

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 22 March 2018

The Council continued to meet at Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

THE HONOURABLE CHAN KIN-POR, G.B.S., J.P.

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

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

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

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

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE FRANKIE YICK CHI-MING, S.B.S., J.P.

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING, B.B.S.

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, S.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, B.B.S., J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE HELENA WONG PIK-WAN

DR THE HONOURABLE ELIZABETH QUAT, B.B.S., J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, S.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

THE HONOURABLE JIMMY NG WING-KA, J.P.

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG

THE HONOURABLE LAU KWOK-FAN, M.H.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE AU NOK-HIN

THE HONOURABLE VINCENT CHENG WING-SHUN, M.H.

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S.

MEMBERS ABSENT:

THE HONOURABLE DENNIS KWOK WING-HANG

THE HONOURABLE IP KIN-YUEN

THE HONOURABLE SHIU KA-CHUN

THE HONOURABLE KENNETH LAU IP-KEUNG, B.B.S., M.H., J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE NICHOLAS W. YANG, G.B.S., J.P.
SECRETARY FOR INNOVATION AND TECHNOLOGY

THE HONOURABLE JAMES HENRY LAU JR., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

DR THE HONOURABLE LAW CHI-KWONG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

THE HONOURABLE FRANK CHAN FAN, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

CLERKS IN ATTENDANCE:

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MS DORA WAI, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

GOVERNMENT MOTIONS

PRESIDENT (in Cantonese): This Council now continues with the debate on the proposed resolution under the Public Finance Ordinance.

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE**Continuation of debate on motion which was moved on 21 March 2018**

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 Financial Services and the Treasury to reply. Then, the debate will come to a close.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I thank the Honourable Members for the views they shared yesterday. I shall respond briefly as follows:

The Appropriation Bill 2018 is now under the scrutiny of the Finance Committee. Various Policy Bureaux will elaborate their policy areas at the special meeting of the Finance Committee to be held from 16 to 20 April. Members may also express their views at the next Budget meeting on 25 and 26 April.

I hope Members will support the motion to enable the Government to carry on its services between the start of the financial year on 1 April 2018 and the time when the Appropriation Ordinance 2018 comes into effect with the resources needed.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury 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 of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Housing Ordinance.

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

I call upon the Secretary for Transport and Housing to speak and move the motion.

PROPOSED RESOLUTION UNDER THE HOUSING ORDINANCE

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I move that the motion under my name, as printed on the Agenda, be passed.

Currently, in accordance with the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw (Cap. 283C), a notice of fixed penalty and demand notice in relation to traffic contraventions may be issued. Persons involved in such traffic contraventions may pay the fixed penalty prior to the commencement of court proceedings by any of the means specified in the above regulations or bylaw and the relevant notices. Payment can be made by post addressed to the Treasury; personally or through an agent at any Post Office (other than a post office letter

box or a mobile post office), or at any magistracy specified in the relevant notices; through any automated teller machine of a bank; by phone by using the service commonly known as PPS; or through the Internet.

The Judiciary has recently reviewed the matter in relation to fixed penalty payments in the light of its institutional independence. As a matter of principle, if no court proceeding is initiated, the Judiciary considers any collection of fixed penalty payments to be a matter between the Government and the person concerned. The Judiciary should not collect such payments, which are not court payments, on behalf of the Government. Moreover, as the Government may become one of the parties to a court case if so initiated later, it is not appropriate for the Magistrates' Courts to be involved in the payment processes before the initiation of the court case. This may affect the neutrality of the Judiciary, perceived or real.

Based on the above reasons, the Judiciary has proposed to remove the present payment collection functions of the Magistrates' Courts for fixed penalty in respect of traffic contraventions before any court proceedings are initiated. In practice, with various means of making fixed penalty payments in respect of traffic contraventions before any court proceedings are initiated, as set out above, the proposal should not cause significant inconvenience to persons who intend to make such payments. On the Judiciary's proposal, the Transport and Housing Bureau and the Judiciary Administration submitted an information paper to the Legislative Council Panel on Administration of Justice and Legal Services on 18 July 2017. The members did not object to this proposal.

In addition, the means of payment specified in the relevant notices is not up-to-date, including that fixed penalty payment can no longer be made through the website or kiosks under the "Electronic Service Delivery" Scheme; the URL addresses of websites of the Treasury and Hongkong Post have changed; the means of payment through phone-banking service provided by banks has been provided under relatively new statutory provisions, such as section 3 of the Fixed Penalty (Public Cleanliness and Obstruction) Regulation (Cap. 570A) and section 3 of the Fixed Penalty (Smoking Offences) Regulation (Cap. 600A); and it is suggested that the postal address of the Treasury be deleted to maintain flexibility.

Amendments similar to those stated above have just been made to other pieces of legislation, namely the Fixed Penalty (Traffic Contraventions) Regulations (Cap. 237A) and the Fixed Penalty (Criminal Proceedings) Regulations (Cap. 240A), under which a notice of fixed penalty and demand notice in relation to traffic contraventions may be issued. To achieve consistency across different types of notice, amendments have also been proposed to the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw (Cap. 283C).

In light of the above considerations, I hereby move a motion under section 30 of the Housing Ordinance to enact the Housing (Traffic Contraventions) (Fixed Penalty) (Amendment) Bylaw 2018 ("Amendment Bylaw"). The amendments seek to (1) repeal certain references related to the magistracies so that the fixed penalty payable under Cap. 283C may no longer be paid at the magistracies; (2) specify that the fixed penalty payable under Cap. 283C may be paid through the phone-banking service provided by banks; (3) update the URL addresses of the Treasury's and Hongkong Post's websites in Form 1 and Form 2 in Schedule 3 to Cap. 283C; and (4) provide for transitional arrangement so that a notice in Form 1 or Form 2 issued before 1 June 2018 may continue to be paid at any magistracy specified in the notice within the period stated in the notice until 21 June 2018. If this motion is passed, the Amendment Bylaw will come into effect on 1 June 2018.

With these remarks, President, I invite Members to support this motion.

The Secretary for Transport and Housing moved the following motion:

"RESOLVED that the Housing (Traffic Contraventions) (Fixed Penalty) (Amendment) Bylaw 2018, made by the Housing Authority on 29 January 2018, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Transport and Housing be passed.

PRESIDENT (in Cantonese): Does any 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 the Secretary for Transport and Housing 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 of the Members present. I declare the motion passed.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Debate on motion with no legislative effect.

The motion debate on "Establishing a comprehensive 're-industrialization' policy regime".

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

I call upon Mr Jimmy NG to speak and move the motion.

Stand-over items: Members' motions on "Establishing a comprehensive 're-industrialization' policy regime" and "Conducting a comprehensive review of labour legislation to improve labour rights and interests" (since the meeting of 12 July 2017)

ESTABLISHING A COMPREHENSIVE "RE-INDUSTRIALIZATION" POLICY REGIME

MR JIMMY NG (in Cantonese): I move that the motion, as printed on the Agenda, be passed.

It can be said that my moving of this motion on "re-industrialization" was preceded by trials and tribulations. I applied for a debate slot for this motion as soon as this legislative term started in 2016; unexpectedly, I failed to secure a slot even after drawing lots for 13 times. At long last, I was allocated a slot, but as it happened, the first legislative session ended. In the current legislative session, with this Council bogged down in protracted political combat, while this motion had been on the Agenda all along and had been announced 10-odd times, we did not have a chance to discuss it. Fortunately, this topic of re-industrialization is never out of date. When we discuss it now, we can even take into account the implementation of policies by the new SAR Government in the past nine months, and make interim responses. I would also like to thank the seven Honourable colleagues who have proposed amendments to this motion. Not only have they enriched the contents of this motion, but they have also provided us with multiple perspectives.

President, the emergence of the term "re-industrialization" denotes a major adjustment to industrial strategies, and arguably signifies a paradigm shift. The opposite of "re-industrialization" is "deindustrialization". As early as the 1960s and 1970s of the last century, countries in Europe and America witnessed the emergence of a "deindustrialization" trend, and Hong Kong was no exception. Various countries and regions shifted their economic centre of gravity from the manufacturing industry to the service industry, and outsourced manufacturing orders to developing countries with cheaper and abundant labour. Subsequently, in recent years, given the impact of the 2008 global financial tsunami on the market and, in particular, the rise of the fourth industrial revolution represented by Industry 4.0, various advanced economies have moved in the new direction of attaching importance to the real economy and re-industrialization. There is no reason why Hong Kong should not quickly jump on this bandwagon to look for new areas of economic growth and promote the diversification of industries. Of course, it was against this major background that I proposed this motion.

First of all, I wish to talk about the relationship between innovation and technology ("I&T") and the manufacturing industry. I&T is the commanding height of today's international competition, as well as the common entry point for developed countries to develop advanced manufacturing industries. Given Hong Kong's potential to play a leading role internationally in some technology areas, it is undoubtedly pragmatic for the SAR Government to choose and use I&T as a bridgehead to drive and boost the development of emerging high value-added

industries. It is true that I&T and the manufacturing industry are closely related and sometimes even inextricably linked like two halves of the same whole, but then it must be noted that they are, in essence, still two policy areas with different emphases. What lies at the heart of I&T development is the promotion of the research and development of I&T; whereas the development of the manufacturing industry is focused on the commercialization of scientific research results, with a view to developing a complete system of industries and establishing a supply chain of ancillary services, and this is what we usually refer to as the "clustering effect". For instance, some start-up companies in Hong Kong have rolled out smart designs and energy efficient products. Also, with the popularization of the Internet of Things in recent years, personalized products supported by mobile phone applications have been introduced. All these are regarded as the new way forward for small and medium enterprises.

Secondly, we have seen some new trends of re-industrialization in Hong Kong. On the one hand, with the development of the Hong Kong-Shenzhen Innovation and Technology Park in Lok Ma Chau, Hong Kong businesses can actually consider moving some of their high-end processes outside Hong Kong back to Hong Kong. This will help promote re-industrialization and allow the brand "Made in Hong Kong" to be affixed to their exports, which can then enjoy Hong Kong's tax concessions. On the other hand, in recent years, some Hong Kong businesses with factories on the Mainland have moved their subsidiary production processes or final assembly lines to countries and regions along the Belt and Road, so as to satisfy the relevant rules of origin and reduce tariff costs. From this we can see that Hong Kong must adopt a two-pronged approach to implement its policy on re-industrialization: in addition to boosting the growth of local high-end, high value-added industries and attracting advanced industries from around the globe to Hong Kong for development, it must pursue external development as well.

Thirdly, the formulation of new industry policies also has a great bearing on re-industrialization. In the recently announced Budget, the Government has included e-sports, which have become popular in recent years, in the realm of I&T and undertook to allocate \$100 million to provide a competition venue for e-sports. Support will also be provided for the e-sports sector in areas such as technological development and talent nurturing. As a matter of fact, e-sports are not merely competitive sports or simply a form of I&T. They can also drive the development of the traditional electronics industry in Hong Kong. However, the

preconditions are that the Government must formulate relevant industry policies; reposition the electronics industry; engage in the research, development and manufacture of electronic products that closely follow technological trends; and contemplate the re-industrialization of the electronics industry.

President, the vast dimensions and profound effects of the fourth industrial revolution are far beyond our imagination. Moreover, re-industrialization is a complex issue that involves different Policy Bureaux, including but not limited to the Innovation and Technology Bureau, the Financial Services and the Treasury Bureau, and the Commerce and Economic Development Bureau. Even the work of the Education Bureau is highly relevant to re-industrialization, for it plays a very important role in the training of I&T talent and the implementation of STEM education in primary and secondary schools. If the Government thinks that the Innovation and Technology Bureau alone is capable of successfully promoting re-industrialization, it may be taking things too lightly.

In reality, members of the sector are also puzzled at times. Which Policy Bureau is the competent authority responsible for dealing with policies related to re-industrialization: should it be the Commerce and Economic Development Bureau, the Innovation and Technology Bureau, or the Financial Services and the Treasury Bureau? Re-industrialization is a complicated systemic project that involves a wide range of policy areas, such as technology, commerce, land, labour, taxation, finance and environmental protection. For this reason, the Government must remove barriers and lift restrictions to facilitate re-industrialization. It must also establish an interdepartmental and high-level coordinating body to prevent the implementation of piecemeal policies and the shirking of responsibilities by different departments, so that members of the sector would not be at a loss as to what to do.

Early last year, the Government established the Committee on Innovation, Technology and Re-industrialization. Is it only an advisory committee, or is it a committee with the ability and role to coordinate interdepartmental efforts among Policy Bureaux? I hope the public officer sitting here can explain this to me in detail later. Of course, I know that the Chief Executive sets great store by policy innovation, as well as high-level planning, coordination and supervision. Her decision to revamp the Central Policy Unit of the previous Government into the Policy Innovation and Co-ordination Office is a very good example.

Apart from the promotion of innovative research on technology products, re-industrialization also requires policy innovation or institutional innovation. Institutional innovation refers to the realization of the sustainable development and reform of society through a regime or normative system that is innovative and capable of more effectively stimulating people's behaviour under the existing production and living conditions. In the United States, emphasis is put not only on innovations in technology and products but more importantly on institutional innovation. With the rapid advancement of Internet technologies, many novel business models have boldly chosen to believe in public wisdom, thus giving rise to crowdsourcing and crowdfunding which pool the plentiful resources of the public to unleash unprecedented power. This can be said to be the quintessence of technological innovation and institutional innovation.

Hong Kong has fairly comprehensive regimes, policies and laws, which are certainly our advantages, but sometimes people do feel that these may have failed to keep up with the development of the situation. For example, a businessman running a large-scale online shopping business has recently complained to the media that his company, having introduced an automatic picking system, needs to demolish and alter the car park of its present headquarters building, but when it submitted the plan to the Buildings Department for approval, a laughable incident occurred: the Buildings Department insisted that the company must modify the plan so that the new warehouse, which is to be manned mainly by robots in the future, would be equipped with 10-odd toilet cubicles. How is it possible that robots need to use toilets? In the end, the company, of course, had no alternative but to agree to construct 10-odd toilet cubicles. This brings out a rather laughable problem, which is that our legislation may have failed to keep up with reality.

President, the industrial sector, which I represent, has demanded for over a decade that the Government should relax the restrictions imposed by sections 39E and 16EC of the Inland Revenue Ordinance. The sector has been waiting for far too long, but the Government still refuses to give a positive response or carry out a comprehensive review. This goes to show how difficult it is for us to press the Government to introduce a new policy.

Of course, I understand very well that any initiative involving tax relief (particularly when it seeks to prevent such problems as tax evasion) is rather sensitive and complicated and must be handled with care. Yet the Government should, at least, proactively consider and respond to the sector's demand, instead

of simply saying that it is "sensitive and complicated" and refraining from doing anything. After all, in view of the numerous successful precedents, giving tax support to Hong Kong enterprises with production lines outside Hong Kong is not something that cannot be done. It is just that the Government refuses to get things done.

The previous Government already gave the green light for aircraft leasing and amended the Inland Revenue Ordinance to provide facilitation. I recall that on 28 June last year, Prof Anthony CHEUNG, the then Secretary for Transport and Housing, said in his speech on the Third Reading of the relevant bill, "In proposing to offer half rate tax concessions for the aircraft leasing industry, we are not being favourable to a particular industry. There were also precedent cases in the past. Of course, we would always consider the benefits to be achieved when offering special tax concessions to particular industries."

It is worth recognizing that last year's Policy Address officially introduced a two-tier profits tax system and announced additional tax deductions for research and development expenditure. These are forward-looking and innovative ideas. When the Chief Executive attended this Council's Question and Answer Session in January this year, I asked her a question on amending sections 39E and 16EC of the Inland Revenue Ordinance. At the time, the Chief Executive stated that she had done some research on section 39E, and described the Guangdong-Hong Kong-Macao Bay Area as an opportunity. She remarked that the free flow of machinery could be considered, and she would study the issue with the Financial Secretary. She was undoubtedly more proactive than the previous Government. Seeing an enormous surplus in the public coffers, the industrial and commercial sectors particularly hoped that the Government would amend section 39E of the Inland Revenue Ordinance. Regrettably, Financial Secretary Paul CHAN did not mention this issue or follow this issue up at all in the Budget presented at the end of last month. Members of the business sector have taken great pains to demand what they desire. Will they, once again, get nothing but disappointment in return?

President, at a time when artificial intelligence ("AI") is developing by leaps and bounds, the global job market is facing serious challenges. The media will, from time to time, publish a list of job types that may disappear because of AI in the next decade. If government officials are like a "human tape recorder" which will only give standard answers, I wonder if they will be replaced by AI robots in the future.

In summary, the Government should think out of the box and look at re-industrialization from a new perspective with a new mindset. Let me stress again that I&T alone is far from enough. We must also catch up on institutional innovation and policy innovation. Prof Klaus SCHWAB, the author of the book *The Fourth Industrial Revolution*, said earlier at the World Economic Forum, "The fourth industrial revolution requires new leadership, which we call 'systemic leadership'. The Government needs to adopt new methods of technological governance. When it comes to science and technology, the Government needs to govern flexibly, establish new norms, and cooperate better with other bodies."

Since the Chief Executive has put forth a new fiscal philosophy, she should carry out radical reforms and thoroughly review the deep-seated problems of the SAR Government, or else she is just paying lip service to this philosophy, which will become a political slogan in no time. I note that last year's Policy Address emphasized that STEM education was a focus of I&T development. It is a pity that there is no mention of it in this year's Budget. As we can see, the Budget has set aside \$50 billion to support I&T development, of which \$20 billion will be used for the development of the Lok Ma Chau Loop. And of the \$10 billion to be allocated to the Hong Kong Science and Technology Parks Corporation, \$3 billion will be used entirely for hardware construction. The Government has not committed additional resources to attracting experts from around the world, providing subsidies for students to study STEM subjects and encouraging the development of scientific research. This is really baffling.

President, re-industrialization is closely related to the pool of technology talent. In promoting re-industrialization, the SAR Government should start with education, which is the core of the matter, and devote substantial resources to it continuously. Only in this way can we expand our talent pool and provide young people in Hong Kong with jobs and opportunities for upward mobility.

Lastly, re-industrialization is certainly inseparable from land issues. The industrial and commercial sectors have always hoped that the Government can review the definition and coverage of "industrial" and "godown" uses in land leases, and relax the plot ratio of sites, so as to revitalize old industrial districts and attract more manufacturers to high-end manufacturing industries.

President, as a result of the rapid advancement of modern technology, the division of labour in the global economy is facing a complete reversal, and with fierce competition from neighbouring countries and regions, many industries that

used to have an overwhelming lead may be eliminated or eroded if they do not remain cautious at all times. In the face of this harsh reality, we should have a sense of crisis and the Government should timely introduce a series of measures, including but not limited to reformulating industry policies, strengthening tax support and nurturing I&T talent, so that re-industrialization can proceed at a faster and steadier pace.

I earnestly request Honourable colleagues to support my motion today. I so submit.

Mr Jimmy NG moved the following motion: (Translation)

"That given the new opportunities brought about by global reforms in industrial technologies, many countries or places are proactively developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a timely review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive industrial policy regime which is more independent, forward-looking and systematic; the Government should also examine the role of industries in the local economic structure and societal development, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong and promoting the diversification of industries."

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

Seven Members will move amendments to this motion. This Council will conduct a joint debate on the motion and the amendments.

I will call upon Members who will move the amendments to speak in the following order: Mr HO Kai-ming, Mr Kenneth LEUNG, Dr CHIANG Lai-wan, Mr WU Chi-wai, Ir Dr LO Wai-kwok, Mr Charles Peter MOK and Mr Jeremy TAM, but they may not move amendments at this stage.

MR HO KAI-MING (in Cantonese): President, I thank Mr Jimmy NG for moving this motion today. It has been nine months since the motion was proposed and we can finally express our views on the re-industrialization policy. In fact, The Hong Kong Federation of Trade Unions has always attached great importance to the development of the real economy in Hong Kong and we have proposed an economic development strategy with employment as the priority to promote the development of diversified industries in Hong Kong, so as to provide more people with more diversified employment opportunities at all levels. Simply put, these are "people-oriented" employment opportunities.

Twenty years after the reunification, while Hong Kong has maintained a continuous economic growth, its industrial structure is uniform and there is a persistent situation of hollowing out of industries. As a result, people from different social strata cannot share the fruits of economic development and the incomes of wage earners at certain levels have become stagnant. One of the badly hit industries is the manufacturing industry. Data in 2015 showed that the number of employees in the manufacturing industry accounted for only 2.4% of the total employment population, and the number was on the decline, reflecting the grim prospect of the secondary industry.

Therefore, when the Government stated that it would promote re-industrialization, we were very happy. But since the release of the Policy Address last year, we reluctantly found that the re-industrialization advocated by the Government was a bit different from our interpretation of re-industrialization. We noticed that to the Government, re-industrialization means promoting high-end and high-value-added technical studies, such as cloud servers. The Government has neglected the need to promote the upgrading and transformation of the manufacturing industries, and it has even denied the development and values of the traditional manufacturing industries. We are very disappointed about such a tendency in the Policy Address and the Budget.

President, I would like to refer to a public speech made by the Secretary for Innovation and Technology. He said that "Re-industrialization is not going back to the former factory era or asking the labour-intensive traditional manufacturing industries to relocate back to Hong Kong". President, what is wrong with the development of the traditional manufacturing industries? What are the problems that make the Government not even willing to consider or conduct studies, but immediately shut the gate and refuse to let the traditional manufacturing industries relocate back to Hong Kong?

I must highlight that the traditional manufacturing industries have important economic values, which can be integrated with the flourishing design industry in Hong Kong to create a lot of job opportunities. I once visited a garment factory that manufactures local high-end fashion products. The co-existence of middle-aged midstream technical personnel and young designers reflects that the traditional manufacturing industries can develop in the direction of producing high-quality products with high production technology and exquisite workmanship. This can open up employment opportunities for people of different age groups.

The Government often cites Germany as an example of promoting intelligent production by local manufacturing industries, but it has neglected that there are many successful examples of the upgrading and transformation of traditional manufacturing industries. How about Hong Kong? The foundations of the manufacturing industries have been hollowed out and the relocation of the manufacturing industries back to Hong Kong is not welcomed by the Government. Hence promoting re-industrialization may be just like fishing in the air.

It is more noteworthy that countries which have attained success have never neglected traditional manufacturing industries when developing high-end industries. The traditional light industrial products in Germany are still selling well all over the world. Another European country, Switzerland, is also a place where high-technology industries are thriving. There are still about 130 000 employees in the pharmaceutical industry and the export of pharmaceutical and health products accounts for 30% of the total exports, and the output value accounts for 6% of its Gross Domestic Product. This reflects that high-end technology and traditional manufacturing industries can definitely be developed in parallel.

President, according to a study conducted by the Professional Validation Council of Hong Kong Industries, in respect of industries producing food products, precision fabricated metal parts, mould and die, pharmaceuticals, medical equipment, watches and clocks and jewellery, about 40% of small and medium enterprises ("SMEs") have expressed interest in relocating the operations back to Hong Kong. If the new Government really wants to play the role of a "promoter" as depicted by Chief Executive Carrie LAM, it should proactively respond to the demands of manufacturers and introduce appropriate measures to revitalize Hong Kong-made brands and support manufacturing industries that still have advantages.

These manufacturing industries have higher technical requirements and greater needs for brand image building and innovation, and they are very suitable for development in Hong Kong. The Government must provide support for their development in terms of land and talent. For example, it should increase industrial land, develop industrial estate sites, make good use of industrial buildings and improve apprenticeship training and internship programmes, etc. In addition, the Government should introduce tax concessions and financing support measures to attract more manufacturers to return to Hong Kong.

In addition, the Government should make reference to the practice of Singapore, our biggest competitor. The Singapore Government provides one-stop services to support the promotion of products and brands by small and medium manufacturing enterprises in emerging markets. For instance, it assists these enterprises in handling practical matters including taxation, customs clearance and legal procedures. Some industry players told me that they have no idea how the Government plans to subsidize SMEs in the manufacturing industry, such as subsidizing their participation in domestic and overseas exhibitions. The Government should step up promotion and publicity in this connection.

President, early last year, the "Legend of Hong Kong Toys" exhibition held at the Hong Kong Museum of History was very well received by the public and my son visited the exhibition four times. The exhibition attracted more than 150 000 attendance and broke the attendance record of special exhibition at the Hong Kong Museum of History. This exhibition showcased many toys manufactured in Hong Kong in the past, as well as the original and high-quality toys produced by Hong Kong manufacturers in recent years. I remember Dr CHIANG Lai-wan mentioned that her father had designed an innovative football.

Through this exhibition, people cherish the memory of the glorious past of the local manufacturing industry. If the Government is willing to change its attitude and adjust its policies to support the manufacturing industry, our manufacturing industry will not merely be something to be cherished in a museum but it will be a major industry that promotes economic transformation in Hong Kong and provides employment opportunities for various sectors of the community, and Hong Kong will no longer be blamed for uniformity of industries. I so submit, President.

MR KENNETH LEUNG (in Cantonese): President, first of all, I would like to thank Mr Jimmy NG for moving the motion on "Establishing a comprehensive 're-industrialization' policy regime" which allows us to have diversified discussions.

Mr Jimmy NG talked about "Industry 4.0" just now. In fact, "Industry 4.0" is a new mode of industrial development based on a cyber-physical system. It can save a lot of land resources and manpower and industrial production will become more advanced and more environmentally friendly with higher performance. For example, with the upsurge of 3D technology, many vehicle parts and components can be printed using 3D technology and manual manufacturing is no longer necessary. Intelligent robot technologies have become more and more mature and sensor technologies have been improved continuously, resulting in the reduction of manpower and the implementation of intelligent production. There are doubts as to whether the reduction of manpower will cause mass unemployment. This will not be the case as people may engage in other types of work, for example people are also required for the production of intelligent robots.

My amendment contains three major requirements for the re-industrialization policy, which include developing high value-added industries that are low in pollution and land requirement. In the Legislative Council of the last term, many Members from the industrial sector and other Members knew that I proposed these three major requirements for the reason that they would meet the actual situation in Hong Kong. Industries that meet these three requirements can be transformed into intelligent production industries employing high value-added technologies and production processes.

There are two bottlenecks in Hong Kong's industrial or technological development. First, in many cases, the commercialization process of the research results of university research institutes in Hong Kong has been poorly performed. Let me give two examples. In 2009, The Hong Kong Polytechnic University and a local automobile manufacturer cooperated to launch the first homegrown electric vehicle "mycar" in Hong Kong. However, only a few dozen cars were sold a year after the car was launched in the market. Owing of the poor sales results in Hong Kong, the patent right of the car was finally sold to GreenTech Automative ("GTA"), a large green automobile manufacturer in the United States. In the first year after GTA purchased the patent right, it produced 20 000 "mycar" for sale in the United States. President, the United States produced and sold 20 000 "mycar" while Hong Kong only sold some 30 vehicles.

In another example, the micro display, an important component of Google Glass, was originally developed by The Hong Kong University of Science and Technology. But as there was no interested investor from Hong Kong, the patent right of the micro display was ultimately purchased by Himax, a Taiwanese company, and the product was naturally manufactured in Taiwan.

As a member of the Public Accounts Committee, I have recently attended the public hearing on Report No. 67 of the Director of Audit. Chapter 6 of the Report is about the funding of academic research projects by the Research Grants Council. As mentioned in the Report, Audit noted the relatively small percentage of research outputs relating to commercialization versus that relating to publication; and in the period 2010 to 2015, about 0.8% of research outputs were related to "patents, agreements, assignments and companies"; this figure is very frustrating.

Furthermore, another bottleneck in the development of innovation and technology in Hong Kong is the entrepreneurship of young people. Do we have entrepreneurship? What is entrepreneurship? In 1912, economist Joseph SCHUMPETER explained in his book what entrepreneurship was. According to SCHUMPETER, entrepreneurs will, when facing competition, innovate, make changes and seek new ways to earn greater profits and improve employees' benefits and living standards. SCHUMPETER also introduced the idea of "creative destruction", i.e. using innovative means to replace established practice.

I would like to respond to Mr HO Kai-ming's remarks that toys could be manufactured in innovative ways. We may like the same thing, such as a thermos bottle, but we can apply a brand-new technology to produce the product without requiring a lot of manpower. For example, by pressing a button, a 3D thermos bottle can be manufactured in 15 seconds. This is the concept of "creative destruction". However, we must not have a misunderstanding that manpower is not required. During the creative destruction process, manpower is still needed as not all processes can be carried out by robots.

The Government has introduced many different measures for innovation and technology development and a lot of discussions have been held in the past 20 years. In the process of policy formulation, the Government should give due considerations in all aspects, so as to work out some measurable targets such as the contributions of innovation industry to the overall economy, local employment and taxation. We need these measurable targets so that this policy will ...

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, please only use one language when you speak, either in English or Chinese. When you use "cocktail language" in your speech, it is not a problem for Members but this would cause inconvenience to simultaneous interpreters or sign language interpreters.

MR KENNETH LEUNG (in Cantonese): President, you are over-worried. I think ... why do I speak in English? It is because some English terms cannot be translated into Chinese accurately. For example, when I talked about Joseph SCHUMPETER a while ago, Members know who he is; but if I say his name in Chinese, I wonder if Members know which economist I was referring to. However, President, thank you for reminding me and I will try my best to speak in Chinese. As Hong Kong has a unique culture of using "cocktail language", we should not take offense. If what I just did would increase the workload of interpreters, I would like to express my apology to them. President, thank you for your concern.

I support Mr Jimmy NG's motion and other Members' amendments but I would like to tell Mr NG why I have deleted the words "providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries". I actually have three to four points of concern. First,

we should consider what kind of policies, including taxation policies, should be formulated for the Bay Area to encourage Hong Kong businessmen to invest in the Mainland. Second, our tax incentive policies cannot run counter to international taxation practices, including the Comprehensive Double Taxation Agreements that we have entered into. The provision of tax incentives to manufacturers engaged in offshore production cannot violate our long-standing Territorial Source Principle of Taxation. I support the provision of tax incentives to favour industrial development but we must have overall consideration before making changes. I understand that Mr NG has strong views on section 39E of the Inland Revenue Ordinance. I also learn that LAM Tai-fai, a former Member, had a lot of views on section 39E, and that the provision of tax concessions for aircraft leasing is far from satisfactory.

President, I speak in support of the motion and all the amendments.

DR CHIANG LAI-WAN (in Cantonese): President, Mr Jimmy NG's motion on "Establishing a comprehensive 're-industrialization' policy regime" can formally be moved in the Legislative Council today after all the hassles and a long wait of almost a year. In connection with this motion, we must take a look at Articles 118 and 119 of the Basic Law, which provide that the Government is duty-bound to "provide an economic and legal environment" and "formulate appropriate policies to promote and co-ordinate the development of various trades such as manufacturing", so as to establish a comprehensive policy on technology industry. It can thus be seen that Mr Jimmy NG's motion on "Establishing a comprehensive 're-industrialization' policy regime" is timely and in the right direction.

The Secretary, being a bellwether for development in this regard, has to shoulder heavy responsibilities. He has a key role to play as regards whether the Hong Kong technology industry can develop into a new area of economic growth. His determination and courage will be the determining factor as regards whether the development of our technology industry will fall into an abyss or have a vibrant boom, or whether it will make further contribution to the growth of our GDP and the improvement of people's livelihood and welfare some years later. Honestly, to a certain extent, the Secretary is more important than the Chief Executive in respect of Hong Kong's future industrial development and area of economic growth. Therefore, the Secretary must devote more energy in the matter and listen more to the views of the industry.

In his original motion, Mr Jimmy NG "urges the Government to conduct a timely review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive industrial policy regime which is more independent, forward-looking and systematic". I have deleted the word "timely" because we have already fallen behind, and can no longer wait for a "timely" situation; we have to act immediately. Industrial manufacturing originally took up more than 30% of our overall GDP. This percentage, however, has been on the decline in recent years to become less than 1% today. If we still do not formulate relevant policies expeditiously, I am afraid that "zero industrialization" shall come well before re-industrialization is launched.

I have added the following words to the original motion "in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'". With such words, I merely want to illustrate that industrial manufacturing should depend on market changes, local competition conditions, production capacity, pool of talent, upstream and downstream ancillary measures. We have to see clearly what we can develop and what we cannot develop. Only with a clear orientation for market development that the Government, industry, academia and research sector can aim at the same direction and focus on developing towards a major objective; and thus have a chance for success. For instance, considering that the Hong Kong Applied Science and Technology Research Institute ("ASTRI"), together with four different research and development centres, have been established in Hong Kong for nearly 20 years; and that over \$10 billion has been provided by the Innovation and Technology Fund for more than 5 800 research projects as at the end of 2016, what specific achievement have we attained in science and technology after all? What benefits have science and technology researches made in respect of our GDP and economic growth? My answer is: "none can be seen". What has gone wrong? My answer is: "lack of a comprehensive policy".

ASTRI had about 500 doctors in engineering at its early days. However, without a common direction, they each went their own way for different research projects. Although many items had been successfully developed, and some had even acquired international patents and with market potential, no producers could

be found; there were also some other items with no marketability that no one showed any interest. Eventually, many items developed were just cast aside. In recent years, the situation has slightly improved, yet the stalemate has yet to be broken. Therefore, the Government must formulate the strategy for industrialization and focus on the key areas, so that the Government, industry, academia and research sector can collaborate to create a bright prospect for the development of technology and re-industrialization of Hong Kong.

What kind of innovation and technology is the focus at the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") in the Loop? The Financial Secretary committed in this year's Budget to allocate \$20 billion for the development of the Park in the Loop. I hope the Secretary can, in the near future or before seeking funding approval from the Legislative Council, provide a report on the feasibility study for development to set out the focus and direction of development and the investment incentives. I earnestly hope that the pharmaceutical industry is one of the focused areas of development to be considered by the Government. I believe that given the strength of Mainland China, and coupled with Hong Kong's export edge, the pharmaceutical industry will not only benefit the public directly, but also give impetus to the development of Hong Kong industries in future, such that it may even have the chance to become one of the industries with the fastest growth and utmost importance in our GDP.

We must also make reference to the incentive policies formulated by other places. For instance, some fellow colleagues visited Israel last year. One of the factors attributing to the rapid development of technology in Israel over the last decade is that the Israeli Government has chosen 100 technology enterprises with potential for investment. Furthermore, the Israeli Government has even gone abroad to promote for these enterprises, so as to make them become local leading ventures and thus succeed in development.

While policy is in place, there should be talents as well. As everyone knows, Hong Kong has been short of technology talents in recent years. Although the Government is proactively strengthening its promotion of STEM education, yet distant water cannot put out a nearby fire. If Hong Kong is resolute in making the Park in the Loop the world's Silicon Valley, it must extensively recruit talents from all places. In recent years, many highly outstanding overseas talents have returned to the Mainland and have facilitated the successful development of many enterprises in the Mainland. I once visited

the Bell Labs in the United States and saw that 80% or 90% of the heads in various research and development departments were Chinese. It can thus be seen that there are many talents in China.

Lastly, I will talk about market economy. I trust the development of the Guangdong-Hong Kong-Macao Bay Area can bring about huge benefits for Hong Kong. Some compare the Guangdong-Hong Kong-Macao Bay Area with the other three bay areas of the world, namely the bay areas in New York, San Francisco and Tokyo. In the long run, I am deeply convinced that the Guangdong-Hong Kong-Macao Bay Area will definitely have the strength to become the world's most competitive bay area.

I support the original motion moved by Mr Jimmy NG and the amendments proposed by Mr HO Kai-ming, Mr WU Chi-wai, Ir Dr LO Wai-kwok, Mr Charles Peter MOK and Mr Jeremy TAM, but I oppose the amendment proposed by Mr Kenneth LEUNG.

I so submit. Thank you, President.

(It was Mr WU Chi-wai's turn to speak, but he was not present)

PRESIDENT (in Cantonese): Ir Dr LO Wai-kwok, please speak.

IR DR LO WAI-KWOK (in Cantonese): President, the original motion of Mr Jimmy NG is to urge the SAR Government to "[Establish] a comprehensive 're-industrialization' policy regime", to which I believe most Members will agree. I, together with Members of various political parties and groupings, have put forward amendments mainly to add details to the specific policy measures.

Talking about industries, one may immediately think of the traditional labour-intensive manufacturing industry. Since the 1970s of the last century, many Hong Kong manufacturers had taken advantage of the reform and opening up of the Mainland to relocate a large number of manufacturing processes to the Pearl River Delta Region, turning the region into the factory of the world. Since then, the focus of Hong Kong's economy has gradually shifted to service industries.

Having relocated its major operations to the Mainland, the manufacturing industry contributed less to the GDP and the percentage dropped to 1.1% in 2015. Yet, many Hong Kong products still enjoy a leading position in the world. Owing to the northward relocation of the manufacturing processes, the output of the manufacturing industry cannot be reflected in the local statistics. Hence, some people mistakenly think that the manufacturing industry is no longer important to Hong Kong's development, which is very regrettable indeed.

Times have changed. Now many people think that Hong Kong's economic structure is too homogeneous and re-industrialization may be the new area of economic growth for Hong Kong. Being one of the major chamber of commerce of the industrial sector of Hong Kong, the Federation of Hong Kong Industries ("FHKI") has all along vigorously promoted re-industrialization. In response to Industry 4.0 and "Made in China 2025", FHKI advocated a few years ago that Hong Kong had to keep abreast of the times and introduce policies and measures on re-industrialization; use robotics and Internet of Things technologies; nurture innovation and technology ("I&T") talent; increase the financial support for enterprises' product development, upgrading and restructuring; rebuild Hong Kong's industrial image; stimulate local students' interest in science subjects; promote the development of the design industry; formulate an industrial land use policy that meets the demand of modern industries, as well as offer tax concession for research and development ("R&D") expenditure. Concerning the above measures, FHKI has also put forward many specific proposals.

Though the Chief Executive and officials have responded to some of the proposals, the sectors consider that the support is still not enough and the pace has to be hastened. I share the views of FHKI and expect the incumbent Government to step up the support for re-industrialization.

President, Industry 4.0 was initiated by Germany in the hope of promoting the fourth industrial revolution. To put it simply, it refers to the implementation of intelligent manufacturing and on-demand manufacturing through the integrated application of cloud platforms, Internet of Things and big data, interlinking the smart electronic system with the manufacturing process and the logistic chain.

On the other hand, the State Council of China approved the document "Made in China 2025" on 25 March 2015. It is proposed that I&T will be used to promote the deep integration of information and industrialization to fully implement intelligent manufacturing and green manufacturing.

President, we should seize this opportunity and make good use of our strengths to carry out re-industrialization. In April 2017, the SAR Government announced the establishment of the Committee on Innovation, Technology and Re-industrialization to promote the development of I&T and re-industrialization in Hong Kong through coordination at a higher level. I am pleased that the incumbent SAR Government has taken on board good advice and accepted many demands and proposals put forward by the Business and Professionals Alliance for Hong Kong over the years in support of the industrial, commercial and professional sectors.

Financial Secretary Paul CHAN announced in the Budget released recently that an additional \$50 billion will be set aside for supporting I&T development. The measures include injecting money into the Innovation and Technology Fund; supporting the Science Park's construction of research-related infrastructure and facilities; supporting the establishment of research cluster on artificial intelligence and robotics technologies; granting eligible enterprises a 300% tax deduction for the first \$2 million R&D expenditure and a 200% deduction for the remainder, and also relaxing the eligibility criteria for the Technology Voucher Programme. The Inland Revenue (Amendment) (No. 7) Bill 2017 passed at this Council meeting formally introduces a two-tiered profits tax rates system, lowering the profits tax rate for the first HK\$2 million of profits of corporations to 8.25%, while maintaining the tax rate of 16.5% for profits above that amount. As for unincorporated businesses, the two-tiered profits tax rates will correspondingly be set at 7.5% and 15%. The aim of the measure is to alleviate the tax burdens of medium, small and micro enterprises.

I hope the authorities will implement the above mentioned measures expeditiously to avoid engaging in endless discussion without making any decision. While those measures will definitely facilitate the promotion of re-industrialization, they are still not enough. I think there is a pressing need to formulate a dedicated, long-term and clear macro industrial policy with regular reviews, so as to provide a set of satisfactory integrated ancillary measures for the manufacturing and related industries, which include the provision of support in respect of tax, skill, talent and market, thereby further consolidating the economic foundation of Hong Kong and promoting the diversification of industries.

The following are some of my views and recommendations in relation to the major contents of my amendment.

First, Hong Kong should dovetail with the planning of the Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), and explore and formulate a direction for technology and innovation, so as to expand the room for developing Hong Kong's industries. The Planning Department is conducting a study on "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending". Of the three building blocks proposed, one of which is to embrace new economic challenges and opportunities. Hong Kong needs to facilitate the diversification of economic foundation, promote industries and emerging industries with competitive edges, and create quality jobs involving a wide range of skills.

I think Hong Kong should have a wider vision of the region and work more closely with other places in the region. President XI Jinping attended the signing ceremony of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area on the important occasion of the 20th anniversary of Hong Kong's reunification and the establishment of the new term of the SAR Government, showing the Central Government's solid support for Hong Kong's efforts in fostering economic development and improving people's livelihood. According to the Agreement, one of the objectives of the cooperation in the Bay Area is to set up a technology and innovation hub and establish the bases for advanced manufacturing industries and modern service industries. The major areas of cooperation include the establishment of an environmentally friendly, low-carbon, innovative and modern industrial system.

I think that through complementarity of edges, Hong Kong can focus on developing in areas where it has obvious edges, and at the same time promote the flow of people, goods, capital and information in the Bay Area, and help attain the targets set in the "Made in China 2025". Also, the Government should actively increase the supply of industrial and commercial sites. The lack of land for development has all along been one of the main restrictions on Hong Kong's economic development. According to the Planning Department's review on industrial sites, compared with the 14 960 000 sq m of gross floor area in the base year of 2013-2014, it is expected that a gross floor area of 16 060 000 sq m will be needed in 2018, an increase of about 7.4%. By 2041, the demand will be increased by 33% to 19 860 000 sq m. Hence, the planning for long-term land use is most important. The Task Force on Land Supply set up in September last year will review different land supply options, so as to forge a consensus acceptable by most people in society and formulate for the Government a comprehensive and long-term land strategy.

I think various sectors in society should take this opportunity to review whether some green belt areas with low ecological value and periphery areas of country parks can be rezoned for development, and consider increasing reclamation outside the Victoria Harbour. In the short to medium run, the Government should relax the plot ratio of certain sites and adjust the compliance requirements to promote re-industrialization and revitalize old industrial districts. At the same time, the Government should allocate more resources to encourage the collaboration among the Government, industry, academia and research sectors. A well-trained workforce is also essential to re-industrialization. The authorities should allocate resources according to the medium to long-term demand for human resources to nurture industrial talent, enhance vocational and professional education, and encourage students to enrol in Science, Technology, Engineering and Mathematics ("STEM") education and related studies. (*The buzzer sounded*)

With these remarks, President, I hope that Members will support my amendment.

PRESIDENT (in Cantonese): Ir Dr LO Wai-kwok, please stop speaking.

MR WU CHI-WAI (in Cantonese): President, in the Policy Address published in October last year, the Government discussed at length the development of innovation and technology ("I&T"), especially the development of the Lok Ma Chau Loop ("the Loop"), with an aim to providing the infrastructure facilities to drive re-industrialization.

I believe that the majority of Members in this Council agree that it is necessary for Hong Kong to formulate a policy on re-industrialization. However, I actually have a different image in mind when I speak of re-industrialization. For example, just now Ir Dr LO Wai-kwok stressed how we could jump on the bandwagon of the economic development in the Mainland. However, to truly achieve re-industrialization in Hong Kong and meaningfully implement the relevant measures, we must review the development in history.

Since the reform and opening up of the Mainland China in the 1980s, a large number of talents had moved northward to China from Hong Kong to look for opportunities. With capital and talents, many manufacturers who went

northward had made a big fortune. However, owing to the low production costs at that time, manufacturers had no incentive to upgrade the technology and did not see the need to nurture scientific research talents to improve production capacity and enhance competitiveness. Hence, when the Guangdong provincial government adopted the strategy of "emptying the cage for new birds" in 2000, many Hong Kong manufacturers who failed to restructure could no longer continue with their operation. We must thus consider this situation.

Moreover, the northward migration of most of Hong Kong's industrial manufacturing in the 1980s has created another impact, that is, Hong Kong has become increasingly reliant on the financial and real estate industries or certain professional services. As local industries become increasingly uniform, Hong Kong can only develop in one single direction. This is one of the causes of the widening wealth gap today and it is also the result of the hollowing out of local industries. Focusing on the development of the financial industry cannot benefit most people in the community.

Another unexpected result was that when Hong Kong was suddenly hit by the financial turmoil in 1997, the local economy was utterly unable to withstand the blow. In the aftermath of the financial turmoil, Hong Kong's recovery was slower than that of South Korea and Singapore. The reason was that we lacked a diversified economic foundation that enabled the development and recovery of the economy.

The above incidents in the past are very important and meaningful to today's discussion. When proposing re-industrialization and I&T, the Government always emphasizes that Hong Kong should engage in high value-added research and development or industrial design, while frontline production should be carried out in the Mainland. Even the Secretary for Innovation and Technology has also proposed the development of advanced manufacturing industries and even a complete industrial chain, but the scope is only limited to financial technology and biomedical industry. It is doubtful whether the ancillary facilities are sufficient and whether the legislation can meet the needs of the industries.

If we only focus on a few industries, will there be sufficient room for creating an environment for I&T? There are many start-up enterprises in the Silicon Valley in the United States and in Israel. There must be a critical mass in those places to create an environment for I&T. If the Government limits the

advanced manufacturing industries to just a few industries or only allow their production to take place in the Advanced Manufacturing Centre in Tseung Kwan O, which will be completed soon, will it be able to create a critical mass? Hence, from the Government's strategy on re-industrialization and its recent comments about the development of the Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), we are worried if Hong Kong will repeat the same mistakes of the 1980s. The two only differ in forms but at both times, we face the same problem of brain drain which will hollow out our pool of talent.

When the Chief Executive and many high-ranking accountability officials encourage young people or scientific research talents to seek opportunities in the Mainland, I wonder how Hong Kong can develop its scientific research power if even capable persons go northward to seek opportunities. The Government on the one hand encourages Hong Kong people to go north, but at the same time hands out money to recruit talents through the Innovation and Technology Fund. What exactly is its strategy on the building of a talent pool in Hong Kong? We can see that various cities in the Bay Area have adopted various measures to compete for talents. For example, the I&T park in Dongguan offers large amount of cash subsidy and residential benefits and it has a special programme to attract scientific research talents from Hong Kong and Macao. The government of each city uses different means, advantages or policies to attract talents; they will not simply encourage its people to seek opportunities elsewhere. As a matter of fact, people who want to seek opportunities in the Mainland need not be encouraged by the Government for capable persons always have their own ways to find opportunities.

In this battle to compete for talents, does the Government truly want local scientific research talents or young people to stay in Hong Kong and make contribution to the city? If the Government truly wants to attain sustainable development, it has to be proactive instead of being passive. It has to formulate strategies and policies conducive to the long-term development of Hong Kong and at the same time retain and attract talents, making Hong Kong a hub that attracts talents. I have said on various occasions that Hong Kong should draw up a blueprint for development and set targets for re-industrialization.

To promote scientific research and re-industrialization, Hong Kong needs to establish a complete industrial chain. We must give talents of different strata the opportunity to give full play of their strengths in Hong Kong. If we only focus on recruiting the top scientific research talents, we will lose a large group of

scientific research talents who are not the most brilliant but are still capable of contributing to the industrial chain. If so, we will not be able to build a pool of talent. Therefore, a complete industrial chain can enrich a talent pool, create the critical mass and avoid the problem plaguing us for decades that our scientific research talents are excessively uniform and they only hide in universities.

To achieve the goal of building a pool of talent, the Government must set down clear objectives and the practical effects expected, such as what kind of plans will be implemented in the large area of land earmarked in the Loop, and what kind of enterprises the Government wishes to attract to Hong Kong. If Hong Kong can attract such companies as Tesla or Microsoft to set up a scientific research and production base in the Loop, we can convince the people that the Loop will spearhead the future economic development of Hong Kong. Young people will then have confidence in Hong Kong's development in I&T, and will be willing to enrol in all the foundation subjects needed by I&T when they further their studies.

The Hong Kong Science and Technology Parks Corporation ("HKSTPC") has invested large sums of money in the past few decades. How many enterprises nurtured by HKSTPC can become a "unicorn"? How many can commercialize their scientific research results? How many has succeeded in opening up the market? Many science parks in the Mainland or overseas countries will give a detailed account to the public, including the gross product made and the profits generated. The Government has kept injecting funds into HKSTPC in recent years and in this year's Budget, HKSTPC will receive an allocation of \$10 billion. Should the Government and HKSTPC set down some specific targets to convince the public that the Government's strategy on promoting I&T really works, and that the Government hands out money for a purpose not just arbitrarily?

Hong Kong has lost many outstanding start-up enterprises in the past. For example, one of the most popular drone manufacturing companies was first established in Hong Kong, but it had to relocate to the Mainland for development. It has become a world-renowned enterprise now. Should we review why Hong Kong has the conditions to establish such enterprises but do not have the conditions to retain them? Should we conduct a review to find out the factors and reasons for not being able to retain those enterprises? When we fail to retain these enterprises, is the loss suffered by the entire industrial chain merely limited to the loss of one company, or will we lose a series of opportunities?

These are the points that we have to study and review when we consider the strategy to promote the development of I&T or re-industrialization. Should we seek changes and solutions from this perspective?

In the various amendments, Members have put forward recommendations such as providing support to the restructuring of traditional industries, capitalizing on the Bay Area or supporting the re-industrialization of arts, cultural and creative industries. The Democratic Party does not object to these amendments. However, the Democratic Party must stress that how to attract talents is the key to re-industrialization. When our neighbouring cities are using all kinds of tactics to compete for talents with us, we must formulate a clear strategy to attract talents, which cannot be resolved solely with money. The allocation of resources is part of the solution, but the key lies with the formulation of policies that place talents as the top priority. When different places are competing for talents with us, does the Government still hold the attitude of sending talents away? Hence, it is of paramount importance to create sufficient opportunities in Hong Kong that allow young people to give full play to their strengths to contribute to Hong Kong. (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr WU Chi-wai, please stop speaking.

MR CHARLES PETER MOK (in Cantonese): President, I think we all know that the first smartphone only appeared some 10 years ago, yet our lives have changed a lot. The application of mobile networks, social media and various related technologies have brought about a lot of irreversible changes and have become an important part of our life.

No one can 100% estimate the changes of the world in the next 10 or 20 years, but we can foresee and affirm that artificial intelligence, autopilot, wearables, Internet of Things, 3D printing and robots, etc. will surely become the mainstream by 2030. Of course, there may be something new that we have not yet known. Is our society adequately prepared to face this rapidly changing world? The situation in Hong Kong is worrying indeed.

I sincerely thank Mr Jimmy NG for moving this motion. This discussion is very important because we are already in the fourth industrial revolution. In the digital age, technology is developing in a geometric progression and we

cannot just stop and do nothing. What can we do so that Hong Kong can achieve re-industrialization and use new knowledge to create new values for industries? The amendment I proposed today brings out the message that the Government must pay more attention to information technology and talent training while promoting the policy of re-industrialization.

The biggest challenge facing the global manufacturing industry is no longer the factors of rising costs and sluggish market, which were the general concerns in the past, but how to master technologies such as data science and Internet of Things. Facing these technological challenges, the essential factor to attain industrial success is not simply producing the most reliable products of the best quality but grasping customer preferences and introducing products expeditiously in the market to maintain market advantage.

Automated machines and other equipment are the bases of "smart factories". At a banquet last night, I was chatting with some manufacturers and they told me that the essentials of re-industrialization were not factories and manufacturing industries but data and artificial intelligence. This fact is already known to many manufacturers. At present, the focus of Industry 4.0 is on Internet of Things technology and the next step is to move from "smart factories" to "smart production" through intelligent process management and automation.

President, in recent years, we have frequently discussed in the Legislative Council issues such as innovation and technology and re-industrialization. I think Members have better understanding about these issues and the discussions have become more focused. I would like to respond to some remarks made by Mr HO Kai-ming just now. I am afraid that he has really misunderstood re-industrialization and I suggest that he should read the "Bible" *The Fourth Industrial Revolution*, as mentioned by Mr Jimmy NG just now. It is clearly stated in the book that "re-industrialization" is not focused on factories. I am afraid that Mr HO's remark of placing traditional manufacturing industries at the core is based on the old industrialization model. To put it nicely, we are picking up what others discard but we are actually excluding artificial intelligence or robotics. When I chatted with manufacturers last night, they said that they could not hire people in Hong Kong even if they were willing to relocate back. I think The Hong Kong Federation of Trade Unions can consider redefining "workers" so that they will become a more powerful force.

Re-industrialization is not only assisting traditional manufacturing industries in technology upgrading; the next few years will be an important period for the substantial digitalization of manufacturing industries and data has always been at the core in this regard. Using machine learning and estimating programmes to predict results, developing new products, improving existing products and services and producing service-oriented products will be new ways to make profits.

Just now, several Members have mentioned that countries such as Germany, the United States and China are developing new manufacturing industries and their reforms actually have something in common: They advocate driving the development of the manufacturing industries by innovation and high technologies, creating smart and green manufacturing, and producing service-oriented products with information, communication technology and Internet of Things technology as the backbone, connecting human beings, objects and machines.

Although the Government has put forward a range of reform measures in respect of infrastructure, research and development, talent and financial support, etc., it seems that it has all along made greater efforts in areas of infrastructure and financial support, but has not made enough efforts in other aspects, especially in respect of removing restrictions concerning talent and legislative regulation. Re-industrialization is not just about land for the manufacturing industries; more importantly, it is also about cultivating the data literacy of the community as a whole.

The Singapore Government cooperated with the National University of Singapore in training 2 000 government officers in data science each year. It is expected that 10 000 officers will be trained within five years. The programme was implemented last year to allow government officers to receive relevant training first. What about Hong Kong? We only have the Continuing Education Fund. Though the maximum level of financial assistance for each applicant in a lifetime will be increased to \$20,000, this is definitely not enough, let alone allowing government officers to receive training first.

The Singapore Government introduced, in its 2016 Budget, the Industry Transformation Programme which was related to digital transformation as we often talk about. The Singapore Government has drawn up blueprints for 23 different industries to assist enterprises in various sectors in increasing

productivity and investment skills, promoting innovation and going global. Since 2016, it has introduced 15 industrial transformation blueprints, tailor-made for industries such as food manufacturing, catering, retail, wholesale trade, logistics, hotels, precision engineering and air transport, etc. Nonetheless, Hong Kong has taken across-the-board measures. For example, under the Technology Voucher Programme, \$200,000 subsidies are provided to eligible applicants but these measures are not targeted at all. We can see the difference between Hong Kong and Singapore in this respect. The industrial transformation blueprints generally seek to add values to industries, increase their creativity and productivity, assist industries in investing in new equipment and automation technology, enhance the skills of enterprises and improve business processes.

President, the Budget this year provides specific subsidies to certain industries. For example, the Government will allocate an additional funding of \$30 million to the Travel Industry Council of Hong Kong to assist small and medium enterprises in the tourism industry, but the funding is inadequate and not targeted. We have recently noticed that there are a lot of network security problems in the tourism industry and \$30 million can barely solve these problems, so the funding is inadequate. I hope the Government will really encourage enterprises and talent to advance with the times. Re-industrialization is not just about the manufacturing industry, but the Government should develop blueprints for various industries in upgrading and restructuring.

The development of re-industrialization will take more time to achieve results. I hope the Government will attach importance to the planning of industrial transformation, subsidize the research and development of data usage by smart manufacturing industries, assist industrialists in applying the research and development results and train more data science professionals through tertiary institutions and other means so as to meet future demands. More importantly, the Government should improve the market environment of the industry so that enterprises can make more profits. The Government should also take the lead to purchase more products so that wages will increase and more desirable jobs will be created. Talent will naturally be attracted when the market becomes bigger.

In addition to talent, removing various restrictions is the most important to the manufacturing market. I would like to refer to the "Bible" again, i.e. *The Fourth Industrial Revolution* as mentioned by Mr Jimmy NG. I believe the Secretary must be very familiar with the contents of this book. When I read this

book, I have particularly tagged some pages and I think the contents of one of these pages are most relevant to the situation of Hong Kong. There is a section on "Innovation-Enabling Regulation". Indeed, the most important thing is not funding or infrastructure but how to remove various restrictions through regulation, so that companies can achieve innovation and will not be restrained by the old framework. As such, they cannot pursue new development. As there are too many relevant examples, there is no need for me to provide examples.

Indeed, what we genuine need is not restricted to money, infrastructure and land, we also need the Government to create a better market environment and change the thinking of government officials. With these remarks, I hope Members will support my amendment.

MR JEREMY TAM (in Cantonese): President, I agree with various Honourable colleagues that we hope to promote re-industrialization so as to, firstly, develop a complete industry chain; secondly, promote product research and development ("R&D") and product design in Hong Kong; and thirdly, develop the "Made in Hong Kong" brand.

According to some colleagues, the future industrial development of Hong Kong should not take the old path of relying on labour-intensive industries, but should focus on production with cutting-edge technology, big data and cloud computing. I agree that this is absolutely a way out. However, when it comes to promoting local culture and properly developing the "Made in Hong Kong" brand, is there only one way out for Hong Kong's industries? Apart from those precision industries engaged in production with cutting-edge technology, have we forgotten the arts, cultural and creative industries? Have we ever considered craftsmanship as an industry?

Many practitioners in the arts, cultural and creative sectors stress the importance of craftsmanship. A craftsman always strives for improvements in quality and lays stress on concentration and "putting his soul into his works", devoting all his energies to one craft during his life. If such craftsmanship can be developed into an industry, people will surely be attracted, and Hong Kong definitely has what it takes to make this happen.

Since the northward migration of traditional industries, a large number of practitioners in the arts, cultural and creative sectors have moved into industrial buildings for continuous production. A case in point is the Fotanian Open

Studios (now known as the Fotan Open Studios). First held in 2000, this event showcases a wide array of works including paintings, sculptures, ceramics, mixed media, prints, photographs and videos, through which different artists can learn from each other and exchange ideas. Another example is Wilson SHIEH, a well-known Hong Kong contemporary artist and a winner of the Hong Kong Contemporary Art Biennial Awards, whose works have been shown in various biennial exhibitions around the world. His studio is also in Fo Tan, and Osage Gallery, an exhibition and trading venue which he works with, is also situated in an industrial building. As a famous art gallery in Hong Kong, Osage Gallery has exhibited at Art Basel Hong Kong. Unfortunately, due to the constraints of the industrial building regime, Osage Gallery can only operate with a fairly low profile, which has hindered its development.

In recent years, with the increasing popularity of handicrafts such as leather products, iron ornaments, wooden furniture and handmade guitars, all kinds of craft creations have made their way into industrial buildings on a massive scale, and the demand for handicraft bazaars has kept increasing. Regrettably, given the current exorbitant prices of commercial units and the restrictions imposed on industrial buildings by land leases and the law, it is hard for practitioners in the arts, cultural and creative sectors to sell their products. This gap in the industry chain has seriously inhibited the development of the arts, cultural and creative industries. For instance, Kwun Tong Industrial Area has always been a vibrant music ecosystem which once accommodated more than 500 local indie bands in its heyday, with several live houses providing performance venues in addition to many outstanding musical instrument repairers. Sadly, it is difficult to sustain these achievements, as they are not allowed under the law and land leases.

Take, for example, Hidden Agenda, a famous small to medium-sized live house in Hong Kong. Recently, it has been unable to operate normally because of the Government's rigorous law enforcement action. Although it has struggled hard and managed to keep its head above water after experiencing a few closures, it has now moved out of Kwun Tong Industrial Area. In fact, Hidden Agenda is a world-renowned performance venue. It was named by *Time Out Hong Kong* magazine as the best local performance venue in 2010. And it even held three concerts in 2012 and 2013, two years in a row, at the invitation of Le French May organized by the Alliance Française de Hong Kong and the Consulate General of France in Hong Kong. All these are proof of the high international standing of Hidden Agenda.

Besides, there is a local band called Chochukmo in Hong Kong. In 2009, it was described as "perhaps the most charismatic band to have emerged in southern China in recent years" by *Time* magazine, and was included in "The Hong Kong Hot List: 20 people to watch" by CNNGo. Moreover, from 2012 to 2015, four years in a row, it performed at Freespace Fest and participated in the music project planning for Freespace Happening in the West Kowloon Cultural District. Formed some 10 years ago, Chochukmo gave its early performances on the stage of the first-generation Hidden Agenda, witnessing the course of mutual complementation between music performance venues in the community and government agencies for the progressive nurturing of quality musicians.

However, anyone operating a live house in an industrial building will be accused of not having a Places of Public Entertainment Licence by the Food and Environmental Hygiene Department, and be accused of breaching the land lease by the Lands Department. To stop musicians from around the world from going to performance venues in industrial buildings for exchanges, the Immigration Department will even issue summonses to prosecute them ...

PRESIDENT (in Cantonese): Mr Jeremy TAM, the subject of this motion is re-industrialization. Please return to this subject.

MR JEREMY TAM (in Cantonese): All right. These examples are results produced in industrial buildings. Not only do they have local characteristics, but they have also revived production in industrial buildings that used to have high vacancy rates. This constitutes another facet of re-industrialization.

President, the point that I am trying to make by talking about these things just now is that instead of manufacturing hardware as in the past, we may actually nurture culture in industrial buildings or under re-industrialization.

Some Members hope that the start-up and R&D activities in traditional industries can be relocated back to Hong Kong so that we can have a complete industry chain. I agree with this direction. The arts, cultural and creative industries are in a similar situation: while their "start-up and R&D activities" are in Hong Kong, they can only release and showcase their products openly outside Hong Kong. President, how can we develop the arts industries when we only have half of the industry chain?

GDJYB, an all-female creative band in Hong Kong, was shortlisted for Taiwan's Golden Melody Award for Best Musical Group last year. Being the first Hong Kong band nominated for the award, it was put on the list of nominees together with Mayday, a famous Taiwanese band. As it transpired, a first-rate band in Hong Kong could only command admiration outside Hong Kong ...

PRESIDENT (in Cantonese): Mr Jeremy TAM, I do not see the relevance of the bands mentioned by you to re-industrialization. Please return to the subject of the current debate.

MR JEREMY TAM (in Cantonese): President, I must point out that they are highly relevant to re-industrialization. The bands mentioned by me just now all came into being in industrial buildings, and it is because of the existence of industrial buildings that ...

PRESIDENT (in Cantonese): In my opinion, the coming into being of bands in industrial buildings is totally different from re-industrialization. Please return to the subject of the current debate.

MR JEREMY TAM (in Cantonese): All right, President. Perhaps the way I put it was not good enough, so you did not quite understand it.

Why is it relevant to re-industrialization? When we talk about re-industrialization, we must say what products have emerged, right? Is it the case that these products can only be data or new products in the manufacturing industry mentioned by other Members earlier on? In fact, re-industrialization can be about certain old-style things, including handmade guitars and traditional industries as I mentioned just now. President, re-industrialization is not the same as new industrialization. The term is "re-industrialization", right? It does not mean that Hong Kong's traditional fine crafts should be consigned to oblivion. I therefore consider re-industrialization highly relevant to what I said just now, and this also explains why I talked about those bands, traditions and performance venues just now. Many people take the view that as far as re-industrialization is concerned, "industry" must be defined as hardware and cannot be a culture.

How come an industry in the context of re-industrialization cannot be an arts industry? President, I hope you understand why I am saying these. If we talk about re-industrialization, we must explore how to utilize industrial buildings.

As we all know, many industrial buildings have high vacancy rates, and because of the high vacancy rates, the rents are low. As a result, many different industries have moved into industrial buildings. However, many such industries in industrial buildings are illegal operations. If we are to re-industrialize an entire industrial area, what should we put in industrial buildings? Should the cultural and arts industries or the industry of craftsmanship that I mentioned just now be excluded altogether? The possibility of this happening is very high. So next, I would like to talk about how to allow different industries to move into industrial buildings in order to support re-industrialization.

In my view, the Government should use performing arts as a starting point for giving support to the arts, cultural and creative industries. It should, without charging any waiver fee, relax the restrictions on the use of the first three floors of industrial buildings to allow, for example, eateries, shops and services ...

PRESIDENT (in Cantonese): Let me remind you for the last time that you have digressed. If you continue to digress, I will direct you to stop speaking. Please return to the debate subject of re-industrialization.

MR JEREMY TAM (in Cantonese): If we talk about re-industrialization ... I think it is good to have this debate today. Why? Because even the President does not understand my point. I have kept explaining why re-industrialization is related to the different arts industries mentioned by me just now. I thought Members would understand it after I said it once; never mind, but after I said it for the second time, the President still did not get it. This just goes to show that this subject ... I am grateful to Mr Jimmy NG for bringing up this subject today, because many people are still staying inside the box, thinking that only traditional industries (such as the processes of cloth cutting and sewing) can be regarded as industries, while none of the examples cited by me just now is an industry.

This is a huge conflict. In my opinion, an industry does not have to be hardware, nor does it have to produce physical objects; it can be a culture, an inheritance, or a craft. All these fall within the ambit of re-industrialization.

Therefore, I hope Members will support my amendment with a view to enabling artists to concentrate on what they do and "put their souls into their works", as well as developing craftsmanship as an industry. Hong Kong absolutely has the potential to transform itself into a cultural melting pot to bring together top-notch artists from around the world for exchanges and mutual enlightenment.

I so submit.

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Cantonese):
President, first of all, I am very grateful to Mr Jimmy NG for moving this motion today, giving this Council the chance to discuss in detail the policy on re-industrialization in Hong Kong.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

Industries are an important component of a real economy. Light industries at one time thrived in Hong Kong, employing millions of local people. However, with the economy entering a new development stage and changes in the social environment, the edges of cheap land and labour three and four decades ago can no longer be found today. At present, manufacturing industries contribute about 1.1% to our GDP. As everyone has access to education, the younger generations have higher expectations of their work and they do not like to engage in low-skilled jobs in labour-intensive industries. As stated in the original motion, the purpose of promoting re-industrialization is to consolidate the economic foundation and promote the diversification of industries in Hong Kong. We find it appropriate to make use of innovation and high technology, such as Internet of Things, artificial intelligence, new materials, and intelligent production processes to develop high value-added industries, including industrial chain, instead of bringing the traditional land and labour-intensive production mode back to Hong Kong.

I believe everyone will agree that innovation and technology affect all industries and trades, and they are the keys to enhancing Hong Kong's competitiveness and the development of a diversified economy. Manufacturing industries require the support of technologies in various areas and the integration with various forms of innovative activities in order to become the cradle of

innovation and technology; while research and development ("R&D") is the only way to enhance the productivity and competitiveness of manufacturing industries; one cannot do without the other. Hence, our present focus of work is to encourage R&D and promote re-industrialization. It is hoped that through R&D, innovation and technology will be applied to provide new impetus for traditional industries and drive re-industrialization forward, which will in turn introduce and develop high-end manufacturing industries suitable for Hong Kong, promote economic growth, and create more quality employment opportunities for young people in particular.

Promoting re-industrialization on all fronts is certainly one of the important objectives of the Government's policy on innovation and technology. Since the establishment of the Innovation and Technology Bureau, we have launched a number of initiatives to promote innovation and technology, covering areas such as infrastructural construction, R&D funding, talent cultivation and promotion of upgrading and restructuring. The resources allocated have exceeded \$18 billion. Moreover, in the first Policy Address and the recently published Budget of the incumbent Government, the Government has announced a series of new initiatives for promoting innovation and technology, which will further drive re-industrialization forward.

The Government is well aware of the restrictions in developing industries in Hong Kong. In view of the precious land resources, I strongly agree with Mr Kenneth LEUNG that we should develop high value-added industries that are low in pollution and land requirement. In fact, the industrial policies of many advanced countries and regions are heading towards the development of high value-added, high technology and sustainable industries. We should develop new industries, and at the same time, as proposed by Mr WU Chi-wai, support the upgrading and restructuring of traditional industries, and direct the relocation of high-end manufacturing industries back to Hong Kong, thereby adjusting our industrial structure. We also agree with Mr HO Kai-ming about making good use of the brand name of "Made in Hong Kong" and the inherent edges of local manufacturers to market our own R&D results and industrial products to all parts of the world.

In future, the Government will continue to consolidate Hong Kong's strengths, listen to the views of the sectors on the general direction of developing high valued-added and high-end industries, and adopt more measures to promote re-industrialization. I think Members will understand that re-industrialization is

a long-term policy and it cannot be achieved overnight. In particular in respect of training of talent and investment in R&D, only through the joint efforts of all parties concerned can we bring about the continuous robust development of industries.

The Government is committed to promoting re-industrialization. We have set the goal to reverse the trend of a declining percentage share of manufacturing industries in GDP in the next two to three years. The Committee on Innovation, Technology and Re-industrialization chaired by the Financial Secretary will listen to the industries' views on the development of innovation and technology as well as re-industrialization.

Deputy President, I wish to listen to Members' views on the motion first and respond later on. Thank you, Deputy President.

MR CHAN CHUN-YING (in Cantonese): Deputy President, in paragraph 77 of the Policy Address released in January 2016, the last-term Government proposed that Hong Kong should implement "re-industrialization" by formulating new measures to promote industrial development, and described "re-industrialization" as a potential new area of economic growth. In paragraph 72 of the Policy Address released last year, the current-term Government further stated that it "will provide funding to subsidize local enterprises ... for training their staff on advanced manufacturing technologies, especially those related to Industry 4.0". This year's Budget has made the idea more specific through the use of public money, e.g. the Science Park will be expanded to provide additional space for the start-ups, and the Hong Kong Productivity Council ("HKPC") will set up Inno Space to provide technical support to help start-up entrepreneurs and graduates turn their innovative ideas into products.

Whether Hong Kong can secure a place in Industry 4.0, which is regarded as the fourth industrial revolution, still remains to be observed. The motion on "Establishing a comprehensive 're-industrialization' policy regime" moved by Mr Jimmy NG today comes just in time, though our discussion has been delayed for months. It is believed that Mr NG's motion seeks to genuinely implement the diversification of Hong Kong's economy and industries, so as to further enhance our overall competitiveness and create more quality employment opportunities for young people. Hence, I absolutely support this motion.

The key concept of Industry 4.0 is connectivity. With the use of information and communication technologies, the Internet of Things and Internet of Services have been developed to connect all the relevant equipment, personnel, processes and data, such that the equipment not only can communicate with one another, but is also capable of monitoring, making analysis and exercising judgment independently. Problems can thus be identified and promptly addressed at any time, thereby enhancing the flexibility of the production process to react swiftly to changing market needs. Simply put, this is the idea of smart factory.

Deputy President, while the German Government put forward the concept of Industry 4.0 in 2013, China also proposed the "Made in China 2025" strategy in 2015. They are different by name, but both seek to enhance their industrial competitiveness through information technology and advanced manufacturing technology. To the industrial sector in Hong Kong, the so-called "Industry 4.0" is not new, but its operation and implementation are still in a stage of active exploration. In August last year, HKPC established the Smart Industry One, the first-of-its-kind in Hong Kong showcasing comprehensively Industry 4.0 to the public. This demonstration centre, which simulates the operation of a smart factory, including the digitalization operation solution, intelligent and agile production cell and Cyber Security Zone, enables the industry to see for themselves what Industry 4.0 is about. It is believed that the demonstration centre will be very useful to the industry.

In fact, HKPC estimated that about 60% to 70% of enterprises in Hong Kong still lie between Industry 2.0 and Industry 3.0 at present, which means that mass production is possible with the extensive use of machines, but they have yet to achieve comprehensive automated production. As more and more overseas clients have adopted Industry 4.0 and incorporated it into their procurement requirements, it is important for Hong Kong manufacturers to expeditiously upgrade themselves so as to maintain their competitiveness in the international market. Therefore, Industry 4.0 is by no means a matter involving major manufacturing countries or multinational enterprises, but is also of crucial interest to small and medium enterprises in Hong Kong.

Deputy President, I totally understand the concern of the industry that intelligent process does not only require money and hardware, software development is also a crucial factor. If the Government is determined to

promote re-industrialization, I would expect it to assume a more proactive role in, as Mr Jimmy NG mentioned just now, amending the relevant legislation and rules to keep abreast of the times.

I cannot agree more with the point raised by Secretary for Innovation and Technology Nicholas YANG in his blog on 21 March last year. He said that after the migration of local manufacturing industry to the Mainland in late 1980s, Hong Kong had not only lost almost one million manufacturing posts, but also its edge in industrial research and development ("R&D") and project design, consequently entering the stage of "de-industrialization". On the contrary, countries in Europe and the United States have all along kept their strength in industrial R&D and project design within their homelands. Take Apple iPhone as an example. Although many of its hardware is manufactured in Mainland China, core processes such as design, R&D and software are still carried out in the base of the company in the United States. Therefore, if Hong Kong wants to revive industries, it should begin with gaining control over its core R&D. It is therefore heartening to see that the current-term Government has stated in the Policy Address to proactively promote innovation and technology and the Budget has set aside an additional \$50 billion to support innovative development. It is heading towards the right direction.

In order for Hong Kong to implement re-industrialization, the training of talent is very important. We need to integrate pre-vocational training and the intelligent management of enterprises so as to change young people's longstanding impression about industry. The younger generation is encouraged to introduce innovative elements such as technology, with a view to embodying their creativity in the traditional industries. Hence the brand of "Made in Hong Kong" can shine again. Both the Policy Address and the Budget have responded to the request for talent training, but the details provided are far from concrete. If Hong Kong has to implement Industry 4.0, the Government and the industry will have to expeditiously figure out its positioning, the kind of high value-added manufacturing industry to be developed and how talents can be better pooled.

I so submit. Thank you, Deputy President.

MR CHUNG KWOK-PAN (in Cantonese): Deputy President, in March 2014, I moved a motion on "Encouraging the return of the industrial sector for development to make Hong Kong's industries more diversified". Although the

motion was passed by the Legislative Council, it seemed that the then Government had not responded or taken any action. Certainly, we know that at that time, the Innovation and Technology Bureau had yet to be established and Secretary Nicholas YANG had not assumed office. The remark made by Secretary Nicholas YANG just now is very encouraging. He hoped that the percentage share of Hong Kong industries in our GDP in future—within the tenure of the current-term Government or two years later—would rebound instead of on the decline. I will also be glad to see this happen.

Today, Mr Jimmy NG moves a motion on "Establishing a comprehensive 're-industrialization' policy regime". I believe this motion will be passed, as I heard that most of the Members who spoke have expressed support. But how can re-industrialization really be implemented?

As we all know, the migration of industries northward in the past was due to the high costs in Hong Kong. Under the implementation of the reform and opening up policy in the Mainland back then, there was a supply of workforce at low wages. However, today wages in the Mainland are by no means low, and our country is inclined to develop science and technology. If people still want to have cheap labour, they may go to other regions in Southeast Asia. But if they want to stay in Hong Kong, there are only two feasible options: one is to attract the relocation of industries back to Hong Kong, and the other is innovation and technology. Dr CHIANG Lai-wan mentioned in her speech just now that Hong Kong has invested \$10 billion in scientific research over the past 10 or 12 years, yet it seems that not much achievement has been attained. Nevertheless, I can tell Members today some concrete examples of achievement, particularly in the textiles and garment industry.

Six months ago, a Hong Kong enterprise planned to open a spinning mill in Hong Kong. In the past decade, spinning mills in Hong Kong had either relocated northward to the Mainland or ceased operation. No spinning mill had been established in Hong Kong. Certainly, I represent the textiles and garment constituency, and spinning is a part of the industry. An enterprise confirmed to open a spinning mill half a year ago, yet the mill will only be opened three months later—I will explain to Members later why the opening is still pending. The spinning mill adopts a full environmental protection concept with the relevant technologies developed by the Hong Kong Research Institute of Textiles and Apparel ("HKRITA"). The local enterprise concerned now collaborates with HKRITA, and the three production lines set up at a site covering 30 000 sq ft in the Tai Po Industrial Estate are ready for production. The discarded apparel is

recovered, sorted, dissolved and broken down to take out the fibres for re-spinning. This is a brand new technology. Although the spinning mill is still not ready for operation, orders have already been placed by well-known overseas buyers, such as H&M and Burberry. There are orders even preceding the production. This is a very good example of a Hong Kong investment company applying the technologies developed in Hong Kong to manufacture products in Hong Kong. It is the best example of re-industrialization of traditional industries. Moreover, it is so successful that orders have already been placed. The enterprise prepares to invest in another 10 production lines in Hong Kong after the first three production lines come into operation three months later. Yet, the land issue problem will have to be negotiated further with the Tai Po Industrial Park.

However, presently, there is a serious problem and I hope the Secretary will listen carefully. Owing to the various internal problems of the Government, the tenancy agreement still cannot be signed, thus the aforementioned three production lines cannot start operation. The site is selected and renovation is about to start; yet the tenancy agreement cannot be signed due to the internal problems of the Government. Will the Secretary please solve this problem expeditiously. This case reflects that the policy fails to tie in with the operation of re-industrialization.

Let me cite two more examples which are also the technology developed by HKRITA. The first one is the thermal fibre, which can be mixed with yarn to produce a sweater. The sweater can be connected to a power bank to keep the body warm. This is also a technology that Hong Kong developed. As for the other technology, after scanning the customer by a 3D scanner, an automatic loom can produce a tailor-made sweater for the customer in three days' time. These products, with technologies developed in Hong Kong, are produced in Hong Kong, yielding very high profits. They are successful examples of transforming traditional industries by technology.

Therefore, I am of the view that Hong Kong has the potential for re-industrialization. Surely, we are not talking about traditional industries, i.e. we do not mean setting up a garment factory employing 1 000 workers in Hong Kong at low salaries. We can make use of technology for re-industrialization. Other different industries, be it electronic, toy or clocks and watches, can all carry out production and development in Hong Kong. I can tell you that overseas buyers have absolute confidence in products made in Hong

Kong; their confidence in our products is higher than those manufactured elsewhere. This explains why so many foods and pharmaceutical products are produced in Hong Kong, and why so many people from the Mainland insist on buying these products in Hong Kong. Hence, I would like to ask the Secretary to remove barriers and revise the policies appropriately, as well as change the mindset of public bodies. If the spinning mill concerned could make its own decision in all aspects, it would start operating half a year ago. Now it probably has to wait three more months or even half a year before it can start operating, pending the settlement of the tenancy agreement.

Thank you, Deputy President. I so submit.

MR WONG TING-KWONG (in Cantonese): Deputy President, having experienced the heavy blow dealt by the financial turmoil, I believe we all understand that the major reason was the lack of support from a strong real economy. Therefore, after the financial tsunami, many powerful economies around the world have put real economy and re-industrialization as the new direction for national development. Some time ago, in reply to my question on industrial development, the SAR Government emphasized that the Innovation and Technology Bureau would be committed to promoting re-industrialization and encouraging the development of high value-added industries or manufacturing processes which made use of smart production, data analysis or Internet of Things and did not require substantial land resources, thereby facilitating the development of Hong Kong into a technology-based economy.

As a matter of fact, the development of innovation and technology ("I&T") has become a global and a major economic trend. Nevertheless, we should examine how we can effectively capitalize on I&T to once again attain success for Hong Kong's industries. Most importantly, the Government should increase its input to I&T. I particularly lay emphasis on scientific research talents, their nurturing is especially important. We support the Chief Executive's proposal of launching the "Technology Talent Scheme" in her Policy Address, which includes establishing a "Postdoctoral Hub" and expanding the current Internship Programme to nurture more technology talents and subsidize staff of enterprises to receive training on advanced manufacturing technologies, such as Industry 4.0. Moreover, the Government should also continue to proactively promote STEM (i.e. Science, Technology, Engineering and Mathematics) education, so as to build up students' interest and foundation in scientific research.

Apart from training and retaining local talents, it is also important to appropriately recruit overseas talents to Hong Kong to form a pool of talents and attract technology companies to settle in Hong Kong. This is important for bringing in new technologies and knowledge and creating diversified employment opportunities. However, according to the management of international organizations, though Hong Kong has the advantages of good professional services and a simple tax regime, its high housing cost makes it difficult to attract talents. In fact, the Government is also aware that housing is a major factor in attracting and retaining talents, it thus has the idea of developing InnoCell when establishing the Hong Kong Science Park. By offering accommodation to professionals at concessionary rents, it is hoped that their housing problem can be resolved and their burden relieved.

Nevertheless, given the restraints on the number and tenancy period of InnoCell, the sustained demand of talents in future may not be met. The Steering Committee on Innovation and Technology led by the Chief Executive should examine how to pool talents together, including whether it is possible to extend the scale of support. We believe that Hong Kong should be able to offer other favourable conditions to attract and retain talents. Moreover, the Government can also consider formulating targeted policies on importing high-end technology talents, and simplifying the relevant procedures, so as to, through different proposals and policies, genuinely achieve the pooling of talents and creating edges and development opportunities for Hong Kong amidst the knowledge-based global economy.

Furthermore, I must emphasize that I&T should also be applicable to small and medium enterprises ("SMEs"). Actually, many countries and regions have formulated policies on the re-industrialization of SMEs. The Government is duty-bound to put in more resources for local SMEs to develop through I&T. Many SMEs possess the conditions to engage in production, and they can turn science and technology into productivity quickly; yet they just do not have sufficient resources for development. The Government should formulate targeted policies on re-industrialization and provide resources to SMEs for upgrading and restructuring. Through developing different modes of intelligent manufacturing and management to link up with the situations of respective business and industry, it is believed that SMEs can develop useful commodities to benefit society and the economy.

With these remarks, Deputy President, I oppose Mr Kenneth LEUNG's amendment and support the original motion as well as the other amendments.

MR MA FUNG-KWOK (in Cantonese): Deputy President, Hong Kong has relied on the light industry and manufacturing industry for its early development. However, with the northward migration of industries since the 1980s, local production lines have been gradually relocated to some Mainland places where industries can be operated with more space, lower rents and lower labour costs. Only such work processes as design and research and development ("R&D") have remained in Hong Kong. Since then, Hong Kong's economy has started restructuring, gradually shifting its focus to the service and financial industries. Statistically speaking, the proportion of industry in Hong Kong's GDP has gradually reduced from 6.1% in 1997 to 1.1% last year.

Putting forward the goal of re-industrialization, the Government of the last term hoped to turn re-industrialization into a new area of economic growth. Nowadays, when we talk about re-industrialization, we certainly do not mean the relocation of our production lines which had moved to the Mainland or even some Southeast Asian countries back to Hong Kong. In fact, given our shortage of land, high labour costs, and a very small working population engaging in the industrial sector, it is very difficult for us to backtrack. As a result of globalization, the mode of industrial competition has evolved, with mass and labour-intensive production at the early stage of industrialization replaced by a competition in terms of mental capacity and creativity, with a view to promoting the development of high technology.

As pointed out by a number of colleagues and the Administration, Hong Kong has a certain competitive edge in re-industrialization. For example, the large-scale Hong Kong-funded factories set up by Hong Kong owners in the Mainland and Southeast Asia can be integrated with Hong Kong's sound procurement and marketing networks, information technology infrastructure and the reputation of the "Made in Hong Kong" brand. In order to capitalize on our competitive edge for further development, it is essential for the Government to take the lead by stepping up its policy planning and financial support, for example, adding value to the "Made in Hong Kong" brand. It is also essential to seize the opportunities arising from the development of the Guangdong-Hong Kong-Macao Bay Area and the Belt and Road Initiative to open up markets and step up promotion; promote the application of big data and other technology; encourage development and research; assist in industrial upgrading and restructuring, and develop a high value-added manufacturing industry in the long run.

I do not have strong objection to the original motion moved by Mr Jimmy NG or the amendments of other Members. Next, I wish to specifically talk about my views on Mr Jeremy TAM's amendment regarding the arts, culture and creative industries.

In fact, before the reunification, Hong Kong's cultural and creative productions had been classified as the creative industry, which included traditional industries such as films and television, music, animation and comics, and publishing. Our creative industry used to have made glorious achievements. However, in the past decade or so, given our backward laws and regulations on intellectual property protection and the competition from neighbouring regions, the local creative industry has lost its glory and is currently faced with grave challenges from restructuring and upgrading. In the meantime, some cultural and technical industries have emerged in Hong Kong, such as new developments in stage setting, performance, digital entertainment and video game tournament.

(THE PRESIDENT resumed the Chair)

As I mentioned just now, the local industries have relocated to the Mainland in large numbers since some 30 to 40 years ago. There are only about 1 400 industrial buildings left at the moment; and the vast majority of them are no longer used for industrial purposes. These factory buildings, however, have provided space for promoting the development of a number of cultural and arts groups. In fact, since I became the Chairman of the Hong Kong Arts Development Council more than 10 years ago, I have been making a recommendation to the Government for changing its industrial building policy, with a view to promoting the development of arts, cultural and creative industries. However, the Government has never taken my proposal seriously. It was not until the last term of the Government that the Administration expressed support for cultural and creative industries. Three years ago, the then Secretary for Development expressly stated that the restrictions on the uses of industrial buildings would be relaxed where practicable for cultural and arts uses. The new Chief Executive Carrie LAM has also mentioned in her election platform and Policy Address her plan to study the feasibility of allowing the lower floors of industrial buildings to be used for non-industrial purposes, and reviewing the definition and coverage of "industrial (uses)" and "warehouse" in land leases, but all these have so far been empty talks only.

In fact, the authorities have never enacted legislation to give arts, cultural and creative groups legal room for survival. For this reason, these groups have only been operating in grey areas for many years. Worse still, after a fire hazard in mini-storages in an industrial building, the Government has stepped up law enforcement against lease breaches in industrial buildings ... □

PRESIDENT (in Cantonese): Mr MA Fung-kwok, I have reminded Mr Jeremy TAM on the same point. We are now debating on the motion on re-industrialization but not factory building policy. I hope that you will return to the question of re-industrialization under this debate.

MR MA FUNG-KWOK (in Cantonese): President, I wish to point out that Mr Jeremy TAM has stated in his amendment that "the Government should provide policy support to back up the 're-industrialization' of arts, cultural and creative industries, so that these industries can make and disseminate their arts, cultural and creative products at appropriate industrial sites (e.g. the first three floors of industrial buildings)". In view of the contents of the amendment, I do not think that I have deviated from the subject of the motion in my speech.

PRESIDENT (in Cantonese): We are now debating the motion on re-industrialization. I remind Members that the discussion should focus on this subject. Please continue with your speech.

MR MA FUNG-KWOK (in Cantonese): President, the Government has not addressed the plight of the local cultural and creative industries and the demands of stakeholders, nor has it honoured its pledge of relaxing the restrictions on the uses of industrial buildings. It has also refused to change the definition of the uses of industrial buildings. I have repeatedly urged the Administration to make better use of industrial building units and adopt special measures for industrial buildings with lower security risk. Under this proposal, owners will be eligible to apply to the Lands Department for temporary waiver permitting the modification of land lease for cultural, arts and creative uses, with relevant fees exempted and relevant procedures simplified. However, I have so far received no positive response from the Administration.

In the Policy Address released earlier, the Government has stated that it will consider restarting the revitalization scheme for industrial buildings and explore ways to provide under the scheme legal and safe room for the operation for some industries with development potential—such as cultural, arts and creative industries—and community facilities. However, as far as the industries are concerned, there are hidden worries in this suggestion because the previous revitalization scheme for industrial buildings had precisely been the culprit for pushing up rents of industrial buildings, forcing some groups in the industry out of industrial buildings reluctantly. I would like to take the opportunity of the motion debate today to urge the authorities once again that when restarting the revitalization scheme, it is essential to proceed with caution and, in particular, avoid making the same mistake. The authorities should take measures to require applicants for revitalizing industrial buildings to reserve spaces for cultural, arts and sports purposes. In this way, the Government can support the re-industrialization of arts, cultural and creative industries with concrete action by reserving room for the development of the industries concerned.

Thank you, President.

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, please speak.

(Mr Jeremy TAM stood up)

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

MR JEREMY TAM (in Cantonese): I just want to clarify one point. As mentioned by Mr MA Fung-kwok, the amendment I have proposed is related to the re-industrialization of the arts, cultural and creative industries, and I have also talked about the first three floors of industrial buildings therein. President, while you have granted approval for me to propose my amendment in today's meeting, you interrupted my speech time and again just now; and while Mr MA Fung-kwok was speaking, you had also stopped him. Why didn't you reject my amendment in the first place? I want to clarify this point. If other Members talk about re-industrialization in their speech later and they are again suspended by the President, I consider this to be a problem. Why didn't you rule my amendment inadmissible back then? Hence, I hope you can give a clear guidance as to whether I should speak on my amendment ...

PRESIDENT (in Cantonese): It is incumbent upon the President to point out when a Member's speech has deviated from the question under debate. This has been my practice all along.

Dr Priscilla LEUNG, please speak.

MR JEREMY TAM (in Cantonese): President, please hear what I say ...

PRESIDENT (in Cantonese): This is not a point of order.

MR JEREMY TAM (in Cantonese): How can it not be a point of order? I was speaking on supporting the arts, cultural and creative industries ...

PRESIDENT (in Cantonese): This is not a point of order.

MR JEREMY TAM (in Cantonese): How can it not be a point of order? You do not even allow Members to speak on the relevant matters.

PRESIDENT (in Cantonese): Please sit down.

MR JEREMY TAM (in Cantonese): How can it not be a point of order, President?

PRESIDENT (in Cantonese): Mr Jeremy TAM, please sit down.

MR JEREMY TAM (in Cantonese): President, I hope you can think more carefully.

PRESIDENT (in Cantonese): Mr Jeremy TAM, I have made a ruling. Please sit down.

Dr Priscilla LEUNG, please speak.

DR PRISCILLA LEUNG (in Cantonese): President, I notice that my speech today was already ready on 17 October 2017. After a wait of almost half a year, or five months, here comes the chance for me to give this speech. I hope that in future there will be more opportunities for us to discuss issues that Members are concerned about. Today, we can finally speak on Mr Jimmy NG's motion on re-industrialization. I think it is a good start.

President, the development of industry is crucial to the strength of a place or a country. We all know that Hong Kong has edges in the areas of finance and commerce. Therefore in our recent discussions about the development of the Bay Area, my friends told me that Hong Kong should continue to focus on strengthening its role as the financial centre instead of developing other industries. After all, financial services are what the country wants most from Hong Kong. However, without industry, Hong Kong will lose many of its characteristics and the sentiment of its people.

Today, the Secretary said that apart from the objective environment, young people nowadays were not interested in low-technology and labour-intensive jobs owing to high job expectations; therefore, it was difficult for industry to develop in Hong Kong but could only move to our neighbouring countries or the Mainland.

I would like to raise a new viewpoint today and invite the Government to think about it. Whether Hong Kong can succeed in re-industrialization and advance to a new stage is a question of mindset. The Financial Secretary has certainly, in his maiden Budget, touched on industrialization, as well as innovation and technology, earmarking \$20 billion for the Lok Ma Chau Loop, \$10 billion for the establishment of technology research clusters, \$200 million for the Cyberport to attract leading Internet enterprises, and \$200,000 for each start-up. But all these provisions are related to hardware. The problem that we have to address right now is the one with mindset. While our older generation, after decades of hard work under the Lion Rock, have managed to provide the young generation with a comfort zone, it is now time for us to encourage our young people to walk out of the comfort zone.

Regarding the mindset for industrial development, I think we should have the spirit of time travelling, a theme found in many movies these days. I have indeed seen many successful cases of time travelling. Let me give an example. Recently, I visited Deqing County in Hangzhou. At the foot of the nearby Mogan Mountain, many ancient cultural industries have been developed. Many young people from Taiwan have started their businesses there, producing some products to be sold in shops, which are numerous in number. When we shop around as tourists, we feel as if we were in an ancient city. Yet, about 20 minutes of car ride, we can go to another place in the county where Tencent, Alibaba and autonomous cars can be found. There are even artificial intelligence products for us to try out.

This example demonstrates how a single place can be developed in two directions. For either direction taken, the success is built on tremendous efforts and various government supports in the form of resource allocation, funding and land provision. The local officials also told me that they hoped people from outside would help them with education, preferably by setting up international schools, as they needed talent rather than money. We should have this innovative spirit but our innovation should go beyond artificial intelligence that we often talk about and extend to the area of culture. In the fashion world, Chinese style is prevalent. Then, what is Hong Kong most famous for? It is our quality. Tourists believe that all products sold in Hong Kong are genuine goods. Our largest market, i.e. the Mainland, greatly admires the quality of our food products. Milk powder sold in Hong Kong is very popular, precisely because our procedures, laws and systems can ensure that all our products in Hong Kong are genuine goods. Some Mainland customers even come all the way to Hong Kong to buy authentic handbags.

Take food production as an example. Indoor farming, which is carried out on a small scale, is now popular overseas. If Hong Kong can, through industrialization, gain fame in food production, we will certainly have a large market as I believe that many Mainland cities love to buy food products from us. Right now, Hong Kong has many well-known brands for soy sauce but we do not seem to have the same ambition in the production of other food products.

Cosmetics is also a case in point. There is a television series called *Super China* (大道中國), produced by a Korean television station. It is so attractive that I watched all the six episodes in one go. In one of the episodes, it depicts how Koreans earned their first bucket of gold in the Mainland by selling

cosmetics, clothes and food products. After making money in China, these Koreans went back to South Korea to buy properties. When we are reluctant to kick start re-industrialization in Hong Kong, assuming that our young people are not interested, we are actually bound by the traditional mindset, thinking that industry is no more than assembling plastic flowers in the past. I personally know some Mainland accountants changing their career path to produce teapots in Wuxi as teapots have become branded cultural products with commercial value.

In the case of Hong Kong, our cultural industries will have a bright future as long as we can package our cultural characteristics and strengths, as well as providing the industries with support in producing branded products. I hope that I will soon see products with Hong Kong characteristics in the market (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, please stop speaking.

DR PRISCILLA LEUNG (in Cantonese): President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, I agree that re-industrialization should be the direction taken by Hong Kong in its future development. Once upon a time, our prosperous industrial development won Hong Kong a seat among the "Four Asian Little Dragons". However, rising production costs had prompted many factories to move northward in the 1980s. From then on, our industries have become increasingly homogeneous, overly relying on the financial and property industries which constituent a bubble economy. While property and stock speculation is rife, other industries can hardly survive.

Former Chief Executive TUNG Chee-hwa once said that he wanted to build a Chinese medicine port, a cyberport, a science part, so on and so forth. Another Chief Executive LEUNG Chun-ying called for the setting up of the Innovation and Technology Bureau to develop high value-added industries. The incumbent Chief Executive Carrie LAM even said that she would establish a Steering Committee on Innovation and Technology. While much has been said, little has been achieved. Little progress is seen in the development of innovation

and technology ("I&T"). Of course, we know that I&T development cannot attain success overnight, but no significant progress has been made after 20 years. Then, it is a big problem. It reflects that despite the continuous introduction of I&T policies, the Government has never learnt from its experience.

I&T development remains stagnant in Hong Kong mainly because the Government has neither devoted adequate resources nor introduced appropriate policies. Let us first discuss the resources issue. In terms of research and development ("R&D") expenditure, Hong Kong is lagging far behind other "Asian Little Dragons" as our spending only accounts for less than 0.8% of our GDP. In contrast, Taiwan and South Korea spend as much as 3.16% and 4.24% of their GDP on R&D respectively. As for the Mainland China, which has strived to catch up over the years, and Singapore, their respective R&D expenditures are much higher than that of Hong Kong, representing more than 2% of their GDP. These figures reflect that the SAR Government does not attach importance to I&T industries. Luckily, after years of criticisms, the incumbent Chief Executive finally proposed in the Policy Address that the R&D expenditure would be increased significantly to 1.5% of GDP by 2022. In the newly-announced Budget, the Financial Secretary also proposed a lavish spending of \$50 billion for developing I&T industries to show his determination. Having said that, I must ask a more important question: Will these funds be spent properly to bring success in I&T development? It is really a question which raises doubts.

Firstly, of the provision of \$50 billion, \$20 billion will be spent on the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") in the Lok Ma Chau Loop ("the Loop"). Putting aside the effectiveness issue, we should note that it will take 8 to 10 years for the Park to come into operation, not to mention the time needed to bear fruit. As a matter of fact, as early as before the handover, there was the proposal of "Digital 21" from TUNG Chee-hwa. Over the years, the Government has also invested heavily in infrastructure, such as the construction of the Science Park and the Cyberport. However, as we are aware, both the Cyberport and the Science Park are rather deserted now. Despite the availability of land and infrastructures, there is a lack of supporting policies and talent, many companies and enterprises are thus frustrated.

While the development of the Cyberport and the Science Park have failed to turn into a success over the years, the Government now makes another attempt to provide \$20 billion for the construction of the Park in the remote and

inaccessible Loop. What is the point of doing so? Unfortunately, detailed information is not yet available. If the Loop is to be jointly developed by Hong Kong and Shenzhen, what are the role and the responsibilities of the Shenzhen Government when the Hong Kong Government invests \$20 billion? It is natural for people to think that the provision is made to please the Mainland. I am not saying that it is not important to build infrastructures; yet, the problem is that the Government keeps on building gigantic but useless infrastructures. The Hong Kong-Zhuhai-Macao Bridge and the Express Rail Link are good examples of "white elephant" projects. This time, the provision is as much as \$50 billion. Can our local I&T companies benefit from this provision? If so, how much will be used to benefit them? Given the outdated and insensitive bureaucratic mentality of the Government, I am afraid that the Government will repeat the same mistake and once again fail to foster I&T development.

Apart from allocating huge funding for infrastructure, does the Government have any concrete policies to help the sector at this stage? Although it is going to support companies in the Science Park with a provision of \$10 billion, it has again failed to disclose any relevant details. There is a chance that those companies will not be benefited. Another example is that in building a smart city, the Government must first open up its data but it remains indifferent to this suggestion after years of campaigning by the sector. Last year, Hong Kong ranked 24th in a global open data index, far behind the neighbouring Taiwan, Japan and Singapore. More importantly, it is necessary for the Government to amend the outdated legislation to remove legal obstacles impeding I&T development and application. Apart from addressing the old laws, the Government should also provide some basic policy support in areas like the training of local talent. Nevertheless, I do not see the Government doing any of these. Singapore and South Korea, which have progressed far ahead of Hong Kong in I&T development, do not only invest but also implement up-to-date policies to attract talent. This is the key to their success.

In my opinion, the Government only eyes on the present without looking into the future; it invests without assessing the actual benefits. Hong Kong could have developed many different industries, only that the Government has failed to promote their development with heart and soul. For example, the development of the Chinese medicine port, as proposed by TUNG Chee-hwa in the past, could have been fruitful (*The buzzer sounded*) ... unfortunately, this project remains at a standstill after two decades.

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, please stop speaking.

MS CLAUDIA MO (in Cantonese): The original motion has called on the Government to establish a comprehensive "re-industrialization" policy regime in Hong Kong. For a debate on the comprehensive regime, one would have expected that at least half of the discussion would be related to virtual innovation and technology ("I&T"), with the other half related to brick-and-mortar industry. However, the Secretary for Innovation and Technology ("the Secretary"), the only public officer attending the motion debate, has been talking all about I&T to us. People are only discussing the Cyberport, the Hong Kong Science Park, and the future Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, etc. Almost no one remember that we still have industrial estates in Hong Kong. As expected, the Secretary has not mentioned a word about factory buildings or industrial estates in his speech, focusing on I&T in his entire speech. In the recently released Budget, \$50 billion has been earmarked for I&T development alone. The Secretary has also indicated that \$18 billion will be solely invested in technology. The funding is completely lopsided. How can comprehensive development as suggested in the original motion be achieved?

While re-industrialization has to rely on government promotion, the Government has made its position very clear. According to the authorities, contrary to the I&T industry, the arts and cultural creation industries are irrelevant to re-industrialization. I&T can also be applied in the comprehensive development of various industries. For example, the garment and pharmaceutical industries can utilize new technology in their production. We cannot say that any intangible activities which cannot produce tangible products, such as a piece of clothes or a bar of soap, are not industrial activities. Otherwise, the Government's statement about I&T will not hold water. Arts industry, such as music remixing, has very often made use of I&T technology.

The first problem with re-industrialization is the lack of land. The Government loves to say that Hong Kong has a land problem. Remember? This has been the mantra of LEUNG Chun-ying. The second problem is the lack of manpower. Given the low salaries, manpower shortage is expected. When the Legislative Council discusses the minimum wage issue every year, Members have to plead with the Government for a raise in minimum wage. We

all know this very well. According to the Secretary, Hong Kong is determined to promote re-industrialization. The Government has recently announced the establishment of the Chief Executive's Council of Advisers on Innovation and Strategic Development ("the Council of Advisers") led by the Chief Executive. Upon looking at its Members' list, people may be astonished to find that the Council of Advisers is like a tycoon club. While the Government is determined to promote re-industrialization with a focus on I&T, what will be the next step after setting up the most recent and highest-level Council of Advisers?

The Secretary has admitted that the manufacturing industry, which currently accounts for only slightly higher than 1% of Hong Kong's GDP, is on the verge of complete extinction. That being the case, shouldn't industrial estates be regarded as a remedy? However, I have heard a businessman who had planned to rent a new spinning factory for I&T production complaining that he could not even rent a factory site. It is noteworthy that the businessman is not only using I&T technology but producing tangible products as well. At present, the Government says it is necessary to promote the Internet, value-added production and high-end manufacturing industry. If producers are not even provided with factory sites, how could they carry out production? Is the Secretary aware of this case, which has just happened in the Tai Po Industrial Estate?

State President XI Jinping has currently said that China has to drive its economy forward with I&T. The tiny Hong Kong will definitely follow suit. However, even if we have to do so, it is not necessary to act like our mouth is watering and we cannot wait to rush to support the development of the Motherland. It is not necessary to go that far to achieve the integration between Hong Kong and the Mainland.

The Government is currently talking about plans to promote re-industrialization and I&T industry in the Hong Kong-Shenzhen river-loop area ("river-loop area"). However, the Government apparently conducted a consultation on developing tertiary education in the river-loop area 10 years ago. Now, it has tried to muddle through by promoting I&T instead. I guess that the river-loop area is not purely reserved for I&T industry. There should be a little tertiary education developments. However, this complete about-turn is rather intimidating. I wonder if Members have noticed it. The river-loop area is

87 hectares in size, which is equivalent to four times the size of the Hong Kong Science Park in Tai Po. As stated by Mr LEUNG Yiu-chung just now, I am very concerned that the river-loop area, under the name of I&T development or scientific research, will benefit Shenzhen first. The Government has claimed that Shenzhen and Hong Kong will develop the river-loop area together. However, using the analogy of a soy-sauce chicken dish, the actual situation is like Shenzhen has provided the "soy sauce" but we have provided the "chicken".

In response to Mr CHUNG Kwok-pan's comment about the Tai Po Industrial Estate, I hope that the Secretary, when giving his final response, can kindly talk about ways to relax the restrictions on the uses of industrial estates and industrial buildings, apart from telling us how great and visionary the development of I&T industry is, and how confident and determined the Government is in promoting re-industrialization.

Thank you.

MS YUNG HOI-YAN (in Cantonese): President, many countries around the globe are proactively developing high value-added manufacturing industries led by innovation and technology. This trend has prompted traditional manufacturing industries to switch to intelligent production; develop high value-added industries and production processes; and undergo re-industrialization, i.e. Industry 4.0 which we often hear about. This is an irreversible trend of global development. Hence, it is most important for governments of various countries and places to take preparatory actions, including formulating policies and measures to provide appropriate and comprehensive support for re-industrialization. Thus, I support Mr Jimmy NG's motion which urges the Government to establish a comprehensive "re-industrialization" policy regime, with the aim of providing more support for Hong Kong enterprises and Hong Kong manufacturers engaging in industries on the Mainland and overseas; promoting the diversification of industries and further strengthening and enhancing the competitiveness of Hong Kong.

President, in March 2017, Premier LI Keqiang expressed the need to promote closer cooperation between the Mainland and Hong Kong and Macao; draw up a development plan for the Guangdong-Hong Kong-Macao Bay Area;

and develop the Pearl River Delta Region as a model of industrial restructuring and upgrading under the "Made in China 2025" initiatives and a world-class industrial base for advanced manufacturing industries. The "Made in China 2025" action plan has been proposed against the background of Industry 4.0. It seeks to turn China from a "big nation of manufacturing" to a "powerful nation of manufacturing" in 10 years through innovation and technology; wide application of intelligent technology and production processes; and upgrading of basic and high-tech industries.

What exactly is the role of Hong Kong in re-industrialization? In June 2017, Prof LI Zexiang of the Department of Electronic and Computer Engineering of The Hong Kong University of Science and Technology expressed his views at the Guangdong-Hong Kong-Macao Greater Bay Area Forum. He said that Hong Kong should establish an innovation centre synergizing robotics and artificial intelligence to attract overseas talents and train local technical talents in robotics and artificial intelligence so as to provide technical support for Industry 4.0 in Hong Kong. He also said that breakthroughs in chips technology; robotics; intelligent production; and artificial intelligence technology would be the most powerful generators in the development of the Greater Bay Area and the era of artificial intelligence. I strongly agree that artificial intelligence will take up a very important place in industrial development in the future, and intelligent automated production will become the major mode of operation in manufacturing.

The era of Industry 4.0 is marked not only by automation in factories. On the bases of cyber-physical system and Internet of Things, technologies in intelligent production, big data analysis and cloud computing will be applied to enhance efficiency and quality in production on the one hand, and greatly reduce the need for manpower and land on the other. Artificial intelligence and blockchain will also form an indispensable and important part of manufacturing in the future.

In recent years, blockchain has become a new and popular term in some industries (e.g. the financial markets). Simply put, blockchain is a new technology which brings about changes to the old ledger systems. With the use of blockchain, information on every part of the business process, including purchasing by manufacturers, delivery of goods, testing by government

authorities, logistics, transportation and sales, can be publicized. Any detail in the whole process, including information on customers, can be traced by scanning the barcodes with mobile phones. In this way, people can easily and quickly identify any mistakes, problems, and potential risks, etc. which will help enterprises in enhancing product quality and production efficiency. Thus, countries around the world have invested huge resources in research on blockchain applications against the backdrop of re-industrialization. I hope the SAR Government will formulate a new policy in this area to deal with the big changes in industrial development around the globe.

Second, artificial intelligence has been very widely applied in manufacturing around the globe, including manufacturing of footwear, printing products and motor vehicles, etc. in which a number of intelligent production features have been introduced. Take the two major sports brands of Nike and Adidas as examples. In its report published this year, Morgan Stanley estimated that by 2023, about 20% of the footwear products of these two manufacturers will be produced in factories with a higher degree of automation. By then, various brands will vigorously promote the development of automated production. In fact, in 2015, Adidas set up a high-speed factory in Germany to produce footwear by robots. The company has also announced that 5 000 pairs of Futurecraft 4D running shoes produced by 3D printing will be introduced in the second half of the year.

Moreover, in November 2015, the Hong Kong Productivity Council established RoboticsOne, which is the first intelligent robotics centre in Hong Kong. It provides one-stop support services in technology application (including consultancy services, technology demonstration, development of applications and training), which will enable the industries to take forward their plans of intelligent automated production. Thus, artificial intelligence is definitely a very important cog in Industry 4.0.

Mr Jimmy NG said in his speech earlier that formulating a new industrial policy would have a big impact on re-industrialization. He mentioned the subject of E-Sports which I often talk about. In the Budget published recently, the Government included E-Sports as an area of innovation and technology and allocated \$100 million for providing competition training and competition venue for E-Sports. These initiatives will support E-Sports in terms of general

technological development and training of talent; enable the manufacturing industry and the electronics industry to reposition themselves and in particular, they will allow the electronics industry to move forward in the direction of re-industrialization.

Thus, I strongly welcome the Chief Executive's proposals of increasing government expenditure on research and development to a level representing 1.5% of our GDP; and increasing tax deduction for expenditure incurred by enterprises on research and development. I also hope that the Government will make good allocation of its resources and properly utilize them so as to maximize the benefits of promoting the development of innovation and technology and industries in Hong Kong. Furthermore, it is also essential for the Government to provide a safe and reliable network infrastructure and environment to assist enterprises in enhancing their network security and management systems and reducing their network risks to the minimum.

Thank you, President.

DR CHENG CHUNG-TAI (in Cantonese): Good morning. When we discuss the subject of re-industrialization of Hong Kong, we are actually discussing the restructuring and revival of industries in Hong Kong.

I think Hong Kong people of our generation or our preceding generations (particularly those who have been engaged in the industrial sector) possess the attributes of being more systematic, flexible and pragmatic; which are quite different from the direction of development under the current education system. The present education system in Hong Kong promotes marketing and probably attaches more importance to short-term efficiency; but it lacks training on systematic approaches and problem-solving. Certainly, my comments on people of this generation or even the education system of Hong Kong may seem to think lightly of them. President, please be relieved that I am not going to discuss the education system of Hong Kong.

In fact, we have an opportunity for industrial revival, but we must get one thing right, that is, the opportunity for industrial revival or re-industrialization will hinge on a drop in property prices. Upon hearing these remarks, some

Members may think that I will discuss issues such as high land prices and high rent again; but the reality is not that simple.

First of all, we must understand the situation faced by industries in Hong Kong. The majority of Hong Kong people may think that there are hardly any industries in Hong Kong or industries do not exist in Hong Kong anymore, but there are actually a number of Hong Kong industries to which we should attach more importance. First, food manufacturing has all along been one of Hong Kong's strongest edges because Hong Kong (including its judicial system) is trustworthy. Any problem with a food product can bring consequences. In addition, Hong Kong people consider it vital that food products must meet certain basic standards. Thus, there were many outstanding brands of food products in Hong Kong in the past.

Second, there are certainly some other local industries related or ancillary to food manufacturing, e.g. the tobacco industry, and the production of Hong Kong wines or local spirits which have become increasingly popular. These are some of the industries in Hong Kong at present.

Third, there is another industry that Hong Kong people have taken pride in since 1980s, which is the production of small accessories, such as zips and buttons or even ornaments for high-end garments. In 1980s and 1990s, many Hong Kong industries might have moved to the Mainland, but some stayed in Hong Kong and the existence of these industries is our edge.

Thus, in our discussion on re-industrialization of Hong Kong, I disagree with the views expressed by some Members or the Secretary for Innovation and Technology that industries do not exist in Hong Kong anymore and so we have to promote innovation and develop high value-added industries. These views are incorrect. In fact, the strongest edge of Hong Kong lies in the industries of local food manufacturing and accessories production, underpinned by our credibility and judicial system.

Unfortunately, the policy implemented by the Hong Kong Government over the past 10 years has brought enormous changes to the conditions and operating environment of these industries. Here I am pinpointing the policy on revitalization of industrial buildings. President, this topic cannot be evaded.

These industries might have operated in factories charging low rents or on "Tso" land or in family-owned factories. As a result of the policy on revitalization of industrial buildings, owners who initially did not want to sell their factory premises changed their minds, or charged high rents. The ecosystem of these previously self-reliant industries disappeared precisely because of the policy on revitalization of industrial buildings implemented by Carrie LAM. What are the problems faced by people after the phasing out of factories? The biggest impact is not merely the loss of production premises, but the damage caused to the distribution points. Simply put, in places where we buy accessories, such as Sham Shui Po, the retail shops are backed by factories. With the disappearance of the industrial sites, business owners or manufacturers have to pay higher costs.

In the final analysis, when discussing the subject of Hong Kong industries or industrial revival in Hong Kong, the Government should feel ashamed and should apologize. The decline of industries in Hong Kong is precisely caused by government officials and the wrong policy. Certainly, some external factors have also contributed to the decline. In 2008, WANG Yang, the then Secretary of Guangdong Provincial Party Committee, introduced the policy of "emptying the cage for new birds" on Mainland China. Owing to the rising costs, Hong Kong manufacturers had to move to other places with lower costs, such as the Yangtze River Delta Economic Zone, Northwestern China or other places. At that time, manufacturers who abandoned Hong Kong 30 years ago suddenly had the idea of relocating back to Hong Kong given the increase in costs. Hong Kong people certainly welcomed their repentant return, but not in that way because it could not revive the industries in Hong Kong. The industries in Hong Kong could not be revived because we are not pragmatic. To be pragmatic, we must learn our lessons from history.

In fact, considering the history of Japan after World War II, the financial crisis in 1997, the financial turmoil, we learn from the experience of Japan and South Korea that protectionism is indispensable for industrial revival or re-industrialization. In order to implement policies to protect local industries, local governments really have to protect their local brands when dealing with capitalists or factory owners. They must not do what they are doing now, i.e. allowing some goods apparently made in Mainland China to disguise as genuine Japanese goods, or allowing some inferior goods made in Mainland China to disguise as Japanese goods. These situations have occurred because

the Government of Hong Kong fails to protect our private property, as well as our judicial system and our credibility which Hong Kong manufacturers have taken pride in.

In the final analysis, if property prices fall, we will have an opportunity. Nevertheless, considering that the manufacturers who have abandoned Hong Kong for 30 years, have we pondered whether their return to Hong Kong today will (*The buzzer sounded*) protect the rights of local people.

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, please stop speaking at once.

MR LUK CHUNG-HUNG (in Cantonese): President, the Legislative Council is discussing the motion on "Establishing a comprehensive 're-industrialization' policy regime" today. The term "re-industrialization" suggests that Hong Kong has previously been industrialized. Hong Kong's industrial developments, which used to be very glorious, have become stagnant these days. Hopefully, the future development will be better.

Our manufacturing industry flourished back in the 1970s and 1980s. Our production of electronics, plastics, garment and toys had generated tremendous economic benefits and an abundance of employment opportunities. However, the Hong Kong economy underwent major restructuring in the 1980s and 1990s, with factories and industrial production relocated to the Mainland. The proportion of manufacturing industry in our GDP has dropped from about 30% back then to only 1.2% today. Our manufacturing industry is employing fewer than 100 000 people, with only 3 000-odd electronics workers, 2 000-odd textile workers, and a slightly higher number of 4 000-odd garment workers. Currently there are only more people working in the printing and food processing industries, with 10 000-odd and 20 000-odd people respectively, but these industries cannot be regarded as high-end technological and high value-added industries. Hong Kong's current industrial structure is too homogenous and has hollowed out. Our over-reliance on the tertiary industry, particularly finance and real estate, has resulted in a reduction of job choices and indirectly led to almost no increase in wages in real terms for the past decade or so.

Given the current decline of Hong Kong's industries, it is in fact an extremely arduous task to launch re-industrialization nowadays because many basic industry chains have already disappeared. Take Shenzhen as an example. Their local industries have been providing comprehensive services ranging from design, moulding, manufacturing, promotion to distribution through the Internet of Things. However, in light of Hong Kong's actual situation, it is impossible to reconstruct the entire industry chain. We have to formulate the necessary policy to give play to our competitive edge. We can only promote re-industrialization by taking a target-oriented approach.

Firstly, in terms of policy promotion efforts, taxation arrangements are extremely important because they can produce immediate effect. Hong Kong had previously upheld a simple and low-tax regime. In order to boost industrial development under the tax regime, we must introduce target-oriented measures such as providing tax deductions. For many years, the industry concerned and we in The Hong Kong Federation of Trade Unions ("FTU") have been striving for tax deductions for innovation and technology ("I&T") from the Government. In the past, Hong Kong's input in I&T and research and development ("R&D") accounted for only 0.74% of GDP. To boost investment in I&T and R&D, we cannot solely rely on the Government. Active participation by private enterprises is also very important. We also advocated tax deduction and concessions in the past. I am happy to see that the Government has made active responses in this year's Policy Address. For example, it has been proposed that the first \$2 million eligible R&D expenditure will enjoy a 300% tax deduction with the remainder at 200%. We hope that the measure can be expeditiously implemented. While tax reductions can be slightly increased and extended, the application procedures should be not too complicated.

In fact, among the various social issues of Hong Kong, the land problem has all along been the top priority. Re-industrialization also requires land supply. For example, a more distant site is the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, while closer sites include the Hong Kong Science and Technology Parks and the existing Industrial Estate sites. These sites are all mainly used for developing new technology. However, FTU is equally concerned about the uses of existing industrial buildings. FTU's idea of re-industrialization is not limited to the development of high technology and I&T. In our view, re-industrialization also includes production focusing on

technology and handicraft, such as jewellery, watches and clocks, and garment. In particular, personalized and customized products are where our traditional strengths lie.

Regrettably, however, most of these emerging craft industries cannot make their way into industrial buildings because the current lease conditions of industrial buildings have prescribed that industrial buildings are used for very narrowly defined industrial purposes only. Basically, it has been stipulated that production processes must be carried out in the premises. The manufacturing industries I have just mentioned involve such work processes as liaising with customers and customization, which are actually parts of production. Why are they banned from industrial buildings? It can be seen that the current definition of industrial purposes is extremely narrow. Hence, the Government must review the definition it has put in place for industrial uses decades ago to keep up with the times. Another example is product design. Should it be considered an important part of industrial production? Other examples include intangible production business relating to scientific research, programming and multi-media. Can the authorities treat them as important parts of industrial production and allow these industries to operate in industrial buildings?

On manpower training, Hong Kong's education used to emphasize arts and business at the expense of vocational training. The majority of post-secondary school places have been provided by universities, while vocational education only accounts for 26%. The situation in countries like Switzerland and Singapore is the exact opposite. In these countries, where industrial developments and manpower training have been emphasized, vocational education school places account for over 70% of the total. Vocational education helps train up people who can grasp the technology and expertise which are extremely essential to re-industrialization.

According to the World University Rankings released by Quacquarelli Symonds last year, the University of Hong Kong and The University of Science and Technology were ranked 26th and 30th respectively. This shows that the research capacity of the Hong Kong academia is pretty good. However, due to incessant wrangling in the past 20-odd years, a lot of time has been wasted. As such, various sectors and industries have exhibited signs of recession. With the loss of many opportunities, coupled with brain drain, Hong Kong has in fact been lagging way behind the Mainland and neighbouring regions. The most apparent example is the case of Frank WANG, founder of Shenzhen DJI Technology Company Limited. WANG graduated from The University of Science and

Technology in Hong Kong. Instead of settling in Hong Kong, he had moved to the neighbouring Shenzhen to develop his business. Some colleagues just cited the electric vehicle "mycar" as an example of a patent which we have reluctantly sold to other countries for their further development. Therefore (*The buzzer sounded*) ... □

PRESIDENT (in Cantonese): Mr LUK Chung-hung, please stop speaking.

MR HOLDEN CHOW (in Cantonese): President, the topic for discussion today is re-industrialization. Speaking of countries with outstanding industrial development, we may think of Germany. Today, I would like to take this time to talk about some practical experience of Germany in industrial development, and see if it will give us any insights into the design of re-industrialization of Hong Kong.

I believe that the industrial achievements of Germany hinges on corporate culture to a very large extent. Given the success of German industry, if we are asked to name some of its successful products, we may think of German cars or some major electrical appliance brands like Siemens. However, an in-depth and detailed study would tell us that it is the small and medium enterprises ("SMEs")—rather than major brands—which support the German industry.

Products produced by SMEs in Germany basically sell well all over the world. While these SMEs may not be well-known, unlike the big brand names which we can tell offhand, they all produce excellent products. *Harvard Business Review* ("HRB") has time and again conducted in-depth analysis on this type of German SMEs. Please allow me to quote some of its views here.

According to *HRB*, in Germany, SMEs as a whole have employed about 70% of local workforce in the private market. It can thus be seen that these SMEs have shouldered the responsibility of supporting national economy. Of the large enterprises ranking among the Fortune 500 companies, 28 are from Germany. Yet, this figure is not truly indicative. According to *HRB*, there are more than 1 300 successful SMEs in Germany. They are even reputed as "hidden champions" which, though unknown, are able to produce fine products and effectively support the economy of the entire Germany.

Those who are listening to this debate may wonder what strengths these German SMEs have that make them stand out in the fierce competition around the world? There are a number of factors. First of all, these SMEs focus more on long-term benefits than short-term gains. To put it simply, if operators of German SMEs are asked to sell their profitable business to make more money easily in one go, they may prefer to continue with their businesses. They strive for long-term profitability rather than short-term gains and they are particularly concerned about the production of truly fine products to earn them a reputation in the industry. On this point, I think it demonstrates a sort of cultural difference. It also explains why these companies are usually family businesses passed on from generation to generation and remain privately held. *HRB* has carefully analysed the reasons why these SMEs did not go listing. These owners believe that if they list their companies, they may lose control over their companies to other investors in the market, making it impossible for them to uphold their business objectives. In order to uphold their business objectives, they prefer not to go listing.

Secondly, they have a low staff turnover rate. It has been reported that the annual staff turnover rate of SMEs in Germany is less than 2%. We may wonder how such a low staff turnover rate is attained. Apart from giving employees a sense of belonging, more importantly, these SMEs are willing to share weal and woe with employees. Someone jokingly compares enterprises in the United States and Germany: In times of economic recession or low company profits, American enterprises may lay off their employees right away; as for SME owners in Germany, they would rather join hands with their employees than sack them. Instead of significantly reducing manpower to deal with short-term economic fluctuations, these SME owners may choose to tide over difficulties with their employees by adjusting working hours and salaries. This practice in Germany is truly conducive to company development.

President, after speaking for so long, I would like to take this opportunity to tell the Government that, in addition to providing land and complementary support in terms of policy, it should also teach all business owners how to establish this corporate culture and offer them with various policy support. If we can stay far-sighted in the pursuance of re-industrialization, (*The buzzer sounded*) I believe Hong Kong will succeed.

PRESIDENT (in Cantonese): Mr Holden CHOW, please stop speaking.

MR TONY TSE (in Cantonese): President, I speak in support of today's motion on "Establishing a comprehensive 're-industrialization' policy regime". Undeniably, industries in Hong Kong have become overly homogenous over the years. The decline of manufacturing industry hinders economic diversification to bring benefits to all strata of society.

I therefore welcome the Government's specific remark that "re-industrialization is a potential new area of economic growth for Hong Kong". But can the Government promote and implement re-industrialization simply by announcing the establishment of the Committee on Innovation, Technology and Re-industrialization? As remarked by Mr Jimmy NG, the participation, collaboration and cooperation of different departments and bureaux are necessary for the effective promotion of re-industrialization.

President, re-industrialization will certainly require the support of innovation and technology in enhancing product value. Yet, I do not wish to see re-industrialization focusing on the promotion of innovation and technology industries only. The Government should develop smart and environmental industries as well.

In order to promote re-industrialization effectively, the Government must give support in terms of policy, system and legislation. Sufficient supplies of suitable talent, land and buildings are also necessary.

However, in considering how to give support in terms of legislation, I agree with some Members that we should first review the definition of "industry". There is no denying that the definition of "industry" in many current local regulations and ordinances is not up to date. It is therefore necessary to redefine "industry". For example, should cultural and music industries, as well as data analysis and application, fall under the definition of "industry"?

The use of land and buildings is subject to laws (e.g. the Buildings Ordinance), town planning and land leases. President, here I would like to highlight the problems with land leases. As we all know, a land lease usually covers a long term spanning over decades, and the land use stated therein, including industrial use, is often based on the previous land use and is thus not forward-looking. The question of whether the innovation industry meets with the land use under the current land lease often impedes the development of

certain innovation industries. If the development of innovation industry does not conform to the land lease conditions, a lease modification will be required to list the said use as permitted uses. Nevertheless, lease modification takes time and incurs premium payment. All these obstacles, in my view, will hinder the development of innovation industry. I therefore urge the Government to review the relevant issues, especially whether the restrictions imposed by land leases can be more flexible to tie in with the efficiency and progress of re-industrialization so that Hong Kong can advance with the times.

President, I recall that in the 1990s when Hong Kong was developing data centres, the Government spent at least two years to ascertain that servers of data centres could be placed in industrial buildings. From this, we can see that in the process of industrial development, it is often time-consuming to deal with procedural matters. How can re-industrialization be implemented more efficiently? I think the Government should give more consideration to this issue.

The Government conducted a study on industrial land in 1997 and upon the completion of the review of industrial land use strategy in 1999, it introduced "business zone". It has been 20 years since the review. I think the Government should conduct another review, particularly on the definition of "industry" as mentioned by many Members. Given that emerging industries are required to comply with other laws apart from land leases, but many relevant departments may not always be able to provide support, a review should also be conducted.

In order to promote re-industrialization effectively, I urge the Government to review afresh the current definition of "industry", make complementary arrangements in respect of land leases and clarify the responsibilities of different departments. The implementation of re-industrialization can then be more effective.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

Deputy President, I so submit.

MR ALVIN YEUNG (in Cantonese): Deputy President, after waiting for more than half a year, we can finally discuss this motion now. Not only can this script of mine, with dust gathered over it for a long time, see the light of the day, and Mr Jimmy NG is finally able to discuss the motion with Honourable Members here, which is a good thing.

Regarding the motion proposed by Mr Jimmy NG this time around, I would like to explain clearly that what we are going to negate or discuss today is not whether or not re-industrialization should be implemented. Instead, we should ask: What is the substance of re-industrialization? It is because no more major discussion should be conducted on whether or not re-industrialization should be implemented. Our principle is we should do things which are beneficial to Hong Kong. Nevertheless, how should re-industrialization be implemented? What is the substance of the re-industrialization or "Industry 4.0" referred to by the Innovation and Technology Bureau or the Hong Kong Productivity Council? What are the pros and cons? In my opinion, these merit our in-depth discussion.

First of all, we must ensure that the people of Hong Kong, that is, local people, can be benefited in the course of re-industrialization, particularly in terms of employment and quality of employment. Deputy President, this is our prime consideration. Meanwhile, the eventual effects of re-industrialization warrant discussion or consideration by us. In particular, we have witnessed the Cyberport project in the TUNG Chee-hwa era. For the people of Hong Kong, whether such high-sounding slogans will eventually change in nature is actually the key issue.

Regarding the consultation on strategic planning made in relation to Hong Kong 2030+, we can see that the new development areas in New Territories North can, according to the Government, accommodate a population of 250 000 to 300 000, with the number of newly created job vacancies therein reaching 215 000. Coupled with the 100 000 vacancies planned for Hung Shui Kiu and the 40 000 vacancies to be created in the Hong Kong-Shenzhen Innovation and Technology Park in the Loop in the future, nearly 400 000 posts will be created. Deputy President, can all these posts suit the needs of the 21st century? This is the question we have to ask.

When discussing the implementation of re-industrialization, we must also discuss "Made in Hong Kong" and innovation. Deputy President, besides the need for innovation and research, the hardware for manufacturing is also very

important to start-ups. According to past experience, Hong Kong often needs to seek assistance from the Mainland because of its lower cost. However, it is worrying that, according to past experience, the Mainland often benefits most from this approach of conducting research in Hong Kong before carrying out manufacturing on the Mainland because the Mainland's manufacturing industries have sufficient strength. I hope the Secretary can explain to us whether it is suitable for Hong Kong to continue to adopt this approach in the era of re-industrialization or the 21st century.

When it comes to the Mainland, since its awareness of intellectual property rights protection is indeed inadequate, a number of enterprises have lost in lawsuits involving intellectual property rights. Even if Hong Kong is highly creative, I wonder if the Mainland can really provide relevant assistance if its awareness of intellectual property rights protection remains poor. I hope the Bureau can give this Council an explanation.

Deputy President, I will not comment on the inadequacies of the Mainland for the time being. In order to implement re-industrialization, what does Hong Kong need? In my opinion, Hong Kong ultimately needs talents, or else it is merely engaging in empty talk.

Prof Thomas CHAN, Director of the One Belt One Road Research Institute of the Chu Hai College of Higher Education, once pointed out that application should be given more weight in university education, meaning that scientific research should not be confined to cutting-edge fundamental research. Instead, it should be conducted in a broader manner in keeping with social development. Universities in Hong Kong used to emphasize the nurturing of civil servants. In the past two decades, their emphasis has shifted to the nurturing of commercial and industrial talents, though they have apparently lost their connection with society recently.

Deputy President, the education objective of local universities has taken a toll on the potential of development of scientific research in Hong Kong. What countermeasures does the Hong Kong Government have to tackle this situation? Is it the case that we can only introduce talents from the Mainland indefinitely in disregard of local talents? Or are we letting the latter down? Secretary Kevin YEUNG might be unable to answer this question on behalf of the Education Bureau today. But still, I hope he can relay these concerns to the Government. After all, even if we talk about re-industrialization and keep chanting high-sounding slogans, talents are required to take forward re-industrialization

eventually. In the absence of local talents, Hong Kong can merely rely on the admission of talents from abroad. However, these rootless talents might leave Hong Kong in the end, too. In my opinion, how Hong Kong can nurture its own talents to meet future needs and cope with new challenges that lie ahead is the true crux of the matter.

When it comes to manpower, Deputy President, consideration must be given to resources as well. Insofar as Hong Kong is concerned, land is the biggest constraint. Here I would like to raise a query. The Government has attempted to tell us that the Loop is a major zone for the development of innovation industries, and so a lot of infrastructure works must be carried out in preparation for the Loop. However, I would like to ask the Government: Is the Science Park in Ma Liu Shui not equally important? The answer must be in the affirmative. Given that there was already a Science Park in Ma Liu Shui, why did the Government change in 2014 the use of an 8-hectare plot under phase 4 of Pak Shek Kok for residential purposes? Did this approach not run against the Government's present attempt to convince us that the Loop is extremely important? If land plays a very important role, which necessitates the development of a Loop in a bold and resolute manner, and I assume this point holds water, then why did the Government take away the plot in Pak Shek Kok back then and convert its use to the construction of residential flats or luxury properties? Deputy President, what is the Government's logic? Where is its yardstick?

Deputy President, I reiterate that we do not deny that re-industrialization must be implemented in Hong Kong. We just hope that, prior to the implementation of re-industrialization, consideration should be given to whether the manpower and land policies mentioned just now should complement each other. We must not merely talk about technology in an isolated manner, as if it is a castle in the air; we must have a comprehensive set of strategies.

I hope our slogans will not become castles in the air. Deputy President, I therefore hope that the Secretary can give us a satisfactory answer and a clear explanation later on in the meeting. The Civic Party approves of the original motion proposed by Mr Jimmy NG and supports the amendments proposed by Mr Kenneth LEUNG, Mr WU Chi-wai, Mr Charles Peter MOK and Mr Jeremy TAM.

I so submit.

MR KWOK WAI-KEUNG (in Cantonese): Deputy President, I would like to highlight one point at the outset, that is, clarifying the definition of "re-industrialization". In advocating any policy, the most important point is to understand the spirit and meaning of that policy advocacy. So, what is the meaning of the so-called "re-industrialization"?

According to the Government, the promotion of re-industrialization involves the introduction and development of high-end manufacturing industries suitable for Hong Kong and the carrying out of high value-added production processes in Hong Kong, so as to enable Hong Kong's manufacturing industries to resume a rising trend, promote economic growth and create quality job opportunities.

In fact, when it comes to the promotion of economic growth and creation of quality job opportunities, the Hong Kong Federation of Trade Unions ("FTU") will certainly render it strong support. Yet regarding the so-called introduction of high-end manufacturing industries suitable for Hong Kong, we have reservations. Certainly, if the Government can introduce a series of measures to attract Mainland and overseas enterprises to relocate their production lines to Hong Kong, thereby increasing the number of job opportunities, it is absolutely not a bad thing. Yet, we doubt whether or not re-industrialization should be confined to high-end manufacturing industries, and hence we have reservations about this. Why can we not capitalize on the opportunities arising from re-industrialization to support certain conventional manufacturing industries or local manufacturing industries undergoing restructuring?

Many Honourable colleagues have cited Germany as an example just now. Yet, the case of Germany is not about re-industrialization, for "industrialization" is an ongoing process in Germany where the level of industrialization is enhanced continuously. Germany is now discussing the concept of "Industry 4.0". It is about the promotion and application of advanced manufacturing technology to sophisticated machinery in conventional industries and industries with established advantages, such as the motor industry and the electronic appliance manufacturing industries, for the implementation of smart production in these industries with a view to enhancing their production processes, technology content and value of products, thereby giving impetus to the development of the entire industry chain and making contribution to the country. Re-industrialization is a development process as a whole which requires constant intervention and cannot be achieved in one go. In straight terms, industries are

the key to success in re-industrialization. Without the support of conventional industries as the foundation, re-industrialization will be nothing but an empty slogan.

A direct comparison between the situation in Hong Kong and overseas is unsuitable. Why am I saying this? Today, in Hong Kong, among the 3.9-odd million employees in the labour force, only around 3.2%, which is 120 000 employees, are engaged in manufacturing industries, whereas the manufacturing industries merely account for 1% of the Gross Domestic Product. It is evident that the scale of the manufacturing industries in Hong Kong is meagre, and to me, it is on the verge of death.

Hence, we think that if the Government is determined to implement re-industrialization, it definitely should not expect that reliance on the development of innovation and technology or high-end industries will achieve the goal overnight. It will merely be wishful thinking. In our view, the Government should employ various tactics to support domestic conventional industries and industries with an established edge, such as the logistics industry, to establish a more solid foundation for re-industrialization.

Actually, certain conventional manufacturing industries in Hong Kong are famous worldwide. The brand "Made in Hong Kong" is well-known in the textiles industry, clothing industry and watches and clocks industries. In recent years, in the jewellery and high-end fashion sectors, Hong Kong brands are hotly coveted in the world market. If the Government can introduce a series of policies to assist these industries enjoying clear advantages, it will be the beginning of re-industrialization.

Certainly, the case of the shipbuilding industry must be mentioned. I am a Hongkonger. Recently, we notice that the shipbuilding operations located in Ap Lei Chau are facing great difficulties, as many fishing vessels have switched to the Mainland for repairs. At present, shipyards in Hong Kong are engaged mainly in repairs and maintenance of certain essential vessels like pilot boats and yachts. Lately, I notice that a tenant of a shipyard is a famous overseas yacht brand, which is the first overseas brand establishing a franchised repairs station in Hong Kong. Regrettably, due to the fragmentation of responsibilities among government departments, no dedicated department is responsible for this. For example, the Lands Department ("LandsD") said that it could only grant short-term leases of five years or seven years. Tenants granted five-year leases are unfortunate, for no facilities had been installed when they took over the sites

and they have to spend two years arranging for power and water supply. So, they are left with two years or so for running their business under the lease, which means they can hardly make up for the rent they offered for the site in the tender. As for tenants granted seven-year leases, they point out that it is difficult to run the shipbuilding business now, for the operation period of seven years is too short. If they fail to secure a lease renewal through tender, they may have to lay off workers with professional qualifications and skills. Certain policies of LandsD are ridiculous and impractical. The authorities have not only failed to offer assistance to the shipbuilding industry but have subjected the industry to a further blow.

Moreover, since the Marine Department is under the Transport and Housing Bureau, last November, I invited the Transport and Housing Bureau and LandsD to a meeting to discuss the lease issues concerned, yet a meeting has not yet been arranged so far. It is evident that the authorities do not regard the shipbuilding industry as part of the industry of Hong Kong and have turned a blind eye to it. I do not know whether or not the Secretary for Commerce and Economic Development will examine the issue. If the authorities do not address the issue, the five-year leases granted will expire by the end of this year. Will the authorities allow the shipbuilding industry to decline or will it give the industry a lift?

Deputy President, there is domestic demand in Hong Kong, so we must perform well in the environmental protection industry. Yet, apart from the provision of certain loan services, the Hong Kong Government has not offered any supportive measures. We should revive the manufacturing industries in Hong Kong and avoid borrowing the policies and experience of overseas countries wholesale as Hong Kong has experienced disruption in the past. As in the case of learning Taichi, I think we should not merely learn the outward features but should also grasp the spirit of it. Hence, I hope the Government will not always find the easy way out and cut corners.

Lastly, I sincerely hope that "re-industrialization" will not be reduced to a grandiose but empty slogan. I urge the authorities to introduce practical policies to provide suitable support to the manufacturing industries, the innovation and technology industries and the conventional industries with potential, thereby increasing the development opportunities for industries in Hong Kong.

Thank you, Deputy President.

MR JEFFREY LAM (in Cantonese): Deputy President, this motion on re-industrialization should have been debated a year ago. Regarding policies and measures that can benefit the Hong Kong economy, I think the earlier they are discussed, the better, and the more they are discussed, all the better. I started out as a member of the industrial sector and certainly I would throw great weight behind re-industrialization but in Hong Kong, re-industrialization is indeed easier said than done. It is necessary for the SAR Government to provide sufficient support before we can rouse ourselves to catch up.

Deputy President, industries had once been the major force driving the take-off of the Hong Kong economy, enabling Hong Kong to accumulate wealth and in turn make significant contribution to the reform and opening up of the Mainland. Now that time has changed, and with the relocation of the Hong Kong industries northward, the traditional industries of Hong Kong have since taken the path of no return.

As innovative technologies and the Internet become popular, the traditional industries face enormous challenges. The German Government put forward the vision of the fourth industrial revolution, or the idea of "Industry 4.0", as early as in 2013. The objective is to transform mass production into customization.

In 2015, the State introduced the plan of "Made in China 2025" also with the objective of repositioning the original labour-intensive industries with a view to developing from a manufacturing nation to a manufacturing power. Against this macro background, a large number of innovation and technology parks and industrial parks have emerged one after another in various Mainland cities and are, needless to say, blessed with the support of capital, land and government policies, and many of these parks have already made comprehensive plans and are operating on quite a large scale.

The SAR Government established the Committee on Innovation, Technology and Re-industrialization in April last year to coordinate the development of innovation and technology and take forward re-industrialization. At the government level, we are still at the stage of coordination and brainstorming and we have yet seen concrete planning and matching measures. This points to the first difficulty in the promotion of re-industrialization in Hong Kong and that is, it is difficult to make a start.

Besides, the Government should step up efforts and can also achieve better results in its policies and support. First, I very much welcome the new-term Government proposing in the Policy Address the provision of enhanced tax deduction for the research and development ("R&D") expenditure incurred by enterprises to encourage the latter to increase their injections into technological research and development. Following the restructuring of the Hong Kong economy, the contribution made by the manufacturing industries to the economy is on the decline and the demand for R&D is lacking. As a result, the enterprises have little motivation to make injections into R&D.

Despite the establishment of the Innovation and Technology Fund as well as a series of financing schemes for the small and medium enterprises and funds for promoting the local brands by the Government years ago, the industries have conveyed that the participation rate is not high and the utilization rate unsatisfactory, and coupled with inadequate support and cumbersome application formalities, there is little incentive for enterprises to lodge applications with these funds for business upgrading and transformation. That said, even though the Government has provided such meagre support, there are still voices in society questioning why taxpayers' money should be given to businessmen for them to do business. I think people who raised this question are only nitpicking. Businessmen are taxpayers, too. The Government must make an effort to create a good business environment for them and provide them with enhanced support to enable them to make a profit, so that they can pay more tax to facilitate economic development. If nothing is done while they stew in their own juice, who is going to suffer at the end of the day?

On the other hand, we must encourage the high-end industries to return to Hong Kong. But where does the land come from? According to the estimates made in the report on the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" consultancy study commissioned by the Planning Department, whether it be land for traditional industries or that for special industries, such as data centres, modern logistics, and testing and certification, a shortage is envisaged in the short, medium and long terms. Where does the money for re-industrialization come from? Where does the land come from? How can synergy be achieved? Should the Government not take actions as soon as possible to explore more land resources to cope with the overall needs of society?

Moreover, it is necessary for the Government to address the issues of a shortage of talents and the application of R&D products. According to the Study Report on Relocation of Operations Back to Hong Kong for Manufacturing Industries published by the Hong Kong Productivity Council, a number of industries are plagued by a succession gap as many "old hands" in the industries are about to retire but newcomers are few. Although the Vocational Training Council has in place relevant apprenticeship schemes, it still takes time for the apprentices to be trained to accumulate the competence to cope with their jobs independently. Skilled workers aside, I think we can also expand the pool of talents engaged in scientific research or R&D work in local universities. But how can we attract these talents and make it convenient for them to come to Hong Kong to engage in scientific research work? To this end, apart from meeting their materialistic needs, an atmosphere for such research is also necessary.

Even if the talents are readily available and the technologies are mature, how can these technologies be applied and commercialized? The Innovation and Technology Bureau ("ITB") has earmarked \$500 million for launching the Technology Talent Scheme and local enterprises will be subsidized in training their personnel in advanced manufacturing technologies, especially those related to "Industry 4.0". I hope that ITB can introduce and promote these measures to the industries as soon as possible. As technology advances rapidly and evolves continuously, we face new problems when we come across new technologies. The Government should not impose restrictions with its old mindset or obsolete legislation. Instead, it should think out of the box and create good conditions for the application of new technologies.

Deputy President, the era of a knowledge-based economy has arrived. Apart from government support, various sectors of the community should concentrate their energy and reduce arguments, with a view to creating a favourable environment for business and scientific research, so that Hong Kong can pool talents, seize opportunities, rebuild our strengths and upgrade our competitiveness on all fronts.

Deputy President, I so submit.

DR KWOK KA-KI (in Cantonese): Deputy President, before all else, I thank Mr Jimmy NG for bringing up this topic for discussion. In such a deformed society like Hong Kong, people engaged in industries are like rare species

because in Hong Kong, I believe what the large consortiums or many ordinary people now adore most are many other ways of making quick money. This is caused by the Government intentionally or otherwise, since the high land price policy has indeed fostered enormous economic development in Hong Kong. Hence, people whom we admire most are certainly not industrialists. How many people know manufactory owners? The most important thing is to know the four big families, including LI Ka-shing's family, that of LEE Shau-kee and the KWOKs. All of them made a fortune from property speculation and engaging in the real estate business.

We witnessed the take-off of Hong Kong probably when we were studying in secondary schools in the 1970s and 1980s. At that time the industries in Hong Kong were blooming. I remember that if we wanted to do summer jobs, we would definitely do so in a factory. Back then, factories abounded in Kwai Chung, San Po Kong, Kwun Tong, etc. We would definitely work in a factory if we did summer jobs, and that was where I noted Hong Kong's spirit of always going all out to make progress. During the initial period of the Mainland's economic development, the Mainland was a paradise for Hong Kong. Wages and requirements for environmental protection were low. For this reason, many manufactory owners in Hong Kong who operated a shop in the front and a factory at the back of their premises relocated their operations to the Pearl River Delta ("PRD") Region. However, times have changed. Unexpectedly, in the last decade or so, the PRD Region has ceased to be the most popular place for owners to set up factories. Owing to the increase in wages and operating costs on the Mainland, as well as the closed legal system coupled with numerous incidents of corruption, many factory owners have stepped back and switched to cheaper locations in Southeast Asia, operating their businesses in relatively backward places such as Bangladesh, Vietnam and Cambodia.

Can Hong Kong rouse and catch up on this front? Indeed, this is not our strength, but should we give up our manufacturing sector like we are doing now? The shrinkage of the manufacturing sector did not start in the 1970s or 1980s. Rather, it started in 2000 when it dropped from 4.8% to 1.3% in 2014, showing a continual downward trend. Just now I heard the speeches of several Members. Among them, Mr CHUNG Kwok-pan cited a very good example, that is, we may adopt new technologies and new methods of operation suited to Hong Kong. But is it feasible? Certainly not. It transpires that there is actually no way to start this approach.

Mr Jimmy NG may also understand that a lot of things which the Government is doing now run contrary to industrialization. I am referring to land. In the past, many people could run factories in industrial areas with lower rents or costs, but now the Government's policy has marginalized the traditional industrial areas. We have seen that such places as Kowloon East and Kwun Tong have all become Grade A offices. If factories are to be operated there, they will not be able to survive in these districts at all. Are new places available? Despite their availability, industrial estates are not suitable for small and medium enterprises. Certainly, now the latest industrial estates are multi-storey, similar to the past industrial buildings in Hong Kong in which different small shops could be set up. However, how many years have been wasted in this transitional period? Two to three decades. But never mind. Better late than never.

I feel a bit sad because I note that the Secretary for Innovation and Technology is the only official present. If the Government actually attaches importance to this subject, the Financial Secretary, the Secretary for Commerce and Economic Development and even other officials should be listening to this debate here because this is not a unitary topic. Frankly, it is not infeasible to drag the Secretary for Innovation and Technology into the matter of re-industrialization, but there will be some difficulties. As we all know, the Innovation and Technology Bureau is responsible for innovation and technology. But does every undertaking of re-industrialization require innovation and technology? I have doubts about it, since every place has its own focus and strength.

For example, recently, the flasks manufactured by a Hong Kong brand have become very popular among the young. The company said it could produce only 100 to 200 flasks daily, but the number ordered was 900 which it actually could not manage to make. Why would young people buy this product? Because they believe in the words "Made in Hong Kong". This phrase has long disappeared. In the past, when we walked around in the Hong Kong Brands and Products Expo, we would see the phrase "Made in Hong Kong", but now when we do so, what we see is only "Distributed in Hong Kong". Many production processes are no longer conducted in Hong Kong, wasting much potential which Hong Kong could have developed and losing many employment opportunities. In fact, this industry can obviously attract the engagement of a lot of young people.

Let us look at the bigger economies such as Northern Europe and even Western Europe. As a matter of fact, they have never given up their industries. Although the level of their technology is umpteen times higher than that of Hong Kong, did they ever give up industrialization? No. They would still capitalize on their respective edges. If there is any innovative technology product which they can make, they will immediately engage in the production of that product on a convenient site. If Hong Kong sticks to the old rut and passes all the production work to the Mainland or other places where the costs are lower rather than engaging in the production itself, it will not find any good opportunity. Neither can it create a new way out.

Now young people feel that they have no way out. One of the reasons is that they see no prospect. They may not like speculation in properties or stocks, and they are not capable of joining other professions. They may not like to join the service industry either. They are happy with working in factories. In the past, many people could find satisfaction in working in factories where they could also carve out their own career. Now many people in Hong Kong who have made a fortune by property speculation started their business by running a factory in the past. Hence, in my view, the Government can never give up industries. Yet I have not seen the Government do any planning on a larger scale. I certainly hope that more Directors of Bureaux can respond to this issue together with Secretary Nicholas YANG. Basically, the Secretary for Innovation and Technology cannot achieve this alone. Nevertheless, I will still support the original motion today.

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): Mr Jimmy NG, you may now speak on the amendments. The time limit is five minutes.

MR JIMMY NG (in Cantonese): First of all, I would like to thank the seven Honourable colleagues who have proposed the amendments and the 16 Honourable colleagues who have spoken. They have made very constructive

proposals from various professional and diversified perspectives, treating us to a breath of fresh air. Also, the seven Honourable colleagues who have proposed the amendments are respectively from the Democratic Alliance for the Betterment and Progress of Hong Kong, the Business and Professionals Alliance for Hong Kong, the Hong Kong Federation of Trade Unions, the Civic Party, the Democratic Party and The Professional Commons, and they all agree with the broad direction of re-industrialization. The Government must take such public opinions formed across parties and professions seriously and waste no more time.

Next, allow me to present my views on the amendments one by one. Mr HO Kai-ming's amendment basically sticks to the principle of "creating employment opportunities", and his idea of reviving the brand name of "made in Hong Kong" has also struck a chord with me.

I am also at one with the amendments by Dr CHIANG Lai-wan and Ir Dr LO Wai-ki, which highlight the need for the re-industrialization of Hong Kong to dovetail with and capitalize on the national policies on the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area. Hence, I recommend voting for the aforesaid three amendments.

Mr Charles Peter MOK's amendment is relatively simple, which only stresses the importance of the use of information technologies to achieve intelligent processes and automation, and advocates enhancing training of technology talents required by re-industrialization. Despite the slight difference in meaning of the wording between his amendment and my original motion, I, in principle, think that it merits support.

The proposals in Mr WU Chi-wai's amendment include motivating traditional industries to undergo upgrading and restructuring, opening up big data for application, forming a new industry chain and building a pool of talents well versed in industrial production, which I very much welcome in general.

Moreover, I basically understand Mr Jeremy TAM's proposal for backing up the arts, cultural and creative industries, such as the small batch production of traditional handicrafts mentioned by him, which actually involves production of products. Certainly, I understand that some music performances or band shows may not have much to do with manufacture, but if we can draw an appropriate distinction between production-related fields and non-production-related fields, i.e. non-manufacture field, in the cultural and creative industries, I actually think that the development of cultural and creative industries merits support.

Lastly, Mr Kenneth LEUNG's amendment mainly deletes the wording "providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries" in the original motion. In fact, it is the aspiration voiced by the industrial sector over the years. Hence, on the premise of catering for the livelihood and interests of the sector, I am afraid I cannot support Mr Kenneth LEUNG's amendment.

Thank you, Deputy President. I so submit.

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Cantonese): Deputy President, I am very grateful to the considerable number of Members who have made valuable suggestions on the motion on "Establishing a comprehensive 're-industrialization' policy regime". From their speeches, we can see the importance attached by Members to this issue. What I find more heartening still is the fact that these Members, irrespective of their political affiliations, are basically unanimous in their views concerning the policy direction of re-industrialization, which is doubtless conducive to promoting the development of new industries as a common cause shared by all sectors of Hong Kong.

Taking as a whole the original motion moved by Mr Jimmy NG, amendments proposed by the seven Members and the speeches delivered by various Members just now, the expectations of Members in respect of the re-industrialization drive by the Government mainly include the following outcomes: first, a positive impact on the local economic development and employment in Hong Kong; second, an upgrade of the relevant technologies that makes possible a high degree of integration of hardware, software and services; third, nurturing talent equipped with cross-technology and cross-sector capability as well as a new mindset for the innovation and technology culture to undertake high value-added work or processes; forth, a boost to existing industries in their upgrade and restructuring efforts by means of innovation and technology with a view to catering for the development trend of the Internet and share economy and; lastly, policies that are comprehensive and sustainable, dovetailing with the strategic planning at the national level. In fact, these expectations happen to coincide with what the Government has in mind.

For Hong Kong to successfully reverse the trend of "de-industrialization" and achieve re-industrialization, I believe the necessary conditions must be created: first, providing the proper infrastructure to facilitate industrial research and development ("R&D") and promote the capability of advanced

manufacturing; second, fostering an environment that is conducive to R&D as well as the development of new technologies by such efforts as offering comprehensive protection for intellectual property rights, encouraging companies to invest in R&D for the creation of new modes of commercial production, promoting "knowledge sharing" among stakeholders; third, providing appropriate tax incentives and financial support to stimulate industrial R&D; forth, nurturing talent to boost the productivity and conversion capability of the labour force.

In the course of re-industrialization of Hong Kong, we hope to focus on developing industries that play to Hong Kong's edge or cater for the city's development needs, including healthy ageing, artificial intelligence and robotics as well as financial technology.

In the past few years, we have rolled out various relevant measures and committed considerable resources to the aforementioned areas. Regarding infrastructure, stage one of the expansion programme of the Hong Kong Science Park, for which we applied funding in 2016, is scheduled to be completed in 2020, raising the total floor area of the Science Park to about 400 000 sq m. Moreover, the Data Technology Hub and the Advanced Manufacturing Centre will be set up in the Tseung Kwan O Industrial Estate with a view to promoting smart production. Upon its completion expected in 2020, the Data Technology Hub will provide infrastructure and support facilities specifically tailored for data technology and telecommunications services. Meanwhile, the Advanced Manufacturing Centre, expected to be completed in 2022, will focus on promoting smart production and advanced assembly of equipment and devices for such fields as health care and biomedicine, electronic robotics and smart city. The development cost of the aforementioned new projects is around \$12.7 billion in total.

Dr CHIANG Lai-wan mentioned that medical technology is an industry in which Hong Kong enjoys a comparative advantage and competitive edge. We will consider identifying suitable premises in the industrial estates of Tai Po or Yuen Long, converting and remodelling them for the purpose of developing the medical technology industry.

We will also develop the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop ("the Loop"), which will serve as a key platform for collaboration in scientific research. As an indication of the Government's resolve and commitment to the development of innovation and

technology, the newly announced Budget proposed, for the first phase development of the Park, a provision of \$20 billion to fund the main works of site formation and infrastructure for the first phase development, as well as the superstructure and initial operation of the Park. Moreover, we have applied to the Council for funding for land decontamination within the Loop and advance engineering works, as well as detailed design and site investigation for the main works of the first phase development. To take forward the development of industrial estates further, we have tentatively identified the area near the Liantang/Heung Yuen Wai Boundary Control Point for the development of a new industrial estate. The relevant initial planning study is now underway to explore the feasibility of developing these lands, based on which consideration of the scale of development, detailed planning and the establishment of the basis for engineering study will then be made. All this will provide more room for the sustainable development of innovation and technology as well as re-industrialization in Hong Kong.

Insofar as technology is concerned, the five local research institutes will each carry out R&D work in relation to their respective areas of focus and re-industrialization. Furthermore, the Hong Kong Productivity Council will provide industries with all-rounded consultancy services and endeavour to help companies in their switch to high value-added production and Industry 4.0, efforts of which include the establishment of Smart Industry One in August last year that demonstrates to industries operational concepts and smart features of Industry 4.0 and facilitates the exchange of information about Industry 4.0 among members of the industries. Such efforts will help promote knowledge sharing and forge closer ties among industries.

As regards financial support, there are numerous programmes under the Innovation and Technology Fund ("ITF"), including the Innovation and Technology Support Programme, the University-Industry Collaboration Programme, Enterprise Support Scheme and the Patent Application Grant. We encourage universities and enterprises to engage more in R&D for the promotion of re-industrialization.

In respect of talent, we are making every effort to nurture talent with cross-industry and cross-sector capability. This is done through such measures as the Innovation and Technology Scholarship Award Scheme and incubation programmes offered by the Hong Kong Science and Technology Parks Corporations ("HKSTP") and the Cyberport, with a view to facilitating early

identification and nurturing of young people's potentials and providing them with opportunities to bring their strengths into full play. In the latest Budget, the Government announced a provision of \$200 million to the Cyberport to enhance the support for start-ups and promote the development of digital technology ecosystem, which includes an increase of financial assistance available to individual start-ups to \$500,000 from \$330,000 under the Cyberport's incubation programme. To proactively assist university technology start-ups in their development, we launched in 2014 the Technology Start-up Support Scheme for Universities to support university teams in establishing technology start-ups to commercialize their R&D results. I am pleased to inform Members that, to date, around 155 university technology start-ups have benefited from the Scheme, some of which being winners of international innovation and technology competitions and recipients of investments from venture funds. That said, I wish to point out that commercialization of R&D results in the innovation and technology field may not necessarily be achieved overnight. Many young entrepreneurs continue to strive on despite failures before achieving success. Innovation and technology talent in Hong Kong has been growing in number in recent years, and society in general has attached greater importance to the innovation and technology culture, which should contribute to the push for re-industrialization. But at the same time, we are confronted with the challenge of competition from other industries and economies for talent. The Government will continue to inject resources with a view to attracting more talent in the innovation and technology field and fostering a vibrant culture of innovation.

Furthermore, in a bid to train and pool technology talent, the Chief Executive announced in the 2017 Policy Address a provision of \$500 million under ITF to launch a Technology Talent Scheme, initiatives of which include the establishment of a Postdoctoral Hub to provide funding support for enterprises to recruit postdoctoral talent in the field of innovation and technology, and the introduction of a re-industrialization and technology training scheme to subsidize local enterprises in training their staff on advanced technologies, especially those related to Industry 4.0, with a view to driving re-industrialization. We will also optimize the Internship Programme. Following an increase of the monthly allowance for interns from October last year and an extension of the Programme to cover all innovation and technology tenants of HKSTP and the Cyberport in December last year, we will further extend the Programme to local technology start-ups receiving investments from the Innovation and Technology Venture Fund this year, thereby benefiting more enterprises and Science, Technology, Engineering and Mathematics ("STEM") graduates.

Re-industrialization involves different policy areas and requires joint implementation by the entire Government. Led by the Financial Secretary, the Committee on Innovation, Technology and Re-industrialization will coordinate the development of innovation and technology and oversee the progress of re-industrialization of Hong Kong in a high-level and inter-bureau manner. Meanwhile, to encourage enterprises to carry out more research projects locally, the 2017 Policy Address announced a tax incentive in which the first \$2 million eligible R&D expenditure will enjoy a 300% tax deduction and the remainder at 200% with no ceiling.

On the other hand, in view of the economic integration brought about by the development of the Guangdong-Hong Kong-Macao Bay Area ("the Bay Area"), the Special Administrative Region ("SAR") Government is reviewing the Inland Revenue Ordinance in respect of tax deduction arrangements for capital expenditure relating to intellectual property and machinery and equipment deployed across the border by Hong Kong businesses, exploring viable options on the premise of abiding by such principles as "tax symmetry" and transfer pricing rules.

As regards education, the University Grants Committee ("UGC") has, at the invitation of the Government, set up a task force to review the overall research and funding strategies for the higher education sector, with a view to ensuring researches will meet the needs of society as well as those of the economy in its development. At the behest of the Government, the various UGC-funded universities have strengthened the role of their knowledge transfer offices to speed up the commercialization of research outputs with the aim of complementing industrial development and re-industrialization. These moves are a clear indication of the Government's determination and proactive attitude in promoting re-industrialization.

Mr Jimmy NG highlighted in his motion the external development feature of Hong Kong industries, which is in fact a huge advantage of Hong Kong in its re-industrialization. Hong Kong industrialists are rich in capital, experience and global networks. We hope industry players will relocate their core businesses and high valued-added processes back to Hong Kong, or establish new industries of high-added value in Hong Kong, thereby creating more quality jobs for the young people of Hong Kong. I believe by achieving business upgrade and restructuring through investing resources in product development and design,

brand promotion and management, as well as R&D of high value-added and high-tech projects, these returning companies can burnish the brand of "Made in Hong Kong" once again in the global market.

This feature of external development is a case in point of the high degree of integration of Hong Kong and the Mainland. As pointed out by Dr CHIANG Lai-wan and Ir Dr LO Wai-kiwok, in driving re-industrialization, the SAR Government must tie in its policies with those at the national level and make full use of the resources and complementarity with the neighbouring areas. The Central Government has clearly indicated its support for Hong Kong's participation in the Belt and Road Initiative and to the SAR Government and Macao Special Administrative Region Government in playing key roles in the regional cooperation of the Pan-Pearl River Delta and promoting the establishment of major cooperation platforms for the Bay Area and across provinces. Complementing the industrial advantages of cities across the Bay Area, the construction of the Hong Kong-Shenzhen Innovation and Technology Park in the Loop will help drive regional synergy by connecting the upstream, midstream and downstream sectors in the development of innovation and technology. To seize the unique opportunities brought about by these key strategic plans, Hong Kong will continue to strengthen its exchange and cooperation with the Mainland in respect of the innovation and technology industries.

Mr WU Chi-wai asked just now about the contribution made by HKSTP towards the development of innovation and technology in Hong Kong. As a matter of fact, HKSTP has all along been Hong Kong's flagship of innovation and technology and is presently home to 13 600 workers with over 70% of them, or around 9 800, engaged directly in R&D. HKSTP has also nurtured more than 500 innovation and technology start-ups, including "unicorns". We are convinced that the provision to HKSTP made in the latest Budget will encourage more R&D activities and help raise the domestic R&D expenditure as a percentage of the Gross Domestic Product ("GDP").

Finally, I wish to respond to the amendment proposed by Mr Jeremy TAM. Mr TAM suggested that the Government should provide policy support for the re-industrialization of the arts, cultural and creative industries, so that these industries can make and present their arts, cultural and creative products on appropriate industrial sites. This proposal has been discussed on other occasions

as well. We support the use of innovation and technology in enhancing industrial development by any industry, including the arts, cultural and creative industries. As for specific measures that support those industries and our industrial land policy, they will be considered and addressed by the relevant Policy Bureaux. Under the policy framework of re-industrialization, the Government will focus its efforts on studying ways to promote high value-added industries that harness innovation and technology.

All in all, with the various policies and measures supporting re-industrialization already in place, the Government is on the one hand helping existing industries in upgrading and restructuring, and backing emerging industries with high-added value on the other. The current-term Government will continue to play the proactive role of promoter and facilitator, providing multi-dimensional support in land, technology, capital and talent.

We are at the infancy stage of re-industrialization, which is a long-term policy. It will take time and the full support of all sides before any result can be achieved. As I mentioned in the opening speech, our target at the moment is to reverse the downward trend of the manufacturing sector as a percentage of GDP within the next couple of years. I wish to take this opportunity to call on Members and every sector of the community to hold reasonable expectations concerning re-industrialization and support the Government in investing in the future and eyeing social benefits in the long run. In the course of promoting re-industrialization, the Government will conduct reviews from time to time to ensure that policies are implemented properly and that the needs of all parties are met.

We would be happy to keep listening to the views of Members and the industries, joining hands with them in promoting re-industrialization and guiding Hong Kong to its industrial revival.

Deputy President, I so submit. Thank you.

DEPUTY PRESIDENT (in Cantonese): I now call upon Mr HO Kai-ming to move his amendment.

MR HO KAI-MING (in Cantonese): Deputy President, I move that Mr Jimmy NG's motion be amended.

The amendment moved by Mr HO Kai-ming (See the marked-up version at Annex 1)

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr HO Kai-ming to Mr Jimmy NG'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)

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 amendment passed.

DEPUTY PRESIDENT (in Cantonese): Mr Kenneth LEUNG, as Mr HO Kai-ming's amendment has been passed, you may move your revised amendment.

MR KENNETH LEUNG (in Cantonese): Deputy President, I move that Mr Jimmy NG's motion as amended by Mr HO Kai-ming be further amended by my revised amendment.

In fact, my amendment just deletes the wording about offshore tax support, which is in no way incompatible with Dr CHIANG Lai-wan's proposal to "provide tax support for local high-technology manufacturers to increase their investment incentive". Just that when it comes to the offshore side, given ...

DEPUTY PRESIDENT (in Cantonese): Mr Kenneth LEUNG, you need only point out the revised wording in your amendment now.

MR KENNETH LEUNG (in Cantonese): ... our tax concerns, I have reservations. Hence, I do not see why Dr CHIANG Lai-wan should indicate that she will not support my amendment. I hope Members will also support my amendment.

Thank you, Deputy President.

The further amendment moved by Mr Kenneth LEUNG to the motion as amended by Mr HO Kai-ming (See the marked-up version at Annex 2)

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Kenneth LEUNG's amendment to Mr Jimmy NG's motion as amended by Mr HO Kai-ming 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 CHAN Hak-kan rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Hak-kan has claimed a division. The division bell will ring for five minutes.

(While the division bell was ringing, THE PRESIDENT resumed the Chair)

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.

Functional Constituencies:

Mr Charles Peter MOK, Mr Kenneth LEUNG and Mr KWONG Chun-yu voted for the amendment.

Mr Tommy CHEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Frankie YICK, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG and Mr Holden CHOW voted against the amendment.

Mr HO Kai-ming and Mr LUK Chung-hung abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Ms Claudia MO, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Helena WONG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms YUNG Hoi-yan, Mr HUI Chi-fung, Dr CHENG Chung-tai, Mr Jeremy TAM and Mr Gary FAN voted for the amendment.

Mr CHAN Hak-kan, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Vincent CHENG voted against the amendment.

Mr WONG Kwok-kin, Ms Alice MAK and Mr KWOK Wai-keung abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 15 were present, 3 were in favour of the amendment, 9 against it and 2 abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 14 were in favour of the amendment, 6 against it and 3 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS STARRY LEE (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Establishing a comprehensive 're-industrialization' policy regime" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

I order that in the event of further divisions being claimed in respect of the motion on "Establishing a comprehensive 're-industrialization' policy regime " or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Dr CHIANG Lai-wan, as Mr HO Kai-ming's amendment has been passed, you may move your revised amendment.

DR CHIANG LAI-WAN (in Cantonese): President, I move that Mr Jimmy NG's motion as amended by Mr HO Kai-ming be further amended by my revised amendment.

President, I have proposed mainly three amendments to Mr Jimmy NG's original motion. The original motion "urges the Government to conduct a timely review and elevate the positioning of the 're-industrialization' policy". I have deleted the word "timely" because after all, the issue of "re-industrialization" has been dragging on for a long time. I am afraid if we do not expedite the relevant policymaking, we will see the arrival of "zero industrialization" before any re-industrialization can take place.

Moreover, I have also added a paragraph to the original motion: "in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'". With this paragraph, I seek to explain that the manufacturing industries will only come to see the direction they should be heading having regard to market changes, such as domestic conditions of competition, productivity, pool of talent and ancillary measures upstream and downstream, thereby jointly aiming at the same target and progressing towards the common goal in a focused manner with concentrated effort.

The last point that I have added to the original motion is "study the provision of tax support for local high-technology manufacturers to increase their investment incentive, thereby consolidating the economic foundation for the 're-industrialization' of Hong Kong and driving the diversification of industries". By adding this, I seek to illustrate the need of the ever-evolving high-tech industries for continuous input of resources.

I hope Members can support my amendment. Thank you.

The further amendment moved by Dr CHIANG Lai-wan to the motion as amended by Mr HO Kai-ming (See the marked-up version at Annex 3)

PRESIDENT (in Cantonese): I remind Members that when moving a revised amendment, Members may explain the revised terms in the amendment, but not express further views on the motion and the amendments.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr CHIANG Lai-wan's amendment to Mr Jimmy NG's motion as amended by Mr HO Kai-ming be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr CHAN Chi-chuen rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr Tommy CHEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Frankie YICK, Mr Charles Peter MOK, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Mr HO Kai-ming, Mr Holden CHOW, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the amendment.

Mr Kenneth LEUNG abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Andrew WAN, Mr LAM Cheuk-ting, Ms YUNG Hoi-yan, Mr HUI Chi-fung and Mr Vincent CHENG voted for the amendment.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Dr CHENG Chung-tai, Mr Jeremy TAM and Mr Gary FAN voted against the amendment.

THE PRESIDENT announced that among the Members returned by functional constituencies, 15 were present, 13 were in favour of the amendment and 1 abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 16 were in favour of the amendment

and 8 against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Members have already been informed that as Dr CHIANG Lai-wan's amendment has been passed, Mr Jeremy TAM has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr WU Chi-wai, as the amendments of Mr HO Kai-ming and Dr CHIANG Lai-wan have been passed, you may move your revised amendment.

MR WU CHI-WAI (in Cantonese): President, I move that Mr Jimmy NG's motion as amended by Mr HO Kai-ming and Dr CHIANG Lai-wan be further amended by my revised amendment.

I wish to make mainly two key points in my amendment, i.e. the Government must draw up a clear target for the entire re-industrialization policy, and that the overall planning should be based on a pool of talents well versed in scientific research and industrial production established in Hong Kong, so that Hong Kong can reap real benefits from re-industrialization, instead of exporting our pool of talents. Otherwise our long-term economic development will be affected. Thank you, President. I hope Honourable colleagues can support it.

The further amendment moved by Mr WU Chi-wai to the motion as amended by Mr HO Kai-ming and Dr CHIANG Lai-wan (See the marked-up version at Annex 4)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WU Chi-wai's amendment to Mr Jimmy NG's motion as amended by Mr HO Kai-ming and Dr CHIANG Lai-wan 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.

(Members raised their hands)

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): Ir Dr LO Wai-kwok, as the amendments of Mr HO Kai-ming, Dr CHIANG Lai-wan and Mr WU Chi-wai have been passed, you may move your revised amendment.

IR DR LO WAI-KWOK (in Cantonese): President, I now move that the motion, as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan and Mr WU Chi-wai, be further amended by my revised amendment. I have not retained my amendment to the preamble of the original motion as set out in my original amendment. But I have retained the core proposals in my original amendment. In my main speech earlier, I have already explained the underlying arguments for such proposals, and I also believe they can induce further thoughts from Members on the issue today. I propose the revised amendment and implore Honourable colleagues to render it their support.

The further amendment moved by Ir Dr LO Wai-kwok to the motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan and Mr WU Chi-wai (See the marked-up version at Annex 5)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ir Dr LO Wai-kwok's amendment to Mr Jimmy NG's motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan and Mr WU Chi-wai 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.

(Members raised their hands)

Mr CHU Hoi-dick rose to claim a division.

PRESIDENT (in Cantonese): Mr CHU Hoi-dick has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr Tommy CHEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Frankie YICK, Mr Charles Peter MOK, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Mr HO Kai-ming, Mr Holden CHOW, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the amendment.

Mr Kenneth LEUNG abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Andrew WAN, Mr LAM Cheuk-ting, Ms YUNG Hoi-yan, Mr HUI Chi-fung and Mr Vincent CHENG voted for the amendment.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Dr CHENG Chung-tai, Mr Jeremy TAM and Mr Gary FAN voted against the amendment.

THE PRESIDENT announced that among the Members returned by functional constituencies, 15 were present, 13 were in favour of the amendment and 1 abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 16 were in favour of the amendment and 8 against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr Charles Peter MOK, as the amendments of Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai and Ir Dr LO Wai-kwok have been passed, you may move your revised amendment.

MR CHARLES PETER MOK (in Cantonese): President, I move that Mr Jimmy NG's motion, as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai and Ir Dr LO Wai-kwok, be further amended by my revised amendment. I call on Members to support it. Thank you.

The further amendment moved by Mr Charles Peter MOK to the motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai and Ir Dr LO Wai-kwok (See the marked-up version at Annex 6)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Charles Peter MOK's amendment to Mr Jimmy NG's motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai and Ir Dr LO Wai-kwok 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.

(Members raised their hands)

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 Jimmy NG, you still have 27 seconds to reply. Then, the debate will come to a close.

MR JIMMY NG (in Cantonese): President, I once again thank the seven Honourable colleagues who have proposed the amendments, and those Honourable colleagues who have enthusiastically given speeches in the debate. This motion debate has induced an array of new ideas and perspectives, which is definitely of considerable positive significance to establishing a comprehensive re-industrialization policy regime. I sincerely hope that Honourable colleagues will support my motion. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Jimmy NG, as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai, Ir Dr LO Wai-kwok and Mr Charles Peter MOK, 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 CHAN Chi-chuen rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr Tommy CHEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Frankie YICK, Mr Charles Peter MOK, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Mr HO Kai-ming, Mr Holden CHOW, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the motion as amended.

Mr LEUNG Yiu-chung voted against the motion as amended.

Mr Kenneth LEUNG abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Andrew WAN, Mr LAM Cheuk-ting, Ms YUNG Hoi-yan, Mr HUI Chi-fung and Mr Vincent CHENG voted for the motion as amended.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Dr CHENG Chung-tai, Mr Jeremy TAM and Mr Gary FAN voted against the motion as amended.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, 13 were in favour of the motion as amended, 1 against it and 1 abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 16 were in favour of the motion as amended and 8 against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was passed.

PRESIDENT (in Cantonese): Debate on motion with no legislative effect.

The motion debate on "Conducting a comprehensive review of labour legislation to improve labour rights and interests".

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

I call upon Mr HO Kai-ming to speak and move the motion.

CONDUCTING A COMPREHENSIVE REVIEW OF LABOUR LEGISLATION TO IMPROVE LABOUR RIGHTS AND INTERESTS

MR HO KAI-MING (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, this motion was originally scheduled for discussion in this Council in July last year so that the Secretary and the Chief Executive could hear the voices of wage earners in the labour sector and come to know their genuine views. It would serve as a reminder for the Chief Executive and the Secretary who had newly assumed office. Although the motion has been delayed for a year owing to filibustering, now it is still a good time. I hope the Government can hear wage earners' views as early as possible.

The motion as a whole adheres to the principle of being people-oriented. As my mother has taught me: Only what we have eaten is ours. I guess members of the public will share the same feeling: Only the Gross Domestic Product ("GDP") which wage earners can feel is theirs. President, despite the continuous growth of Hong Kong's GDP now, how much have Hongkongers benefited? I guess we already have the answer in our mind. Our older

generation and the wage earners nowadays have worked day and night not only for earning more money to improve their quality of living. They have also stimulated Hong Kong's economic take-off, creating more diversified outlets for the next generation. Their contribution to society cannot be denied.

However, following changes in the environment and times, our society and the Government are not particularly grateful to this group of wage earners who have worked tirelessly, especially workers at the grass-roots level and in the front line. They even turned a blind eye to this group who was consequently missed out in the Budget. Has the Government neglected them? Through this motion, I wish to remind the Government that this group of people is actually the cornerstone and the most fundamental part of Hong Kong society.

Although many wage earners need not worry about landing a job now, they suffer much hardship at work. The Panel on Manpower held a meeting several days ago. At the meeting, we discussed the figures provided by the Census and Statistics Department ("C&SD"), which indicated that more than half of the full-time wage earners in Hong Kong worked more than 44 hours weekly. It is thus evident that more than half of the wage earners in Hong Kong have to work overtime to keep their jobs. These figures were provided by C&SD. The problem of working hours is beyond all doubt. As the Secretary left early that day, he might not know the relevant information. I very much hope that the Secretary will understand Hongkongers' present hardship at work. Can we improve our lot through work? It does not seem so, since we can barely make ends meet. Can wage earners still enjoy legitimate rights and interests proportional to their work and share the fruit of economic success? The reality seems to be a far cry from our expectation.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

In recent years, the situation of "strong capitalists but weak workers" has become increasingly obvious, particularly in respect of government policies. Measures of improving the business environment, such as profits tax or other tax concessions, were promptly implemented, but measures of improving wage earners' rights and interests had to be discussed repeatedly. Let me cite a simple example. The last-term Special Administrative Region ("SAR") Government ignored the suggestion made by the labour sector on abolishing the offsetting mechanism of the Mandatory Provident Fund ("MPF") System, and then the

current-term Government said that the relevant suggestion would be taken forward, but so far it has not come up with any proposal. How much time does it really need to put words into action? Another example is the proposal made by the Standard Working Hours Committee. To our surprise, it carries only the element of contractual working hours but not standard working hours. Will wage earners' working conditions improve because of this policy? We did not see such a possibility. Measures for improving the business environment were implemented so quickly, but those for improving labour rights and interests were taken forward so slowly. Is it possible that the current-term Government did not hear the wage earners' voices?

The Hong Kong Federation of Trade Unions ("FTU") holds that it brooks no delay to safeguard labour rights and interests and let wage earners enjoy their due rights. For this reason, I have proposed this motion today to urge the current-term Government to fulfil its duties and obligations of protecting employees, conduct a comprehensive review of the labour legislation and pay proper attention to the importance of labour rights and interests.

Deputy President, I believe no one will deny that the original intent of formulating and implementing the labour law and relevant legislation is to protect employees' rights and interests and enable them to receive reasonable remunerations. However, since the existing labour law has not kept abreast of the times over the years, it has become increasingly detached from the actual situation and wage earners' needs. The existing labour law can be best described with two words: obsolete and outdated.

For example, the legislative intent of the minimum wage rate is to assure that wage earners will be paid at a reasonable wage rate, but the Minimum Wage Commission conducts a review only once every two years, thus causing the minimum wage rate to suffer a continual lag. As the Secretary has heard at the said meeting of the Panel on Manpower, actually each upward adjustment of the existing minimum wage rate can genuinely protect only 20 000 to 30 000 people. Can this possibly be the original intent of prescribing the minimum wage rate?

Let me cite the example of standard working hours again. The labour sector in Hong Kong has fought for this for a long time. We hope that wage earners can be relieved from the plight of exhausting themselves day and night, Hong Kong will no longer persistently top the list of having the longest working hours in the world, and employees' working conditions can be improved. The SAR Government, however, remains indifferent. On the contrary, the

neighbouring regions, such as Japan, Taiwan, Macao and South Korea, have already legislated for standard working hours. Among them, South Korea implemented the relevant law as early as in 1953, and the standard working hours per week were reduced from 48 hours to 40 hours in 2011. The neighbouring regions have made the relevant improvement. What about Hong Kong? Is Hong Kong so terribly afraid of a worsening business environment that it cannot make even the slightest improvement to the labour law?

Let us then look at maternity leave and paternity leave. As recommended by the International Labour Organization, maternity leave should be at least 14 weeks. Deputy President, I believe every woman who has experienced the postpartum period knows that the 10-week maternity leave is not enough. Recuperation for 14 weeks, I believe, can enable women to recover their strength and return to the workplace in their best shape. However, our paid maternity leave period has remained unchanged for nearly 20 years, being only 10 weeks, and the pay is only four fifths of the normal wage, same as that for sick leave. Then let us look at paternity leave for men. In the neighbouring regions, Singapore provides seven-day paternity leave, whereas Guangdong Province and Shenzhen, adjacent to Hong Kong, even grant 10-day paternity leave on full pay so that husbands can help their wives to handle household chores. Several years ago, the leave granted in Hong Kong was only three days. After a review, it was increased by two days to five days. Why are men unable to make a greater effort for their wives? In my view, the work done by the Government in this aspect is still not good enough and not helpful.

Deputy President, the newspaper clippings in my hand are about problems faced by wage earners. The media has long given them extensive coverage, exposing exactly the absurdity and irony of the inadequate protection in the labour law.

In the first clipping, it was reported that at the end of the year before last, since no proper lactation room was available in the office, a breastfeeding mother could not but take a taxi to make a detour and express her breast milk on the way during lunchtime. I guess every breastfeeding mother, including my wife, has had a similar experience: if the milk is not expressed, they will feel their breasts swollen with pain. Unexpectedly, that driver was so immoral that he recorded the process and uploaded the video onto the Internet. Of course, it seems he was eventually subjected to punishment in law, but the incident also precisely reflects the lack of lactation facilities in most offices in Hong Kong. Most companies or

enterprises do not provide any workplace facilitating lactation, causing many difficulties to working women. When can such a situation be improved? Can the relevant environment be improved by the mere presentation of a few awards?

The second news report is about cases of deaths of construction workers caused by industrial accidents last year. Since the occupational safety and health legislation does not provide sufficient protection and the relevant guidelines are outdated, people working at height, especially construction workers, are like "trapeze acrobats" who may fall to the ground anytime if they are not careful enough. "Fall of person from height" is a major category of fatal accidents in the construction industry. During the decade from 2005 to 2015, 11 lives were lost on average each year, shattering 11 families. The relevant number of deaths accounted for 30% of the industrial fatalities. As at late November, there were already eight such fatal cases last year. In fact, is the replacement of air conditioners so dangerous? Can workers be given additional protection? I think the Secretary has heard many similar views, but is there any way to obviate the need for workers and frontline staff to be in such danger? I hope the Secretary and the Government can heed these requests.

The problem exposed in the third news report, for which the Government has an unshirkable responsibility, is the issue of its outsourced workers. I know the Secretary is dealing with it now. The news report is about TANG Ka-piu and I handling a strike initiated by the outsourced workers of the Tseung Kwan O Hospital because they were owed their severance pay. The Government's outsourced workers actually worked for the Government. Why would they be owed their severance pay and not receive the most basic protection in law? In my view, the Government really needs to ponder on the actual operation of its entire outsourcing system. I know the Secretary is looking into ways of addressing the issue, but I think this problem must be resolved as soon as possible lest even the Government's outsourced workers cannot be protected by the law.

Deputy President, a review of the labour legislation seeks nothing but improvement of wage earners' working conditions. The existing legislation is so seriously deficient that it has got to be improved. We hope the SAR Government will face the reality and admit the inadequacy of protection in the existing labour legislation. We must first admit this problem in order to prescribe the right remedy so that some 3 million wage earners, then the entire labour market and subsequently the whole society can benefit. In view of this, FTU has, through different ways at different times and on different occasions, made various proposals for reviewing and amending the legislation to the

Government. The relevant contents cover such areas as employees' rights, interests and remunerations, family-friendly employment policy, vocational training policy, occupational safety and health, etc.

I hope Secretary Dr LAW Chi-kwong can seriously consider our proposals, especially Mr LUK Chung-hung's proposed amendment to my motion. It covers various proposals made by FTU over the years, including but not limited to the following points: firstly, we hope the Secretary will proactively follow up what the last-term Government undertook to do but failed to deliver properly, i.e. abolishing the MPF offsetting arrangement, legislating for standard working hours, reviewing the definition of continuous contracts of employment under "4-1-18", and enhancing the protection for part-time staff. Secondly, the Government should promote a family-friendly employment policy on a comprehensive scale; align the numbers of statutory holidays and general holidays at 17—I guess it is also the Chief Secretary's wish to let wage earners take more leave; increase the number of days of the statutory maternity leave and paternity leave, and make such leave full-pay across the board because people on such leave should not be paid only at the same rate for sick leave. We wish to enact legislation to provide working women with workplaces facilitating breastfeeding and a period of postnatal employment protection. Thirdly, the Government should enhance on-the-job training, amend the outdated parts of the Apprenticeship Ordinance and enact legislation to stipulate the provision of paid training leave of not less than three days every year. Fourthly, it should examine afresh the provisions in the relevant occupational safety and health legislation to enhance the protection of occupational safety for employees. Fifthly, it should perfect the planning for manpower resources development and enact legislation on age discrimination to promote and protect the employment of senior citizens. Sixthly, a comprehensive review of the loopholes of the Government's outsourcing system should be conducted.

The last issue is something to which the labour sector has attached great importance. We hope the authorities will expeditiously review the minimum wage regime and conduct a review once a year, as well as establishing a system for the right to collective bargaining.

Deputy President, employment stability is in fact the cornerstone of social stability. In the absence of rights, interests and protection, there are even cracks on wage earners' rice bowls which will wound their lips when they use them for meals. As such, how can they work happily and enthusiastically without worries? Such being the case, how will society be harmonious and stable?

We hope that the current-term Government can listen to workers' voices with its heart, ponder over workers' needs and take action to improve labour rights and interests.

Deputy President, I so submit.

Mr HO Kai-ming moved the following motion: (Translation)

"That this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr HO Kai-ming be passed.

Four Members will move amendments to this motion. Council will conduct a joint debate on the motion and the amendments.

I will call upon Members who will move the amendments to speak in the following order: Mr LUK Chung-hung, Dr KWOK Ka-ki, Dr Helena WONG and Mr Andrew WAN, but they may not move amendments at this stage.

MR LUK CHUNG-HUNG (in Cantonese): Deputy President, we have really waited for a long time for this motion to be proposed in this Council. I wonder if it has anything to do with the by-election that this Council is now conducting its meeting in a relatively rational and efficient manner again, thereby enabling subjects that are really beneficial to the people's livelihood and closely related to wage earners to be discussed in a good atmosphere. In fact, the motion on re-industrialization earlier is inextricably linked with wage earners in that they share the same hope of creating more job opportunities. I am very pleased to see this Council conduct its meeting in such a harmonious atmosphere. I also hope such a good atmosphere can be maintained.

I have proposed an amendment to this motion proposed by Mr HO Kai-ming. The original motion "urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a

comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times". Mr HO has proposed a major direction and principle in his motion in the hope that a consensus can be reached in society in the direction of improving labour rights and interests. Some Honourable colleagues in this Council and members of society may feel puzzled with my proposed amendment, wondering why I seek to amend the motion proposed by Mr HO as we both belong to the Hong Kong Federation of Trade Unions ("FTU"). I have no idea if there were similar examples in the past, but this is my first attempt to do so in the current Legislative Council. I also wish to make a brief explanation. In my amendment, I have made 17 specific policy proposals in total. Since Mr HO has discussed most of the proposals just now, I do not wish to spend time again explaining them one by one, or else I will be unable to finish my speech even in half an hour.

The contents of the 17 proposals actually represent the direction campaigned by the labour sector, including FTU, over the years. It is certainly not easy for a consensus to be forged in society. Moreover, it takes time to make promotion efforts. What is more, a premise must be established. Like an epitome of society, this Council consists of representatives from various strata and districts. A basic consensus should preferably be reached in this Chamber in the direction of improving labour rights and interests before the aspirations of the labour sector are discussed one by one. This is a very important point, too. Members must recognize that protecting labour rights and interests is the key to promoting social harmony, fairness and justice and integral to the implementation of "one country, two systems". If a consensus can be reached in this Council, discussions to be held in the future will be smoother.

In the policy address delivered last year, the Chief Executive presented a generous gift to the business sector. Moreover, the relevant Amendment Bill was also passed yesterday such that the tax rate for the first \$2 million of profits of small and medium enterprises ("SMEs") will be lowered to 8.25%, meaning that the tax payable by the business sector will be substantially reduced by half. Profits of over \$2 million will continue to be subject to the standard tax rate of 16.5%. As for the demands made by the labour sector over the years, such as standard working hours and aligning the numbers of the two types of holidays, the Government is merely willing to increase the duration of paternity leave to five days, which is still a far cry from our demand of seven days. As regards our aspiration for statutory maternity leave, the Government has merely indicated that a study will be conducted. I hope to "collect my debts" from the Secretary who

is present there. The Chief Executive should not accord discriminatory treatment by presenting a generous gift to the business sector on the one hand but failing to take the labour sector seriously on the other. We hope the Government can take the aspirations of the labour sector seriously.

Here I would like to highlight two points, and one of them is to abolish the Mandatory Provident Fund ("MPF") offsetting mechanism. FTU has been campaigning for this for over a decade. Meanwhile, Members are well aware of the problems caused by the offsetting of MPF contributions. Not only does the offsetting arrangement seriously erode the MPF contributions made by wage earners, but it will also undermine the retirement protection originally offered by MPF. The relevant authorities have spent more than \$35 billion on offsetting the severance and long service payments, involving up to 94% of employers' contributions. The fact that the number of such cases exceeded 50 000 in 2016 demonstrates that retirement protection for wage earners has been seriously eroded by the offsetting arrangement. Besides, the offsetting arrangement has indirectly prevented MPF from being fully portable. Moreover, the failure of to fully open up MPF fees and competition has indirectly led to "high fees but low returns" and other problems. Hence, the offsetting of MPF must be abolished not only by the current-term Government, but also within the current legislative session.

The Secretary has originally promised to submit a proposal to this Council before the New Year, but the Government has still failed to do so though both the New Year and Lunar New Year have already passed. We from the labour sector consider the Government really slow in its work. Has the Government encountered any resistance though it has expressed a willingness to make financial commitment? Is it true that some Honourable colleagues from the business sector have continued to put up strong resistance? If so, the Government should all the more come forth and criticize Honourable colleagues from the business sector. Moreover, it should join wage earners in exerting pressure on those businessmen who oppose the abolition of the offsetting mechanism, as well as unscrupulous employers, with a view to enabling MPF to resume its retirement protection function, rather than using MPF contributions to offset long service payments and severance payments anytime. I hope the Secretary can demonstrate his courage and resolve on this front.

The abolition of the MPF offsetting mechanism is a bold attempt of the Government to put the surplus to optimal use to deal with conflicts. In the past year, Hong Kong recorded a surplus of \$138 billion, with its reserves reaching

thousands of billions of dollars. Certainly, we will not request the Government to use public funds to resolve conflicts between employees and employers or meet their aspirations on every occasion while preventing the business sector from voicing objection. Under certain circumstances, however, this is a feasible solution. In overseas countries, there are similar examples in which improvements are made to labour rights and interests in tandem with short-term tax concessions offered to SMEs so that they will find the pressure borne as a result of improvement in labour welfare more acceptable. Besides its bold attempt to abolish the MPF offsetting mechanism, I believe the Government will continue to make more attempts to actively foster a consensus between employees and employers.

Furthermore, I am very much concerned about the outsourcing problem. Actually, the Government is solely to blame for it. Not only is the Government an unscrupulous employer, but it has also caused damage to the market and the employment ecosystem for reasons well known to us. Objectively speaking, the tendering system is guided by the principle of "the lowest bid wins". Although the Government has established the so-called "double envelope system", 70% of the score is based on price. Since more than 90% of the successful bidders are awarded service contracts by the Government, good money has been driven out by bad money. Employers and contractors who are willing to offer higher wages or better remuneration packages are, on the contrary, unable to get the contracts because of their relatively high tender prices.

Actually, the Government is solely to blame for this objective situation. Since the Government has taken the lead to establish such an unreasonable mechanism, some employers have turned themselves into unscrupulous employers intentionally or reluctantly. In fact, the weighting given to the price factor has fallen to 30% or 40% in many overseas places. Meanwhile, scores given to service quality, including remuneration packages, have been raised to the ratio of 7:3. We very much hope that the Government can really act in a bold and resolute manner in dealing with the numerous accumulated problems. For instance, the demerit point system has been reduced to a "paper tiger". Since 2005, only 35 default notices have been issued and only one organization has been prohibited from bidding for the Government's contracts for outsourced service after attracting a total of three demerit points. Furthermore, the scope of application of the demerit point system is extremely narrow. It is only applicable to cases related to breach of committed wages, daily maximum working hours for workers, the signing of standard employment contracts by non-skilled employees and the payment of wages to non-skilled employees by autopay. It has utterly failed to afford employees protection.

Furthermore, the outsourcing system is still unable to resolve problems related to severance payments, holidays and length of service. I hope the review to be conducted by the Secretary on these problems can be rolled out expeditiously. In fact, the outsourcing problem can be resolved provided that the Government is willing to take the lead. To resolve the offsetting problem, however, both employers and employees must forge a consensus. Conversely, the outsourcing problem can be readily solved should the Government take the lead to inject money and improve the tendering system. In order to improve the outsourcing system, I hope the Government can play the good employer and take the lead to improve the culture of the entire employment market to benefit other employees in the labour market in addition to the 50 000-odd outsourced employees who are serving the Government.

Lastly, I consider that the labour sector, including people supporting labour rights and interests, must fight in solidarity before the situation can be reversed.
(The buzzer sounded)

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Mr LUK Chung-hung, your speaking time is up.

DR KWOK KA-KI (in Cantonese): Deputy President, first, I thank Mr HO Kai-ming for proposing this motion. However, frankly, if the stand of the Federation of Trade Unions ("FTU") is firm enough and if FTU has enough courage, the amendments proposed by Mr LUK Chung-hung should have been included in the original motion. Frankly, nowadays, although the pro-establishment camp claims that it champions labour rights, in reality, it is not the case. However, it does not matter and today, I wish to stay on the course of discussing this subject.

In fact, although Hong Kong claims to be Asia's world city, in terms of the rankings by the United Nations and the protection of labour rights, not enough has been done. We ranked first for two years in a row in the World Competitiveness Yearbook 2017, and we can even see that in terms of many economic ratings, for example, that of the freest economy, each time, Hong Kong always makes the list. However, does this mean that our working class can

share the fruits of economic success? Certainly not. Although many slogans, including the so-called "Belt and Road Initiative" and "leveraging the Motherland", have been thrown around, throughout the years, grass-roots wage earners in Hong Kong have remained the most exploited and oppressed group.

The Swiss Bank conducted a survey and found that Hong Kong, with an average of more than 50 hours, is the place with the longest working hours in the world, 39% higher than the global average of 36 hours and 23 minutes, and 19 hours more than the lowest average of 30 hours and 50 minutes in the world registered by Paris in France. As a result, not only do wage earners have to pay a price; their families as a whole also have to pay a price. If we look at the many family problems, child rearing problems, disputes and many problems that we do not wish to see in Hong Kong nowadays, ultimately, all of them are attributable to the long working hours. But what do we get in return? What we get in return is economic prosperity.

We can see that when labour policies are formulated, be they those on tax rebates or other arrangements, they are all geared towards the businessmen but in respect of the fundamental problems facing grass-roots workers, for example, the offsetting arrangement under the Mandatory Provident Fund System, despite prolonged discussions on them, they continue to encounter hurdles. I believe the greatest resistance comes from the business sector.

How should we look at this matter? Of course, we hope that what is proposed in the motion heading can really come true: "Conducting a comprehensive review of labour legislation to improve labour rights and interests". One of the amendments proposed by me is the right to collective bargaining. Hong Kong is a well-developed commercial society and it is normal for employers and employees to hold different views. However, workers and the grass roots lack protection and one form of protection is the right to collective bargaining. From the major labour laws set out on the website of the Labour Department, we can see that the Government has provided the minimum level of protection prescribed by law and they include the Employment Ordinance, the Factories and Industrial Undertakings Ordinance, the Employees' Compensation Ordinance, the Occupational Safety and Health Ordinance, the Minimum Wage Ordinance, and so on. However, when differences arise over such issues as the protection of workers' wages, rest days, contracts and employees' compensation insurance, in fact, in many instances, we have to rely on the right to collective bargaining, so that there can be a representative for the whole labour sector.

Unfortunately, following the reunification, the Provisional Legislative Council then did away with the right to collective bargaining and when we compare ourselves with such neighbouring regions as Australia and Japan, we all understand that the right to collective bargaining should not go. Of course, here, I must mention FTU. At that time, I could, and I believe I still can, hear FTU and former Member CHAN Yuen-han express regrets over the decision then. I also hope the newcomers from FTU will remember this decision made in relation to the labour sector at that time, which is still regrettable even now.

At present, the minimum wage rate is still reviewed once every two years and such a lag-behind approach makes many members of the grass roots—people receiving the minimum wage are actually people at the grass roots—in fact, the Government has only itself to blame because the great majority of, or to a large extent, these people are outsourced workers, including the outsourced workers of the Food and Environmental Hygiene Department, the Leisure and Cultural Services Department, the Hospital Authority, the Housing Department, and so on. This group of grass-roots workers really have to live on the minimum wage set by the Government but in respect of this practice of a biannual review, from the very beginning to the present, the Government remains unwilling to change it despite prolonged discussions, even though in Australia, France, the United Kingdom, South Korea and Japan, an annual review is the practice. Frankly, if a government or the Policy Bureau concerned really cares about the well-being of grass-roots workers, there is practically no need for me to raise this issue at all. I believe the Secretary, as a scholar, ought to know better than I do that the victims of such a lagged review of the minimum wage rate are the grass roots.

Next, I wish to talk about paternity leave. First of all, the maternity leave to which Hong Kong women are entitled is actually very short, lasting only 10 weeks and it lags behind 158 regions throughout the world. Globally, 51% of countries provide for 14 weeks of maternity leave. Even our Motherland, or powerful nation, and South Korea for that matter, provide for 90 days of maternity leave, whereas Singapore provides for 16 weeks. We know that the new Government plans to review this but we must not be delighted on hearing that because a review takes time. If Members have listened carefully to the comments made by Carrie LAM or Matthew CHEUNG, they will find that the likelihood of implementation will arise only when the term of this Government is coming to an end. I think this may be part of the plan to seek re-election. I believe that if one really wants to implement something, one needs not drag on for five years.

On another note, paternity leave lasts only three days. I remember that in 2014, a heated debate was conducted in the Legislative Council. At that time, FTU voted to accept the paternity leave even though it was only three days. I think that was really a disservice to the working class in Hong Kong, so I think in raising this subject again this time around, FTU is perhaps somewhat making amends but I believe no more mistakes must be made in this regard. The business sector has made a lot of heartless comments, such as "giving birth to children outweighs everything" and "you sure want your employer to take care of you for life". I think that since they are capable of saying such mean things, should FTU not break off relations with this sort of people?

Thirdly, I wish to talk about the responsibility for industrial injuries and fatalities. At present, the responsibility for industrial injuries and fatalities are often borne by elementary-level sub-contractors. As we all know, the principal contractor is the party that stands to reap the greatest gain because a project involves tens of billions of dollars. Under the existing labour laws, the perpetrators (that is, the main contractors) are certainly let off lightly. I can hear the Government say to us all along that the labour laws have to be amended to make principal contractors accountable, so I expect the Government to hand in its homework earnestly.

Another subject is the continuous contract of employment requirement, which is commonly referred to as the "4-1-18" requirement. In fact, this "4-1-18" continuous contract of employment has done the greatest harm to many members of the grass roots who lack bargaining power in Hong Kong. We have pointed out clearly that these odd-job workers are mostly working women and over 80% of them lack employment protection. In view of this, if the Government really wants to promote release of the working force and encourage employment, all the while giving them adequate protection, the abolition of the "4-1-18" continuous contract of employment requirement is a must.

The last issue is standard working hours. The Government of the last term "defaulted" on its promise of setting standard working hours but introduced contractual working hours only. The new Government has still not come up with anything new but if the Government continues to hold this stance, Hong Kong will continue to live in the ignominy of being the richest place with the longest working hours in the world (*The buzzer sounded*) ... I so submit.

DR HELENA WONG (in Cantonese): Deputy President, the amendment proposed by me to the original motion is mainly related to maternity leave and paternity leave. We can see that the Government's family-friendly policy is still rather unfriendly so far. Therefore, we hope that the Secretary for Labour and Welfare, Dr LAW Chi-kwong, can make stronger efforts in this regard.

(THE PRESIDENT resumed the Chair)

We hope that employees can attain a balance between work and caring for their families without having to choose between the two: going out to work but not being able to look after their families; looking after their families but not being able to work. The amendment proposed by me mainly hopes that employee-related legislation can keep abreast of the times.

The Democratic Party has all along been making two requests: first, to extend the statutory maternity leave duration from 10 weeks to 14 weeks with full pay for female employees; second, to extend the statutory paternity leave duration from the current three days to seven days with full pay for male employees. Mr Andrew WAN of the Democratic Party will elaborate on the proposed amendments to other labour rights legislation later. Here, I will focus on a discussion about my amendment.

First, let me talk about maternity leave. The statutory maternity leave was first introduced under the Employment Ordinance in 1970. A female employee under continuous employment of not less than 26 weeks was entitled to 10 weeks' maternity leave (four weeks before and six weeks after childbirth). However, in the 1970s, the maternity leave was without pay. That means employees were not entitled to any payment of wages during the maternity leave period. After a legislative amendment of the Employment Ordinance in 1981, a female employee under continuous employment for not less than 40 weeks was entitled to maternity leave pay at the rate of two thirds of her wages, meaning employees were only paid two thirds of their wages during the maternity leave period. More than 10 years later, in 1995, the rate of maternity leave pay was raised to four fifths of the employee's wages. From the legislative amendment in 1995 to more than 20 years after the reunification, there has not been any review to examine whether there is any scope for extending the maternity leave duration.

The duration of the maternity leave has remained at 10 weeks for 48 years from 1970 to 2018. If we look at our neighbouring countries, we will notice that they are more generous towards female employees instead of acting in such a

miserly manner. Female employees in Hong Kong are pitiful because they are only entitled to such a short period of rest time after childbirth and the duration of the statutory maternity leave has not been revised for 48 years. I really hope the new Secretary for Labour and Welfare, Dr LAW Chi-kwong, can help extend the duration of the maternity leave. Besides, the rate of the maternity leave pay has not seen any increase for quite a long time. It is our hope that employees can enjoy full-pay maternity leave.

We certainly understand that the maternity leave of 10 weeks has been adjusted for more flexibility so that an employee may choose to take her four weeks' maternity leave after she has given birth instead of before the expected date of delivery. The first policy address of the incumbent Chief Executive, who is a woman, did bring us a little hope. It was mentioned in the policy address that the Labour and Welfare Bureau had completed the review of the statutory paternity leave and initially proposed to extend the paternity leave from the current three days to five days; and in recent years the labour and women sectors had also proposed to improve the maternity benefits of female employees, including extending the duration of the 10 weeks' statutory maternity leave.

Although these initiatives were put forward in the policy address, after discussions with the Secretary for Labour and Welfare, we realized that the implementation will take time, especially the extension of the maternity leave duration. I hope the Secretary will work with Carrie LAM during his term of office to listen to the views of the labour and women sectors and tackle these two issues expeditiously.

I believe employer representatives on the Labour Advisory Board will not dare say no to Carrie LAM in regard to extending the duration of the paternity leave. Back then when the legislation on the three-day paternity leave was passed, the Hong Kong Federation of Trade Unions and ("FTU") and the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") did not support the amendment proposed by me on behalf of the Democratic Party demanding that the duration of the paternity leave be revised to seven days. Dr CHIANG Lai-wan of DAB voted against my amendment. It seems that Members belonging to FTU did not cast any vote. Therefore, there is still a dangling end and because of that I must move this amendment again ...

(Some Members spoke aloud in their seats)

PRESIDENT (in Cantonese): Will Members please keep quiet.

DR HELENA WONG (in Cantonese): ... The Democratic Party advocates that the paternity leave duration should be extended from three days to not five days but seven days. I hope Members from FTU and DAB will support my amendment to strive for full-pay paternity leave of seven days. President, someone is interrupting my speech ...

(Some Members spoke aloud in their seats)

PRESIDENT (in Cantonese): Please keep quiet. Members will have the opportunity to speak later.

DR HELENA WONG (in Cantonese): President, we very much hope that the paternity leave duration can be extended to seven days. Why should it be seven days in our view? As indicated in the discussion paper tabled at the Panel on Manpower by the Labour and Welfare Bureau in December 2017, a survey conducted by the Government has shown that employees in general wish to have paternity leave of a longer duration. Among those respondent employees who provided views on the duration of the paternity leave, 50% suggested at least seven days; and 27.5% suggested 10 days, 14 days or other durations. Employees suggesting 10 or 14 days accounted for 77.5% of the total number of respondents. It is, therefore, clear that the current three-day paternity leave is inadequate in the eyes of most employees. This is why I have proposed this amendment recommending that the paternity leave be extended to at least seven days.

Why do we not support the Chief Executive's proposal to extend the paternity leave duration from three days to five days? It is actually a matter of fairness as we understand that government employees are now entitled to five days' paternity leave. It is certainly an improvement if the paternity leave duration is extended from three days to five days for all male employees in Hong Kong, but as government employees work five days a week, they can actually enjoy seven days of leave taking five day's paternity leave together with Saturday and Sunday. However, many wage earners do not work five days a week. For the sake of fairness, I consider that the paternity leave should last seven calendar days so that employees can take leave of seven consecutive days. Employees

who work six days a week can enjoy seven days' paternity leave, while employers do not need to pay extra wages to employees working five days a week for taking paternity leave on Saturday and Sunday. We believe a paternity leave of seven consecutive days can benefit more people other than civil servants only.

President, as I mentioned earlier, the duration of the maternity leave has not been extended for more than 40 years. I hope the Secretary of Labour and Welfare will extend the duration of the maternity leave and prescribe that full wages be paid during maternity leave. Many women suffer from mental disturbance or even post-partum depression after childbirth. By slightly extending the paid maternity leave duration to 14 weeks, we can tie in with the recommendations of the International Labour Organization, bring ourselves on par with neighbouring countries and allow women to take sufficient rest after childbirth so that they can seek early support and treatment in the event of mental disturbance. Therefore, the Democratic Party has proposed this amendment (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Dr Helena WONG, please stop speaking immediately.

DR HELENA WONG (in Cantonese): ... and appeals to Members for their support.

MR ANDREW WAN (in Cantonese): President, first of all, some colleagues have, in their speeches earlier on, put forward different views and perspectives on the progress made in the improvement of the employment terms and conditions for workers. Today I do not wish to spend too much time talking about this because honestly, I do not see much meaning doing so.

I thank Mr HO Kai-ming for proposing this motion today. While the contents of the original motion have more to do with points of principle and his party comrade, Mr LUK Chung-hung, has proposed some amendments to it, I do not care much about these technical details, especially as the President already allowed them to do it this way, and I have no strong view on this arrangement, for the most important thing is whether we agree to the contents. I think the original motion and the various amendments actually serve the same purpose even though their proposals may be different. I believe the Secretary and the Government are well aware of this, too.

What are the problems we mainly seek to address? In fact, when the last-term Government took office, we had very high expectations of it. It is because the former Chief Executive had fought a nice battle in his electioneering campaign, and one of the reasons was that he had played the "grass roots card" and issued many "dishonoured cheques". But unfortunately, as a result of this approach of all words but no actions, many of these pledges made then were eventually not honoured.

As for the current-term Government, disregarding whether it is unfortunately made to take up this hot potato or it is genuinely committed to dealing with this issue, I think the problems or the potential "bombs" left behind by the last-term Government have to be tackled. An issue of the utmost concern to us is long working hours and the prescription of standard working hours. As for the performance of the last-term Government towards the end of its term, though I am not a member of The Hong Kong Jockey Club, let me borrow an expression that I once heard from them: Pack things up behind the stage and pull out, or in other words, beating a hasty retreat. Another issue is the abolition of the offsetting mechanism of the Mandatory Provident Fund ("MPF") System. I think these are two major issues that the Secretary faces now.

In this connection, other than those areas mentioned by Dr Helena WONG just now, which include paternity leave, women's rights, maternity leave, and so on, I have added six points, including working hours, abolition of the MPF offsetting mechanism, industrial injuries, the right to collective bargaining, review of the statutory minimum wage level once every year, and aligning the numbers of statutory holidays and general holidays at 17. These are the six proposals made in my amendment.

President, please allow me to briefly explain the reasons for these six proposals of mine. On the problem of long working hours in Hong Kong, as some Honourable colleagues also mentioned earlier, our average working hours are over 50 hours and even 60 hours in individual industries. A recent case involving the Kowloon Motor Bus (1933) Limited ("KMB") has revealed problems in several respects, including the right to collective bargaining, the situation of the employers being strong while the workers being weak without any bargaining power, and long working hours, and worse still, the regulations made by the Government for specific industries, such as the driving hours of bus drivers, are most unreasonable because under the regulations, it is still reasonable for a driver to drive for over 10 hours as long as the driver does not drive continuously and is given a rest break. How pitiable.

I think this case has awakened us and sounded the alarm. The last-term Government hastily introduced the contractual working hours which we consider to be an obvious rip-off. There had been discussions for a long time and in the end, the contractual working hours were approved in a short span of time to replace the concept of standard working hours long awaited by the public. What is the contractual working hours that we have now? In the final analysis, its objective is to rationalize long working hours, and it is not really contractual working hours.

Honestly, as I mentioned just now, and as some Honourable colleagues also said in their speeches earlier, where there is an imbalance of power and one side having overwhelming superiority over the other side, it is actually very easy for employers to take advantage of employees in the course of bargaining. Could the workers quit their jobs? They have to feed themselves after all. To the workers, I think this is not a fair market for bargaining. But under these circumstances, the Government very much likes to talk about the market but not the law; nor does it talk about government intervention. I think it is imperative for the Secretary to rectify this problem expeditiously.

The second issue which I think necessitates actions is the abolition of the MPF offsetting mechanism. What is my main concern? Since a number of colleagues already proposed its abolition, why do I still have to raise this point? Because my amendment has made a point which is unique and that is, the "fund pool" mentioned in the amendment. We have had a lot of discussion today and I think the business sector has different views. But Secretary, please pay attention to this point, which is special, because at least from most of the views that I have heard from the business sector, there is a consensus on this point. I understand that other parties, such as the Labour Advisory Board, may take exception to this point. But if the Secretary pays heed to or respects the representatives of the business sector in this Council—The Government usually respects them and there is no reason not to respect them this time around—The Liberal Party also agrees to this "fund pool" concept proposed jointly by the Democratic Party. I think this approach does merit consideration in order for the abolition of the MPF offsetting mechanism to be implemented expeditiously.

As regards industrial injuries, President, I particularly mentioned the Industrial Undertakings Ordinance and the Occupational Safety and Health Ordinance. I do not have time to go into the details but I wish to cite two cases, so that Members can see the picture. Under the current provisions in law, an

employer who acts against the relevant legislation and hence causes casualties of workers is liable to a maximum penalty of a fine at \$500,000 and six months' imprisonment. It sounds to be a large amount of money but think about this: The maximum fine is only \$500,000. It means that for the accident at the Hong Kong-Zhuhai-Macao Bridge that occurred some time ago, as well as the serious industrial accidents that we can often hear of, even if fatalities of workers are involved, the maximum compensation is only \$500,000, and for employers who neglected industrial safety, the maximum penalty is just six months' imprisonment. Such a penalty sounds light and seems to be not quite proportional but President, what was the penalty meted out eventually? Let me cite two examples in reality. The first accident occurred in 2011 in which two workers were killed instantly by the bursting of the tyre of a reach stacker, which is a type of heavy-duty cargo loaders, during its dismantling in Yuen Long. The employer was eventually required to make compensations of only \$20,000 and \$10,000 respectively. The other case occurred in March 2017 in which a worker fell from height while carrying out decoration work in Lam Tin and the accident was proved to be caused by neglect of the employer. The worker fell from a height of 2.6 m, knocked his head against the ground and died. How much was the amount of compensation then? It was \$63,500. How much is a human life worth? Therefore, I think it is necessary to substantially increase the penalty. I also hope that the Department of Justice can consider introducing amendments to the sentencing guidelines.

Besides, concerning the right to collective bargaining, just now I mentioned a case involving KMB. This incident is indeed most typical. KMB certainly wanted to exploit the loopholes in law by hook or by crook and intended to sack the bus captains concerned prior to their setting up a workers' union, in order not to break the law on discrimination against trade unions. With regard to this case, I remember that the Chief Executive seemed to have given a response, while Secretary Dr LAW Chi-kwong and even Chief Secretary for Administration Matthew CHEUNG also came forth to express concern, stressing intolerance of people exploiting the loopholes in law. I recall that the Secretary had vowed to get to the bottom of it. Of course, we understand that there are ways that make it technically possible for them to get around the law but justice lies in the people's hearts, and its motive was clearly to suppress the worker's right to collective bargaining. Therefore, so long as there is no legislation and mechanism defining the right to collective bargaining in Hong Kong, it would remain impossible for workers to be truly afforded labour protection. The original motion does not mention this point, though Mr LUK Chung-hung of the

Hong Kong Federation of Trade Unions did mention it. But if I am not wrong, he did not state in his amendment the demand for legislating for this. He only expressed the wish that a mechanism would be set up, but I think legislation would be more effective. He may wish to give a further response and if so, I would like to listen to his views later.

To end, President, I wish to make two points. Concerning the proposal for review of the statutory minimum wage rate once every year, the reason is also easy to understand. Former Secretary Matthew CHEUNG, who is the Chief Secretary for Administration now, had made some remarks on a review of the statutory minimum wage rate once every year. I understand that back then, many members of the labour sector criticized the arrangement of not conducting a review once every year because an annual review is usually conducted in many cases. For instance, it is impossible for prices not to go up because wages are reviewed once every two years; nor will the local bistro cafés hold back a price increase for this reason. At that time, the former Secretary said that the wages were not reviewed once every two years, and I wonder if he was influenced by the art of hypocritical rhetoric of the last-term Government, for he said that the wages were reviewed at least once every two years, but actually they turned out to be reviewed once every two years. I have higher expectations of Secretary Dr LAW Chi-kwong and hope that he can make it possible for a review to be conducted once every year, which is reasonable. The reason is simple. It is because price hikes do not wait and without a corresponding increase in the provision for living expenses, the workers' wages actually suffer a lag of one year as other price indexes go up.

President, the last point is about aligning the numbers of statutory holidays and general holidays at 17 which, I believe, is supported by wage earners in Hong Kong. I do not have time to discuss in detail the historical factors, such as the fact that bank holidays are dated back to 1967, but my view is that among the 2.8 million wage earners now, half or about 1.4 million are denied fair treatment. Even if the number of holidays is increased, according to the Government Economist, an extra day of statutory holiday will actually cost \$370 million only. What did Chief Executive Carrie LAM say? She said that the last thing that Hong Kong lacks is money. I think the provision of an extra day of holiday for workers can also produce the effect of a stimulus to the economy, and I hope the Secretary can take it into consideration carefully.

I so submit. Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Mr HO Kai-ming for proposing this motion debate and four Honourable Members, namely Mr LUK Chung-hung, Dr KWOK Ka-ki, Dr Helena WONG and Mr Andrew WAN, for proposing amendments.

After years of improvement, the coverage of the existing labour legislation is already quite comprehensive. Certainly, some of the contents of the speeches delivered by Honourable Members today concern whether improvement needs to be made to a certain part of the law. Such areas as conditions of employment, safeguarding the rights and interests of employees and ensuring occupational safety and health, and so on, are already regulated by the existing labour legislation itself. All along the Special Administrative Region ("SAR") Government has been actively reviewing labour legislation with a view to improving labour rights and interests, as well as labour protection, having regard to the overall pace of social and economic development while giving due regard to the interests of employees and the affordability of employers.

With the concerted efforts of the Government, employees and employers as well as various stakeholders, the SAR Government has in recent years continued to improve statutory protection for employees, including the passage of the bill on 1 February this year on the regulation of employment agencies and resolutions on increasing the maximum daily rates of medical expenses under the Employees' Compensation Ordinance and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance. These results demonstrate our continued efforts to improve labour rights and interests. I will provide more specific information in my concluding remarks later on if there is such a need.

As regards the abolition of the arrangement for offsetting long service payments and severance payments with Mandatory Provident Fund contributions and the working hours policy, which are matters of concern to Honourable Members, the stance of the current-term Government towards the offsetting arrangement is very clear. Moreover, it is willing to increase its financial commitment to reduce the impact of the abolition of the arrangement on enterprises, particularly small and medium enterprises. The fact that the Financial Secretary has in the 2018-2019 Budget earmarked \$15 billion to complement the implementation of relevant measures for the abolition of the offsetting arrangement fully demonstrates the determination of the current-term Government to abolish the arrangement. We are still making efforts in the hope of putting forward a proposal that can give due regard to the interests of the

labour and business sectors before consulting the stakeholders, including employees and employers. As for the working hours policy, I am aware that the labour and business sectors hold different views on the legislative proposal put forward by the last-term Government on this subject. The current-term Government will sincerely listen to the views expressed by employees and employers with a view to identifying feasible proposals to improve the working hours policy.

As regards ways to deal with these perennial, major and thorny labour problems and other labour-related issues, the Government will definitely maintain close communication with the business and labour sectors as well as relevant stakeholders and strive to encourage employees and employers to improve the statutory rights and interests of employees in a gradual and orderly manner and with a pragmatic spirit of mutual understanding and accommodation while having regard to Hong Kong's social and economic conditions.

President, I so submit. After listening to the views to be expressed by Honourable Members, I will give a more detailed response. Thank you, President.

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

MR STEVEN HO (in Cantonese): President, I wish first of all to thank Mr HO Kai-ming for moving this motion. I know he has waited a long time, from July last year until today, before the issue of labour rights can finally be discussed in Council. When Mr HO proposed this motion last year, I was the first within my party to indicate a wish to speak, for I wish to talk to the Government about some bygone incidents regarding the Mandatory Provident Fund ("MPF") System. However, over the past year, many different changes have taken place in society, along with some labour disputes. And there were news about some arrangements concerning the offsetting mechanism of MPF proposed by the Chief Executive, in which the provision made for the abolishment of the mechanism has increased from \$6 billion to \$15 billion, etc. In view of these changes, drastic modifications have to be made to our preparation done for this motion at the time.

Also, I must thank Dr CHIANG Lai-wan. She was in fact in her seat when the President called upon her just now. But knowing that I have to attend another work meeting later on, she was being accommodating by letting me speak

first on purpose. Our relationship is a bit similar to that between an employer and employee, is it not? Sometimes, with mutual accommodation and respect, there are many things on which we can compromise.

However, many things have happened in society over the past few years. Some actions taken by labour unions good or bad have sown discord between employers and employees. I hold the Hong Kong Federation of Trade Unions ("FTU") in particularly high regard, not least because I have worked with former Member, Mr TANG Ka-piu, and the fact that FTU has spared no efforts in fighting for pay rises, better treatment and working conditions for construction site workers and steel fixers, and in demanding such labour rights as paternity leave. However, whenever FTU has succeeded in pushing for a certain right—say, a pay rise of 4% for workers of a certain industry—with a consensus reached between employers and employees, someone will always come forward, demanding an extra pay rise. Even though FTU has all along been the sole force facilitating negotiation between employers and employees, someone will jump out of the blue at the last minute, persuading workers to hold out for more, saying: "Do not worry, let us demonstrate on your behalf and stage some industrial actions together for an additional pay rise of 0.5%. It does not matter even if we fail. With the 4% pay rise safely pocketed, workers will be deprived of just the extra pay rise at worst." The political pressure resulting from such actions, however, has to be borne by FTU, which I find unfair to them. Setting aside my membership in the Democratic alliance for the Betterment and Progress of Hong Kong ("DAB") and speaking as an objective member of the public, I believe different political parties should not compete against each other with their ideas on this issue. Does DAB support the push for labour benefits? We do, but one single cause being taken up by too many people is neither fair nor conducive to division of labour in society. I hope FTU will keep up their efforts, stay true to their party stance and purposes despite external pressures, pay the demons and monsters no heed while doing their own job.

I heard just now the relentless criticisms levelled at FTU and DAB by a Member, who accused the two parties of not supporting paternity leave of 14 days. This is in fact not the truth. If it were up to me to decide unilaterally, I would certainly find it best not having to work all year round and getting paid leave every single day. However, instead of thinking about the interests of one party alone, we need to keep in view the big picture, going so far as to consider the interests of employers who pay the workers. The Basic Law is right in saying that progress should be gradual and orderly. A dramatic change in the

status quo with unknown impacts on society could bring about adverse effects, not necessarily beneficial to labour. Will there be an employee if his employer goes under? Therefore, we hope to see a fairly cordial relationship between employers and employees.

Let me talk about an example of good employer-employee relationship. I recently dined in a congee shop in Aberdeen with Mr KWOK Wai-keung who is a local and knows the neighbourhood well. I have been a patron of this congee shop for 20 years. When asked about the history of the shop, the proprietor told me that it was bought cheaply from his former employer who used to run the place. Labour policies back then undoubtedly compared even less favourably against what we have today, with maternity leave of four weeks before and six weeks after delivery probably non-existent, let alone paternity leave. But the pair of them got through the hard times together, striving not just for their careers but for Hong Kong as well. Upon retirement, the employer simply sold the business at a nominal sum to the employee who had been loyal to him for years. I hope that in the pursuit of labour interests, we will endeavour to improve the employer-employee relationship at the same time. Such is the principle on which we must base in order for discussions between the two sides to take place. As soon as the benefit of paternity leave is extended from none to three then five days, employees immediately push for an extension to 7 or 14 days. This is undesirable. Much that I agree with the idea of a longer paternity leave duration, gradual and orderly progress should be the way to go.

Coming back to the topic of MPF, when Shang Yang, a statesman of the State of Qin during the Warring States Period, introduced reforms, he first gained people's trust by showing the words of the government were as good as gold. By contrast, when the Government launched MPF—I was still studying abroad back then but I knew about the meetings at which my mother met with government officials and representatives of labour unions. I remember the Government had promised back then that if MPF was implemented, employers would be allowed to use MPF contributions to offset long service and severance payments. Employers agreed, reasoning that although the Government's bid to improve labour benefits through the implementation of MPF would mean an additional 5% of payroll costs to the employers, it would not substantially increase costs nor damage the business environment with the offsetting mechanism in place. Now, the mechanism is to be abolished all of a sudden. As far as I know, many of the employers opposing the abolishment do so not because of the additional expenses, but because the Government has gone back

on its words. I hesitate to use such terms but it really begs the question of whether all the policies rolled out by the Government today will be reversed, in the face of some drastic changes in the short term, or 10 years or 15 years down the road, in the medium term?

It can thus be seen that the Government has chosen a difficult path over an easy one in addressing such issues as the offsetting mechanism. Enhancing labour benefits and protecting the retirement life of employees do not necessarily entail the abolishment of the offsetting mechanism. I am not saying that FTU is wrong, but the Government could have considered other ways to enhance retirement protection that would achieve the same level of benefit as the abolishment of the offsetting mechanism. However, the Government has chosen a different course, because of public pressure perhaps. If the Government moves to abolish the offsetting mechanism in future, as a Member of the Legislative Council, I have no choice but to accept this major direction. But I hope that the Government will devise some concrete proposals regarding the deployment of the sum of \$6 billion or \$15 billion and the ways in which the burden of the employers can be eased somewhat ... (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr Steven HO, please stop speaking.

MR LEUNG YIU-CHUNG (in Cantonese): President, insofar as the protection of labour rights is concerned, I think the legislature should not be divided by political affiliations if Members are sincere in working for the benefits of wage earners. Hence, I will support the motion proposed by Mr HO Kai-ming today.

Some time ago, when I was preparing for the discussion about this question, I expected that the team led by new Chief Executive Carrie LAM would adopt a new style, and I particularly hoped that they would come up with new initiatives in labour policies. Yet, as we are already in the discussion on the question now, the chance of seeing such changes has passed. What has happened since the new Chief Executive and her team assumed office? I can only describe it with two words: extreme disappointment.

On the surface, this Government of the current term has appeared to be vigorous in improving people's livelihood and adopting new thinking, yet in terms of labour policies, no progress has been made so far. The current-term

Government continues to favour the business sector, as LEUNG Chun-ying did in the previous term, simply resorting to procrastination and evasion. Regarding policies concerning the right to collective bargaining, standard working hours, universal retirement protection and the annual minimum wage review, the Government has made no mention of them. As for the abolishment of the offsetting mechanism under the Mandatory Provident Fund System, it is still under study as far as I know.

What is most worrying is the attitude of Chief Executive Carrie LAM. The present situation is evident that she had gained strong support from the business sector during the election—I cannot say she is betraying workers, yet she is rewarding the support of the business sector by ignoring labour rights. If that is the case, I think we cannot expect the current-term SAR Government will do anything for the labour sector in the next couple of years.

For wage earners, there are two issues of profound concern to them. First, it is about wages and benefits. Second, it is about the dignity of labour. Regrettably, in Hong Kong, which claimed to be a "cosmopolitan city", workers are satisfied with none of these two aspects. At present, labour rights in Hong Kong are maintained or protected mainly by the Employment Ordinance. Yet the Ordinance was enacted in the last century, when amendments have since been made merely to minor matters and no major change has ever been introduced. The main reason is that labour policies in Hong Kong have all along been executive-led, where labour relations are not addressed through collective bargaining. When workers do not have the right to collective bargaining and the Government has all along been using non-intervention in the free market as the shield, labour policies have been reduced to a part of our economic policy on the premise that the investment environment and employers' interest should remain intact. Such a practice is de facto condoning the exploitation of workers in the market.

Take the proposal for standard working hours put forth by the labour sector in recent years as an example. The Government has shelved the implementation of standard working hours indefinitely on the excuse of the impossibility to balance the interests of employees and employers and substituted it with a downgraded version, which is the "contractual working hours". This is confusing the sham with the genuine, disregarding the fact that wage earners have no say in drawing up the contract. However, the Government turns a blind eye to the reality and allows employers to make the decision. How can labour rights be protected in such circumstances?

Moreover, the position of trade unions in Hong Kong has not been enhanced so far. Independent trade union organizations are particularly on the verge of being marginalized, where employers refuse to recognize their status and the Government is unwilling to intervene. This practice is nicely put as an approach allowing voluntary negotiations between employees and employers. Yet, in reality, the Government is allowing employers to exploit workers and does not impose any regulation. Since the Government has all along refused to legislate for the right to collective bargaining, the majority of enterprises will not make proactive efforts in communicating with trade unions or recognize their status. The recent incident concerning Kowloon Motor Bus ("KMB") is a case in point. Drivers of KMB have many views about the pay adjustments, yet the employer has only reached a brief agreement with trade unions from the pro-establishment camp unilaterally. The proposal for a pay adjustment does not bring about any increase in wage in actuality even though it is seemingly a pay rise proposal. For these reasons, other drivers went on a strike to demand a review of the proposal, yet the employer did not recognize their status and refuse to communicate with them in the beginning. If the status of trade unions cannot be enhanced under the law or in society, how can workers bargain with employers or the management?

Furthermore, territory-wide, the Government has set up the Labour Advisory Board ("LAB") which is responsible for the tripartite negotiation involving employees, employers and the Government on the surface. Nonetheless, we all know, the composition of LAB is strange, where the ratio of employers and employees is 6:6. In other words, the two sides are level. If a proposal has to be passed by a majority, the only way is to secure the agreement of employers. Yet, on issues concerning rights and interests of labour, it is extremely difficult to obtain the agreement of employers. However, the Government always says that proposals failing to obtain the consensus of LAB cannot be submitted to the Legislative Council. If an institution elected by the people cannot override LAB, how can we protect the fundamental rights of labour? The Government always shift the responsibility onto LAB. Yet, the composition of LAB is problematic. Worse still, its meetings are convened behind closed doors with low transparency and no one knows what have been discussed, with the Government and LAB often echoing each other. Hence, if these problems remain not addressed, improvement in labour rights can hardly be secured.

DR CHIANG LAI-WAN (in Cantonese): President, the current-term Government has proposed in the policy address specific directions in respect of various labour issues. Recently, various policies have been implemented one after another, including the increase in the number of days of paternity leave from three days at present to five days. Here I must point out that back then, we in the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") did not approve of the Government setting the paternity leave at three days. The reason was that at that time the paternity leave provided by government departments was five days. Since the Government provided five-day paternity leave, why did it not suggest that organizations in the community provide five-day leave, too? For this reason, we discussed with the then Secretary for Labour and Welfare. He undertook to introduce paternity leave on a pilot basis for a period and then conduct a review. If possible, it would be revised to five days. Hence, this time DAB welcomes the implementation of five-day paternity leave.

Moreover, we welcome the Government's commencement of the study and work relating to the extension of the 10-week statutory maternity leave. This is what DAB has all along striven for. At the same time, DAB also hopes that the Government can proactively deal with such issues as its outsourcing system, the continuous contract term commonly known as "4-18" and employment for women.

Regarding the Government's outsourcing system, now most government departments have adopted outsourcing. For example, the Food and Environmental Hygiene Department, the Leisure and Cultural Services Department and the Housing Department have outsourced the security and cleaning services. However, under the tendering mechanism currently adopted by the Government, the lowest bid wins. Consequently, the quality of outsourced services is often not up to the mark. Outsourced workers lack protection in such areas as wages, welfare and occupational safety, and certain outsourced service contractors have breached the contract requirements or the labour law. Such cases happen from time to time. We believe and see that the Government has now realized the actual existence of problems in the outsourcing system. For this reason, an inter-departmental working group on labour protection for outsourced workers has been set up under the leadership of the Secretary for Labour and Welfare. This is good. The working group will discuss how best to assist the departments in improving the tendering system through allocation of resources, calculate the Government's financial

commitment, increase the expenditure on the protection of labour rights and interests, etc., in order to ensure that the existing workers can receive more reasonable protection.

Although we welcome the Government's review measures, we also wish to make some suggestions to the Government. First of all, we consider the tendering approach of awarding a contract to the lowest bid unhealthy. Can it be based on quality instead? Besides, can it be stated explicitly that a tenderer will receive a higher score if the employees' wage level offered by him is higher than the minimum wage rate or is set in accordance with the median wage of the relevant industry? Moreover, the authorities should step up the monitoring of the performance of outsourced service contractors, that means strictly enforcing the demerit point system and meting out severe punishment against outsourced service contractors in breach of the labour law or safety requirements. It should also proactively examine and improve the standard employment contract for proper protection of the rights and interests of grass-roots employees.

Next, I would like to talk about the "4-18" continuous contract term. President, since the implementation of the minimum wage, the situation of jobs being turned into casual ones has become increasingly serious in such types of work as cleansing, catering and security. Some employers will hire a large number of part-time workers and exploit the "4-18" loophole. That means they will not hire workers for more than four weeks, and such workers will not work for more than 18 hours a week. In this circumstance, these employees will not be entitled to welfare benefits such as rest days and paid statutory holidays. Some grass-roots employees have told me that their employers would exploit the loophole in the Employment Ordinance and deliberately hire them to work only 17.5 hours per week, that means just not exceeding 18 hours. In that case, the employers need not provide the staff with any benefits. I believe this kind of employers are only the minority, but if such employers undeniably exist, the authorities should pay close attention. We have discussed the "4-18" continuous contract requirement many times before. Hence, we hope that the Government will expeditiously consult the public and review the "4-18" continuous contract requirement.

Moreover, we urge the Government to seriously step up inspections and law enforcement to ensure that the protection for employees under the Employment Ordinance can be implemented.

I also know that now many working women face difficulties in looking after their children after delivery. For this reason, we hope the Government can, focused on the demand for child care service, lease out vacant public housing units on the lower floors to social enterprises for operating night-time child care service in Hong Kong, or make use of vacant school premises and appoint qualified teachers to set up tutorial centres there.

We in DAB support Mr HO Kai-ming's original motion. As regards the other amendments, since we hold a different view on some of their contents, we in DAB will abstain.

I so submit. Thank you, President.

DR FERNANDO CHEUNG (in Cantonese): President, first of all, I would like to thank Mr HO Kai-ming for proposing the motion "Conducting a comprehensive review of labour legislation to improve labour rights and interests". The Labour Party supports both the original motion and all the amendments to it. However, such a Member's motion proposed in the Council amounts to, first, no legislative effect, and, second, empty talk indeed.

As a matter of fact, the KMB strike can most clearly illustrate the circumstances faced by the working class nowadays. The whole incident was caused by a tragedy, which prompted society to pay attention to the fact that such traffic accidents causing severe casualties may be related to the working class, i.e. the drivers, so should their remunerations, working conditions and working hours not be part of the consideration? Amid pressure from society, KMB played tricks to shift the bonus to the basic salary, two components originally forming the salary of drivers, and abolished the bonus, calling such an act a pay increase and improvement of remunerations. Of course, we all know that it is just a bogus pay rise. The original basic salary is as low as \$11,000. How could it be enough to feed a family? It is only about \$15,000 with the bonus included, which is still extremely low.

Paying such meagre salaries to drivers and coming under enormous public pressure, KMB still dared play a numbers game. Moreover, our concern is that the long working hours are unfavourable to the occupational safety and health of drivers. Eight hours of work, eight hours of rest and eight hours of leisure for spending time with families and development of one's interest—I think such a belief was introduced in the last century. In fact, legislation restricting working

hours has been enacted internationally for over 100 years. Unfortunately, Hong Kong just would not implement it. The Transport Department has set out a 14-hour guideline on drivers' working hours; out of the 14 hours, 10 or 11 hours are for driving and the remaining for rest while still being on duty. How can such long working hours allow drivers who bear such a paramount responsibility to have enough rest? Evidently it cannot but the problem has persisted for a long time.

Nevertheless, when we call for a reduction in drivers' working hours, they expressed unwillingness because of the worry that reduced working hours mean reduced salaries and how can they support their families with reduced salaries? How can they make mortgage payments? How can they pay the rents? It is the ridiculous part. It underscores, as stated in Mr LUK Chung-hung's amendment, the situation of "strong capitalists and weak workers". Strong are certainly the capitalists who control everything. Female driver YIP Wai-lam found it unacceptable and came forward to resist and even claimed to stage a strike.

The basic right to strike of the people of Hong Kong is protected under the Basic Law. Yet in implementation, the Employment Ordinance provides that employees can strike but only in appropriate periods of time. And appropriate periods of time mean outside working hours. Going on a strike during working hours constitute participation in union activities (one of which is strike) and requires employers' consent beforehand. It is just equally preposterous. A strike has to be conducted outside working hours? How can it be called a strike? A strike needs the employers' prior consent? Again how can it be called a strike? It shows that the law, the policy and the Government's position all tilted towards employers so as to protect them. The bill on the right to collective bargaining was proposed by LEE Cheuk-yan before the reunification and was passed by the then Legislative Council. After the reunification, the Provisional Legislative Council immediately repealed it and to date we have not been able to regain such a right to collective bargaining.

We propose legislation for the right to collective bargaining in response to the KMB incident. The Secretary for Labour and Welfare, Dr LAW Chi-kwong, stated that it is difficult to be implemented in Hong Kong because of the numerous trade unions. There are a number of KMB trade unions as well and it is uncertain which union represents all staff. Will he please stop telling lies. Practices have been established in law and internationally to deal with such a situation: in the event of a conflict between employers and employees and in the presence of a number of trade unions, workers concerned will select a trade union

by the democratic election of "one man, one vote" to represent them in the negotiations with employers. For this reason, the situation referred to by the Secretary where a number of trade unions would confuse both employers and employees, thereby presenting uncertainty in negotiations, would not arise.

After so much talking, the Government is indeed evading the responsibility and put the Labour Advisory Board ("LAB") as a front for whatever issues. Previously the Government intended to legislate for the order for reinstatement and I proposed some amendments to it. The Government then stated that LAB had made deliberations but no consensus had been reached, contrary to my proposals. If I proposed the amendments, the Government would withdraw the bill and proceed only after the completion of deliberations by LAB. But LAB is only an advisory body. Why did the Government hide behind it? Knowing full well that currently all policies tilt towards employers, the Government should right the wrong and return the basic right to employees. It is as simple as that.

At last, in the remaining little speaking time, I implore the pro-establishment camp, especially the Federation of Trade Unions, which controls most of the votes and has the bargaining power to negotiate with the Government, to not only engage in discussion in the debate of such motions but realistically reclaim the right to collective bargaining (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, please stop speaking.

MR POON SIU-PING (in Cantonese): President, the Federation of Hong Kong and Kowloon Labour Unions, to which I belong, has earlier made 10 recommendations on labour rights and interests at a meeting with the Commissioner for Labour. Since the recommendations bear great relevance to the debate today, I would like to reiterate some of the views therein.

First, abolishing the Mandatory Provident Fund ("MPF") offsetting mechanism. I welcome the Government's decision to earmark \$15 billion for a fresh review of the abolition of the MPF offsetting mechanism. The labour sector basically disapproves of the retrogression in the calculation ratio of the severance and long service payments. We call on the Government to expeditiously put forward a specific proposal that meets the demands of the labour sector and refrain from further procrastination.

Second, enacting legislation for standard working hours. In September last year, a traffic accident that occurred in Sham Shui Po, involving a bus driver who was suspected of working exceedingly long hours, resulted in three deaths and 30 injuries. Not only do long working hours affect the life of employees, they also put public safety at risk. It is a matter of great urgency to enact legislation to assure standard working hours. I urge the Government to bear in mind the original intention of legislating for standard working hours while taking the lead to implement in government outsourced service contracts the proposal put forward by the labour sector of calculating overtime wages by multiplying the original wages by 1.5 times.

Third, safeguarding occupational safety and reviewing the scope of protection for occupational diseases. Both the policy address and the budget mention such proposals as stepping up inspections and law enforcement, enhancing the deterrence of the legislation, and so on, with a view to safeguarding occupational safety, which we hope can be implemented expeditiously. Meanwhile, we call for a comprehensive review of the existing occupational safety legislation and measures and an expansion of the scope of protection for occupational diseases, including lower limb disorders, as well as enhanced protection for workers.

Fourth, conducting annual reviews of the minimum wage rate. When the Minimum Wage Ordinance was passed in this Council in 2010, the Government undertook to study annual reviews. We call on the Government to honour its pledge to protect the life of grass-roots workers.

Fifth, aligning the numbers of holidays and reviewing maternity leave and paternity leave. Employees in Hong Kong nowadays can enjoy either 17 general holidays or 12 statutory holidays. In my opinion, the Government should expeditiously amend the relevant legislation to align the numbers of holidays at 17. As regards the Government's present proposal of increasing the paternity leave from three days to five days, we propose that the maternity leave and paternity leave should be combined to enable different households to make flexible arrangements according to their needs. Furthermore, the Government should provide an additional four-day paid education leave to encourage employees to pursue further studies.

Sixth, opposing the expansion of importation of labour to safeguard the employment of local workers and improve the lot of employees. According to a living expenses survey published recently by a bank, a singleton has to spend at

least \$6,640 monthly to maintain his basic living if he lives in a public rental housing unit but more than \$13,000 monthly to meet basic needs if he rents a 300-sq ft unit. According to the 2017 Report on Annual Earnings and Hours Survey published by the Census and Statistics Department, the income of more than 760 000 employees who work eight hours a day and 26 days a month is far lower than the aforesaid living standards. This is also the reason why the grass roots can still not improve their lot even though there is full employment in Hong Kong. Given that the wages of employees have not seen any substantial improvement, we oppose the expansion of importation of labour.

Seventh, enhancing vocational education. Although in 2016 the Government already took on board all of the recommendations made by the Task Force on Promotion of Vocational Education, vocational education and mainstream education is still being dealt with separately. We call on the Government to build a positive image for vocational education, enhance the interface between vocational education and tertiary institutions, and nurture a stable team of vocational teachers to support the development of vocational education.

Eighth, expanding the protection coverage of the Protection of Wages on Insolvency Fund ("PWIF"). Having accumulated a surplus of more than \$5 billion, PWIF should be sufficiently capable of expanding its protection coverage. Moreover, the interpretation error made by the Labour Department ("LD") in calculating the amount of ex gratia payment payable in relation to severance payment should be rectified expeditiously and the shortfalls repaid to the affected employees as soon as possible.

Ninth, amending the "4-1-18" requirement in relation to continuous contract of employment. Quite many enterprises recruit a large number of part-time and temporary workers, thereby resulting in fragmentation of work. In the face of changes in the mode of recruitment, the Government should expeditiously amend the relevant requirement and bring part-time and casual workers under statutory protection.

Tenth, enacting legislation for safeguarding the rights and interests of employees working in inclement weather. There are numerous instances of employers requesting employees to go to work in inclement weather without providing any subsidies. As the severe weather guidelines issued by LD cannot

offer full protection for the rights and interests of employees, the Government should expeditiously conduct a study to enhance protection for the due rights and interests of employees in severe weather.

President, I hope that the Government can take the initiative to listen to the voices of the labour sector, conduct a comprehensive review of its labour policy and safeguard the rights and interests of employees.

President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, we support the broad direction of Mr HO Kai-ming's motion on improving labour rights and interests. But for those relatively specific and detailed amendments, such as Mr LUK Chung-hung's amendment which may be likened to an election manifesto, I can only discuss them one by one. Nevertheless, given the time constraint, I would like to discuss point 12, "enacting legislation on age discrimination to promote and protect the employment of senior citizens", an issue in which I am most interested.

Regarding this, maybe let me show you all a chart. Some Members may have also received this document. Since 2016, a new age group classification has been in use by the United Nations, defining people aged 0 to 17 as minors, 18 to 65 as adolescents, 66 to 79 as the middle aged, 80 to 99 as the elderly and 100 or above as the truly long-lived elderly. I think many in the Legislative Council should be pleased to learn of the new age group classification because our Members should be devoted to work. I have discussed with members from the community how the Government should support various employers in encouraging senior citizens to return to work, a popular topic that has received enthusiastic feedback from the community.

In fact, the baby boomers born in the 1950s or the 1960s will all become retirees in the coming decade, and disciplined services staff may even retire at the age of 55 when they are in the prime of life. I am eager to see a conceptual change in society. Age discrimination should not exist, and such people should not be considered a social burden because they are still assets to the community. I consider that in this regard, we have to offer the community fresh insights into people in their 60s, particularly those career switchers or retirees.

Over the past few years, I have been lobbying the Financial Secretary for an initiative to encourage employers to provide retirees who wish to switch career with an allowance for 6 to 12 months, and eventually, there comes a breakthrough this year. I consider it just a first step, and more importantly, we should encourage employers to provide such retirees who wish to switch career or return to work with retraining because most of them are actually very talented. At present, apart from such jobs as security guards, cleansing workers, telephone operators or drivers, there are actually many other types of jobs for retirees in the community to consider, such as human resources management or financial management consultants, or editorial work for newspapers as well as networking for finance and other types of jobs, which are suitable for those who have retired from their original jobs but still in good shape. I do not think it will be possible with employers' effort alone. In its overall policymaking, the Government should also consider how to get prepared for the likely trend of 200 000 or 300 000 people becoming elderly according to the traditional age group classification in the coming decade. I consider it necessary for us to change our mindset.

First, the existing MPF actually offers no retirement protection. A number of middle-class people, though working in large organizations, have found from their MPF statements that such amounts simply cannot cover their retirement expenses. Many of them have to look for a job again later on. One of the worst cases is that they are unable to take out health insurance after retirement from their original jobs because their former employers will not renew the policies for them. They cannot even renew their own policies. In light of such cases, the Government should discuss with insurance companies how to assist them in renewing their health insurance policies. Second, many people switch career or look for a job again so that they may take out health insurance because they can do so only if they have an employer. And can those employers receive tax concessions for employing retirees who have switch careers? More importantly, even if retirees have savings, they are reluctant to pay expensive travelling costs. In respect of transport subsidy, we recommend that retirees willing to rejoin the workforce should particularly be covered as the target beneficiaries of the \$2-concessionary fare policy. Can the Government take this first step as a breakthrough?

As regards the prevailing trend, people are happy to improve labour welfare in Hong Kong. We are aware that some specific issues remain highly controversial in society. I am both an employee working for a large

organization and an employer running a small office. In the Legislative Council, we consider labour welfare issues from the perspective of employers. But I believe they are not in conflict with each other. I think the greatest problem lies not in large organizations. The ones facing the greatest difficulty are those financially stretched small and medium enterprises, or even micro enterprises. They are worried that if things are made compulsory, they will not be able to maintain adequate manpower or can only resort to downsizing.

Hence, I think it may implement such initiatives as a pilot trial instead of adopting across-the-board measures for all matters. The Secretary also knows it very well that in some trades, female employees are offered good welfare benefits. For example, the university with which I work offers female employees maternity leave in addition to statutory holidays. But some trades do not have such a practice. For example, large law firms are vastly different from the small ones, the operation of which will be much affected by the absence of a staff member for a period of three months.

In view of the foregoing, I very much hope that the Secretary can take into account the situations of different trades and types of jobs, and the point that I wish to get across to Honourable colleagues of the Legislative Council is that regarding the broad direction proposed by Mr LUK Chung-hung, I, as an employee, definitely consider that it merits discussion. But when we have to put ourselves in the shoes of employers, I think we may as well step back and think about whether there is a middle-of-the-road option. In fact, "success will only come with gradual and orderly progress" is the golden rule. I believe we all wish to achieve progress on labour welfare, but we should also take into consideration the difficulties of employers. I think the most viable option for us is to take a few steps forward with the middle-of-the-road approach.

President, I so submit.

MR KENNETH LEUNG (in Cantonese): President, I rise to speak in support of the original motion of Mr HO Kai-ming.

Before we come to the discussion on the motion, Members may have to cast aside certain preconceived notions like employers are unscrupulous and that enhancement of employees' benefits will increase employers' cost and result in

closure of business, for all these presumptions are incorrect. President, I am an employee on the one hand, and an employer on the other. Hence, I understand that they each have their difficulties in their positions.

The specific proposals put forth by Mr LUK Chung-hung have stirred my feelings, particularly the part on paternity leave and maternity leave. I have two kids. They are still small. The scenarios of my wife giving birth to the kids are still vivid in my mind. I recall that when my wife gave birth to my younger child, I was explaining to my employer the progress of my work on the phone as requested at the common waiting area of the hospital. While my wife was in the delivery room, I was talking on the phone with my client at the common waiting area of the hospital.

On another occasion, I had an accident and had to undergo a surgery in hospital. I recall that my knee was wrapped in bandage with blood and fluid seeping through it. Yet, on the afternoon after I had my surgery, I had to talk to my client on the phone when I was still bedridden. With these scenarios, Members can imagine that exploitation does not merely occur to the working class, for professionals may also see their interests exploited. However, Members should not presume that all employers are exploiters.

The motion proposals include the 14-week maternity leave. Regarding the maternity leave of Hong Kong, it is meaner than 95% of other developed economies. Hence, the 14-week maternity leave is a goal we are striving for in the long run. Yet, is it practicable to make a significant increase in leave duration from the current provision of 10 weeks to 14 weeks immediately? For paid maternity leave, can we first increase the leave duration to 12 weeks and allow the leave to be extended with unpaid maternity leave of four weeks? This is worthy of consideration. Certainly, I fully agree with the proposal for providing seven-day paternity leave to male employees. After all, as a husband, a man has to get himself prepared practically and psychologically on various issues.

Another proposal put forth by Mr LUK Chung-hung is to align the numbers of statutory holidays and general holidays. To me, this is more than justified. Really, I do not understand why people working in banks are entitled to general holidays whereas people engaging in jobs of other types are merely entitled to general holidays. I am not convinced about that as it is unreasonable.

Regarding the offsetting mechanism under the Mandatory Provident Fund ("MPF") System, it has been discussed in the community for a long time. We all know that MPF is unpopular. Let us look at the background of MPF. The relevant law was passed hastily in a rush after the reunification. We all consider it less than satisfactory. Given the offsetting mechanism, employees consider they can hardly rely on MPF to support their retirement life. Yet, the Government refers to the four pillars in Hong Kong and says that MPF is only one of the pillars for supporting retirement life. Now, we have reached the consensus to abolish the offsetting mechanism. Yet, it is disappointing that the Government has been procrastinating all along in presenting a proposal to the people of Hong Kong for discussion. The Government's discussion about the issue is still kept in the dark, restricted to discussion within the Labour Advisory Board. Certainly, I am also aware of the concerns of small and medium enterprises ("SMEs") which worry about the liability they have to bear after the abolition of the offsetting mechanism. Now, the Government has indicated that it will set aside \$15 billion as a seed fund, yet is \$15 billion adequate? Have the authorities considered increasing the amount to \$20 billion or more?

In my view, the authorities have to consider a conceptual issue. Under the existing Employment Ordinance, the abolition of the offsetting mechanism involves two payments, one is the severance payment and the other is the long service payment. If better retirement protection is provided at the time the offsetting mechanism is abolished, should the accrued benefits for the long service payment of an employee be calculated according to the method adopted prior to the abolition of the offsetting mechanism? This is a point worthy of consideration and assessment. I know that many employers of SMEs now have strong opinions about the burden they have to bear upon the abolition of the offsetting mechanism. Yet, to enable the early abolition of the offsetting mechanism, I think the Government should boldly put forth a couple of proposals for discussion to be carried out in a pragmatic direction.

Mr LUK Chung-hung has also made other suggestions, including the enactment of legislation against age discrimination, which is conducive to manpower supply in the long run. For any Hong Kong citizen who has reached the age of 60, or even 70 and 80, if he is capable of working, if his health allows him to work and if he is willing to work, he should be offered equal treatment by employers. Employers should offer equal opportunities to these capable and enthusiastic employees and should not show preference based on age. In other

words, employers should not reserve the posts for younger people because other employees are old. If we can legislate on this, it will provide a solution to the manpower shortage and age problems (*The buzzer sounded*) ... in Hong Kong.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, your speaking time is up.

MR AU NOK-HIN (in Cantonese): President, today I am very glad to have this opportunity to discuss with Secretary Dr LAW Chi-kwong a Member's motion on labour issues for the first time in our capacities as a Member of the Legislative Council and a Bureau Director respectively. We used to be members of the Democratic Party, and we both left the Democratic Party. He has taken up the office of a Bureau Director, whereas I have become a Member of the Legislative Council. I am very glad that I still have the opportunity to discuss labour policies with a friend in the progressive camp. Of course, there will be many more opportunities for us to further exchange views with the Secretary in the scrutiny of policies in future.

President, today, we are here to discuss the motion on "Conducting a comprehensive review of labour legislation to improve labour rights and interests". Originally, five amendments have been proposed to the motion. But with regard to the amendment proposed by Dr LAU Siu-lai, given her disqualification from office as a Member by the Government, her amendment cannot be formally proposed in this Council. Therefore, before I come to my speech proper, I would like to spend some time reading out the amendment proposed by former Member LAU Siu-lai to this motion: "That this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, including raising the statutory minimum wage level and implementing review of the minimum wage level 'once every year', stipulating standard working hours in lieu of 'contractual working hours' proposed by the last-term Government, and increasing the statutory paternity leave to seven days, so as to ensure that all wage earners in Hong Kong can enjoy protection of a basic living and work-life balance."

President, the last Chief Executive, LEUNG Chun-ying, had made a large number of election pledges relating to labour rights and interests but it eventually turned out that he has completely failed to suggest any policy direction that can truly resolve workers' problems. I must point out that the labour legislation in

Hong Kong is already most outdated. The LEUNG Chun-ying Administration even put forward the proposal of contractual working hours, which is a far cry from affording workers genuine protection of their rights and interests. If the Government goes on taking a conservative attitude towards the problem concerning the labour legislation in Hong Kong and turning a blind eye to the realistic livelihood problems faced by the people of Hong Kong, especially the grass-roots wage earners, it would be difficult for improvement to be made to the people's lot.

President, the Legislative Council is going to discuss the Government's budget soon. With regard to the more comprehensive social security schemes, such as universal retirement protection, the Government has often refused to take up its due responsibility on such pretexts as population ageing, structural deficit, and so on. I wonder what Secretary Dr LAW Chi-kwong thinks about this. But at least we should appreciate and examine the various situations faced by many wage earners. On the one hand, the Government has exhausted all means to minimize public reliance on government welfare and social security but on the other, it has neglected a basic fact and that is, it is only when the statutes can comprehensively safeguard labour rights and interests that the living of the grass roots can be afforded the best protection.

President, recently we have seen many cases of strikes, and in these incidents, we can learn about the big picture from the small clues. For example, a bus captain surnamed YIP of the Kowloon Motor Bus Company (1933) Limited had planned to take industrial actions, and this incident has revealed the fact that the rights and interests of workers and those of the corporation or employers are to a large extent unequal. Given long working hours and poor working conditions of bus captains, bus captain YIP planned to take industrial actions but what pressure did she face? She faced dismissal by the company in no time, and even though she was eventually spared the misfortune of being sacked, thanks to many union members, wage earners and bus captains who joined force to throw weight behind her—I certainly do not mean those unions which said that she was an idiot in going on a strike—we can see that there is indeed profound inequality in labour relations in Hong Kong.

Under the laws of Hong Kong, it is considered to have met the legal requirements so long as full compensation is made. Basically we do not have the right to strike; nor do we have the right to collective bargaining. This is also why our protection is grossly lacking when we face industrial actions.

In "The Working Day" in Chapter 10 of Volume 1 of *Capital*, Karl MARX pointed out that "The creation of a normal working day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working-class." This is a problem that we still face even now.

The report of a survey on the working hours of Hong Kong has pointed out that according to the 345 500 local employees interviewed in the survey, their median weekly working hours is 44 hours. However, only 37.4% of these employees work less than 40 hours while about 62.6% of them work more than 40 hours and among these employees, 8.9% or 38 005 employees even work more than 56 hours, exceeding the standard of the International Labour Organization.

President, the labour protection in Hong Kong has no reason to be tilted to the business sector, and we do not wish to see more amendments of minor patch-ups in nature. This motion and the amendments today have put forward a diversity of labour policies and it is hoped that the Government can take on board these proposals and implement them expeditiously. However, when the existing labour legislation in Hong Kong is entirely outdated, what the Government and the Legislative Council need to do is to set up a system of labour protection for Hong Kong to provide a broader vision in that no more minor patch-up measures will be taken but comprehensive protection will be provided for the rights and interests of every wage earner who works hard in Hong Kong.

We should amend the "4-1-18" rule to protect the rights and interests of casual workers, legislate for standard working hours to ameliorate the problem of working hours in Hong Kong—a notoriety which makes us second to none in the world, implement more family-friendly policies and even provide menstrual leave to protect the rights and well-being of women at work, and there are also a diversity of labour policies that we have to work for their implementation one by one. (*The buzzer sounded*) ...

I support the motion. Thank you, President.

PRESIDENT (in Cantonese): Mr AU Nok-hin, please stop speaking immediately.

MR CHAN CHI-CHUEN (in Cantonese): President, today, Mr HO Kai-ming of FTU has proposed this motion on "Conducting a comprehensive review of labour legislation to improve labour rights and interests" and the first line of it says "That this Council urges the Government to make safeguarding labour rights and interests its priority task ...". Every time such a comment is made, the pro-democracy camp is inevitably prompted to rake up the past deeds of FTU. Since he talked about urging the Government to safeguard labour rights and interests, we cannot help but ask: Did FTU do a proper job of safeguarding labour rights and interests? If we have to speak on this point, there is no need to prepare any script and it is only necessary for each one of us to cite one example and we will not see an end to the discussion even tonight.

Let us not talk about matters of the past but I only wish to raise one incident that left a deep impression on me, that is, at a meeting of the Establishment Subcommittee of the last Legislative Council, when we discussed the proposal to create an additional post of Labour Officer in the Standard Working Hours Committee. Miss CHAN Yuen-han said, as I recall, that the LEUNG Chun-ying Administration had not handed in any homework in relation to standard working hours, so the six votes from Members of FTU would all oppose the proposal. However, when it came to the vote eventually, all six of them were nowhere to be seen. So, this is just a minor example.

I do not wish to waste my time on talking about all the incidents because raking up the past deeds of FTU would not bring about any improvement to the rights and interests of wage earners in Hong Kong. However, I wish to talk about an incident that I personally encountered. During the elections, while I was campaigning for Mr Gary FAN, a man somewhat older than me rushed towards me and said, "I am from FTU.". Initially, I thought he wanted to scold me but he said that was not what he wanted. He said, "I belong to FTU but I want to vote for Gary FAN.". I then wondered if he was being sarcastic. He then said, "No, I am a driver of the Kowloon Motor Bus Company. When the driver concerned organized a strike, even though her approach or strategy was not good, there was no reason to call her 'an idiot'.". I am reflecting to them my observation. Indeed, some people have, depending on how you put it, made mistakes, or have different ways of expressing themselves, or you can put it down to history but no matter what, this is what is called living under the same sky and sharing the consequences. In the same vein, when some people in the pro-democracy camp did something wrong, even though it has nothing to do with me, I still have to bear the consequences. Therefore, in the whole process, the

public would ask us if we have already exerted our utmost to lobby for them. Using the word "safeguard" is really strong but have we exerted our utmost to defend their rights and interests?

I am not going to dwell on FTU anymore. Just now, I heard the Secretary say in his opening speech that the coverage of labour legislation on the protection of workers' rights and interests in Hong Kong was already quite comprehensive but sorry, I can by no means subscribe to his claim. Today, I only wish to raise one starting point for discussion, that is, the legislation on the labour rights of minorities, particularly those of sexual minorities in Hong Kong, is very limited in scope. Of course, this policy area may not be within the ambit of the Labour and Welfare Bureau because anti-discrimination legislation falls within the ambit of the Constitutional and Mainland Affairs Bureau ("the Bureau").

Anti-discrimination legislation includes the Sex Discrimination Ordinance, the Disability Discrimination Ordinance and the Family Status Discrimination Ordinance but it is the legislation against discrimination on grounds of sexual orientation and identity alone that is missing. For this reason, in the real world, many people belonging to the sexual minorities have to conceal their sexual identities and orientations because in the event that their sexual identities and orientations are found out by their superiors, they may lose their jobs. Some education organizations even request their employees to sign documents to declare that they do not belong to the sexual minorities. Otherwise, they have to resign and cannot continue to work. At present, there is no legislation to protect sexual minorities from discrimination on grounds of sexual identities or sexual orientations at the workplace in Hong Kong.

Although no relevant legislation is currently in place in Hong Kong, the Government says it does not matter because there are administrative measures and codes. There actually are. At present, the Government has drawn up the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation ("the Code") and it is set out on the Bureau's webpage. This is better than not having them and some organizations have pledged to adopt the Code of their own accord but the response has all along been lukewarm. For this reason, I kept urging the Bureau to do more, and so far, about 300 organizations have pledged to adopt the Code. Apart from financial institutions, Chinese banks, transport operators and television stations have also pledged to adopt the Code but FTU has not. I hope they will pay attention to this on going back.

However, I wish to tell the Secretary a matter relevant to him, that is, among these 200 or 300 organizations, not a single welfare organization can be found. I think this is a joke. These welfare organizations receive funding from the SAR Government to provide services and some services are also provided to the sexual minorities. However, they have not even pledged to adopt the Code. Of course, we know the reason for their not making the pledge, that is, they are afraid of courting trouble if they stick their necks out. Take for example the Tung Wah Group of Hospitals, I would suggest that it make the pledge but if a batch or a dozen organizations make the pledge together, there would not be so much controversy. In view of this, I asked the Bureau if it could think of a way. Today, I can see the Secretary for Labour and Welfare seated here. He may not be the one directly in charge of anti-discrimination legislation but in the legislation against discrimination, there is one very important area, that is, employment discrimination. At present, there is indeed a lack of protection for these people in Hong Kong, so in the future, if there is an opportunity to discuss the legislation against discrimination on grounds of sexual orientation again, there is also a very important area relevant to it, that is, employment. I hope that at that time, FTU can safeguard workers' rights and interests, as they claim today. I hope they can also safeguard the employment rights of sexual minorities.

Coming back to where I left off, the Government introduced these so-called codes but they only impose control on other people but not the Government itself. The Government encourages others to observe them but it may not necessarily follow them. What I wish to talk about is a current case in court, that is, a Senior Immigration Officer sued the Government, claiming the Civil Service Bureau has denied his same-sex spouse equal benefits. The challenge was successful in the High Court but the Government will surely exhaust all appeal channels. Furthermore, it has already lodged an appeal and if it loses again, it will surely take the case to the Court of Final Appeal. There are arguments over points of law but from the angle of labour rights, I think the Government should improve the entire labour rights framework of its own accord and should not discriminate against any group or minority in society.

This time around, I have the opportunity to talk about this aspect and I hope that the Secretary will also conduct a review if such an opportunity arises. I so submit.

MR LAM CHEUK-TING (in Cantonese): President, in the Democratic Party, Mr Andrew WAN is responsible for labour policies, but I also wish to speak on this motion because recently, I have assisted a group of part-time bus captains of the Kowloon Motor Bus Company (1933) Limited ("KMB"). I think I have the moral responsibility to continue to speak up for them.

This group of part-time bus captains have been serving KMB and the people of Hong Kong over the years. Professional and dedicated to their duties, they shared the duties of many full-time bus captains. However, earlier on, these part-time bus captains were unreasonably oppressed by KMB and subjected to unfounded accusations by certain members of trade unions who questioned their professionalism, eventually causing them to be suspended from duty for a month without reasons. This reflects the misery of the working class in Hong Kong, and it is only the tip of the iceberg.

During the course of our negotiation with KMB, I could fully feel the helplessness of this group of employees. At the negotiation table, their position was extremely unequal. Let me talk about the background briefly. After the occurrence of the traffic accident in Tai Po, KMB, owing to social pressure, suspended this group of bus captains from duty with some unreasonable accusations. This group of bus captains hold a professional licence and have sufficient on-road driving experience. They became part-time bus captains only after professional training. In fact, many part-time bus captains are former full-time bus captains rich in experience. Having their own full-time jobs, they spared a day or half-day on Saturdays or Sundays to drive the bus or did so every other week. On the one hand, it is their hobby, and on the other, it can help them make ends meet and serve the public. They could also share the heavy workload of full-time bus captains.

KMB has all along emphasized the existing manpower shortage. This group of bus captains are actually indispensable. After unreasonably suspending these part-time bus captains from duty, KMB went so far as to request them to undertake to work 18 hours per week. Only then would they be allowed to resume duty. KMB has said that it is necessary to prevent bus captains from fatigue driving. But having their own full-time jobs, these part-time bus captains already have to work five days a week. If they have to do additional part-time work for 18 hours a week, assuming they work nine hours every day, that means they will have to work on Saturdays and Sundays, too. Can such a way of working continuously from Monday to Sunday help the bus captains rest?

KMB's explanation is that if they can work 18 hours a week over a period of four weeks, they will be regarded as full-time employees. What a preposterous remark it is! The concept of "4-18" refers to continuous employment, not full-time employment. President, we all know how long the working hours in Hong Kong are. In respect of the requirement of working 18 hours a week, suppose an employee works nine hours a day, so he needs only work for two days and then he can be called a full-time employee? Did KMB not find itself anti-intellectual and ridiculous when it made that remark?

However, using this as a pretext, KMB tried every means to force the bus captains to undertake to work 18 hours per week. To get themselves sufficient rest and taking the passengers' safety into account, some bus captains sternly refused. After a series of negotiations between both sides, KMB finally conceded and only requested them to work 10 hours a week. We consider this acceptable. This group of bus captains also agreed to declare the working hours and nature of their full-time jobs to KMB. They would also declare their health condition and authorize KMB to check their criminal records to see whether they have any track records of poor driving. We think these measures can help verify the professionalism of bus captains and also enhance driving safety. The bus captains have actively acceded to these reasonable requests of KMB. Yet apart from these requests, KMB went so far as to require part-time bus captains to submit to it a declaration stating that they have declared their part-time jobs in KMB to the employers of their full-time jobs. President, I have never heard of such an absurd request. If the part-time staff already have sufficient professional qualifications, why did KMB still request them to declare their part-time jobs in KMB to the employers of their full-time jobs? This is something about the employment agreement between KMB's part-time staff and the employers of their full-time jobs. Why did KMB meddle in other people's business and bother about the labour issues of their full-time jobs?

As a matter of fact, given the hardships in life and inadequate wages, many wage earners in Hong Kong need to do part-time jobs or moonlight. Suppose a white-collar employee works as a piano teacher or tutor after work, but the students' parents request him to declare such work to his employer, otherwise they will not hire him. What an extremely absurd request it is! But sadly, even though the request made by KMB is so absurd, the protection for them provided by the existing legislation in Hong Kong is far from adequate. For the sake of livelihood or ideals, some bus captains cannot but continue to work as part-time bus captains in KMB. This reflects the misery of the labour sector in Hong Kong. Even though the 200-odd part-time bus captains did not do anything

wrong and were not involved in KMB's traffic accident in Tai Po, owing to a single person's fault, they were incriminated and subjected to oppression despite their innocence.

With these remarks, President, I support this motion today.

MR CHAN KIN-POR (in Cantonese): In today's debate on labour legislation, Members have expressed many different views. A few of them were extremely controversial, while some others were useful suggestions on which I remain open-minded. As a matter of fact, I consider some recommendations worthy of expeditious implementation, such as reviewing the work procedures and necessary safety measures for work-at-height. This type of fatal industrial accidents occurs from time to time in Hong Kong. I understand that the Government attaches great importance to industrial safety, but human lives are of paramount importance. It should adopt more stringent measures to prevent the recurrence of such tragedies.

I always believe that the relationship between employers and employees is one of partnership and coexistence instead of rivalry as the latter will only lead to losses to both sides. As long as employers and employees can develop mutual trust and understanding, many problems can be dealt with more effectively. The many suggestions made by Members today, some being disputable while some others being proactively feasible, can be implemented only when a consensus is reached. Employers and employees should sit down and hold discussions as unilateral proposals will not help the cause. In fact, an effective framework, that is the Labour Advisory Board ("LAB"), is in place in Hong Kong. In the past, labour policies were put forward only after LAB had reached a consensus on them. Although discussions did take time, achievements could actually be made. Through discussions, employers can understand the needs of employees, while employees can have a better idea of employers' affordability. In this way, mutual understanding can be achieved to resolve conflicts. For this reason, I hope the prevailing labour issues can continue to be discussed in LAB and we should create a favourable environment which facilitates smooth discussions between employers and employees.

Insofar as the offsetting mechanism under the Mandatory Provident Fund ("MPF") System is concerned, we must return to the negotiation table as the proposal put forward by the last-term Government was not acceptable to all. As I said earlier on, discussions on such a major labour issue should be held by

employers and employees with the assistance of the Government. As I have said repeatedly, the offsetting mechanism has great impact on the grass roots. However, the abolition of the mechanism will deal a serious blow to small and medium enterprises. Besides, the Government has undertaken to include the offsetting mechanism when introducing MPF in exchange for the support of the business sector, and thus the view of the business sector on the abolition of the offsetting mechanism is not groundless. Therefore, employers and employees should make holistic considerations so as to find a win-win solution and refrain from acting impulsively.

In addition, some Members have proposed to establish a central occupational insurance compensation fund under which they believe both employed and self-employed persons can be fully compensated in the event of injury or death on duty or occupational disease. In fact, studies on a central employees' compensation fund were conducted by the Government back in 2004. Subsequently, the Government adopted the Employees' Compensation Insurance Residual Scheme advocated by the insurance sector to provide a last resort to employers engaged in high-risk trades to ensure that they would be able to take out insurance in the private market. The Government did not adopt the central employees' compensation scheme in the end as it was fraught with shortcomings. Not only was it unable to address the prevailing problems, it would even jeopardize the rights and interests of employers and employees.

The most fundamental problem is losses. Due to cases of fraud by unruly elements for insurance compensation in recent years, insurance companies have been operating employees' compensation insurance at a loss. A loss of \$2.3 billion in total has been recorded in the past six years, around \$380 million per annum on average. The insurance sector deals with the loss by, subject to regulation, investing the premium and using the revenue from other types of profitable insurance to cross-subsidize employees' compensation insurance in order to obviate the need of substantially raising the premium at once. Comparatively speaking, a central compensation scheme lacks market flexibility, and thus a substantial increase in premium is required in the event of losses, which will exert immense pressure on both employers and employees. Subsidies from the public purse may be required eventually. Meanwhile, public organizations offer higher salaries than the private sector but their efficiency is actually lower. Therefore, setting up a central employees' compensation insurance scheme will not bring about a drop in premium. Quite the contrary, it will cause the entire system to become bureaucratic, which will do enormous harm to employees and employers.

Currently, employers in Hong Kong pay a relatively low premium for employees' compensation insurance, yet employees can enjoy one of the most comprehensive protection and benefits in the world. According to the study back then, although Hong Kong employees have unrestricted access to claims for damages, the premium paid by Hong Kong employers amounts to 1% of the payroll on average, which is lower than the premium rate in areas which operate central employees' compensation insurance schemes. Therefore, I do not agree with the proposal for establishment of a central compensation scheme.

In fact, available resources should be first invested in work-injury rehabilitation. Studies have shown that workers suffering from work injuries can recover and resume work most expeditiously if they can seize the golden period for treatment through occupational therapy and physiotherapy coordinated by doctors and discuss work resumption arrangement with employers through the assistance of social workers. The Hong Kong Federation of Insurers launched a work injury rehabilitation programme in 2012 in collaboration with the Department of Orthopedics and Traumatology of The Chinese University of Hong Kong. The programme, named Multidisciplinary Orthopedics Rehabilitation Empowerment ("MORE"), has 390 participating workers with back injuries. Results have shown that participating workers required 8.5 months of treatment on average before resuming work, while those who did not participate in the programme required 16 months before resuming work. It can then be seen that workers who had participated in the programme could resume work almost six months earlier. The merits of the programme are, therefore, evident. Some analyses stated that the policy on work injury in Hong Kong emphasizes compensation but fails to take into account employees' needs and willingness to resume work. Therefore, although the programme requires enormous resources, it should be examined in depth by the Government and employers.

I so submit.

MR KWOK WAI-KEUNG (in Cantonese): President, this motion and one of the amendments to it were proposed by two Members representing the labour sector (Mr HO Kai-ming and Mr LUK Chung-hung). People may ask why Members representing the business sector did not propose any amendment? I certainly cannot give any answer. Perhaps Members representing the business sector can respond to that later on. But the motion did induce amendments from other Members which, quite frankly, are just parroting because, as everyone can

see, the 17 items proposed in Mr LUK Chung-hung's amendment have already covered all the demands made by the three other Members in their amendments. The contents of their amendments are simply plagiarizing. This shows that employment relationship and working conditions are closely related to people's livelihood and directly linked to people's standard and quality of living.

In general, work-life balance is rarely talked about in backward areas. It is generally more of a concern in advanced areas. People may then ask: is Hong Kong advanced? Hong Kong is advanced economically, but terribly backward in terms of labour legislation. Family-friendly policies only serve as an incentive, but yet to see full development or comprehensive legislation. We are surely concerned about the impact of excessive work pressure and long working hours on people's mental and physical health. How can the Government look only at economic figures in seeking to improve labour treatment to the neglect of other factors, such as the diminishing role of the family, additional medical expenses due to labour issues and people's mental health? If these factors are not taken into account, the data and information obtained for formulating policies on labour rights and interests will only tilt towards the business sector.

President, among various labour issues, I believe standard working hours should be given priority. In fact, the last-term Government had commenced studies on the issue, but unfortunately, came up with contractual working hours eventually, which is even worse than a "grade A replica", based on the one-sided claims of the business sector. A "grade A replica" should bear a close resemblance to the authentic, but contractual working hours is such a far cry from standard working hours that it is not even up to the standard of a "grade A replica". Therefore, we firmly oppose replacing standard working hours with contractual working hours. We believe the new-term Government must restart discussions and studies on standard working hours so that workers can be protected in terms of working hours. If employers are only required to discuss with employees over reasonable working hours and specify that in contracts, as Members have said just now, in a situation of "strong capitalists and weak workers", I believe it is just a matter of who has the stronger bargaining power. How can employees prevail in such bargaining with employers? Therefore, we firmly oppose contractual working hours.

Insofar as aligning statutory holidays and general holidays is concerned, according to the Government's statistics tabled to the Legislative Council in 2015, out of a total of 2 750 000 employees in Hong Kong employed under continuous

contracts in 2011, 50% (1 360 000 employees) were taking 17 days of general holidays and 30% (850 000 employees) were only taking statutory holidays (or labour holidays). As a matter of fact, in Hong Kong which is not big but not so small either, there are two systems of holidays. Wage earners who cannot enjoy general holidays are full of grievances. I would like to particularly point out that, among employees being service and sales workers, and employees engaged in elementary occupations, such as plant and machine operators and assemblers, only 20% to 30% are entitled to the general holidays, while the remaining 70% to 80% are entitled to the labour holidays. Among other employees, such as personal professional service workers, managers, administrators and professionals, 80% to 90% are entitled to general holidays. We believe the Government should not take the lead to discriminate against certain lower-skilled workers. While the Government has expressed its intention to render assistance to the retail and service industries, I believe employment benefits must be aligned expeditiously.

The matter of employment rights of course covers many issues, including the "4-18" issue. Two days ago, the Panel on Manpower held a discussion on an updated statistical report on working hours and wages. Many members mentioned the lag of the minimum wage rate and the "4-18" issue in the discussion. This "4-18" means an employee who has worked continuously for the same employer for four weeks and at least 18 hours a week will be protected under the Employment Ordinance ("EO"). Those who have not worked enough hours are not entitled to relevant protection in regard to holidays. The Labour Advisory Board ("LAB") has considered whether employees who work less than 18 hours a week (i.e. less than 72 hours a month) can receive employment protection on a pro rata basis. Unfortunately, a consensus on the issue could not be reached by LAB. Hence, I am anxious for the grass-roots wage earners who are working insufficient hours for the minimum wage rate. On the one hand, they are earning the minimum wage, and on the other, they are not protected under EO. In my opinion, the Government is in a position to set a higher minimum wage rate for employees who work less than 72 hours a month for the minimum wage in order to compensate them for not being covered by EO.

Finally, I urge Honourable colleagues to stop politicizing labour issues. Before the passage of the Bill on paternity leave on 18 December 2014, the then Secretary (now Chief Secretary for Administration) had made it clear that the Administration would withdraw the Bill should any amendment to the Bill other than those proposed by the Government be passed, in which case even the

three-day paternity leave proposed by the Government would not have been implemented. If some Members continue to take the matter out of context (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Mr KWOK Wai-keung, please stop speaking.

MR KWOK WAI-KEUNG (in Cantonese): ... I can only call it unfortunate. Thank you, President.

MR CHARLES PETER MOK (in Cantonese): President, I rise to speak in support of this motion and the relevant amendments. In the Legislative Council, sometimes representatives of the labour sector and those of the business sector and employers seem to be in confrontation with each other, but I consider this unnecessary. First of all, I believe the Honourable colleagues present or people who can be classified as employers or senior executives in Hong Kong have all been wage earners before, have they not? Indeed, we often say that we sit in the same boat, but how many of us can wholeheartedly do so? In particular, now we are facing an economic transformation. In the new economic environment, we often sing praises of the creative class, that means workers oriented towards creativity. The trend is developing in this direction. Certainly, there are still a lot of grass-roots workers who need our care. Meanwhile, employers also need to understand that labour relations really cannot remain in the same state in future.

Another point I wish to make is that we often mention the labour sector. Sometimes I find this a bit like a label. The word "labour" sounds toilsome and eking out a living solely on manual labour. I am not belittling people engaged in manual labour. However, the economy is in fact transforming. Many people who similarly face labour issues are not purely and simply manual workers, so to speak. In my view, the relationship of cooperation between the two parties needs improvement.

We really need partnership rather than mere words. In the future, there will be more start-ups. To these small enterprises and even large enterprises which are technology-based, wage earners are actually their partners. I hope Hong Kong will catch up with this line of thinking. Mr LUK Chung-hung

mentioned "strong capitalists and weak workers" in his amendment. I think this situation is changing, too. Frankly, now staff recruitment is not easy. Even if an employer manages to recruit someone, the latter may not be the right-hand man in his mind. Hence, people are in fact competing for talents. Earlier in our debate, we mentioned re-industrialization. Now the Government talks about new economy and information and technology. After all, we consider talent the most important requisite. To put it more correctly, we should stop talking about "strong capitalists and weak workers". Instead, we should put it in another way, which is "strong workers and reasonable capitalists". This is our goal. If we agree with this principle, our discussion and its implementation will be much easier in the future.

When I heard the speeches of some Members representing the labour sector or the grass roots, for example, during our discussion about the Inland Revenue Ordinance yesterday, I also felt kind of hurt. Having listened to their speeches, I do not entirely agree with their points because although the employers in many small and medium enterprises are so-called bosses, they are not really big bosses. Many Members in the business sector, on the contrary, are very calculating sometimes, or even all the time. I wonder why. Do they need to haggle over every penny in such a way? Do they need to be so frightened? Are they worried that if more benefits are granted to the labour sector or workers, there will be no way to abolish such benefits or they will have to pay more tax in future? I appreciate their concerns, but we have got to understand that the world is changing. Employers have indicated their wish to import foreign labour, but is it really that easy for foreign workers to come to Hong Kong? Speaking of great reconciliation, I think there must first be great reconciliation between employees and employers or workers and capitalists before Hong Kong society and economy can move forward.

Back to today's topic. Apart from Mr HO Kai-ming's original motion which is more general, many amendments have put in a number of requests. Frankly, if we discuss the points one by one, such as how many days the leave should be, and then find a reason for raising objection, that will be easy. I actually wish to support all these amendments today. In terms of principle and spirit, we wish to achieve the objective of narrowing the gap between employees and employers. If we discuss the details of the amendments, such as how many days maternity leave should be, of course I totally agree that wage earners should be given more appropriate leave. I also fully support affirming the right to

collective bargaining. A more controversial point is standard working hours. In my view, this is absolutely necessary for many types of jobs at the grass-roots level.

For many professionals or workers in the creative class, even if they are told to go off work, they will still continue to work. So I will not dwell on the question of whether putting down the working hours in black and white is a broad-brush approach. Even if legislation is enacted, it cannot possibly be applied across the board. Take Legislative Council Members as an example. It is impossible for us to work only 44 hours. Many such jobs exist in this world. Hence, with regard to the spirit, I do not think we should dwell on this minor question and thus refrain from giving our support to the prescription of standard working hours. In my opinion, we can think more broadly, and there will be no problem if we move in the same direction. For this reason, I consider that we can support Mr LUK's amendment in principle.

All in all, I think we must endeavour to help the grass roots with our best efforts and strive for better jobs and benefits for our workers and wage earners. I also do not wish to see Members or trade unions representing the grass roots slam the employers at every turn. I hope that employers can support the amendments proposed by the workers' representatives today such that a great reconciliation can be achieved. Thank you.

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

MR TOMMY CHEUNG (in Cantonese): President, I have listened to the speeches made by some Members who dwelled on the point about labour laws in Hong Kong failing to catch up with those in foreign countries. But they always presented only part of the picture and refrained from talking about the other parts. An argument most often advanced by Members is that when Singapore has standard working hours, why should we not have them in Hong Kong? However, they fell short of talking about why there is no minimum wage in Singapore.

They also cited examples of longer maternity leave and paternity leave being provided in many places, adding that the maternity leave duration should be increased to 14 weeks and yet, they did not say that employees taking maternity

leave are paid by the Government in some places, that the tax is high in some places, that a salary cap is imposed for maternity leave in some places, unlike the practice in Hong Kong where employees are paid their original wages by the employers, and that the unemployment rate in some places is not as low as that in Hong Kong and given an abundant supply of workers, certainly it is not a problem to allow employees to have more days of leave.

In the final analysis, the situation in each place varies and should not be generalized to draw a conclusion. I do not oppose a review of the legislation but I oppose amending it for the sake of amendment or increasing the number of days for the sake of an increase, especially when they keep on "hanging ornaments onto a Christmas tree" in order to gain "political chips". When you demand a paternity leave of seven days, I ask for one month; when you ask for one month, I want it to be half a year; when you ask for half a year, I will even demand that it be lifelong and see who can fight for the most, completely neglecting the actual circumstances.

To the workers, an increase of wages, an increase of leave days, and an increase of welfare are certainly pleasing to their ears, but the adding up of these increases will take toll on the overall business environment in Hong Kong. Recently, we have seen many incidents of strike taking place in France because there is no turning back when labour laws are enacted and most importantly, when there is no turning back, how should we look at this issue?

The implementation of such labour policies as minimum wage and paternity leave has led to a continual rise in the operating costs of small and medium enterprises ("SMEs") but there have been increasing demands from the trade unions, calling for the setting of standard working hours, an increase of the minimum wage rate, abolition of the arrangement for offsetting severance payment under the Mandatory Provident Fund System, additional days of paternity leave and maternity leave and more welfare, aligning the numbers of labour holidays and public holidays, and so on. These demands all target the business sector direct and in particular, they have caused the commercial viability of SMEs to deteriorate continuously, arousing grave concern among the small investors.

Although we have not seen any large-scale layoffs, we must not think that all is well. Just now some Honourable colleagues asked, "Will a company close down after providing more welfare for its workers?" While this may not happen right away, a problem will arise over time. Hong Kong is indeed luckier than

Europe and America as we can leverage the enormous consumer market in the Mainland and this has enabled us to maintain certain economic strengths. However, the negative impacts of excessively high operating costs have already surfaced unnoticeably.

We must bear in mind that in the local catering industry, the wage cost generally doubles the rent expenses. According to the figures in the survey on "operating characteristics of enterprises analysed by sector" published by the Census and Statistics Department the other day, in 2016, the share of compensation for employees in total operating expenses is 48.2% for restaurants, representing a further increase of nearly 1% over 2015. This shows that wages have imposed an increasingly higher pressure on the catering industry. Actually, there is one thing that Members may not know and that is, the catering industry has to compress the management in order to increase the wages and benefits for the several levels of staff under it. This is not fair to the middle class and the management, but this problem still exists now.

Some people have criticized that wages in the catering industry are on the low side but they have not pointed out in tandem that the catering establishments generally made only a meagre profit and worse still, over the past decade, their profit has decreased continually and recorded only a single-digit figure. In 2016, it was only 5.1% on average and even a mere 2.9% on average for catering establishments among SMEs. It is actually impossible for the catering industry to have the conditions similar to those in the construction industry to make substantial improvement in the employment terms for workers.

However, there is currently an acute manpower shortage in Hong Kong. The unemployment rate just published has remained at a low level in the past two decades, which stands at only 2.9% and can be regarded as full employment. For this reason, staff recruitment has become most difficult in the catering industry in recent years, especially in recruiting dishwashers. I will not go into the details in order not to cite only the example of dishwashers all the time.

President, when a further reduction of the various costs is out of the question, the chain undertakings have already taken such measures as setting up central kitchens, mechanization, and compressing job types to alleviate the manpower constraint, whereas SMEs and the micro enterprises can only struggle hard to keep their heads above water and it has become all the more difficult for them to compete with chain corporations.

Therefore, we have to be careful of not causing the expenses on wages to increase too drastically and hence stifling the commercial viability of SMEs. This is what warrants our utmost concern. I agree that many SMEs and micro enterprises may sometimes default on wage payment because they do not have the means to pay their employees, not because they are unscrupulous.

President, I do not and need not oppose the better-off employers providing more attractive benefits for their employees because it is downright difficult to recruit workers nowadays and in a free economy, it is only natural for employers to offer better pay and perks. So, as for employers who do not have the means to offer additional benefits, I do not hope that society will pin a label on them and stifle their commercial viability.

Recently, the labour sector has called for additional days of maternity leave and paternity leave, and some colleagues also made these demands earlier. The catering industry is gravely concerned, for this is like another instance of beating them up and dipping a hand into their pockets. If the Government is willing to follow the overseas practice by shouldering the costs, the business sector most likely will not voice any objection. But honestly, even though the Government is willing to bear the costs now, I will have reservations because how can I hire workers as stand-ins? If no one will take up the work, what should we do? Could it be that we can cease our operation? Or could it be that the restaurants need not serve their customers, that they need not cook dishes, and that they need not do any washing before serving food to customers? This is impossible.

So, the extension of the paternity leave and maternity leave durations will definitely aggravate the manpower shortage of SMEs and micro enterprises. This is a reality we have to address. Some colleagues said earlier that they opposed the importation of labour. But if we do not import workers, how can we continue our operation?

To conclude, I think the Government should not unilaterally implement policies that will enhance the rights and interests of employees. Otherwise, the business environment of SMEs will only be adversely affected, and this may also deal a blow to the labour market, thus turning a good thing into a bad one.

Earlier on some colleagues mentioned annual leave and even demanded that the minimum wage rate be reviewed once every year. I think the minimum wage rate should be reviewed only on a need basis. In fact, the current requirement of reviewing the minimum wage rate once every two years is already

considered a problem by the business sector. Members demanded the abolition of the offsetting mechanism but they did not question why the banks, after taking away some \$60 billion from the wage earners, still do not reduce the fees. On the contrary, regarding that \$30 billion or so that has been offset over the last several decades, they have nevertheless expressed such strong views.

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

MR ABRAHAM SHEK: Quite a number of multinational corporations are watching today's debate on the motion with interest, as it indicates whether Hong Kong will go from a full-fledged market-oriented economy to a labour legislation directed economy. I tell them they need not worry, because the relationship between employers and employees is beyond what we are talking and debating in this Council. In this context, President, I will speak.

I would like to stress that labour safety should not be compromised, nor should employees' rights be eliminated, but today's motion is certainly an open-ended debate on rights and "more rights". It leaves plenty of space for Members to seek more rights for workers through legislation and by enlarging the employees' sphere compared to that of the employers, and a fine balance must be sought. Regardless of our agreement on whether or not a conflict exists between employers and employees, an established fact should be acknowledged: The rights of the workforce cannot be achieved without reaching a consensus with employers, and vice versa. Neither side can be absent from the negotiation table. So, instead of escalating the debate into a talk about class struggle as indicated by one of the youngest Members of the newest Members of the Council, the Honourable AU, who talked about the Marxist theory that has long past, it is time to guide the debate back to rationality. We all share a prosperous Hong Kong. It is only through employees' contribution and employers' contribution that Hong Kong is made a successful city. Entitlement to rights is not a reward given to acknowledge workers' contribution, and if they think that way, they are wrong. But employers' rights must be agreed as part of a process that takes into account the wider environment.

The existing legislation embodies protections for employees that ensure their dignity, that they can work healthy and they can work happy. Statutory holidays, the Mandatory Provident Fund ("MPF") and the employees'

compensation are the results of consensus reached among parties through mutual trust, understanding and cooperation. We have been there since the 1950s. However, times have changed. The pursuit of labour rights has become more vociferous and demanding—there is nothing wrong with it—putting pressure on the employers by exercising their political muscle—there is nothing wrong with that either. Vested interests have made negotiation ineffective—there is something wrong with this—and short-sighted, narrow viewpoints are putting the interests of the whole community at risk. The recovery of Hong Kong's ranking in competitiveness under the World Economic Forum in 2017 excited everyone, but it kindly alerted us in the joyful time that business difficulties have surfaced, which linked to, among others, the limitations imposed by the labour legislation, and that is why so many multinational corporations are listening to today's debate.

While the labour unions were celebrating their success in achieving the statutory minimum wage in 2011—and they deserved the jubilant victory, the burden of the rising costs has been borne by businesses since then. As long as we can afford it, we will do it. Most notably, the low-paying sector saw a 53% cumulative increase in total operating expenses since the implementation, of which 20% came from the rise in staff costs—we still can afford that as long as we have the ability to earn, yet the largest share to the rise in the operating expenses is staff costs. I do not seek to highlight winners or losers in the legislation battle, but to draw attention to the often overlooked fact that workers and companies share the same boat as they must both operate within the macro environment.

Despite the high vulnerability of the market, demands for more workers' rights have not subsided. The populist interest drives them to fight for every inch of ground without leaving room for compromise, and that is not healthy. For example, they stand firm in demanding legislation to set standard working hours to a 44-hour week and seek full abolition of the MPF offsetting mechanism. If the call for standard working hours aims at striking a better balance between work and leisure, why can we not adopt flexible working hours and home-based work as an alternative? Setting a 44-hour week would escalate operation costs to sky-high levels and reduce companies' flexibility in making cost adjustments. Price increases, therefore, would be the first outcome, and at the same time, we could expect businesses' external competitiveness to be reduced. The situation could worsen due to slower economic growth in recent years, volatility in the international financial markets, and the concurrent slackening of inbound tourism and domestic demand, which are creating notable downside risks to the local

economy. President, most small and medium enterprises may not be able to offset the additional costs by raising prices. There is a limit that they can do, which could put pressure on the labour market, leaving open the possibility of a second unwelcome outcome: redundancy and bankruptcy, that is something both the employers and employees do not like.

With these remarks, I support the motion.

MR HOLDEN CHOW (in Cantonese): President, in respect of labour rights and interests, I always consider that establishing a system in society under which both employers and employees may work in harmony on friendly terms and reach a consensus through communication on any issue is the direction in which society should be heading.

As regards employer-employee communication, I consider that the most important point is for both sides to sit down for discussion instead of stirring up conflicts deliberately. Simply put, we have the opportunity to discuss the maternity leave arrangement for women this time around. For example, some women reflected in the past that the long-standing provision of the 10-week maternity leave might be inadequate. Certainly, a one-step extension of the maternity leave to several months, half a year or even a year may also be confronted with different voices or opinions in society. For example, I think a gradual extension of the maternity leave in a discreet manner is the direction and mode that worth exploration and implementation.

Another point that I wish to make is that in fact, in Hong Kong society, we may encourage enterprises or employees to put their heads together and come up with ways to put working from home into practice because be it in the United States or the United Kingdom, there are enterprises which attempt to promote such culture. Those employees who work from home can take care of their family while doing their job, which are complementary in nature, thereby producing an all-win situation. I think the Government may provide incentives in this regard, so as to increase the motivation of enterprises to adopt such a work-from-home arrangement. Sometimes we will make jokes saying that if more people opt to work from home, traffic conditions in the community will also change. Frankly, there is no need for everyone to commute to work during the same peak hours. Such an initiative may help ease the busy traffic.

Through the discussion today, I mainly seek to create an environment in which both employers and employees can have constructive discussions. It is not our intention to stir up conflicts. We just hope that any initiative will be taken forward only after a consensus has been reached.

President, I so submit.

MS ALICE MAK (in Cantonese): President, first, I wish to respond to the comments made by some Members whose speeches I would not be able to hear when lady luck normally favours me. Having said that, I have not run out of luck today—I still hold that I am favoured by lady luck—nevertheless, in order to listen to the debate on today's motion, I had to listen to all the speeches delivered by Honourable colleagues.

Dr KWOK Ka-ki said that we do not have enough guts—what he said was we do not have enough pluck—that if we had pluck enough, we should have incorporated Mr LUK Chung-hung's amendment into Mr HO Kai-ming's original motion. I believe this is not a matter of having enough pluck or not, rather, it is a matter of having brains or not.

As we all know, there are time limits to the speeches delivered by Members in motion debates. If Members care to take a look, they will find that there are more than a dozen points in Mr LUK Chung-hung's amendment. If we had incorporated all of them into the motion for discussion, it would have been impossible for one person to cover them all. If one Member proposes a motion and another proposes amendments, there will at least be over 20 minutes of speaking time in all. Therefore, as I said, it is necessary to see if someone has got brains. People with no brains will say things that are very laughable.

There are other Members who would try to gain political capital at the expense of FTU at every turn, including making the remark that we even accepted the deal of as few as three days on paternity leave. However, I wish to remind him that at that time, he also accepted the deal. When voting on the three-day paternity leave, they in the Civic Party also voted in favour of it. In fact, for workers' sake, we should not try to gain political capital through these issues. If we want to gain political capital, in the future, each time when I speak, do I have to say that when we supported giving cash handouts to all people in Hong Kong, it was precisely the Civic Party, in particular, Dr KWOK Ka-ki, who came forth

to oppose giving cash handouts to all Hong Kong people? Towards this end, do we have to remind the public, each time we rise to speak, who made them unable to receive the cash handouts? It is because people in the Civic Party all came forth to speak against giving cash handouts to all people in Hong Kong. When I agree, they oppose.

In fact, Members all know that Dr KWOK Ka-ki and I are rivals in the same district, so he makes use of all opportunities that come his way to attack me and FTU. This is understandable. It is for political reasons, is it not? However, if one continues to do so on matters of distinct right and wrong and on issues related to labour rights and interests, trying to gain political capital as soon as they broach a subject, may I ask them if doing so is not far too unseemly?

However, apart from him, there is another person whose behaviour is just as unseemly, that is, Dr Helena WONG, who belongs to the political party that has just received \$30,000 from the Chief Executive. Dr Helena WONG raised the issue of paternity leave again, talking about the stance of FTU and even dragging in the Democratic Alliance for the Betterment and Progress of Hong Kong. As we all know, talking about paternity leave, the motion debate on paternity leave back then did not revolve around whether it should be three days or seven days. Dr WONG ought to know that it was a matter of either nothing or three days. The Government stated clearly at that time that if the amendment was approved, it would withdraw the motion, so even those three days would be lost. She may say that we really lack guts but can we possibly have less guts than Mr Andrew WAN, who is sitting next to her? Last time when the issue of increasing the seating capacity of public light buses was discussed, Mr Andrew WAN proposed an amendment which was permitted by the President. However, when the Government said it would withdraw its proposal, he immediately withdrew his amendment. In fact, we are all the same, that is, we all keep in mind the overall situation and do not want to lose what little we have attained. Therefore, I believe that on this issue ... I wonder if she does not understand even this or what the reason is. Is she lambasting others for political reasons?

Frankly, if they want to gain political capital at our expense, in fact, concerning the discussion of paternity leave this time around, should the arrangements for paternity leave and maternity leave be discussed again in the future, we should put forward proposals to the Government, so that the Government will take on board the views of the labour sector. I believe, and also hope, that when these issues are raised for discussion again next time, the

situation will be more favourable and there will be more opportunities. If Members take a look, they will find that Mr AU Nok-hin is on very friendly terms with the Secretary and the Chief Executive even donated money to them. I hope that such a good atmosphere will be conducive to our lobbying for those leave arrangements, that is, the arrangements for maternity leave and paternity leave.

However, she said we had not lobbied actively for maternity leave and paternity leave arrangements but I wish to remind her that when the voting on seven days of paternity leave took place, former Member Albert HO, Mr James TO and another former Member, Mr SIN Chung-kai, who all belong to her party—at that time, there were six Members from the Democratic Party but three of them did not vote. How hard have they actually lobbied? Members can see that she often says that voting is the most matter-of-fact but three out of the six of them did not vote. Well, after talking about their problems, the conclusion is that one has to use one's brains when talking.

We are now discussing labour issues and I always think that we should have debates in a more rational or constructive manner. I could finally hear representatives of the business sector, such as Mr Tommy CHEUNG and Mr Abraham SHEK, talk about their views on our campaigning for workers' rights and interests. In fact, one remark made by Mr Tommy CHEUNG just now rings quite true. He said that the catering industry could not significantly enhance the benefits for its employees like the construction industry did. What does this show? It shows that our present campaign related to the arrangements for employees and for improvements to labour rights and interests is not a problem of our making but that of the industry's own making. As a representative of his industry, why does he not help his industry create a desirable business environment, just as Mr Abraham SHEK helped the construction industry, so that it can have an equally desirable business environment and the arrangements for its employees can then be enhanced?

I often say that we are sympathetic with SMEs—and he also mentioned those micro enterprises—we agree that we are in the same boat, so why has the business environment been reduced to such an adverse state? Can Members guess what the highest operating cost is? I think shop rental is apparently the highest cost. When other costs increase, in order to maximize profit, do they have to compress labour cost and the expenses on labour? I think it should not be like this.

In addition, I also have to respond to Mr Abraham SHEK. He said that we discuss matters related to the interests of the whole society from the angle of very narrow interests. I wish to point out that all the problems discussed by us, including leave arrangements, or the arrangements related to minimum wage, working hours, and so on, do not merely involve labour issues but also the family-friendly policy and the benefits for grass-roots employees. When it comes to the offsetting arrangement of MPF, even the Chief Executive said that it is actually a retirement arrangement. Therefore, if we do not do a good job of these arrangements related to labour rights and interests ... he asked us who the losers would be, and I wish to say that we would all be losers. When we cannot protect the rights and interests of grass-roots employees properly and cannot do a proper job of labour protection, actually, society as a whole has to pay a price.

Therefore, I hope that when Members talk about labour rights and interests, they can speak up for frontline employees. Mr Charles MOK said just now that when speaking for grass-roots employees, we often painted employers in a very bad light. In fact, it is not so. I hope Members can understand that in talking about labour rights and interests, we are not doing so just for the elementary-level or grass-roots employees, in fact, all employees, no matter to which strata they belong, are all affected. Just as the arrangement for paternity leave (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Miss Alice MAK, please stop speaking immediately.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr HO Kai-ming, you may now speak on the amendments. The time limit is five minutes.

MR HO KAI-MING (in Cantonese): President, I will support the amendments proposed by other Honourable colleagues. Mr LUK Chung-hung's amendment mainly covers the proposals made by the Hong Kong Federation of Trade Unions

("FTU") to the Government over the years. The amendments proposed by other Honourable colleagues, including that by Mr Andrew WAN, are generally similar to the proposals made by FTU. Therefore, we will support the amendments and hope all Honourable colleagues will support this motion so that the Government will hear our voices as soon as possible and improve the rights and interests of wage earners.

Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Thank you, President. I also thank Mr HO Kai-ming for proposing the motion, the four Members for proposing their amendments, as well as the 17 Members who have expressed their views.

The Government attaches great importance to labour rights and interests, and the current-term Government also hopes to further improve workers' welfare in various aspects. But when we carry out work to this end, it is also necessary to have regard to the affordability of enterprises. As we always stress, 98% of the enterprises in Hong Kong are small, medium and micro enterprises with limited ability to bear cost changes. Therefore, with regard to many labour issues that need improvement, we have to adopt a gradual and orderly approach, in order for the enterprises to be prepared in terms of their affordability and adaptability.

In respect of paternity leave, we have discussed it with Members in the Panel on Manpower and obtained Members' support. On the proposal of extending the paternity leave duration from three days to five days, the Labour Department ("LD") has consulted the Labour Advisory Board which also supports the proposal of increasing the number of leave days from three to five. LD will expeditiously prepare the relevant legislative amendments.

As for maternity leave, we have mentioned in the Policy Address and on various occasions that we are pressing full steam ahead with the study and review on it. We very much hope to complete the review as soon as possible and then give a detailed account of it to Members. But as I said when this issue was discussed before, in many countries, the wage expenses arising from maternity leave are basically met by some social security systems, or labour insurance as we generally call it. However, Hong Kong does not have this system and the costs

of maternity leave are mainly borne by the employers. Therefore, when we consider extending the maternity leave duration, we have to think about whether we can make reference to the practice adopted by other countries where part of the expenses are met by the Government. A pure extension of the maternity leave duration requires simple legislative amendments but if it is necessary to consider how the additional costs incurred should be met, that would be more complicated institutionally and would require some complementary administrative arrangements. Therefore, after we completed the review and made proposals to the Legislative Council, it would still take time to amend the law and implement the matching measures. Certainly, our goal is to complete the relevant work within the term of this Government.

Besides, another issue of great concern to Members is the offsetting arrangement under the Mandatory Provident Fund ("MPF") System. In this connection, we do have a proposal in place, that is, the proposal made by the last-term Government in late June, but both the employers and employees have strong views on it. This is why the current-term Government, at the beginning of its term, considered it necessary to review afresh this proposal and study how it can be improved or refined, in order to win the support of both employers and employees. One of the problems that we face and need to consider is that once the arrangement for offsetting the severance payment or the long service payment against MPF benefits is abolished, while the enterprises have to set aside funds for the long service and severance payments in their accounting systems, will the enterprises have enough cash to pay for these severance and long service payments when they are due? This may give rise to problems and even cause some enterprises to wind up. We do not wish to see this happen and so, we have to consider how best we can help the employers, so that when they need to make the severance and long service payments to their employees, they can meet these payments with the savings kept previously for these specific purposes, and we also have to consider ways to assist them during the transitional period.

When we carry out such work, we have to look into the technical details. If we do not think about them carefully, problems will often arise, and just as Members always say, the problem generally lies in the details. Therefore, we hope to explore the issue adequately and thoroughly, so that when we put forward an improved proposal which we think is feasible, that proposal will prove to be enforceable, and we will not turn out to be doing a disservice out of good intentions. After the abolition of the offsetting arrangement, we particularly hope that the long service payment can be maintained to provide occupational or

employment protection for employees. In fact, the underlying meaning of this is to ensure that employers will not have any motivation or incentive to lay off their staff or do anything that will deprive employees of effective protection of their rights and interests after the abolition of the offsetting arrangement. Therefore, we hope that when the proposal for abolishing the offsetting arrangement is considered having regard to the details, these benefits of the employees can be genuinely protected.

We have listened to Members' views on the policy on working hours. I have also listened to Members' views on the standard working hours and the arrangement relating to contractual working hours proposed by the last-term Government in June on various occasions before. Currently, the major task of LD is to expeditiously draw up sector-specific guidelines for 11 industries, particularly guidelines on working hours. We are carrying out this task which, I believe, will be conducive to formulating a more reasonable policy on working hours.

Some Members mentioned occupational safety and health. Occupational safety is a very important topic and we hope to make improvement in various aspects. As we can see from past experience, it is often the case that after accidents occurred and through judgments made by the Court, improvement has started to be made in recent years. Having said that, we consider that the current penalties are still too low to reflect the seriousness of the offences and the consequences of the accidents. LD is, therefore, reviewing the penalty levels of occupational safety and health legislation in full swing. We hope that after drawing reference from the views of the Department of Justice, we can recommend some directions for legislative amendments in the current legislative year.

A number of Members also mentioned another issue of extensive concern and that is, the rights and interests of workers of outsourced services and their protection. In fact, shortly after I took up office, I already brought to the attention of the Chief Executive the need to conduct a review of this issue. Therefore, in late August last year, preparations were made for establishing this inter-departmental working group responsible for examining ways to improve the outsourcing system of the Government, in order to ensure that the employees receive reasonable wages. I hope that this task can be completed by the third quarter of this year, so that workers of outsourced government services can have more reasonable treatment.

President, in fact, as the various amendments involve a total of 18 policy areas and if I should make a response to them one by one, initially it is expected to take more than 30 minutes, but I think Members do not wish to listen to such a lengthy response. Besides, I understand that we will still have plenty of opportunities to make a response in the Panel on Manpower in future, and when we put forward specific policies, we will also communicate with Members of the Legislative Council in various respects by all means. Insofar as labour policies are concerned, we hope to listen more to the views of Members of the Legislative Council from various parties and groupings on how improvement can be made in a gradual and orderly manner in future. President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr LUK Chung-hung to move his amendment.

MR LUK CHUNG-HUNG (in Cantonese): President, I move that Mr HO Kai-ming's motion be amended.

The amendment moved by Mr LUK Chung-hung (See the marked-up version at Annex 7)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LUK Chung-hung to Mr HO Kai-ming'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.

(Members raised their hands)

Dr Helena WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Helena WONG has claimed a division. The division bell will ring for five minutes.

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

PRESIDENT (in Cantonese): Will Members please check their votes.

PRESIDENT (in Cantonese): Mr Abraham SHEK, do you wish to cast your vote?

(Mr Abraham SHEK cast his vote)

PRESIDENT (in Cantonese): If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr POON Siu-ping, Mr HO Kai-ming, Dr Pierre CHAN, Mr LUK Chung-hung, Mr LAU Kwok-fan and Mr KWONG Chun-yu voted for the amendment.

Mr Abraham SHEK, Mr Tommy CHEUNG, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr SHIU Ka-fai voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Kenneth LEUNG, Mr Jimmy NG, Mr Holden CHOW, Mr CHAN Chun-ying and Mr Tony TSE abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms Tanya CHAN, Mr Gary FAN and Mr Vincent CHENG voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Ms YUNG Hoi-yan voted against the amendment.

Mr CHAN Hak-kan, Mr Paul TSE, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Wilson OR, Mr CHEUNG Kwok-kwan and Dr CHENG Chung-tai abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 29 were present, 10 were in favour of the amendment, 10 against it and 8 abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 15 were in favour of the amendment, 3 against it and 9 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS STARRY LEE (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Conducting a comprehensive review of labour legislation to improve labour rights and interests" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

I order that in the event of further divisions being claimed in respect of the motion on "Conducting a comprehensive review of labour legislation to improve labour rights and interests" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, you may move your amendment.

DR KWOK KA-KI (in Cantonese): President, I move that Mr HO Kai-ming's motion be amended.

The amendment moved by Dr KWOK Ka-ki (See the marked-up version at Annex 8)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr KWOK Ka-ki to Mr HO Kai-ming'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.

(Members raised their hands)

Dr KWOK Ka-ki rose to claim a division.

PRESIDENT (in Cantonese): Dr KWOK Ka-ki has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr POON Siu-ping, Mr HO Kai-ming, Dr Pierre CHAN, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the amendment.

Mr Abraham SHEK, Mr Tommy CHEUNG, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr SHIU Ka-fai and Mr Tony TSE voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Jimmy NG, Mr Holden CHOW, Mr CHAN Chun-ying and Mr LAU Kwok-fan abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms Tanya CHAN, Dr CHENG Chung-tai and Mr Gary FAN voted for the amendment.

Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN and Ms YUNG Hoi-yan voted against the amendment.

Mr CHAN Hak-kan, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Wilson OR, Mr CHEUNG Kwok-kwan and Mr Vincent CHENG abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 9 were in favour of the amendment, 11 against it and 7 abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 15 were in favour of the amendment, 4 against it and 8 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Dr Helena WONG, you may move your amendment.

DR HELENA WONG (in Cantonese): President, I move that Mr HO Kai-ming's motion be amended.

The amendment moved by Dr Helena WONG (See the marked-up version at Annex 9)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr Helena WONG to Mr HO Kai-ming'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.

(Members raised their hands)

Mr Tommy CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr CHAN Kin-por, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr POON Siu-ping, Mr HO Kai-ming, Dr Pierre CHAN, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the amendment.

Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr SHIU Ka-fai voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Jimmy NG, Mr Holden CHOW, Mr CHAN Chun-ying, Mr LAU Kwok-fan and Mr Tony TSE abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mrs Regina IP, Mr Paul TSE, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms YUNG Hoi-yan, Ms Tanya CHAN, Dr CHENG Chung-tai and Mr Gary FAN voted for the amendment.

Mr Michael TIEN voted against the amendment.

Mr CHAN Hak-kan, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Wilson OR, Mr CHEUNG Kwok-kwan and Mr Vincent CHENG abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 29 were present, 11 were in favour of the amendment, 9 against it and 8 abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 18 were in favour of the amendment, 1 against it and 8 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Andrew WAN, you may move your amendment.

MR ANDREW WAN (in Cantonese): President, I move that Mr HO Kai-ming's motion be amended.

The amendment moved by Mr Andrew WAN (See the marked-up version at Annex 10)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Andrew WAN to Mr HO Kai-ming'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.

(Members raised their hands)

Ir Dr LO Wai-kwok rose to claim a division.

PRESIDENT (in Cantonese): Ir Dr LO Wai-kwok has claimed a division. The division bell will ring for one minute.

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.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr POON Siu-ping, Mr HO Kai-ming, Dr Pierre CHAN, Mr LUK Chung-hung and Mr KWONG Chun-yu voted for the amendment.

Mr Abraham SHEK, Mr Tommy CHEUNG, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr SHIU Ka-fai, Mr CHAN Chun-ying and Mr Tony TSE voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Jimmy NG, Mr Holden CHOW and Mr LAU Kwok-fan abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Dr Junius HO, Mr LAM Cheuk-ting, Ms Tanya CHAN, Dr CHENG Chung-tai and Mr Gary FAN voted for the amendment.

Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN and Ms YUNG Hoi-yan voted against the amendment.

Mr CHAN Hak-kan, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Wilson OR, Mr CHEUNG Kwok-kwan and Mr Vincent CHENG abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 9 were in favour of the amendment, 12 against it and 6 abstained; while among the Members returned by geographical

constituencies through direct elections, 28 were present, 16 were in favour of the amendment, 4 against it and 8 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr HO Kai-ming, you still have one minute and eight seconds to reply. Then, the debate will come to a close.

MR HO KAI-MING (in Cantonese): President, I thank the 21 Honourable colleagues who have spoken on my motion. I hope Members will support this relatively moderate motion, so that the Secretary can carry out work to address the labour issues more effectively.

I believe improvements to the labour legislation in Hong Kong will enable wage earners in Hong Kong to reduce their sense of unhappiness and this will be a good thing to Hong Kong as a whole because I think this sense of unhappiness, or social grievances as we call it, is contagious. How to reduce social grievances? Improvement of the labour legislation is precisely an effective solution.

I hope that the Secretary can take this into consideration. From the "Bus Uncle" incident some years ago to the recent years when surveys often showed that the retail industry in Hong Kong has the worst smilers, we can see that the labour issues will have a bearing on society. How can we improve this situation? The answer is to improve the labour legislation. I hope Honourable colleagues will support this motion on the improvement of labour legislation proposed by us, so as to further pressurize the Secretary to address these problems properly.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr HO Kai-ming 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 Tommy CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for one minute.

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.

(Some Members made noises in their seats)

PRESIDENT (in Cantonese): Will Members please keep quiet.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Mr Abraham SHEK, Prof Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Mr Steven HO, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr POON Siu-ping, Mr HO Kai-ming, Mr Holden CHOW, Dr Pierre CHAN, Mr LUK Chung-hung, Mr LAU Kwok-fan and Mr KWONG Chun-yu voted for the motion.

Mr Tommy CHEUNG, Mr Frankie YICK, Mr YIU Si-wing, Mr CHUNG Kwok-pan and Mr SHIU Ka-fai voted against the motion.

Mr CHAN Kin-por, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr Jimmy NG, Mr CHAN Chun-ying and Mr Tony TSE abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Mrs Regina IP, Mr Paul TSE, Ms Claudia MO, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Chi-chuen, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Dr Junius HO, Mr LAM Cheuk-ting, Mr Wilson OR, Ms YUNG Hoi-yan, Ms Tanya CHAN, Mr CHEUNG Kwok-kwan, Dr CHENG Chung-tai, Mr Gary FAN and Mr Vincent CHENG voted for the motion.

THE PRESIDENT announced that among the Members returned by functional constituencies, 29 were present, 16 were in favour of the motion, 5 against it and 7 abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present and 28 were in favour of the motion. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the meeting until 11:00 am on Wednesday, 28 March 2018 when the Chief Executive's Question Time will be held.

Adjourned accordingly at 4:34 pm.

Annex 1

**The marked-up version of the amendment moved by Mr HO Kai-ming
(Translation)**

That given *the global economic restructuring, coupled with* the new opportunities brought about by ~~global~~ reforms in industrial technologies, many countries or places are proactively *promoting 'Industry 4.0' for* developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a ~~timely~~ review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive *and employment-oriented* industrial policy regime which is more independent, forward-looking and systematic, *and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'*; the Government should also examine the role of industries in the local *employment*, economic structure and societal development, *adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products*, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong ~~and~~, promoting the diversification of industries, *and creating employment opportunities for the benefit of different sectors of society*.

Note: Mr HO Kai-ming's amendment is marked in *bold and italic type* or with deletion line.

Annex 2

The marked-up version of the further amendment moved by Mr Kenneth LEUNG to the motion as amended by Mr HO Kai-ming (Translation)

That given the global economic restructuring, coupled with the new opportunities brought about by reforms in industrial technologies, many countries or places are proactively promoting 'Industry 4.0' for developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive and employment-oriented industrial policy regime which is more independent, forward-looking and systematic, and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'; the Government should also examine the role of industries in local employment, economic structure and societal development, adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong, promoting the diversification of industries, and creating employment opportunities for the benefit of different sectors of society; *this Council also urges the Government to formulate long-term development strategies and support policies for the development of high value-added industries that are low in pollution and land requirement, and conduct assessment on the medium and long-term demand for manpower resources, thereby promoting the sustainable development of the economy.*

Note: Mr Kenneth LEUNG's amendment is marked in *bold and italic type*.

Annex 3

The marked-up version of the further amendment moved by Dr CHIANG Lai-wan to the motion as amended by Mr HO Kai-ming (Translation)

That given the global economic restructuring, coupled with the new opportunities brought about by reforms in industrial technologies, many countries or places are proactively promoting 'Industry 4.0' for developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive and employment-oriented industrial policy regime which is more independent, forward-looking and systematic, and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'; the Government should also examine the role of industries in local employment, economic structure and societal development, adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong, promoting the diversification of industries, and creating employment opportunities for the benefit of different sectors of society; *in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'; the Government should also study the provision of tax support for local high-technology manufacturers to increase their investment incentive.*

Note: Dr CHIANG Lai-wan's amendment is marked in *bold and italic type*.

Annex 4

The marked-up version of the further amendment moved by Mr WU Chi-wai to the motion as amended by Mr HO Kai-ming and Dr CHIANG Lai-wan (Translation)

That given the global economic restructuring, coupled with the new opportunities brought about by reforms in industrial technologies, many countries or places are proactively promoting 'Industry 4.0' for developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive and employment-oriented industrial policy regime which is more independent, forward-looking and systematic, and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'; the Government should also examine the role of industries in local employment, economic structure and societal development, adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong, promoting the diversification of industries, and creating employment opportunities for the benefit of different sectors of society; in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'; the Government should also study the provision of tax support for local high-technology manufacturers to increase their investment incentive; *at the same time, the Government should:*

- (1) *provide technology and policy support to encourage Hong Kong's industries to adopt new technologies (such as automated equipment and intelligent production planning), so that traditional industries can undergo upgrading and restructuring;*
- (2) *remove various restrictions and regulations in legislative provisions that obstruct the development and application of creativity and technology; put forward specific ways and indicators for opening government data and encouraging enterprises in the public and private sectors and various types of organizations to open their data, and promote the application of big data, with a view to facilitating development of new types of industries;*
- (3) *in addition to encouraging local innovative companies to conduct product design and research and development in Hong Kong, also motivating them to manufacture products in Hong Kong, with a view to forming an industry chain to further promote 're-industrialization';*
- (4) *attract international innovative companies to operate their business in Hong Kong to drive the development of technological research and industrial technologies, and build a pool of talents familiar with technological research and industrial production to upgrade the standards of technological research and industries in Hong Kong; and*
- (5) *request the Committee on Innovation, Technology and Re-industrialization to expeditiously draw up its work targets, conduct a study on corresponding tax support and implement specific measures for promoting 're-industrialization'.*

Note: Mr WU Chi-wai's amendment is marked in *bold and italic type*.

Annex 5

The marked-up version of the further amendment moved by Ir Dr LO Wai-kyok to the motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan and Mr WU Chi-wai (Translation)

That given the global economic restructuring, coupled with the new opportunities brought about by reforms in industrial technologies, many countries or places are proactively promoting 'Industry 4.0' for developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive and employment-oriented industrial policy regime which is more independent, forward-looking and systematic, and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'; the Government should also examine the role of industries in local employment, economic structure and societal development, adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong, promoting the diversification of industries, and creating employment opportunities for the benefit of different sectors of society; in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'; the Government should also study the provision of tax support for local high-technology manufacturers to increase their investment incentive; at the same time, the Government should:

- (1) provide technology and policy support to encourage Hong Kong's industries to adopt new technologies (such as automated equipment and intelligent production planning), so that traditional industries can undergo upgrading and restructuring;
- (2) remove various restrictions and regulations in legislative provisions that obstruct the development and application of creativity and technology; put forward specific ways and indicators for opening government data and encouraging enterprises in the public and private sectors and various types of organizations to open their data, and promote the application of big data, with a view to facilitating development of new types of industries;
- (3) in addition to encouraging local innovative companies to conduct product design and research and development in Hong Kong, also motivating them to manufacture products in Hong Kong, with a view to forming an industry chain to further promote 're-industrialization';
- (4) attract international innovative companies to operate their business in Hong Kong to drive the development of technological research and industrial technologies, and build a pool of talents familiar with technological research and industrial production to upgrade the standards of technological research and industries in Hong Kong; and
- (5) request the Committee on Innovation, Technology and Re-industrialization to expeditiously draw up its work targets, conduct a study on corresponding tax support and implement specific measures for promoting 're-industrialization';
- (6) *dovetail with the planning of the Guangdong-Hong Kong-Macao Bay Area, and explore and formulate a direction for technology and innovation, so as to expand the room for developing Hong Kong's industries;*
- (7) *formulate a dedicated, long-term and clear macro industrial policy with regular reviews, so as to provide a set of satisfactory integrated ancillary measures for manufacturing and related industries;*

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- (8) *actively increase the supply of industrial and commercial sites, and relax the plot ratio of sites and adjust the compliance requirements, so as to promote 're-industrialization' and revitalize old industrial districts;*
 - (9) *provide tax concessions, including providing tax deductions for research and development and design activities, so as to encourage industrial enterprises to apply and develop innovation and technology;*
 - (10) *encourage Hong Kong business operators to develop different modes of intelligent manufacturing and management, and strengthen and improve existing financial and technical support schemes, so as to further assist industrial enterprises in enhancing their operation efficiency; and*
 - (11) *improve vocational and professional education and allocate resources for fostering industrial talents.*

Note: Ir Dr LO Wai-kwok's amendment is marked in *bold and italic type*.

Annex 6

The marked-up version of the further amendment moved by Mr Charles Peter MOK to the motion as amended by Mr HO Kai-ming, Dr CHIANG Lai-wan, Mr WU Chi-wai and Ir Dr LO Wai-kwok (Translation)

That given the global economic restructuring, coupled with the new opportunities brought about by reforms in industrial technologies, many countries or places are proactively promoting 'Industry 4.0' for developing high value-added advanced manufacturing industries, and Hong Kong is no exception; the Government has already made it clear that re-industrialization is a potential new area of economic growth for Hong Kong, and announced the establishment of a committee on innovation, technology and re-industrialization; in this connection, this Council urges the Government to conduct a review and elevate the positioning of the 're-industrialization' policy, with a view to upgrading the existing industrial policy regime led by innovation and technology to a comprehensive and employment-oriented industrial policy regime which is more independent, forward-looking and systematic, and increasing funding to boost relevant research and development efforts in promoting 're-industrialization'; the Government should also examine the role of industries in local employment, economic structure and societal development, adopt appropriate measures to revive the brand name of 'made in Hong Kong', provide support for manufacturing industries still having a competitive edge, such as textile and clothing, jewellery, clocks and watches, and pharmaceutical products, and study the 'external development' feature of Hong Kong's industries, with the aim of providing tax support for those offshore Hong Kong manufacturers engaging in manufacturing and production industries, thereby consolidating the economic foundation of Hong Kong, promoting the diversification of industries, and creating employment opportunities for the benefit of different sectors of society; in the light of demand changes in the global market, competitiveness in technology and cost, quantity and quality of talent, and capitalizing on the development trend of 'One Belt One Road' and the resources advantages of the Guangdong-Hong Kong-Macao Bay Area, the Government must also formulate strategies and major focuses for promoting 're-industrialization'; the Government should also study the provision of tax support for local high-technology manufacturers to increase their investment incentive; at the same time, the Government should:

- (1) provide technology and policy support to encourage Hong Kong's industries to adopt new technologies (such as automated equipment and intelligent production planning), so that traditional industries can undergo upgrading and restructuring;
- (2) remove various restrictions and regulations in legislative provisions that obstruct the development and application of creativity and technology; put forward specific ways and indicators for opening government data and encouraging enterprises in the public and private sectors and various types of organizations to open their data, and promote the application of big data, with a view to facilitating development of new types of industries;
- (3) in addition to encouraging local innovative companies to conduct product design and research and development in Hong Kong, also motivating them to manufacture products in Hong Kong, with a view to forming an industry chain to further promote 're-industrialization';
- (4) attract international innovative companies to operate their business in Hong Kong to drive the development of technological research and industrial technologies, and build a pool of talents familiar with technological research and industrial production to upgrade the standards of technological research and industries in Hong Kong; and
- (5) request the Committee on Innovation, Technology and Re-industrialization to expeditiously draw up its work targets, conduct a study on corresponding tax support and implement specific measures for promoting 're-industrialization';
- (6) dovetail with the planning of the Guangdong-Hong Kong-Macao Bay Area, and explore and formulate a direction for technology and innovation, so as to expand the room for developing Hong Kong's industries;
- (7) formulate a dedicated, long-term and clear macro industrial policy with regular reviews, so as to provide a set of satisfactory integrated ancillary measures for manufacturing and related industries;

- (8) actively increase the supply of industrial and commercial sites, and relax the plot ratio of sites and adjust the compliance requirements, so as to promote 're-industrialization' and revitalize old industrial districts;
- (9) provide tax concessions, including providing tax deductions for research and development and design activities, so as to encourage industrial enterprises to apply and develop innovation and technology;
- (10) encourage Hong Kong business operators to develop different modes of intelligent manufacturing and management, and strengthen and improve existing financial and technical support schemes, so as to further assist industrial enterprises in enhancing their operation efficiency; and
- (11) improve vocational and professional education and allocate resources for fostering industrial talents; *and*
- (12) *enhance training of technology talents required by 're-industrialization', provide support for enterprises to upgrade their capabilities of data consolidation and analysis.*

Note: Mr Charles Peter MOK's amendment is marked in *bold and italic type*.

Annex 7

**The marked-up version of the amendment moved by Mr LUK Chung-hung
(Translation)**

That, for a long time, Hong Kong society has remained in a situation of 'strong capitalists and weak workers' where employees generally lack bargaining power and the Government's policy implementation often tilts in favour of the business sector, ignoring the effects of the times and changes in environment on the labour market; in this connection, this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times, and hence strengthen the protection for employees; the relevant proposals include:

- (1) enacting legislation on standard working hours and rates of overtime pay and stipulating the number of standard working hours at 44 per week, so as to ensure that employees can strike a balance between work and rest;*
- (2) aligning the numbers of statutory holidays and general holidays at 17, so that all employees in Hong Kong are entitled to the same number of holidays;*
- (3) expeditiously implementing the abolition of the Mandatory Provident Fund offsetting mechanism to strengthen retirement protection for employees;*
- (4) stipulating the review cycle of the statutory minimum wage level to be once a year to solve the problem of persistent lag in the minimum wage level;*
- (5) reviewing the definition of continuous contracts of employment under the Employment Ordinance, so that part-time employees are entitled to paid annual leave, sickness allowance, rest days, severance payments, long service payments, payments in lieu of notice for the termination of employment contracts, etc.;*

- (6) *reviewing the service outsourcing system to stipulate that, regardless of industries, the principal contractors are liable for their subcontractors' defaults on payment of wages to employees, so as to strengthen the protection for employees of outsourced service contractors;*
- (7) *establishing a system for the right to collective bargaining on the central, trade and enterprise levels, so as to elevate the status of trade unions and enhance communication between employees and employers;*
- (8) *increasing the statutory paternity leave to seven days and increasing the paternity leave pay payable to employees to be full-pay;*
- (9) *increasing the statutory maternity leave to 14 weeks and increasing the maternity leave pay payable to employees to be full-pay, and introducing a six-month period of postnatal employment protection, so as to provide greater protection for working women;*
- (10) *introducing breastfeeding-friendly measures in workplace and stipulating the requirement of providing babycare rooms in newly constructed commercial buildings;*
- (11) *stipulating the requirement for employers to provide employees with no less than three days of paid training leave annually, so as to encourage employees to pursue continuing education;*
- (12) *enacting legislation on age discrimination to promote and protect the employment of senior citizens;*
- (13) *reviewing employers' responsibilities for employees suffering from occupational diseases and meeting industrial accidents, and increasing the relevant penalties to enhance the deterrent effect;*
- (14) *amending the Employees' Compensation Ordinance to expand the scope of protection for work injuries and occupational diseases, and improving the mechanisms for preventing work injuries and occupational diseases as well as rehabilitation, thereby assisting employees to return to work as soon as possible;*

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- (15) *setting up a 'central occupational insurance compensation fund' to provide comprehensive compensation to employees sustaining work injuries or suffering from occupational diseases, irrespective of whether they are employed or self-employed;*
- (16) *reviewing the work procedures for work-at-height activities and the safety measures required as well as the criminal liabilities of employers, etc., so as to prevent accidents involving workers in the construction industry falling from heights; and*
- (17) *reviewing the work arrangements and contingency measures in times of typhoon and rainstorm to enhance the protection of occupational safety for workers.*

Note: Mr LUK Chung-hung's amendment is marked in *bold and italic type*.

**The marked-up version of the amendment moved by Dr KWOK Ka-ki
(Translation)**

That a survey indicates that Hong Kong is the place with the longest working hours in the world, but the Government has all along neglected labour rights and interests and over-emphasized the interests of the business sector in formulating labour policies; in this connection, this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times; the relevant proposals include:

- (1) increasing the statutory paternity leave to seven days and increasing the paternity leave pay to be full-pay;*
- (2) enacting legislation on standard working hours to stipulate the number of standard working hours at 44 per week, thereby preventing exploitation of employees by employers through uncompensated overtime work and enabling employees to spend more time with family members;*
- (3) changing the review cycle of the statutory minimum wage level from the present 'once in two years' to 'once every year' to ensure that employees' wage levels can catch up with the rate of increase in the prices of goods;*
- (4) enacting legislation to affirm workers' right to collective bargaining and amending the Trade Unions Ordinance to protect workers' right to join trade unions, so that employees and employers enjoy equal powers in negotiations;*
- (5) reviewing the definition of continuous contracts of employment under the Employment Ordinance to allow employees not employed under a continuous contract to enjoy employment rights and benefits to which full-time employees are entitled;*

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- (6) *providing a clear legal definition of occupational diseases and extending the definition to cover strains and diseases resulting from work; and*
 - (7) *stipulating the responsibilities of principal contractors in cases involving industrial injuries and fatalities.*

Note: Dr KWOK Ka-ki's amendment is marked in *bold and italic type*.

Annex 9

**The marked-up version of the amendment moved by Dr Helena WONG
(Translation)**

That, *given that the Government at present has not yet formulated comprehensive family-friendly policies, it is difficult for employees to strike a balance between working and taking care of family members; in this connection*, this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times; *the relevant proposals include:*

- (1) *increasing the statutory maternity leave from 10 weeks to 14 weeks while according employees entitlement to full-pay maternity leave; and*
- (2) *increasing the statutory paternity leave from three days to seven days while according employees entitlement to full-pay paternity leave.*

Note: Dr Helena WONG's amendment is marked in *bold and italic type*.

Annex 10

**The marked-up version of the amendment moved by Mr Andrew WAN
(Translation)**

That *the last-term Government made insufficient efforts to solve labour problems and put forward noncommittal proposals for the prescription of standard working hours and abolition of the Mandatory Provident Fund offsetting mechanism, which proved that the last Chief Executive reneged on his election pledge; in this connection*, this Council urges the Government to make safeguarding labour rights and interests its priority task and expeditiously conduct a comprehensive review of and make amendments to the various legislation relating to labour matters, so as to ensure that such legislation keeps pace with the times; *the relevant proposals include:*

- (1) *withdrawing the proposal for 'contractual working hours' and immediately enacting legislation on standard working hours and overtime compensation to stipulate the number of standard working hours at 44 per week;*
- (2) *expeditiously implementing the abolition of the Mandatory Provident Fund offsetting mechanism and considering the adoption of the 'fund pool' proposal to handle the related issues;*
- (3) *increasing the penalties under the Industrial Undertakings Ordinance and the Occupational Safety and Health Ordinance to enhance employers' awareness of occupational safety, and stepping up efforts in promoting occupational safety and health;*
- (4) *enacting legislation to affirm the right to collective bargaining;*
- (5) *implementing review of the statutory minimum wage level 'once every year'; and*
- (6) *aligning the numbers of statutory holidays and general holidays at 17.*

Note: Mr Andrew WAN's amendment is marked in *bold and italic type*.