

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 15 January 2009

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, 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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE 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 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

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 KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

THE HONOURABLE CHAN KIN-POR, J.P.

THE HONOURABLE TANYA CHAN

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

THE HONOURABLE WONG KWOK-KIN, B.B.S.

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE IP WAI-MING, M.H.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

MEMBERS ABSENT:

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

DR THE HONOURABLE LAM TAI-FAI, B.B.S., J.P.

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

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

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

CLERK IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

THE CHIEF EXECUTIVE TO ADDRESS THE COUNCIL UNDER RULE 8
OF THE RULES OF PROCEDURE, AND TO ANSWER QUESTIONS PUT
BY MEMBERS.

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION

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

MR LEUNG KWOK-HUNG (in Cantonese): President, this is

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, it is not the time for you to speak. Please sit down.

(Mr LEUNG Kwok-hung left his seat holding a placard)

MR LEUNG KWOK-HUNG (in Cantonese): I want to hand this to him

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please do not leave your seat. Mr LEUNG Kwok-hung, return to your seat.

(Mr LEUNG Kwok-hung walked towards the Chief Executive)

PRESIDENT (in Cantonese): Clerk.

MR LEUNG KWOK-HUNG (in Cantonese): Do not worry, I will not throw this at him. This is from the victims of the Lehman Brothers Minibond incident

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, return to your seat.

MR LEUNG KWOK-HUNG (in Cantonese): A victim told me that

(Mr LEUNG Kwok-hung wanted to hand the placard to the Chief Executive)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, the staff members will receive the item that you want to give the Chief Executive.

MR LEUNG KWOK-HUNG (in Cantonese): Are you being responsible?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please return to your seat immediately.

(Several security officers and the Clerk went up with a view to helping Mr LEUNG Kwok-hung return to his seat)

MR LEUNG KWOK-HUNG (in Cantonese): You do not have to be like this. The votes I got are more than those he got even if only the last digits are counted. I got over 100 000 votes but he got only some 800 votes

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please return to your seat immediately.

(Mr LEUNG Kwok-hung turned round to return to his seat)

MR LEUNG KWOK-HUNG (in Cantonese): You do not have to be so fierce. I also have my dignity

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down and stop talking.

MR LEUNG KWOK-HUNG (in Cantonese): Why should I stop talking?

PRESIDENT (in Cantonese): Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): He refused to receive this

(Mr LEUNG Kwok-hung sat down but kept talking)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung.

(Mr LEUNG Kwok-hung stopped talking)

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

CHIEF EXECUTIVE (in Cantonese): President, Members, today, my speech will focus on the economy. The financial tsunami is battering the world and the latest figures indicate that Asian economies have fared worse than expected and the situation is deteriorating quickly. Hong Kong has also been dealt a heavy blow. In November last year, the exports from Hong Kong fell by 5%. I am not optimistic about the performance of the export trade in December last year either. Trade involving outward processing on the Mainland decreased by 16% in December and exports from Hong Kong may also have a double-digit fall. The jobless rate has risen significantly and it is expected that it will rise to 4% or more in the fourth quarter.

Amid the threat of a global economic recession, it is inevitable that Hong Kong will experience negative economic growth once again this year. The impact of this economic crisis and the rapid speed at which it spreads are unprecedented. The debate on "big government, small market" or "big market, small government" is no longer valid. What the public needs the most nowadays is a pragmatic and resolute Government that can seize opportunities and adopt proper tactics to work for the welfare of the public. After the second meeting of the Task Force on Economic Challenges, the direction of the Government's present efforts can be summed up in nine words, namely, "stabilizing the financial system, supporting enterprises and maintaining employment".

The first wave of the financial tsunami impacted on financial markets and financial institutions, and Hong Kong was not spared. For this reason, the

financial industry must be stabilized. The Hong Kong Monetary Authority (HKMA) has introduced the timely measure of a 100% guarantee for bank deposits and subsequently, it kept injecting liquidity into the local banking system to bring the interbank interest rates down to the level before the occurrence of the financial tsunami. We have basically achieved the goal of "stabilizing the financial system".

"Supporting enterprises" is designed to target the global credit crunch and the greater caution and conservatism adopted by banks in Hong Kong in approving loans for enterprises, as a result of which small and medium enterprises (SMEs) are experiencing liquidity problems. In November, the Government expeditiously and resolutely introduced the Special Loan Guarantee Scheme for Small and Medium Enterprises, which was further expanded in December. A sum of \$100 billion was injected into the Scheme to encourage banks to offer loans to enterprises. Here, I wish to thank the banking sector for working jointly with the Government. So far, over 30 lending institutions have joined the Scheme and more than 1 200 loan applications have been received. Close to \$2.1 billion in loans has been approved by the banks. Several banks have also established dedicated loan funds to tie in with the implementation of the Scheme.

The second step in "supporting enterprises" is to enable enterprises to do business. Local SMEs need the support provided by domestic consumption. It is true that government officials and I, in visiting the Exhibition of Hong Kong Products and spending money there, intended to make the statement that the Hong Kong economy has to be supported by the continued spending of Hong Kong people. Meanwhile, we have also tried to seek the help of the Central Government and in this regard, we have received active responses. For example, in late December, the Mainland announced a further increase in the export tax rebate rates for mechanical and electrical products and the restricted and prohibited commodities for the processing trade were reduced by over 1 700 items. These measures, together with a number of measures announced by the Central Government earlier on, will benefit Hong Kong companies in the Pearl River Delta (PRD) as well as local relevant industries. If companies have business to do, the pressure to lay off employees and close down will be reduced. The unemployment rate will also be lowered. At present, "maintaining employment" is a major challenge facing Hong Kong.

Another major aspect of the strategy of "maintaining employment" is to create jobs and spur economic development by means of public investment. The peak of investment in the 10 major infrastructure projects, which I proposed in the policy address delivered last year, will only be seen in 2010. For this reason, in the next couple of years, we have to speed up the launch of more medium and minor works. At the same time, we have to create more temporary jobs to absorb some of the unemployed people. On 20th of this month, the Development Bureau will seek the support of the Panel on Development in the Legislative Council in increasing the overall expenditure for next year by \$1 billion, thus taking the total minor works budget next year to \$8.6 billion. Government investment in capital works programmes will exceed \$29 billion in the next financial year and 10 000 additional jobs will be rolled out. At the same time, the Government will also speed up the recruitment of civil servants and the creation of temporary jobs, thereby offering over 11 000 job opportunities.

Under the global financial crisis, the role of the Government is very important. As the Chief Executive, I am obliged to assume responsibility. Some of the measures proposed by the Government are short-term in nature, treating only the symptoms. They are designed to ensure the survival of businesses and maintain employment. What is more important is to deal with the root causes and new opportunities will often arise in this process. The fundamental cure is to enhance Hong Kong's competitiveness. The upgrading and restructuring of enterprises are being promoted on the Mainland. Hong Kong must capitalize on this opportunity and tie in with the direction of development of our country by encouraging our service industries and manufacturing industries to embark on the path of innovation and added value. At the same time, Hong Kong's position as an international financial centre and its strategic position in the PRD must also be consolidated.

Hong Kong's position as an international financial centre has been proven to be able to withstand the test of the financial tsunami. From now on, we will do our utmost to promote Hong Kong's development as an international financial centre and the Central Government has also expressed its support a number of times. On 19 December, the Central Government announced 14 measures in seven areas to support Hong Kong's economic development. Among them, stepping up financial co-operation between Hong Kong and the Mainland is the most important area. Measures such as allowing qualified enterprises to use Renminbi in trade settlement in Hong Kong, permitting the signing of the

Currency Swap Agreement between the People's Bank of China and the HKMA, encouraging the mainland enterprises to use Hong Kong as the platform for developing their international financial business and listing to secure financing, and so on, will consolidate Hong Kong's status as an international financial centre.

Hong Kong will also integrate on all fronts with the PRD and become part of a regional economic entity. The State Council has set the development of the PRD into a world-class metropolis as an indicative development direction. The "Framework for Development and Reform Planning for Pearl River Delta Region" proposes that co-operation between Guangdong, Hong Kong and Macao should be furthered and the SAR Government will immediately take follow-up measures together with the Mainland by formulating the most favourable long-term development plan for Hong Kong according to the principles of the Framework and committing resources as appropriate. Hong Kong must grasp this major opportunity, be more far-sighted and aim higher. After Hong Kong has established its strategic position in the PRD, service industries in Hong Kong will have a head start in entering Guangdong. The co-operation between Guangdong and Hong Kong in such areas as infrastructure, environmental protection, culture, and so on, and their joint efforts in building a high-quality living community will make Hong Kong a hotspot of economic growth in the future. Three decades ago, Hong Kong people seized the opportunity of the reform and opening up of the Mainland, went north and created a marvel in economic development based mainly on industry and manufacturing that caught world attention. Nowadays, Hong Kong people must again summon up the same determination and passion to participate in bringing about another marvel by developing the PRD into one of the most advanced and quality metropolises in the country.

President and Members, I am concerned about the Hong Kong economy and the livelihood of the public this year. The first test will possibly come after the Lunar New Year, when economic activities will be comparatively slack. Waves of layoffs and business closures may occur. The second test will emerge in the middle of the year, when a large number of graduates fail to find jobs. These situations will require the undivided attention of the Government and the concerted efforts of the public are all the more necessary in dealing with them. For this reason, the Government is re-examining the major policy proposals scheduled to be floated this year and will handle controversial ones with extra caution, with a view to reducing contentions and contradictions in society, so as

to rally the public together in taking on this once-in-a-century global financial crisis.

I stated in the policy address delivered in October last year that the Government would consult the public on the election of the Chief Executive and the formation of the Legislative Council in 2012 in the first half of this year. In view of the likelihood of the worst economic scenario occurring in the first half of this year and the fact that the community is mainly concerned about economic and livelihood issues, we may not be able to focus our attention on the discussion of the electoral methods to be adopted three years after. The electoral methods for 2012 are an important topic that requires in-depth and rational discussion in order to forge a broad-based consensus. At the present stage, it is not the ideal time to consult the public. For this reason, I have decided to defer public consultation to the fourth quarter of this year. However, I must stress that although public consultation is slightly deferred, we will still have enough time to have adequate discussions and seek a consensus on the electoral methods for the elections in 2012, hence paving the way properly for introducing universal suffrage to elect the Chief Executive in 2017 and form the Legislative Council in 2020.

Thank you, Members.

MR LEUNG KWOK-HUNG (in Cantonese): President, I have already said reverently that

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung.

MR LEUNG KWOK-HUNG (in Cantonese): I now want to condemn him. I am now making a formal protest.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down.

(Mr LEUNG Kwok-hung tried to leave his seat again)

MR LEUNG KWOK-HUNG (in Cantonese): I want to formally condemn him now. He is acting against the public's wishes and just like TUNG Chee-hwa, he will meet the same fate.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you do not comply with the Rules of Procedure, I will ask you to leave the Chamber.

MR LEUNG KWOK-HUNG (in Cantonese): I must condemn him. Why should I leave the Chamber?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave the Chamber immediately. Clerk.

(Mr LEUNG Kwok-hung left his seat holding a placard and walked towards the Chief Executive. Several security officers and the Clerk went up to Mr LEUNG Kwok-hung)

MR LEUNG KWOK-HUNG (in Cantonese): You will meet the same fate

(Mr LEUNG Kwok-hung placed the placard on the Chief Executive's lectern and some staff members immediately removed the placard from the Chief Executive's lectern)

PRESIDENT (in Cantonese): Staff members, please assist Mr LEUNG Kwok-hung in leaving the Chamber.

MR LEUNG KWOK-HUNG (in Cantonese): acting against the wishes of the public. This is for you to read carefully on going back.

(Mr LEUNG Kwok-hung ignored the order of the President and continued to shout in a loud voice)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave the Chamber immediately.

(Mr LEUNG Kwok-hung left his seat under the escort of security officers but continued to shout in a loud voice)

MR LEUNG KWOK-HUNG (in Cantonese): You have to think about your wrongdoings behind closed doors in the New Year. I tell you on behalf of the 1.4 million people who do not have any right to universal suffrage that

(Mr LEUNG Kwok-hung turned and walked towards the main entrance of the Chamber but continued to shout in a loud voice)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave the Chamber immediately.

(Security officers assisted Mr LEUNG Kwok-hung in leaving the Chamber)

MR LEUNG KWOK-HUNG (in Cantonese): You do not have to push me, I am making a protest.

(As Mr LEUNG Kwok-hung was leaving the Chamber, he pointed his finger at the Chief Executive)

MR LEUNG KWOK-HUNG (in Cantonese): You are exactly the same as Tung Chee-hwa, and I watched him fall.

PRESIDENT (in Cantonese): I have to suspend the meeting now.

3.15 pm

Meeting suspended.

3.17 pm

Council then resumed.

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

(The Chief Executive entered the Chamber for the second time)

PRESIDENT (in Cantonese): The Chief Executive will now answer questions put by Members, Members who wish to ask questions will please press the "Request to speak" button to indicate their wish, and wait for their turn. Members will please stand up when asking questions.

After the Chief Executive has answered the question put by a Member, the Member may forthwith ask a short supplementary question on his/her question. The Member concerned needs only to raise his/her hand to indicate, and there is no need to press the "Request to speak" button again.

MR RONNY TONG (in Cantonese): *President, I would like to ask the Chief Executive about the issue of constitutional reform. I have just heard the Chief Executive say that the consultation would have to be postponed, that makes me feel very disappointed.*

President, when the Chief Executive was running for a second term, he said with absolute certainty that he would solve the problem of universal suffrage completely within his term of office. He made that very clear and there is an ultimate plan. But recently he said to this effect, "You people are so much different and the problem should be left to be handled by the next Chief Executive. This is your own business and if this cannot be done, that is your own business." President, I would like to know whether the Chief Executive was saying something out of his whims when he ran for the second term and that was meant to deceive the people, or has any change been made by the Central Government on its position with respect to universal suffrage and it is hoped that there should be as much delay as possible? I would like to hear the Chief Executive say something on which one among the two is correct.

CHIEF EXECUTIVE (in Cantonese): It is a legal and constitutional fact that there is to be election by universal suffrage in Hong Kong. It is also laid down in the Basic Law and the Standing Committee of the National People's Congress has decided that the Chief Executive of Hong Kong is to be elected by universal suffrage in 2017 while the Legislative Council is to be returned by universal suffrage in 2020. Nothing has changed at all with respect to these goals. In striving to get a timetable for universal suffrage, the SAR Government and I have put in the best of our efforts and this is agreed by the Central Authorities and I think, supported by the people of Hong Kong as well. Nothing has changed with respect to these goals at all. What we should do now is to study how the arrangements can be made better and in order and gradual progress. This is to enable the smooth holding of the elections for the Chief Executive and the Legislative Council in 2012. In this process and when debating on the arrangements, I think we should be calm, objective, thorough and tolerant about this matter, thereby making good preparations for universal suffrage before it is to take place. There is no change in my aspirations for and pledge made about universal suffrage ever since my taking part in the Chief Executive elections. I will certainly make the preparations within my term of office in order to pave the way for the elections by universal suffrage in 2017 and 2020.

MR RONNY TONG (in Cantonese): *Sorry, President, I do not think the Chief Executive has answered my question at all. The focus of my question is that the Chief Executive when running for the second term as the Chief Executive said that an ultimate plan on universal suffrage would be put forward. My question is: Is the Chief Executive deceiving us or is the Central Government deceiving us?*

CHIEF EXECUTIVE (in Cantonese): What I am saying is, before there is universal suffrage in Hong Kong, a plan for universal suffrage will certainly be put forward. But that has to be done step by step. What we are saying now is how in the middle of 2012 and under the existing election principles and election arrangements, that it can be more democratic and more people can join the election to be held in 2012. The Government of the next term will draw up the details about the universal suffrage carefully for the election by universal suffrage in 2017. This is the work flow we have been having all along.

MR RONNY TONG (in Cantonese): *President, these remarks are not what he had said when running for the second term, what he said was that an ultimate plan for universal suffrage would be presented.*

PRESIDENT (in Cantonese): Mr TONG, now there are still more than 20 Members waiting for their turn to speak. Members who put a question may ask only one supplementary question on his or her question. This is what we have stipulated.

MR WONG KWOK-KIN (in Cantonese): *President, I wish to collect some debt which the Chief Executive has owed us. This is because the Chief Executive has promised us in the policy address that legislation will be enacted on minimum wage and a piece of legislation will be submitted during the time from the first quarter to this year, but up to the present moment, not even the committee on minimum wage is formed. I hope the Chief Executive can tell us what the progress of the legislation to impose minimum wage is, what stage it has reached and the plan which the Government has in mind. Is it because the economic conditions are no good or that the issue is controversial that it has to be further postponed?*

Also, with respect to the leave from the territory restriction of the Old Age Allowance, the Government has also promised that this will be abolished when a review of the Old Age Allowance is to take place at the end of this year, but now nothing is heard and the issue seems to have vanished into the thin air. Will the leave from the territory restriction of the Old Age Allowance be abolished and what does the Government have in mind on that?

CHIEF EXECUTIVE (in Cantonese): First, I do not want to engage in a battle of words and argue with people. What Mr TONG has said is not something that I have promised. He can look up all the records. This is not the way I made the promise. I did not put it that way. As to what WONG Kwok-kin has said, I did not promise him that a bill would be introduced within this quarter. I was saying that we would try our best to introduce a bill within this session but I did not specify that it would be introduced in the first quarter. I said that a bill on

minimum wage would be introduced in this Legislative Session. We would do that gradually and step by step. What we will do is as I have explained to Honourable colleagues all along, that this will be done gradually and in order. A committee will be formed first and based on the full and comprehensive data obtained, a formula and method on determining the minimum wage will be drawn up in the hope that a consensus can be obtained. In this regard, my goal is that it is hoped that legislating will begin during this Legislative Session.

In addition, never have I said or heard that abolition of the leave from territory restriction would be implemented this year. We will consider that and Members may discuss it. I believe as Members discuss it, at least they can know clearly what the facts are. Based on the facts, Members can further study and debate on the issue. I think a better result can thus be obtained.

MR WONG KWOK-KIN (in Cantonese): *President, the Chief Executive said that no promise was ever made but actually the relevant government departments had promised that in the first quarter I do not want to argue over that point, but up to now, the fact is that not even anything about the committee is heard. We all want to know when this committee can be set up.*

Second, on the leave from the territory restriction for the Old Age Allowance, there are some practices of the Government which show that it has got double standards. This is because the leave from the territory restriction with respect to the Comprehensive Social Security Assistance has been abolished and the recipients of the Comprehensive Social Security Assistance can in Guangdong Province and

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, you have raised two different questions.

MR WONG KWOK-KIN (in Cantonese): *Yes. This is because I want to collect debts. These are debts.*

PRESIDENT (in Cantonese): You may only ask one short supplementary question and you should not make any comments. Let us hear what the Chief Executive has to say in response.

MR WONG KWOK-KIN (in Cantonese): *All right, all right.*

CHIEF EXECUTIVE (in Cantonese): Let me first assure Mr WONG that with respect to implementing the policy on minimum wage, we will take active steps to take that forward. We hope very much that you would work with us and with the committee. On the arrangements which have to be finalized, I hope these will be decided by the committee as soon as possible. I also hope that data on the funds can be made better so that these arrangements can be made, and they can be translated into a bill later. I hope these can be done within this Legislative Session. This is what I think should be done.

As for what the Member has said on Old Age Allowance and the issue concerning leave from the territory, we will certainly study these.

MR JEFFREY LAM (in Cantonese): *President, the Chief Executive said a while ago that we should concentrate on boosting the economy of Hong Kong and combating the financial tsunami. Everyone can see from Hong Kong's business environment and the international economic conditions that more efforts have to be made to assist the people and enterprises in Hong Kong.*

President, with just a little more than a week before the Lunar New Year, many people and enterprises in Hong Kong are still making a last-ditch effort in "grabbing cash" for the New Year. Although some measures have been proposed to assist enterprises, as mentioned by the Chief Executive just now, we can still hear that many enterprises in urgent need of cash have been unable to secure loans for the New Year. It is believed that after the Lunar New Year, the situation will be improved with overseas and local buyers placing orders gradually. However, Mr Chief Executive, what special or new short- or long-term initiatives have been put in place to boost the economy of Hong Kong? How would our long-term initiatives complement the Outline of the Plan for the

Reform and Development of the Pearl River Delta recently released by the National Development and Reform Commission? This is because the Central Authorities will delegate its power and allow the governments of the three places, namely the PRD, Hong Kong and Macao, to exercise their autonomy in engaging in the relevant consultations. Can the Chief Executive tell us what short- and long-term initiatives will be launched to assist our economy and employment?

CHIEF EXECUTIVE (in Cantonese): President, following the delivery of the policy address in October, the initiatives implemented in November and December and those announced after the Task Force on Economic Challenges has held its meetings are all targeted at rescuing enterprises and providing more job opportunities. All these initiatives, which have gained support from the Legislative Council immediately afterwards, have been implemented. As regards the methods of offering loans to enterprises, Members can tell from the figures I have cited just now that loans totalling more than \$2 billion have been made out. I am convinced that, should this procedure be continued, all these initiatives that seek to assist small enterprises or SMEs will definitely achieve some effect. However, we will continue to devise other proposals for assisting employment. We will continue with our studies on that. These are our short-term initiatives.

Furthermore, if the business sector or the industries have any good ideas or think that the Government has not done enough, we will be pleased to listen to their views. They are users of utmost importance and our role is simply to assist and facilitate. We can never do enough by relying merely on empty talks. If Members consider that the Government has not done enough, we will be pleased to listen to their views humbly. We can follow up matters in this regard.

There will always be some people who cannot borrow money. Even when the times and conditions are perfect, some people may still be unable to borrow money. There is nothing we can do because banks have their own principles. However, banks should have known that our loan guarantee schemes have less strict criteria and the risks faced by banks are relatively lower than before. I absolutely agree that orders will be coming after the Lunar New Year as many buyers will have to replenish their stocks. The situation should improve after the Lunar New Year. I am really very sincere in appealing to Members to let me know what can be done to assist enterprises if they really get

hold of any relevant information from the market. We can conduct studies in the hope of discussing with this Council again to continue with our efforts.

I attach great importance to the Outline because, under this plan, the Central Authorities grant Guangdong Province many exemptions for exercising autonomy in performing a lot of tasks to bring itself closer to Hong Kong and Macao and enjoying substantial economic autonomy. As such, it is hoped that through these exchanges many short-, medium- and long-term proposals can be put into implementation more easily. As pointed out in the speech I have delivered a moment ago, for Hong Kong, the room for co-operation will be substantially expanded on such fronts as infrastructure, environmental protection and culture. As for our existing platforms, we have a platform for co-operation with Guangdong Province and also one with Macao, which are chaired by the Chief Secretary for Administration. I very much hope contacts can be made in the near future to examine how to follow up these several regarding areas in which Hong Kong has particular potentials, development opportunities can be identified and efforts can be made to improve regional development, we will make proposals in the hope that joint studies can be conducted with Guangdong Province and Macao in the near future to examine what can be done to further enrich and implement the Outline. In the course of doing so, I am convinced that new economic opportunities will arise to allow Hong Kong factory operators and service industries in particular, including the tourism industry and professionals, to expand their business in Guangdong Province under a trial scheme first in the hope to further expand their business to other parts of the country after setting foot on the Province.

I consider this a major opportunity. In the first quarter of this year, several Policy Bureaux will, under the leadership of the Chief Secretary for Administration and with my backing, strive to expeditiously participate in promoting these collaboration initiatives and the entire campaign in order to fulfil the Central Government's expectations for this.

MR JEFFREY LAM (in Cantonese): *President, under the framework of the Outline, will the Chief Executive first discuss with the relevant regions the programme concerning "transforming the PRD Region into a green and quality living area"?*

CHIEF EXECUTIVE (in Cantonese): Certainly. As this is a major component, Hong Kong people should attach great importance to it. Not only will the quality of living in Hong Kong be upgraded, air pollution in the territory can also be reduced, and water quality will be upgraded too. The Secretary for the Environment has been proactively following up these areas. With greater autonomy on the part of Guangdong Province, I believe the scope for collaboration will become even greater.

Furthermore, I have mentioned earlier that this will not only be helpful to the people's livelihood, but also bring about a lot of business opportunities. I believe Hong Kong can introduce the relevant technology and draw on our experience as a platform for truly developing green industries. What we are lacking now is land for development. I believe relevant resources will be available in Guangdong Province.

MR KAM NAI-WAI (in Cantonese): *President, the Chief Executive in the question and answer session last time pledged to provide assistance to victims of the Lehman Brothers products. Now when he began to speak today, he did not mention even a word about how the victims of the Lehman Brothers products were to be assisted. How can he say that he is trying his best to help the people? Now three months have passed. Mr Chief Executive, let me tell you, no account is given after the investigations made by the Securities and Futures Commission (SFC); the result of the work done by the Consumer Council to help these victims take legal action is that no legal action whatsoever is taken; and no prosecution is initiated by the police on banks with unscrupulous sales practices; and no progress is made as to the proposal made by the Government that banks should repurchase the products. These four nothings show that the Government has done nothing at all. Mr Chief Executive, you have said that the most important thing is that life, capital and jobs should be preserved. I wish to ask you the Chief Executive, how are you going to preserve the life of the victims of the Lehman Brothers products; how are you going to preserve the capital of these victims who are to use it as funeral expenses; how are you going to do a good job and how are you to give an account to the victims of the Lehman Brothers products?*

CHIEF EXECUTIVE (in Cantonese): The SAR Government has been trying its best to co-ordinate work on that. Our work can be divided into four areas. First, to make a proposal to the distributors of the minibonds to repurchase. Although now there are some hiccups in law regarding the repurchase proposal, I would still think that this is the best proposal around for most of the investors affected. In order to help them overcome these obstacles in law, as you know, distributors of the minibonds announced last month that \$100 million will be paid out first for the purpose of covering the rights of the creditors of these minibond collaterals on liquidation. The money is also to be used in paying for all the legal expenses. I hope very much that the Association of Banks and the trustees can work together and make the best use of their expertise to defend the rights of the holders of the minibonds.

Another point is about handling the complaints. The Hong Kong Monetary Authority (HKMA) and SFC have deployed a large number of people to handle complaints about the Lehman Brothers products as soon as possible. The HKMA has referred 243 cases and that is the number of cases I have received recently. Now the SFC is investigating into these cases to see if the distributors have done anything in omission or improper. The matter will come to some results. But there should be some evidence in any investigation made and some time is needed.

The third is to facilitate reconciliation between the distributors and the investors. I hope that there would be no need to take the cases to the Court before these disputes are resolved. This will enable owners of these minibonds get a compensation that is reasonable. As at the 7th of this month, Mr KAM, the figures I have got are: There are 1 515 cases where the banks and distributors have reached reconciliation and that is by no means a zero result. The amount of money involved is \$606.8 million. The HKMA also offers mediation and arbitration services to the minibond investors and some results have obtained.

Fourth, through the Consumer Legal Action Fund, the investors are given financial support and legal assistance. We are always ready to help them. So we will continue to work hard for these victims.

MR KAM NAI-WAI (in Cantonese): *Mr Chief Executive, you have just cited some figures, but for the victims of the Lehman Brothers products, they total some*

40 000. *The figures you have cited show that there are still 99% of the victims who have got nothing. The amount of compensation they get is zero. You said that you would assist them. Now what is proposed is only that the HKMA will play the middleman and facilitate reconciliation with the banks. I tell you, what the banks are doing is, they will ask the victims if they will accept a 20% compensation and when they do not, the offer will lapse after two weeks. This is how they are intimidating the victims. Just what has the Government done to help these victims? Have these unscrupulous banks been penalized? Has the Government proposed any specific measures to penalize the banks?*

CHIEF EXECUTIVE (in Cantonese): If there is any evidence of unlawful sales, with respect to the cases we have, as I have just said, the HKMA has referred some 200 cases, I dare to assure you that these cases will be dealt with seriously. If it is found that the procedures involved are unlawful, we will certainly initiate prosecution. If it is found that a contravention is made to the banks' own rules or guidelines, punitive measures will certainly be adopted and the banks will be pursued in this regard. We will continue to follow up.

MR KAM NAI-WAI (in Cantonese): *President, I wish to ask you, just when will there be a timetable to cash in what you have promised?*

PRESIDENT (in Cantonese): Mr KAM Nai-wai, you have already put your question.

MR LAU WONG-FAT (in Cantonese): *President, under the pounding impact of the financial tsunami, the Chief Executive and his senior officials should be praised for their efforts in visiting different places to encourage spending by the public in order to stop the market from plunging into the vicious circle of depression. However, as the saying goes, it takes two hands to clap. In order to bolster our domestic economy, various trades and industries must complement the Government's efforts by avoiding layoffs or closures. In this regard, may I ask the Chief Executive whether the Government will, apart from making verbal appeals to employers to refrain from laying off their staff, consider introducing some practical economic incentives by, for instance, offering certain waivers of tax or fees to trades and industries with no records of layoffs or those which have*

even recruited extra staff members, with a view to assisting employers and employees to tide over the hard times and create more job opportunities?

President, first of all, before the Chief Executive gives a reply to my question, I have to declare interest that my family will open a restaurant very soon. To avoid probable conflict of interests, I undertake that, even if relief initiatives are launched by the Government, all restaurants operated by me or my family will not make any applications in order to benefit from such initiatives.

CHIEF EXECUTIVE (in Cantonese): President, I have no idea of the plans of the Financial Secretary. However, I know that he has visited different eateries and gone to different places for shopping, though I have no idea if he will patronize your new restaurant to stimulate spending.

However, I believe the Financial Secretary has listened to the proposal relating to taxation, which was raised by Mr LAU just now. The Financial Secretary is now consulting the public on the preparation of the budget for the coming year. I believe he will give serious consideration to the views of various parties, in particular those proposals on creating job opportunities.

MR LAU WONG-FAT (in Cantonese): *The senior echelon of the Government has once again issued warnings that the worst of the financial tsunami has yet to come. Everyone knows that layoffs and closures among companies and industries will very often produce a so-called domino effect. It is therefore most preferable for the governing authorities to step up efforts to prevent such a situation from turning into a trend. In this regard, can the Chief Executive let us know more of the corresponding measures for tackling the situation should the macroclimate and microclimate of the economy further deteriorate?*

CHIEF EXECUTIVE (in Cantonese): As a government, we cannot intervene excessively in the decisions made by business enterprises. However, I trust that the vast majority of employers in Hong Kong do have a good sense of responsibility as well as social responsibility. Before laying off their staff, they will definitely give careful consideration and assess the interests of various parties. Employees are indeed a crucial asset of a company. I would like to appeal to employers to first consider other options, lower other costs and

minimize layoff measures by all means. I will definitely propagate this message whenever I have the opportunity to meet these enterprises. Of course, the final decision will rest with the enterprises themselves.

As for the Government, as I have stated just now, new job openings will be created by all means in this fiscal year. While on infrastructure, as I have just mentioned, about 60 000 job openings will be created on all fronts in the recruitment and temporary posts exercises. I hope all these initiatives can be implemented within this year to at least alleviate the soaring unemployment rate.

MR VINCENT FANG (in Cantonese): *President, Chief Executive, I would like to ask you a question concerning stimulating domestic demand and employment. I heard your earlier comments expressing your determination to maintain employment and protect conscientious enterprises. You have our full support. We have noticed that retail business in Hong Kong during the last Christmas and New Year was not bad because of our incessant appeals to Hong Kong people to stay and spend in the territory. I think that Hong Kong people have heeded our appeals. Consumption-related sectors have also been indirectly boosted as a result of political instability in Thailand. Furthermore, the Individual Visit Scheme and the "cut-throat" sales tactics employed by many business operators have also boosted consumption. However, we are worried that this situation cannot last long. We are also worried that the market will go into depression and many companies will go out of business after the Lunar New Year. This would lead to unemployment as many trades and industries could not survive. Therefore, we propose that consumption vouchers be introduced in the hope of preventing closure of companies and boosting employment. As regards the Government's reaction, I have heard a lot of criticisms. May I ask the Government, apart from providing consumption vouchers, are there any other better schemes to offer assistance in this regard? Despite the fact that the Government has made a lot of efforts recently, during a meeting on the 13th of this month, that is, the day before yesterday, we were told that a mere \$660 million had been approved under the special loan programme for SMEs. This is still a far cry from the Government's proposed \$100 billion. May I ask if the Government is satisfied with such a disparity? Has the Government laid down any objectives internally regarding the timeframe of the programme and the amount of money to be lent?*

CHIEF EXECUTIVE (in Cantonese): I understand perfectly well. As I have said earlier, the next wave will strike after the Lunar New Year. This is indeed a milestone. All of the minor works launched and temporary posts created currently are targeted at this period. We hope these unemployed people can really be absorbed during this period. Meanwhile, with respect to the enterprises, we are in urgent need of support from the Legislative Council to enable us to launch these several programmes about enterprise, including the \$100 billion programme launched last month, within such a tight timeframe. Our goal is to lend the entire sum of \$100 billion. We have only just begun. The momentum generated by the \$2.1 billion which I have mentioned earlier is being felt. I hope very much that our goal can be achieved soon. We will continue to review the situation to examine if there is anything we can do to speed up the process or improve the existing procedures. Meanwhile, we will continue to meet with the banks in the hope that their approval procedures can be made faster. In this regard, they have made some very positive responses. Some of them have even responded by setting up special counters, special designated funds, special locations, and even a special fund. Judging from the present speed, I trust that the momentum is present. Though the pace of the first couple of days was not slow, we will continue to gather speed. During this process, you are the users, and we are the facilitators. If there is anything we can do to improve the existing system, Secretary Rita LAU, the Financial Secretary John TSANG and I will be very pleased to listen. We will definitely discuss with the banks to examine what can be done to speed up the process.

I very much agree with the views expressed by you and Mr LAM that this is the hurdle we have to overcome. After the Lunar New Year, some enterprises may be able to recover because the stocks in the selling locations of many overseas buyers have reduced, and their stocks must be replenished. Under such circumstances, I hope orders will be coming in. Locally, I very much hope that enterprises can weather the storm. I am willing and pleased, and I also hope, to put the \$100 billion guarantee to full use. The initial response is not bad, but still we have to give the scheme a little bit of time. We will also review the scheme carefully. I hope Members can join us in reviewing the situation. We will be pleased to make improvements should they be needed.

MR VINCENT FANG (in Cantonese): *Mr Chief Executive, if the \$100 billion loan scheme cannot keep up with our expected speed, will the Government consider other more proactive schemes?*

CHIEF EXECUTIVE (in Cantonese): I think it is most important for us to examine the issue of speed and market needs. Most importantly, you must keep a close eye on the situation, and so must we. If the needs of enterprises are not met such that, for instance, some enterprises with orders in their hands cannot borrow money now while they could do so in the past, we must examine their cases as soon as possible to identify the problems and see what can be done to assist them. Even if an enterprise does not have orders in its hands at the moment but if it knows that it will soon receive some orders, we would also like to offer assistance, if it used to be a good client before. Where necessary, as I just said, our scheme is not completely capped in the sense that no additional funds will be injected or no improvements will be made. We will be pleased to make improvements.

MR LEE CHEUK-YAN (in Cantonese): *President, when the Chief Executive spoke a while ago, he mentioned at the very beginning how poor our economy was, and he told us that the consultation on the 2012 election methods would be postponed until the fourth quarter. In my view, regardless of how poor our economy is, all of your proposals including creating job opportunities are nothing new, so I am not going to waste any time on that.*

However, I find it most disappointing that you have used our poor economy as an excuse for postponing the consultation on the 2012 election methods until the fourth quarter. This is a serious problem of integrity. Actually whenever constitutional development is discussed, you will give people an impression that you are not trustworthy. You have once said that you would like to play it hard, and you have also said that you would solve the universal suffrage problem thoroughly and there should be an ultimate proposal. You have published a Green Paper for public consultation, outlining what that ultimate proposal would achieve. Stephen LAM said the other day that, in asking for an ultimate proposal, we have taken somebody else's job into our hands despite the fact that, you can take somebody else's job into your hands. As the saying goes, this is

just allowing the officials to set the fire but not allowing the people to light lanterns. But we are not allowed to ask for an ultimate proposal.

I would like to ask the Chief Executive a question: You refuse everything and postpone the consultation on the 2012 election methods, and you are unwilling to put forward an ultimate proposal on universal suffrage, where on earth is your integrity? Under adverse economic circumstances at present, it is most important for our leader to have integrity and credibility, but that is what you fail to offer Hong Kong. In respect of constitutional development, you have really made a mess. I am going to ask the Chief Executive, first, do you intend to stop paying the salary of Stephen LAM for half a year? It is because a consultation will not be conducted. Second, how are you going to account for the "ultimate proposal" you referred to before? How are you going to account for your previous remark that a consultation would be conducted on the 2012 election methods? Failing to do all these, how are you going to account for that to the Hong Kong people?

CHIEF EXECUTIVE (in Cantonese): Firstly, we have not said that we would not conduct a consultation; we have only said that the consultation on the 2012 constitutional development would be postponed until some time a quarter afterwards. With the impacts of the financial tsunami felt all over the world and people living in dire distress, any responsible government should re-examine the priority of all their policies, and postpone handling matters that are not urgent and have nothing to do with tackling the financial tsunami. That is what a responsible government should do.

My colleagues and I understand very well that we did say that we expected a consultation to be conducted in the first half of the year; however, given all the available facts and data, we are focusing wholeheartedly on the issue

MR WONG YUK-MAN (in Cantonese): *Are those who have a monthly salary of hundreds of thousand of dollars mindless and thickheaded?*

PRESIDENT (in Cantonese): Mr WONG Yuk-man (*Mr WONG Yuk-man stopped interrupting*). Chief Executive, please continue with your answer.

CHIEF EXECUTIVE (in Cantonese): In this connection, all cabinet members including the Secretary for Constitutional and Mainland Affairs should co-operate in driving the work forward. Within this period, we have to strive for more resources, job opportunities and business opportunities. As the cross-straits ties have started thawing, how are we going to take the opportunity to fight for a share of the Taiwan market and to do more? In particular, the issues and all the relevant matters associated with the economic development framework of the Guangdong Province and the Pearl River Delta should be followed up by Secretary Stephen LAM.

MR LEE CHEUK-YAN (in Cantonese): *I am not asking you to defend Secretary Stephen LAM*

CHIEF EXECUTIVE (in Cantonese): What I have just said

MR LEE CHEUK-YAN (in Cantonese): *I am asking you a question about your own integrity, Mr Chief Executive.*

CHIEF EXECUTIVE (in Cantonese): And

MR LEE CHEUK-YAN (in Cantonese): *Actually, my question is very simple. You have made so many promises, but as far as constitutional development is concerned, you have not fulfilled any one of these promises, how are you going to account for that to Hong Kong people? You have made the people very disappointed, and you keep saying that the governments all over the world are now tackling the financial tsunami*

CHIEF EXECUTIVE (in Cantonese): I know what you want to say

MR LEE CHEUK-YAN (in Cantonese): *Frankly speaking, the financial tsunami originated from the United States but their citizens are still happy because OBAMA at least injected a dose of happiness to them*

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, you can only ask a concise supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *We have you in Hong Kong but your integrity is questionable, so the Hong Kong people are disappointed. With respect to constitutional development, you have always failed to account for what you do and there has been pretense all along, can you explain how you are going to restore confidence in the Hong Kong people?*

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, please take your seat. Chief Executive, please answer the question.

CHIEF EXECUTIVE (in Cantonese): Members should not forget that, during the process, I have successfully strived for a timetable for universal suffrage within my term of office, and the public welcomes the timetable for universal suffrage that we have strived for. Although I have said that the consultation would be postponed, it does not mean that we will not conduct any consultation; we have sufficient time to conduct a consultation and enact legislation. As for the elections in 2012, they will be held as scheduled and the Chief Executive would be selected by universal suffrage in 2017. These tasks would be accomplished as scheduled, and there have not been any changes.

Concerning the change made to our promises, I know that Members are a bit disappointed, and so are members of the public. Nevertheless, I believe they would understand that, just like other places, Hong Kong is hit by the financial tsunami and it cannot put some other policies into effect. We must re-examine our policies, in particular, we should not create more disputes or social conflicts and we should refrain from creating more troubles for the public when there is an economic crisis. I trust that this is our duty.

MR TIMOTHY FOK (in Cantonese): *President, Hong Kong co-hosted the equestrian events and that was a historical breakthrough and the results were excellent. The events were highly valued by the Government. In the policy address this year, the Chief Executive talks about the attractions of sports to society and he pledges to further promote sports at a community level. Recently,*

I know that the Kai Tak multipurpose sports complex which invites great expectations from the local sports circles is given the last priority in the Kai Tak development plan which came into light a few days ago. It may have to wait for as long as nine to 10 years. The Chief Executive has been talking about commencing the major projects. Can the Chief Executive consider building some sports facilities so that the pledge he has made in the policy address can be fulfilled earlier?

CHIEF EXECUTIVE (in Cantonese): Sports facilities are a basic supporting infrastructure for Hong Kong as a financial centre. If opportunities are available and provided that there are land, suitable locations and support from the districts concerned and the Legislative Council, we will certainly follow up. In the case of the plan to develop the old Kai Tak airport site, there is a plan to build a large-scale sports complex. We will follow the matter up according to the timetable. Now in the various large-scale infrastructure projects we have now, including the Kai Tak project, we do sense considerable pressure at work, especially that related to the works projects. Input from the Government will increase from year to year. For example, it will be increased to \$29 billion next year. And the amount will increase thereafter each year. I am convinced that if there is space or if any arrangement can be made, I will be glad to consider how this project can speed up. What we are talking about are the arrangements in Kai Tak and the design work. But as Members know, gradual development is needed. This project is included but it does not form a part of our 10 major infrastructure projects.

MR TIMOTHY FOK (in Cantonese): *We have been talking recently about building a diversified society. Recently I was in Guangzhou and I came to know that the NBA had invested in a basketball court. Then there was some news I heard that the facility would provide some business opportunity worth more than US\$2 billion. So since the Chief Executive wants to consolidate Hong Kong as a city of excellence, I hope he can understand the fact that sports can also offer excellent business opportunities. Perhaps China may have a chance to host the world championships. If we have a good stadium, we may have a chance to co-host the event.*

CHIEF EXECUTIVE (in Cantonese): I am most willing to follow up the progress of any sports facilities and business opportunities that may prove profitable. I will certainly listen to views on these and we will also work together with other people.

MR ALBERT CHAN (in Cantonese): *President, the Chief Executive says that the Government must be pragmatic and decisive, so constitutional reform must be put aside, so that his team can unite and tackle economic issues. However, is the Chief Executive aware that he himself has all the seven traits of bad leadership as described by a renowned Harvard professor, Barbara KELLERMAN, being insular, intemperate, incompetent, evil, corrupt, headstrong and callous? His administration is basically rotten to the core. The Chief Secretary for Administration talked about guys "with thingies dangling" in the streets. A Director of Bureau is such a rascal and a deadwood. The Chief Executive's spin doctors are "ninth-rate" ones. And, in the Executive Council, there are "bogus democrats". His administration is plagued with so many problems that it has kept committing errors over the past one year.*

Some time earlier, I wrote an article for the Sun Daily. In this article, 10 major incidents in 2008 that warranted the flinging of bananas in protest are mentioned: political accountability, the Lehman Brothers incident, the booking of a chartered flight to bring back Hong Kong residents stranded in Thailand, the banning of the Citizens Radio, police officers

(Mr WONG Yuk-man exhibited a banana-shaped balloon)

PRESIDENT (in Cantonese): Mr Albert CHAN, please wait a minute. Mr WONG Yuk-man, please put away that thing.

(Mr Albert CHAN took the banana-shaped balloon and continued to shake it)

MR ALBERT CHAN (in Cantonese): *Let me show this to Members. The 10 major incidents that warranted the flinging of bananas in protest* (Laughter) *The 10 major incidents that warranted the flinging of bananas in protest* *There have been numerous such incidents, showing fully that there are problems*

with the ability of the Secretaries of Departments and Directors of Bureaux within the Government. Last time, that is, about half a year ago, I asked the Chief Executive when he would give his team an overhaul. First, when will the Executive Council be reformed? I want to know because the incompetence of Executive Council Members is the cause of all the problems. Second, when will he carry out reform to deal with the "ninth-rate" spin doctors in the Central Policy Unit and those Secretaries of Departments and Directors of Bureaux who are incompetent? Some government officials are very competent, I must admit. But many others are simply deadwood. They lack both the ability and the determination to

PRESIDENT (in Cantonese): Mr Albert CHAN, please ask your question and then sit down.

MR ALBERT CHAN (in Cantonese): *I want to ask him when he will carry out an overhaul, so as to give Hong Kong people a ray of hope. In the midst of the financial tsunami, even the United States has seen the election of a new President. He must not refuse to carry out reform on the pretext of personnel changes.*

CHIEF EXECUTIVE (in Cantonese): I hope that all in the Chamber can adopt a sensible attitude, rather than resorting to verbal abuse as a means of putting forward arguments and achieving better results.

I can certainly appreciate the people's aspirations in regard to the governance of Hong Kong. Actually, as a result of Hong Kong people's general opinion that there are problems with the governance of Hong Kong, we have been doing a lot of fresh thinking. I also realize that since people have turned increasingly demanding towards the standards of governance, we in the Special Administrative Region Government must grasp the situation and make appropriate responses.

In regard to our performance as a government, I must say that in comparison, we may not really be as incompetent as Mr Albert CHAN has described just now. But I still agree entirely that the leadership of the Special Administrative Region Government and civil servants at all levels must be totally

dedicated to serving the public. In particular, we must listen carefully to people's complaints and opinions regarding our service, so as to identify the root causes of problems. We must listen humbly to their opinions, learn from experience and do a better job. In this connection, you have my words that we will continue to

MR ALBERT CHAN (in Cantonese): *President, speaking of violence, what can be more violent than a police officer raping a girl in a police station? As the Chief Executive, he has the duty to safeguard the rights and interests of Hong Kong people and prevent any girls from being raped by police officers in any police stations.*

PRESIDENT (in Cantonese): Mr Albert CHAN, please ask your supplementary question.

MR ALBERT CHAN (in Cantonese): *I want to ask him when he will carry out reform. When will he dismiss all the deadwood, so as to give Hong Kong people a ray of hope?*

PRESIDENT (in Cantonese): Mr Albert CHAN, please sit down. Chief Executive, please reply.

(A hubbub in the public gallery)

PRESIDENT (in Cantonese): Those in the public gallery please keep quiet.

CHIEF EXECUTIVE (in Cantonese): As I mentioned just now, we must really forge constructive dialogues. We must adopt an objective attitude and speak calmly. It is only when the language used by all is to-the-point and constructive, it is only when all can debate seriously and objectively, that society can achieve any progress. This is also my belief

MR WONG YUK-MAN (in Cantonese): *Stephen LAM often does not debate objectively, and he frequently provokes Members. Do you You actually condone such behaviour of your subordinates.*

PRESIDENT (in Cantonese): Mr WONG Yuk-man.

MR WONG YUK-MAN (in Cantonese): *The most violent thing is the fact that you do not have the people's mandate. Any government machinery without the people's mandate must be the most violent.*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, it is not your turn to speak now. If you violate the Rules of Procedure once again, I will have no alternative but to order you to leave the Chamber. Chief Executive, please reply.

CHIEF EXECUTIVE (in Cantonese): I have already explained that with a humble attitude, we will respond actively to people's aspirations. People will surely observe how we are performing. At present, whenever errors are detected and if there is any room for improvement, we will definitely respond to and tackle the problems in an active manner. Regarding my colleagues and the formulation of policies, I can assure Members that we will adopt a much more serious attitude and scientific approach in the future. Before the implementation of any policy, we will not only conduct more consultation in the Legislative Council but will also listen to people's views. We will examine the pros and cons, and let the public discuss the relevant issues over time before formally putting forward our proposals. If there is any need for amendments, we will humbly accept the necessary amendment proposals. This Government will adopt such an attitude. I strongly believe it is only with such mutual trust and tolerance that our Government and legislature can both do better. I believe it is only in this way that society and the public can be convinced that there is a responsible government and a responsible legislature in Hong Kong.

PRESIDENT (in Cantonese): Mr WONG Ting-kwong.

(Mr Albert CHAN rose to his feet)

MR ALBERT CHAN (in Cantonese): *President, he has not answered my question.*

PRESIDENT (in Cantonese): Mr Albert CHAN, your questioning time

MR ALBERT CHAN (in Cantonese): *Is the Chief Executive so irresponsible that he does not want to answer my question?*

PRESIDENT (in Cantonese): Mr Albert CHAN, it is not your turn to speak. Mr WONG Ting-kwong.

MR WONG TING-KWONG (in Cantonese): *Thank you, President.*

MR ALBERT CHAN (in Cantonese): *You just eat bananas, President.*

PRESIDENT (in Cantonese): Mr Albert CHAN, mind your language.

MR ALBERT CHAN (in Cantonese): *President, "you just eat bananas" is a very President, please explain to me why "you just eat bananas"*

PRESIDENT (in Cantonese): Mr Albert CHAN, sit down. If you violate the Rules of Procedure once again, I must ask you to leave the Chamber.

MR ALBERT CHAN (in Cantonese): *President, I just want to seek elucidation.*

PRESIDENT (in Cantonese): There is no need for any. Sit down.

(Mr Albert CHAN ignored the President's instruction and remained standing)

MR ALBERT CHAN (in Cantonese): *President, you said "you just eat bananas"*
.....

PRESIDENT (in Cantonese): You sit down.

(Mr Albert CHAN shook the banana-shaped balloon)

MR ALBERT CHAN (in Cantonese): *Look, the Chief Executive is "eating bananas".*

PRESIDENT (in Cantonese): Mr Albert CHAN, you are hindering other Members who wish to ask their questions.

MR ALBERT CHAN (in Cantonese): *President, this is all because you told me to mind my language. You must explain why I must mind my language.*

PRESIDENT (in Cantonese): I must suspend the meeting now.

MR ALBERT CHAN (in Cantonese): *President, you are so irresponsible.*

4.02 pm

Meeting suspended.

4.04 pm

Council then resumed.

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

(Subsequent to the Chief Executive's third entry into the Chamber)

PRESIDENT (in Cantonese): Members, as a total of 29 Members have indicated their wish to ask a question today and only nine Members have had the chance to do so up to now. Therefore, Members will please be precise with the following questions and avoid making statements as much as possible so as to heed the Chief Executive's response. Mr WONG Ting-kwong.

CHIEF EXECUTIVE (in Cantonese): May I say a few words before we start?

The people of Hong Kong love freedom and democracy. However, democracy and freedom must be founded on mutual respect and tolerance. Instead of resorting to verbal violence and sometimes even physical acts, greater tolerance should be exercised and diversity of opinions appreciated in this Council. I believe members of the public will not accept excessively radical and violent behaviour in the Legislative Council.

Members of the public have very high expectations for us. I remember a sound, excellent and civilized parliamentary culture, which should be cherished, has been developed since the introduction of direct election in our Council. Just that this parliamentary culture has recently been undermined. I hope Members understand that this is unacceptable to the public, especially in the face of economic hardship. The public hopes that the Hong Kong Special Administrative Region (SAR) Government and Members can make collaborative efforts to help them overcome their plight. I think more communication and co-operation are required to resolve the prevailing problems of enterprise closure and unemployment. Only by doing so can we really respond to the aspirations of the people and meet their expectations for this Council.

PRESIDENT (in Cantonese): The Council has a set of very clear Rules of Procedure which was compiled by Members of this Council pursuant to the Basic

Law. I believe that Honourable colleagues are willing to comply with the Rules. It is my duty as President to preside over meetings according to the Rules of Procedure.

MR WONG TING-KWONG (in Cantonese): *Mr TSANG mentioned just now in his remarks that active efforts will be made to further develop Hong Kong into a global financial centre. It seems that Mr TSANG is still dreaming that Hong Kong can be developed into Nylonkong. Actually, personally I think that the four economic pillars of Hong Kong — financial services, logistics, tourism and professional services — particularly the financial industry, are being threatened by certain latent problems to different extents. The financial industry is a fictitious economy which only allows the participation of some elites but will not be very helpful to the employment of the 7 million people in Hong Kong. Therefore, will Mr TSANG talk about the economic development of Hong Kong on all fronts and some long-term development strategies?*

CHIEF EXECUTIVE (in Cantonese): President, Mr WONG, Hong Kong is a small place with an area of 1 100 sq km and a population of 7 million. At present, the local per capita Gross Domestic Product (GDP) is over US\$30,000. As there are many economic activities which we are unable to shore up, high value-added economic activities must be developed to support the living of the 7 million people here. With our continuous efforts over the past two to three decades, a sound financial infrastructure has been built. This financial infrastructure comprises not only a financial centre, as you have just mentioned, but also logistics and other complementary facilities, such as cultural and sports facilities, all of which are part of the financial centre. Therefore, when a financial centre develops, not just people working in the banks but all the people in the society, driven by service industries, will be able to secure employment. Therefore, whenever a review is conducted, the direction for the development of Hong Kong will constantly be reviewed. We must pursue development in areas of our strength in which we have an edge and are irreplaceable in order to make our living. Therefore, we have adopted a direction focusing on the development of the financial centre alongside other complementary industries. As we can see from the development of other financial centres, not only will it benefit the minority of people engaged in the financial industry, as you have suggested, but it will also be able to support the living of the population of the whole city, such as

New York and London, which have a larger population than we do. These cities can maintain a low unemployment rate as well.

Besides, other economies in Asia or around the world, which have devoted a relatively smaller proportion of their economy to the financial and service industries compared with other political systems, they are subject to greater difficulties and a more serious impact, particularly in their manufacturing industries, in the present financial tsunami. Therefore, we should not give up the sound infrastructure and development approach established over the years because of the financial tsunami. This approach, which is recognized by our country, has to be adopted. It can provide the best assistance to the Mainland because it is the element which is most lacking in their development. Therefore, Mr WONG, our future hinges on how we can successfully develop Hong Kong into the premier Asian financial centre in the world and leverage on such a development to promote other economic activities. I very much believe that it is sufficient to support the living of 7 million people in Hong Kong.

MR WONG TING-KWONG (in Cantonese): *President, it reminds me of our older generation who made great achievements in operating the Jinshan Company (金山莊) and the Nanyang Company (南洋莊) in Sheung Wan. We can just follow their example. Therefore, without the support of industries and a real economy in the development of Hong Kong, I am worried that this fictitious economy I hope all of you can remember the lesson learned from the blow dealt by this financial tsunami to the economy of Hong Kong. While developing the financial industry, we should also pursue a comprehensive and diversified development.*

CHIEF EXECUTIVE (in Cantonese): I fully agree with this. What I meant by the development of the financial market is just a general term which is used to include, among other things, the development of many complementary industries mentioned just now. This development is supported and shored up by many real economic entities. Our greatest real economy is not just in Hong Kong. We hope that different parts of the Mainland and the Asian region will also utilize the services provided by this financial centre. In other words, the primary component of this real economy is Hong Kong while the secondary component is the entire Asia, especially the Mainland.

MR PAUL TSE (in Cantonese): *President, the Chief Executive's policy address last year can be said to have nothing to offer in the area of tourism promotion. In the wake of the financial tsunami, the four pillars of our economy, especially the financial industry, have suffered a severe blow. As we all know, and as can be seen from the experience of other countries, in times of economic difficulties, rapid economic growth can be achieved within a very short time even in countries in extreme poverty as long as tourism is revitalized.*

I believe many members of the public and the media were greatly shocked by the rumour yesterday that Macao has already surpassed Hong Kong. Although this may not be a very fair comment, many new facilities were actually developed in Macao last year. In this connection, instead of having me to provide a response, may I ask the Chief Executive what measures does the Hong Kong SAR Government have to avoid embarrassing Hong Kong and allowing others to replace its position as the "leader"? As far as tourism is concerned, Macao has always been lagging behind Hong Kong. Apart from the recent so-called minor moves made by the Government, such as arranging for inbound travel by mainland workers, and some large-scale infrastructure projects, such as the Disneyland, the cruise terminal and the Western Kowloon Cultural District, which will take a long time to take effect, what other concrete measures are available to avoid chaotic situations such as that in the incident happened earlier in Thailand? Or what other measures are available to facilitate Hong Kong's adoption of a more comprehensive, instead of piecemeal, approach similar to that adopted in Singapore? Or whether consideration can be given to further upgrading tourism and establishing a tourism bureau to co-ordinate various measures?

CHIEF EXECUTIVE (in Cantonese): First of all, we do have a tourism commission. Our commission, which is responsible for tourism-related matters, is dealing with these matters in a comprehensive manner. Besides, we also have a commissioner responsible for this issue. Regarding tourism, I really have to congratulate Macao for being able to attract so many tourists.

As a matter of fact, the activities under the concept of the Pearl River Delta economic zone can only be achieved through the strong complementary partnership among Macao, Hong Kong and Guangdong Province. I believe that the prosperity of tourism in Macao can bring other positive effects to the entire region, including Hong Kong. People who come to attend conferences at the

Hong Kong Convention and Exhibition Centre and for sight-seeing may also want to visit Macao; while other people who go gambling in Macao may also visit Hong Kong afterwards. I think this is mutual assistance. Therefore, we do not have to be the "leader". Most importantly, tourism accounts for less than 3% of the Gross Domestic Product (GDP) of Hong Kong, but it accounts for a very large proportion of the GDP of Macao. I very much hope that tourism, on which Macao has been relying, can continue to prosper. I believe this will continue to be helpful to us.

Regarding our facilities, I believe Mr TSE has a better idea. Just now he has already spelt out many of them. These facilities, which will be launched one after another, will add to the tourist attractions in Hong Kong, and most importantly, bring additional tourist groups. As you may be aware, the Central Government has recently agreed to relax the restrictions for Shenzhen residents so that more people can visit Hong Kong for shopping and sight-seeing. As for the next step forward, the scope of the Individual Visit Scheme has been further expanded so that residents of more cities may visit Hong Kong under the Scheme. Although it is believed that the number of overseas tourists may decrease in the wake of the financial tsunami, tourists from the Mainland may make up for the decrease.

I am very eager to work with experts like Mr TSE to find out, apart from these aspects of work, what other approaches are available to further enhance our efforts. I am ready to consider this issue together with you. Regarding government policies, we are more than happy to work with you. You can approach our Secretary and Commissioner at any time to examine these issues together with them.

MR PAUL TSE (in Cantonese): *I believe the tourism bureau I have mentioned is not an organization of the same level as the existing Tourism Commission, but rather an organization of a level similar to that in other economic entities with a director of bureau. For example, a national tourism bureau is established in Singapore and some other countries. Instead of having a few departments with conflicting roles and problems in co-operation, as in the present case, the level and authority of such a bureau can enable it to co-ordinate all tourism-related matters. For example, the Thailand incident has revealed the fact that the few so-called tourism organizations do not have any knowledge of each other's purview. In this connection, I hope the Government can adopt a pragmatic*

approach in considering how these organizations can be enhanced instead of being complacent about the present situation. Take our neighbouring city, Singapore, as an example, the resources allocated to and the promotional efforts made by their government in tourism have far exceeded those of Hong Kong.

CHIEF EXECUTIVE (in Cantonese): Singapore has done a good job, but economic recession started much earlier in Singapore than in Hong Kong. Therefore, we can model on some of the practices but not the others. Regarding the proposal of setting up a tourism bureau and creating a director of bureau, I will give consideration to this. However, I do not know whether the Legislative Council will support it. Nevertheless, I will definitely consider this issue.

MR CHEUNG KWOK-CHE (in Cantonese): *President, this Council passed a motion yesterday urging the Government to formulate a comprehensive elderly policy. Four Members made considerable efforts to include 20 recommendations in the policy. May I ask the Chief Executive whether he will urge the relevant Bureau to formulate a comprehensive elderly policy in the future?*

CHIEF EXECUTIVE (in Cantonese): With every motion debated in this Council, we will draw a conclusion based on the result of the debate. Regarding the debate yesterday, I believe we can certainly continue to examine thoroughly the views on the elderly policy expressed by the relevant Members. Concerning the elderly policy, everyone knows that we have already made a lot of efforts in different aspects, for example, the Old Age Allowance has been increased this year. As for facilities for the elderly, the community will continue to put in resources in this regard. I believe the issue of co-ordination mentioned by Mr CHEUNG concerns the establishment of an elderly bureau to co-ordinate efforts in this respect. I think there are many solutions to every major problem. As the Government is unable to solve every single problem immediately, division of duties is certainly required. However, with regard to inter-bureau co-ordination, our liaison is much stronger than before. I hope we can work in this direction. Regarding the views expressed by Members during the debate, I can assure you that they will definitely be considered seriously.

MR CHEUNG KWOK-CHE (in Cantonese): *Chief Executive, I would like to point out that we are not saying that the Government is not providing any elderly services. But most importantly, the formulation of an elderly policy will trigger discussion in the entire society and the Legislative Council, and brilliant ideas will be proposed. If the Government can formulate an elderly policy for the coming 30 years after listening to these ideas, our 2 million elderly people will not be at a loss in 2033 as to what has happened before. Actually, if details are laid down now, problems which will arise in the future can be solved much more easily, and we will not have to take stopgap measures, as mentioned yesterday. Therefore, the formulation of a policy does not only serve to encapsulate all existing services but will also provide a vision and outline the procedures, and these have to be discussed in detail right now. I believe we have different ways of thinking. Will the Chief Executive undertake to formulate a set of elderly policy and inform us of the relevant timeframe to proceed with this effort?*

CHIEF EXECUTIVE (in Cantonese): An elderly policy is already available. What you mean is we must look at this issue from a comprehensive and visionary perspective. We have all along been making demographic projections to examine the trend of ageing, and all our policies have been formulated based on such projections. However, you are perfectly right in that before any policy is launched, there must be more communications and consultations, especially with the Legislative Council. More communications with this Council are required. After collecting the views of the relevant industries, the elderly and other sectors of the society, we will formulate a long-term plan. We will definitely continue to make efforts to formulate policies and long-term plans. However, I think these long-term plans are not in conflict with the existing measures, and we will definitely proceed with both of them at the same time.

DR DAVID LI (in Cantonese): *President, may I ask the Chief Executive how the experience that the Government gained during the Asian financial turmoil can help Hong Kong cope with the financial tsunami?*

CHIEF EXECUTIVE (in Cantonese): The occurrence of the Asian financial turmoil was due to the speculative activities in stocks and foreign exchanges at that time. The experience is useful in countering the financial tsunami this time around. At least, the measures taken and the deployments we made at that time now have enabled us to keep ourselves in a better picture of any attack or any

likely attack on us. I firmly believe that even if we are attacked, we will have an adequate contingency plan to cope with such attacks. I hope that speculators know that our contingency plan is highly adequate and if they want to find targets, they should go elsewhere instead of targeting Hong Kong.

Apart from this, we all know that since the Asian financial turmoil on the last occasion, we have improved our financial infrastructure. In particular, a lot of desirable reforms have been introduced to the financial and stock markets. Moreover, their present management approach is more stringent. I can see that many controversial issues of late are related to the experience gained in the financial turmoil of the past. When we see the occurrence of these problems, we can deploy the plans to solve them in advance. I think that the magnitude and dimension of this financial tsunami are, as I said just now, certainly far greater than those of the past. Moreover, it is international in nature and I believe that its destructiveness will be far greater than that in the past. However, in view of the experience we have gained, firstly, we have greater confidence in the management of the financial market in Hong Kong. In particular, in respect of the discussions on the new monetary and financial structure and management regime currently held in the international community, we have more to offer and can make greater contribution.

DR PAN PEY-CHYOU (in Cantonese): *In the past year, labour disputes continuously emerged in a turbulent social environment, however, I am not going into the details here.*

The Hong Kong Federation of Trade Unions (FTU) has always been helping workers in labour disputes, and we are always at the front line in the negotiations. But, in the absence of a complete mechanism in Hong Kong, and lacking a legal foundation for collective bargaining, the FTU has all along been advocating the so-called three-tier collective bargaining system. I would like to ask the Chief Executive: Would you consider proactively studying and even promoting the establishment of a collective bargaining system under the current economic circumstances?

CHIEF EXECUTIVE (in Cantonese): I am well aware of the pressure borne by the labour sector under a tense economic situation. I especially understand the difficulties to be encountered by the labour sector should the unemployment rate

become even higher. Nevertheless, I hope Dr PAN would understand that discussing the question he raised at this time is highly controversial, and it is not easy to arrive at a consensus.

In particular, the collective bargaining issue has been discussed for many years but the community has not yet reached a consensus. It would be rather difficult for a consensus to be reached at this time. I am absolutely willing to continue to discuss the matter with Members but, during the financial tsunami, I believe it is very difficult for us to set the policy objective of collective bargaining.

I only wish Members would understand that, the labour relations in Hong Kong are better than those in other places, and the trade unions and employers have a stronger sense of social responsibility. So, when problems just as the one that Dr PAN referred to have occurred, they are always solved readily. Of course, efforts have been made and tolerance has been shown by various parties, and mediation efforts have been made by the Labour Department playing the role of an intermediary. It is my earnest hope that efforts would be made in this direction so that labour problems which may emerge would be readily solved. Yet, continuous efforts have to be made by the employees, employers, the Government and various parties. Dr PAN, I have confidence in this.

DR PAN PEY-CHYOU (in Cantonese): *We all agree that the Government did not proactively promote the work concerned in the past, and it seemed that it adopted a tolerating attitude, as if doing less was better. Nonetheless, we have seen that labour conflicts have become increasingly serious in recent years. Given this new development, would the Government reconsider the matter? It is because we find the situation really unfavourable.*

CHIEF EXECUTIVE (in Cantonese): We will take into consideration some arguments but, having carefully pondered over the issue today, I only think As I have just said, when the financial tsunami is there, I hope that there would be less highly controversial cases which would make Hong Kong people more anxious and worried. However, we can continue to have discussions and dialogues about constructive ideas.

PRESIDENT (in Cantonese): Owing to time constraints, now the last question.

MR ALAN LEONG (in Cantonese): *As a candidate in the Third Term Chief Executive Election, I would like to tell the Chief Executive that his superstitious belief that the financial market could feed and support Hong Kong people is one of the key reasons why his popularity is so low now — President, there are other reasons, of course. As the Chief Executive has just said, we really need a resolute government that does solid work. We hope that the Government can really make correct decisions and would not be a flip-flopper when putting such decisions into effect. However, we have observed that the Government is caught in a dilemma and it does not know what it is going to do. Based upon my analysis, his appointment of the Under Secretaries and Political Assistants in the past 18 months, and his use of administrative tactics that distinguish between close kinships and distant relations, are a very important cause of the present chaos.*

President, I would like to ask the Chief Executive: When he reorganized the Executive Council and appointed statutory bodies or advisory bodies, first, would he tell Hong Kong people that he considered the appointment of the Under Secretaries and Political Assistants as a mistake, and he should have rationalized the whole accountability system beforehand? Second, would he take actions to show that he has given up the administrative tactics that distinguish between close kinships and distant relations, and not let local talents get wasted any more?

CHIEF EXECUTIVE (in Cantonese): First of all, we employ the paramount objective of the government system or our advisory framework is the merit principle; this is the major objective and we have always been observing it. I have turned over the question about the appointment of the Under Secretaries and Political Assistants which you have just mentioned in my mind. We should not forget that the scheme has got the support of Members before provisions were made for the implementation.

After the Under Secretaries and Political Assistants have assumed office, they have quite a lot of opportunities for handling work in various aspects, including handling Legislative Council matters, having communications with the local community groups, the media and the public, explaining policies to them

and soliciting their support. Also, they have lots of chances for direct contacts with the public. For example, after I have delivered my policy address on the last occasion, they visited the 18 districts on my behalf and hosted forums; all of these forums were hosted by the Under Secretaries. Furthermore, in this Chamber, they have recently answered questions and explained government policies on behalf of the Secretaries. They have accomplished much and I believe this is a good start. So long as government officials have practical and realistic work styles, I trust that they would achieve good results.

MR ALAN LEONG (in Cantonese): *President, based on the Chief Executive's answer, I think it is really helpless but, I would also like to ask: In giving such an answer, is the Chief Executive saying that he will continue to appoint Under Secretaries and Political Assistants and continue to let local talents get wasted, as well as continue to use the administrative tactics that distinguish between close kinships and distant relations?*

CHIEF EXECUTIVE (in Cantonese): We will continue to adhere to the merit principle and we will fill existing posts when appropriate, but we have all along I am saying once again that we will certainly adhere to the very important merit principle.

PRESIDENT (in Cantonese): The Chief Executive's Question and Answer Session ends here.

PRESIDENT (in Cantonese): The Chief Executive will now leave the Chamber. Members will please stand up.

(Mr WONG Yuk-man left his seat, crossed the floor of the Council to try to hand a book to the Chief Executive)

PRESIDENT (in Cantonese): Mr WONG Yuk-man. Staff members.

MR WONG YUK-MAN (in Cantonese): *I have a book for you, and you need not be so keyed up.*

(Small pieces of paper were thrown from the public gallery. At this juncture, Mr WONG Yuk-man handed a book to the Chief Executive)

MR WONG YUK-MAN (in Cantonese): *Sir, do not throw that away.*

(A person in the public gallery yelled loudly, some security officers escorted the person concerned from the public gallery)

PRESIDENT (in Cantonese): Members of the public in the public gallery who caused disturbance shall immediately leave the Chamber.

(Security officers escorted the people who caused disturbance from the public gallery)

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 4 February 2009, which is the 10th day of the first lunar month of the year Ji Chou.

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