

3 May 2005

Our ref: MD/L037-05

The Secretariat
Constitutional Development Task Force
Constitutional Affairs Bureau
3/F Main Wing, Central Government Offices
Lower Albert Road
Hong Kong

Dear Task Force Members

**The Fourth Report of the Constitutional Development Task Force:
Views and Proposals of Members of the Community on the Methods for Selecting the
Chief Executive in 2207 and for Forming the Legislative Council in 2008**

Now that the Task Force is working towards its Fifth Report on Constitutional Development, Towngas would like to put forward its support for the formation of a new "Employer" functional constituency (FC) to specifically represent issues relating to employment.

The Task Force has requested that all submissions should be based on questions of principle and criteria. In terms of the creation of an Employer FC we believe the principle rests on:

having a representative LegCo for all constituents who work to secure higher productivity growth and responsiveness to change within the Hong Kong labour market.

The criteria on which we ask you to judge this principle are:

- i. employers' crucial role in developing workforce skills and competencies to address changing business needs and market structures
- ii. employers' flexibility and positive action in adapting to the forces of globalization and need for greater regional integration
- iii. employers' leadership in maintaining a favourable environment for investors despite Hong Kong's recent economic restructuring.

In terms of adding a new FC to the electorate base, we believe the principle rests on:

*having a cooperative, consultative and consensus-building LegCo
as a means to move Hong Kong society forward in a harmonious way.*

The criteria on which we ask you to judge this principle are:

- i. the inequalities of the present system providing three members under the "Labour" constituency with no direct counterbalancing voice representing employers
- ii. the need to ensure the widest possible, yet balanced perspective of employment opinions
- iii. the business community's overall track record in promoting a good employment environment through active engagement with all key stakeholders.

Given the unpredictable nature of the labour market, it behoves all of us in Hong Kong as responsible citizens to seek ways to mitigate potential areas of confrontation. Assuredly, with an aging population, issues of retirement benefits, welfare care, pension rights, skill deficiencies, job growth and wage inflation will continue to be a cause for concern from time to time. As such, the better prepared and informed LegCo is, the better will be their advice to government.

Towngas believes the Employers' Federation of Hong Kong should act as the overarching voice for an Employers seat in LegCo. This will not only bring greater transparency to the legislature by providing a platform for employment matters beyond the traditional functional business and professional sectors, but also increase accountability of corporate voting as the Federation represents hundreds of employers both large and small.

By providing a third way to work in partnership with all LegCo members, the community will have the best chance to achieve consensus on employment matters. We do hope therefore that Towngas' support to establish an Employer seat in the Legislative Council in 2008 will be seriously considered by the Constitutional Development Task Force.

Yours sincerely

(Signed)

Alfred W K Chan
Managing Director

AWKC/ef