

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 13 October 2005

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

IR 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

THE HONOURABLE LI KWOK-YING, M.H.

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

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

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

DR THE HONOURABLE PATRICK HO CHI-PING, J.P.
SECRETARY FOR HOME AFFAIRS

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

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

THE HONOURABLE 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

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

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

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.

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION ON THE POLICY ADDRESS

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

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

CHIEF EXECUTIVE (in Cantonese): Madam President, I am most delighted to again meet with Members today.

May I first of all wish the Legislative Council great success and a most productive new Legislative Session. If I may first depart from my text of prepared speech, I would like to say something from the bottom of my heart.
(Laughter)

In my speech, there is a major topic that has neither been mentioned nor presented in print. However, it is such an important issue that it links up my three main themes, and that is, harmonious society, economic development and strong governance. But the most important factor for success has not been written out. Yesterday, Jimmy mentioned this point to the mass media, and that is, the improvement of the relationship between the executive and the legislature. But I have not mentioned it so far.

In fact, I thought about the issue long and hard when drafting the policy address. In retrospect, the issue of improvement of the relationship between the executive and the legislature arose earlier than 1997. In fact, as early as the '90s in the last century when the representative government was introduced, this issue was always mentioned by both official and non-official Members every year in the policy debates. Subsequently, this issue was repeatedly mentioned year after year. In this year's policy address, I felt that such an important issue should be mentioned again. But after some careful consideration, I thought I had better prove it with actions. I hope I can prove it with actions and that I am able to contribute more to improving the relationship between the executive and the legislature in the months ahead after assuming the post of Chief Executive.

After I was sworn in as the Chief Executive, I told Members what my thinking was and what my work plan was on the first working day of the Legislative Council.

At that time, I sincerely invited Members to work together with me so that we could focus on issues of public concern and share the same targets and blueprint. At that time, I made a pledge to Members that as I had fully understood their wishes in the previous motion debates, I would report to them and state clearly what my platform is during my term in the earliest opportunity. So, I advanced the day of announcing the policy address to October this year or the very first day of this new Legislative Session in order to spell out my missions. During the past few months, I have done a number of jobs, including a visit to the Pearl River Delta Region by all of us. Besides, I have also made use of the first opportunity to listen to the wishes and aspirations of individual Legislative Council Members and people from various sectors. They all hope that the policies proposed by me can be truly implemented. At that time, I also listened to the views of other people and different sectors which serve as evidence to verify that my pledges to the general public during my election campaign can meet their needs. Furthermore, as I am aware, I have a limited term which will expire in mid-2007. During this limited term, I will exert my utmost to seek the most important common goal in the hope that the policy address can really answer people's aspirations, particularly Members', in order to prove with facts that I have both an ear and a heart or the determination to accomplish a task together with Members.

By setting aside my personal preference, all the policies in yesterday's policy address are based mainly on the views of Members and the general public in an attempt to set out objectives within my abilities, including such sensitive issues as setting a minimum wage, fair competition law for the prevention of monopolization and other livelihood issues. I also hope that I can address individually the aspirations of Members in the policy address.

First of all, I think, during the whole process, we share a common goal. What I am trying to say is that, as I mentioned at the beginning of the policy address, we should exercise our powers and perform our functions as prescribed. So, we should remember that what we do should adhere to the principle that "we care for the people, we exercise powers for the people and we seek to improve the well-being of the people". Let us operate with due checks and balances and complement each other. We should truly accomplish the goal of having the

executive complement the legislature basically because we share the common ground. We exercise powers for the people and we work for the well-being of the people. What we care and concern about is the masses of Hong Kong. Since we share a common goal, we should be able to work together and talk in the same language. There should be less bitter comments and harsh words. We should face our clients together — the general public of Hong Kong.

An opportunity is now awaiting us: The people do hope that we can co-operate. I hope we can be united in our efforts to accomplish what should be done for the people in the rest of my term. I am happy to take questions from Members.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions on the policy address raised by Members. A Member whose question has been answered may, if necessary and for the purpose of elucidation only, ask a short follow-up question.

MR JAMES TO (in Cantonese): *Madam President, Chief Executive, on the issue of fair competition, many people opine that the Chief Executive, during the past few decades of his career as a civil servant, particularly in his capacity as the Financial Secretary, seemed to oppose a comprehensive competition law. Now being a politician, will your attitude take a 180-degree change? This time you say you will do some research, how can we be convinced? The Democratic Party has mentioned this issue with you or the Government during the past 10 years or so. It has also moved a private Members' bill on this issue and debated on it in the Legislative Council for a number of times. How would you convince people that your values have thoroughly changed in the sense that you firmly believe that this is conducive to Hong Kong's competitiveness and long-term interest as an international financial centre and you do not intend it to be a delaying tactic?*

CHIEF EXECUTIVE (in Cantonese): I have never changed my beliefs in relation to Hong Kong economy. I am also full of confidence in the competitiveness of Hong Kong's business sector and consider that Hong Kong's business environment is vitally important to the fostering of economic activities

and people's well-being. However, I have also heard the views of many people, particularly in the past year when such wordings as "collusion between business and the Government" were mentioned during our debates on some controversial issues. It means that there is market domination in our society. According to my conscience and my review of the operation of the business sector and the internal procedures of the Government, I do not find any signs of the alleged situation.

However, we must understand that many large enterprises in Hong Kong have become multinational conglomerates and many overseas multinational conglomerates have also set up business in Hong Kong. Under such circumstances, are people's worries, particularly those of Members, unfounded? I think we should adopt an open mind when studying the issue. So, I very much hope that when a committee is set up to study the existence or otherwise of monopolization in market competition next year, it will study open-mindedly whether we should introduce a fair competition law from a more macro point of view. Regarding this issue, not only Members in the Democratic Party and the Article 45 Concern Group have mentioned it, other Members have also expressed their views on this issue. In general debates, wordings such as "collusion between business and the Government" are repeatedly uttered. Although these wordings may be uttered just for expressing one's emotion rather than taking it as a fact, such phenomenon must be dealt with.

If I am stalling for time, Mr TO, I will certainly avoid this issue. Nor will it be made a pledge in the policy address. I will keep an open mind and honour my pledge in a sincere manner and I do not think there is any change in my economic philosophy or beliefs.

MR JAMES TO (in Cantonese): *Madam President, just now the Chief Executive pointed out that some people and many Members had also mentioned this issue in recent days. In fact, the public have all along thought that there is market monopolization in Hong Kong. This is quite different from what the Chief Executive has observed. May I ask the Chief Executive whether he can pledge that a bill on this issue will be introduced within his two-year term so as to ensure that Hong Kong's competitiveness will not be sliding down the scale in other rating reports and Hong Kong's market status can be further consolidated on the right track?*

CHIEF EXECUTIVE (in Cantonese): I have made it clear that I very much hope to keep an open mind. However, we have to reach a consensus in studying the issue in order to ensure that the negative impact of an anti-trust law will not occur in Hong Kong as it does in other places. Moreover, we must ensure that such a law is introduced not for window-dressing but for addressing our actual needs. I firmly believe that once the committee is formed, it will study the issue in great detail and do some pragmatic work in the hope that it will come up with the best proposal at the earliest opportunity. However, I do not think a rigid timeframe is the best way to resolve this issue.

MR BERNARD CHAN (in Cantonese): *Madam President, Chief Executive, you mentioned in your policy address that you would further promote our exchanges with eastern China and the southwestern region, provide additional support services to Hong Kong people visiting the Mainland, and established a Mainland Affairs Liaison Office. As far as I know, the social welfare sector in the past two years has conducted a number of different studies, finding that many Hong Kong people working or living in the Mainland are in want of support and face great difficulties in adaptation. May I ask the Government what specific plans it has for providing support to Hong Kong people in the Mainland?*

CHIEF EXECUTIVE (in Cantonese): In view of the huge area of our country, it is a very difficult and tall challenge if we try to meet every need of all Hong Kong people who have moved to the Mainland. The proposal in my policy address, in my opinion, is an urgent and extremely important issue which is the difficulties encountered by Hong Kong people when doing business in the Mainland. At the same time, mainland enterprises which intend to invest or raise capital in Hong Kong also face some difficulties. If we can make some efforts, we can not only help these businessmen, but also promote the economic activities in Hong Kong. So, in my conception, two additional offices will be set up in the Mainland, one in Chengdu, the southwestern part of China, and the other in Shanghai, which will mainly deal with matters concerning trade and economic development. Colleagues currently working in Beijing and Guangdong Offices will also reshuffle their duties. These four offices will report to the Constitutional Affairs Bureau so that their services can be strengthened.

Of course, if a Hong Kong resident is involved in an incident or accident in the Mainland and needs help, our own resources and the resources of these four mainland offices will be deployed in order to provide as much assistance as we can, particularly I hope assistance can be provided to Hong Kong residents involved in traffic or commercial disputes. Having said that, I hope Mr CHAN can understand that these offices, which are small in scale, have each been manned by a small staff in contrast with the huge area of our country. It is really not easy for our staff to reach the location where the incident has occurred in time. Nevertheless, I am sure that colleagues stationed in these offices will do their best to provide assistance.

MR BERNARD CHAN (in Cantonese): *You are right, Chief Executive, it is impossible for the government departments to take care of all Hong Kong people living in the Mainland. However, various organizations of the social welfare sector have set up different focal points of liaison within their networks in the Mainland. Instead of provision of assistance by our liaison offices alone, is it possible for them to co-operate with these organizations in providing support to our people?*

CHIEF EXECUTIVE (in Cantonese): That's a brilliant idea. I am sure I will discuss this issue with our colleagues and take follow-up action in relation to this suggestion.

MS MARGARET NG (in Cantonese): *Madam President, the District Council-related proposal, which has been divulged through informal channels by the Government, is obviously not accepted by the Hong Kong people. Why does the Chief Executive not withdraw it at the earliest opportunity and hold discussions with the Central Authorities in order to introduce another reform proposal that is closer to universal suffrage and the aspirations cherished by the Hong Kong people?*

CHIEF EXECUTIVE (in Cantonese): As far as I know, the Chief Secretary for Administration has yet to submit any proposal. *(Laughter)* Although the proposal has yet to be submitted, some people have already voiced their disagreement. As Hong Kong is a free society, there are always divergent

views. Regarding the proposal rumoured, there are some opinions that the proposal has certain merits. Having said that, I think Members should be patient because the Chief Secretary will soon brief Members on the Fifth Report and the mainstream opinion collated by the Government after a long public consultation exercise. The report will present our rationale. If Ms NG or other Members wish to express their views, they will be able to do so in open debates and discussions. I know the Chief Secretary and other colleagues, when drafting the report, have made a lot of efforts to reflect the ideas of Hong Kong people who think what we can do within the existing framework after a long consultation exercise. I hope Members will look at the issue from an objective perspective and discuss it with a positive attitude. I hope we can make the first step towards universal suffrage in democratization.

MS MARGARET NG (in Cantonese): *Madam President, we have fully expected that this would be the reply of the Chief Executive. In our discussion, I asked Mr Ronny TONG why this question should be asked because the Chief Executive's reply was expected. Our concern at that time was that unless the Chief Executive tells us that the proposal in respect of District Councils, which has been divulged through informal channels, will disappear, we have to start studying it again if the Government puts forward the proposal a few days later which is known to be unacceptable. Since we cannot afford to spend too much time on the back-and-forth consultations on such a proposal, we will face a lot of difficulties. In view of this, we have to ask the Chief Executive why the proposal is not withdrawn in order to put forward another one which is more likely to meet the people's aspirations before a consultation exercise is launched. My follow-up question for the Chief Executive is: Can you confirm that this proposal will not be adopted? Or can you tell us that this proposal is adopted only if it can be shown that it is supported by the people and a referendum or survey will be conducted in order to ascertain whether or not the proposal is endorsed by the people?*

CHIEF EXECUTIVE (in Cantonese): Ms NG, as I have just said, the proposal to be introduced by us is not dictated by superior's will. I am also quite sure that it is not dictated by Mr Rafael HUI personally either. Rather, it is based on the findings of a long consultation exercise. The results of each round of consultation and the discussion of each open forum have been uploaded onto the Internet. As to how many people have expressed their views or the specific

details of their views, I am sure Ms NG and Members are able to take a look. Besides, I also firmly believe that Members would perform their duties in accordance with public wishes. If we have listened to people's views which are also the mainstream opinions, I am sure Members will also seriously consider the proposal.

I do not think this is the right forum for me to discuss the contents of the proposal here. I also believe that the Chief Secretary will soon give Members a full account in due course. I hope Members can then decide whether or not our justifications and thinking behind the proposal have truly reflected all the views collected during the consultation period. I trust Members and we are obliged to consider this issue in a serious manner, rather than just presenting our personal views, either in the capacity of Legislative Council Members or the Chief Executive or the Chief Secretary for Administration. What we have to do is to adhere to the criteria that we are the servants of the people.

MS MARGARET NG (in Cantonese): *Madam President, the part of my question that has not been answered by the Chief Executive is whether the Government will conduct a survey or referendum. As for the first part of my question, I take it that the Chief Executive has answered it, and that is, the proposal on District Councils will not be withdrawn. (Laughter)*

PRESIDENT (in Cantonese): Chief Executive, do you have anything to add?

CHIEF EXECUTIVE (in Cantonese): We will conduct a consultation which is our long-standing practice. As to whether a referendum and survey will be conducted, I would like to say that we will do some surveys in the background. Members can also conduct some surveys and opinion polls on their own. However, I think it may not be appropriate to conduct a large-scale referendum on such a sensitive issue.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, what Mr TSANG said from the bottom of his heart just now is quite sentimental. On hearing his allusions to "we care for the people, we exercise powers for the people", I would also like to respond in a sentimental way that when we care for the people, we do not just "care". I am afraid that if he should say any further along that line, he*

may say "care is above all else", and so he may think that he can substitute "care" for "concrete acts". I would like to know whether he will adopt some concrete policies to show his care for the people when he says he cares for them instead of paying lip-service. Otherwise, he will be just like a husband who says he loves his wife, but he denies her provision while he himself is a spendthrift and leads a gay life outside. The Chief Executive is aware that I am talking about the minimum wage. (Laughter) Will the Chief Executive do anything in this aspect?

Although the Chief Executive said that "we exercise powers for the people", those appointees to the Executive Council all come from the business sector. The name list has been widely circulated. What idea does he have in mind so that the people can share the powers? I cannot see any in this aspect. So I hope that when the Chief Executive says he "cares" for the people, he really cares for them; when he mentions "powers", he means sharing powers with the people.

PRESIDENT (in Cantonese): Honourable Members, please speak up when asking questions because the Chief Executive's earpiece seems to function badly and the reception is poor.

CHIEF EXECUTIVE (in Cantonese): The sound of this earpiece is not steady. Maybe it has also become sentimental. *(Laughter)*

(Mr LEE Cheuk-yan indicated a wish to repeat his question)

PRESIDENT (in Cantonese): He has heard your question despite the poor reception.

MR LEE CHEUK-YAN (in Cantonese): *One may not be able to hear clearly in love talk. (Laughter)*

PRESIDENT (in Cantonese): Mr LEE, please be seated first. Members please speak up when asking questions so that the Chief Executive can hear you. Chief Executive, as you can see, our equipment has worn out. *(Laughter)*

CHIEF EXECUTIVE (in Cantonese): On this question, that is, the minimum wage, I have been, from the beginning to the end, moved by Miss CHAN. During the election campaign, I listened to her words from the bottom of her heart. And I have done what I should do although what I can do is very limited when the community has yet to reach a consensus on the issue. But I have tried my best. Mr LEE, as you may be aware, the standard contract has been adopted by the Government internally under my instruction. We hope that, through such a practice, we can encourage and guide other subsidized organizations to follow suite. We all the more hope that such an arrangement can be further extended to other institutions such as grant schools. We also encourage the business sector to pay their workers the market rates. We fully understand that we do not see any conspicuous wage increases for the grass-roots workers even though our economy has recovered from the doldrums. This I always bear in mind. Yet, the issue will also have a bearing on our overall business environment and the structure of labour market. Most importantly, as the current unemployment rate is standing at 5.7%, any arrangement or rigid regulation that may impose obstacles to the labour market may lead to undesirable results which may further worsen the workers' employment opportunities. I am sure Mr LEE understands what I said and all other Members do. Nevertheless, I think we should continue to study and look into the issue. I strongly believe that the implementation of a minimum wage under certain circumstances may not adversely affect the employment situation if the wage level prescribed is appropriate. Therefore, the Labour Advisory Board (LAB) is studying this matter and I will follow up.

On the other hand, as I have expressed that I will continue to make efforts in this aspect, I will do so in my own ambit of influence so as to respond to Mr LEE Cheuk-yan and several Members of the Federation of Trade Unions who have raised this matter with me. However, in my opinion, it is necessary to reach a consensus before we can proceed any further.

Just now Mr LEE Cheuk-yan mentioned the Executive Council. I will not say who the appointees are at this moment. But please do not forget that Mr CHENG Yiu-tong is also an Executive Council Member. As the representative of the labour sector, he is a very senior Member there. Mr LEE Cheuk-yan may disagree with his views, but I highly respect them.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, I maintain that if Mr TSANG really talks about "care", he really has to make actual intervention in order to do something concrete for the grass-roots workers. How can the Chief Executive say that he "cares" for the people when even the legislative timetable for a minimum wage is not available, not to mention a timetable for our political reform? If he keeps telling us that he "cares" for the people but he just takes no concrete actions, is this possible? Mr CHENG Yiu-tong, whom I highly respect, is only one of the Members of the Executive Council. In view of the fact that there is only one representative from the labour sector or the grassroots among a dozen of Members in the Executive Council, may I ask whether there is adequate representativeness in it? And whether the power is exercised for the people?*

CHIEF EXECUTIVE (in Cantonese): There is one thing which Mr LEE Cheuk-yan maintained that I have not done but in fact I have. I believe the current arrangement by the Government has already benefited tens of thousands of workers. I hope the coverage will continue to extend. So I do not think this is paying lip-service. In fact we are making efforts and I will continue to do so. Besides, I will also follow up the discussion currently held by the LAB on this matter.

DR DAVID LI (in Cantonese): *Madam President, will the Chief Executive please tell us what methods he has to enhance communication between the SAR Government and officials on the Mainland?*

CHIEF EXECUTIVE (in Cantonese): I have stated in the policy address that I hope to have more time to communicate with relevant Central Authorities officials on issues of mutual concern, in particular, to enhance communication on issues that the Central Authorities have the right to enquire under the Basic Law. With regard to economic and financial development, I also wish to enhance communication on matters that need the co-operation of the Central Authorities.

I hope I can find time to do all these tasks, but I wish that Members would not be oversensitive in this respect and not to request me to give an account of my every mainland visit, like Ms LAU did. I wish that she would not be too sensitive about this. Moreover, I encourage all Principal Officials, for the

interest of the people of Hong Kong, to liaise more often with their counterparts in the Mainland, in the provinces and cities, as well as in the Central Authorities, on matters relating to their area of work. I hope that all Permanent Secretaries will do the same and that all Legislative Council Members can go more often to the Mainland to understand the conditions of our country. With regard to Members who find it difficult to go the Mainland for travel or work now, I will strive for more communication in this respect. I have a conviction and that is, on the political front, a true and expeditious realization of universal suffrage as stipulated in the Basic Law has to be built on mutual trust and mutual trust is two-way. On the one hand, we hope to convince Central Authorities officials to place trust in the people of Hong Kong, in that we will, in this matter, follow through our practice in a responsible manner; and on the other, I hope all Legislative Council Members can try harder to recognize and understand that the Central Authorities are selfless in this issue and that they can learn more about the conditions in the Mainland.

MR MA LIK (in Cantonese): *Madam President, the Chief Executive stated in the policy address that 6 800 jobs would be created. We find it a fair measure. Yet, I am not sure if the Chief Executive has noticed that, according to a local research report released recently, the trading sector in Hong Kong will relocate 100 000 posts northwards within the next few years — 100 000 posts relocating northwards will equate to a 2% increase in the unemployment rate in Hong Kong. We believe its impact on our overall economy will be greater than the northward relocation of our manufacturing industries in the 1980s. May we know how the Government will assess the present situation and what corresponding measures are in place in terms of manpower and economic policies?*

CHIEF EXECUTIVE (in Cantonese): Hong Kong is now in an open economy and a market environment of global competition. We have to strive for continual improvement and change, and the manpower structure needs to adjust accordingly so as to progress with the times. Under such a situation, we can foresee that within the next 20 to 30 years, every change made to the production process, or the eventual relocation of the production line will cause an impact on the local market. However, Mr MA, I want to raise a point, that is, in the past

when our economy restructured at the fastest pace, it was also the time when Hong Kong's unemployment rate was at the lowest. Unfortunately, until a few years ago, not because of our overly rapid economy restructuring, but because of the Asian financial turmoil, the balance of the domestic economy of Hong Kong was disturbed. Adding to this was the bursting of the bubble economy, all of which led to the plight that we are in now. We thus should not be afraid of our skills or posts being relocated, what matters is that we need to be innovative in creating more posts in new industries, in particular, in high value-added industries. This cannot be achieved by the Government alone because there is a limit to our ability. Nor can we know how the present market will develop because our market acumen is not as sharp as that of the business sector. Our only intention is to provide the right business environment for bosses in the business and manufacturing sectors or the small and medium enterprises, so that in face of this new situation, they can make continual improvements and enhance their competitive edge. Some jobs may move northwards, we may, nevertheless, be able to capitalize on this opportunity to create new opportunities and establish new industries. The situation in the past 30 to 40 years is the same as the post-war time in Hong Kong, so it is most imperative that we have confidence in ourselves and in our innovative power. Only in this way can we enhance the quality of life of the general public.

With regards to the report mentioned by Mr MA, I will ask my colleagues to make a thorough study of it and see if we can formulate any concrete strategies, for we cannot rely on our sole belief that the market will adjust itself. Thank you, Mr MA, for reminding me of this point. *(Someone on the public gallery shouted aloud)*

PRESIDENT (in Cantonese): People on the public gallery should keep quiet.

(A man on the public gallery continued to shout aloud)

PRESIDENT (in Cantonese): Security officers, please take him away.

(The security officers approached the man and tried to stop him from shouting aloud, but he continued doing so)

PRESIDENT (in Cantonese): Please take him away.

(The man, while being escorted out of the public gallery by security officers, continued to shout aloud)

CHIEF EXECUTIVE (in Cantonese): I hope this sort of work process will not relocate northwards. *(Laughter)*

MRS SELINA CHOW (in Cantonese): *Madam President, I am so glad that the Chief Executive has, as noted in his policy address, attached so much importance to creative industries, and in particular, he proposed the setting up of a Film Development Committee (FDC) to assist the development of the film industry. I believe Members may be aware, the annual film productions during the heydays of the film industry in the '80s and '90s amounted to 400 films. However, it dropped to only 64 films last year and may further reduce by half this year. Nevertheless, in the past few years, a consultation committee has in fact been conducting consultation on the FDC as proposed by the Chief Executive now and it has also put forward a lot of ideas. However, it failed to revive the slackened industry. May I ask the Chief Executive how he can change such a bad situation or ensure that the film industry can really gain back its past glory?*

CHIEF EXECUTIVE (in Cantonese): Sometimes a massive output is not necessarily a good thing, and I believe Hong Kong products aim at quality rather than quantity. However, the film industry faces great challenges now, especially when there is a decline in the size of the working population. Obviously, I am aware of the situation. It was precisely because I am not satisfied with the current situation that I hope to initiate changes to that committee, so that it can start anew. I think Mrs Selina CHOW may have lots of good and concrete opinions about this, and I hope she will air her views to the committee and help it come up with some better ideas.

After considering the issue long and hard, Mr John TSANG said it was a way out. I believe he will continue to give a detailed account of his idea during the debate on the policy address. Nevertheless, I very much hope that this new committee will be able to blaze a new trail, through which adequate communication and full consultation with the industry can be maintained. I

hope it will also listen to the advice of the industry, especially on the most updated path to take as suggested by Mrs Selina CHOW, Honourable Members and experts with a good understanding of the industry, so that thorough discussions can be conducted accordingly. The film industry is indeed a strength of Hong Kong, and we should not let our voice and position diminish on the world stage of competition.

MRS SELINA CHOW (in Cantonese): *Madam President, the industry and other people, that is, those who are concerned about the film industry, have in fact repeatedly indicated on different occasions over the past 10 or 20 years or so that there are plenty of talents in the Hong Kong film industry who have already made some achievements. The most important point of all is the setting up of a FDC by the Government, so that the FDC can be provided with adequate support and power to promote the development of the industry. May I ask the Chief Executive whether he will take some bold steps by providing sufficient strength and assistance in considering the issue, instead of conducting in a piecemeal consultation here and there, which is a waste of time after all?*

CHIEF EXECUTIVE (in Cantonese): I am open about this. If a management board or development board is to be set up, we must first ask a question: Why can the existing committee not undertake the work of that development board? Is there anything we can do in advance? Is this committee also a kind of structure, a bureaucratic structure? If not, what is it then? If it is an interface which only requires the input of money or something else, then what is the use of it? I think we should better consider the issue in a practical manner, rather than looking at it purely from a structural or bureaucratic perspective. In regard to this issue, I am entirely open about it. If the management board or development board to be set up is really helpful to the industry, I will be very glad to consider it and take it forward. I hope that this development board will not be so costly and spend so much money as the Hong Kong Tourism Board. *(Laughter)*

PRESIDENT (in Cantonese): Quiet please.

CHIEF EXECUTIVE (in Cantonese): Sorry, I am so sorry. I withdraw my last remark.

MRS SELINA CHOW (in Cantonese): *The Chief Executive has made a most unfair remark. I wish to clarify that although vast amounts of public funds have been spent, they were good value for money.*

CHIEF EXECUTIVE (in Cantonese): Sure.

PRESIDENT (in Cantonese): Mrs Selina CHOW should not have done that just now. However, in view of the situation, I understand that it is necessary for her to make a clarification, and that is why I have given her special permission to do so.

MR LEUNG KWOK-HUNG (in Cantonese): *Madam President, I do not know whether the Chief Executive has heard people shouting aloud on the gallery. I used to be up there on the gallery shouting slogans. So this time I applauded it. In fact, when somebody shouts in this Chamber, it shows that the Legislative Council cannot fully reflect public views or fails to reflect public views direct. This is a problem with the political system.*

I wrote the Chief Executive a letter on 1 April and I asked him about the letter when I met him last time. When Ms Margaret NG and I met him last time, I read out the letter aloud for him. Now it was six months ago and the National Day has also passed, but I have not received any reply from him. So, I need to read out the letter aloud for him again. This is the second time I read it out in the Legislative Council. First.....

PRESIDENT (in Cantonese): Mr LEUNG, can you be concise? There are many Members waiting to ask questions. You may read it out, but the salient points only.

MR LEUNG KWOK-HUNG (in Cantonese): *Even ZHANG Dejiang would not say that. He allowed me to speak for seven minutes. (Laughter)*

PRESIDENT (in Cantonese): Mr LEUNG, please understand that more than 20 Members are waiting for their turns to ask questions. I hope you can be as brief as possible.

MR LEUNG KWOK-HUNG (in Cantonese): *It has already taken one minute for your interruption. After receiving my letter, the Chief Executive did not make any reply, not even one word. I would like to ask him, firstly, whether he will arrange a meeting between all Legislative Council Members and the Beijing Government in Beijing so that they can express their views direct in respect of Hong Kong's constitutional reform. In particular, 65% of voters have cast their votes. By means of voting, they have quantified their wishes that universal suffrage should be implemented in 2007 and 2008. This is the first point.*

Secondly, will he withdraw the four reports on constitutional reform prepared by himself in order to make life easier for Mr Rafael HUI? As the Chief Executive's subordinate, what else can Mr Rafael HUI do as the four reports have already hammered out the way forward? The Chief Executive should withdraw the four reports and inform the Standing Committee of the National People's Congress that the decision in April 2004 was wrong, unconstitutional, in breach of the Basic Law and should be rectified? This is the second point.

Thirdly, will the Chief Executive legislate on a minimum wage and regulate the maximum working hours?

MRS SELINA CHOW: *Point of order.*

PRESIDENT (in Cantonese): Point of Order. Mr LEUNG, please be seated so that Mrs Selina CHOW can raise the point of order first.

MRS SELINA CHOW (in Cantonese): *Madam President, earlier you said that each Member could only ask a question. But I have heard that Mr LEUNG has asked three questions and is moving on to the fourth one. Is this not in breach of the Rules of Procedure?*

PRESIDENT (in Cantonese): Yes. Thank you for raising this point, Mrs Selina CHOW. I allowed Mr LEUNG Kwok-hung to continue with his question because it was referring to one letter. (*Laughter*)

Regarding this letter, he pointed out that the Chief Executive had not responded to it. Because of this, he highlighted the contents of the letter in the hope that the Chief Executive could answer it. In view of this, I allow him to do so. Mr LEUNG, please continue.

MR LEUNG KWOK-HUNG (in Cantonese): *Thank you. Third, will the Chief Executive legislate on a minimum wage and regulate the maximum working hours, reinstate the right of collective bargaining and introduce unemployment relief and social assistance?*

The fourth question, which is the most straightforward, will the Chief Executive stop the CLP Power Hong Kong Limited (CLP) and the operators of five tunnels and one bridge from raising fees and tariffs and introduce a fair competition law in order to protect people's livelihood?

Now I have asked the four questions in one letter. The President was entirely right in her interpretation. (Laughter) There are four paragraphs. If the Chief Executive does not respond although I have repeatedly asked my questions, what is the purpose of his attendance here? Right? So, in fact.....

PRESIDENT (in Cantonese): Have you finished with your questions?

MR LEUNG KWOK-HUNG (in Cantonese): *Yes, now I think that.....*

PRESIDENT (in Cantonese): Please sit down if you have finished with your questions so that the Chief Executive can answer you.

MR LEUNG KWOK-HUNG (in Cantonese): *I am now waiting for the Chief Executive's reply. These are the points I have to raise: four questions in one letter.*

CHIEF EXECUTIVE (in Cantonese): Madam President, I hope there will not be so many sub-points under one question again in future. (*Laughter*) Firstly, Mr LEUNG Kwok-hung did give me a letter when we met and I thought I had given a response. Concerning the trip to Beijing, I hope I can respond to Mr LEUNG Kwok-hung's and other Members' requests with action. I hope I can ask for your forbearance and patience. We can achieve what we want step by step. On the last occasion when we visited Guangzhou and the Pearl River Delta, Mr LEUNG was also there. I look forward to seeing Mr LEUNG in Beijing.

Secondly, concerning the withdrawal of the Reports of the Constitutional Development Task Force, I do not know whether Mr LEUNG will still remember that I said on that day that they would not be withdrawn. As you have asked this question again, I would like to reiterate that I will not withdraw the four reports.

Third, concerning the minimum wage, I have already addressed Members' concern adequately. Regarding social assistance, we have put in place the Comprehensive Social Security Assistance Scheme. The people of Hong Kong are accustomed to the scheme which has also operated very successfully. As regards the fair competition law, as I mentioned just now, my responses are stated in the policy address. I hope Mr LEUNG Kwok-hung will consider my reply. Thank you, Mr LEUNG, for your questions.

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to follow up.*

PRESIDENT (in Cantonese): Mr LEUNG, you have to rise to ask questions.

MR LEUNG KWOK-HUNG (in Cantonese): *In fact, the Chief Executive has not answered some of the questions. First, will the Chief Executive prevent the Eastern Harbour Crossing and public utilities that monopolize the market from increasing their fees and tariffs? He has not answered this question. Secondly, the Chief Executive has answered that the four reports would not be withdrawn. But when we met, I asked him whether a referendum would be conducted. Next week, I will present a private Members' bill on referendum to*

Mrs FAN. Will the Chief Executive grant leave to Mrs FAN in respect of her approval to the endorsement of this bill in the Council?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down first. The President's ruling has nothing to do with the Chief Executive's will. Please bear it in mind, Mr LEUNG Kwok-hung.

CHIEF EXECUTIVE (in Cantonese): Regarding the increase in fees and tariffs by the CLP or the tunnel operators, it is a matter of commercial operation. Of course, the Government is duty-bound in this aspect. It has the responsibility to deal with these matters in accordance with the regulatory terms and conditions. We will continue to perform our duty to safeguard public interest on the one hand. But on the other, we should understand that a commercial operation looks for a reasonable return. As regards the private Members' bill on referendum mentioned by Mr LEUNG Kwok-hung, I believe the President will handle the matter in accordance with the Basic Law and the procedures of the Legislative Council. On my part, in relation to a private Members' bill, I will act in accordance with the Basic Law.

MR FRED LI (in Cantonese): *I had already put away my microphone, thinking that I was not going to have any chance to ask a question. (Laughter)*

Madam President, I would like to follow up the question on fair competition asked by Mr James TO. The Chief Executive is also aware that we in the Democratic Party have moved three motion debates on this issue during the past decade or so. In each debate on the policy address and the Budget, the enactment of a fair competition law is mentioned. In fact, a few years ago, the World Trade Organization (WTO) criticized Hong Kong for the lack of a fair competition law, worrying about the emergence of monopolization. The World Economic Forum has recently downgraded Hong Kong's position in terms of its competitiveness by several places, implying that Hong Kong is worse off. One of the reasons is that the Government is biased towards some consortia, reflecting that the problems of monopolization and competition have caused serious impact. In response to such an allegation or criticism by these international rating agencies, the Chief Executive will of course write to them and express his views at the earliest opportunity. However, in more than 80

countries and regions, fair competition law has already been implemented. May I ask the Chief Executive whether the issue will be given priority in order to respond to the rating agencies' concerns for Hong Kong's competitiveness?

CHIEF EXECUTIVE (in Cantonese): We respect the concerns or assessments on Hong Kong by those rating agencies. We will look at their criticisms in a humble manner. Some have ranked us as the top in terms of competitiveness and some have given us a lower position. We are downgraded by some but upgraded by the others. However, when we take an in-depth investigation, we will always find that they are not based on actual data for calculation. Rather they have done it on the basis of their perceptions. But these are not important. The most important thing is that we respect others' comments on us and we should ask ourselves whether we have failed to do the right thing. According to my memory, they have not said that we have problems of monopolization in Hong Kong. I remember that they have not made such a comment. But this is not important. They will make a wrong statement and you will. This is not important. The most important thing is that we look at the problem in a humble manner and ask ourselves whether we have omitted anything.

On the fair competition law, I have stated my position in the policy address and I will adopt an open mind on this issue. However, I very much believe that the market of Hong Kong is very competitive with very few market barriers. We are better off *vis-a-vis* other places in this regard. Certainly, I am not complacent. On the contrary, precisely because of this, I will listen to the voices of the community and the concerns of Members of the democratic camp and other Members. I think we should study the issue with patience and an open mind. I have expressed my views in the policy address in such a position.

MR FRED LI (in Cantonese): *Chief Executive, I mean favouritism towards some consortia. The WTO opined that, in view of Hong Kong's situation, it is necessary to enact a fair competition law. It said so a few years ago. I have not mixed things up. I am referring to two different issues. I would like to ask the Chief Executive whether he has studied the 80-odd countries and regions which are also very mature economies sharing some of the characteristics of Hong Kong. The Chief Executive has all along said that he opposes the introduction of a fair competition law. But now he has begun to look squarely at the issue. This process is quite interesting. Why does he have such a*

change? Has the Chief Executive begun to look into the matter in order to address the concerns of some rating agencies?

CHIEF EXECUTIVE (in Cantonese): Regarding this issue, I have expressed my views in my reply to Mr James TO's question and I do not intend to repeat myself. However, I wish to state one point. Hong Kong's competitiveness is recognized worldwide. Hong Kong is more competitive than many economies in the world and the fundamentals of trade in Hong Kong is the freest. Under such circumstances, you will find that the freest economies in the world are Singapore and Hong Kong. Regarding a fair competition law, there have been queries as to whether such a law may lead to even more unnecessary litigations. In such a perspective, they have some misgivings in this regard. So, in the past, we would pay special attention to some individual sectors and trades, such as the telecommunications industry, if necessary. Otherwise, there is no need for us to impose any undesired barriers. Nevertheless, I have listened to Members' views. In particular, this issue is now related to collusion between business and the Government rather than being elevated to another level. The root of the problem is that there is some misunderstanding concerning the lack of a fair competition law. So we had better adopt a humble attitude in studying the issue. I have said what I need to say.

MR WONG YUNG-KAN (in Cantonese): *Madam President, first of all, I am thankful to the Chief Executive for accepting the proposal concerning a food safety centre proposed by me during his reception of the DAB. Immediately after I had put forth the proposal, food-related incidents surfaced one after another. In the 64th and 65th paragraphs of the policy address, the Chief Executive has responded to part of our requests. Throughout the whole process, we can see that the local agriculture and fisheries sector does not have a food-safety issue. May I ask the Chief Executive whether he and his colleagues plan to formulate a set of sustainable strategies for the agricultural and fisheries sector?*

CHIEF EXECUTIVE (in Cantonese): We place great emphasis on the operation of the agriculture and fisheries sector in Hong Kong. I can recall that the sector lent me great support when I conducted my election campaign. *(Laughter)* I will therefore exert my utmost to look into the problems encountered by them

and see how I can respond to their aspirations. I understand that engaging in agriculture and fisheries now indeed involve a lot of hard work; I also understand that in face of the increasingly marketized and urbanized macro environment of Hong Kong, farmers and fishermen are working quite a tough job. If Mr WONG Yung-kan has any special and specific views, we can discuss them.

MR WONG YUNG-KAN (in Cantonese): *I thank the Chief Executive very much for saying that if I have any special views, I can discuss them with you. I hope that when the circumstance arises, you can spare some time to receive the representatives of our sector. Thank you. (Laughter)*

CHIEF EXECUTIVE (in Cantonese): Our Principal Officials will be more than happy to lend you their ears first.

MS MIRIAM LAU (in Cantonese): *Madam President, the Chief Executive has specifically mentioned in the policy address under the section on Regional Economic Co-operation that the SAR Government will step up co-operation in infrastructural planning with the Shenzhen Municipality. Yet, the fact as we know it is that, in the past few years — it may have been a decade, the port development in Shenzhen has been very rapid. Many new ports are being developed. The result is that, in the past few years, the Shenzhen port has recorded a two-digit increase in cargo throughput, while the container port or the port facilities in Hong Kong still have a lot of spare capacity; and our growth rate has remained very low. Under such a situation, may I ask the Chief Executive whether he will include the co-ordination of port development in the our co-operation in infrastructural planning with the Shenzhen Municipality, so that the ports in the two places can have a more balanced development?*

PRESIDENT (in Cantonese): Chief Executive, please reply.

CHIEF EXECUTIVE (in Cantonese): We have a close relationship with the Mainland, in particular with Shenzhen as we have a common boundary. However, what we have to know is that among our economic relationships with

them, some are interactive, some are complementary, while some are competitive, and all of this is inevitable. With regard to the development of container ports, it is probably one of the competitive industries. For example, comparing our growth rate with theirs will reveal several facts in the market, that is, many problems exist in terms of our handling charges, the cargo source as well as our transportation charge. Yet, it must be noted that we have a rather good relationship with the Shenzhen Government. We therefore think that while competition may exist between us, our investment should not overlap, for we should not do things to trample on each other. I believe we both understand this point. With regard to some infrastructural projects, we are in full co-operation; but in areas where competition is necessary, we have to foster mutual understanding. With regard to the development of container port, we must face squarely competition coming not only from Shenzhen, but also possibly from the Zhuhai Municipality or even from municipalities further away like Jiangmen or Zhanjiang. We need to increase our efficiency and maintain a competitive edge in our handling charges before we can expand our cargo source.

MS MIRIAM LAU (in Cantonese): *Madam President, I wish to ask a follow-up question on the point that we need to enhance our competitive edge as made by the Chief Executive just now. In terms of charges, if there is a US\$300 difference in our cargo handling charge and that of Shenzhen or the Mainland, how can we enhance our competitive edge?*

CHIEF EXECUTIVE (in Cantonese): This is exactly the question I want to put to you. *(Laughter)* I have answered the question. *(Laughter)*

MR ALAN LEONG (in Cantonese): *Madam President, Chief Executive, regarding the new idea proposed by the executive of the SAR Government on the West Kowloon Cultural District (WKCD) development project, Chief Secretary for Administration Rafael HUI gave an account of this to the House Committee of this Council last Friday. The people of Hong Kong who have heard about the new concept put forth by the Government, I believe, will agree that drastic and profound changes have been made to the terms and conditions stipulated in the original invitation for proposals. For example, it is no longer necessary for the*

consortium winning the tender to possess 30 years or more of experience in operating cultural and arts undertakings. According to the explanation given by Chief Secretary for Administration Rafael HUI, of the 40 hectares of land there, the single development mode would still be applicable to 28 hectares, and one of the three proposals would be selected. May I ask the Chief Executive, given the present development of this project, why the development related to cultural and arts cannot simply be separated from the relevant estate development? It may as well make reference to the experience of the Subcommittee on its visit to Bilbao. For example, proceeds from the sale of land may be transferred to the West Kowloon Cultural District Development Board which can then decide the distribution of such revenue. Besides, in respect of the cultural and arts items, it is not necessary that all four exhibition halls, three music halls and a 10 000-seat water amphitheatre, should all be completed at one time; these projects should instead be completed in phases. If so, the arts and cultural sector, as well as the public at large, will both welcome this development project. Will the Chief Executive explain why it cannot be done this way instead of rigidly adhering to the original approach of bundling the two items, cultural and arts and estate development, together?

CHIEF EXECUTIVE (in Cantonese): The amended proposal presented by Chief Secretary for Administration Rafael HUI this time is a result achieved after long-term consultation. This represents neither the personal opinion of Mr LEONG, nor that of Chief Secretary for Administration Rafael HUI or me. The assessment made by us has seen the participation of many. They made their own assessment after examining several contesting proposals. Their inclinations were crystal clear, and the Chief Secretary for Administration had explained to Members that they were eager to see the project to be launched as soon as possible. Among the several development proposals, they preferred one of the proposals and considered that we should not start the project afresh or repeat the relevant process. This message is very clear. Insofar as the suggestion made by Mr LEONG is concerned, I understand that a significant risk is hidden there. Mr LEONG does want us to do it all over again, abolishing all that is under the present plan and starting afresh. All the invited proposals we have now received will have to be discarded. This is not the first time we have a debate over this issue and I am not going to argue again with Mr LEONG. It seems to be hidden in past disputes that starting afresh was an option. This is not a responsible response to the long-term consultation already conducted.

I hope that the amended proposal now proposed by the Government can really reflect the views of the public which consider that the WKCD is a viable option. In respect of their objection to the single-tender approach, we have made corresponding amendments to the proposal. On management and financing approaches, in particular the views regarding the future mode of management and the scale of participation, we have also made specific responses, and I believe these represent the essence of the present consultation. I hope Members can remain impartial and objective in analyzing and discussing this proposal.

MR ALAN LEONG (in Cantonese): *Madam President, Chief Executive, you mentioned starting afresh earlier. Indeed, we have heard you mention this on several occasions, and the description circulated in the community is that the project should be "scrapped and restarted". However, I do not know whether the Chief Executive will agree that under the terms and conditions of the original invitation for proposals, the Government is indeed allowed to choose none of the proposals of the three consortiums, and it can instead select various parts from different proposals for consolidation into a proposal of its own. If that is the case, the efforts we have made so far will in no way be wasted, nor will the views expressed by the people in the past few years be wasted. Chief Executive, you only need to set up a framework and identify a location to fix it. Does the Chief Executive agree with this analysis of mine?*

CHIEF EXECUTIVE (in Cantonese): Mr LEONG, I do not quite agree with your analysis. The reason is that after several rounds of consultation, the public has expressed unequivocally to us that they do have several options. That is to say, among the three proposals, they may find one of the proposals preferable, or they may dislike all the three proposals? According to what Mr LEONG said earlier, all the three proposals were not welcomed and everything had to be started afresh. However, this was not the message we got during the consultation, for the result of the consultation demonstrated clearly that the majority of the public preferred one of these proposals. There were only a small number of people who chose to "scrap and restart" the project, considering all the three proposals unacceptable.

MS EMILY LAU (in Cantonese): *Madam President, the fact that the Chief Executive did not mention anything about political reform in the policy address, but left it to the Chief Secretary for Administration, is a major omission and a dereliction of duty. I hope that soon after the Chief Secretary for Administration has made his announcement, the Chief Executive would come to the Legislative Council to answer our questions, and not to leave all "hard nuts" for the Chief Secretary to crack.*

Madam President, I wish to put a follow-up question to the Chief Executive's reply to Dr David LI's question. In his reply, the Chief Executive indicated that many officials would visit the Mainland — which was mentioned in the 12th paragraph of the policy address — and that Principal Officials and Permanent Secretaries would also visit the Mainland. He asked us not to request him to come here to give an account of his every visit, but I think that he must do so. May I ask the Chief Executive, if such exchanges will be so frequent, how he can ensure "the high degree of autonomy" of Hong Kong and the status of "Hong Kong people ruling Hong Kong" would not be further undermined, which is something the people of Hong Kong as well as the international community worry about? Why do we frequently need to consult others on how to handle certain matters? Can we be informed more about this? If the Chief Executive does not give us an account every time he has visited the Mainland, we would become very worried, as we do not know whether he has been there to receive an "imperial edict" or for other purposes. "A high degree of autonomy" and "Hong Kong people ruling Hong Kong" are something we want very much to safeguard, but how can this be achieved if the Chief Executive does not do so?

CHIEF EXECUTIVE (in Cantonese): First of all, when I was in charge of the political reform in my capacity as the Chief Secretary for Administration, I did not recall Ms LAU was so concerned about me and asked me not to talk about this matter but let Mr TUNG to answer all the questions. Now, Mr HUI has assumed the office of Chief Secretary for Administration, Ms LAU has asked me to have compassion for him and requested me to answer these questions. Mr HUI and I have certainly been working together very well, but as he is so competent and has been handling this matter so well, he surely has to come to this Council to explain it (*laughter*), so he would not need my help. Nevertheless, I, as well as, all Principal Officials of the SAR Government are in full agreement with the views he is going to present and the proposal he is going

to introduce to Members. On this issue, we will not shirk any responsibilities, we all share the same commitment to it and any official would be glad to discuss this issue with you, Ms LAU.

With regard to the issue of our meetings with the Central Authorities, we discussed not only the question of "a high degree of autonomy", but also issues like the economic development of Hong Kong and people's livelihood. Ms LAU, when we made inspection visits to Guangdong Province, we went there to study the issue of co-operation between Guangdong Province and Hong Kong, exploring the possibility of Hong Kong/Guangdong co-operation. We also discussed routine public order issues, including the issue of our police precinct and the public security bureau in the Mainland. Ms LAU should divert her attention to whether we have stepped up exchanges with foreign consulates, why we have meals and discuss these issues with them. In this respect, do we need to come more often to the Legislative Council to give an account on these exchanges? Indeed, these should be the issues that may affect our national prestige or barter away the interest of the people of Hong Kong. These are the real issues. I have never heard of complaints from Ms LAU on our frequent exchanges with foreign consulates, but she finds it a problem when we liaise with the Central Authorities. I am always of the view that we should change our mindset. Ms LAU, I very sincerely want to tell you, if we truly want to pursue democracy and freedom, we must establish mutual trust. Our officials need to uphold the interest of the people of Hong Kong, in particular, the interest in economic development. To this end, our officials need to enhance exchanges with the mainland authorities and officials and to familiarize themselves with the situation there, before they can strive for the interest of the people of Hong Kong.

With regard to the issue of whether we have upheld "the high degree of autonomy" of Hong Kong, we certainly have. In every minute, every matter and every breath, I bear in mind every article of the Basic Law. In every task we perform, we ensure there is a high degree of transparency. The public can see whether we have foregone or bartered away the spirit of "a high degree of autonomy". I deeply trust that every task we perform is open to the discerning eye of the public. I earnestly implore Members to think about it and not to turn these issues into fierce contention, for this would ruin our relationship with the Central Authorities, create unnecessary misunderstandings and damage our relationship with them. Members said that there are some connections between the Principal Officials and the Central Authorities. Indeed, there is a

connection between them under the Basic Law, for we need to secure matching support from the Mainland to develop our economy. How could our mainland visits be equated to a "villainous" move? We do not think that way, Ms LAU, this is not our thinking.

MS EMILY LAU (in Cantonese): *Madam President, I was not saying that, nor did I turn this matter into fierce contention. However, as the Chief Executive has opened his heart to us and said it in such an agitated manner, which in a way is good, I believe the public also wants to hear about it. Not to mention the fact that the Chief Executive said this with arms akimbo. (Laughter)*

Madam President, I hope the Chief Executive will make a pledge to the Legislative Council that in future when the Principal Officials and the Chief Executive go on visits to the Mainland, they will come before this Council and brief us on the visits immediately after they have returned. I hope the Chief Executive can make this pledge. Moreover, I hope the Chief Executive can tell us, among these numerous visits, no one has ever attempted to interfere with "the high degree of autonomy" of Hong Kong, nor anyone has ever dictated instructions. Besides, I learnt from a newspaper report that the Central Authorities had even wanted to intervene with who was going to be the Chairman of the Finance Committee of the Legislative Council. How would this impress on the minds of the people of Hong Kong?

CHIEF EXECUTIVE (in Cantonese): I am not aware of this report, perhaps I read a different newspaper from yours. *(Laughter)* However, as far as I know, we support Ms LAU working as the Chairman of the Finance Committee. *(Laughter)* Moreover, I cannot make that pledge which is unreasonable. Ms LAU, it is neither reasonable nor right to request us to immediately come and brief the Legislative Council on our visits after we have returned from the Mainland. However, I can tell Ms LAU that we surely will continue to conduct and step up exchanges with the Central Authorities and dispel misunderstandings between us, if any. I hope not only us, but also every Member will do the same, so as to enhance their communication with, thereby increasing their understanding of the Mainland. In the process of these exchanges, I knew that the Central Authorities did not dictate any instructions to us. On the contrary, no matter in the economic aspect, or in the way they handled problems arising in

Hong Kong, we can see their selfless attitude. I hope Ms LAU can look at these issues from an objective point of view.

PRESIDENT (in Cantonese): Chief Executive, it is now five minutes past four o'clock. You originally said you would only stay for one hour, but we still have 24 Members waiting to ask questions. Can you let Members put three more questions to you?

CHIEF EXECUTIVE (in Cantonese): Yes. However, Madam President, I wish to raise one more point. I know Members hope to have more contacts with me — Ms LAU shared her thoughts with us just now that she wanted to have more exchanges with the Chief Executive, which is also what is in my mind. According to past practice, the Chief Executive will attend four Question and Answer Sessions every year. I know that the Legislative Council works for about eight months every year, with a three-month break in the summer and a one-month break in the New Year, so adding them up would mean that the Legislative Council works for eight months. In other words, the Chief Executive on average will attend a Question and Answer Session at the Legislative Council every two months.

MS MARGARET NG (in Cantonese): *The Chief Executive seems to be saying that the Legislative Council works only eight months a year. On hearing that, the public may think that we have four months' vacation and a pay for 12 months. Will it be doing any good to the reputation of the Legislative Council?*

CHIEF EXECUTIVE (in Cantonese): Perhaps I should be more mindful of my words, the Council.....

PRESIDENT (in Cantonese): Chief Executive, would you like to rephrase your sentence?

CHIEF EXECUTIVE (in Cantonese): What I meant is that the Legislative Council will have a summer break starting from mid-July. Of course, panel meetings will be held as usual and the leave lasts for three months. Besides.....

PRESIDENT (in Cantonese): Perhaps let me.....

CHIEF EXECUTIVE (in Cantonese): What do we call it? Do we call it a break?

PRESIDENT (in Cantonese): No. After the last Council meeting in early July, we have to wait for the Chief Executive's instruction to appoint the first day of the Council meeting in the new Session in October and we will then convene the first Council meeting in the new Session. So, the three-month break is only a rough timeframe and not mandatory.

CHIEF EXECUTIVE (in Cantonese): Good, it is very clear now. In other words, there is no Council meeting for three months. Right? It is very clear. There is nothing to do with leave or whatsoever. Also, there is no Council meeting during the Chinese New Year. Under such circumstances, I will come to the Legislative Council once every two months approximately. But I am more than happy to come here more frequently. On this issue, I hope the Chairman of the House Committee can discuss it with the Chief Secretary for Administration. But I do not want to make a change to the convention, and as a result, Members may feel bored at seeing me. What is the point of my being here if Members do not have any questions? I do not want that to happen. Of course, I am more than happy to come here, if necessary. Madam President, I can take questions again.

MR LI KWOK-YING (in Cantonese): *Madam President, I am very glad to note that Mr TSANG recognizes in the policy address the role of Chinese medicine in our health care system. We may, however, remember that the Government pledged in the 2001 policy address to establish 18 public Chinese medicine out-patient clinics by 2005. Now, five years have passed, but only six clinics have been set up.*

Mr TSANG restated in the policy address this year the intention to open more of such public out-patient clinics to cover the entire Hong Kong. May I ask Mr TSANG to give me a concrete answer as to whether he can honour his pledge within his two-year term of office?

CHIEF EXECUTIVE (in Cantonese): In this respect, we have to consider issues like resources and sites, as well as hardware and software. I will discuss this matter with Secretary Dr York CHOW as this matter is a great concern to him and he believes I should make a pledge on this. With regard to the specific problems involved, we will discuss them at the policy debate, shall we?

MR LI KWOK-YING (in Cantonese): *Thank you, Chief Executive, for your reply. I wish, however, the Chief Executive can carry out as soon as possible.....*

CHIEF EXECUTIVE (in Cantonese): We shall do it as soon as possible.

MR LI KWOK-YING (in Cantonese): *.....the development of Western and Chinese medicine out-patient and in-patient services, while providing out-patient clinics.*

MR CHIM PUI-CHUNG (in Cantonese): *Madam President, some eight years ago, when Chief Executive Donald TSANG was the Financial Secretary, some of the policies implemented by the British Hong Kong Administration were described as the "Three Highs", namely high land premium, high wages and high inflation, which constituted part of the reason why some people "panicked" later.*

Recently, we saw land premium in Hong Kong start to pick up, and to a level even higher than before, and adding to this is the scrapping of the tenancy control. Therefore, I firmly believe that in the coming six months to a year, the rent will reach a high level and the price of many commodities will also shoot up. I could not find in this policy address that the Chief Executive has warned the public of the way to tackle these problems, nor has he mentioned the strategies the Government might adopt. This is an important element in the future governance of the SAR Government. I very much hope that the Chief Executive can take this opportunity to explain further to the public as to what government measures are in place or how the Government would warn the public of the impact and adverse effects of the "Three Highs" policy if it makes a return.

CHIEF EXECUTIVE (in Cantonese): First of all, the high land premium in 1997 was induced by the bubble economy of the property market, because we had controlled the supply. At that time, the global economy was likewise overheated on such a scale that rendered any adaptation impossible. It finally led to a financial turmoil worldwide, particularly in Asia. I believe Mr CHIM knows the reasons for that very well. At present, we do not have a high inflation situation. I learnt from the Financial Secretary that the inflation rate this year is about 1.5%, which is very low. Moreover, I do not see wages reaching a high level, though I always want it to be a little higher, up till now I have not yet seen a high wages situation arising.

With regard to the high land premium, we have to be practical and realistic. First of all, the property prices are still generally lower than that in 1997 and 1998. I am not saying that the property prices should rise further, but that the progress now is fine. Of course, the price for the so-called super luxury apartments, which rarely anyone can afford, has run out of control. So this should not be the focal point because this sector of the property market only affects the very rich and those luxury apartments are not what the general public wants to buy. As to the general apartments, their supply is quite abundant.

I believe the best way is to let market adjust the property price. The public should know that when the property price is on the high side, they should not go beyond their means to enter into a mortgage for a property. If the supply and demand of property can be maintained at a restrained level, the property price will automatically adjust. Moreover, the supply of land is somewhat different from that in 1997. We have now adopted the Application List System, under which a sufficient supply and different types of land for housing construction are available for the people of Hong Kong and for developers to bid. Under this self-adjusted system, if property price shoots up as a result of an insufficient supply of land, more lots will be put up for auction, so that the price will be readjusted again. The people of Hong Kong are very smart. Having experienced the fluctuating property market in 1998 and 1999, they are now better prepared to handle different situations coming up next time. Moreover, I believe the system of land supply and the market now are more flexible than those before 1997.

PRESIDENT (in Cantonese): The last Member to put a question.

MR VINCENT FANG (in Cantonese): *Madam President, Chief Executive, in the policy address delivered yesterday, the Chief Executive put forth three major themes, which are to pursue excellent governance, a harmonious community and widespread economy growth. To achieve widespread economic growth, there must be an excellent business environment. I represent the retail sector, like what Mr CHIM said just now, rent has multiplied in recent years, forcing large department stores to reduce their scale of operation or even to relocate to other places. Many Chinese restaurants were forced out of business one after another. The Chief Executive also mentioned fostering a harmonious community. By a harmonious community, it means there should be communication between various sectors and the Government. If the Government can offer the public some small favours, they will be more harmonious. I note, however, from the present administration by the Government, such as the smoking ban, that it is like "cutting everything off with a knife". Other policies implemented in the same way are the withdrawal of pig, fish or even chicken farming licences. I hope the Government can offer the public a small favour in this respect, so that harmony of the community can be maintained.*

CHIEF EXECUTIVE (in Cantonese): I believe, harmony in the community is not necessarily fostered by offering small favours, but rather, by performing tasks that the public thinks we need to perform or tasks that urgently needed to be performed. As regards the issue of smoking ban mentioned by Mr FANG just now, we have discussed it for many years. The measures adopted recently were the result of years of debate. With regard to measures related to chicken, as far as we know, none of them are like "cutting everything off with a knife", we have not started to "cut", nor have we started to take out "the knife". As regards the issues concerning pigs, the plan is also a long-term one. As to whether the licence holders will voluntarily surrender their licences or whether there will be any compensation scheme, we have not yet decided on whether we will adopt a "cutting everything off with a knife" approach. I fully understand that if a good business environment is to be maintained now, not only the large enterprises and the small enterprises, but also the small and medium enterprises need to be protected in the long run. In this respect, Mr FANG, you, being the representative of your sector, should know the situation very well. I hope you will continue to express your views to and liaise with us. If there is any room for improvement in terms of measures and the formulation of policies, we would be more than happy to listen.

MR VINCENT FANG (in Cantonese): *I hope an advisory committee can be set up to enhance communication between us.*

CHIEF EXECUTIVE (in Cantonese): Yes. Thank you.

PRESIDENT (in Cantonese): Thank you, Chief Executive, for replying questions from 16 Members. A number of Members today have pressed the button indicating a wish to put questions, but they did not have the chance to do so. I hope the Chief Executive will come to this Chamber again in the near future to give Members the opportunity to ask questions.

Members will please remain standing when the Chief Executive leaves the Chamber.

CHIEF EXECUTIVE (in Cantonese): Thank you all, we will have a sincere co-operation.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 19 October 2005.

Adjourned accordingly at sixteen minutes past Four o'clock.