

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 6 May 2004

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

DR THE HONOURABLE DAVID CHU YU-LIN, J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

DR THE HONOURABLE ERIC LI KA-CHEUNG, G.B.S., J.P.

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

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHAN KWOK-KEUNG, J.P.

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

THE HONOURABLE CHAN KAM-LAM, J.P.

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE HOWARD YOUNG, S.B.S., J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

THE HONOURABLE MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE AMBROSE LAU HON-CHUEN, G.B.S., J.P.

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

THE HONOURABLE TIMOTHY FOK TSUN-TING, S.B.S., J.P.

DR THE HONOURABLE LAW CHI-KWONG, J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S., J.P.

THE HONOURABLE TOMMY CHEUNG YU-YAN, J.P.

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

DR THE HONOURABLE LO WING-LOK, J.P.

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE MA FUNG-KWOK, J.P.

MEMBERS ABSENT:

THE HONOURABLE HUI CHEUNG-CHING, J.P.

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

THE HONOURABLE YEUNG YIU-CHUNG, B.B.S.

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, G.B.M., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, G.B.M., J.P.
THE SECRETARY FOR JUSTICE

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR HOUSING, PLANNING AND LANDS

DR THE HONOURABLE YEOH ENG-KIONG, J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

THE HONOURABLE JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.
SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.
SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, IDSM, J.P.
SECRETARY FOR SECURITY

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.
SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

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

CLERK IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

PURSUANT TO RULE 8 OF THE RULES OF PROCEDURE, THE CHIEF EXECUTIVE, THE HONOURABLE TUNG CHEE-HWA, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT (in Cantonese): Members will please remain standing for the Chief Executive.

PRESIDENT (in Cantonese): The Chief Executive will first address the Council.

CHIEF EXECUTIVE (in Cantonese): Madam President and Honourable Members, the Standing Committee of the National People's Congress (NPCSC) convened its ninth meeting on 26 April and arrived at decisions on the methods of electing the Chief Executive in 2007 and forming the Legislative Council in 2008. According to the decisions of the NPCSC, universal suffrage will not be implemented for the election of the Chief Executive in 2007, nor will universal suffrage be implemented for electing all Members of the Legislative Council election in 2008. The proportion of Members returned by functional constituencies and geographical constituencies through direct elections in the Legislative Council will remain unchanged at 50% each and the Council's procedures for voting on bills and motions will remain the same. Under these prerequisites, appropriate arrangements can be made on the specific methods for electing the Chief Executive in 2007 and for forming the Legislative Council in 2008 according to the relevant stipulations of the Basic Law, in order to be in line with the principle of gradual and orderly progress.

The NPCSC has exercised this power according to the law and has taken into account the actual circumstances of Hong Kong in making this decision. In particular, the Chairman, WU Bangguo, pointed out that the NPCSC had listened fully to the views of various sides and had made this decision in the spirit of being highly responsible to Hong Kong, with a view to truly safeguarding the interests of the Hong Kong public and ensuring the development of the democratic system in Hong Kong in an orderly and gradual manner as stipulated by the Basic Law, as well as maintaining and promoting the long-term prosperity and stability of Hong Kong.

The SAR Government welcomes the decision of the NPCSC. This decision formally activated the amendment mechanism provided for by the Annex to the Basic Law and has formed a new basis for constitutional development in Hong Kong. The SAR Government will strictly abide by the

decisions of the NPCSC when working on the next step of constitutional development. The Constitutional Development Task Force of the SAR Government will strive to publish its third report on constitutional development within this month.

I know and also understand that some groups in society and some members of the public were disappointed by the decisions of the NPCSC. I hope they will bear in mind the overall interests of Hong Kong and those of the country and face this matter in a calm and rational attitude. After the interpretation of the Basic Law and the decisions made by the NPCSC, everyone will know more clearly that in the final analysis, the Central Authorities have powers and responsibilities over Hong Kong's constitutional development in 2007 and 2008 and even its long-term development. Changes to Hong Kong's constitution can be initiated only with the consent of the Central Authorities. We have to know clearly that the Hong Kong economy and the mainland economy are closely interwoven. If the Hong Kong economy is to keep its edge and sustained development in future, the staunch support of the Mainland is required. Therefore, no matter if it is for Hong Kong's constitutional development, for its economic development or for the close exchanges between the people, it is imperative that a good relationship be maintained with the Central Authorities, for only in this way can the social stability, economic prosperity and constitutional development in Hong Kong be truly guaranteed.

In fact, over the years, the Central Authorities have for long been selfless in its support for Hong Kong. After the reunification, we can all see that the Central Authorities have strictly abided by the Basic Law in handling all matters, have been steadfast in putting into practice the "one country, two systems" principle, and has done everything out of a desire to safeguard the fundamental interests of Hong Kong people and to advance the benefits of Hong Kong.

Honourable Members, the Hong Kong economy has shown signs of recovery since the third quarter of last year and the going has been very good. We anticipate that there will be a growth rate of 6%. The reasons for this encouraging state of affairs in the economy is that, on the one hand, the SAR Government has positioned our development as leveraging on the Mainland and won the tremendous support of the Central Government, which introduced a series of measures to stimulate the economic recovery, while on the other hand, in finance, logistics, commerce, trade and tourism, Hong Kong possesses unique

advantages and occupies a special position in the entire Asia-Pacific Region, thus giving impetus to economic development in Hong Kong. We must seize the opportunity offered by our country's development in the next 20 years to Hong Kong and step up our development. At the present stage, the Hong Kong economy has just picked up, CEPA has just been implemented and co-operation between Guangdong Province and Hong Kong has just entered a new phase. The co-operation between Shanghai and Hong Kong is also fast catching up and the scope of the individual travellers scheme is being continually expanded. The provision of banking services in renminbi in Hong Kong has added vigor to the finance industry. We have to bring our whole attention to bear on seizing the golden opportunity for development before us, develop new ways of thinking, actively seek new footholds for economic growth and new industries. To accomplish these tasks, it will be all the more necessary not merely for individual departments but for the SAR Government as a whole, and not merely for individual industries but society as a whole, to devote their attention and strive together towards creating the conditions and promoting the development in a better direction. I am convinced that the issues of the greatest concern for the public remain those on economic development, employment and livelihood. To truly make the economy take-off is the greatest expectation that all members of the public have upon us.

Honourable Members, the Basic Law has affirmed that constitutional development in Hong Kong will eventually attain the goal of universal suffrage. This is the consensus between the Central Authorities and Hong Kong, as well as a direction we are all striving towards. At present, what is at issue is the speed and whether we should proceed faster or at a more stable pace. The NPCSC has already made a decision on the methods of electing the Chief Executive in 2007 and the forming the Legislative Council in 2008. We should adopt a pragmatic and positive attitude and embark on the next round of work on constitutional development according to the guidelines that have already been decided by the NPCSC. I hope the SAR Government and Honourable Members seated here can make strenuous efforts hand in hand and from this new starting point in constitutional development, continually draw lessons from the experience of amending the methods of electing the Chief Executive in 2007 and forming the Legislative Council in 2008 and strive steadily towards the ultimate goal through continuous practice.

Thank you.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions raised by Members. In view of the immense public concern over the issues relating to constitutional development and the economic state of affairs in the past few months, the Chief Executive has suggested that Members focus their questions on these two topics. A Member whose question has been answered may, if necessary and for the purpose of elucidation only, ask a short follow-up question.

MR ANDREW WONG (in Cantonese): *Madam President, Mr TUNG, as a common saying goes, "listen to both sides and you will be enlightened, heed only one side and you will be benighted". I am happy to learn from today's newspaper that Vice President Mr ZENG Qinghong is willing to contact and communicate with the pro-democracy camp. However, before that, Mr TUNG, as the Chief Executive of the Special Administrative Region who ought to act as the bridge between the people of Hong Kong and the Central Authorities, should have reflected the opinions of Hong Kong people to the higher authorities. Hence, Madam President, may I thus ask Mr TUNG who were the individuals and groups he met within the last month? How many people has he met? Were issues and views related to the interpretation of law and political reform discussed and heard during those meetings? In what way can Mr TUNG try to avoid being biased and listening only to one side?*

CHIEF EXECUTIVE (in Cantonese): Mr WONG, constitutional development is an important issue both to our country and to Hong Kong. I have heard many different views about this. Now, we people in Hong Kong, no matter the Chief Executive or members of the three-member Task Force, we have our own responsibilities and our respective roles to play in the constitutional development. The Central Authorities has its rights and obligations. We are all working together. I can tell Members — though I may not be able to tell you immediately how many people I have met, whom I have met and how long have I spent with them — I can tell Members that I have met with a lot of people.

MR ANDREW WONG (in Cantonese): *Madam President, will the Chief Executive provide a written reply stating all those people he has met, including both groups and individuals, within the past month, and stating also the occasions on which issues relating to constitutional development and the interpretation of law have been discussed?*

CHIEF EXECUTIVE (in Cantonese): I am very willing to arrange an appointment to discuss the issue with you at my office. Let us talk about it in detail then.

MR AMBROSE LAU (in Cantonese): *Madam President, the rating agency Standard & Poor's confirmed yesterday that it maintained its negative rating on the outlook of the Hong Kong dollar. It also said the rating reflected that the existing political climate might hamper the effectiveness of future government measures targeting at cutting expenditures and opening new resources, taxation reform in particular. May I ask the Chief Executive what measures will the SAR Government implement to reflect accurately to rating agencies and overseas communities our latest situation to allay their worries, and to boost investors' confidence on the economy of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): This time, Standard & Poor's does turn on a "yellow light" to us, so we must handle the situation with care. I think there is much that we can do in various aspects. First, we have to uphold our principle on financial prudence, which I believe our Government is determined to achieve. Second, under the existing circumstances, our targets and directions on eliminating fiscal deficit can be reached eventually. Another point, which is more important, is that people in society holding different views, given the many different views expressed recently on constitutional development in particular, should pull themselves together for rational communication and negotiation with a view to reaching a consensus eventually. All of us should work on these aspects. Third, I know that Financial Secretary Henry TANG is in close liaison with Standard & Poor's, explaining to them the current situation in Hong Kong with a view to easing their worries. We have to work on all these several areas.

MR MA FUNG-KWOK (in Cantonese): *Madam President, Mr TUNG, in the Second Report of the Constitutional Development Task Force and the report submitted by the Chief Executive to the NPC, the nine factors that must be considered during the constitutional development in Hong Kong are listed. I agree to all these factors in principle. Election method is only one of the aspects. Many other aspects, including the clarification of the relationship*

between the Central Authorities and the SAR, operation of the accountability system, relationship between the executive and the legislature, functions of the consultation framework, the role of party politics, training of political talents, studies on public policies and the media environment, should all be taken on board. Only by doing so can we enhance our governance. Now, the Government says that development in these aspects is not fully fledged, however, though it has been quite some time since the reunification, I have not seen the Government putting in too much effort in promoting a full-fledged development of these conditions. For example, two years ago, I suggested that the Government should encourage the development of community think tanks in order to upgrade the standard of its public policies. However, Mr TUNG only said recently that study in this regard would be commenced. Now, may I ask Mr TUNG, since the reunification, what has the Government done to promote the development and maturity of these conditions? Moreover, in the coming days, what will the Government do to facilitate the full-fledged development of these conditions? In what ways will you assess whether or not the development of a certain condition has been fully fledged?

CHIEF EXECUTIVE (in Cantonese): Recently, for the purpose of the constitutional review, we have had many discussions on these questions. The Central Authorities has put forth six principles, and the three-member Task Force, after listening to views from different sectors in Hong Kong and communicating with the Central Authorities, has also put forth nine factors. These factors are very important. Why? Because it is of great importance to our constitutional development that we are able to reach a consensus on these factors. For it is only with such a consensus that our constitutional development can be implemented smoothly. I have to point out that these six principles and nine factors are very important, not only to the governance of Hong Kong, but they also play a crucial role in the eventual development of universal suffrage. Therefore, in the near future, and in the coming years, we must really work hard to do well on these aspects.

MR MA FUNG-KWOK (in Cantonese): *Madam President, I hope Mr TUNG can clarify it a bit more. Despite the non-activities in the past, what will be done in future? What are the specific measures to be adopted to promote the full-fledged development of these conditions? This is very important.*

CHIEF EXECUTIVE (in Cantonese): Let us talk about it item by item, for there are many of them. Let me give an example. In my policy address, I emphasized governance based on a people approach. I attach great importance to staying close to the community, recruiting members of the community to the constitutional framework, involving more professionals to advisory bodies, improving policy making capabilities and enlisting experts to render assistance in policy making. We are now working on such things we need to do. Our work in these aspects will definitely have positive effect on the nine factors, facilitating the training of talents.

MR ALBERT HO (in Cantonese): *Madam President, Mr TUNG, from the end of March to 26 April this year, that is, in less than a month, the Standing Committee of the NPCSC, after thoughtful planning, expeditiously finalized its interpretation on the Basic Law and set up an operating mechanism. After that, the elections by universal suffrage in the year 2007 and 2008 were voted down through the mechanism. The political development of the territory in 2007 and 2008 was required to halt at the present stage, and there was not even an orderly progress. We are of the opinion that this incident on the interpretation of the Basic Law is a play written, directed and performed by the NPCSC. I think the Hong Kong side, including the Chief Executive and the Constitutional Development Task force, has not even been given a supporting role to play, and we were posed as nothing more than some kind of tools in the entire play. I feel that this is a pitiable state. It seems that the NPCSC and the Central Authorities are playing us, the people of Hong Kong, round their palms and fingers. We are deprived of a minimum chance even to express ourselves, or to have discussions on the relevant options to see whether there is the possibility of introducing dual elections by universal suffrage.*

Chief Executive, of course, the target aiming at elections by universal suffrage in 2007 and 2008 is controversial. However, I would like to ask you a question. Have you at least asked the NPCSC to give us a chance to discuss the issue, so that we could express different opinions on the various options on our political system before everything is finalized? Have you done things of this sort? Or, were you forced to play a minor role throughout, and have even been forced to sell out the interests of the people of Hong Kong?

CHIEF EXECUTIVE (in Cantonese): Mr Albert HO, first, you must understand that both I myself and the three-member Task Force are reflecting the views of the people of Hong Kong faithfully according to the facts. This is our responsibility; we will definitely do so. Second, the NPC's interpretation on the Basic Law on 6 April and the NPCSC's decision on 26 April were all reached within the purview of their terms of office. We must face this fact squarely. The NPCSC's decision, according to NPC Chairman Mr WU Bangguo's explanation quoted by me earlier, was made after listening to different views and in the long-term interests of Hong Kong. The NPCSC is being responsible in doing so. This decision is made for the long-term interests of the people of Hong Kong, and has taken heed of different opinions. The Chief Executive and the Task Force have their responsibility, which is to reflect opinions. We have to do what we should. However, I do not understand why you have said that we are selling out Hong Kong, for all along the SAR Government has been protecting the long-term interests of Hong Kong. Perhaps, there is a difference in our points of view and our angles. I think at this time, this is a good approach to protect the long-term interests of Hong Kong and the interests of our country.

MR ALBERT HO (in Cantonese): *Madam President, there is no dispute among us over the issue that the final decision on constitutional development is vested in the Central Authorities. However, as a member on the Hong Kong side, I suppose we should be able to express our opinions with dignity and freedom. Before the NPC's decision was made, we should at least be allowed to express and propose different options to the fullest extent. This is beyond dispute, and the SAR Government should protect our dignity and rights in this respect. Mr TUNG, what I am asking you now is whether you have done up to this point. During this period, as far as I noticed, the Chief Executive quite often avoided the press as far as he could. You did not want to answer those sensitive questions. More often than not, you would just greet the press good morning and go swiftly pass, or you would just repeat some words of the Central Authorities. I do not know how heavy the burden you are bearing when you do so. The question I wish to put to you is: Mr TSANG Hin-chi, a local Deputy to the NPCSC, said that you had talked to and communicated with the Central Authorities before you submitted your report. However, when we were so keen to have a meeting with you, when we hoped that you would find some time to meet the 22 of us, you said you did not have time. Hence, may I thus ask you whether you are really working for us and reflecting the views of the people of*

Hong Kong? Or are you just taking instructions from the Central Authorities? Were you really run out of time completely? Or, are you, just as some newspapers have said, were you only steering the Legislative Council election and assisting only those candidates in support of you to win the election? Can you give a clear explanation in this regard?

CHIEF EXECUTIVE (in Cantonese): Before the Task Force finalized its Second Report, it has listened to the views of the people of Hong Kong and has communicated with the Central Authorities. That is the communication with the Central Authorities as mentioned by Mr TSANG Hin-chi, a local Deputy to the NPCSC. Regarding this incident, we have stated it openly. This is the first point.

Second, I remember I have received a letter from you requesting for a meeting with me. In fact, an arrangement has been made in the first instance. I am very willing to meet with you all. However, here, I have to stress, the meeting and the letter I wrote to the NPCSC in Beijing are two different issues. That letter is written with one and an only aim, and that is, given the interpretation of the Basic Law on 6 April, I consider we have to obtain the consent of the NPCSC if we wish to kick off a review on our constitutional development. That is why I wrote that letter. My letter is basically written out a concern for this. The request stated in your letter is about the work we should do at this stage if we could obtain the consent from the NPCSC, which is a totally different issue from that.

MR NG LEUNG-SING (in Cantonese): *Madam President, basically, I agree that we have enjoyed greater dignity and freedom in expressing our views after the reunification. May I ask Mr TUNG: six Members of this Council, including the President, are returned by the Election Committee, an election committee set up in accordance with the Basic Law. Members of the Election Committee come from different sectors and all walks of life, many of them, including the ex-officio members of the Election Committee in this Chamber, are directly elected, while some are elected indirectly. In the future constitutional review, regarding this 800-member Election Committee, an institute with statutory status and representation, in what way will Mr TUNG further enhance their active participation in constitutional review and such effect?*

CHIEF EXECUTIVE (in Cantonese): I feel that these 800 persons have really been able to carry out their functions in many different aspects, as well as in the constitutional review. The best way is for me and my colleagues to meet with them and talk to them more often. We will do that.

MR NG LEUNG-SING (in Cantonese): *Thank you for your reply. I believe that the 800 representatives would certainly feel glad about this, but what they are more eager to know is whether a more specific timetable and order of business on the relevant work can be set. Since they are representatives elected from different trades and industries, they do have their own commitments. Like Mr TUNG, they are working for the development of our economy and of the various trades and industries. Can more specific explanation in this respect be given to members of the committee later, so that they can have a clearer picture?*

CHIEF EXECUTIVE (in Cantonese): This is what we are going to do next. This is what we will do.

MR TOMMY CHEUNG (in Cantonese): *Madam President, Mr TUNG, in the policy address, you undertake to strive at providing more opportunities for middle-class people to participate in and have discussions on politics, and to appoint more middle-class people to statutory consultation bodies. However, up till last month, the Government only said that the relevant proposal was still at the initial stage of concept formation. Why is progress in this respect seems to be relatively slow? Will Mr TUNG inform us of the next specific target he has set for expediting the progress in order to fulfil his undertakings as soon as possible?*

CHIEF EXECUTIVE (in Cantonese): I am also very dissatisfied with the slow progress. We do need to press ahead in this respect; we will press ahead as far as possible.

MR TOMMY CHEUNG (in Cantonese): *Mr TUNG, do you have a timetable for "pressing ahead" in this respect? Is this measured in terms of months or years? (Laughter)*

CHIEF EXECUTIVE (in Cantonese): Definitely in terms of months. Very definite, I should say.

MISS CHOY SO-YUK (in Cantonese): *Madam President, the question I would like to put to Mr TUNG is: at present, legislation on listed companies in Hong Kong does not require enterprises to publicize any report on their social and environmental responsibilities upon and after they are listed, acquired or merged. May I ask Mr TUNG whether he thinks that this is over-indulging these companies, and whether this will undermine Hong Kong's status as an international financial centre? This may also be unfair to minority shareholders, for they know nothing about the possible environmental responsibilities and costs that these enterprises may have to undertake in future when they buy the shares of a certain enterprise.*

CHIEF EXECUTIVE (in Cantonese): As at the end of last year, the total number of listed companies in Hong Kong has exceeded 1 000, a 50% increase compare with that of six years ago, that is, before the reunification. This is quite good in terms of figures. This year, another 85 companies are likely to be listed. Thus, our status as an international financial centre is secure.

The second point is, according to my own experience, any company showing forth a high degree of accountability, actively participation and devotedness to community affairs, be it a listed company or not, will win the acknowledgement of its customers and staff as a good company. If a company displays a highly responsible spirit in environmental protection, it will win the support of its customers and staff members. Therefore, in determining whether or not a company is good, one need not consider other aspects but only to judge it from the previously mentioned aspect.

Members may of course say that these are means relying on self-discipline. As for whether there is a need for corporate governance and securities regulation to do these things, I think it would be better to leave it to the trade as well as the Securities and Futures Commission (SFC) to study and handle the matter.

MISS CHOY SO-YUK (in Cantonese): *Madam President, in fact, major financial centres around the globe have also imposed these requirements on listed companies. May I ask Mr TUNG whether he considers these*

requirements, the guidelines and requirements proposed by the Government in this respect, are in the interests of Hong Kong in promoting its status as a financial centre?

CHIEF EXECUTIVE (in Cantonese): We will undertake anything that is in the interests of Hong Kong in promoting its financial status. I will convey your opinion to the SFC so that they can conduct further review.

MS LI FUNG-YING (in Cantonese): *Madam President, on an occasion when celebrations of the Labour Day on 1 May were held, Mr TUNG, you expressed your grave concern over the long working hours and low wages of workers of outsourced services, and said that measures would be taken to protect their rights. I am worried that the Government would only sound great in words but would be utterly incapable when it comes to real work. Will you state clearly the effective measures you will implement to protect their rights, whether a timetable has been set for the implementation?*

CHIEF EXECUTIVE (in Cantonese): Ms LI, I know you will ask about this today. *(Laughter)* I would like to tell you — I do not want to be as embarrassed as I was just now when I was confronted by Mr Tommy CHEUNG's question. Let me tell you, we start to implement these measures on 6 May, that is today, and the relevant government departments have already issued guidelines on this. We are determined to implement these measures.

MS LI FUNG-YING (in Cantonese): *Madam President, it seems that Mr TUNG is saying this in a simple way, those measures are to be implemented today. What I have wished to ask him is what are the effective measures to be implemented; and he said those measures would be implemented today, how are they going to be implemented? Will consideration be given to legislate to protect the reasonable wages payable to the labour side and restrict the maximum working hours of grass-roots workers; will this be implemented via the enactment of legislation?*

CHIEF EXECUTIVE (in Cantonese): We have informed the relevant government departments in the form of guidelines that all contractors of

outsourced services must accept these requirements. What are these requirements? These include the making use of the median wages of non-skilled workers, cleaners for example, as the basis for calculating worker wages. Working hours should also be arranged in accordance with the median figure specified by us. We have already issued such guidelines to all departments requesting them to put them in practice. They must follow the relevant rules in reaching any new contracts, implementing the guidelines strictly.

DR LAW CHI-KWONG (in Cantonese): *Madam President, I wish to raise a question about health and welfare. Mr TUNG, you may remember a quadriplegic patient, the boy "Pun", as the press called him. He once indicated to the Government and legislators that we should resume the discussion on the issue of euthanasia. However, Mr TUNG, I have no intention to seek your views on the legal aspect of euthanasia. Nevertheless, Pun's story tells us that to quadriplegic patients like him, the existing medical and welfare measures can neither provide them with adequate means to maintain the basic quality of life nor enable them to feel the significance of life. May I ask Mr TUNG, what is your view on this issue? How will the Government help these people in order to enable them to enjoy the basic quality of life, and in so doing, allow them to feel the significance of life?*

CHIEF EXECUTIVE (in Cantonese): Dr LAW, I very much sympathize with "Pun", and I feel that everyone of us in society should make more efforts to take care of "Pun" and other people who have the same problem. As for euthanasia, I have my own personal view, but it is probably quite controversial. I can only say that as far as the stance of the Government is concerned, I believe the authorities concerned are putting in their efforts right now, but they can always do better, be it in terms of resources or manpower, and we should do more to show our concern for these people.

DR LAW CHI-KWONG (in Cantonese): *Madam President, just now when I put the question to Mr TUNG, I actually wished Mr TUNG could explain the objective of the Government. Certainly, we can always do a little bit more, but should our objective comply with a certain set of fundamental principles, that is, to enable these people to have the so-called value and quality of life of basic existence: I believe that Mr TUNG will not understand the fact that any person*

suffering from total paralysis will find it very difficult to communicate with the outside world, hence it will be impossible for him to feel the significance of life. Mr TUNG, how will you go about to position government policy in this respect?

CHIEF EXECUTIVE (in Cantonese): Dr LAW Chi-kwong, I reckon that if you are going to discuss the fundamental direction of the relevant policy, then we should start tackling the issue of euthanasia at the root, we have to start from that perspective and conduct the discussion step by step. This is a good question though, and I think we should carry out more reviews in this respect to see what we can do to help boy "Pun" to put life together again.

MRS SOPHIE LEUNG (in Cantonese): *Mr TUNG, it is now a fashionable trend to talk about regional integration and development and we often say that we have to cultivate our roots in Hong Kong, leverage on the Mainland and engage ourselves globally, and there is also talk on the Mainland of the development of the pan-Pearl River Delta (pan-PRD) Region. From this angle, Mr TUNG, what do you think should be the road that we take? And what role should Hong Kong play? In the whole process of integration, what role should we assume and what attitude should we adopt? How should we forge ahead proactively?*

CHIEF EXECUTIVE (in Cantonese): You mean the pan-PRD, is that right?

MRS SOPHIE LEUNG (in Cantonese): *Yes, Mr TUNG.*

CHIEF EXECUTIVE (in Cantonese): In March this year, when the NPCSC convened its meeting, I had dinner with Secretary ZHANG Dejiang and we held an extensive and preliminary discussion on the concept of a pan-PRD Region. The pan-PRD Region comprises nine provinces and the two Special Administrative Regions of Hong Kong and Macao, which is known as the "Nine Plus Two" arrangement. Guangdong Province has taken the lead for these nine provinces, with the other eight provinces surrounding it. These provinces include further-flung ones such as Yunnan and Sichuan and they have a total population of 350 million people. This is a market with huge potentials. In the future world, regional economic development is the road that must be taken.

Shanghai will join hands with the Yangtze River Delta, whereas Hong Kong will join hands with the PRD Region. The scope of the PRD Region has now been extended further afield to include the pan-PRD Region. From Hong Kong's viewpoint, there is a positive significance for Hong Kong, no matter it is in the opportunities for the various professions or for logistics and investment. From our viewpoint, what matters most is active participation, and not just active participation but proactive participation in this event. Developing the pan-PRD Region is the next step in the development of the PRD Region. The Chief Secretary for Administration, Mr Donald TSANG, will also pay further attention to this item. Of course, planning preparations are now underway, so no announcement has yet been made. However, I can tell Members that Guangdong Province and the Central Authorities attach great importance to this matter. In the near future, we will launch this event as soon as possible to allow the whole society and Members to have a better understanding of this matter, arrive at a greater consensus and participate in this matter. You can see that we will have the active support of the other nine provinces, and Macao and the Central Authorities will also actively support us in dealing with this matter.

MRS SOPHIE LEUNG (in Cantonese): *Mr TUNG, since we have already set down such a direction, is it possible for the authorities to unveil some of the orientations with regard to the concepts at an early date, so that society and members of the public can have more discussions and explore the decisions that should be made with regard to the road to be taken by their industries, in order that they can proactively take corresponding actions in advance and at an early time, rather than wait until the whole framework or the relevant concepts have been implemented before taking any action?*

CHIEF EXECUTIVE (in Cantonese): Mrs Sophie LEUNG, in fact, matters such as those concerning the pan-PRD Region are major ones and have long-term effect on the economic development in Hong Kong, therefore, all of us have to face it positively. You are right in saying that we have to put forward the relevant events early so that society as a whole can take part early. We are now making the preparations. What are the issues involved? Frankly speaking, we have recently devoted a great deal of energy to constitutional development and the Government's attention and everyone's (including the Chief Secretary for Administration, Mr TSANG's) attention has all been directed towards constitutional development, so a lot of other matters have been delayed. Therefore, I have said just now that apart from the political systems, it is really

necessary for us to pay attention to the economic sphere and see how we can find new footholds for growth, how the economy can be taken forward and to new heights. These are in fact the urgent tasks at hand for us. It is right of you to remind us and we will work on this even more actively.

MR LAU KONG-WAH (in Cantonese): *Madam President, in the report submitted to the Central Authorities by Mr TUNG, one of the points raised is that there is a lack of political talents in Hong Kong. I believe all of us understand that political talents will not simply fall from the sky. I think one of the approaches is perhaps for some people to take part in an election, be given the opportunity to take up posts of governance and in this way groom them. However, the present reality in Hong Kong is that, to take the Chief Executive or the accountable officials as an example, those in posts of governance do not have any experience of being elected by universal suffrage. On the other hand, popular representatives returned by universal suffrage may not have a lot of opportunities or even none at all of being groomed to take up posts of governance. Therefore, may I ask Mr TUNG if he finds such a situation desirable? Do you agree that Hong Kong is landing itself in a political dilemma? In the remaining years of your tenure, how are you going to create opportunities to improve the present dilemma?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, when I assumed my second tenure as the Chief Executive, I have put forward the focuses of my work in my second tenure as the Chief Executive. The first is the promotion of economic development and in 2002, that was a particularly pressing task. The second is to find ways to improve governance while the third is to take forward future constitutional development. These three tasks are my focuses. You may have forgotten about them but that was what I said at that time.

In terms of economic development, we are making good headway. However, with such good opportunities and momentum, our attention must in no way be distracted by other factors such that we would neglect this business of the economy. We have to be pay close attention to the sustained growth of the economy.

With regard to constitutional development, the process has been activated. Of course, I know that some friends are not very satisfied with present developments, but I wish to make an appeal to everyone. Constitutional issues

calls for discussions and deliberations and the reaching of a consensus among ourselves. I also hope that all of us can take forward constitutional development together.

Thirdly, when I talked about governance just now, I mentioned making improvements to governance. I wish to tell Members that improving governance is the emphasis of the work undertaken by me and all principal officials. Since 1 July last year, we have carried out a lot of evaluations and reminded ourselves that we had not done well in some areas and how we can do better. I hope you can also see that of late, we have been making progress although we still have to continue to work hard and do better. However, in the course of improving governance and making observations, we found that an area in which we could have done better is precisely the issue of talents that Mr Tommy CHEUNG has raised with me. How can political talents be nurtured? Apart from the Legislative Council and the District Councils, another channel for nurturing political talents is through participation in our advisory framework. How can we identify more professionals and people who aspire to serving society for joining the various advisory bodies? On the one hand, they are really of assistance to us, on the other hand, their desire to take part in social affairs and their experience in this regard can be nurtured. This is the work that we must undertake. Therefore, as far as nurturing talents is concerned, we can work on several areas and we will do so actively. In addition, I of course also wish that the professional and commercial sectors can take the initiative to train up more political talents who will come forward and take part in politics.

MR LAU KONG-WAH (in Cantonese): *Madam President, the Chief Executive has set down his direction and made efforts. I also hope that he will be able to accomplish these tasks in the coming years. I want to follow up something with the Chief Executive. With his seven years of experience in governance, what advice will he offer to anyone who aspires to become the Chief Executive of the next tenure (that is, the third tenure) concerning how he should go about building his team of political talents?*

PRESIDENT (in Cantonese): Mr Chief Executive, Mr LAU did not mention the third tenure in his original question. However, you can reply in whatever way you like. *(Laughter)*

CHIEF EXECUTIVE (in Cantonese): This is a sensitive question and I will answer it in due course.

MR LEUNG YIU-CHUNG (in Cantonese): *When Mr TUNG gave a reply to Mr LAU Kong-wah just now, he said that it was necessary for all of us to engage in discussions and deliberations and reach a consensus on constitutional reform. I believe that every Honourable colleague seated here and even the great majority of members of the public in Hong Kong will agree with this approach. However, has Mr TUNG noticed that when Hong Kong people are disappointed by the NPCSC's imposition of a death penalty on introducing universal suffrage for the two elections in 2007 and 2008, they are also feeling very angry at the same time. What are they angry with? They are angry because the procedure before the imposition of this death penalty had indeed run counter to the normal procedure that the great majority of Hong Kong people are familiar with. What was unusual was that before the NPCSC made its decision, there was no attempt whatsoever to try to engage the general public with a consultation procedure with an open and rational attitude, nor was the general public involved in any deliberation or discussion. What we saw was a scenario of making a decision in the fashion of "cutting the Gordian knot" within a period of less than a month. This made us wonder if the rule of law and the openness hitherto prevailing in Hong Kong are actually being replaced by the rule of man and an autocratic approach like those in China? At present, the public have a feeling of great unease, as well as emotions and feelings that they have difficulty coming to terms with. Can Mr TUNG feel the same? Can Mr TUNG see that at present, no matter if it is the Central Government or the SAR Government, public confidence in them has been seriously eroded? Does Mr TUNG know where the crux of the matter lies? Is it precisely because this system favouring deliberation, discussion and consensus has collapsed?*

CHIEF EXECUTIVE (in Cantonese): What I am thinking is, what kind of a question is this? The NPC and the NPCSC has the responsibility and power to make this decision. I have repeatedly stated that I had seen what the Chairman, WU Bangguo, had said. The decision made by the NPCSC this time is for the long-term interests of Hong Kong and this matter was dealt with in a responsible manner. I believe that no matter it is the NPCSC or Hong Kong, these decisions are always made for the fundamental and long-term interests of Hong Kong. I know that Mr LEUNG is disappointed and I also know that there are

other people who were disappointed. However, I can also see that the number of people who approve of and understand this action taken by the NPC is on the increase because everyone can actually see that in Hong Kong, a great deal of controversy and serious social division have taken place over this matter. In making its decision, the NPCSC has taken into account the actual circumstances and listened to a lot of views. What is the appeal that I want to make? It is to co-operate and seek a consensus on the elections of the Chief Executive and the Legislative Council in 2007 and 2008 in the hope of taking forward constitutional development within the confines of the decision made by the NPCSC.

I wish to stress once and again that the Basic Law prescribes — and the Central Authorities and we have also intended it to be — that the ultimate goal is universal suffrage. The contention we have now is over whether we want to go faster or more steadily. This is what the issue is all about. I believe all of us are involved in this argument for the good of Hong Kong. The most important thing is we have already taken the first step. After taking the first step on the new basis as at present, we have to take a look at the second step to see how to head towards the ultimate goal. If we do not take the first step but merely stand still, it will not do.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, Mr TUNG kept saying that mainland officials made the decision for the sake of Hong Kong's long-term interests. I wish to ask Mr TUNG what if the pro-democracy camp, in expressing all these views, are really anti-China and causing chaos in Hong Kong, rather than having the long-term interests of Hong Kong in mind, as you people have charged in your criticisms? If Mr TUNG agrees that we are all working for the long-term interests of Hong Kong, then we already have a consensus, do we not? If we have a consensus, then why did he refrain from arranging discussions with us each time before the NPC made its decisions but merely notify us and debrief us each time after a decision had been made? Did Mr TUNG make any efforts to allow us to have the opportunities to express our views in the course of his work in the past, or did he just keep debriefing and notifying us together with mainland officials?*

CHIEF EXECUTIVE (in Cantonese): Communication is in fact very important. We have always tried to create more opportunities for communication. Mr LEUNG said that I gave debriefings, in fact, however, I did not debrief you.

MR LEUNG YIU-CHUNG (in Cantonese): *Mr TUNG, I do not.....*

CHIEF EXECUTIVE (in Cantonese): We really have to understand more about the viewpoints and angles of the Mainland and the Central Authorities and their intentions, and so on. We have the same intention in that we are all working for the good of Hong Kong, but we have to see the viewpoints and angles first.

MR JAMES TIEN (in Cantonese): *Madam President, Mr TUNG, I wish to ask a question in relation to Standard & Poor's lowering the outlook on the local currency rating to negative few days ago. In fact, our economy shows significant improvement in recent months as the budget deficit reduces substantially by tens of billion dollars, the unemployment rate improves and the deflation narrows. Generally, these economic factors will strengthen the rating of Hong Kong dollars, but their major argument was political instability, whilst they did not mention the issue of the 2007 and 2008 universal suffrage, and only said that in general, members from the democratic camp seemed to have adopted a confrontational approach towards Mr TUNG on whatever issue. However, in fact, one can feel that this is not the case in other policy areas the legislature deals with. For example, various panels of the Legislative Council have passed a number of legislation relating to people's livelihood, employment and economic development, and they have in fact given you their support in many of these areas. Why does the Government not consider enhancing communication with them when these rating agencies announce their surveys or even before these announcements are made? Besides Secretary Henry TANG, other principal officials may as well communicate with them and tell them in spite of some political differences between the Government and members of the democratic camp, they have in fact supported the Government in many policy areas. I believe that these people will certainly ask members of the democratic camp again, and they will get a positive answer that the democratic camp supports most government policies such as the Individual Travellers Scheme and CEPA. Please do not give overseas' countries an impression that Hong Kong seems to have been thrown into a chaos, and perhaps something sensational even, especially at the time that our economy begins to recover. If foreign investors really have an impression like this, then it would really cause a negative impact on people's livelihood and employment.*

CHIEF EXECUTIVE (in Cantonese): Mr TIEN, I know Secretary Henry TANG is working in this respect. He has not only met representatives of the Hong Kong offices of these rating agencies, but has also visited their headquarters and explained to them in person. Mr TIEN is right, the figures in Hong Kong today are indeed exceptionally good. This year, the number of inbound travellers may go beyond 20 million. The number exceeding 20 million is a historical high. Thirty new hotels are being constructed and are expected to be completed between now and 2007, while 45 applications are pending approval. All of these are good signs to boost our economy. For that reason, as to tourism, we have been successful in launching the Individual Travellers Scheme. I am looking at Ms Miriam LAU, the logistics sector sees decent growth. Last year, the growth in our container throughput has ranked us number one in the world. We have been number one for 11 years within the past 12 years. With regard to air cargo, the 2.65 million tonnes cargo throughput makes our airport the busiest airport in the world. In fact, there is growth in every aspect with regard to all of the data, and the development is fairly encouraging. With regard to the position of Hong Kong as a financial hub, I have just explained that, so I am not going to say anything about it now. Last year, even under the attack of SARS, the number of new branches of foreign firms opened in Hong Kong had gone up 11%, that is, we have more than 500 new companies. Under CEPA, I think the figure will increase significantly. As to convention and exhibition, Hong Kong also ranks number one in Asia. Hence, we can achieve good results in many areas, and these many areas would in turn provide impetus to improve our economic condition. In addition, we have the staunch support of the Mainland, thus we should do more visits and explanations, and we should contact those rating agencies more in order to explain our condition to them. Of course, we have to face the problem of budget deficit as it has to be solved sooner or latter, but I am confident that we could achieve that in 2008-09 because our economy is recovering. Mr TIEN is right, we have to exert more efforts in this respect, I hope Members will also defend the SAR by going outside and doing more lobbying work.

MR JAMES TIEN (in Cantonese): *Madam President, I wish to thank Mr TUNG for his views. The keynote in my question hinges on the fact that the Government should explain clearly to foreign rating agencies that it was in fact the support and recognition of the democratic camp that have contributed to the success made by Hong Kong in these areas. It is important for the international community to take note of this message instead of passing on those negative news about political rows.*

CHIEF EXECUTIVE (in Cantonese): We will do that. However, I wish to tell Mr TIEN one more thing. That is, these rating agencies do things in a rather different manner, for example, they would show concern for the macroeconomic management in the Mainland. They have their own views and ideas. If we take a look at the macroeconomic management in the Mainland, we can see that the measures are properly executed. I am confident that the macroeconomic management would achieve success, but these people do not care and they are of the opinion that there will be problem as long as the Mainland implements macroeconomic management. Similarly, we have a budget deficit problem; what the Democratic Party will do in future will give rise to problems again. Everything has to become reality before they will be able to see something out of it. This is their mode of operation. We would definitely offer as much explanation as we can and do things as satisfactory as possible. Another example is, certain corporations have started to adjust their ratings downwards in view of possible interest rise. Interest rate has not gone up yet for the time being, there is only a possible rise and we do not know to what extent it will go up. They are working by this way of estimation beforehand. Nevertheless, we will try our best to accomplish the tasks in this respect.

MR JAMES TO (in Cantonese): *Madam President, Mr TUNG, as the Commander-in-Chief in the fight against last year's SARS outbreak, you have taken part and made decisions directly in respect of a number of important decisions. Right now the Legislative Council is conducting a hearing to acquire an understanding on the development of the epidemic and the truth behind the incident. Mr TUNG, may I ask you whether you have taken the initiative to appear before the hearing of Legislative Council with a view to explaining the entire incident and accounting for the responsibilities? In late February, the Director of the Chief Executive's Office, Mr LAM Woon-kwong, wrote to the Select Committee stating the reason of constitutional inappropriateness and seemingly declined the request for the Chief Executive's appearance on his behalf. May I ask Mr TUNG, do you agree that your appearance at the hearing would be constitutionally inappropriate? I just wish to hear about your views. Does it mean that the constitutional system of Hong Kong only allows you, Mr TUNG, to be accountable to the Central Authorities instead of the public or the Legislative Council as elected by the public?*

CHIEF EXECUTIVE (in Cantonese): I very much take note of and respect the work of the Select Committee. I know that a number of government officials have appeared before the hearing and provided evidence and information, Mr LAM Woon-kwong has also appeared before the hearing on my behalf. Mr TO, viewing from the constitutional perspective, my appearance should really be inappropriate. Nevertheless, I understand the views and needs of the Select Committee, and for this reason, Mr LAM is negotiating with Dr LAW Chi-kwong right now, hopefully an appropriate arrangement can be made so that we could sit down together and discuss the matter.

MR JAMES TO (in Cantonese): *Madam President, can Mr TUNG explain in greater detail on what basis does he find it constitutionally inappropriate? Is it just as I have said, he would only be accountable to the Central Authorities instead of members of the public of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): That is not the case, nevertheless, there is the view that it is considered constitutionally inappropriate. Therefore, I hope we can find some other alternatives which could help us achieve the same objective.

MR JAMES TO (in Cantonese): *Madam President, can Mr TUNG explain in greater detail about the meaning of the term "constitutionally"? Can Mr TUNG explain what does "constitutionally inappropriate" mean?*

PRESIDENT (in Cantonese): Do you wish the Chief Executive to further elaborate that?

MR JAMES TO (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): Please take your seat first. Mr Chief Executive, do you have anything to add?

CHIEF EXECUTIVE (in Cantonese): I have nothing to add, but I can let you read a report concerning how constitutionally it is inappropriate. In fact, we have written to the Legislative Council on that subject.

PRESIDENT (in Cantonese): Mr Chief Executive, it is now 4 pm and you have answered questions raised by 14 Members, but 11 Members are still waiting to raise their questions.

CHIEF EXECUTIVE (in Cantonese): I will answer three more questions.

PRESIDENT (in Cantonese): Good.

MR CHAN KAM-LAM (in Cantonese): *Madam President, Mr TUNG, last year China's space mission delegation visited Hong Kong and aroused much interest from the people of Hong Kong in the development of China's space programme. I have also learnt that right now China is selecting a number of the so-called top-notch people from all over China to undergo a space training programme. Mr TUNG, if we suggest to the National Space Administration that it should pick some talented people from Hong Kong for the training, will you support that idea?*

CHIEF EXECUTIVE (in Cantonese): I think that is surely a good thing, is it not? It is surely a good thing. You bring up the idea and we will give our support.

MR CHAN KAM-LAM (in Cantonese): *Madam President, I have a dream, I am not sure whether it will come true, but Mr TUNG's help is required to achieve it. If we make the suggestion, will Mr TUNG mark his endorsement on our petition?*

CHIEF EXECUTIVE (in Cantonese): If you have an idea in this respect and the means to achieve the goal, I will do that. Let us put in our efforts together.

DR DAVID CHU (in Cantonese): *Madam President, Mr TUNG, I believe you will agree that with regard to political reform of Hong Kong, one major problem is the absence of trust between the SAR and the Central Authorities. The problem is still there even though Hong Kong has been reunited with China for almost seven years. In your capacity as the Chief Executive, Mr TUNG, will you consider yourself partly responsible for that, and in your capacity as the Chief Executive, what will you do to alleviate or eradicate this problem?*

CHIEF EXECUTIVE (in Cantonese): Dr CHU, I have not given you a call, but you should be more careful next time, if you still wanted to parachute at such an old age. *(Laughter)*

The case is, as I have explained earlier, so far as the development of Hong Kong was concerned, no matter it is economic or constitutional development, the role of the Mainland was decisive. For that reason, we should cherish an extremely good relationship with the Mainland, and that relationship is established on a basis of mutual trust and respect. In this respect, we actually have to fulfil a great deal of tasks. As to these issues, the Government in fact has its own ideas and views, perhaps I can share them with you. For example, it is mentioned in one of the paragraphs that the harmonious relationship between the Central Authorities and the SAR should be built on a foundation of mutual trust, mutual respect and mutual understanding. The people of Hong Kong should obtain a better understanding of the international environment that China is facing, the determination of China to maintain its sovereignty and territorial integrity, the opportunities and challenges that China meets in the course of development, the importance of national security and stability to the entire population of China, the opportunities and obstacles that the Chinese race meets on the road to prosperity, wealth and power, and the impact of development of democracy in Hong Kong on the Central Authorities, national interests, as well as the safety and danger and well-being of our mainland comrades. If the people of Hong Kong can passionately take the initiative to show concern and support for the development and progress of China and our mainland comrades from an apprehensive angle, the relationship between the Central Authorities and the SAR will be significantly improved, or one may say that it will help enhancing such relationship. I believe these words are worthy of our further thoughts.

Moreover, I would like to mention that harmonious relationship between the Central Authorities and the SAR comprises several aspects, I have explained one of them just now. As to another aspects, for example, we should accept and show respect for the basic policies of "one country, two systems", and observe the requirements and standards imposed on the SAR and the people of the Hong Kong. As we enjoy various privileges and rights under "one country, two systems", we should at the same time accept the terms and conditions imposed on us under "one country, two systems". We should understand these aspects, and then we could at least build up mutual trust gradually from a certain perspective. Similarly, I also hope that we can improve communication in this respect through enhanced communication and visits between the two sides.

PRESIDENT (in Cantonese): Dr David CHU, do you wish to raise a supplementary?

DR DAVID CHU (in Cantonese): *Madam President, I wish to clarify that before I raise my question, I have not informed anybody of that. Moreover, this time around, I have made a soft landing when I parachuted, and I hope the constitutional reform of Hong Kong can make a soft landing too.*

CHIEF EXECUTIVE (in Cantonese): What did he say that the Government can make, too?

PRESIDENT (in Cantonese): It is soft landing.

CHIEF EXECUTIVE (in Cantonese): I see, soft landing.

PRESIDENT (in Cantonese): This is the last question.

CHIEF EXECUTIVE (in Cantonese): I am sorry, Dr CHU, your Cantonese is still not that well articulated. *(Laughter)*

MR WONG YUNG-KAN (in Cantonese): *Madam President, I wish to ask a question which our trade feels very much concerned about. That is, since its outbreak in this January, avian flu has haunted Hong Kong as well as the rest of the world. I wish to put a question to the Government, for even though the importation of live chicken from the Mainland has been resumed now, the quantity is still somewhat limited, thus the price could hardly be adjusted downward. Some members of this Council thought that chicken farmers have lifted the price, but in fact the reason was that supply fails to meet demand, that is, the price hike is attributed to the short supply of chickens. May I ask the Chief Executive whether he will discuss with mainland officials about the resumption of normal importation of live chickens, so that the public will not have to bear the high costs of chickens?*

Furthermore, with regard to this issue, on 21 March this year, I have joined a delegation of the fishery and agricultural sector to Beijing, and mainland officials said to us that the Central Authorities supported all sectors in Hong Kong, including the fishery and agricultural trade, but the most important thing is whether or not the SAR Government has a long-term policy to maintain the survival of folks in the fishery and agricultural sector. With regard to this issue, will the Government draw up a long-term fishery and agricultural policy to help the sector to stay alive?

CHIEF EXECUTIVE (in Cantonese): The outbreak of avian flu and atypical pneumonia in other Asian regions this year is a wake-up call to us, which is in fact another wake-up call and a reminder to us. What makes me very happy is that since our colleagues in the Government have learnt a lesson from our experience in handling atypical pneumonia and avian flu in the past, our performance this time around is quite satisfactory. In fact, we should have in place an agricultural policy. Moreover, there should also be a long-term policy with regard to the importation of live chickens from the Mainland and how it should be implemented. On what basis should these policies be built? Social security and the well-being of society should form the main part, and we should promote any policy on such a basis. I know Secretary Dr YEOH is working hard in this respect to see what long-term policies could be formulated. I believe he will discuss that with the trade then. I know we have discussed some of our interim ideas with the trade.

MR WONG YUNG-KAN (in Cantonese): *Madam President, I am glad to hear from the Chief Executive said that a policy will be made, but when will this policy be implemented? Can we be given a timetable?*

CHIEF EXECUTIVE (in Cantonese): I have to ask Secretary Dr YEOH to give you a reply on this question separately, I am sorry about that.

PRESIDENT (in Cantonese): I wish to thank the Chief Executive for replying questions raised by a total of 17 Members. This is the third Question and Answer Session of the Legislative Council you have attended within the current Legislative Session, and there will be another Question and Answer Session before the end of the current Legislative Session.

The Chief Executive will now leave the Chamber. Will Members please stand up.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 12 May 2004.

Adjourned accordingly at ten minutes past Four o'clock.