

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 16 July 2008

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE BERNARD CHAN, G.B.S., J.P.

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

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

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

THE HONOURABLE WONG YUNG-KAN, S.B.S., 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, J.P.

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LI KWOK-YING, M.H., J.P.

DR THE HONOURABLE JOSEPH LEE KOK-LONG, J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, S.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.

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

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

THE HONOURABLE ALBERT JINGHAN CHENG, J.P.

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.

MEMBERS ABSENT:

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE LAU KONG-WAH, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND 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 FOOD AND HEALTH

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

THE HONOURABLE TSANG TAK-SING, J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

PROF THE HONOURABLE K C CHAN, S.B.S., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, J.P.
SECRETARY FOR DEVELOPMENT

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE EVA CHENG, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

CLERK IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, S.B.S., 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.

TABLING OF PAPERS

The following papers were laid on the table pursuant to Rule 21(2) of the Rules of Procedure:

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Antiquities and Monuments (Withdrawal of Declaration of Proposed Monument) (No. 45 Stubbs Road) Notice....	200/2008
Antiquities and Monuments (Declaration of Historical Buildings) (No. 2) Notice 2008	201/2008
Prevention and Control of Disease Ordinance (Commencement) Notice	202/2008
Prevention and Control of Disease Regulation (Commencement) Notice	203/2008

Other Papers

- No. 115 — Report of the J.E. Joseph Trust Fund Trustee, and Audited Statement of Accounts and Auditor's Report for the Fund, for the year from 1 April 2007 to 31 March 2008
- No. 116 — Report of the Kadoorie Agricultural Aid Loan Fund Committee, and Audited Statement of Accounts and Auditor's Report for the Fund, for the year from 1 April 2007 to 31 March 2008

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

CHIEF EXECUTIVE (in Cantonese): President, good afternoon.

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

(Members and public officers have sat down. Mr LEUNG Kwok-hung and Mr Albert CHAN remained standing)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, Mr Albert CHAN, you are not to behave in such a way here, alright?

(Mr LEUNG Kwok-hung displayed a placard resembling a cheque with numbers printed on it. Mr Albert CHAN was standing and holding the placard with Mr LEUNG Kwok-hung)

MR LEUNG KWOK-HUNG (in Cantonese): I know I will be ordered to withdraw from the Chamber, (*Laughter*) but the crowd outside the Legislative Council Building has asked me to convey to the Chief Executive that he has used "counterfeit money", all his promises did not come true, his promises about relieving the poor did not come true

PRESIDENT (in Cantonese): Mr LEUNG and Mr CHAN, you are requested to observe the Rules of Procedure. Should you have the opportunity to raise your questions, you can bring up what you want then. There are two of you, so you will have two opportunities.

MR LEUNG KWOK-HUNG (in Cantonese): I will hand it to him now. President, I have to make it clear. I have great respect for you. Only he is not respecting you, with his sudden request last time to attend the meeting

I will leave after I give this to him. I am just doing what the crowd outside asked me to.

(Mr LEUNG Kwok-hung intended to hand the cheque-like placard over to the Chief Executive)

PRESIDENT (in Cantonese): Let us handle it this way. Secretary General, please go over

(The Secretary General walked towards Mr LEUNG Kwok-hung)

MR LEUNG KWOK-HUNG (in Cantonese): And there are also those "fish guys" as represented by Mr WONG Yung-kan

PRESIDENT (in Cantonese): Secretary General, please walk over to Mr LEUNG Kwok-hung and take all the items Mr LEUNG intends to hand over to the Chief Executive.

(The Secretary General took over the items Mr LEUNG Kwok-hung held in his hands)

MR LEUNG KWOK-HUNG (in Cantonese): Chief Executive, you better "be smart" and behave yourself. That is "counterfeit Donald Tsang money", it says \$5,000 here, and there is no reason that you

(Mr LEUNG Kwok-hung handed the items to the Secretary General, turned and walked away)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you should take your seat, now that you have handed over all the items

MR LEUNG KWOK-HUNG (in Cantonese): after all, it is just some \$20 billion I do not know whether I could see him again in the next term. I now protest to you. You have to do something for the people of Hong Kong. There should be minimum wage protection, there should be the right to collective bargaining, there should be

(Mr LEUNG Kwok-hung, whilst leaving the Chamber, turned around and shouted aloud time and time again)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you want to leave the Chamber, go. If not, take your seat. *(Laughter)*

(Mr LEUNG Kwok-hung left the Chamber)

PRESIDENT (in Cantonese): Sorry, Chief Executive. You may address the Council now.

CHIEF EXECUTIVE (in Cantonese): Madam President, Honourable Members. Last time when I attended the Question and Answer session, I pledged to come up with measures in my policy address in October to improve people's livelihood to address the problems resulting from the rising costs of living. However, I think today is the time for immediate action because global oil and food prices have increased rapidly in the first half of the year. The drastic price increases, which have traumatized various national societies and governments, have brought about instability to the lives of Hong Kong people and our social harmony. Therefore, I have decided to announce some short-term relief measures today to give early relief to the pressure on the grassroots and middle-class community as a result of high inflation. This is an unusual time and we need to adopt unusual measures.

The short-term relief measures to be introduced are aimed at bridging the gap emerging as a result of rapidly rising prices and the slow salary growth faced by the grassroots. Last year, the policy address set out to make use of an infrastructure programme and development to spearhead economic growth. It was hoped that by 2010, the implementation of various infrastructure projects would start to initiate obvious and substantial increases in salary. However, with the rapid increase in prices and the relatively slow growth in salaries for the grassroots, the discrepancy has created social unrest. In the mid-term, I believe inflation will drop. When the projects start, salary growth will catch on and the pressure on our daily life will ease.

However, for the forthcoming year and a half, from now up to the end of 2010, it will be a tough period for the grassroots. When we were drafting last year's policy address and this year's budget, we were already aware of global soaring inflation and the global trend of economic slowdown as a result of the sub-prime crisis in the United States. Hong Kong, being an open economy, have only very limited options in implementing policies to solve the inflation problem caused by rising import prices.

As far as our financial situation permits, we have implemented tax reductions and other measures to leave wealth with our people. This year, the Financial Secretary unveiled in his budget a package of relief measures including tax reduction, rates waiver, rent payment for public housing tenants, extra payment of Comprehensive Social Security Assistance (CSSA), Disability Allowance and old-age-allowance, as well as electricity subsidy. These measures are being implemented successively and will start to bring relief to people in the latter half of this year. In view of the rapidly deteriorating inflation problem, people with low-income are worried about the post-2008 economic situation. In the past few weeks, I have been focusing on these livelihood issues and after vigorously discussing with various secretaries and gaining the support from the Financial Secretary, I now suggest the following measures in order to further reduce the pressure on residents as brought about by increasing daily expenditure.

(1) *MTR student fare concessions*

Following discussions between the Government and the MTR Corporation, the board of directors of the MTR Corporation has agreed to offer half price concessions to students travelling on the former Kowloon-Canton Railway Corporation Line. The MTR Corporation will announce details in due course.

(2) *Payment of public housing rent*

The Government will be paying the rent for public housing tenants for one month in August. Now we will pay two more months of rent on their behalf, making it a total of three months.

(3) *Assistance for new school year*

Apart from the existing subsidy provided, the Government will offer a one-off allowance of \$1,000 to each student receiving CSSA and other forms of student assistance (including students in kindergartens, primary schools, secondary schools and tertiary institutions), in a bid to ease the pressure from the expenditures of the new academic year.

(4) *Old Age Allowance*

The Government has already provided \$3,000 special bonus to eligible elderly people in June. We will provide two more months of old age allowance.

(5) *CSSA and Disability Allowance*

In addition to the extra month's standard rate payment already offered to recipients of CSSA and Disability Allowance in June this year, the Government will offer an extra month's standard rate payment to them respectively.

(6) *Suspension of Employees Retraining Levy (ERL) for two years*

The ERL will be waived for the coming two years to relieve the burden on middle-income families employing foreign domestic helpers.

(7) *Electricity charge subsidy*

Besides providing half-year electricity charge subsidy to all households from September, the Government will offer an additional subsidy of \$1,800 per household for a further six months. Together with the subsidy announced by the Financial Secretary, the total subsidy will amount to \$3,600 per household.

(8) *Food assistance service enhancement*

The Government has earmarked \$100 million for the Social Welfare Department to provide, in co-ordination with non-profit-making organizations, short-term food assistance services in order to help more needy families.

(9) *Freezing of government fees and charges*

The Government will put a freeze on various fees and charges relating to livelihood matters for one year.

(10) *Price information on daily necessities*

To provide the public with timely and accurate price information on daily necessities, the Government will help the Consumer Council expand its

monitoring of prices in supermarkets, stores and markets. It will also liaise closely with the Mainland to ensure stable and adequate food supplies to the territory.

This package of relief measures, benefiting the people in Hong Kong at the cost of about \$11 billion, will not fuel inflation. The exemptions, concessions and subsidies announced in this year's Budget have resulted in an increase in government expenditure and reduction in revenue for 2008-09, involving a total of \$46.5 billion. Taking into account the relief package just announced, and other additional expenditures, we expect a higher fiscal deficit and a slight fall in financial reserves. However, the Government's sizeable fiscal surplus last year has made it possible to make additional commitments. Most of the relief measures are one-off or with a time limit, and thus will not have major or long-term implications on public finances and the operating account. The Government, as in the past, will continue to strive for fiscal balance with prudent management of public finances.

For most of the measures announced today, the Government will submit the funding application for the Legislative Council Finance Committee this coming Friday. It is hoped that they could be implemented as soon as possible after the Legislative Council's approval. Since the suspension of collection of the ERL involves the amendment of subsidiary legislation, the Government will prepare the relevant amendment as soon as possible. After its endorsement by the Executive Council, it will be implemented in September this year.

Most of the relief packages and policies announced today are one-off and short-term measures. For other social issues of public concern, such as the review of old age allowance, the legislation of minimum wage and the monitoring of oil prices, we will also followed them up. In the preparation of the policy address, I will pay more attention to public opinion and listen to the views expressed by different sectors in the hope of coming up with a policy address that addresses the needs of all Hong Kong people. After the Legislative Council elections, I will sit down with you again to discuss our agenda and policies on livelihood issues for the coming year.

Thank you, Madam President.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions 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.

MRS ANSON CHAN (in Cantonese): *President, a journalist from a local newspaper, who had obtained proper accreditation through the Sports Federation & Olympic Committee of Hong Kong, China to cover the Beijing Olympic Games, was on a working trip to the capital to cover pre-Olympic preparations. But he was denied entry at the Beijing Airport on 1 July, and his home return permit has also been seized without any reasonable explanation. This move taken by the Government in Beijing clearly violates the promise it made to the international communities when bidding to host the Olympic Games. The Hong Kong Special Administrative Region Government should be highly concerned about all cases involving Chinese nationals in Hong Kong having their home return permits seized.*

I have written to the Chief Executive on 8 July, and it was not until yesterday that I received a reply from the Chief Executive's Office acknowledging receipt of my letter. The letter also mentioned that they were looking into the incident I raised, and a formal reply would be given at a later date.

I want to ask the Chief Executive: As this incident involved a Hong Kong citizen having his home return permit seized under groundless circumstances, should the Government show positive concern about the case? After this incident, has the Government initiated any actions to communicate with the Central Authorities to find out the reasons, and to assist the said journalist to have his home return permit reissued?

CHIEF EXECUTIVE (in Cantonese): This case has been widely covered by the local media before Mrs CHAN contacted me. I have already said that I would look into the matter in depth, and I hope to reflect our views to the Central Authorities. Moreover, we have to understand that we have our own immigration regime, while the Mainland has hers. We do not want any interference with our immigration regime, nor do we want to interfere with the Mainland's. Nonetheless, we have enquired about the case of this Hong Kong

citizen, that is, the journalist. From what I know, the said journalist will get back his home return permit soon. When he entered the Mainland next time, he will also have his re-entry permit back as soon as possible, and he will be able to continue with his reporting activities.

As far as I know, not one, but two journalists met with similar incident. The other journalist encountered the same case when crossing the border in Shenzhen. The matter has also been brought to my attention. I learnt yesterday that the Beijing Organizing Committee has made a decision yesterday, and adjustments have been made accordingly.

MRS ANSON CHAN (in Cantonese): *Chief Executive, I would like to ask: When did the Government start taking actions? Did the Government start taking actions because the Central Authorities have expressed goodwill in the past few days? Or is it because the Chief Executive also agreed that in this case, the home return permit of a Chinese national in Hong Kong should be seized without any reasonable explanation? Should the Chief Executive take action more proactively to help this man get his home return permit back?*

CHIEF EXECUTIVE (in Cantonese): I believe I have already indicated that after the incident, the matter has been brought to my attention. After I learnt about it, I have followed up with the Central Authorities. The Central Authorities have also looked into the case. I have explained the case to them, and stated what are the results of actions taken.

DR DAVID LI (in Cantonese): *Madam President, spiralling inflation has pushed down the real value of Hong Kong's fiscal reserves. I would like to ask the Chief Executive what measures has the Government to increase the investment return of our fiscal reserves?*

CHIEF EXECUTIVE (in Cantonese): The Hong Kong Monetary Authority (HKMA) is responsible for the investment of our fiscal reserves. In addition, a portion of Hong Kong's accumulated budget surpluses will be deposited with the HKMA for investment. And I am sure Dr LI, being a banker himself, will

understand that all investments invariably carry high risks. I also trust that Mr Joseph YAM, like your goodself and other bankers, has been racking his brain to come up with sound investment decisions. Mr YAM's performance was as good as any investment bank in the past, and I am quite confident in him.

At present, his investment strategy is quite conservative. On the one hand, he has to maintain the stability of Hong Kong dollar; and on the other hand, he has to avoid causing investment returns to be over volatile. As far as I know, his performance hitherto was commendable. But in the last one or two years, particularly this year, there has been huge volatilities in the foreign exchange market. While it will be a very demanding task for Mr YAM, I hope Dr LI and other Honourable Members will have confidence in him.

DR DAVID LI (in Cantonese): *Madam President, in a bid to increase investment return of their reserves, the governments of many nations have issued sovereign bond. Has the Government consider the possibility of issuing sovereign bonds?*

CHIEF EXECUTIVE (in Cantonese): At present, the Exchange Fund is managed by the HKMA, on the advice of the Exchange Fund Advisory Committee (EFAC) which is a statutory organization. It is not just an ordinary advisory body.

When formulating the investment strategy of the Exchange Fund, the HKMA will not only make reference to its practical working experience, but will also receive guidance from many people in Hong Kong. I am sure Dr LI, having served as a member of the EFAC, is well aware that the HKMA would consider the views from EFAC members and the market when formulating its investment strategy. I trust the HKMA will continue doing so.

MR BERNARD CHAN (in Cantonese): *President, thank you for giving me the chance to speak for the last time in this Chamber. The Chief Executive, the public, the media and the Legislative Council are all having higher and higher expectation on the civil service. On the one hand, civil servants are expected to*

fulfil the relevant performance pledges within the specified time, and on the other hand, they have to deal with increasingly stringent demands from the public as well as monitoring by public opinion. Would the Chief Executive feel concerned that under these ever-increasing pressures, the civil service would adopt a "do less to get less wrong" attitude? What will the Chief Executive do, in addition to meeting all sorts of demands relating to the people's livelihood and dealing with growing intensity for more accountability, to support the civil service, and to encourage civil servants to serve the public in a proactive and creative manner?

CHIEF EXECUTIVE (in Cantonese): Mr CHAN, I think young people who aspired to join the civil service would understand the social environment at present. Of course, we all have different aspirations, but there are many people who are enthusiastic in joining the civil service. We can see that tens of thousands of young people with advanced graduate qualifications are attracted to compete keenly in the annual executive officer recruitment exercise. I am confident that we do not have any recruitment problem. But what is important is for us to ensure that they will work with unfailing passion after joining the service and develop a life-long career here. We must adopt modern scientific management methods in order to achieve this.

Furthermore, the public and young people should be made to see that a career with the civil service is highly rewarding, not just in terms of salary and seniority, but also in cultivating a sense of achievement in their work. To this end, they must work to perform, and a "do less to get less wrong" attitude is definitely not the way to bring about any reward. I think for civil servants, their most valuable reward is to witness policy changes and to enable the living standards for the people to be improved as a result of their sweat and toil. This must be their greatest reward. Those who are interested in joining the civil service must have a passion for their work, just like Honourable Members here. I think this will remain unchanged in future. But we all know that the working environment does change as the society progresses. Undoubtedly, interaction is necessary and civil servants would need to pitch in more. I hope Members could be more tolerant towards our civil service. In this way, you will find, as I am sure, that the morale of the civil service will not be undermined, while it will also be easier for Members to monitor the work of the Government.

MR BERNARD CHAN (in Cantonese): *Do the Chief Executive think that the "do less to get less wrong" mentality is generally prevalent among civil servants?*

CHIEF EXECUTIVE (in Cantonese): The civil servants whom I am in contact with are all very proactive. But undoubtedly, the morale of the civil service might have been adversely affected should one or two isolated cases happen in which some civil servants (senior officials particularly) felt that they did not deserve to be so treated. We can see that in one or two particular incidents, the permanent secretaries concerned might feel that they had been treated unjustly and that time and again, they were not given fair treatment in the Legislative Council or within the government. Repercussions would be inevitable because of the pressure. After all, these emotional backlashes are normal. It is therefore imperative that the principal officers, especially I myself, the Chief Secretary and the Financial Secretary must make every effort to give a full account of the matter. Issues that can be resolved should be dealt with. Whatever that can be done to alleviate the mental stress should be done more. We also need the understanding of the monitoring bodies, in particular the Legislative Council. No one is perfect, we all have imperfections at work. Hence, a more understanding attitude should be taken.

MR JAMES TIEN (in Cantonese): *Chief Executive, I would like to thank you first of all for your address just now, which aims to further step up the efforts in alleviating the plight of the people.*

As for the issue of inflation, since every nation in the world has its own currency, the issue could be dealt with through an increase in interest. However, for the pegged exchange rate of Hong Kong that has been operating effectively all along — I believe any Chief Executive, including you, would regard that it would be best for this to be dealt with by your successor. With regard to the stepping up of efforts, since you anticipated that difficulties would still be around up till the mid-period (that is, 2011 to 2012), I would like to ask would you consider, instead of just like squeezing the tooth paste as in the previous year, granting four years in one go for easing the minds of the public (after all, we have at present around \$1,400 billion in reserves and foreign funds)? A move as such would enable you to have your name and contributions remembered by future generations.

CHIEF EXECUTIVE (in Cantonese): What is meant by "granting in one go"?

PRESIDENT (in Cantonese): Mr James TIEN, could you please repeat that?

CHIEF EXECUTIVE (in Cantonese): Could you speak on your proposal for us to see whether we could give it serious consideration?

PRESIDENT (in Cantonese): Mr TIEN, what do you propose for the one go?

MR JAMES TIEN (in Cantonese): *I beg your pardon, from what I heard, the measures proposed by the Chief Executive today are for implementation only in the current year, that is, 2008. Would he allow the series of measures proposed just now to be implemented continuously in 2009, 2010, and 2011, until 2012 when his term of office will expire?*

CHIEF EXECUTIVE (in Cantonese): I think what I mentioned are some short-term relief measures which cater for the needs of the lower and middle-classes. It is imperative for us to adopt the principle of prudent financial management. The pressure of inflation is evident at present; however, it would not last forever. If we could manage up till 18 months afterwards, I believe when the Financial Secretary prepares his next Financial Budget, the work that will need to be done at that time will be reviewed.

Some Members said that we are "distributing money", indeed we are "distributing money" continuously. Let us take a look at the Comprehensive Social Security Assistance. Currently around \$1.9 billion is distributed each month, which includes assistance for Comprehensive Social Security, as well as allowances for the elderly and the handicapped. Payments for these items are distributed each month. Hence, the issue is not about the Government "distributing money", but whether or not it is distributing for a good cause. Why is it that we have to "distribute money" to all the people? It would not

serve Mr James TIEN too much purpose if he was given \$5,600, which may not even be sufficient for paying his petrol expenses. Therefore, I firmly believe that we have to deal specifically with the special needs of the grassroots and middle-class.

MR JAMES TIEN (in Cantonese): *President, it is precisely because I am not one of the general public, their hope is to lead a stable life in the coming few years. They do not hope to see the Government "squeezing" some money for helping them to cope with the inflation in 2008, but thereafter leaving them to look up to heaven for a livelihood the next year. The Chief Executive said just now that he reckoned that problems would still exist in the interim period. In addition, he mentioned year 2012 as well. So, would the Chief Executive then simply indicate in advance for these measures to be implemented consecutively for four years?*

CHIEF EXECUTIVE (in Cantonese): My term of office is four years, during which there would be a policy address and a Financial Budget (Budget) every year. Mr TIEN, I have said just now that other long-term measures, especially those on shift of policy, would be further studied in the policy address to be announced in October this year for coping with the long-term problems. I hope to plan and discuss the next step to take thoroughly with Members of the next term. I would not forget that we have to consider our course of action after the interim period. What we are dealing with now are matters of urgency; the rest would be dealt with by the Financial Secretary in his Budget the next year or in the next few years. Meanwhile, it is also hoped that the policy address would match up with shift in policy.

MR LAU CHIN-SHEK (in Cantonese): *President, the Chief Executive has just proposed 10 relief measures for relieving inflation; however, there seems to be no measure for halting inflation. Nonetheless, relief measures could only alleviate the symptoms but could not cure the root of the problem. Could the Chief Executive enlighten us on practical measures that could feasibly halt inflation?*

Besides, the 10 relief measures seem not to be of much help to those low-income people with no child who live in partitioned cubicles. Could the Chief Executive respond to them as to what practical measures there are that could really assist them?

CHIEF EXECUTIVE (in Cantonese): Inflation is a global issue while Hong Kong is a free market, and prices reflect precisely the market's demand and supply. It would be extremely difficult or even impractical for the Government to impose price control in a free market. What we find feasible are the measures I propose today, as well as the series of measures launched by the Financial Secretary in this year's Budget. These measures could to a certain extent lessen the pressure of living in the face of the high inflation for the grassroots and the middle class. However, it would really be beyond Hong Kong's capability to resist the pressure of global inflation. Though the series of measures I announced just now are to cater for the grassroots, there are bound to be omissions. I hope that those cubicle dwellers and the families living on Comprehensive Social Security Assistance (CSSA) could be assisted by the CSSA. Then there is subsidy for electricity charges, and I believe they could benefit from it.

MR LAU CHIN-SHEK (in Cantonese): *The Chief Executive has gone from partitioned cubicles to electricity charges, but since electricity charges are included in the cubicle rentals, cubicle dwellers have no need to pay for electricity charges. How on earth could the scheme proposed by the Chief Executive be able to assist them?*

CHIEF EXECUTIVE (in Cantonese): The CSSA I mentioned just now

MR LAU CHIN-SHEK (in Cantonese): *What about if he has not applied for CSSA? The low-income people whom we talk about certainly have not applied for CSSA, would you consider the issue from the aspect of travelling expenses?*

CHIEF EXECUTIVE (in Cantonese): If he lives in one of our trial districts

MR LAU CHIN-SHEK (in Cantonese): *Then what about if he does not live in those districts? (Laughter)*

PRESIDENT (in Cantonese): Mr LAU Chin-shek, please take your seat after finishing your question, now you are not debating with the Chief Executive.

CHIEF EXECUTIVE (in Cantonese): *Mr LAU, many of us sitting here could not benefit from the proposals as well. Policy determination has to be all embracing and to cater for the mass, certainly there would be omissions. In the event of special cases, we would refer them to social workers for special handling, is that OK?*

MR JAMES TO (in Cantonese): *President, originally I wish to ask the Chief Executive about the theory of co-operation among the deputy President's administration, law enactment and judicial administration. However, after the meeting this morning, I would like to discuss with the Chief Executive about the issue of "duckling jump". President, it is not because of the name of our Chief Executive is Donald that I bring up the issue of "duckling jump" for discussion. (Laughter)*

The Independent Police Complaints Council Ordinance (IPCC Ordinance) passed by the Council last week is only an Ordinance in name without de facto authority in monitoring the police. We are still discussing the issue of "stripped naked" in body searches conducted by the police these few days. I would like to ask the Chief Executive if he has thought about this: if a conservationist was stripped naked by the police for warranted cause, asked to perform "duckling jump" and caressed on his lower body after being brought back to the police station for a peaceful petition, how would you feel if you, the Chief Executive, were the conservationist?

According to Basic Law and the Police Ordinance, you are the superior of Mr TANG King-shing, the Commissioner of Police, would you see to this issue and monitor the situation to avoid power abuse, or would you continue to adopt the present remedy approach and to allow Tang King-shing and his subordinates to keep up with their power abuse that renders Hong Kong people to be subject to

being "stripped naked"? Chief Executive, let me tell you that the number of people involved is not small, every year there are 40 000 people being subject to body searches in this manner after being brought back to the police station for different reasons.

CHIEF EXECUTIVE (in Cantonese): It would be difficult for me to make a conclusive comment if individual differences exist among various cases. However, I regard that we are a civilized society, and Mr TANG King-shing and his Police Force are reputable and are performing their duties in accordance with the legal framework. I promise you that I would look in depth into the matter, is that OK? I would for sure look in depth into the matter which you raised just now. I opine that ours is a civilized society, so we should adopt civilized means. Having said that, we still have to respect the procedures in law enforcement. The police have their means of practice under the legal framework; they should be allowed to practise sufficient means to curb situations in which they regard there would be the potential of serious crime. This is what they should do. Nonetheless, I firmly believe that the means adopted by us are indeed civilized ones adopted by a civilized society.

MR JAMES TO (in Cantonese): *President, why do I have to specifically raise this issue? I am very much obliged to the Chief Executive for his indication that he would look into the matter. It was only last week that we had just finished the marathon debate on the IPCC Ordinance, and then we have been discussing the guideline on "stripped naked" for four days this week.*

In fact, I see there are really a lot of people going for peaceful petitions in recent years. We all know that people in society have changed; they are now more serious about the fight for culture conservation and reconstruction rights. They could probably be teachers or clergy workers; however, they have to be likewise stripped naked like after being brought back to the police station, which is highly humiliating. I hope that the Chief Executive could study this issue in detail; otherwise those black sheep would cause the whole society to think that the police are continuously abusing their powers. However, the police probably will still require the society's co-operation in some other crimes. Could the Chief Executive handle this matter seriously? Judging from the course of development over the past few weeks, our Secretary for Security and Commissioner of Police are not in any way serious in dealing with the matter.

CHIEF EXECUTIVE (in Cantonese): I would not agree with your comment that they are not serious in dealing with the issue. I have just promised you that we would adopt civilized means in our civilized society. As I have just said, I would look in depth into the matter. It would be of paramount importance for the Commissioner of Police to maintain the reputation of the Police Force and it is also of paramount importance for him to obtain the support of the public. He has exerted much efforts in this aspect over the years, and such efforts have born fruit. He would not allow the fruit of his efforts to vanish just because of this.

I believe that there are matters which require special attention, but as I have just said, in our civilized society, it is necessary for these matters to be dealt with in a civilized manner. This is imperative.

MR VINCENT FANG (in Cantonese): *Chief Executive, I welcome the proposal in your speech of putting in more than \$11,000 million for benefiting the people*

CHIEF EXECUTIVE (in Cantonese): The amount is \$11,000 million.

MR VINCENT FANG (in Cantonese): *..... \$11,000 million in taking relief measures for alleviating the plight of the public, but many of them are only taken on a one-off basis. Currently the main factor for pushing inflation up is the prices of food. Certainly, there are currently many external factors that are beyond our control, like the shortage in supply caused by various disasters in the Mainland; and the devaluation of US dollars against Renminbi, and so on. However, there are things which we could control within ourselves, such as cost redemption that the Government often talks about. The increase of 11.4% rental for Cheung Sha Wan Wholesale Food Market, coupled with the system of "daily clearing of live chickens" which we launched recently, probably lead to a decrease in supply of live chickens. All these would push up the prices of goods. I would like to ask the Chief Executive whether he has long-term planning regarding measures for increasing food quantity and stabilizing food prices so that the industry could conduct its business peacefully without too much worry?*

CHIEF EXECUTIVE (in Cantonese): Mr FANG, I just mentioned one point, that is, all food in Hong Kong are priced according to the global markets; I

believe you will understand that as a relatively small market, we are not in a position to control global prices. As for stabilizing supply, a great commitment in food and produce has been undertaken by the Mainland. Even during the time of their utmost difficulties, they still maintained a sufficient supply of food and produce to Hong Kong. Furthermore, I had mentioned this to Vice President Xi when he visited Hong Kong, and he reiterated that the Mainland would keep up with their commitment in this aspect to maintain the steady food supply. Regarding the efforts made by the Government in this aspect, as I have just said, from now on, we would stop collecting or freeze all Government charges for the time being. There would be no increase of charges of any kind in the year to come, and we would not increase the charges which would affect the peoples' livelihood.

With regard to the food issue you mentioned just now, we are prepared to reserve \$100 million for the Social Welfare Department to cater for the abject poor so that assistance could be rendered to them through voluntary organizations. If there is any sudden shortage of food, help would come in some form. The CSSA, "fruit grants" and other subsidies, and so on, which I mentioned just now could be of help to the lower-class people. The series of measures are to address these issues. As I have said, the problem of inflation runs like waves, with ups and downs. I hope we would work together in such circumstances. Every year, the Financial Secretary would address this issue specifically in his Financial Budget. What could we do within our capacity? As a Government, I would certainly not be mean regarding measures that could be done and that could be carried out with effect.

MR VINCENT FANG (in Cantonese): *For the freezing of Government charges, could you clarify whether the 11.4% rental increase of Cheung Sha Wan Wholesale Food Market would not be effective?*

CHIEF EXECUTIVE (in Cantonese): That has been increased. That has been raised already in June. What we are talking about will take effect from today. However, I do understand the issue concerning the Cheung Sha Wan Wholesale Food Market. Since we announce the freezing measure today, I very much believe that it is quite a good opportunity today for addressing these issues. Perhaps you and Mr Jasper TSANG — last time you both had mentioned this issue to me — could follow up the issue with the Secretary to see what could be done within our capacity to assist these wholesalers. Would that be OK?

MR MARTIN LEE (in Cantonese): *President, Chief Executive, today is the second last time I would raise questions in the Legislative Council since I have been a Member, for the last time will be the follow-up questions to be asked later. (Laughter) Chief Executive, you give many of us an impression that you are the weakest in the area of environmental protection. For this second last question of mine, I hope you could answer with the promise of action this time. For the sake of environmental protection and leading the whole community, could the indoor temperature be maintained at 25.5°C in summer? Could you now be the leader of your team in taking off your outer coats, bow ties and ties altogether, just like what I do now?*

CHIEF EXECUTIVE (in Cantonese): In maintaining the temperature at 25°C, our office has succeeded in doing so. We also encourage the Legislative Council to follow suit. I reckon that the Legislative Council is a serious place to which I should pay respect. Irrespective of how hot it is, my colleagues and I would tolerate and work in formal attire. In fact, the entire constitution is a hot kitchen and we should be able to "stand the heat" for a while.

MR MARTIN LEE (in Cantonese): *This is the last question. Recently, Mr XI Jin-Ping, vice president of our nation, came to Hong Kong and told you he hoped that*

PRESIDENT (in Cantonese): Mr LEE, you should raise a simple follow-up question and not another new question.

MR MARTIN LEE (in Cantonese): *In my first proposition, I only request him to take action; I had not raised any question. (Laughter)*

CHIEF EXECUTIVE (in Cantonese): President, he is a real rascal.

PRESIDENT (in Cantonese): Mr Martin LEE, you are a senior Member of the Council, certainly I cannot set a precedence for you; otherwise, I would put my successor in a difficult position. How about seeing if you

CHIEF EXECUTIVE (in Cantonese): Let us talk about environmental protection.

PRESIDENT (in Cantonese): Do you still want to ask other questions about environmental protection?

MR MARTIN LEE (in Cantonese): *Fine. I would like the Chief Executive to tell us what he has done in the aspect of Green Olympics, which is one of the entries in the Olympics that would soon be held in Hong Kong. And what would you do for the remaining period?*

PRESIDENT (in Cantonese): Mr Martin LEE, you have to base your follow-up question on the question you asked just now and the reply given by the Chief Executive, and your follow-up question should be a simple one. If I allow you to raise your question in this manner, the incoming president would have a very difficult time. I hope you would help us somehow.

MR MARTIN LEE (in Cantonese): *Chief Executive, since you would not take off your outer garment and bow tie here, (Laughter) would you inform all foreign Consulates in Hong Kong and all clubs that they are subject to the same request in summer, that is, to have the temperature maintained at 25.5°C, in the hope that they would not ask suits to be put on in summer?*

CHIEF EXECUTIVE (in Cantonese): I reckon this point could be looked into; however, foreign diplomats are very particular about international practice, rules and etiquettes that their own nations would practise. No matter how hot it is, especially in Japan, they would be wearing more than this for the first meeting; they would even put on swallow-tailed coats. Hence, we have to be careful about how that should be carried out, present credentials are important formalities. I would be totally willing and would not mind at all to see any visitor going to the Government House in casual wear on any occasion. I very much believe that it would come from the public's initiatives without the need for any order to be promulgated by the Chief Executive asking them to do so.

However, I know that you are extremely concerned about issues on environmental protection. President, I think you can give him a chance for he is a good friend of mine. I have the opportunity to answer his questions in the Council over the years and I have just found some materials which could as well be used. *(Laughter)* We are equally concerned about the Green Olympics, we would get the horse faeces transformed into organic fertilizers, which we had done already. We would do the same in future in handling these wastes. Besides, materials for environmental protection are used in all equestrian venues; those are all recycled materials. With regard to conservation, 90% of the trees in the coliseum now would be retained as far as possible. Besides, 500 more trees have been planted to compensate for the trees conserved due to migration. In addition, 17 000 bushes are planted as well. We aim not to affect the reproduction period of the egrets as far as possible when carrying out works in Penfold Garden. We would try to avoid works during those periods. Kitchen waste landfill facilities are set up specially for handling kitchen waste during the period of equestrian competitions. We would do our best in energy-saving. Under the present scientific advancement, we have been able to build in energy-saving works for all the venue facilities. I hope you will find our work in this aspect satisfactory.

MRS SELINA CHOW (in Cantonese): *President, undeniably, due to the special situation of having the calamitous earthquake in Sichuan and inflation in Hong Kong, our public finances are subject to considerable pressure. However, I believe that apart from allocating resources from the economy, we have to think about how to make money at the same time. Recently, we heard that the long-anticipated cruise terminal could be commissioned in 2012 and the cruise industry could generate considerable revenue to Hong Kong; but it is now announced that the commissioning could not be feasible in 2012 and the project has to be retendered. Even if the tender is successful, it is said that the commission date will be postponed to 2013; and if the tender is unsuccessfully, the project may be postponed indefinitely. May I ask the Chief Executive what strategies does he have to tackle this situation? If the construction of the cruise terminal is postponed, we will lag behind others. We are already not as competitive as before, if the construction is also indefinitely postponed, it may not be possible for us to catch up with others. What actually is your view about the cruise terminal?*

CHIEF EXECUTIVE (in Cantonese): First of all, I can tell you that we will go ahead with the cruise terminal project. It is a key facility to boost our entire

service industry and also one of the ten major infrastructures which I undertook in the policy address last year. However, I understand that our terms in the previous tender are not attractive enough under the present economic environment, particularly from a commercial point of view. Nevertheless, we will speed up, rather than procrastinate, the project. At present, we take a dual course. On the one hand, we take forward the cruise terminal as a public works project and we are now drafting the related papers. We anticipate that after the reconstitution of the Legislative Council we can table the papers to the Finance Committee for approval and project creation. On the other hand, we are reviewing the merits of the present facility and enhancing its commercial elements to enhance the success of its operation. The most important thing is to give us a chance to not only complete the cruise terminal project as soon as possible, but also to construct a world-class facility which can become a worthy competitor among other cruise terminals in the region.

MRS SELINA CHOW (in Cantonese): *President, the tender this time has failed and it is hard to guarantee that the next tender will be successful. If the next tender falls through again, what actions will the Government take? Will generous terms be offered to private corporations, thereby arousing public suspicion of collusion between the business and the Government?*

CHIEF EXECUTIVE (in Cantonese): The reason for not accepting the two tender proposals is that they have some terms which we find hardly unacceptable. What we look for is a balance between constructing a first-class cruise terminal and safeguarding public interests and the use of public funds. I feel that we will succeed this time. If the market does not respond to the tender, we can make use of public funds to proceed with the construction ourselves, provided that approval is granted by the Legislative Council. We will table the papers to the Legislative Council after it has been reconstituted. On the one hand, I will attract new tenders from the market and on the other, we will take forward the construction as a public works project which posed as a backup, with a view to enabling the cruise terminal project to start as soon as possible.

MR FRED LI (in Cantonese): *I wear a tie for the purpose of photograph taking; otherwise I will not wear a tie.*

Mr LAU Chin-shek asked part one of a question just now concerning the poor and I wish now to ask part two of the question, for before I came here, a group of retirees aged from 60 to 64 came to see me. They are all elderly people for the Home for the Age will certainly offer them a place. They said that they could not benefit from your earlier measures and the 10 major measures announced today. They have no "fruit grant" (Old Age Allowance) nor CSSA. They have retired and only have a small amount of saving. Apart from that, they have nothing. They can of course benefit from the electricity charge subsidy, but so far as housing rents are concerned, as they are not living in public rental housing (PRH), they would not be entitled to the waiver of PRH rents. Coming back to today's issue, the present measures of the Chief Executive are another "offer of sweeteners", but there is still a group of people who were excluded from the last round as well as this round of "sweeteners". In other words, they are left out every time. Will you think a second time as how you can assist these people? You have to include the people Mr LAU Chin-shek mentioned. You truly have to think again how to help these people. They are not of a small number. He said there are some 50 000 of them. There are indeed a lot of people ageing between 60 and 64.

CHIEF EXECUTIVE (in Cantonese): Will you help us to find a way? I will do so on my part. Will you help us to identify effective measures which can safeguard the use of public funds while at the same time help these people? We are glad to hear about them.

MR FRED LI (in Cantonese): *President, I am happy that the Chief Executive has made this request to me because he seldom talked to us these days. (Laughter) I do not know if I will have an opportunity to talk to him again. We, the Democratic Party will certainly submit proposals to him again. The proposals will hear in mind these people whom, I think, were given only a small share of the "sweeteners". I hope you will be glad to hear about them.*

CHIEF EXECUTIVE (in Cantonese): I am willing to listen, but what is most important is that the proposal has to allow us to appropriately use public funds and will not subject the Government to a long-term and heavy burden. I will certainly consider such proposals.

MR TOMMY CHEUNG (in Cantonese): *I thank the Chief Executive for supporting my motion, that is, suspending the imposition of the levy on employers of foreign domestic helpers for two years, but most of the Members are also supportive of my motion which is to abolish the levy altogether.*

However, Chief Executive, this is not the question I wish to ask you today. I saw you proposing many relief measures today which will benefit especially the grassroots, the middle class and so on; and you also talked about food prices. There is one group of people who are indeed in dire condition and are confronted with many problems. They are the stall operators in wet markets, the wholesalers and the retailers. Their stalls operate in markets under the Food and Environmental Hygiene Department (FEHD), the Housing Department (HD) and the Agriculture, Fisheries and Conservation Department, but they were not benefited in the several rounds of relief measures you announced.

Chief Executive, I have made a rough calculation. In fact, the additional expenditure for exempting their rents for one month will only cost \$100-odd million. Can you consider exempting the rents of these wholesalers and retailers whose stalls operate in government markets? These people have toiled for the people of Hong Kong for years and they are running their business in an unfavourable period. Now, food prices have surged to a level so high that they cannot pass the costs on to the consumers. Will the authorities exempt their rents for one month?

CHIEF EXECUTIVE (in Cantonese): Regarding the wholesale markets and the wholesale food markets mentioned just now, we can give consideration in this direction, but as I have said, I have to follow up this issue with the Secretary concerned.

However, regarding markets in general, reducing rents in such a way will breach the present contractual mode. We have to resort to other measures to deal with this issue. I very much understand that inflation has now affected all echelons of society, but Mr CHEUNG, we cannot give a solution to tailor fit each individual issue, but rather, I wish to effect relief measures on electricity charges, expenditure on the new academic year and other means to benefit the lower levels all over Hong Kong, including market workers.

MR TOMMY CHEUNG (in Cantonese): *Chief Executive, you asked me to discuss with the Secretary, but as you always know, it is more difficult for me to discuss with the Secretary than to discuss with you. I get along with you better.*

In fact, I wish that you can spare some thoughts on the relevant relief measures. You have exempted the rents of public rental housing tenants for three months, and exempting the rents of HD and FEHD market stalls for one month will not cause any problem in the contract because that one month of rent will be paid by the Government. Thus no conflict is created with the contract.

Chief Executive, exempting the rents for one month involves only \$100-odd million. As you can allocate \$11 billion for relief measures, we are now only talking about allocating another \$100-odd million. Why do you not spare some thoughts on this proposal for me instead of asking me to discuss with the Secretary? Asking me to discuss with the Secretary is tantamount to saying no, right?(Laughter)

CHIEF EXECUTIVE (in Cantonese): *If you speak with a better tone, he will definitely discuss with you.(Laughter)*

As I have said just now, we will freeze all fees and charges, and there will be no increase in fees and charges. We will also avoid increasing the rents as far as feasible during this period. However, I hope Members would understand that we seek to benefit as many people as possible at the launching of each measure.

It is difficult for us to deal with each industry individually, all echelons of society are under pressure, but I understand and am sympathetic with them. I very much hope that some of the 10 relief measures which I announced just now can help those who now work laboriously in the markets.

MR WONG YUNG-KAN (in Cantonese): *President, 500 fishermen staged a protest outside the Legislative Council building just now and a few days ago, 200 fishing boats sailed in procession at the Victoria Harbour. They did so for one single reason, and that is, the soaring of current oil prices. When I last wrote to you, the oil prices were \$1,850 per 200 litres and now the oil prices have*

soared to \$1,900 per 200 litres. That the surge of prices in a matter of a few days is alarming enough. Would you please put yourself in our shoes and figure out how the industry can survive? May I ask how you will assist this group of fishermen to tackle their problems with their livelihood and survival?

CHIEF EXECUTIVE (in Cantonese): I truly quite sympathize with them, but Mr WONG, oil prices are actually not within the ability of Hong Kong to control or reduce. This is a global issue. Members can see that fishermen in Japan and other places are likewise affected. It is impossible to swerve the situation within a short period. I feel that there is something more that we should do. Secretary York CHOW told me we had announced on 5 July that some measures would be launched through the Fish Marketing Organization. Perhaps, let me reiterate these measures which we have specially formulated for our fellow fishermen.

First of all, the licence fee of fishing boats will be waived for one year, which, I believe, may benefit all 6 000 fishing boats in Hong Kong. Secondly, the interest of the special loans offered during the fish moratorium this year will also be waived and the requirements for loan application will be relaxed. This measure can also help them. Thirdly, their fishing boats will be exempted from the means tests. Hence, if they wish to apply for CSSA during this time when they are in financial difficulties, the value of their fishing boats will not be considered for the means tests. These are the short-term measures within our ability to launch, the purpose of which is to help them tide over their trying times.

Mr WONG, we can find a way out together wholeheartedly, but the oil prices are in fact not entirely within the control of Hong Kong.

MR WONG YUNG-KAN (in Cantonese): *President, it may be difficult for the Government to provide subsidy for fuel expenses, but we have to discuss how to relieve the livelihood of the fishermen first. The Chief Executive, however, seems to be completely oblivious about this matter. He can allocate \$11 billion to relieve the public from their predicament, but the fishermen cannot share any of the \$11 billion. Then how could the Government relieve the fishermen's livelihood?*

Regarding CSSA, honestly, I have discussed this with Secretary Matthew CHEUNG and Secretary York CHOW. In brief, these fishermen cannot apply for CSSA. Even if their fishing boats are exempted from the means tests, the insurances which their children have taken out for them are not exempted. They simply cannot apply for CSSA, how then could they receive CSSA payment? Last year, despite their trying situation, none of the fishermen applied for CSSA. This year, they dare not apply for CSSA either because they simply cannot do so. If everything is included in the assessment of the means tests, they can apply for nothing. Does the Government have any other ways to help them?

CHIEF EXECUTIVE (in Cantonese): Excluding the value of the fishing boats from the means tests, which I mentioned just now, is already a major way of helping them. If there are any other things we can do, we can discuss them. I am personally very concerned about the fishermen, but in order to convince the people of Hong Kong to use public funds to address this issue, we need to have a reasonable means to justify ourselves and be able to devise a favourable scheme. We will continue to discuss this issue.

MR SIN CHUNG-KAI (in Cantonese): *Just like Mr Martin LEE, I am also putting a question to the Chief Executive for the last time in this term. Originally, I wish to ask a question on Vice-President XI Jin-ping's theory of mutual understanding and support among the executive, the legislature and the judiciary, but Mr Fred LI asked just now about how Let me put the question this way. Will the Government allow people who are not entitled to CSSA payment, Mandatory Provident Fund (MPF), tax rebates, Old Age Allowance (OAA) and do not have any children going to school enjoy concessions by application? In short, people who were not benefited in last two rounds of "sweetener offers" made by the Social Welfare Department can be given cash rebates this time. For those who were not even entitled to electricity charge subsidy and rates waiver, they can be given a double amount of money. Can they receive it by way of application?*

CHIEF EXECUTIVE (in Cantonese): Can you give a written proposal for our consideration? I have already written it down and I will look into it when I go back. You mentioned just now the people who are not entitled to a certain things. I am not sure if I have jotted down all of them. I am afraid

MR SIN CHUNG-KAI (in Cantonese): *I mentioned the people who are not entitled to CSSA payment, MPF, tax rebates, OAA and do not have children going to school and that the majority of them cannot enjoy any benefits.*

CHIEF EXECUTIVE (in Cantonese): Neither do I.

MR SIN CHUNG-KAI (in Cantonese): *You have tax rebates.*

CHIEF EXECUTIVE (in Cantonese): Tax rebates?

MR SIN CHUNG-KAI (in Cantonese): *Chief Executive, you do have tax rebates. (Laughter) If you wish to discuss, we can discuss this right after the meeting with your colleagues. In fact, I am thinking of two tiers. Those failing to enjoy any benefits whom I mentioned just now belong to the first tier. They can be given, for example, \$1,000. For those who are also not entitled to benefits such as electricity charge subsidy and rate waiver, that is, those people mentioned by Mr LAU Chin-shek, their cash rebates can be doubled. Will the Government consider this proposal? As to the amount of money to pay out, we can consider by discussing it further. If this proposal is implemented by way of application, everyone will be happy. Frankly, \$11 billion is not a small sum, but adding a little more will enable the arrangement to be termed perfect.*

CHIEF EXECUTIVE (in Cantonese): The most thing this time is to help the grassroots. For people who do not enjoy any of the benefits you mentioned just now, the most important thing is to prove that they belong to the grassroots, their incomes are limited or they are unemployed, and it is only then that we can offer assistance. We can discuss it further. I said I am already at the end of my wits. The proposal, however, has to be feasible and the procedures not too complicated. It also has to be affordable and would not cast too weighty a burden on our public finances. I think there are still some loopholes in your proposal just now and I will tell you later. However, this does not matter and we can discuss it further. I too wish to get in touch with this group of people.

MR TAM YIU-CHUNG (in Cantonese): *As Chairman of the Finance Committee (FC) of the Legislative Council, I agree with the Government in waiving the notice period relating to the documents, so that we can convene this meeting on the last day of this legislative session to scrutinize each and every item you proposed just now. However, I am of the view that in addition to the 10 measures you highlighted earlier, other measures are in fact also important. In connection with the 12 measures proposed by the DAB at an earlier time, you have only responded to six of them today. We opine that those remaining are also important and they include the measure raised by Mr WONG Yung-kan which relates to fishermen. Although fishermen are actually members of the grassroots, they, as Mr SIN Chung-kai has said, are excluded from many of the benefits. For that reason, can special arrangements be made to deal with the problems they encounter? This will not give rise to abuse because they, being members of a special profession in society, only account for a small number.*

In addition, another matter also warrants your serious consideration and that is, reducing the rent for Public Rental Housing (PRH) flats. On the previous occasion, this issue aroused a strong opinion that although tenants residing in Group B public housing estates managed by the Hong Kong Housing Society were of the view that they were facing a difficult time, they had not been benefited from the previous reduction. For that reason, they hope that you can include them in your scope of consideration this time. On the previous occasion, the relevant measure was only extended to senior citizens, namely, those elderly living in Group B public housing estates. I am afraid that you have had only a short in compiling the documents and eventually, they are not included in your scope of consideration, just the same as what happened on the previous occasion. If that is the case, I think they will be very disappointed and thus I hope you can factor in them this time.

CHIEF EXECUTIVE (in Cantonese): I am thankful to you for not requiring us to spend too much time because over the past few days, we really had no means to give advance notice to the FC that we had the intention to do this. My colleagues had already burnt the midnight oil in the hope of issuing the relevant papers by this evening, so as to allow one or two days at the minimum for your perusal of the documents in order that the approval procedure could be conducted on Friday.

In relation to what you have mentioned that requests had been raised to us by the DAB, out of the 12 measures, 10 have been hit and this is really marvellous, right? However, it does not matter because those remaining are usually not of a one-off nature. Mr TAM, regarding those requiring recurrent expenditure, I do not have the guts to raise with the Financial Secretary. What I talk about on this occasion pertains to one-off provisions. If it relates to provisions of a long-term nature or a shift in policy, we have to conduct in-depth studies instead of making a decision within such a short period of time.

Regarding the issues relating to fishermen mentioned by Mr WONG Yung-kan just now, although I also have very intense feelings for them, we can only find a better way to handle those issues. If we are able to render assistance to them, we will do so as far as practicable.

As for Group B public housing, I do not know whether it is I who have lost grip because there are two types of tenants. Tenants falling within the first category refer to those who earn a higher income whereas those who earn a low income belong to the second category. When it comes to the latter, we can take them into consideration. I recall that what could be offered to the elderly at that time had already been offered to them. Group B public housing is provided to low-income tenants, right? No, it should be catered for high-income tenants, right? High-income tenants are another matter. Insofar as low-income tenants are concerned, we will deal with their case. As for those high-income tenants, we are not able to deal with issues relating to them today. Mr TAM, as you know, our target this time is the low-income people at the grass-roots level. In like manner, when it comes to PRH, we have not included the wealthy PRH tenants for the same reason.

MR TAM YIU-CHUNG (in Cantonese): *President, first, the Chief Executive mentioned just now that out of the 12 proposals we raised, 10 hit. Actually, the number is not that high because we only identified six. The remaining items are those that we hope he can take into further consideration.*

As I mentioned just now, tenants residing in Group B public housing estates can afford very high rents, despite the fact that they do not earn a high income. For that reason, I request the Government to give continuous consideration to their situation. As for other items, many of them are also very

important. For example, we hope that the Transport Support Scheme can be implemented throughout the territory. In addition, suggestions included offering half-fare concessions to people with disabilities; reducing the duties on unleaded petrol by half, rendering assistance to fishermen, which I mentioned earlier; reducing Government rent; offering Government rent rebate; resuming the construction of Home Ownership Scheme flats; selling PRH flats and resuming the Home Starter Loan Scheme are among those that I request the Chief Executive to factor in time and again. I hope that good news will be announced in the policy address.

CHIEF EXECUTIVE (in Cantonese): Many of the suggestions require a substantial amount of money while some of them are of a long-term nature and thus involve recurrent expenditure. Having listened to and examined these suggestions, I am of the view that on this occasion, I have done as far as practicable what I am able to do. The total amount of money input relating to the relief measures I proposed this time is not small. I hope all of you can understand that we must exercise prudence when it comes to financial management and we must not think that we should spend every single dollar we have. We will undertake whatever can be done within our ability in the face of the high inflation at present and we will direct all our efforts in so doing as far as practicable.

MR DANIEL LAM (in Cantonese): *Chief Executive, it is believed that the relief measures you proposed just now will attract wide public support. That said, members of the middle class will not benefit much from those measures. I wish to ask: As to the problems encountered by the middle class, does the Government have in mind any other supportive measures?*

CHIEF EXECUTIVE (in Cantonese): We are targeting at the grassroots this time and we have also taken into account the middle class. On this occasion, we have done as far as practicable what we can within the possible range. As I mentioned just now, taking a middle-class family of four as an example, if there are two children who study at school and this family lives in the New Territories or Sha Tin — we are talking about a middle-class family that is not too well-off — it will be entitled to special concessions for the children, namely, half-fare concessions for students (offered by the MTR). In addition, if this family

employs a Filipino domestic helper, it can also save \$9,000 or so while receiving subsidy for electricity charges. I believe that every family will benefit in some ways. Despite this, we are of course targeting at the grassroots on this occasion. Nevertheless, we have also factored in the middle class.

MR DANIEL LAM (in Cantonese): *President, I wish to ask the Chief Executive: Will the Government expedite the adoption of some approaches, for example, first handling problems that are easier to solve before taking the difficult ones, so as to alleviate the present plight of the middle class?*

CHIEF EXECUTIVE (in Cantonese): In each annual Budget, the Financial Secretary will try his best to accommodate the needs of taxpayers by all means within the possible range. As to the general public in Hong Kong, I also have a sense of commitment, especially towards those who suffer most in the plight of inflation, namely, the grassroots and the middle-class people at the lower end of the scale in general, as we have highlighted on this occasion. The measures that we implement are pinpointing this group of people and I will not cease making efforts in this regard.

MR ABRAHAM SHEK (in Cantonese): *Chief Executive, I am of the view that the majority of members of the middle class in Hong Kong will be very supportive of the whole set of philosophy you have set forth today to assist grass-roots families in the face of inflation. I opine that our society needs to render assistance to those in need. That said, not everyone has a need to ask you to "hand out money".*

Today, many colleagues have commented that the amount of money to be handed out is not sufficient. I suppose what is the most important is that not only Hong Kong but also globally there is an economic problem to face. Given that the current economic slowdown in the United States has imposed an impact on the world market and there is no exception for Hong Kong, President, we have to consider how to create wealth for Hong Kong.

President, I agree that the Chief Executive is facing up to the problems in this regard. He cannot possibly act in accordance with the request made by all Members to hand out all the money, so how then are we going to "hand out

money"? President, I wish to ask the Chief Executive: In the face of economic slowdown in the world, what measures have been formulated by the Hong Kong Government to tackle this problem, thereby creating more wealth for Hong Kong?

CHIEF EXECUTIVE (in Cantonese): The Financial Secretary has announced the implementation of a series of measures in the Budget this year, with a view to further simplifying our entire tax regime and alleviating the burden of the tax net, thereby invigorating our business environment.

In addition, measures that have been introduced one after another over the years have contributed to greatly enhancing Hong Kong's ability to pool capital. For example, we abolished estate duty and this year, we lifted the duty of wine in particular. All these have attracted a great deal of momentum. Moreover, insofar as the holding of conferences is concerned, we will continue to allocate resources to the development of exhibition centres. All these measures are launched precisely with a view to strengthening the economic power of Hong Kong.

We will also strengthen our infrastructural connection with the Mainland while attracting a greater number of established enterprises from the Mainland to make use of Hong Kong as the most important economic springboard in this regard. You may be aware that our infrastructure projects include the construction of bridges and that of railroads, and all these projects are developed in this direction. Moreover, our business promotion reaches everywhere at present. The development of new markets will continue on one hand and on the other hand, we will devote continuous efforts to developed markets.

In relation to the emerging regions on the Mainland with business opportunities, we will also continue to strive for development. Under the "small government, big market" policy, the Government will leave no stone unturned and make input in this regard as far as practicable, and we will continue to undertake the work in this respect. I totally agree with what you have said. In order for members of the public in Hong Kong to maintain their living, we need to make expansions at the economic level and direct our efforts in this regard. What we are doing at present is to draw on the fiscal reserve saved up over the years to implement some short-term emergency measures. In the long run, work has to be undertaken through economic expansion.

MR ABRAHAM SHEK (in Cantonese): *President, I very much agree with the measures proposed by the Chief Executive just now. As for his remark of creating wealth, I hope the implementation of the 10 major infrastructure projects can be expedited because this is vital to the overall economic development in Hong Kong. We particularly hope that the construction of more Public Rental Housing (PRH) flats can be accelerated because so doing will greatly benefit the construction industry and the overall economic development. At the same time, this can provide a comfortable living environment to those families that are badly in need of PRH flats. Even though they do not have to wait for three years at present, it will be even better if PRH flats can be allocated to them at the earliest opportunity. Moreover, constructing more PRH flats will also be a good thing for Hong Kong.*

CHIEF EXECUTIVE (in Cantonese): I do not think the issue at stake is limited only to the construction of PRH flats. I hope that developers can also build more private housing flats. Nevertheless, we will forever fulfil our promise of keeping the waiting time for public housing at three years. In other words, we will definitely do this where necessary.

Among PRH tenants, the turnover rate of those who have terminated their tenancy agreements or switched to home ownership is quite high. In other words, we have confidence in acting up to the present promise of keeping the waiting time for public housing at three years. I totally agree with your remark that vibrancy of a city bears a direct proportion to its resource input in infrastructure, for this reason, we should not slow down progress in this regard. I will focus on handling the 10 works projects I proposed in the policy address. Anyway, I hope these works can be commissioned during my term of office.

MISS TAM HEUNG-MAN (in Cantonese): *Chief Executive, according to the results of the public opinion polls recently conducted by two universities, your popularity rating witnesses a continuous decline and this is comparable to the behaviour of the stock market yesterday. These figures prove that members of the public are very discontented with the governance of the SAR Government, particularly concerning the recent handling of issues relating to the Deputy Directors of Bureau and the Political Assistants. Do you consider that the approaches adopted in the entire appointment system, the determination of their*

remunerations and the announcement of their appointments have constituted a major political fault? Should someone be held accountable and penalized to a certain extent for this? Chief Executive, if someone has to be held accountable, how will you follow this up? If you are of the view that no one has to shoulder the responsibility, can you provide a brief explanation as to why all the people concerned can evade responsibility?

CHIEF EXECUTIVE (in Cantonese): Regarding the appointment system of the Deputy Directors of Bureau, I particularly took the opportunity to explain my stance and viewpoint to every Member on the twenty-sixth day of last month that approval was sought from the Legislative Council for each post to be set up within our establishment and thus, their respective remunerations were also approved by the Legislative Council.

Insofar as the recruitment procedure is concerned, I also explained that we had abided by the rules and regulations in working in this regard. Of course, these rules and regulations do not come under the civil service system but the appointment system. In addition, we had set up a recruitment board and it was I who sat on the board as chairman. Moreover, interviews were also held, with Chief Secretary for Administration Henry TANG chairing the interviewing panels. Having conducted the interviews, we undertook the matching process and integrity checks. All these show that this is a very stringent system.

I reiterate that this is a political appointment system and it is different from the civil service system. That said, rules and regulations have been drawn up for this system while the remunerations concerned also fall entirely within the range approved by the Legislative Council. As far as this matter is concerned, I had said that in the open procedure, something we did was really not appropriate and for this, I had apologized to the public. However, Miss TAM, what is the most important for us today is to understand that the most pressing need for members of the public is to solve the problems relating to their livelihood and that is, the pressure on their livelihood brought about by soaring prices. I hope that the Government can sail in the same boat with the Hong Kong people and behave in a practical way when it comes to dealing with issues pertaining to people's livelihood. As for other matters, I believe they should be put aside for the time being.

MISS TAM HEUNG-MAN (in Cantonese): *President, the Chief Executive mentioned just now that he had provided an explanation on the previous occasion. However, my question was about the continuous decline in his popularity rating. Even though the Chief Executive had come to this Council and offered an explanation, his popularity still sagged. How will the Chief Executive handle the public's discontent with him? At the same time, my final question was to invite the Chief Executive to explain: Why could all the people concerned evade responsibility? Under his governance, why could someone evade responsibility?*

CHIEF EXECUTIVE (in Cantonese): Well! *(Laughter)* When it comes to public opinion polls and popularity rating, I am really first, I need to thank those research institutes and tertiary institutions in Hong Kong for conducting these public opinion polls unceasingly over these years since I held office as Financial Secretary. I am grateful for their so doing because it has provided me with much enlightenment. However, what we are encountering at present — regarding the results of my popularity rating, I am also thankful to the Hong Kong people for their support — we are aware that all the governments need to face up to the pressure of inflation and the problem of rising prices. Not only the SAR Government but also the governments around the world, including the governments in Europe and the government of the United States, and the leaders in the Asian region are caught in the same situation when it comes to popularity rating. Japan, Korea, Vietnam, all the open cities and those enjoying the freedom of the press are being confronted with the same issue. I suppose that I am already quite fortunate.

Personally, insofar as my popularity rating is concerned, when it reaches a very high level, I opine that I cannot be complacent and I also frequently remind myself and my colleagues of this. When it declines, likewise I cannot be over-worried about this and give up. I must ask myself what has happened and what is reflected by the fact that it declines.

I can reveal some of my inner thoughts. Since I held office as Financial Secretary in 1995, I have had entirely no ambition in my career. Now that I have taken up the office of Chief Executive, I do not have any other ambitions at all. As for my popularity rating, no matter whether it rises or declines, I only treat it as a floating cloud when viewing it from the perspective of personal

vanity and it does not worth my worry whatsoever. At present, I am desirous of spiritual advancement day and night and further understanding the anxieties of the Hong Kong public, thereby reinforcing the competence in governance on my part and directing efforts in this regard.

In fact, Miss TAM, a kind of tragedy is reflected in your question and that is, when every Member and political figure care very much about their popularity ratings and cast much focus on this, they will find themselves overlooking the true meaning behind these popularity polls. These polls tell me that the problems at stake are those relating to people's livelihood instead of problems in other regards. You will be denied of the opportunity to truly discuss how to improve the livelihood of the Hong Kong public and to suggest specific improvement measures.

I have also my own observation. When the popularity rating of the SAR Government declines, the popularity ratings and the support ratings of the persons concerned within the establishment, including Members of the Legislative Council and the media which criticize the Government at present, also drop. I have found that in our political lives, we are actually working in one accord and sailing in the same boat. This is not a zero-sum game such that a decline in the popularity rating of the Chief Executive will lead to a rise in that of the Legislative Council. There simply exists no such relationship.

For this reason, if you stand for election, I hope you will examine the situation in this regard. At present, we need to focus our attention on handling matters relating to people's livelihood. We should not engage ourselves in old issues and we must be tolerant. Instead, we must adopt a tolerant attitude towards these Deputy Directors of Bureau and the Political Assistants who joined the profession recently, so that they are able to genuinely serve the Hong Kong public.

MR LAU KONG-WAH (in Cantonese): *I also consider that what the Chief Executive has said just now seemed to be revealing his true sentiments. I personally consider that the 10 responsive initiatives are the right initiatives put forward at the appropriate time. In fact, to improve the quality of the living of members of the public is far more important than the popularity of any individual.*

Besides DAB, other political parties in this Council have in fact also made a number of requests, and the Chief Executive has responded to these requests this time around, and as a matter of fact, these requests are also views reflected to the Legislative Council Members by the public. Therefore, it is my personal feeling that the fact that the interaction this time being positive has benefited members of the public. In view of this, may I ask the Chief Executive, as new Legislative Council Members will be elected for the next term of the Legislative Council with public support, what new ideas do you have to maintain the hitherto checks and balances between the Legislative Council and the executive authorities in the next term, while at the same time to create room for mutual support?

CHIEF EXECUTIVE (in Cantonese): The question you have asked just now is indeed very pragmatic and solemn. I have already stated in my opening remarks that my first task was to draw up the policy address to be delivered in October. I would like to have a genuine exchange of views with newly elected Members. As to the words just said, I consider the most convincing are the remarks made by Mrs Rita FAN last week, they are already engraved in my heart. On the subject of strengthening the relationship between the executive and the legislature, she said that it was not necessary to lapse into conspiracy theory and mistrust of each other. She hoped that both sides could have feelings for others and could be in each other's shoes in order to establish mutual trust and partnership. She hoped that the executive and the legislature could treat each other in a sincere way, because if Members make malicious remarks against some government officials, or if government officials try to evade the Legislative Council, the partnership will only become more confrontational for every man has a fool in his sleeve — I will have all of these mounted, (*laughter*) and I will treat as my mottos for our co-operation in the next term.

MR LAU KONG-WAH (in Cantonese): *President, may I ask the Chief Executive, besides the Legislative Council's role of mutual support, a system of checks and balances is also very important, how does the Chief Executive understand this bit? Moreover, the point I have raised just now is related to the improvement on the people's livelihood, how then can room be created for mutual support?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, some of the contingency initiatives that we proposed this time around can reflect the general public's views in certain areas as well as the views of the Legislative Council Members submitted via political parties. As long as we think we are competent to undertake them, we will speed up their implementation. This also reflects the co-operation. All of these are substantial results and the outcome of a pragmatic approach, and I consider them rather effective. We need to target at the issues. For example, the most important issue now is the people's livelihood and inflation. The sheer crying of slogans cannot solve the problem of inflation as this is of no help at all. We should propose concrete and feasible solutions, as long as there are no persistent after-effects coming out from it, we will definitely try as hard as we can to understand the issues.

In addition, we do have channels for communication and various Secretaries have communicated with Honourable Members in the past. I am going to fulfil my responsibilities by contemplation of what more the Government in the next term can do, and to see how better communication could be achieved within a limited timeframe. I will continue to work hard in this regard, but dialogue, view exchange and interaction are the most important, that is, we will introduce schemes for Members to study. We will make recommendations to the respective Panels, if Members make any counter-proposals, we will amend them and put forward the proposals to the Legislative Council in due course, and then have the legislation enacted, or seek support from the Finance Committee for a funding proposal. All these are the results of interactions.

I hope that the proposals to be put forward on Friday this time will be initiatives achieved through this process. I hope that we can likewise act in accordance with this practice in future, with a view to serving the public in a pragmatic way.

DR JOSEPH LEE (in Cantonese): *President, Chief Executive, meeting you this time in this final Question and Answer Session of the current term of the Council, I notice that your hair have grown whiter than before, I do not know if this is because recently you feel more disturbed over your nose-diving popularity, according to some Members. We have been lately talking about the deteriorating relationship between the Administration and the legislature. It seems that many people criticize that the relationship between the Administration*

and the legislature is far from satisfactory, as there are three "deadly sins", including the late submission of Bills, making hasty funding requests and absence of public officers during Council meetings. There are also problems such as affinity differentiation, the lacking in communication or the attempt to circumvent the Legislative Council and so on. These criticisms may induce the growth of more white hair on the heads of people working in the executive authorities.

The dialogue between you and Mr LAU Kong-wah has also answered part of my question. May I put this question to the Chief Executive, from a certain angle, a lot of people have given ratings to the executive authorities and passed a lot of different comments and opinions; may I ask the Chief Executive, as the head of the executive authorities, if you are give a rating to the current term of the Legislative Council, with zero as the lowest and 10 as the highest score, how many scores will you give to the performance of the Legislative Council? How will you sum up the performance of the current term of the Legislative Council? What are your expectations for the Legislative Council of the new term?

CHIEF EXECUTIVE (in Cantonese): I would like to express my thanks for the support given to executive authorities by Honourable Members over the last four years. In particular, we have passed many important Bills during the current term of the Legislative Council, and a number of important funding proposals have also gained your support. In fact, the majority of the Bills were supported and endorsed by Honourable Members. Even if we have to do this in a hasty manner, just as I said earlier, and having to submit our proposals to the Finance Committee (FC) on this Friday, the Chairman of the FC, Mr TAM Yiu-chung, who supported and scrutinized our proposals. For this, I am sincerely grateful.

Giving scores to myself and other politicians is something I dare not do, as this is the duty of members of the public, naturally they will give us a rating, and they will give scores to everyone of us. The most important thing is that both you and I have to trust that the target people whom we serve are the people of Hong Kong.

DR JOSEPH LEE (in Cantonese): *President, the Chief Executive has not answered a part of my question. I asked him to give a rating, but he refused to do so. Then how would he sum up the performance of the current term of the Legislative Council?*

CHIEF EXECUTIVE (in Cantonese): I have said just now that there were many areas for improvement, especially our communication channels. As for our means of communication, and the language used when we speak to each other and so can all be looked into. In addition, we can look into ways to improve the procedure for us to submit motions that you have mentioned just now. However, at times, there were indeed urgent matters which warrant immediate attention. If something happened under unforeseen circumstances, understandably, we would need to submit the relevant motion in an urgent manner. However, sometimes the situation was not so urgent, but why were we still so slow? In this regard, we need to consider once and again for the improvement.

I find that under the constitutional framework of the Basic Law, the legislature and the Administration do have their relative positions and room for co-operation. As both have their own terms of reference, tensions are inevitable. However, as long as we have the same targeted people to serve in our minds, as long as we administer government affairs or carry out policies in accordance with the law, and as long as we are serving the people of Hong Kong, many problems can be solved. As long as we think with such mindset, as long as we get rid of our own selfish motives, special interests of political parties and personal interests, and think about the interests of the public in Hong Kong, I very much believe that problems can be solved. I also believe that there is still room to enhance the relationship between the Administration and the legislature in the next term.

As for the assessment made by Honourable Members, I feel that I can only thank everyone of you for your support and look forward to meeting again in October the majority of Honourable Members who will participate in the election.

MR FREDERICK FUNG (in Cantonese): *President, last week, we ADPL presented a petition to the Chief Executive's Office which contained 10 recommendations to alleviate inflation. We have divided them into two categories. Under one category there were one-off measures, while the more long-term initiatives were under the next category, but I dare not to be too far-sighted either. Although six out of 10 of our recommendations have hit the bingo, I did not feel particularly fortunate. Because in the assessment that we conducted, every political party would have surmised that measures such as rent*

allowance and schooling subsidies would be launched. However, the Chief Executive was more forward-thinking than we did in one area, that is, we only asked for a one-month rental waiver for public rental housing (PRH), whereas he proposed a two-month waiver. I believe that will bring a little pleasant surprise to PRH tenants.

However, four of our recommendations were not in the least taken into account by the Chief Executive. The question I wish to ask is that one of our recommendations was also a one-off measure, while the other three could be achieved with minor structural changes as well. One of them was related to the waiting time for PRH. As to eligible PRH applicants who have been on the waiting list for more than three years — the Chief Executive should also know that most applicants would be allocated PRH flats after waiting for three years on average, but to those who are still unable to be allocated PRH units after waiting for more than three years, will they be allowed to rent private housing by paying just the PRH rentals? Because the rents of private housing increase faster than that of public housing, the situation is worse than public housing. This is in fact a one-off measure, and as for means tests and name lists, the Housing Department has all such information, so could all of these measures be also included?

There were three things that the Chief Executive had not taken into account, such as could the CSSA be adjusted back to the 2002 level? In the past, you requested all the people to "tighten their belts" by deducting some \$200 to \$300, then, is it possible to return those \$200 to \$300 to CSSA families?

The second was transport allowance, which has in fact been changed now. What the Commission on Poverty had discussed before was the provision of transport allowance to residents from four remote districts who worked in the urban areas due to the fact that they had to entail high transport cost. However, on the last occasion, the Financial Secretary made some modifications, to the effect that people travelling from Tuen Mun to Tuen Mun, or from Tuen Mun to Sheung Shui would be granted the allowance. Accordingly, to someone with income below \$6,000, the transport fares for a trip within Tuen Mun will be far lower than the transport fares for a trip from Sham Shui Po to Tsim Sha Tsui. For example, two persons are both earning a salary of \$6,500, but the allowance will not be granted to the one who travels from Sham Shui Po to Tsim Sha Tsui. In fact, should the transport allowance be extended to the entire territory, so as to make it the genuine transport subsidies free from

districts restrictions? This is a point that the Chief Executive has not taken into consideration.

The third is that he has not considered the "fruit money" issue. Even the pay-out of "fruit money" for two extra months is only a one-off measure. Of course, I have in mind an assumption, for as the Chief Executive said results would be yielded in October, I therefore expect that there will be new results by October.

As to the one-off measure targeting private housing rents, suggested to be granted to family applicants who have met all the requirements and have been waiting for more than three years, may I ask whether the measure will be included? Secondly, why has the Chief Executive not considered these three proposals? They can be achieved with only very slight alterations.

CHIEF EXECUTIVE (in Cantonese): Whenever there are shifts in policy, such as the long-term recurrent expenditures that have been incurred this time around, they cannot be carried out in haste. I believe that we, as the government, should take care of any shift in policy in a prudent and serious fashion. However, as you also know, I am contemplating a number of aspects. With regard to CSSA, we have already expedited the adjustment process, and we have just made an adjustment in August. What I have said just now was that a further adjustment in line with inflation would be made for one more time, thus the frequency has increased. In addition, I have also mentioned just now that a special CSSA assistance would be provided, so I believe that the adjustment is reasonable.

As for the provision of transport allowance, it is a sizeable project involving recurrent expenditures. We should look at the results of the trial and pilot scheme, in particular after relaxing the existing conditions in the four designated districts, and examine the outcome before we should discuss what to do in the next step. I consider that a prudent act. The present situation is not perfect, of which I am well aware, but I hope we should give some time for the trial scheme to operate.

Regarding the "fruit money" issue, we have undertaken for a comprehensive review to be conducted. I hope that there will be results by the end of this year. As to areas considered to be unfair or inadequate, we will start deliberating such issues.

As to the one-off measure you have mentioned earlier, that is, to make it applicable to non-PRH tenants who are living in partitioned cubicles as mentioned by "Ah Shek" just now, we did consider that, but as there would be genuine operational difficulties and after-effects, perhaps you should allow me to explain that to you on some other occasions, alright?

MR FREDERICK FUNG (in Cantonese): *I would like to follow up the name list issue, the Housing Department has all the*

CHIEF EXECUTIVE (in Cantonese): I know.

MR FREDERICK FUNG (in Cantonese): *..... as it knows the number of people involved, everything is clearly presented and it has information as to what should be allocated to whom, so I think there should not be any technical problem. The Chief Executive has also mentioned in the policy address that some longer-term measures would be taken into account. May I ask with regard to the three proposals I have mentioned just now, as well as those people who are currently living in private housing and have been waiting more than three years for PRH units, will the Chief Executive also take them into account in his next policy address?*

CHIEF EXECUTIVE (in Cantonese): I have said that we would really conduct an active study into the "fruit money" issue. As to the three-year average waiting time pledge for public housing allocation, we will certainly act in accordance with such a pledge.

PRESIDENT (in Cantonese): The last question.

MISS CHOY SO-YUK (in Cantonese): *President, Mr Martin LEE has just asked a question that I care about very much. But the Chief Executive does not care much.*

Mr Chief Executive, the question that I am going to ask has absolutely nothing to do with me, either directly or indirectly, but it relates to something

that you care about very much. Chief Executive, you are very concerned about Hong Kong's birth rate, and hope that more young people will raise children. I want to ask you whether the Government has plans to add in the concept of paternity leave and introduce paternity leave in Hong Kong? I do not have any vested interest here. (Laughter)

CHIEF EXECUTIVE (in Cantonese): This matter relates to a change in policy. There have been discussions about paternity leave in Hong Kong for some time, but the undertaking on the society would also be hefty. We could only proceed if we have a consensus in the community.

As far as encouraging birth is concerned, I have always maintained that Hong Kong's birth rate is relatively low. We will fully consider all proposals as far as possible within the powers of the Government to take the initiative further. For expecting mothers, the present duration of maternity leave is in accordance with good international practice. As for the father side, there are some countries which provide paternity leave. But I think we can only work on such a proposal if we have a consensus in the community. Moreover, we should not forget the financial implications involved, and the burden on our corporations should also be taken into account.

MISS CHOY SO-YUK (in Cantonese): *President, the Chief Executive has always talked about his hope of seeing more young people in Hong Kong raising children. However, we do not see the Government taking any practical measures to achieve this. If such measures are actually in place, they will be more encouragement to young working couples to have an additional child. But whenever we bring up the subject, the Chief Executive would invariably cite difficulties here and there. Does the Chief Executive have any practical measures to resolve the long-term problem of an ageing population in Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): The Government has established policies in terms of medical commitment, tax concessions, in particular the offer of incentives to raise children. If there is any room for improvement in our policies, we will continue to strive for the improvement.

But the long-term problem of Hong Kong's population could only be mitigated by an increase in the fertility rate of the local people in Hong Kong. The Government will consider any measures within our policies and our means to undertake as long as they do not have negative impact on the society and the general public.

I wish to thank again

MR ALBERT CHAN (in Cantonese): *President, the Chief Executive has talked about enhancing the communication between the Executive Authorities and the Legislature, will he practise what he preaches, and take a few more questions from Members now?*

PRESIDENT (in Cantonese): Chief Executive, we have reached the time limit of the Question and Answer Session which is 1 hour and 30 minutes. Today we have 44 Members wishing to ask questions and 21 Members have taken their turn. It is in fact almost Mr Albert CHAN's turn. If you allow two more Members to ask questions, Mr CHAN will have his turn. *(Laughter)* What is your view?

CHIEF EXECUTIVE (in Cantonese): I have promised to meet the press later, so time is very tight. But I have known Mr Albert CHAN for many years, and with your permission, may be I can take one more question?

PRESIDENT (in Cantonese): Then you would take Mr Albert CHAN's question?

CHIEF EXECUTIVE (in Cantonese): Of course it will have to be his turn next.

PRESIDENT (in Cantonese): There is one Member before Mr CHAN in the queue. But as he does not know who he is, he will not be disappointed. But Mr Albert CHAN is very disappointed now.

MR ALBERT CHAN (in Cantonese): *Please allow one more Member to ask question. I will be brief.*

CHIEF EXECUTIVE (in Cantonese): I hope I can answer one question from Mr Albert CHAN.

PRESIDENT (in Cantonese): Alright, Mr CHAN, please ask your question as quickly as possible.

MR ALBERT CHAN (in Cantonese): *Chief Executive, you intend to improve communication with the public. Recently some protest groups, such as the Great Alliance of Mutual Aid Committees of the Housing Society and the 130 students of the Christian Zheng Sheng College, had wanted to hand you their petitions or protest props when you were passing nearby. In future, maybe you can send a staff to receive their petitions so that you will not let others have the impression that the Chief Executive is just a lofty figure alienated from members of the public.*

President, I would of course welcome the 10 measures to relieve the people from their hardships. But the sudden announcement of these measures today highlight a more serious and deeper structural problem, that is, the Government's governing team is apparently staying out of touch with public demand. They fail to get hold of the people's aspiration, neither do they understand the people's living. The most responsibility lies with members of the Executive Council formed by the Chief Executive and the Government's think tank. If these two teams are staying out of touch with the people and do not understand the people's livelihood, many policies to be implemented by the Government would be derailed. The hasty manner in which these 10 measures are being rolled out reflects that the Government's top consultation teams are getting out of touch with consultative bodies.

PRESIDENT (in Cantonese): What is your question? Please ask your question directly.

MR ALBERT CHAN (in Cantonese): *I want to ask the Chief Executive: With this political reality as the basis, will the Chief Executive consider reforming his two teams, including the membership of the serving Executive Council and his think tank, so that the Government can get closer to public sentiment and implement policies that would tally with public aspirations?*

CHIEF EXECUTIVE (in Cantonese): The 10 measures I announced today are formulated in response to the demand of the people, as well as to the rapidly worsening inflation in recent months. I believe we have responded, in a timely and efficient manner that I deem adequate. In my opinion, the present Executive Council is a time-honoured establishment, and over the years, we have tried our utmost to do all we can. I know every organizational structure will have room for improvement. But the Executive Council is time-honoured establishment working with high efficiency. Of course I will consider possible candidates for appointment to the Executive Council. I believe that the organizational structure of this establishment is appropriate.

You have also mentioned our think tank. I hope we have more think tanks in Hong Kong. Staffing of the Central Policy Unit is constantly changing. Now we have more advisors working on a short-term or temporary basis, and they have very wide liaison networks. There are constant changes. If you are interested in taking part, may be we can also enlist your help?

MR ALBERT CHAN (in Cantonese): *President, I may not have the necessary qualification to take part. Chief Executive, if you want to reform, will you forsake your mentality of affinity distinction to recruit capable persons so that your teams can be widely representative of public opinion?*

CHIEF EXECUTIVE (in Cantonese): That is another question. Mr CHAN, "close affinity" means close to the people and putting interests of the public first. "Distant affinity" means alienated from the people as politicians prioritize their own political interests. This is the true meaning of "affinity distinction" in my heart. Thank you, everybody.

PRESIDENT (in Cantonese): We wish to thank the Chief Executive for answering the questions raised by 22 Members. The Chief Executive will now leave the Chamber. Will Members please stand.

CHIEF EXECUTIVE (in Cantonese): Thank you. Hope to see you again in October.

(The Chief Executive left the Chamber)

PRESIDENT (in Cantonese): We have not adjourned the meeting, please sit down. I want to put the following words that I say on record. I have to apologize to Members for improper handling of the situation just now. I should have in fact requested the Chief Executive to answer two more questions, otherwise I should not have asked him to answer any further question. I allowed a Member to ask his question because he has stood up to make his request just now. This is a very bad precedent. I want to put this on record because I hope that similar incidents would not recur in this Council. Please accept my apology. *(Members tapped on the bench to signify their appreciation)*

I wish Members who are seeking re-election every success in their endeavour, and also wish colleagues who are retiring from the service of Legislative Council Member to continue serving Hong Kong people in other arenas. I also wish government officials smooth policy implementation so that harmony would be brought to the society.

END OF SESSION

PRESIDENT (in Cantonese): I now declare the meeting adjourned. See you. *(Members tapped vigorously on the bench to mark the occasion)*

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