hours'" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

DEPUTY 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 passed.

I order that in the event of further divisions being claimed in respect of the motion on "Legislating for 'standard working hours'" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

DEPUTY PRESIDENT (in Cantonese): Mr IP Wai-ming, you may move your amendment.

MR IP WAI-MING (in Cantonese): Deputy President, I move that Dr LEUNG Ka-lau's motion be amended.

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

"To delete "as" after "That," and substitute with "although"; to delete "yet some" after "society," and substitute with "many"; to delete "adversely affecting" after "long hours," and substitute with "or even work overtime without compensation, which is not only unfair to them but also adversely affects"; to delete "and" after "family life" and substitute with ","; to add "; in this connection" after "social problems"; and to delete "and having regard to the business environment and competitiveness of Hong Kong" immediately before the full stop and substitute with "protection of the employees' rights and facilitation of Hong Kong's economic development, which should include: (a) to set the standard working hours at eight hours per day or 44 hours per week; (b) to provide employees with a 30-minute break for every six hours of continuous work; (c) to give financial compensation to employees for overtime work; (d) to strictly enforce the regulations on rest days, statutory holidays and paid annual leave to prevent employers from requiring employees to take such holidays as compensation for overtime work; and (e) to amend the Employment Ordinance to include all general holidays other than Sundays as statutory holidays, so as to standardize the basis for calculating working hours".

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

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

(Members raised their hands)

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

(Members raised their hands)

Mr Tommy CHEUNG rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for one minute.

DEPUTY PRESIDENT (in Cantonese): Will Members please proceed to vote.

DEPUTY PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Dr LEUNG Ka-lau, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Prof Patrick LAU and Dr LAM Tai-fai voted against the amendment.

Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr IP Kwok-him and Mr Paul TSE abstained.

THE DEPUTY PRESIDENT, Ms Miriam LAU, did not cast any vote.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr Andrew CHENG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan and Dr Priscilla LEUNG abstained.

THE PRESIDENT'S DEPUTY announced that among the Members returned by functional constituencies, 22 were present, seven were in favour of the amendment, nine against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 15 were in favour of the amendment, one against it and four abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

DEPUTY PRESIDENT (in Cantonese): Ms LI Fung-ying, you may move your amendment.

MS LI FUNG-YING (in Cantonese): Deputy President, I move that Dr LEUNG Ka-lau's motion be amended.

Ms LI Fung-ying moved the following amendment: (Translation)

"To delete "in general an affluent and civilized society, yet some" after "Hong Kong is" and substitute with "an economically developed city, yet most"; and to delete "principles of fairness, flexibility, and having regard to the business environment and competitiveness of Hong Kong" immediately before the full stop and substitute with "people-oriented principle to ensure a work-rest balance for employees"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms LI Fung-ying to Dr LEUNG Ka-lau's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Tommy CHEUNG rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for one minute.

DEPUTY PRESIDENT (in Cantonese): Will Members please proceed to vote.

DEPUTY PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

DEPUTY PRESIDENT (in Cantonese): Among the Members returned by functional constituencies, 23 were present, 13 were in favour

(Some Members shouted aloud and clapped)

DEPUTY PRESIDENT (in Cantonese): Will Members please keep quiet?

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Mr Paul TSE voted for the amendment.

Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG and Dr LAM Tai-fai voted against the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Mr Jeffrey LAM, Mr Andrew LEUNG and Prof Patrick LAU abstained.

THE DEPUTY PRESIDENT, Ms Miriam LAU, did not cast any vote.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr Andrew CHENG, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah voted against the amendment.

Dr Priscilla LEUNG abstained.

THE PRESIDENT'S DEPUTY announced that among the Members returned by functional constituencies, 23 were present, 13 were in favour of the amendment, four against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 18 were in

favour of the amendment, one against it and one abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was passed.

DEPUTY PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, as the amendment by Ms LI Fung-ying has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak for up to three minutes to explain the revised terms in your amendment but may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, I move that Dr LEUNG Ka-lau's motion as amended by Ms LI Fung-ying be further amended by my revised amendment. Of course, the most important part of my amendment is the introduction of a minimum daily rest period and the provision of an overtime premium. These are the details of my amendment and I hope Members will support them. However, just now, Ms LI Fung-ying's amendment was passed, but because it may not have the word "legislate", so I hope it has? That is fine then because I am worried about that. I hope that my amendment can also be passed. Thank you, Members.

Mr LEE Cheuk-yan moved the following further amendment to the motion as amended by Ms LI Fung-ying: (Translation)

"To add ", including 'overtime premium' and 'a minimum daily rest period'," after " 'standard working hours' "."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr LEE Cheuk-yan's amendment to Dr LEUNG Ka-lau's motion as amended by Ms LI Fung-ying be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Cheuk-yan rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr LEE Cheuk-yan has claimed a division. The division bell will ring for one minute.

DEPUTY PRESIDENT (in Cantonese): Will Members please proceed to vote.

DEPUTY PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Mrs Sophie LEUNG, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG and Dr LAM Tai-fai voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Prof Patrick LAU, Mr IP Kwok-him and Mr Paul TSE abstained.

THE DEPUTY PRESIDENT, Ms Miriam LAU, did not cast any vote.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr Andrew CHENG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan and Dr Priscilla LEUNG abstained.

THE PRESIDENT'S DEPUTY announced that among the Members returned by functional constituencies, 21 were present, eight were in favour of the amendment, six against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 15 were in favour of the amendment, one against it and four abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

DEPUTY PRESIDENT (in Cantonese): Dr LEUNG Ka-lau, you may now reply and you have three minutes and 44 seconds. This debate will come to a close after Dr LEUNG Ka-lau has replied.

DR LEUNG KA-LAU (in Cantonese): Deputy President, maybe because of the very heated debate in the Legislative Council earlier on, many Honourable colleagues had left, so they did not hear my first speech. If we want to build a door, of course, we must not just think of ourselves but also others, so that we as well as others can go through it. Employees do not want their employers to have problems in their business environment, and so, in all other places, legislation regulating working hours surely includes some flexibility.

The issue raised by Mr Paul TSE just now can be discussed in due course. Various arrangements have their merits and demerits and anyhow, we have to reach a consensus. Just now, Mr TSE and several Members pointed out that individual industries have difficulty in stipulating standard working hours and the reason can simply be put down to two words — vicious competition. Without any statutory regulation, as in the case of "zero fare" tours, operators cut cost as far as practicable in order to compete with fellow operators of the industry. As a result, service quality is compromised. If statutory regulation is stipulated, and all members of the industry have to comply with these requirements, I believe the public is willing to pay more for the price increase, brought about by the increase in operating costs. If "zero-face" tours are no longer permitted, and if "mere shopping" tours are not permitted, all parties would raise their standards and the problems can then be solved.

In addition, just now, I mentioned that in April, I commissioned the University of Hong Kong to conduct a survey to gauge the views of small and medium enterprises (SMEs) in Hong Kong on standard working hours. 105 companies had been successfully interviewed. 56% of them supported or greatly supported legislating and only 24% of them opposed legislating. Earlier on, the Liberal Party also conducted a survey on minimum wage, 44% of the interviewees supported and 34% opposed a minimum wage. By comparing these two surveys, Members will find that the resistance of the business sector to standard working hours is actually much lower than that to a minimum wage. I hope the Secretary can begin doing some work because legislation cannot be enacted overnight. It is not the case that if we say today that legislation has to be enacted, we can finish the job tomorrow. A long period of time is needed for discussion and at least a year or half a year and even several years would be needed. When the European Union enacted legislation, it did not stipulate the standard working hours at 48 hours in one stroke. In the case of some

industries, it was initially stipulated at 56 hours. It was after setting a timetable that the minimum standard working hours was attained gradually.

Just now, Mr Tommy CHEUNG mentioned whether society can afford the pay for doctors, so allow me to provide some figures. At present, for every \$100 spent by the Hospital Authority, about \$21 is for doctors' pay. If the working hours of doctors are improved and overtime payment is made, for every \$100 spent, \$22 is for doctors, so the increase is only \$1. The remaining amount is spent on other areas, such as nurses. If one more dollar is paid, I believe cases of gauze and malleable copper retractors being left inside patients' bellies will be greatly reduced.*(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

DR LEUNG KA-LAU (in Cantonese): I believe society can afford this.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr LEUNG Ka-lau, as amended by Ms LI Fung-ying, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Vincent FANG rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr Vincent FANG has claimed a division. The division bell will ring for one minute.

DEPUTY PRESIDENT (in Cantonese): Will Members please proceed to vote.

DEPUTY PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Mr Paul TSE voted for the motion as amended.

Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG and Dr LAM Tai-fai voted against the motion as amended.

Dr Raymond HO, Mrs Sophie LEUNG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

THE DEPUTY PRESIDENT, Ms Miriam LAU, did not cast any vote.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr Andrew CHENG, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the motion as amended.

Mr LAU Kong-wah voted against the motion as amended.

Dr Priscilla LEUNG abstained.

THE PRESIDENT'S DEPUTY announced that among the Members returned by functional constituencies, 22 were present, 13 were in favour of the motion as amended, four against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 19 were in favour of the motion as amended, one against it and one abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion as amended was passed.

DEPUTY PRESIDENT (in Cantonese): Second motion: Assisting the sustainable development of small and medium enterprises.

DEPUTY PRESIDENT (in Cantonese): I now call upon Dr LAM Tai-fai to speak and move his motion.

ASSISTING THE SUSTAINABLE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES

DR LAM TAI-FAI (in Cantonese): Deputy President, I move that the motion as printed on the Agenda be passed. As we all know, small and medium enterprises (SMEs) are an important pillar of the economy of Hong Kong. The 280 000 SMEs in Hong Kong now account for 98% of the total number of local companies and take on over 1.2 million employees, representing half of the total number of employees in the private sector. Therefore, SMEs can also be said as the pillar of the economy as well as the people's livelihood in Hong Kong. Whether or not their development and operation are sustainable and healthy will have a direct bearing on the living of hundreds of thousands of families.

In Hong Kong, SMEs are distributed in all trades and sectors. Some are engaged in import and export trade, tourism, as well as catering, retail, wholesale manufacturing, and processing services, while many others are operating snack stalls and small shops. But disregarding the sectors of their business, SMEs generally face the problem of limited resources. In terms of manpower and financial strength, they are no match for large enterprises and major consortia. So, when faced with changes in the economic environment and government policies, they often have to count on themselves, relying on their own ability and will to struggle for survival. In fact, without effective and pertinent support from the Government, it is indeed difficult for SMEs to achieve sustainable and healthy development.

Although the financial tsunami is over, there has not yet been significant improvement in the operating environment of the SMEs. Before there is a full recovery of the economy, SMEs operating locally have already been hit by increases in rent, electricity tariffs, gas charges, and so on. Higher operating costs, expensive prices of supplies and fierce competition have indeed made their operation difficult.

In fact, the purchasing power and consumer sentiments in the local market have not been significantly improved. We all know that in Hong Kong, the burden of living is very heavy as members of the public have to spend considerably on housing, education, transport, health care, retirement protection and so on. Simply put, they do not have spare money for spending.

Recently, an organization has conducted a survey on the cost of living of 390 countries and regions all over the world. The findings show that the cost of living in Hong Kong ranks the 34th in the world and the sixth in Asia, which is even higher than Singapore. Understandably, with such a high cost of living, both the purchasing power and consumer spending will be affected.

Particularly, repayment of home mortgage loans is a case in point. Property prices are high and according to some estimates, the monthly expenditure on home mortgage loan repayment currently accounts for an average of over 40% of the income of the public. Despite a very low interest rate at present, it is impossible for the interest rate to permanently remain on the low side. Once the interest rate goes up later, this percentage will certainly go beyond 50%. After members of the general public have become "slaves of their

flats", they certainly have to scrimp and save to meet their mortgage payment every month. Not only will this affect the quality of their living, both consumer sentiment and purchasing power will also definitely be compromised. In a nutshell, this is set to take toll on the local business of SMEs.

As for SMEs engaging in import and export trade, their situation is far from optimistic. In the wake of the financial tsunami, unemployment has become very serious in Europe and the United States, as we see that the unemployment rate in the Euro zone is now over 10% while that in the United States is close to 10%. The purchasing power of European countries and the United States has remained weak. Coupled with the snowballing of the debt crisis in Europe, many customers have continuously demanded price reductions from local SMEs and delayed their payment. Cases of defaulted payment have been common and are even on a worsening trend. As Members all know, the weakening exchange rate of Euro will not only lead to a reduction of orders, but the exporters will also immediately suffer a loss from the exchange rate. The SMEs are certainly worried about not receiving orders from customers, but even if orders are placed with them, it may turn out that they will make no profit at all when they settle their accounts at the end of the day as a result of the exchange rate coming down. They will find themselves being caught between the devil and the deep blue sea and facing extremely huge risks.

Apart from the problems in the export market, factories operating in the Mainland also have to face problems in respect of productivity and production costs. According to a survey conducted by the Chinese Manufacturers' Association of Hong Kong, Hong Kong companies operating in the Pearl River Delta (PRD) region generally face the problems of labour shortage and rising costs given soaring prices of raw materials and appreciation of Renminbi. This is known to all. In respect of wages alone, an increase of over 20% on average has been recorded over the past six months. The recent incidents that occurred in Foxconn and in Honda's automobile factory, as we all know, will lead to a further increase in wages, which also means that the operating costs of SMEs will become higher and higher.

Faced with the pressure of increasing costs, large enterprises with sufficient financial strength and financing abilities are certainly in a better position to cope with it and overcome it. They also have the means to relocate their factories away from the PRD. But due to limited capital, it is indeed difficult for SMEs to

cope with the pressure of increasing operating costs and they do not have the funds to relocate their business away from the PRD. Even though they wish to take a more aggressive approach by purchasing machinery to boost productivity and replace workers, that may not be possible either. First, it is because SMEs face financing difficulties and second, the same problem will recur because if they purchase machines and transport them for use in the Mainland, all the depreciation allowances for machineries will be cancelled right away under an obsolete tax provision of the Government, namely, section 39E of the Inland Revenue Ordinance. As a result, they would have to pay tax in an even greater amount. This will unreasonably add to the burden of SMEs and deter them from acquiring machinery for the purpose of upgrading and transformation.

Finding themselves in an "all-naught" situation, SMEs have thus become isolated without any support. I am very worried that if their plights continue, the SMEs would certainly feel discouraged, not wanting to continue with their operation. The resultant knock-on effect will deal a blow at the economy of Hong Kong and at other industries.

In fact, many employers in our sector do not encourage their children to join the industry sector, as they think that engaging in the industry sector means only hard work but little profit, while the risks are high and prospect is scarce. Deputy President, the Government has often encouraged SMEs to open up the domestic sales market, saying that business opportunities abound with a population of 50 million in the PRD alone, not to mention a population of 1.3 billion in the Mainland, thus inducing a lot of fantasies in us. However, SMEs lack both manpower and resources, and they do not have the channels and network of financing. Honestly speaking, is it that easy to develop the domestic sales market? More often than not, they simply do not know where or how to start.

Moreover, enterprises must first achieve upgrading and transformation to form foreign-invested enterprises before they can find their niche in the domestic sales market. As I said earlier, in pursuing upgrading and transformation, SMEs will lose their eligibility for depreciation allowances for machineries. Besides, once they convert from "contract processing" to "import processing", their profits will no longer be apportioned on a 50:50 basis for the assessment of profits tax, which is a taxation arrangement applicable to "contract processing". As a result, the amount of tax payable by enterprises will increase immediately after their upgrading. Such being the case, the SMEs surely will not go for upgrading and

transformation because they will suffer a loss before enjoying any benefit. How can SMEs move one step forward to develop the domestic sales market?

If the Government is genuinely committed to assisting us in upgrading and transformation for the purpose of developing the domestic sales market, it must get rid of its mindset of sticking to the old rut as well as create an environment conducive to business and draw up suitable measures to provide support to us in the light of the actual circumstances and the needs of the industries. Turning back to section 39E of the Inland Revenue Ordinance, the Government, despite one full year of planning, has only told us that this matter would be referred to the Joint Liaison Committee on Taxation. This is like a "shield", as it only says that studies would be conducted but up to this moment, I have no idea about whether or not it has embarked on the studies. The Committee has not provided a timetable; nor has it stated when the studies will be completed. But on the other hand, the Inland Revenue Department has kept on recovering tax from the industries, causing panic in the industries while everyone is plunged into deep water and pouring out grievances about their sufferings.

Furthermore, the Joint Liaison Committee on Taxation is only responsible for looking into section 39E of the Inland Revenue Ordinance. It has stated explicitly that it would not deal with the taxation arrangement relating to "contract processing", "import processing" and the 50:50 basis of apportionment of profits for the assessment of profits tax. This is also a major issue, so why is it not handled? I, therefore, hope that the Government can address this issue altogether and convene an inter-departmental meeting as early as possible to resolve this issue, so as to take practical actions to provide assistance to SMEs.

Besides, as we all know, when it comes to doing business in the domestic sales market in the Mainland, it is common for business to be conducted on credit and with a longer billing period, and cases of defaulted payment and bad debts are commonplace. The Secretary should have heard of many such cases. This will virtually increase the risks faced by us. Can the Government study the expansion of the scope of business of the Hong Kong Export Credit Insurance Corporation and improve the relevant schemes to provide effective credit insurance services to Hong Kong businessmen engaging in domestic sales businesses in the Mainland, so that SMEs can boldly develop in the domestic sales market in the Mainland?

The Government should also expeditiously implement measures in relation to co-operation in the areas of commodity inspection, protection of intellectual property rights, brands, and so on, under the CEPA, with a view to speeding up the alignment of the testing and certification standards in both places. Measures should be taken to facilitate the provision of a waiver of inspection for renowned Hong Kong brands recommended by the SAR Government or specified intermediaries. Efforts should also be made for such brands to enjoy special protection of intellectual property rights as that enjoyed by famous Mainland trademarks. Agencies can be set up in both places for trademark registration of each other's products to achieve the objective of "one-registration, two-uses".

Meanwhile, the Government should negotiate with the Guangdong Province the relaxation of the 183-day threshold for tax payment as a pilot measure, so that both employers and wage earners of SMEs do not have to always remind themselves of the need to return to Hong Kong at fixed times.

Deputy President, as you know, the Government has all long failed to come up with comprehensive measures and strategies as well as detailed plans for providing support to SMEs. In the policy addresses for several successive years, no mention was made on matters relating to industries as well as how to improve the business environment for SMEs to support their sustained development. The financing scheme most helpful to SMEs, namely, the Special Loan Guarantee Scheme, can be considered the most benevolent policy of the Secretary. Regrettably, the Financial Secretary has announced recently that this scheme will definitely cease operation at the end of the year and this has aroused grave concern among SMEs.

Adequate cash flow is the key to the commercial viability and sustainable development of SMEs. If there is no way for SMEs to secure financing when banks have "turned off the tap", SMEs would have nowhere to turn to for assistance, just as what happened to them during the financial tsunami, and they would not know how they could sustain their business. So, I hope the Secretary can give consideration to this loan scheme. Premier WEN Jiabao has recently said that it is now premature to discuss exit arrangements. So, the SAR Government should not say at this stage that the scheme would be abolished at the end of the year. Rather, it should be dealt with in the light of the actual economic circumstances and conditions of the industries. Even though new

schemes or measures will be implemented — I understand that the authorities are going to introduce new schemes — efforts must be made to ensure the smooth interface between the schemes, so that SMEs can secure financing for their operation. That way, the problem of unemployment will not arise. Otherwise, problems will emerge as a result of the knock-on effect.

Despite abundant business opportunities in the Mainland, not every SME has the ability to do business in the Mainland. Therefore, the most fundamental solution is to improve the local environment for doing business and consumer spending, and to develop the local market. However, soaring property prices and high rentals are the chief causes of a weak consumer market in Hong Kong. In this connection, the Government should make an effort to stabilize property prices, in order to alleviate the difficulties faced by the public in meeting home mortgage payment and in renting flats. The Government should plough in additional resources to improve education, health care and welfare services, so that the public can have more spare money to spend and when they are not too pessimistic about the future, they will be more willing to spend and this can, in turn, facilitate local consumer spending.

Local spending power is by no means strong in Hong Kong, because with a population of only millions of people, the number of local consumers is basically confined. So, the most effective way is to open up new sources to stimulate the Hong Kong economy and to this end, it is most effective to attract more in-bound tourists, particularly Mainland tourists whose spending power is strong. I have read some statistics showing that from 2004 to 2009, visitors coming to Hong Kong under the Individual Visit Scheme (IVS) generated an additional \$84 billion of consumer spending in Hong Kong, while creating 54 700 jobs locally which are tremendously helpful to the local tourism, hotel, catering and transport industries.

I, therefore, suggest the Government to actively discuss with the Central Authorities on the expansion of the IVS by extending the arrangement of "multiple-entry endorsement" and "Application for endorsement in non-resident place", which are currently applicable to Shenzhen residents only, to the nine municipalities in Guangdong Province, so that more Mainlanders can come to Hong Kong for spending.

Apart from actively attracting tourists to come to Hong Kong, the Government must also ensure effective regulation of the tourism industry. Otherwise, tourists will not return after their first visit to Hong Kong. Recently, we have heard of some unhappy incidents, and there was an unfortunate case which occurred after a tourist who came to Hong Kong for shopping was allegedly forced to make purchases. The authorities cannot allow the recurrence of these incidents. Not even one such incident can be allowed. Otherwise, the reputation of Hong Kong will be greatly tarnished. So, I urge the Government, apart from conducting thorough investigation into these incidents, to suspend the licences of the relevant tourist agencies and impose heavy penalties on people engaging in such malpractices, so as to prevent the Hong Kong economy from being ruined by a small group of people and the tourism industry from being hard hit, which would adversely affect the overall economy.

Deputy President, exhibitions have always been an important channel for SMEs to introduce their products to customers. The results achieved by the Hong Kong Trade Development Council (TDC) in its past work have been widely recognized and we also support its work. However, the Government and the TDC must not be complacent. They must continue to conduct reviews to identify ways to more effectively assist the local SMEs, especially business start-ups in emerging trades, with a view to providing them with more opportunities to take part in exhibitions to showcase their products.

As far as I know, many SMEs have to wait for several years before being allocated exhibition booths in TDC exhibitions. Of course, I understand that this is because there is more demand than supply, but this is not a reason for the authorities to allow them to wait on and on like this. In this connection, the TDC must formulate strategies, such as revitalizing factory buildings by converting them into wholesale and exhibition centres for SMEs to exhibit and promote their products.

Lastly, Deputy President, I wish to point out that SMEs have a very great bearing on Hong Kong indeed. I hope the Government can truly achieve the objective of "supporting enterprises and preserving employment", thereby enabling Hong Kong people to live and work in peace and contentment.

DEPUTY PRESIDENT (in Cantonese): Time is up.

DR LAM TAI-FAI (in Cantonese): I so submit.

Dr LAM Tai-fai moved the following motion: (Translation)

"That, given the weak economies and high unemployment rates of Europe and the United States, as well as the various concerns and uncertainties in the external economic environment and the failure of Hong Kong's economy to make a full recovery, coupled with factors such as fierce market competition and soaring costs, etc., the small and medium enterprises ('SMEs') in Hong Kong are facing an operating environment which is becoming increasingly difficult when they operate their businesses in the local, Mainland or overseas markets; in this connection, this Council urges the Government to formulate strategies and measures to comprehensively improve the business environment, and assist SMEs in various aspects such as reducing expenses on operating costs, financing, continuously developing the local, export and China's domestic sales markets, upgrading and transformation, product exploration, brand development and manpower training, etc., with a view to fostering the sustainable development of Hong Kong's economy and increasing employment opportunities for the community."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr LAM Tai-fai be passed.

DEPUTY PRESIDENT (in Cantonese): As Mr Albert CHAN has withdrawn his amendment, only two Members will move amendments to this motion. This Council now proceeds to a joint debate on the motion and the two amendments.

DEPUTY PRESIDENT (in Cantonese): I will call upon Mr Jeffrey LAM to speak first, to be followed by Mr Vincent FANG; but no amendments are to be moved at this stage.

MR JEFFREY LAM (in Cantonese): Deputy President, small and medium enterprises (SMEs) in Hong Kong account for about 98% of enterprises in Hong Kong, and about half of the employees working in the private sector are employed by SMEs. SMEs are indeed an important element in the economic development of Hong Kong. During the financial tsunami, the number of SMEs had once fallen to 268 000. It was only in December 2009 that their number had gradually increased to 281 000.

(THE PRESIDENT resumed the Chair)

According to the analyses of the Hong Kong General Chamber of Commerce, various economic areas in Hong Kong have already rebounded from the nadir two years ago and are now in the course of steady recovery. Despite that the overall economy is turning the corner, the global economy has not yet been fully recovered compared with two years ago. The economic situation is still slightly less favourable than that in the first quarter of 2008 with a lot of uncertainties causing the economy to remain weak, such as the debt crises in Europe. All these have created plenty of uncertainties in the labour market in Hong Kong.

The latest unemployment rate in Hong Kong announced last week was 4.6%, showing an increase of 0.2% over the last quarter. But as the summer holiday is approaching, a large group of fresh graduates will swarm to find jobs. This will create additional pressure on the labour market, and this point does warrant our concern.

The sound operation of SMEs is vitally important to the Hong Kong community. I, therefore, propose an amendment today in the hope that the authorities can stabilize SMEs and support SMEs in more aspects, so that while the economy can achieve sustained development, more employment opportunities can also be created.

At the end of last month, the Financial Secretary, John TSANG, and the Vice Minister of Commerce, JIANG Zengwei, signed the Supplement VII to CEPA in Hong Kong. It signifies the further liberalization of trade in services between the two places and enhancement of co-operation in respect of trade and

investment facilitation. From the signing of the main text of CEPA in 2003 between the two places to 2009, the cumulative additional business receipts obtained by companies in Hong Kong due to CEPA from Mainland-related business reached HK\$61.6 billion, and during 2007 to 2009, CEPA-induced business receipts obtained by operations established by Hong Kong service suppliers in the Mainland amounted to HK\$198.5 billion. Besides, as at end-2009, due to liberalization of trade in services under CEPA and the Individual Visit Scheme, a total of 54 700 jobs were created in Hong Kong.

Moreover, under the Supplement VII to CEPA just signed, professionals in Hong Kong, including doctors, architects and structural engineers, are allowed to start their business or practice in the Mainland. From this we can see that the economic effectiveness and job opportunities brought by CEPA must not be neglected.

President, it is all the more necessary to actively take forward the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) which opens the door of CEPA. When the Vice Governor of Guangdong Province, WAN Qingliang, came to Hong Kong to attend the 2010 Business Fair for Guangdong-Hong Kong Economic, Technology and Trade Co-operation on Tuesday this week, I told him that the Framework Agreement was indeed very important and conveyed to him the concern of Hong Kong businessmen about the Framework Agreement.

Guangdong and Hong Kong complement each other's advantages with the objective of bringing mutual benefits. Hong Kong, the biggest trade partner of Guangdong Province, is also the largest source of inward direct investment in Guangdong Province. It is estimated that there are over 100 000 Hong Kong-based enterprises in Guangdong, and the number of employees hired by them is estimated to have exceeded 10 million. The Framework Agreement has defined the positioning of Hong Kong-Guangdong co-operation, set out major initiatives for both places in future, facilitated the adoption of more measures for "early and pilot implementation" by both sides, and incorporated the relevant policies into the National 12th Five-Year Plan.

Endorsed by the State Council, the Framework Agreement has clearly set the development positioning of Hong Kong-Guangdong co-operation, which includes creating a new world-class economic zone, enhancing Hong Kong's

position as an international financial centre, building an advanced global manufacturing and modern services base, and creating a high quality living area.

In respect of upgrading Hong Kong's position as an international financial centre, the Hong Kong Monetary Authority brought us good news last week in announcing that it was striving to conclude the revised "settlement agreement" with the People's Bank of China next month, whereby the restrictions on transfer of Renminbi (RMB) funds between banks would be relaxed. It means that the industries will have greater room and flexibility to develop different kinds of RMB-denominated products, such as insurance, stocks, funds, and so on. It further represents the steady development of Hong Kong into an RMB offshore centre, which will bring along greater and broader business as well as job opportunities.

President, recently we have seen fluctuations in the exchange rate of RMB, which has reached an all-time high since the reform of the RMB exchange rate. This may have a bearing on SMEs operating in the Mainland. We must deal with this situation carefully to prevent a sudden surge in the operating costs of SMEs. With regard to the operating costs, Hong Kong businessmen running factories in the Mainland have to convert their business from "contract processing" to "import processing" to tie in with the national policy on upgrading and transformation. As a result, they can no longer enjoy the depreciation allowance for machinery in Hong Kong. But in fact, there has not been too great a change in their operation, or there is basically no change at all in their operation. If they are hence made to pay additional tax, it will indeed be unfair to them. Many enterprises have reflected this situation to us, and we have repeatedly conveyed their views to the Government. The Administration has explained that if section 39E of the Inland Revenue Ordinance is relaxed, the completeness of the anti-avoidance provisions will be compromised and loopholes for tax avoidance will easily arise, thus resulting in the loss of a considerable amount of tax revenue. I, however, believe no legislation is unalterable, because all legislation should be suited to the actual circumstances at the time. They cannot be kept intact and unchanged, and they cannot remain stagnant all the time. President, over the past two days we spent a great deal of time discussing constitutional reforms, and the constitutional reform package has been passed. The motions on the methods for the selection of the Chief Executive and the formation of the Legislative Council have been endorsed. I

think nothing is unachievable. Like the constitutional reform package, the Inland Revenue Ordinance should be able to move forward as well. I, therefore, urge the Secretary once again to reflect the situation to the relevant parties for them to consider whether further consideration can be made in this respect in the light of the requests made by the enterprises. I also hope that the Joint Liaison Committee on Taxation can complete the relevant studies expeditiously. As far as I understand it, the representatives of the two chambers of commerce have been invited to be its members and observers. I, therefore, hope that they can complete the relevant report as soon as possible, so as to break the news of moving forward for Hong Kong businessmen.

SMEs in Hong Kong are actually faced with cash flow problems. The Secretary accepted our proposal earlier and has submitted it to the Financial Secretary, proposing the extension of the Special Loan Guarantee Scheme to the end of the year. This aside, there is still a standing loan guarantee scheme and I hope the Secretary can examine how this scheme can be improved to provide assistance to SMEs. As I said on a previous occasion, there were some changes in its form during the financial tsunami. I hope the Secretary can bring some good news to the industries as soon as possible.

Lastly, I hope that Hong Kong-Guangdong co-operation will bring good news to the industrial and commercial sectors in Hong Kong in more aspects as soon as possible. President, I so submit.

MR VINCENT FANG (in Cantonese): President, during yesterday's debate on the method for the formation of the Legislative Council in 2012, when Mr LEE Cheuk-yan responded to my speech, he said that I opposed the nutrition labelling system because I represented the wholesale and retail sector. I absolutely disagree with this because this is closely related to my proposed amendment to the motion on "Assisting the sustainable development of small and medium enterprises". For this reason, I wish to give a response here.

Mr LEE Cheuk-yan did not join the Subcommittee relating to nutrition labelling, so he does not know the actual situation. First, my sector and I do not oppose nutrition labelling. We only hope that the Government would not devise a nutrition labelling system that is unique to Hong Kong because the size of the Hong Kong market is small and overseas food manufacturers may not devise a

specific testing and packaging system for the goods of Hong Kong. Therefore, importers are concerned that Hong Kong's nutrition labelling system, which even surpasses the standards in western countries, will ultimately present obstacles to new products, in particular, new health food products, in entering the Hong Kong market and may even cause certain food products to be withdrawn from the Hong Kong market due to their failure in meeting the requirements in Hong Kong. With our persistent efforts, we have eventually succeeded in securing some exemptions.

These measures will not affect large retailers at all because their sale and purchase volumes are both quite large. If one wants to sell products to them, one has to meet the government requirements or these retailers will not stock these products.

In that case, who will suffer and be affected? The party who stands to lose the most is the general public in Hong Kong because food importers do not want to go through a lot of troubles, nor do they want to go out of business, so they will only choose to stock the food products that are already selling quite well. Therefore, the import of new products may be reduced and the choices of the public will be greatly reduced.

Many SMEs are struggling for survival in the middle of the business wrangles among large corporations. They have to rely on the sale of fine food products, and those products for which the demand is so low that large chain stores would not stock. Or they have to help patients who have special dietary needs to procure such products globally, so that these patients can also enjoy great delicacies. At present, certain types of food products are simply forced out of the market because even if the shops concerned are willing to continue to place orders for you, it will be necessary to pay an extra \$345 each year for each kind of product.

President, I am not exaggerating. A recent report has pointed out that at least 10% of food products will be withdrawn from the Hong Kong market and all of them are the so-called health food, since all along, the sales of this kind of products are on the low side. If Honourable colleagues do not believe this, we may go to visit these "midget" retail shops after the nutrition labelling requirements come into effect on 1 July to look at their plights.

In fact, before formulating the nutrition labelling requirements, the Government had carried out an assessment which showed that some SMEs would not be able to survive. Did the Government do anything about this issue? The answer is in the negative. The Government consulted the sector before drawing up the legislation, and the sector also suggested ways to facilitate their adaptation to the new legislation. However, the Government's consultation exercise was only window dressing and it did not listen to the views of operators. As a result, officials without actual business experience worked on this piece of legislation behind closed doors and they even criticized the sector for being unwilling to implement the requirements. President, do you think that it is very easy to start up a business? If these requirements are feasible, how would these people allow their business to fold up?

For this reason, I often say that the Government's legislation poses no problem to multinationals and it is the SMEs that take the brunt. Not only do SMEs bemoan the fact that they are not financially robust and influential enough, they also complain that the Government excludes them from every "giveaway initiative", not offering support to SMEs at all. For example, in the Budget released early this year, an exemption from business registration fees was offered but hawkers who did not have to pay business registration fees were not entitled to the concession. In view of this, I of course support the motion on "Assisting the sustainable development of small and medium enterprises" moved by Dr LAM Tai-fai today because I have also been lobbying hard for many years. Now, with the support of more Honourable colleagues, I hope this matter can attract the attention of the Government. Just now, two Honourable colleagues have pointed out the importance of SMEs to the Hong Kong economy. In fact, the equilibrium in a commercial society must be maintained if a society has to be healthily sustained; which includes narrowing the gap between the rich and the poor and promoting the sustainable development of society. Many Honourable colleagues have said that the widening gap between the rich and the poor is related to the failure to raise the quality, the level of education and the production skills of a segment of our population. However, if we want to change this phenomenon, we can by no means rely solely on providing more welfare benefits and "giving handouts". Some Honourable colleagues had also mentioned that the key factor was the provision of "incentives". When promoting the implementation of a minimum wage to the business sector, the Government said that the level of minimum wage must be higher than CSSA payments for it to be

attractive. In my opinion, the most important thing is the provision of opportunities in starting up businesses and getting rich in Hong Kong if the problem of wealth disparity is to be improved. As the saying goes, "One will never be able to climb up the social ladder working as a wage earner".

Although my business is on the track now, I have also started off by operating a shop under a staircase in Causeway Bay. At that time, the business environment was more liberal and there were many opportunities in society. Many people used their savings to try and start up their businesses. They worked around the clock, giving full play to the combatant spirit of Hong Kong people, and creating one legend of success after another. Perhaps due to the fact that I am older now, it is inevitable that I would think of the old days and consider the old days far better than the present. In Hong Kong nowadays, not only are the spirit and conditions that encourage entrepreneurship gone, even our original advantages have been eroded. Just now, two Members, Dr LAM Tai-fai and Mr Jeffrey LAM, both said that the Hong Kong Government used to offer a 50% depreciation allowance for the machinery and plant of Hong Kong companies on the Mainland if the companies engaged in contract processing and the products of which were exported through Hong Kong. At present, due to changes in the investment environment of the Mainland, these companies have changed to sole proprietorship, and are no longer entitled to this concession. Members must not think that enterprises that can make their way into the Mainland market are always large ones. In fact, among them, there are quite a number of SMEs and cottage factories that produce brand logos, stockings, printed materials, and so on, and these products are supplied to manufacturers, garment factories and retailers. However, in order to prevent tax avoidance by these companies, the Government has penalized all of them indiscriminately. President, basically, taxation policies are initiatives that the Government habitually uses to support the development of enterprises and sustain economic development. I believe all university textbooks would say so. However, I do not know why our Secretary, who used to be a university professor, does not understand this point.

Yesterday, when debating the constitutional reform proposal, some Honourable colleagues said that a vote in favour of the proposal was tantamount to casting a vote of confidence, trusting that the SAR Government was moving towards democratization gradually. Since we have cast a vote of confidence in the future of Hong Kong, why is it that the Government has not displayed equal

confidence in Hong Kong's factory operators who have been supporting Hong Kong all along? Why should the Government worry about tax avoidance by Hong Kong's factory operators? President, I think the Government should not regulate us all the time, but should support us instead. The Government is worried that offering the business sector small favours would be accused of collusion between the Government and the business sector. I implore the Government not to belittle the intelligence of Hong Kong people. If we want to see upward sustainable development of society and the economy, we need the support from the Government. I hope the Government can repay its gain from society back to society, and promote the continual development of Hong Kong. Thank you.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am very grateful to Dr LAM Tai-fai for moving this motion today.

Small and medium enterprises (SMEs) are certainly an important economic pillar of Hong Kong because there are more than 280 000 SMEs in Hong Kong and they employ nearly half of the local workforce. Precisely for this reason, the Government has always been striving to create a sound business environment for enterprises and assist SMEs in their healthy development.

All along, Hong Kong has been noted for its simple taxation regime, superb judicial system, sound infrastructure facilities, free flow of information, free competition environment and talents with global visions. For this reason, for 16 years in a row, Hong Kong has been rated by the American Heritage Foundation and the Wall Street Journal as "the freest economy in the world". And, in the World Bank's Doing Business 2010 Report, Hong Kong is also given the third ranking in the whole world. All these fully demonstrate the international community's recognition and approval of Hong Kong's superb business environment.

Naturally, the success of Hong Kong also owes itself to Hong Kong people's entrepreneurial and combatant spirit. With their strong determination to seek self-improvement and meet new challenges, Hong Kong people have managed to create a brave new world in their careers. Since Hong Kong is a free and open economy, it is susceptible to external influences. As a result of

the financial tsunami in 2008, we have undergone a period of severe adversities. With the stabilization of the external economic environment, as well as the Government's swift action of putting in place a basket of measures under the strategy of "stabilizing the financial system, supporting enterprises and preserving employment", Hong Kong's Gross Domestic Product (GDP) has moved back to the ascending track since the fourth quarter of last year. And, our GDP in the first quarter of this year even recorded a year-on-year increase of 8.2%. This is a very encouraging phenomenon.

Admittedly, we have already seen the financial tsunami at its worst, but we also note a recent increase in unfavourable external factors, such as the European debt crisis, the RMB exchange rate pressure, the rise of trade protectionism and the recent increase in wage pressure, and so on. All these factors may lead to fluctuations in the course of our economic recovery. Therefore, the Government has been closely monitoring the situation and will review its existing policies at appropriate times, so as to provide enterprises with suitable assistance as much as possible.

As a matter of fact, the Special Administrative Region (SAR) has been assisting various industries in business development and market exploration through various channels and in various aspects. On the one hand, we take part in the World Trade Organization and the Asia-Pacific Economic Co-operation in a bid to protect the interests of Hong Kong's external trade. On the other hand, in the light of new changes and trends in global trade, we also seek to conclude economic and trade arrangements with a greater number of trade partners. The SAR Government will continue to intensify and implement CEPA, with a view to assisting Hong Kong enterprises in opening up the vast mainland market.

Under the principle of "Market Leads, Government Facilitates", the Government has launched various assistance schemes for SMEs. The aim is to assist SMEs in their transformation and upgrading in such areas as credit provision, market promotion, technology upgrading, design and innovation.

President, the Government has been maintaining close contacts with the industries, chambers of commerce of SMEs, various bodies and organizations and also the Legislative Council, in a bid to share and listen to their advice and suggestions. In response to their aspirations, we have also been reviewing the policies of the Government and its specific support measures. It is hoped that

we can thus support the development of SMEs and meet their needs, and that we can join hands with them to face the opportunities and challenges in the future. I shall first listen to Members' views before giving a further reply.

Thank you, President.

MR JAMES TO (in Cantonese): President, first of all, regarding economic policies, the Democratic Party basically advocates that economic activities should be decided by the market as far as possible. It is unnecessary for us to arbitrarily pick winners for the market. In order to achieve fair competition, the Government should introduce legislation to regulate and make appropriate intervention only when necessary. In case market operation fails to fully cope with the external situation, the Government should draw up appropriate economic tools, such as taxation and reasonable subsidies, so as to ensure that equilibrium in economic effectiveness can be attained efficiently. On the premise of sustainable development, economic policies should also take the balance between society and the environment into account. In order to enhance Hong Kong's competitiveness in the international arena, the Government should strengthen the infrastructure of various hardware, software and manpower. With globalization, the Government should promote co-operation between Hong Kong, the Mainland and the neighbouring regions on various fronts, so as to foster a complementary and multi-win situation.

President, Hong Kong has all along been maintaining a simple tax regime and a low tax rate. In my opinion, there is still room for improvement in our existing tax regime. Since the introduction of the reform and opening-up policy by our country in 1978, in order to cut costs, many small and medium-sized factories in Hong Kong have moved their production line to various municipalities in the Mainland for contract processing and assembling of imported items. Therefore, the tax regime in Hong Kong should also be revised in the light of the actual situation, so that our taxation policies can be more reasonable and fairer. The Democratic Party therefore suggests that section 39E of the Inland Revenue Ordinance be amended to the effect that enterprises engaging in "import processing" are entitled to depreciation allowances for machineries and plants installed outside Hong Kong.

Nurturing talents is one of the relatively great problems for small and medium enterprises (SMEs). Moreover, Hong Kong is increasingly concerned about environmental protection. Therefore, I suggest that the Government should improve the tax regime, so as to encourage SMEs to train their staff and conduct green production. The proposed tax deductions include costs incurred by companies in staff training and the purchase of green facilities. They can deduct such costs from their taxable profits and the amounts so deducted should double the original amounts, so as to encourage companies to provide on-job training for their staff and protect the environment.

President, we also propose that the Government should play a more active role to support SMEs. First of all, the Government should settle the bills within 30 days after procuring services, so as to ease the pressure of cash flow on SMEs. Secondly, under the principle of not affecting the existing establishment, the Government should procure more professional services from SMEs. Lastly, if it is technically necessary and procedurally feasible, the Government should split its projects into smaller ones and contract them out to SMEs. Such measure will not violate the World Trade Organization Agreements.

Moreover, a level playing field is also very important to SMEs. Taking the convention and exhibition industry in Hong Kong as an example. Over the past years, many large-scale international conferences and trade exhibitions have been held in Hong Kong, giving rise to the establishment of many companies which organize trade exhibitions and conferences. However, in recent years, the larger-scale conferences and exhibitions have been organized mainly by the Hong Kong Trade Development Council (TDC), which is a quasi-government organization. Some members of the trade even point out that TDC has throttled the room for survival of local exhibition companies. At present, many exhibition companies of small and medium scale have either withdrawn from the Hong Kong market or planned to move to the Mainland for development.

Calculating on the basis of exhibition areas sold in 2008, the market share of the TDC stood at 45%, which was far higher than that of other large-scale private exhibition companies. The TDC, being the owner of the Convention and Exhibition Centre in Wan Chai, receives subsidies from the Government to cover its costs each year. Moreover, being a quasi-government organization, the TDC has overwhelming competitiveness in the exhibition market. Large-scale exhibition companies complain that their exhibitions have been plagiarized and

there is no prospect for their operation. Worse still, exhibition companies of small and medium scale allege that they have encountered great difficulties in renting the Convention and Exhibition Centre in Wan Chai for holding trade exhibitions. Honourable colleagues have mentioned this point just now. Under such a situation, how can exhibition companies of small and medium scale survive? The Government has plans to introduce a Competition Bill to this Council in the coming legislative session. I consider it an accurate move. However, I hope the Government can expedite the introduction of the legislation and extend its scope, so as to ensure fair competition. Basically, we do not agree that government or quasi-government organizations should be exempted from this competition law.

The Democratic Party will support the original motion moved by Dr LAM Tai-fai as well as the amendments proposed by Mr Jeffrey LAM and Mr Vincent FANG. Regarding (c) and (d) of Mr Vincent FANG's amendment, the Democratic Party has to stress that when providing investments, inputs and subsidies to SMEs, it is imperative that the Government should refrain from excessively intervening the free operation of the market. Moreover, it should provide appropriate subsidies only when necessary.

MR RONNY TONG (in Cantonese): President, small and medium enterprises (SMEs) are undoubtedly an important pillar of the economy of Hong Kong. According to the information provided by the Trade and Industry Department (TID), there are 280 000 SMEs at present. SMEs constitute 98% of business establishments in Hong Kong and provide 50% of the total employment in the private sector. Therefore, it is certain that the development and performance of SMEs are closely related to the economy of Hong Kong.

President, given that SMEs are so important, what efforts have been made by the SAR Government and SMEs themselves in order to enhance their competitiveness?

President, overall speaking, we observe that the SAR Government as well as the employers and shareholders of SMEs have a blind spot in respect of economic development. Let us take a look at the Government first. It mainly relies on the Support and Consultation Centre for SMEs (abbreviated as SUCCESS) under the TID, which is dedicated to providing business information and consultation services to SMEs, including entrepreneurs. At the same time,

the Government has also launched a number of subsidy schemes to assist SMEs in Hong Kong to secure financing, so that they can procure plants and equipment, meet their demand for operating capital, explore markets outside Hong Kong and enhance their overall competitiveness. Surprisingly, there are as many as 19 types of such subsidies in total.

How can these subsidies assist SMEs? President, we of course cannot trivialize the effects of these subsidies. However, we can make reference to some statistics. According to the latest newsletter issued to SMEs by the TID, in order to resolve the problem of tightening trade credit in the wake of the global financial crisis, the Government has launched a time-limited Special Loan Guarantee Scheme after obtaining the approval of the Legislative Council in December 2008. As at May this year, more than 32 000 applications have been approved, involving an amount to the tune of over \$78 billion. However, as the total loan guarantee commitment under the Scheme is \$100 billion, the Scheme is still in operation. Apart from providing funds and concessions, the Government does not implement any other policy in this regard.

As far as SMEs are concerned, we very often hear the following remarks made by Members representing the business sector in this Council: "We should provide subsidies, loans and taxation concessions for SMEs." But very regrettably, the Government and SMEs have a blind spot. Both of them are only concerned about Hong Kong's external economic viability, overlooking the most important element of Hong Kong itself, that is, its competitive edge in the internal market and the adequacy of its policies.

President, simply put, all enterprises need to rely on other SMEs for services, spare parts, products and energy. If these elements have sufficient competition in the market, the costs will definitely decrease accordingly. As such, the overall economic competitiveness can be enhanced. In other words, apart from providing financial subsidies and taxation concessions, if the Government is really sincere in promoting Hong Kong's competitive edge in the internal market, it should enhance the overall competitiveness, because this will bring in a lot of benefits. But very regrettably, the Government simply adopts some sort of stalling tactics and is reluctant to introduce fair competition legislation to the Legislative Council for scrutiny.

Moreover, there is also a very strange phenomenon in the business sector. Although I have been doing my utmost to promote the introduction of fair

competition legislation, at least during my office as a Member of the Legislative Council over the past six years, the business sector is extremely reluctant to accept such legislation and even objects to it recently. President, in fact, such a situation is really mind-boggling, which will never occur in other countries or economies. Why is it the case? President, fair competition legislation, as implied by its name, is not targeted at SMEs. Generally speaking, SMEs will not become the target of fair competition legislation. It is because the definition of such kind of legislation will only cover those enterprises which are monopolizing the market. Control will only be imposed when their acts are sufficient to affect the extent of market competition. As far as the definition of SMEs is concerned, individual SMEs will not affect their own market in general. No matter what actions SMEs have taken, it is very rare for them to affect the overall competition in the market. In view of this, this piece of legislation can indeed help safeguard the competitiveness of SMEs. As such, why do SMEs in Hong Kong object to it unanimously, giving an excuse for the Government to drag on its work of introducing such legislation? President, I believe that the leaders and political parties in the business sector should bear a very great responsibility in this regard. It is necessary for them to explain the merits of this legislation to SMEs.

President, there are in fact many examples in Hong Kong, showing that in the absence of a level playing field, our competitiveness has been hampered. Taking the Link REIT as an example, the rental is not subject to any control as it has monopolized most of the shopping arcades. There is not adequate competition regarding the supply of shops in shopping arcades. Moreover, the same situation is found in respect of energy supplies. In the absence of market competition, the overhead costs, such as the costs of petroleum, electricity or gas, have pushed up the costs of business operations.

President, it is unnecessary for the Government to spend a lot of money. All it needs to do is to adjust its policies in this regard, so as to create a business environment which is full of *(The buzzer sounded)* genuine competition. That can really help SMEs.

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

MS AUDREY EU (in Cantonese): President, as mentioned by Mr Ronny TONG just now, small and medium enterprises (SMEs) are in fact the economic pillar of

Hong Kong. Over 98% of commercial entities are SMEs. Moreover, I hear that Mr Vincent FANG has mentioned in his speech just now the difficulties he had encountered in starting up business. He thought that the present situation was less favourable than that in the past. Of course, the global environment has changed, and such situation is not merely attributed to the policies adopted by the Hong Kong SAR Government. For example, with the financial crisis and the tightening of trade credit in the world as well as the debt crisis in Europe, the economies in Europe and the United States have become very weak and their consumption has been decreasing, leading to a decline in external demand. Those SMEs relying on exports to Europe and the United States are inevitably facing such pressure.

Apart from those complicated challenges externally, there are also a lot of problems internally. For example, business costs in Hong Kong have been soaring, in particular the high land premium. The rentals of shops and warehouses are very expensive. Let us take a look at the figures of the first quarter of this year. Shop rental per square foot in Hong Kong ranks the third in the world, trailing just behind Sydney and New York, while warehouse rental ranks the fourth in the world. Therefore, as we can see, Mr Peter CHAI, President of the Hong Kong Small and Medium Enterprises General Association, was very pessimistic in an interview, saying that nearly 50% of its member SMEs found it difficult to continue their operation and had plans to wind up their businesses in the coming one or two years.

Although the SME Loan Guarantee Scheme launched by the Government can assist some SMEs to meet their urgent financial needs, many enterprises in Hong Kong are still on the verge of closure. This is not simply a cash flow problem. In line with local and international developments, these enterprises have to examine how to transform, add value to their products and develop high-end technology industries, so as to compete globally with other regions.

President, I subscribe to a point made by Mr James TO in his speech just now in that what the Government can do is very limited. Under many circumstances, the Government can, at most, uphold impartiality in its policies, such as introducing fair competition legislation. However, if the Government offers assistance to a certain trade, it will certainly be accused of colluding with the business sector.

However, President, I wish to talk about the environmental industries and the innovation and technology industries in particular, for they are the six industries promoted by the Government. In view of this, it is advisable for the Government to consider adopting a practice which is different from that adopted for other enterprises in general, so as to provide more assistance.

Let us take a look at the situation faced by Mr LAM of the Hop Shing Paper and Metal Company. According to him, the recycling industry is facing four major problems, namely high operating costs, high salaries, high transportation fees and severe competition. The price of recycled aluminum cans is affected by external factors. When the price is low, the effectiveness of recycling will be reduced accordingly. With such a high risk, the development of the recycling industry is hampered. As we can see, there is a recycling company of waste tyres in Phase I of the EcoPark, but its tenancy has been terminated due to defaults in rent payment. Moreover, many tenants say that as they either do not meet the requirements under the Fire Services Ordinance or are not familiar with such requirements at all, they have to seek assistance from the Government. But what experience has the Government gained in this regard?

Moreover, in order to complement the development of the Kai Tak promenade, the Government has advised that the Kwun Tong Public Cargo Working Area (PCWA) has to be decommissioned upon expiration of the agreement in 2011. There are 16 berths in this PCWA for tenants to load and unload their cargoes. Among them, 12 tenants are paper recyclers, involving the livelihood of 80 000 workers. Apart from Kwun Tong, Cha Kwo Ling is also an important base for the recycling industry to recycle mainly waste iron, copper and aluminum. After the closure of the Kwun Tong PCWA, the Cha Kwo Ling PCWA would also be cleared. About 30 recyclers in the district will be forced to move away. However, the Government has not come up with any policy to help these affected recyclers, such as identifying sites for cargo working areas. Therefore, we often wonder if the Government is really determined to promote the six industries. In particular, are there adequate complementary measures to support the environmental industries and the recycling industries? Seemingly, no such measure is available.

Moreover, regarding the innovation and technology industry, our most famous product, "MyCar", has to rely on exports to external markets. Realizing that "MyCar" is so popular in the United States and European markets, the

Government then hastily considers if it is necessary to offer some assistance to "MyCar".

Therefore, President, I wish the Government can understand that we cannot take special care of each trade. However, as far as the public interest in Hong Kong as a whole is concerned, the environmental industries and the innovation and technology industries, in particular, do have edges in Hong Kong. Moreover, the testing and certification industry is another industry with edges in Hong Kong. We have discussed this issue for a while and the Government has also proposed the development of the six industries for a long time. However, the Government has not taken any complementary measures. Therefore, with the motion debate proposed by Dr LAM Tai-fai and the two amendments today, I hope the Government can tell us the complementary policies in this regard. Moreover, I hope it can also give us a response in respect of manpower training, land supply and the tax regime.

President, of course, I fully subscribe to the point about fair competition as highlighted by Mr Ronny TONG just now. This is also a very important piece of legislation for SMEs. Taking the Link REIT as an example, the markets, car parks and shopping arcades under the Housing Department have all been turned into the private property of the Link REIT. This is also a kind of monopolization. When promoting the referendum campaign in five geographical constituencies during the last couple of months, we learnt that many small shops being suppressed by the Link REIT felt strongly about the prevalence of social justice. These problems are in fact attributed to our system and the Government's policies. Therefore, I hope the Secretary can, in her reply later, tell us how to develop these six industries and curb monopolization by these large enterprises.

Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr LAM Tai-fai, you may now speak on the two amendments. The speaking time limit is five minutes.

DR LAM TAI-FAI (in Cantonese): First of all, President, I wish to thank Mr Vincent FANG and Mr Jeffrey LAM for proposing amendments to my motion.

Although Members' views are not unanimous, they all urge the Government to more actively and comprehensively assist the SMEs to develop their business in a healthy and sustainable manner, and to provide them with a desirable business environment so that the unemployment rate will then go down.

I certainly hope that the Government can give due consideration to our views and expeditiously assist the SMEs to tackle their problems in the near future, and formulate long-term policies to support the long-term survival of SMEs.

I agree with Mr Jeffrey LAM's amendment. As a matter of fact, green production and developing emerging markets are the prevailing trends of the global economic development. The SAR Government should make an early plan to assist the SMEs to adapt to these new trends so as to maintain their strong competitiveness.

Just now, Mr Jeffrey LAM mentioned CEPA and the Framework Agreement on Hong Kong/Guangdong Co-operation, and I have also repeatedly said that CEPA is a blessing from our motherland, a gift to us every year. Its content is different and its coverage is expanding every year. Thus, we have to treasure the golden opportunity our country has given us. In fact, CEPA has brought about major business opportunities for local enterprises. However, as we have repeatedly said, the most important point is that, while the big door is now opened, many small doors are still closed.

As I mentioned just now, Hong Kong businessmen and SMEs are often beset by the problem of how to develop the domestic sales markets in the Mainland and how to open these small doors by upgrading and transformation. If these small doors cannot be opened, CEPA can at best be a direction. Speaking of these small doors, honestly, the Mainland government has already formulated a number of policies, but the SAR Government has done relatively

little. For instance, I have persistently insisted that the Government should seriously consider and expeditiously deal with the following issues: section 39E of the Inland Revenue Ordinance, the 50:50 apportionment basis and the 183-day threshold.

I very much agree with Mr Vincent FANG's amendment, in particular his proposal of implementing an "accommodative taxation policy". This idea is very much the same as mine because Hong Kong's strongest competitive edge lies in the simple and low tax regime. This tax regime can attract more people to make investment here and encourages more SMEs to make investment here. I hope the Government can address this issue.

I hope that when the Secretary speaks later, she will not tell me again that she has already relayed my views on the tax issue to the Secretary for Financial Services and the Treasury and that the Joint Liaison Committee on Taxation is examining this issue, and then ask me to wait a further while. In fact, we know that the Secretary for Financial Services and the Treasury and his Permanent Secretary Miss CHOI have maintained close and frequent contacts with SMEs. Frankly, they are welcomed by SMEs, or if mushily put, they have earned the favour of SMEs because the two of them frequently communicate with us. The two of them have done a particularly good job on the provision of loan guarantee schemes, which have helped SMEs a lot. In this connection, I hope the Secretary can relay this matter to Secretary Prof K C CHAN. In fact, Mr Vincent FANG and I have strived to meet him to relay this matter to him, but we start to feel dejected. Why? Because when there are problems with SMEs, the unemployment rate will go up; if SMEs close down, the problem will ultimately be brought to your Bureau and the Secretary will then have a headache. The present situation is that: one Bureau supports our idea while the other Bureau does not. Such being the case, we cannot work out a solution. I hope the Secretary can help us conduct an interdepartmental discussion forum on this matter and rescue the SMEs. This is the first point I wish to raise.

In addition, I echo Mr Vincent FANG's proposal of "further perfecting manpower training programmes to enhance the quality of manpower resources", because competition between countries is actually competition for talents, and competition between societies and competition between enterprises are also competition for talents. Ultimately, talents are of utmost importance. The

vibrant development of Hong Kong in the past rested mainly with our talents. But the present problem is that talents in Hong Kong start to lag behind those in other countries, or our talents fail to meet market needs. I thus echo Mr Vincent FANG's proposal of further upgrading our manpower. This is a task which has to be done; otherwise, the competitiveness of Hong Kong will be jeopardized in the long run.

In the past two days we have debated the constitutional reform package which is now passed and there should be less or no more wrangles for the time being. I hold that it is high time for the Government and Members to devote our energy to the problems in front of us, including those concerning the economy, the development of enterprises, the SMEs and people's livelihood. I hope that in the coming days we will strive to get these jobs done, so that people can live in peace and work in contentment under the roof of a decent home.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I thank Members for expressing valuable views on how to assist the sustainable development of SMEs today. The views and proposals put forth by Members who have spoken just now cover extensive topics and I have jotted them down. I may not be able to respond to each and every one of them, but I will try to make a general response to the views expressed by Members just now.

In the face of an ever changing global economy with increasingly fierce competition, today is the high time for us to think about how to respond to the situation and debate with foresight the strategies for economic development. Asian economies are among the first to re-stabilize after the financial tsunami. Members also know that the Asian region, in particular the Southeast Asian region, will become the leading force of the economy in future. Facilitating regional co-operation with a view to identifying new business opportunities for enterprises is one of the foci of our economic development strategies. To this end, we have to enhance the radial effect of Hong Kong on its surrounding regions; and economic integration with the Mainland, in particular with the Pearl River Delta (PRD) Region, will provide sustainable development opportunities and impetus for Hong Kong. This will enhance our ability to withstand the

impact of global economic fluctuations and grasp the opportunities brought by developments in our country.

Despite the fact that our country has been overshadowed by the financial tsunami, its GNP last year still managed to record an outstanding increase of 8.7% under its policy of speeding up infrastructural development and stimulating domestic demands, which has entrenched its status as an emerging economic power. In January 2009, the National Development and Reform Commission promulgated the Outline of the Plan for the Reform and Development of the PRD (the Outline), with which Members are very familiar; and in the Outline, the development of PRD region has been elevated to the level of a national development strategy.

In order to translate the Outline's macro directions into concrete economic co-operation policies, Hong Kong and Guangdong has signed a Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement). A number of Members just now also mentioned this Framework Agreement. The positioning of the Framework Agreement precisely seeks to promote joint socio-economic development in Hong Kong and Guangdong to create a new world-class economic zone. Apart from specifying Hong Kong's position as the leading financial system, the Framework Agreement also highlights the competitive edge of Hong Kong's service industries and Guangdong's manufacturing industries, such that Hong Kong and Guangdong together can build an advanced global manufacturing and modern services base. Several Members mentioned about how to assist SMEs in their upgrading and transformation. One important point is how we are going to assist SMEs to be self-reliant and to strengthen their competitiveness. Tapping the Mainland's domestic sales market is indeed an important policy direction.

The SAR Government is very concerned about the operation of Hong Kong-owned enterprises in the Mainland, including the recent salary increase and the problem of manpower supply. It is thus very important that we capitalize on the economic development prospect offered by the Outline.

Dr LAM Tai-fai and Mr Jeffrey LAM mentioned CEPA just now. As a matter of fact, CEPA is an indispensable channel for Hong Kong-owned enterprises to tap the mainland market and develop their businesses. Signed in end of May, Supplement VII to CEPA further opens up the service and

commodity markets. It includes over 280 trade facilitation and liberalization measures, covering as many as 44 services and trading sectors. I wish to provide some statistics for Members' reference. Among enterprises which have successfully applied for a Certificate of Hong Kong Service Supplier, over 70% are SMEs. Apart from operating the approved services trades in the Mainland as prescribed under CEPA, SMEs can also operate retailing, catering and import and export trades in the form of individually owned stores under CEPA. According to the statistics provided by the State Administration for Industry and Commerce, as of last year end, Hong Kong residents have set up over 3 600 individually owned stores in different parts of China, in which 80% are set up in Guangdong province.

Apart from developing the mainland markets, the SAR Government also strives to break down trade barriers and counteract trade protectionism for Hong Kong enterprises at multilateral negotiations in the international arena. By signing free trade agreements with individual economies at bilateral trade negotiations, we assist Hong Kong enterprises to access more overseas markets. Members also know that we have signed a free trade agreement with New Zealand in March this year and have commenced negotiations on a free trade agreement with the European Free Trade Association.

We have just mentioned the need to tap the emerging markets. This is certainly one of the foci of our work. Speaking of the work of the Hong Kong Trade Development Council (TDC), assisting Hong Kong enterprises, in particular SMEs, is indeed an important responsibility entrusted to the TDC by the public. Thus, the TDC plays a pivotal role in stepping up promotion of the emerging markets. In 2010-2011, the TDC will organize different industry-specific business missions to emerging markets in ASEAN countries, Mexico and Brazil in Latin America, as well as Russia. It also plans to stage its "Lifestyle Expo" in India and Warsaw of Poland. The TDC will continue the operation of its "Buyers Sponsorship Programme", so as to invite overseas buyers to attend trade fairs in Hong Kong and assist Hong Kong SMEs to enter into trade talks with more overseas buyers.

When it comes to trade and exhibition, Dr LAM Tai-fai just now emphasized the need to assist new enterprises. In this connection, I am delighted to share with Dr LAM the latest information. We have just held a

discussion on this issue with the TDC and we have formulated a specific project, that is, in the coming exhibitions organized by the TDC, some exhibition booths will be reserved for companies which have never had an opportunity to participate in such exhibitions; in particular, special arrangements will be made for new companies under the project. It is also very important to provide information to enterprises. Thus, we strongly support the production of guidelines and strategies on China's domestic sales markets by the TDC. Also, research reports on relevant regions produced by the TDC also provide crucial information for enterprises to understand individual markets. Apart from publishing the above information, the TDC also provides an online business platform to assist SMEs to access mainland and overseas consumer groups.

When it comes to export trade, we certainly cannot afford not to mention the Hong Kong Export Credit Insurance Corporation (ECIC). The ECIC has taken actions against the financial tsunami. I owe my thanks to Mr Jeffrey LAM, the then Chairman of ECIC Advisory Board, who has taken prompt actions to complement the government's policies to increase insurance protection for exports to eight emerging markets. To answer Dr LAM Tai-fai's question, apart from the emerging overseas markets, the ECIC also signed a Memorandum of Understanding with the China Export and Credit Insurance Corporation in October 2009 to strengthen services for Hong Kong-owned enterprises in the Mainland.

As for the business environment, the SAR Government will continue playing the role of a market facilitator, so as to safeguard Hong Kong's competitive edge which is widely recognized by international communities. On the basis of this sound foundation, the Government will frequently review Hong Kong's current business environment; for instance, whether our existing regulatory procedures are still appropriate and whether they need to be streamlined; and whether the transparency and efficiency of our licensing services should be enhanced. We will maintain close contact with the business sector and they are welcomed to express their views for our consideration.

Mr Ronny TONG and Mr James TO talked about the drafting of the Competition Bill just now. A free and fair playing field is undeniably an important cornerstone to the success of Hong Kong's economy. We will certainly spare no effort to take forward sustainable competition, enhance

economic efficiency and promote free trade, so as to bring benefits to both the business sector and the consumers. We are now working vigorously on the drafting of the Competition Bill with the target of introducing the Bill to the Legislative Council within the current legislative session.

With regard to the specific supportive measures, I believe Members are very familiar with them and I do not want to repeat them here. Since the introduction of funding schemes for SMEs, a large sum of subsidies has been approved, benefiting many SMEs. I will not repeat myself, but I believe there are several aspects that merit our consideration.

Dr LAM stated just now that we should develop our brands. Over the past two years, the SME Development Fund has allocated grants of more than \$3.4 million to support a number of projects relating to the development and promotion of Hong Kong brands, including the setting-up of showrooms in large-scale exhibitions to showcase Hong Kong products. Last year, the Trade and Industry Department (TID) and TDC jointly organized a high-level conference entitled "Brand-building — Opening up the Ten Trillion Mainland Domestic Market", during which entrepreneurs who have successfully tapped the mainland market were invited to share their business experience, and professionals were also invited to speak on topics such as distribution channels in the Mainland, labour laws, customs declaration and taxation, and so on. We will continue to organize similar events for entrepreneurs to share their valuable practical experiences.

Although the schemes I mentioned just now are in smooth operation, we will make appropriate adjustments if necessary. For instance, in order to counteract the financial tsunami, we have optimized the regular Loan Guarantee Scheme and launched a \$100-billion Special Loan Guarantee Scheme. I can assure Members here that exit arrangements are necessary with the subsiding of the financial tsunami. Before the expiry of the Special Loan Guarantee Scheme by the end of this year, we shall conduct a careful assessment and review of the Scheme, and there will be ample time for banks and enterprises to make adjustments to a new loan guarantee scheme. It is hoped that the new scheme can assist enterprises to tackle their financing difficulties.

Apart from offering support to enterprises, another fundamental boost to them is self-reliance. Hence, we encourage enterprises to enhance their production techniques and product quality, and add values to the enterprises with

innovative designs. These are ongoing efforts which need to be made. The Government has also launched a number of supportive measures to cope with their needs, including the establishment of the Innovation and Technology Fund as well as the Research and Development Cash Rebate Scheme and the DesignSmart Initiative. The latter two have received overwhelming support from Members. The Government has reserved \$5.4 billion to implement these schemes, and according to information available now, more than 631 enterprises have benefited from these schemes so far.

Mr Jeffrey LAM urged the Government to put in more efforts on promoting green production. The Government has also allocated resources to this end. As Members may also remember, we have approved the funding of \$93 million for the launching of the Cleaner Production Partnership Programme. This Programme seeks to encourage and assist Hong Kong-owned factories in PRD region to adopt cleaner production techniques and mode of operation, which is in line with the national policy. To protect the environment, we must strive to meet new technical requirements. Under this Programme, more than 1 800 applications have been approved and one-third of them are already in operation in the Mainland, involving over \$80 billion of investment and technology transfers.

Members have mentioned manpower training as well. Manpower is certainly the key to the sustainable development of the Hong Kong economy. Hence, the Government heavily invests on local education, while at the same time adopts a lenient immigration policy to attract talents from all around the world. In the 2010-2011 financial year, over 20% of the total public spending has been earmarked for the education portfolio. Moreover, efforts such as the training provided by the Vocational Training Council, courses offered by the Employees Retraining Board, the implementation of the qualifications framework as well as the funding from the TID under the SME Development Fund for different enterprises to organize manpower training courses, all work towards the same aim and end, and that is manpower investment. It is hoped that these efforts can enhance and stabilize the competitiveness of our manpower.

A number of Members have mentioned the tax issue. I am thus duty-bound to respond to it. Mr Vincent FANG, although this issue does not fall under my portfolio, I fully understand that this policy will affect the operation of all enterprises as well as the economy of Hong Kong. I will definitely discuss this issue with Secretary Prof K C Chan. I then wish to respond to Dr LAM

Tai-fai. I believe you have already mentioned section 39E of the Inland Revenue Ordinance or the 50:50 apportionment basis for about 27 to 28 times. I have thus raised this issue with Secretary Prof K C Chan in person. As so many Members have expressed their views on this, I believe this issue merits the Government's attention. In this connection, I have also requested Secretary Prof K C Chan to provide an opportunity for the Commerce and Economic Development Bureau to express its views before he makes a decision. Hence, Dr LAM can be rest assured that I will not merely mention the work of the Joint Liaison Committee on Taxation as my response. I can firmly undertake that we will follow up on this issue. Mr Vincent FANG mentioned the taxation policy. In fact, a simple and low tax regime has all along been the cutting edge of Hong Kong in terms of trade and business. In meeting with different ministers of commerce, I have noted that they all envy Hong Kong very much. Hence, we have to know where our niches lie. But we certainly should not be complacent. In fact, when calculating the taxable profits, some provisions in the existing Inland Revenue Ordinance already provide a tax deduction arrangement for expenditures and spending (particularly on research and development) which have generated profits for the enterprises. In addition to the specific arrangements I have mentioned just now, I wish to point out that the Financial Secretary has also proposed in this year's Budget the extension of tax deduction for capital expenditure by enterprises to cover the purchase of registered trademarks, copyrights and registered designs. To my understanding, the Government is now working on the drafting of this amendment proposal to the Inland Revenue Ordinance. I anticipate that there will be progress in this regard soon.

President, I wish to reiterate that the Government attaches great importance to the sustainable development of SMEs. We will cautiously and constantly listen to the views of SMEs through different channels in a bid to understand more about their experiences and difficulties in doing business. The Government will make appropriate balance in hammering out the policies, so as to formulate a long-term strategy for the economic development of Hong Kong, and let the economy of Hong Kong roll forward through the healthy development of SMEs. I wish to thank Members again for participating in the debate and expressing their views on how to assist the SMEs. Thank you.

PRESIDENT (in Cantonese): I now call upon Mr Jeffrey LAM to move his amendment to the motion.

MR JEFFREY LAM (in Cantonese): President, I move that Dr LAM Tai-fai's motion be amended.

Mr Jeffrey LAM moved the following amendment: (Translation)

"To delete "given" after "That,"; to add "financial tsunami has resulted in" before "weak economies"; to add "promoting green production, deploying resources to develop emerging markets," after "financing,"; to add "and research and development" after "product exploration"; and to add "as well as make use of the Mainland and Hong Kong Closer Economic Partnership Arrangement and the Framework Agreement on Hong Kong/Guangdong Co-operation," after "manpower training, etc.,"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Jeffrey LAM to Dr LAM Tai-fai'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 Vincent FANG, as Mr Jeffrey LAM's amendment has been passed, you may now move your revised amendment.

MR VINCENT FANG (in Cantonese): President, I move that Dr LAM Tai-fai's motion as amended by Mr Jeffrey LAM be further amended by my revised amendment. The Liberal Party supports Mr Jeffrey LAM's amendment.

Promoting green production is a general trend, but I all the more hope that the Government can provide more resources and incentives to, on the one hand, assist enterprises which are still engaging in production in Hong Kong to upgrade their machines and equipment, and on the other hand, promote the development of the green recycling industry. The reason is that when waste is tackled at source, the cost involved will be the lowest. It is, therefore, necessary for Hong Kong to develop its own waste recycling industry and that is the only long-term solution. While the environmental industry requires a relatively huge amount of investment and a higher level of input of scientific research, the development of this industry will bring countless benefits without doing any harm to Hong Kong because apart from the disposal of waste, it can also promote the sustainable development of resources and the economy, and also create jobs. Members, the creation of jobs locally is of great importance. This is why I insist on adding this: In respect of the investments and inputs made by SMEs, such as scientific research, innovation and design, new market development, creation of additional employment opportunities due to business expansion, and so on, the Government must provide SMEs with incentives such as tax concessions or rebates, and so on, for enhancing the initiatives of SMEs in achieving sustainable development.

Although the Financial Secretary has, in this year's budget, proposed the allocation of \$200 million for setting up an R&D

PRESIDENT (in Cantonese): Mr FANG, you are supposed to explain the revised wording of your amendment. What you said just now is already included in your original amendment.

MR VINCENT FANG (in Cantonese): I mean that I will support it.

PRESIDENT (in Cantonese): You should explain the revised wording of your amendment.

MR VINCENT FANG (in Cantonese): Oh, OK. What I wish to say is that maintaining the existing enterprises and giving encouragement to new enterprises are equally important. So, I hope colleagues will support my revised amendment. Thank you, President.

Mr Vincent FANG moved the following further amendment to the motion as amended by Mr Jeffrey LAM: (Translation)

"To add "implement a simple and accommodative taxation policy, adopt effective measures to boost the domestic consumption market, and in respect of the investments and inputs made by SMEs which are conducive to their sustainable development, such as scientific research, innovation and design, new market development, creation of additional employment opportunities due to business expansion, etc., provide SMEs with initiative-enhancing incentives such as tax concessions or rebates, etc., as well as when formulating new policies, comprehensively consult SMEs and minimize the impact on them as far as possible, or provide resources to assist the affected enterprises," before "with a view"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Vincent FANG's amendment to Dr LAM Tai-fai's motion as amended by Mr Jeffrey LAM 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): As Dr LAM Tai-fai has used up all his replying time, I now put the question to you and that is: That the motion moved by Dr LAM Tai-fai, as amended by Mr Jeffrey LAM and Mr Vincent FANG, 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, 30 June 2010.

Adjourned accordingly at twenty-nine minutes past Six o'clock.