

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 18 May 2006

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

THE HONOURABLE ALBERT HO CHUN-YAN

DR THE HONOURABLE RAYMOND HO CHUNG-TAI, S.B.ST.J., J.P.

THE HONOURABLE LEE CHEUK-YAN

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

THE HONOURABLE BERNARD CHAN, J.P.

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

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

THE HONOURABLE WONG YUNG-KAN, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

THE HONOURABLE LI FUNG-YING, B.B.S., J.P.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE FREDERICK FUNG KIN-KEE, J.P.

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

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

DR THE HONOURABLE JOSEPH LEE KOK-LONG

THE HONOURABLE DANIEL LAM WAI-KEUNG, B.B.S., J.P.

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

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

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE CHEUNG HOK-MING, S.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, B.B.S.

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE ALBERT JINGHAN CHENG

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

MEMBERS ABSENT:

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

THE HONOURABLE LI KWOK-YING, M.H.

THE HONOURABLE MA LIK, G.B.S., J.P.

THE HONOURABLE LEUNG KWOK-HUNG

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE RAFAEL HUI SI-YAN, G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

PROF THE HONOURABLE ARTHUR LI KWOK-CHEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

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

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, I.D.S.M., J.P.
SECRETARY FOR SECURITY

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

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

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 DONALD TSANG YAM-KUEN, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT (in Cantonese): Members will please remain standing while the Chief Executive enters the Chamber.

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

CHIEF EXECUTIVE (in Cantonese): Madam President, thank you for giving me an opportunity to meet Members again, especially on a blue-sky afternoon.....I cannot find the microphone.....I see, this is it.....before taking questions from Members, I would like to talk about the economic development of Hong Kong. Sustaining economic growth is indeed a subject of much concern to the SAR Government and the community at large.

The overall economy of Hong Kong has recovered and is now in the best shape it has been in for years. Given this more favourable environment, we must look to the way forward to improve the well-being of the community, to maintain our competitiveness and to map out plans for our long-term development. Hong Kong is a highly open economy. We must be responsive to external economic changes and adjust ourselves to harness the challenges and opportunities brought about by globalization, regional integration and the rapid development on the Mainland of China.

The country has achieved remarkable results in modernization from its reform and opening up policy, emerging to become a great economic force in the global economy. Over the past 25 years, China's GDP has sustained a stunning average annual growth of 9%, lifting 220 million people out of poverty between 1978 and 2005. This is hailed as a world economic miracle.

The country implements the 11th Five-Year Plan (FYP) this year to keep the macro-economy on a fast and steady course. Its GDP is expected to grow at an annual average rate of 7.5% to reach Renminbi (RMB) 26.1 trillion yuan (about US\$3.2 trillion) by 2010. The total volume will make China rank third in the world. China's import and export value totalled at US\$1.4 trillion in 2005, is estimated to rise to US\$2.7 trillion by 2010. Few people in the world now remain sceptical about China's ability to realize this growth in the coming five years. In fact, this growth rate is relatively conservative and its growth momentum is beyond doubt. The FYP also outlines the new modes, new

targets and objectives of the national development, bringing significant changes to the environment that we have known well over these two decades. A whole new situation will arise.

When I last came here in end of March, many Members asked about how the FYP would impact on Hong Kong. Meetings of the Commission on Strategic Development have also included discussions on the FYP. We regard the principles and contents of the FYP very highly. The SAR Government gave its views to the Central Government last year while the FYP was being formulated. I have been thinking a lot about the FYP over these weeks after the release of the Budget and reckon its realization would have a great impact on our prevailing economic development track and strategies. We should reconsider our follow-up actions to the FYP.

First, the FYP spells out the improvement of the existing floating exchange rate system and the gradual realization of full convertibility of RMB transaction of capital items. Comprehensive reforms will be conducted in financial institutions, including banks and insurance companies, while capital markets of equities and bonds will be actively developed. Naturally, the fast economic growth within the period of the FYP will involve a huge capital flow and entail a surging demand for financing services. The RMB is becoming more influential in global markets, while our national foreign reserve now amounts to over US\$700 billion. All sides of the international financial community are eyeing the China market, and competition is fierce in this new area.

Second, the transition period after China's accession to the World Trade Organization (WTO) will end this year. The FYP emphasizes the objective to drive growth by expansion of domestic demand, in particular, consumption demand, and policies will be improved to create a favourable environment for consumers. The increasingly affluent society on the Mainland has become a priority market for many products and services, presenting a huge market potential of 1.3 billion people.

Third, the FYP outlines a fundamental change in the mode of economic growth, from being driven by resources input to being driven by improvement of resources utilization efficiency, and relying more on science and technology and independent innovation capability to upgrade industries and speed up the growth of service sectors. It marks a new era in development for the Mainland in technology and overall competitiveness.

Fourth, the FYP sets out binding goals in terms of resource conservation and environmental protection to steer the country to sustainable development. Environmental pollution knows no boundary and the Hong Kong community has shown much concern about environmental issues recently. We are so glad to see that our neighbouring province Guangdong has devised a provincial-level "11th Five-year Plan" in accordance with the national plan, stipulating the construction of a "green Guangdong". It sets out that all fuel-burning power plants of over 125 000 kW within the province will adopt desulphurization measures by 2008 and that more stringent vehicle emission standards will be implemented to regulate air pollution. According to the binding targets, total emission of major pollutants in Guangdong will be reduced by 10% by 2010.

Fifth, co-ordinated developments of the eastern, central and western regions of China will be pursued to make sound regional progress. The FYP aims for better defined social functions of the city groups of the Pearl River Delta (PRD), Changjiang Delta and Beijing-Tianjin-Hebei Region to complement each other's strengths to enhance the competitiveness of each region and to boost development of the wider surrounding region. At the same time, Special Administrative Regions, Shanghai Pudong New Area, Tianjin Binhai New Area and the Economic Zone on the Western Coast of the Taiwan Strait will continue to give full play to their distinctive regional functions. The FYP breaks the confines of administrative boundaries, epitomizing the new strategic thinking to achieve all-round development for the whole country.

Hong Kong's media is well aware that specific references to Hong Kong's functions and our interaction with the Mainland have been included in this new FYP, which states that "co-operation with Hong Kong and Macao in infrastructure construction, industrial development, resource utilization and environmental protection will be strengthened", and that "support will be given to Hong Kong's development on fronts such as financial services, logistics, tourism and information services, and to maintain Hong Kong's status as an international hub on financial services, trade and shipping". These specific references to Hong Kong reaffirm the Central Government's recognition of our significant role in the development of the country.

Though the FYP clearly spells out our distinct position, we should be aware that, as the mainland cities blossom and globalization intensifies, we will face fierce competition in maintaining our status as a leading international centre. We will never rest on our laurels. As China's international financial centre,

Hong Kong is unique in that the Hong Kong Dollar is fully convertible, while our national currency the RMB is yet to be so. Hong Kong is different from New York, London or Tokyo in this respect.

While the RMB becomes increasingly integrated into the global economy, we in Hong Kong have ample opportunity. With our unique advantages, our sound institutions and infrastructure in place to provide a full array of financial services, we will have much to do for the country. We have started, and will further develop, RMB business. No doubt we will see this trend of integration continue. The further enhancement of Hong Kong's position as an international financial centre will also be linked closely to this process of integration. Our robust systems, our good grasp of business know-how and our expertise will ensure sufficient safeguards for the national financial security in this process of integration. How should we plan to expand the RMB business? As a market of effective risk management, how should we design the derivative products? How should we use the valuable experience gained from the operation? These are subjects to be explored.

As an international trade centre, Hong Kong has long been a successful intermediary between mainland production bases and overseas markets. The FYP outlines the strategic objective as driving development by expansion of domestic demand, so the mainland consumer market will be of growing importance to us. Endowed with the advantages of CEPA and Pan-PRD regional co-operation mechanisms, our products and services are better positioned to secure the huge market of a wide region. However, can we adapt to increase our competitiveness on the Mainland? In particular, can we maintain our competitiveness when the effects of CEPA and the WTO transition period end? Used to the traditional operation mode of "large imports and large exports", many Hong Kong-invested enterprises on the Mainland might now face immense pressure to upgrade to fulfil the requirements on environmental protection, energy saving and independent innovation. They are going to have to meet the challenges. Can we do it? As for our strong service sectors, they will find much room for expansion on the Mainland, but also fierce competition from newcomers. How can we move up the value chain to sustain our leading position and reap the fruits of success? All these call for new thinking on the part of our trade services sector and supply chain management industry.

As regards Hong Kong's status as a shipping centre, I am of the view that there are even more pressing needs to upgrade. The Mainland is our major

source of goods. The FYP sets out a number of transport infrastructure projects. According to information available, they include the construction of 17 000 km of new railway and 2.3 million km of highway to facilitate access between provinces. Ports in Shanghai, Ningbo, Fuzhou, as well as our neighbouring Shenzhen and Guangzhou will continue to expand, exerting heavy pressure on us to compete for sources of goods. In air transportation, undeniably our international airport is at the forefront of the air cargo industry, but airports in Shenzhen, Guangzhou, Shanghai and Chengdu will be expanded under the FYP. We must work out ways to complement each other's strengths to promote mutual development.

The FYP stresses sustainable development, aiming to build a "resource-conserving" and "environment-friendly" society by setting out binding goals in terms of resource conservation and environmental protection. We welcome this new direction that serves the interests of Hong Kong. We must strengthen co-operation with neighbouring provinces and regions to bolster environmental planning. We must do our utmost to bring people in Hong Kong and the Mainland the clear skies and water that they enjoyed before.

Implementation of the FYP has started across the country. The issues I just mentioned would have an important and far-reaching influence on Hong Kong's long-term development. We must be quick in launching wide discussion in the community to form a consensus to formulate policies and strategies. After discussions with the Financial Secretary, therefore, I have decided to call an economic summit on the FYP to put all our best heads together to deliberate on these issues and our next step.

Representatives of the public sector, business leaders, economics experts, academics and labour leaders will be invited to join me, the Financial Secretary and other government officials to explore the subject of how Hong Kong should respond to the Plan. Topics will include: What initiatives should be taken to give full play to our position as an international financial centre while the RMB gradually becomes fully convertible? What should be done to facilitate exchanges of factors of production and co-operation in industries while mainland and Hong Kong businesses are operating separately under different systems? How can we cater to the Mainland's policy of enhancing independent innovation capability with our existing technological infrastructure and sound institutions? How can we improve our own industries while the Mainland focuses on quality and quantity enhancement in all industries? What sort of enlightenment can we

find in the FYP to reinforce our status as international financial, trade and shipping centres? What specific challenges will emerge and what measures should be taken to tackle them? For instance, in the five years of the FYP, about 45 million people will move from the rural areas to the cities. Their consumer habits, the demands for commodities, raw materials and energy will drive the country to seek resources on the global market. Who can play the intermediary role? Can Hong Kong take a share of this? Can we contribute more to it? I hope these issues can be studied in the economic summit.

The economic summit is expected to be held before September this year. We will start off with the above topics, thoroughly deliberate on each item and conclude on matters to be followed up by Policy Bureaux, departments, advisory bodies, business organizations and other stakeholders. A working strategy with clear objectives and practical actions will be drawn up. The SAR Government will seek to discuss the recommendations of the summit with the Central Government, ministries and commissions, Pan-PRD Regional Co-operation and Development Forum, Hong Kong-Guangdong Co-operation Joint Conference and various provincial governments. The summit participants are expected to complete all work by the end of the second quarter of 2007.

This will be a working meeting, initiated by the Financial Secretary and me, to pool our wisdom. However, its scope of work and line of vision are different from those of the policy address and the Budget. The summit will be a "pragmatic" expert meeting to deliberate on specific topics and will be dissolved on finalizing an action agenda. Its terms of reference will not overlap with those of the Commission on Strategic Development, which is formed to devise macro strategies and advise on our long-term development goals. The two complement each other's functions.

We must act right now to harness the strong momentum from the Mainland to drive our own development, to improve the lives and earning capacity of the general public and to make our unique contribution to the modernization of the country. The prime task now is to form within the territory a general consensus on the goals and strategies of our economic development. Needless to say, all strategies will of course need the Members' support to achieve results.

Madam President, I am happy to take questions from Members.

PRESIDENT (in Cantonese): In total 26 Members are waiting to put questions. A Member whose question has been answered may, for the purpose of elucidation only, ask a short follow-up question.

(The Chief Executive is looking for his earphone)

PRESIDENT (in Cantonese): It is here.

DR JOSEPH LEE (in Cantonese): *Chief Executive, recently, problems of elderly abuse, elderly suicide, and misadministration of medicine and overcharging in homes for the elderly in the community are deteriorating. This has not only sounded an alarm on the issue of the quality of life of the elderly, but also on whether their dignity is hurt. May I ask the Chief Secretary what philosophy you have about caring for the elderly? What is your overall view on the policy on the elderly? In fact, you did not state in the policy address how to approach the issue of the elderly. How is the Government prepared to address the various impacts brought by the ageing population in Hong Kong on the community now?*

CHIEF EXECUTIVE (in Cantonese): This involves several aspects. First of all, this is part of the process that an ageing population has to go through. As far as this question is concerned, we have stated in the population policy that this is a major challenge we have to face. At present, this problem is also being discussed in the Commission on Strategic Development. In addition, this problem will also be tackled under the auspices of Chief Secretary for Administration.

Population ageing is an unavoidable process. The resources used on the elderly are undoubtedly increasing year on year. Improvement in this regard cannot be done by the Government alone. If relevant departments and Policy Bureaux, as well as professionals within the Legislative Council consider that more efforts should be put in certain areas, they are most welcomed to provide input so as to enable us to formulate a long-term plan. Of course, we have the Elderly Commission and other established committees to look into these problems. We have to wait for their expert opinion on how to proceed in the short and medium terms. This is how we approach this issue.

This is a long-term problem. We cannot say all of sudden all the work needed to be done once and for all. However, I very much hope to work with colleagues in the Legislative Council and scholars and by way of the population policy to find a way out for this issue.

DR JOSEPH LEE (in Cantonese): *Chief Executive, I wish to know more clearly your idea of caring for the elderly.*

CHIEF EXECUTIVE (in Cantonese): I am also approaching my senior years, so this issue has immediate relevance to me and also to the people of Hong Kong. Undoubtedly, I have to attach great importance to this issue and will be increasingly so. In distributing the resources every year, we pay special attention to how much should be apportioned to the elderly. This is an important issue to be tackled.

I believe it is the competitiveness of Hong Kong that is in question here. On the one hand, we have to map out how to make good use of people born and raised here, and of new resources, for instance foreign labour and new workforce generated under the new immigration policy. Moreover, I hope the elderly, especially those able-bodied, will continue to exercise their economic vitality. On the other hand, to those elderly who need support and care, we will seek ways to cope with their needs in terms of facilities and policies. This is an unavoidable process that any modern society needs to go through, and an unshirkable task to complete. I am positive and proactive about this issue.

MR MARTIN LEE (in Cantonese): *Chief Executive, I hope you would not mind if I bring you back from the optimistic and prosperous scenario of our country to this modest SAR and allow me to ask you a realistic question on the people's livelihood, which is power tariffs.*

As far as I know, the power tariffs that Hong Kong citizens have been paying are so expensive that we rank second among all Southeast Asian cities. The President's and my constituents, in other words, the Hong Kong Island electorate — be it "Auntie X" in Chai Wan or "Uncle Y" of a restaurant — is paying about 30% more in power tariff than those rich people living in Kowloon

(for example in Kadoorie Hill). Does the Government have any plan in place to introduce an open electricity market so that people can pay less power tariff, and that the tariff can be standardized among people living in Hong Kong Island, Kowloon and the New Territories?

CHIEF EXECUTIVE (in Cantonese): As far as I know, we have conducted two rounds of consultation on opening up the electricity market. The current consultation paper specifically spells out the major terms and conditions that power companies have to fulfil in their next Scheme of Control Agreement, in which the introduction of new sources of electricity supply is also mentioned. Undoubtedly, power tariff accounts for a part of total household expenditure. We cannot look at the amount of tariff alone, but also its share in the total household expenditure. An in-depth study on this topic will reveal that Hong Kong's ratio is comparable to that of other Asian regions. I do understand that power tariff is a major burden of a family. We, as the Government, are duty-bound to keep these basic living expenses to a minimum. I earnestly hope that more concrete plans can be drawn up before the current consultation ends so that the Hong Kong market can become more competitive, and that less negative impacts will be resulted in the course of electricity generation, such as environmental pollution and air pollution. I also earnestly hope that after this review, the disparity in power tariff can be rationalized.

MR MARTIN LEE (in Cantonese): *Chief Executive, is the Government planning to spend about \$2.1 billion on implementing full interconnection between Hong Kong and Kowloon? If not, it may be much more economical in terms of power tariff if the Government Secretariat is relocated to Kowloon.*

CHIEF EXECUTIVE (in Cantonese): I believe discussions on the plan of interconnection have been ongoing, and the two power companies are encouraged to work proactively on it. Moreover, this issue involves more than questions of whether the Government will commit itself to doing it, or whether taxpayers' money should be used. If investment in the interconnection between the two power grids is to be made, technical difficulties, as mentioned by the two power companies, as well as others concerning their own markets have to be overcome. I believe the issue is not purely about where the Government should

put in taxpayers' money. The basic responsibility rests with the two power companies. Firstly, if I want to relocate the Government Secretariat to Kowloon, I wonder if the Legislative Council is prepared to move with me. As we are so close to each other, how could we move to Kowloon and leave you behind on Hong Kong Island? *(Laughter)* Or let the High Court remain on Hong Kong Island? We have discussed this matter before, sorry, the three powers cannot be separated. *(Laughter)* Therefore, if we do not straighten out this issue, it will be rather difficult for us to move to Kowloon now, but I am happy to learn the opinion of the Democratic Alliance for the Betterment and Progress of Hong Kong and that the Democratic Party also finds there is room for consideration. *(Laughter)*

MR ABRAHAM SHEK (in Cantonese): *President, I wish to follow up Dr Joseph LEE's question. It was a young man asking just now a question on the elderly and now it is an old man asking a question on the elderly. President, my question is about the elderly problem. (Laughter)*

The Chief Executive clearly explained just now how to address the elderly problem in the long run. I have this question for the Chief Executive. Despite the fact that the economy of Hong Kong has revived and many sectors have developed well, a group of elderly and people with disabilities are unable to enjoy the fruit of economic recovery — President, it is because this group of people, who are Comprehensive Social Security Assistance (CSSA) recipients, have seen their CSSA payment cut in the past few years. The economy has now revived and the surplus has exceeded our expectation. Will the Chief Executive consider restoring, within his term, these people's CSSA payment back to the level in 1998? This is the first point, and the second point is that if he will do so, it will have nothing to do with his seeking a second term of office (laughter). President, it will only show his care for the elderly and people with disabilities in the community.

CHIEF EXECUTIVE (in Cantonese): As regards the arrangements for CSSA and supplements, there are always disputes over every adjustment. The previous downward adjustment was made because of the decrease in the overall expenditure and GDP. That was a painful adjustment. I am fully aware of that. However, despite the fact that the economy has revived and that we are

fortunate enough to have \$14 billion in surplus this year, let us not forget that over \$190 billion vanished in one go in the deficit a few years ago. In other words, we have to have a sense of propriety with our expenditure. I totally agree with what Mr Abraham SHEK said. If we are to increase the expenditure on social welfare, these items will be given top priority. Of course, the Chief Executive cannot dictate what to do. A consensus has to be reached in the community, after which the Financial Secretary will consider these issues in his annual Budget. However, I thank Mr Abraham SHEK for his suggestions. In particular, we need to have compassion for the vulnerable groups and those requiring special care, and seek every possible way to help them.

MR KWONG CHI-KIN (in Cantonese): *Chief Executive, the address you just delivered reminds me of a catch-phrase, "if China is doing well, Hong Kong will also be doing well", but I would like to add one more sentence to it, that is "the grassroots will also be doing well".*

My question has been made widely known beforehand, which is on the issue of minimum wages. The aspiration of the labour sector is very clear, and the Chief Executive should know it very well. We are now talking about the cleansing and security services, two trades which have the least bargaining power; will the Government enact laws for these two trades as a start? I guess the Chief Executive will probably tell us how much effort has been made by the Government and that negotiation is underway, but owing to the time constraint, he needs not repeat the exchanges involved, for we already know these very well. Will the Chief Executive please just give a direct answer to my question, stating if the Government is not going to enact laws to protect the minimum wages of these two trades finally, how the Chief Executive can win the support of the labour sector?

CHIEF EXECUTIVE (in Cantonese): I think, more often than not, Members of the Legislative Council will tackle issues by way of legislation, while I often take the pragmatic perspective. Consensus must often be reached on legislation. However, whether a consensus on a most controversial issue like this can be achieved in this Chamber, Mr KWONG, really, I can hardly be optimistic about it. If we really want to do something about it, we should better be practical, make the best of every minute and every second to solve the labour exploitation problem, particularly, the problem of low wages where wages below CSSA payment are paid. This will be a better approach.

Certainly, a two-pronged approach has to be adopted. On the one hand, we have to examine ways to expand the scope of the programme on setting minimum wages now adopted by the Government internally and by public organizations, which includes safeguards for workers employed for projects under these standard contracts. On the other hand, the Labour Advisory Board (LAB) will, by all means, examine the issue to identify ways to regularize these matters and explore the feasibility of legislation. However, when it comes to legislation, a consensus must be reached. Mr KWONG, this cannot be done simply with the words of one Donald TSANG. Nor can it be accomplished with the consent of only one or two persons. We must work together as one to strive for a consensus.

I share your concerns. Neither do I want to see the wages of non-skilled workers fall below the level of CSSA payment. Not only is this unjust, taxpayers will also be deceived for no reason, for their money will go down the drain via the CSSA system. I therefore hope that the issue can be dealt with from two aspects. On the one hand, we should continue to work hard on the LAB to put in more efforts about legislation and to arrive at a consensus among various sectors. On the other hand, on the pragmatic level, we should keep striving for an expansion of the coverage of the existing standard contract approach to further protect the interest of workers.

I am glad to see that the market is now booming gradually, and the labour market is particularly active, it seems that the downward trend has now been arrested. I hope that workers at the lowest level will also benefit from the recovery of the economy in terms of wages earned.

MR KWONG CHI-KIN (in Cantonese): *In view of the time constraint, the reply just given by the Chief Executive is actually unnecessary. I only want him to answer my final question, but he has not.*

If the Government does not enact laws on this eventually, how can it win the support of the labour sector? I have not yet heard the Chief Executive's reply on this.

CHIEF EXECUTIVE (in Cantonese): I am doing my level best, but enactment of legislation is beyond my purview. I may put forth legislative proposals, but

the enactment of laws must be based on public opinions. I think it is very important. I hope a consensus can be reached within society, particularly within the LAB, and I strongly believe that everything can be dealt with by then.

You will have to work hard, and I will have to work hard too. I know what should be done. However, one needs not worry about how I can win the support of others for the next stage of work. I think this is an issue for the longer term. What is most important at the moment is to increase the income of workers. This is the critical issue.

MR DANIEL LAM (in Cantonese): *Chief Executive, good afternoon.*

You said earlier that the economy of Hong Kong had been picking up in the past two years. I believe, under your leadership, business opportunities will continue to be developed and our advantages maintained. Last year, the Chief Executive mentioned in the policy address the reduction of the size of the closed area along the boundary. May I ask the Chief Executive whether planning in respect of this stretch of rural land in the New Territories will be made to create business opportunities for regional co-ordinated development along the boundary of Hong Kong and Shengzhen?

CHIEF EXECUTIVE (in Cantonese): I think this is the natural course. In respect of the border area, I believe new planning will be drawn up in the middle of this year to determine how the existing closed area can be reduced to release part of the land for other purposes. However, for businesses developed along the boundary, I believe, under the existing mode of development, they have been promoted automatically and naturally. I think we should not only focus on this type of new development, but should also consider the current development of places across the boundary, like Shengzhen, the opposite side of Lo Wu, and Huanggang, the opposite side of Lok Ma Chau, and the interface with the new Hong Kong-Shenzhen Western Corridor to be built in the western part of Shenzhen. The Hong Kong-Zhuhai-Macao Bridge now at the planning stage will also facilitate individual development on both ends of the bridges and the peripheral areas. I believe such development can naturally be achieved. Upon the completion of these infrastructures, the SAR Government does have the

responsibility to introduce matching initiatives and measures to enable the commercial sector to bring economic development and prosperity to the peripheral areas. Certain things do come naturally. For instance, the development of the western part of Shenzhen will create opportunities for possible development of parking facilities and shopping establishments along the coast. We will take these factors into consideration and I believe the business sector, surely, will not miss these opportunities. If the Hong Kong-Zhuhai-Macao Bridge is really built, we should examine the development of container terminals, for there will be new opportunities and room for development at both ends of the bridge in this respect. The SAR Government will surely grasp every opportunity, every time when these facilities are completed or have entered the initial stage, to launch matching efforts in terms of planning and development.

MR DANIEL LAM (in Cantonese): *I hope that when this mechanism is triggered, the authorities can listen more to the views of the Heung Yee Kuk and District Councils concerned.*

CHIEF EXECUTIVE (in Cantonese): We definitely will.

MR CHIM PUI-CHUNG (in Cantonese): *President, Chief Executive, according to past opinion polls, your popularity rating has always ranked the highest, though I do not quite trust that opinion poll personally. (Laughter) May I ask the Chief Executive, in the past 14 months, apart from the West Kowloon project, the constitutional reform package and the Hong Kong-Zhuhai-Macao Bridge project, which three incidents he considers he should claim credit from the public and that he will likely win their support?*

CHIEF EXECUTIVE (in Cantonese): I dare not name even one incident, for one should not blow his own trumpet — one should never comment on oneself. Regarding the work I have done, I think members of the public do have a clear idea about it. They will naturally think of three or four incidents about which I have done so bad, or one or two incidents which I have done better. I do not wish to evaluate my own performance. Uncle CHIM, I am sorry. *(Laughter)*

MR WONG YUNG-KAN (in Cantonese): *Thank you, Chief Executive. Perhaps the Chief Executive already knows what I am going to ask, but still, I have to state my question. At the beginning of the meeting, you mentioned that the State and the SAR Government attached great importance to the 11th FYP. However, in the 11th FYP, the State does attach great importance to the agricultural industry, will the Chief Executive thus follow the State to attach importance to the agricultural and fisheries industries?*

A few days ago, a group of fishermen took to the streets for the catches they got could not even meet their fuel cost. If they do not go fishing on the sea, they cannot earn a living. But if they go, they have to bear the cost with loss. May I ask the Chief Executive in what way he can solve their livelihood issue? Of course, I have to first thank you for the \$250 million to be granted by the Government to solve this problem, but still, this cannot ease the plight they are now facing. Will the Government, under the leadership of the Chief Executive, create new opportunities for the sustainable development of the agricultural and fisheries industry?

Moreover, some of our friends do hope that you will visit them. Will you be interested in visiting them at Aberdeen?

CHIEF EXECUTIVE (in Cantonese): The agricultural and fisheries sector did give me their support during my last election campaign, and I am still grateful about this at heart. Just as I have said, I will surely make an effort to help them during my term of office.

We are now facing an apparent social reality; our situation is different from the Mainland. In the Mainland, farmers account for more than 50% of the population, but in Hong Kong, the agricultural and fisheries sector only accounts for a very small percentage in our population. Besides, under the pressure of urbanization, the room for venturing new business is decreasing, and that is an undeniable fact. Therefore, in this connection, we can only adopt the approach of providing assistance. The \$250 million of loan which I have just mentioned is provided for fishermen, aiming to offer some relief to them during the fishing moratorium. In addition to this, I hope that in the long run, in respect of sustainable means of living, the agricultural and fisheries sector will not only rely on the assistance of the Government but also find other ways out themselves

and propose specific co-operation programmes. For instance, if their proposals do require policy support, we may actively consider it; and if they need short-term financial assistance, we may discuss it with the Finance Committee. But the most important point is that the various approaches proposed may genuinely help the agricultural and fisheries sector, for only under this circumstance will I consider it worthwhile to do so.

I am definitely more than willing to meet with those fishermen. Shall we arrange for a visit later?

MR WONG YUNG-KAN (in Cantonese): *Chief Executive, I have to thank you for agreeing to visit them. Certainly, the number of persons employed in the trade can only reflect part of the problem, for the number of persons being affected may be tremendous. I hope that you will not lose sight of other considerations in this respect, and thus compelling this group of people to become the burden of society or the SAR Government.*

CHIEF EXECUTIVE (in Cantonese): I surely understand this.

MR LAU WONG-FAT (in Cantonese): *Madam President, the consultation document on the review of District Councils (DCs) released by the Government last month recommends that the DCs be allowed to participate in the management of certain regional cultural and recreational facilities, but makes no mention of those food and environmental facilities closely related to the people's life which were once managed by the then two Municipal Councils, including markets, abbatoirs, and so on. May I ask the Chief Executive if the Government has considered drawing up a timetable to further devolve the management of these facilities to the DCs?*

CHIEF EXECUTIVE (in Cantonese): Uncle Fat, I believe we have to do things step by step.

The present consultation document has spelt out clearly that we wish to deal with minor works, management of community facilities, cultural and

recreational activities and community planning. We must first make achievement in these areas so that Hong Kong people will have full confidence, believing that this is a good direction. Then, apart from allowing more people to participate in community management, more political talents can also be nurtured in district management. If this proves to be feasible and conducive to enhancing overall social efficiency, I very much believe that apart from the SAR Government, the general public would also hope that the functions of the DCs can continue to be expanded.

However, I hope that colleagues of the DCs can first seize this opportunity, and try their best to accomplish the recommendations which we have put forward and about which society have reached a consensus. Then, the next step would be to see how this trend could continue to be pushed ahead. I believe this is a natural trend, so long as Hong Kong people have full confidence. As we can see, many opinion polls now show that this recommendation will have the support of the people but some people are still sceptical. We hope the fact can prove to them that this direction is right. I very much believe that there is room for expanding the functions of the DCs, and for making more specific arrangements in devolution.

MISS TAM HEUNG-MAN (in Cantonese): *Chief Executive, first of all, I would like to welcome you to our Question and Answer Session on this lovely afternoon.*

I would like to raise a question on our poor air quality. During the Labour Day Golden Week holidays, Hong Kong saw a rare blue sky. Many people thought that this may be because factories in Guangdong had stopped operation, therefore resulting in an improvement in air quality. Although we cannot prove whether this inference is right or wrong, air pollution in the Pearl River Delta (PRD) has in fact affected Hong Kong's environment and competitiveness. May I ask the Chief Executive if he would consider liaising with the Guangdong Government to formulate as soon as possible a policy to regulate cross-boundary air pollution, so as to improve the air quality of the entire PRD? If yes, what is the specific work plan?

CHIEF EXECUTIVE (in Cantonese): Miss TAM, first of all, we already made this plan in 2002. We have worked out the percentage to be reduced for each

kind of air pollutant for the entire region (not only Hong Kong, but also the whole Guangdong). Moreover, we have also set targets for 2010. Apart from setting targets, we have also established monitoring centres within Guangdong and Hong Kong to find out whether pollution is improving. Work in this respect is ongoing and the direction is set.

What makes me feel encouraged is that the situation is not just this, because the 11th FYP has encouraged and induced Guangdong to put forward specific plans to build a "Green Guangdong" — the plan I mentioned earlier. I firmly believe that under this plan, the authorities concerned would move further ahead, as compared with the targets we have pledged earlier, thereby bringing better air quality to the whole region.

Of course, as a result of the rapid economic development of the Mainland, many industries have developed and air pollution has become much more serious than a decade ago. When it is hot, the wind direction will change and sometimes, the wind direction may not be desirable. Of course, when it is cold and when the north wind prevails, we will be affected. When it is hot, we will not be affected, and I do not know if there is such direct relationship during the Golden Week holidays. Luckily enough, we can see the blue sky and white clouds these past few days. I hope this situation will continue.

Actually, we are now facing an issue which we ourselves also have to do something. During the last Question and Answer Session, a Member asked if I remembered PM 2.5 which referred to some small particles, that is, extra fine particles. These particles affect our vision through the air, and the fact is they have an impact on clarity. Now, the importance of these materials have come to light. Where do these materials come from? The majority of them originate from petroleum products. In other words, Hong Kong right now has to take action against power companies and power plants. Our policy of tackling vehicle emissions is particularly proper. We should continue our efforts in this respect, and we will do so. I very much hope that Guangdong will follow suit. This can at least make our vision clearer and better.

Miss TAM, we do have plans. We only need to keep on following up, reinforcing what we are doing, embracing each opportunity, like the 11th FYP, to step up our work. Regarding the FYP, I will pursue discussions on this issue with Guangdong.

MR LEE CHEUK-YAN (in Cantonese): *When the Chief Executive talked about economic development earlier, I recalled what Premier WAN Jiabao had said about difficult lives for the peasants and inadequate education. I do not know if Mr TSANG had in his mind the grass-roots workers and the most difficult underprivileged when he talked about Hong Kong's economic development? Having listened to your address, I sum up your governance last year: "feel good, taste bad" in my opinion. The people feel good but in respect of policies "for the people", they are tasteless.*

I have this question for the Chief Executive. When you said earlier the economy of Hong Kong is good and the future outlook is also very promising, over the past year, what policies in respect of "for the people" are different from those of Mr TUNG, and are specially formulated by you? Regarding minimum wages for workers and standard working hours, you have not done anything. When Mr Abraham SHEK asked you earlier about elderly CSSA, you also gave a negative reply. There is no rent reduction for public housing; in education, small-class teaching has not been implemented; medical fees are said to be increased. I would like to ask the Chief Executive: Could you tell us what you have done over the past year for the people as regards policies "for the people" to convince them? I am not referring to feeling good, but really "for the people". Chief Executive, can you explain?

CHIEF EXECUTIVE (in Cantonese): I told Uncle CHIM earlier that it is very difficult for me to give an account of my achievement. I believe comments should be made by you, Legislative Council Members and the public. In this regard, it is not me who said that the economy of Hong Kong has improved; there is an increase in average income, or we can presently notice an improvement in all kinds of living indices or even the air quality index. I believe the people can feel it, they also do not taste bad.

As regards the particular question you raised just now, it is not that I have made no efforts, I believe you also know this. In respect of minimum wages, what you said is the same as what Mr KWONG Chi-kin said, that is, we have not introduced any legislation. However, apart from legislation, have we not done anything? "Ah Yan", we really have done our part. We have in the standard contract expanded the current protection for workers' wages. Have we in fact not done anything these past few months? We have. Have a lot of people benefited? The number is increasing. The relevant arrangement has been

extended from government contracts to contracts of voluntary organizations. I know that the MTRCL has seemingly adopted the same standard contract recently, and this has led to an increase in the number of people benefited. Is this enough? Definitely not. In this connection, I told Mr KWONG Chi-kin earlier that we would continue with our efforts.

With regard to elderly, will we be doing something? We still will. Will the amount of resources committed be small? Definitely not. I believe the general public have the answer to your question in their heart, I do not wish to say any more. There is of course a limit to what I can do. As the Government, there is also a limit for us to deploy limited resources, but I very much hope that we would not be over pessimistic when doing things. We must look at things positively. We would try our best to do everything we can in each area.

MR LEE CHEUK-YAN (in Cantonese): *President, if this is a job interview, and if he wishes to be re-elected, giving the reply that the people "know the answer in their heart" will make them feel that his answer is blank. Well then, I would not talk about the past which is just blank. Could you undertake to do something in the coming year? I have a suggestion for you. When you talked about the economic summit earlier, you were very excited and said it was not redundant, but that it supplemented the Commission on Strategic Development. In that case, why do you not hold a summit on the people's livelihood? Can you put your heart in and invite all experts on welfare and people's livelihood to participate, paying attention to the people's livelihood just as you do to the economy? Can you do this?*

CHIEF EXECUTIVE (in Cantonese): I think what you said also carries some meaning. Let me think about it, fine?

DR YEUNG SUM (in Cantonese): *Chief Executive, economic development and manpower investment are inseparable. With the birth rate in Hong Kong declining, the Government has in fact saved much education expenditure each year. Would the Government grasp this opportunity to implement small-class teaching in phases and in districts, or even work out a timetable for implementation?*

CHIEF EXECUTIVE (in Cantonese): Excuse me, Dr YEUNG Sum, you said we have cut educational resources these past few years and the annual reduction is big, but we have not cut any resources. If we had done so, Secretary Prof Arthur LI would not have let us get away with it. The problem stems from whether we are investing more and more resources in education — this is right now the concern of the other Bureau Directors.

In recent years, our investment in education has increased from 20% to some 23% and 24%, accounting for almost one quarter of the total government expenditure. Dr YEUNG Sum, let me tell you, this rate of investment will definitely not drop within my term. At present, we consider this an investment which is worth putting in resources. However, we of course have to look for consensus as to how resources are to be deployed or utilized. I believe Secretary Prof Arthur LI has his plans.

Turning to small-class teaching, we have had numerous discussions and this Council has also held numerous debates. Currently, a trial is underway and the effects may surface gradually. I believe this plan will definitely be expanded despite the limited resources, but this has to depend on the resources we have. We have to boost and expand resources and face other pressure. Secretary Prof Arthur LI considers it a must to introduce the "3-3-4" academic structure, specialized teaching, and teachers training. How can adequate resources be allocated from the education resources for implementing these new plans? The plans have been launched. I believe we will not "put the car into reverse gear" on these issues. Dr YEUNG Sum, we will definitely push ahead, it is only a matter of speed, and this of course is directly related to distribution of resources.

DR YEUNG SUM (in Cantonese): *Madam President, I have been following up education matters, and am therefore very familiar with these details. The Government has not cut its investment, but the annual education expenditure has not been fully utilized. In the last few years, the Government has basically returned over \$7 billion to the Treasury — Secretary Prof Arthur LI is aware of this. Even in last year, over 100 primary schools were culled. This is what I mean by saving. Actually, making use of such saved resources will be enough, the Government does not need to increase funding. It only has to make use of the saved resources. I have given the Chief Executive a very pragmatic suggestion to consider, but you gave me a standard reply without considering it. I have done my homework and cited specific examples which do not require the*

Government to increase resources. It only has to make use of the surplus resources each year, and small-class teaching can be introduced gradually in districts and in phases. I have not asked you to do everything at one time. I think you should give this a thought and really work out a timetable for implementation. Chief Executive, I am saying this from the bottom of my heart.

CHIEF EXECUTIVE (in Cantonese): We are in fact progressing gradually and systematically. You and I differ only on the timetable. The timetable issue is extremely controversial. Moreover, Dr YEUNG said there has not been an increase in education resources. Would the resources secured by Secretary Prof Arthur LI from a certain place be abandoned or disappear? The "3-3-4" academic structure which I mentioned earlier requires the investment of particularly new resources. We have to put in these resources before new policies can be implemented, and this policy is generally recognized and accepted by the Hong Kong community. Where do these resources come from? Regarding specialized teaching, teachers praise highly of it and consider it a good policy. New resources are needed for specialized teaching and again, where do these new resources come from? I believe the Secretary has to redeploy resources saved from certain areas as new resources. I hope that we can work together. We have long ago made the first step in small-class teaching. I believe we will not go backwards and will surely make our way forward. This trend will definitely be set.

MR WONG KWOK-HING (in Cantonese): *Chief Executive, as I had disclosed beforehand, I intended to draw your attention to the issue of paternity leave. However, as the Chief Executive has just responded to Mr KWONG Chi-kin's question on legislation on minimum wage and standard working hours, I would like to follow up that question. I am glad to hear you say that the Government could propose legislation on this. However, may I know when you will set down the legislative timetable? It is the responsibility of the Government to put forward a bill. You do not have to worry about whether or not the bill will be passed by the legislature. That is our job. Why must we legislate? I want to cite a distinct example in The Link Management. It had planned to change its duty system from three shifts to two shifts by the end of May or June, which in turn would bring about an increase in working hours and a reduction in pay. We only succeeded in stopping them after we had launched a petition and staged a plan for this Council to summon its management staff. The Link Management*

then announced a deferral of its plan of changing the number of shifts. It thus proved that legislation is essential. As such, I hope the Chief Executive can give me a reply. As he said that he could put forward legislative proposal just now, when will he do so? What is the timetable? As a matter of fact, in the LAB, the labour side has six votes in favour of legislation at present. Also, the results of most surveys indicated that 70% of the respondents were in favour of legislation. What we need now is the vote of the Government. As the Government acts as the Chairman of the LAB, the crux of the issue is on the Chief Executive. I hope you can answer my question.

CHIEF EXECUTIVE (in Cantonese): I did in the past try to introduce some controversial proposals to the Legislative Council, yet I was criticized by both sides. I was criticized not only by one side, but both sides. One would say that I was not doing enough, while the other would say that the whole idea was unacceptable. On major issues such as this one, I believe some fundamental consensus should be reached at the consultation and professional levels. You should be well aware of my intention. I fully understand the aspiration of the labour sector for years, but I also know that we must consider the economics very carefully. This subject has been debated on numerous occasions in this Council, but I can not come up rashly with a timetable in this Question and Answer Session. I only hope that you could accept my explanation, that is, I mean to do something about this and I will keep on working.

MR WONG KWOK-HING (in Cantonese): *Whenever a bill is introduced to this Council, there are inevitably divided views. This has been proved by history. For instance, the Chief Executive has mandated the implementation of five-day week among the Civil Service. If you conducted a consultation exercise, there would definitely be controversies. For this reason, why does the Government not take the lead in protecting security and cleansing staff as they lack bargaining power and are the most disadvantaged groups? As the Chief Executive indicated just now that the proposal could be proposed, I want him to answer this question: When will legislation be proposed?*

CHIEF EXECUTIVE (in Cantonese): We have in fact taken the lead in doing so. The standard contract I just mentioned is the initiative taken by the Government.

We will also encourage others to do the same. About legislation, the five-day week you just talked about is a point at issue. You just said that I had mandated implementing five-day week, but it was because no legislation was required. If we have to legislate on this, it would be very difficult to reach a consensus for it is a very controversial issue that would affect the general public at large. Although the policy is welcomed by many people, a lot of problems will emerge in the actual implementation or legislative process. The issue of setting a minimum wage has aroused queries from economists; I do hope that you could give the LAB and employers enough time to think over it thoroughly. I have stated my views in this regard, that is, if wages offered by employers are lower than CSSA payment, it will be unfair to the general public and the community at large. I have made clear my opinion. I hope we can proactively strive for improvement in this area. I believe that you and I will go on fighting for this end.

MR SIN CHUNG-KAI (in Cantonese): *Chief Executive, during your election campaign last year, you stated in your political platform that you would "build a harmonious and stable society". On your swearing-in ceremony, Mr HU Jintao, our State President also asked you to "bring Hong Kong people together".*

However, earlier on, you made a remark in a radio programme, saying that you made the "affinity theory" remarks. In an open and democratic society where party politics is practised, it should be a normal phenomenon to have this distinction of affinity. An elected leader will definitely consult the party to which he belongs in implementing his political platform. However, Hong Kong is reluctant in amending the existing law to allow members of political parties to run for the office of Chief Executive. On the other hand, you personally attended meetings of the central executive committees of political parties which are particularly closer to you, appointed more members of those parties to advisory committees and statutory organizations, asked your major officials to attend their direction camps, and so on.

What I want to know is: While you pledged to "engender a social environment that promotes harmony within the community" in your election platform, you have also been urged by President HU to bring Hong Kong people together, will there be any contradiction in performing work in these two aspects?

CHIEF EXECUTIVE (in Cantonese): I was eventually right in guessing the content of a question. This morning, my colleagues told me that someone would put this question. Also, the question on paternity leave would definitely be raised. Yet, Members refrained from asking this question just now. *(Laughter)*

As this is a serious question, I have to talk about it more seriously. First of all, it has been the dream for every government and political leader to build a harmonious society. It is also something always on our mind and a goal to be achieved. It would be the same to President HU or a small leader in Hong Kong like me. I believe that it is also the aspiration of the general public. Thus, this policy objective of mine is definitely not to be changed or shifted.

About the issue (which has been discussed quite often lately) of affinity distinction, I did think about it a lot and I would like to share my views that came up in these two days. First of all, in our institutional framework, when it comes to the executive-legislature relationship — as there are quite a number of political parties in the Legislative Council, our division of labour is distinct. In this regard, we cannot have an executive arm that is domineering, at the same time we can not afford a legislature that is overbearing. These two arms should work together and co-operate, only then can society move forward and new policies roll out.

If the SAR Government were to rally support from the general public, before mapping out and enforcing policies, we must ensure that these policies are supported by public opinion. In the absence of this basis, any talk about affinity is meaningless. If we get the popular mandate for every policy, the executive can cope with the legislature as far as possible and work hand in hand to formulate new initiatives and direction for the public. Under this principle, officials of the SAR Government, including myself, will continue to communicate with various parties and groupings in the legislature and listen to Members' views. The reason we are doing this is to seek Members' co-operation and support, while fostering the greatest consensus in the community. Without this, no government policies can be implemented.

Nevertheless, such communication could only be fruitful if it were conducted two-way with interactive contribution in the process. Interactive and constructive dialogues are conducive to building up a good relation. The recent

reference to affinity, if described in plain language, is indeed a natural phenomenon in nowadays political ecology. It is a fact that can not be changed. When we look at this ecology, we will find that it includes sharing of common values and various strategies for implementation. Also, it includes the consequence emerged in the course of reaching a consensus. Lastly, we also have the natural outcome as a result of the preferred role of various politicians.

I believe everyone involved in politics must have his own set of values, such as on democracy, freedom, social justice, equality, and so on, before considering the measures to take to realize these values. Though we may share the same values, to achieve the ideal strategy for carrying out the policy objectives we are talking about, everyone may have different ways. As such, it is inevitable that there are different political parties in the community.

As the Chief Executive, I have my own set of basic values in respect of concepts of free market, market-led economy, a clean community, upholding the rule of law, democratic development, caring for the disadvantaged groups, and so on. I am sure that my values are similar to that of most Members. Nevertheless, when it comes to the actual formulation of policies about all this, it is undeniable that some people may share closer views while other may go further apart. For instance, though we can see that Dr David LI and Mr Martin LEE are sitting next to each other, I feel and strongly believe that their political philosophies are poles apart. Am I right? Just as Mr LEUNG Kowk-hung of the FTU — he is not present at the moment — he should have closer views with Mr LAU Chin-shek on the subjects of grassroots and livelihood. As such, we can see that it all depends on their philosophies on policies when talking about affinity.

If we share similar concepts, it will be easier to reach a consensus in the process of formulating policies, tabling them to the Legislative Council for scrutiny and obtaining Members' support. As such, it is not a question of my personal preference. It does not involve any personal feelings and relations, but it is a natural phenomenon in the SAR's political ecology. In co-operating with certain parties/groupings and reaching a consensus, the Government can build up with them a long-term partnership in taking forward policies. While other countries all over the world are doing the same, Hong Kong can make no exception. Nevertheless, we need the support of the public behind such

consensus and to build up this consensus on the basis of public opinions. Ultimately, the affinity is guided by the public support.

I wish to point out that, in my opinion, there is no exclusiveness in the building up of a political consensus. As long as these parties/groupings support the political philosophy of the Government, I will strive to encourage them to put aside their differences so as to seek common grounds. Together, we can promote good governance, so that our policies can secure the support of various political parties and reflect the aspirations of the wider public.

However, apart from the divergences in political philosophy, the role that politicians choose will also make some difference in their relations with the Government. Some politicians have chosen to be in the opposition and will oppose every policy raised by the Government whether or not the policy is reasonable. Their intention is to undermine the Government's prestige and popularity, for fulfilling their self-image, for media limelight. To them, it does not matter whether their actions are underpinned by any values or beliefs. I do not have high hopes of convincing them. Even if I curry favour with them, appease them, or lobby them every day, I will only end up getting snubs on the nose. As the Chief Executive, I have to be truthful to my work, and be honest to myself and other parties. Still, we will face the opposition camp and listen very carefully to their opinions, we will explain patiently our position and tell them the public support we have, so as to seek their understanding. Thus, the distance between people is indeed a result of interaction. In the course of promoting our policies, everyone can choose their own partner. Likewise, you will choose your own role to play. However, we must not forget that, ultimately, we are all here to serve the people of Hong Kong.

MR SIN CHUNG-KAI (in Cantonese): *The Chief Executive is indeed a politician. Could you let us have your script, so that we can learn from you?*
(Laughter)

My follow-up question is: You mentioned the opposition camp in the last paragraph of your speech — maybe I should put it this way, in the past few months, you have been particularly making remarks about the opposition camp. In a politically mature society, as you pointed out just now, no matter in party politics or among leaders, there are always the ruling party or opposition party, and it is totally natural to have an opposition camp in a political society. My

follow-up question is: How do you work with the opposition camp in building a harmonious society?

CHIEF EXECUTIVE (in Cantonese): As I said just now, we have to listen carefully, to state as far as possible our position and the public support on which our position is based, hoping that the opposition camp can be convinced. If they oppose for the sake of opposition, they may not get people's favour, media exposure, or public support. It is the only approach I can adopt. I believe that it is not only the approach adopted by this Government, but also other governments.

When I used the term "opposition camp", there was no negative meaning. As I just said, this is a natural and inevitable political product in an open society. However, we can not go too far. If the people in Hong Kong feel that the opposition camp is departing from them, such as not accepting policies supported by the public, they will naturally be alienated. They will not only be alienated by the Government, but also the public. Likewise, the Government cannot bulldoze through policies that are not supported by the public. If we do so, I believe that not only will we be opposed by the Legislative Council, but also be abandoned by the public. For this reason, I very much hope that the policies taken forward in my term can be solidly supported by the public. I am also seeking support from various parties/groupings, including the opposition camp, persuading them to accept my views. I will go on working in this respect.

MR WONG TING-KWONG (in Cantonese): *President, the ambitious 11th FYP of the Mainland which Chief Executive Donald TSANG mentioned just now is indeed a great encouragement to us.*

With the implementation of the policy of reform and opening for more than 20 years, the majority of Hong Kong's manufacturing and production processes have moved northward, thereby driving up the vacancy rate of local factory buildings year after year. Calculating at the per sq ft market value, it is estimated that the value of factory buildings left vacant is equivalent to \$7.5 billion, which represents a huge wastage of social resources. In order to dovetail with our economic restructuring, should the Administration not take appropriate steps to supply more land allowing multi-purpose and effective uses

by relaxing the restrictions on the uses of industrial buildings so as to encourage SMEs to start new businesses and help the development of new industries, and coupled with the replanning and redesigning of factory buildings to enhance their value, thereby helping to lower the existing high vacancy rate?

Therefore, may I ask the Government whether it will amend or broaden the definition of "factory" in law, so as to include high value-added non-production processes such as design, scientific research, marketing, information management, financial management, procurement, production planning, quality inspection and logistics management into the statutory definition of "factory"?

CHIEF EXECUTIVE (in Cantonese): First of all, I mentioned the 11th FYP earlier is not simply because I have to tell you the enormous business opportunities I saw in it, and that the Hong Kong's future will be rosy. Rather, we must face up to it, and take the necessary precautions and stay alert to the challenges that lie ahead so as not to be marginalized, as well as to grasp every single opportunity. These are the necessary corresponding measures we should take.

I totally agree with your remarks concerning factory buildings. From the theoretical and overall perspectives, the appropriate policy is to make the best use of the existing vacant factory buildings so as to reduce the vacancy rate. If it is feasible to provide flexibility in their uses, we must do so and this is actually what we are doing now. We have been doing this where circumstances permit. However, if the relevant legislation is amended to include offices, science and technology, scientific research and marketing, just as what you said, such inclusion into the legislation is tantamount to an integration of factory and office buildings, which may probably give rise to another kind of problem.

However, there is one point in the suggestions you made which is worth discussion — we have actually started it — and that is: How can flexibility be applied to the usage of factory buildings and will the relevant measures be widely adopted? In particular, there are plenty of old factory buildings with very high vacancy rates in such old districts as Tai Kok Tsui, Kwun Tong and Kwai Chung. Can we adopt more innovative measures to tackle the problem there? My colleagues and I will be very glad to look into it. Yet, it is necessary to identify the market needs so as to know what suits it best. Thank you.

DR FERNANDO CHEUNG (in Cantonese): *I can hardly agree with the comment made by Mr SIN Chung-kai earlier on that the Chief Executive is a politician. I can tell from the Chief Executive's behaviour that he has all along been upset with the voting down of the constitutional reform package, and has a feeling of discontent. Nevertheless, it has nothing to do with the question I am going to ask.*

The Chief Executive mentioned the favourable development trend of China economy. But I wish to remind him, many social policies of the Mainland are actually very advanced. For instance, minimum wage has been implemented for years, and so does the community-wide retirement protection scheme. Both are rather successful. Furthermore, the elderly and people with disabilities can enjoy free rides on all kinds of public transport. Recently, we saw that our MTR Corporation Limited has been invited to participate in the building and management of the Shenzhen Metro. A related question was asked when you led us on a visit to the Shenzhen Metro last time, and the reply was that free rides were offered to the people with disabilities as well. In view of the current situation of Hong Kong, despite that people with disabilities are entitled to disability allowance, many of them find the allowance not enough to cover even the medical expenses. May I ask the Chief Executive whether he personally agrees that public transport fare concession should be provided to people with disabilities in Hong Kong?

CHIEF EXECUTIVE (in Cantonese): As far as social welfare is concerned, you cannot compare piecemeal the development modes of a socialist country with that of a capitalist region like Hong Kong, which is extremely difficult. And yet, the fact is that we all know which kind of system is good and which is bad. You made special mention of the management of the metro system, and you should know very well why Hong Kong's railway corporation has been invited to participate in management work. It is precisely because they found merits in Hong Kong's operation of such system. I strongly believe that public transport is a strong edge of Hong Kong, and many places in the world are learning from Hong Kong. The point is we should avoid imposing a burden too heavy such that significant subsidies will be required, just like the practice of overseas countries. This is neither beneficial to Hong Kong nor the people with disabilities ultimately.

Earlier, you mentioned the inability of people with disabilities to pay for their medical expenses, but I hope this is not the real situation. Our medical services should be adequate for all, and no poor people will be denied medical consultation services for being poor. The medical protection we offered is actually very adequate, otherwise, we will not be able to see an increasing average age of the Hong Kong population. Our medical system has been working very well.

As regards the transport subsidy for people with disabilities which you mentioned just now, my personal opinion is that subsidies other than transport subsidy should be provided if it is really worth doing. Any distortion of social policies in favour of a particular group, for instance, a distortion of transport and education policies and even all other policies, may eventually result in a failure to achieve satisfactory results that can satisfy the beneficiaries concerned. The most important consideration is whether or not they find the subsidies adequate, and feel supported and backed — support in the family, social and financial perspectives. The adequacy of services should be evaluated from these perspectives. We cannot consider merely from the transport perspective simply because they need to travel. Rather, we should consider from an individual perspective, and see if there is a need to travel, their affordability of the transport expenses, whether it is a necessary step to take and whether there is a need to help these people in particular. I think only consideration from this perspective is meaningful.

If transport or other policies (say, education or medical policies) are distorted, problems will arise in the long term. The medical policy has already been distorted. For instance, Comprehensive Social Security Assistance (CSSA) recipients are exempted from all medical payments, and this has resulted in a big problem underlining the medical policy. We can therefore consider what should be done. It is indeed the responsibility of every member of society to render our sincere help to the disadvantaged groups. The Government is certainly duty-bound to do it, and I believe, out of its sincerity as well. We also have to do it under the resource constraints. Yet, I am not sure whether a change in the existing transport policy is the best solution.

DR FERNANDO CHEUNG (in Cantonese): *Just now, the Chief Executive said that our concessionary transport scheme for people with disabilities cannot compare with that of the other countries. But in fact, nearly all advanced*

countries that practise capitalism have established such a scheme, and they are pretty similar to us in many aspects. The Chief Executive also mentioned that no one in Hong Kong will be denied medical care services because of their disabilities or financial difficulties. But the fact is such cases really exist. They have to bear the numerous expenses on their own, and to the families of people with disabilities, the burden is actually not light at all. I am worried that the Chief Executive in fact does not have a good understanding of the daily needs of these people. To put it simply, take the example of renal analysis. Patients have to pay for the peritoneal dialysis fluid themselves. Even though they are recommended by their doctors to undergo renal analysis treatment, the waiting time is still very long. So I sincerely invite — I am so glad to hear the Chief Executive say that he is very much concerned about the disadvantaged groups — the Chief Executive to meet with the people with disabilities and the relevant groups, so that he can gain a better understanding of their needs and get to understand that the provision of transport concession is indeed helpful to social inclusion.

CHIEF EXECUTIVE (in Cantonese): I have already met with various social groups, and I will continue to do so. However, there is one point concerning transport. I mentioned that subsidies are also made in advanced countries just now, and I meant most public means of transport in these advanced countries are in fact subsidized by taxpayers, and I hope that this problem will not mushroom in Hong Kong. At present, our transport policy and public transport are considered by many as satisfactory. Would it not be better for us to seek assistance for people with disabilities from other angles?

MR LEUNG YIU-CHUNG (in Cantonese): *President, I have indeed prepared a question about the granting of half-fare concession to people with disabilities for the Chief Executive. However, Dr Fernando CHEUNG has just asked that question. But still, this is not the only reason that made me ask the following question, the other reason is that after hearing the declaration made by the Chief Executive earlier on the opposition camp, I cannot help asking the Chief Executive certain questions. When he made the declaration earlier, he emphasized by raising his voice that "the opposition camp" opposed for the sake of opposing. I thus want to ask the Chief Executive this. When he mentioned the affinity distinction, he already specified that the opposition camp would take the straitjacket approach and, owing to their clear-cut stance, there is rarely any*

communication with them. I have in fact regarded myself as the opposition camp, for government departments and the Chief Executive seldom have any communication with me. Indeed, on what philosophy, information or evidence has the Chief Executive based his claim that the opposition camp is opposing for the sake of opposition, and that they are putting up opposition for no reason and without any justification? When he say that they "oppose for the sake of opposing", will it at the same time give rise to another problem, that is, he is blaming the opposition camp for the sake of blaming them? If that is not the case, why does he not focus on fostering "harmony" as he claimed earlier, but instead spurs further on the idea of "opposing for the sake of opposition"? Why can he not be more open-minded and have more communication and dialogues with all of us? Why can he not do this? From what actual experience in the past or information can he tell that whenever Members putting up opposition against the legislature and government policies in the legislature

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, you should state your question.

MR LEUNG YIU-CHUNG (in Cantonese): *I am going to ask my question.*

PRESIDENT (in Cantonese): Though you have spoken for so long, I still do not hear your question. Perhaps you should first state your question directly and clearly, please? If you want a debate on this, you may do so the other day.

MR LEUNG YIU-CHUNG (in Cantonese): *I have actually stated my question clearly. From what evidence can the Chief Executive tell that Members are opposing for the sake of opposition when they oppose government policies?*

CHIEF EXECUTIVE (in Cantonese): I have not said that Mr LEUNG is on "the opposition camp", nor have I said that he opposes for the sake of opposing. I am only stating the political reality. That is, in every society, there are always some politicians who oppose for the sake of opposing. It is a plain fact. I am also aware that some policies proposed by the SAR Government which have the support of the majority public in Hong Kong may still face opposition. These

people certainly have their arguments. Any good policy that can secure the support of 70% of the members of society is already an excellent policy. But if there are still 30% people against it, it is not surprising at all. If it is an individual case that certain people oppose certain policies owing to their obstinacy, it does not matter. However, if they demand that every policy proposed by the Government must be perfect in order to gain their support, then, Mr LEUNG, I think I can hardly make it.

I hope Members will understand that if a policy of the Government does have the support of the majority, I will consider it worth supporting and ought not to be opposed. If someone does oppose such a policy, thinking that he is only expressing his personal opinion, and that despite the support of the public for the policy, he has to oppose and suppress it and to prevent the passage of the policy, can this still be considered as political activity? For such move is directed against the Government, aiming to undermine the prestige and power of the Government and putting one's own value before the value and interest of the general public. It is only under such circumstance that we call these people "the opposition camp". Therefore, Members should never take this personally, regarding themselves as the opposition camp. When I refer to the opposition camp, I consider it at the theoretical level.

I have seen many such cases in Hong Kong. But do not worry, for it does happen in every society. If we are to adopt open politics, this will be a natural phenomenon, and I am only pointing it out. Some Members said earlier that "I do not even talk about it", but it is not the case. I wish he had heard the speech delivered by me. For I said if such cases did occur, I would still explain the case to him fully. My colleagues and I will explain to him our rationale and reasons for asserting our policies, and how we have the support of the public to do so. We hope that he will understand it. This is what we have done and will continue to do.

When the Government puts forth a policy, I hope Members will not demand it to be perfect, for every policy involves all kinds of compromise in society. From a certain angle, particularly in comparison with the ideal mode each individual holds, the policy must have its shortcoming. If the present policy is opposed for this shortcoming or from this angle, I believe it is not in the interest of the general public. It is thus my hope that genuine harmony in society can be fostered by accepting the common wish of society as a whole.

Though this common wish may not necessarily coincide with my personal preference exactly, I will still support it. If this can be achieved, the situation of opposing for the sake of opposition will reduce in Hong Kong.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the main reason I regard myself as "the opposition camp" is that the Chief Executive mentioned the affinity distinction earlier and that he has attended meetings of certain political parties or organizations but not the others. Since I do not think I have received such treatment, I thus regard myself as the opposition camp. No matter how, President, whenever we have to define whether certain policies are supported, the Government, more often than not, will say that it introduces those policies because they are supported by the public. However, does the Chief Executive know that when the opposition camp oppose these policies, they also state that they oppose these policies because the public supports them to do so? Does the Chief Executive agree with this? If everyone, including the opposition camp, claims to have the support of the public, and if it involves an important issue, how should it be dealt with? Take the constitutional reform package as an example, which is the best approach? Let us consult the public. Just as we said in the past, if that is the case, why do we not hold a referendum, for this is a solution to the problem mentioned by the Chief Executive?*

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, have you put forth your short follow-up?

MR LEUNG YIU-CHUNG (in Cantonese): *President, I am going to ask my question, sorry. (Laughter)*

In that case, will doing so make the case clearer, for all of us no longer need to conjecture, calling each other "the opposition camp" or declaring one is not "the opposition camp"? Why not leave it to the public to decide? Just as "Uncle CHIM" said earlier, those opinion polls are inaccurate.....

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, you only need to put your follow-up. Please do not give your opinions, will you?

MR LEUNG YIU-CHUNG (in Cantonese): *President, I am going to ask my question. I will do so after saying this.*

PRESIDENT (in Cantonese): I would like to let one more Member to ask questions. We have only two minutes before it is 4.30 pm.

MR LEUNG YIU-CHUNG (in Cantonese): *I believe the Chief Executive will allow one more question from Members. (Laughter)*

Since it is about an important issue, he should not say that we are opposing for the sake of opposition. Will the Chief Executive let the public make the decision?

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, the public make such decisions every day. They reflect their views to us every day, we only need to listen to them humbly, lending an ear and conducting some simple opinion polls. We can tell from the opinion polls conducted what they need and what they do not. Certainly, when I say that the policy introduced by us is supported by the public, I do not mean only a few of them support it; I am instead referring to the majority public in Hong Kong. When other Members oppose it, I have the support of the public. But, of course, as I have said earlier, even the best policy may only gain the support of 70% of the members of the public, there will still be 30% opposing it. The question is when issues related to the people's livelihood, politics and economy have to be dealt with collectively, should we not make a choice? Should we go to the extreme that one's own view should outweigh that of others? If we are to strive for a balance and consensus in this respect, we have to endure the pain. It is because of this that we have those so-called labels, the so-called "opposition camp" and the "pros and antis". I think what is most important is that those who are "pro-public" are the "pros" while those who are "anti-public" are the "antis". This is the most important concept.

PRESIDENT (in Cantonese): Fortunately, there are still 30 seconds before it is 4.30 pm. Mr TAM Yiu-chung, please ask the last question.

MR TAM YIU-CHUNG (in Cantonese): *Mr Chief Executive, of late some Members of this Council are very concerned about the term "the opposition camp" and discussions on this were held in some meetings. As for the question I am going to raise, I am not sure if the Chief Executive is prepared for it or not. Recently, there has been a news story about some people who like to dance and sing in Tuen Mun Park but residents living in the neighbourhood have lodged complaints about the nuisance caused by the noise produced. What does this tell? It shows that New Territories West is a place inhabited by many grassroots and retirees. These people want to have more room for activities and a place where they can mix with people and have fun. Unfortunately, such venues are in great shortage and it is very difficult to obtain permission to use these venues.....*

PRESIDENT (in Cantonese): What is the question you wish to ask?

MR TAM YIU-CHUNG (in Cantonese): *.....some of these will charge them some money and so these people go to the park to have fun. In view of the ageing of the population in our society, can the Government find more places so that people who enjoy singing and dancing can have fun? Since land is readily available in New Territories West, should some places not be identified and spared to meet such needs of society and the people?*

CHIEF EXECUTIVE (in Cantonese): I agree that something should be done. Mr TAM may not be aware that during these past two weeks and in our morning assembly held every morning — Members all know that we hold our morning assembly every morning at 8.40 — we did discuss the problem of singing Cantonese opera scores in Tuen Mun Park. Unfortunately, we could not find any solution. As it has been said, if we tell them not to sing, they will snap at us. But if we let them sing, other members of the public will snap at us. The problem, then, is either way we will be snapped at. It puts the Government in a difficult position. The staff of the Leisure and Cultural Services Department may be having a hard time because of this.

Personally I think that it is fine if people want to sing, but they should not use any loudspeakers. It is very easy to do something to amuse ourselves. It

is alright if we want to do something to amuse ourselves. The question is if we use loudspeakers as we are having fun and if this makes everyone hear it, in that case it would be quite a problem. The problem is not that there is no venue — venues are indeed provided to the public, but the response we got is that these are not suitable. This is because the requirement is that no one should be bothered by the noise and no one should be able to hear them sing. I think we should think about it. On the other hand, I am more inclined towards sympathizing with the general public. We respect other people in their pursuits, be it singing or dancing. We must respect them. The Government has a responsibility to provide a sufficient number of venues for them, but these must be regulated lest other people are disturbed. I think this is the most important point. We should respect each other before we can build a harmonious society.

As for the provision of more community facilities in New Territories West, we will continue to work hard on that. I understand that this has a direct bearing on people's livelihood. In this regard, as Members can see, such facilities are included in the public works in progress, especially for those in the New Territories. We know that it is not that such facilities are not provided in Tuen Mun and it is not that there are no venues for people to sing Cantonese opera scores, the problem is that no loudspeakers are permitted in those venues. If they use loudspeakers, many people would be able to hear what they sing and they may not know that most people would think it is noise. Therefore, while we should respect their right to sing, I hope those people would respect the right of other people and residents to have peace and quiet.

MR TAM YIU-CHUNG (in Cantonese): *I wish to say one more sentence. There are actually some places in Tuen Mun for such activities. The Government may provide some hardware facilities such as building a cover or some sound insulation facilities and sparing some area which is far from residential areas while not too remote. There are such places in Tuen Mun. Can the Government reconsider increasing the provision of such venues and facilities?*

CHIEF EXECUTIVE (in Cantonese): Yes, this is something we should do. We have made some suggestions on these two aspects to them, especially those who sing Cantonese opera scores in Tuen Mun.

PRESIDENT (in Cantonese): We would like to thank the Chief Executive for giving replies to 17 questions raised. Will Members please rise while the Chief Executive leaves the Chamber?

CHIEF EXECUTIVE (in Cantonese): Thank you.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 24 May 2006.

Adjourned accordingly at twenty-five minutes to Five o'clock.