

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 14 January 2010

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

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE FRED LI WAH-MING, S.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 WONG YUNG-KAN, S.B.S., J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

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

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

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

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

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.

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., 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 AMBROSE LEE SIU-KWONG, G.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

DR THE HONOURABLE YORK CHOW YAT-NGOK, G.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.

OBITUARY TRIBUTE

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

(The Chief Executive entered the Chamber)

PRESIDENT (in Cantonese): Before we get down to our business, as Honourable Members are aware, a Grade 7 massive earthquake happened in Haiti the day before yesterday. It has caused serious damages, with the casualties reaching tens of thousands. Various countries including China have decided to participate in providing disaster relief. We wish to extend our heartfelt condolences to all the victims and the families of those who were killed in Haiti. Will all Members please now rise and observe one minute of silence for the victims.

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION

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

CHIEF EXECUTIVE (in Cantonese): President, Honourable Members, I am really glad to be here to exchange views with Honourable Members at the beginning of a new year. I would like to take this opportunity to brief Members on the key areas of work of the SAR Government this year.

I will talk about the consultation on constitutional reform first. Since 1984, there have been controversies surrounding the constitutional development of Hong Kong for more than 25 years, creating social confrontations and division during the period. We cannot resolve the contradictions about the political system in one step. It is the Government's responsibility to gradually narrow the discrepancies and forge a consensus in society before overcoming difficulties step by step and reaching the goal of universal suffrage.

At present, the basic consensus among the public is that they do not want the political system to remain unchanged again. The proposals made by the

Government in the consultation document seek to take an important step forward towards the goal of universal suffrage on the basis of the resolution of the Standing Committee of the National People's Congress (NPCSC) in 2007, and this step has positive meanings for implementing universal suffrage in 2017 and 2020. I hope that people from all sectors will express their views in a rational manner during the consultation period. "A thousand-mile journey is started by taking the first step"; whether we will take a step forward, mark time or suffer dissipation of our energy because of internal arguments hinges on Members' will.

Some political parties have recently announced their intention to launch a so-called five-district referendum campaign. I noticed that, after this plan was announced, the mainstream public opinion disagrees with it. In fact, the Basic Law has basically not made any arrangement for referendum in the Hong Kong Special Administrative Region. Hence, the conduct of a so-called referendum in any form in Hong Kong lacks legal basis and is not binding in law. So the SAR Government will not recognize it. However different our opinions and positions are, we should hold discussions on the constitutional development in Hong Kong. But, for our discussions to be fruitful, we must act strictly in accordance with the procedures prescribed in the Basic Law. All acts and practices that deviate from the procedures specified in the Basic Law are not conducive to reaching a consensus in society.

The second challenge for us this year is economic recovery. I remain cautiously optimistic about the economic prospects this year but I will not treat this issue lightly.

Our economy has recently entered a stage of recovery, the retail sector is robust and once again a small rise has been seen in exports, with some improvements in the job market. Nevertheless, our economic performance is vulnerable to external impacts. The global economic recovery has not yet become steady, in particular, the economies of developed regions still bear high risks of a slide. Thus, the recovery of Hong Kong may still meet fluctuation.

First, as consumers in Europe and the United States need to make more savings to reduce liabilities, their consumption power has become weaker as a result and the imports are thus reduced. For this reason, we can hardly expect our exports to speedily restore to the pace of growth before the financial tsunami.

Second, the recovery of the United States economy is still built on a frail foundation. Since the impetus for an economic rebound mainly comes from the fiscal and monetary measures adopted by the public sector to stimulate the economy, with the private sector showing an insufficient momentum, there is a double-digit unemployment rate. As the United States Congress is going to hold a mid-term election this year, there will inevitably be a continuous rise in protectionist sentiment. So, we cannot completely dismiss the possibility of another economic recession in the United States, which will cast a strong shadow over the global economic recovery. A famous economist and Nobel Prize winner Paul KRUGMAN has recently stated that there is a 40% probability that the United States economy will see another recession this year.

Third, the imminent exit actions by governments and central banks in various places and here locally in Hong Kong caused grave uncertainties about the prospects of the global economy. A hasty exit may cause a global recession again while a belated one may increase the threat of inflation and even inflate another asset bubble. The central banks in Europe and the United States are prepared to exit and we must keep a close watch on them. Once the exit is started, there will be reduced liquidity in the financial market and the interest rate will tend to increase, which may intensify the fluctuation in the US dollar exchange rate, posing new challenges to smooth and steady economic recovery.

When I went to Beijing and reported on my work last month, Premier WEN Jiabao mentioned the deep-rooted problems of Hong Kong. Premier WEN referred to the economic transformation of Hong Kong. In this connection, we have proceeded to deal with it, for example, we proposed the development of six key industries in which we have an edge to promote the diversification of our economic structure, thereby avoiding an over-reliance on the financial services sector. The specific programmes will be launched one after another within this year and I hope Members would render them their full support. Certainly, Hong Kong faces a lot of deep-rooted problems, and apart from economic transformation, there are deep-rooted political issues and social contradictions.

Social contradictions are manifested mainly in the poverty problem and the aspirations of young people. Although our economy has gradually stabilized now, and the unemployment rate is slowly coming down from the peak in the

middle of last year, as we all know, the low-income classes are still in a difficult plight while the middle class and the youth have many grievances.

In the face of an economic slide, enterprises have no choice but to cut expenditure. Quite a few wage earners have seen their wages reduced and are even laid off. In spite of the small improvement in the economy recently, rents have risen soon in tandem and the real wages of many employees have not seen any marked increase. A survey shows that there is an increase in the poverty population. The increases in various fares and charges since 1 January came as one disaster after another for low-income people. It has always been our primary task to improve people's lives. I undertake that the Government will seriously consider introducing measures this year to alleviate the difficulties of low-income people, promote economic development and create more job opportunities. This is the first and foremost task of the Government.

Talent is the key to sustainable development of Hong Kong in the long run. Young people have vigour, ideals and potentials, and they form an important impetus promoting social development. The community has recently become very much concerned about the post-80s generation; in other words, people aged 20 to 30 and born in the 1980s are discontented with society.

We should really understand young people better and we must listen to their aspirations and understand their thoughts, ambitions and expectations of society and the Government, and even their disappointment and dissatisfaction with some circumstances. We of older age should engage in introspection and ask if we have become more conservative and backward with the changes in times. Is our communication with the youth sufficient? Do we know how we can communicate with them?

The generation of people who built up Hong Kong after the War pursued efficiency and economic growth while young people nowadays pursue values and self-realization. However, we cannot simply put the opinions of the two generations into a dichotomy. Various groups of young people have a variety of positions. When I ran for re-election in 2007, I advocated the concept of "progressive development" and stated that Hong Kong needed both economic development and conservation. Insofar as development is concerned, apart from economic results, we should focus on social and environmental results.

This term of government has a policy objective that emphasizes reconciling contradictions and balancing the interests of various sectors of society. We will not blindly pursue development at all costs, and we cannot focus only on conservation and give up development. We cherish the youth's attachment to Hong Kong and we trust that an application of their attachment to social construction will be able to promote the sustained advancement of Hong Kong.

Reviewing our work in the past two years, despite the great changes in Hong Kong, we have made quite a number of achievements. Given the blow dealt by the global financial crisis, the total amount of capital raised by newly listed companies on the Hong Kong market from initial public offerings still ranked first in the world last year. In respect of developing diversified industries, thanks to the efforts made in the past two years, Hong Kong has become the second biggest wine auction centre in the world after New York. Since last year, Hong Kong has become the third biggest art trade market in the world after New York and London. I am confident that, with efforts made by everybody, Hong Kong will be like a powerful tiger in the Year of the Tiger.

Thank you.

PRESIDENT (in Cantonese): Mr WONG Yuk-man, your placard blocked my view, please put it down as I cannot see the Members at the back.

(Mr WONG Yuk-man put the placard on his desk)

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.

MR CHAN HAK-KAN (in Cantonese): *President, as we can see, there is now a new group of youngsters, the "post-80s" generation in society. They have*

expressed their views by various means, causing a lot of repercussions in society. Some say that these youngsters have come out to express their grievances because there are fewer opportunities of upward social mobility, whilst some say that this is attributed to the fact that they have seen various instances of unfairness in society.

Frankly speaking, I believe the 60 Honourable Members present here may not fully understand the mentality of these youngsters. According to the experience gained from my contact with these youngsters, no matter they have taken to the streets or not, and whether they are mild or aggressive, they do share the common view that the current Government fails to lend an ear to them and does not quite respect and take some of their views seriously.

May I ask the Chief Executive of his interpretation of the phenomenon of the "post-80s" generation now, and whether he considers the present communication mechanism between the Government and youngsters adequate?

CHIEF EXECUTIVE (in Cantonese): Just as I mentioned at the very beginning of my speech, we should gain a better understanding of the youngsters. In other words, the existing means of communication and what we have done are really inadequate. We are now exploring various channels to enhance our contact with youngsters, so as to gain some insight into their expectations on society, the Government and the future. We also hope that their views can be incorporated into our policymaking process, so that we can engage in social construction together.

Moreover, we should formulate some policies that better meet the needs of youngsters, so as to enable them to give full play to their ideas, vigor and passion, forming a new impetus in society. Communication is a must, but we have to identify some desirable means. Our conventional means of communication, such as consultations at the district level, topical consultations and discussions, may not be suitable for the new generation. They may find it very difficult and embarrassing to have face-to-face communication through the media with which they are conversant. Some think that we should make use of other means such as the Internet, Facebook and Twitter. Definitely, we should explore these channels, with a view to expanding our channels of communication by all means. However, I think no matter what the means and frequencies of communication

are, in order to achieve desirable results, we should maintain a basic principle, and that is, we should communicate in a rational and peaceful manner and respect facts and reasons. In this regard, the SAR Government is trying its very best to, first of all, gain a better understanding of the aspirations and expectations of this new generation, as well as the major reasons for their grievances. We are also prepared to explore ways to enhance our existing channels, means and frequencies of communication.

I think most importantly, as I said just now, we should never put youngsters — those who were born in the late 1980s — in an antagonistic position to those who were born in other eras. I think there is something wrong. At present, among this group of youngsters who were born in the late 1980s, there are different stances, too. We should therefore listen to them carefully, so as to fully understand their views. Only in this way can we grasp the mainstream opinion that really represents this group of youngsters.

MR CHAN HAK-KAN (in Cantonese): *President, I believe many youngsters are willing to communicate with the Government in a rational and peaceful manner. However, before communication, can the Government put aside its parental attitude and communicate with our youngsters in a fair, equitable and tolerant manner? I believe that if it can take such a step forward, dialogues between the Government and youngsters can be enhanced, which can in turn achieve fruitful results more easily.*

CHIEF EXECUTIVE (in Cantonese): I absolutely agree that this is a crucial pre-requisite. In any communication, there should be an equitable status or stance. We should put aside our mental burden of age and personal opinions, so as to lend an ear to others.

MR ALBERT HO (in Cantonese): *Chief Executive, regarding the problem of deep-rooted conflicts mentioned by our State leaders, you only interpreted them as problems related to the economic transformation at the outset. We considered that your interpretation was too shallow at that time. How could you see such a deep-rooted problem? However, you have said today is more comprehensive. You have found that all along, many economic problems have*

brought about such social conflicts as the disparity between the rich and the poor, impoverishment of the grassroots and lack of prospects or aspirations among the youngsters, and even political conflicts. These conflicts are all interlinked. I think such an interpretation is more comprehensive.

However, the crux of this question lies in the word "solution". How can you solve these problems? We have all along thought that in order to do so, you should be able to identify the source of these problems. Why do you fail to implement some social policies which can be identified and may be suitable, that is, those that can remove the cause at root, to solve these problems? It is attributed to the fact that you are subject to many restraints because you are elected through a system under which those who vote for you are people with vested interests from small circles, imposing many restraints on you. If you do not tackle the problem of democratization of the political system at source to give yourself a sufficient mandate and free yourself from such restraints, how can you tackle these deep-rooted conflicts in various strata boldly?

Therefore, my question is very simple. Today, you still tell us that we have no other option insofar as the constitutional development is concerned, and we should move forward step by step. Sorry, I have to tell you that Hong Kong can no longer wait for so many years to solve these problems by democratization. Do you think that under such a situation, you have no choice at all? Do you think that you can only continue to tolerate such conflicts? Whenever you meet with our State leaders, you can only say that you have tried your very best and then heave a sigh.

CHIEF EXECUTIVE (in Cantonese): First of all, I believe our State leaders fully understand the affairs in Hong Kong. However, as I report on my work in different sessions, I usually start with the remarks made by Premier WEN Jiabao. I mainly talk about economic issues with Premier WEN. As for social and political issues, I usually talk with President HU and Vice-President XI. But this does not mean that Premier WEN does not understand that Hong Kong has deep-rooted problems. I believe that it is inevitable for any organization, society or group to have short-term, long-term and deep-rooted problems. As I said just now, Premier WEN certainly understands that Hong Kong has other problems, only that we mainly talked about economic issues.

As for the remark that Hong Kong should tackle the problem of constitutional development, especially that of universal suffrage, what you have mentioned is absolutely right. We have already got a very concrete, explicit and legally binding timetable for universal suffrage. This point is very clear. The Standing Committee of the People's National Congress (NPCSC) has made a very solemn decision, stating that we may implement universal suffrage in 2017, provided that local legislation is made. Moreover, we may also implement universal suffrage for forming the Legislative Council in 2020. As such, we consider that our target has been stated very clearly. The most urgent task before us now is to make these two elections to be held in 2012 more democratic, open and closer to our target of implementing universal suffrage in future. This we should deal with expeditiously. In this regard, during my term of office, I have never tried not to I have even exerted my best to do it. We are not hindered by anyone at all. We must face up to and realize the fact that constitutional development can in no way be achieved unless a consensus is reached among many people. In other words, a consensus must be reached among Hong Kong people in society. We learnt a lesson in 2005. It was not the case that the Central Authorities did not allow us to do so. Rather, Hong Kong failed to arrive at a consensus itself, resulting in the failure to come up with a proposal acceptable to all and supported by a two-thirds majority in the Legislative Council. Constitutional development was then stopped there. I very much hope that the constitutional proposal for 2012 will not make the same mistake again.

MR ALBERT HO (in Cantonese): *President, the reply given by the Chief Executive just now has in fact reflected further another deep-rooted conflict, and that is, a very acute conflict between Hong Kong and the Central Authorities. How is such conflict manifested? As pointed out by you time and again, there is already a legally binding timetable for implementing universal suffrage for electing the Chief Executive in 2017 and for forming the Legislative Council in 2020. But, excuse me, I indeed fail to see the existence of laws. The decision made the NPCSC only states that elections may be conducted. Recently, Ms Elsie LEUNG, Deputy Director of the Basic Law Committee, has thrown down another reminder. I also think that she is right; I cannot say that she is wrong. She only said that we "might" do so. We should never take it for granted. Hence, there are still many hindrances ahead.*

This conflict lies in the Chief Executive. As you can see, Hong Kong people have a lot of expectations. There is a great deal of pressure in society, an aspiration to a genuine universal suffrage. However, you cannot make it happen as those voices representing the Central Authorities tell you that this is not the case. Therefore, I wish to ask you this question once again. As we have to address the deep-rooted conflict between the SAR and the Central Authorities, will you tell the Central Authorities on behalf on Hong Kong people that if the problem with democratization of the political system is not fully addressed, all other social and economic conflicts can in no way be resolved completely?

CHIEF EXECUTIVE (in Cantonese): At the beginning of this term of my office, there was a most crucial task, which has now been completed. It was to report to the Central Authorities the views on behalf of Hong Kong people and obtain the consent of the Central Authorities in 2007 for the implementation of universal suffrage in Hong Kong in 2017 and 2020. The SAR Government has a very clear position, that the decision made by the NPCSC in 2007 is a solemn decision with constitutional effect. The decision has stipulated that we can implement universal suffrage for electing the Chief Executive in 2017 and for electing all Members of the Legislative Council in 2020. With the timetable for universal suffrage, all we have to do is to complete the third and fourth steps of the five steps, that is, to amend the electoral methods for the two elections before 2017 and 2020 respectively. If a consensus can be reached in respect of the electoral methods for electing the Chief Executive and for forming the Legislative Council in society, universal suffrage can definitely be achieved. I think there is nothing wrong for us to proceed in this way. The question is that the power is in our hands, and it all depends on whether we can reach a consensus. This is important.

MR LEUNG KWOK-HUNG (in Cantonese): *Chief Executive, "Love one another, as I have loved you", do you understand this? How should it be interpreted? What is its origin? Which classic?*

PRESIDENT (in Cantonese): Mr LEUNG, please ask a question about the work of the Government.

MR LEUNG KWOK-HUNG (in Cantonese): *I repeat, "Love one another, as I have loved you".*

CHIEF EXECUTIVE (in Cantonese): President, he has already asked his question, should I just answer his question?

PRESIDENT (in Cantonese): Mr LEUNG, if you have already asked your question, please be seated.

(Mr LEUNG Kwok-hung remained standing)

MR LEUNG KWOK-HUNG (in Cantonese): *President, he knows how to answer this question, will you allow him to answer it? You can also disallow him from answering the question.*

CHIEF EXECUTIVE (in Cantonese): I will answer it now, but please be seated first; I will then answer the question.

PRESIDENT (in Cantonese): Please be seated. If you have already asked your question, please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): *No, I have not finished asking my question; that is just the prelude.*

CHIEF EXECUTIVE (in Cantonese): Sorry, I am not going to answer the question.

MR LEUNG KWOK-HUNG (in Cantonese): *That is just a quotation, and I was just making a quote.*

PRESIDENT (in Cantonese): Mr LEUNG, according to our rule on questions, the Chief Executive attends this meeting for the purpose of answering Members' questions put to him on the work of the Government. This is the rule and several Members are still waiting for their turn to ask questions.

MR LEUNG KWOK-HUNG (in Cantonese): *No, that is just a quotation.*

PRESIDENT (in Cantonese): All Members should try their best not to make comments but only ask questions.

MR LEUNG KWOK-HUNG (in Cantonese): *That is not a comment by me; I have just quoted another person.*

PRESIDENT (in Cantonese): In that case, please ask your question.

MR LEUNG KWOK-HUNG (in Cantonese): *Do you understand that?*

PRESIDENT (in Cantonese): Please ask your question.

CHIEF EXECUTIVE (in Cantonese): President, if that is already his question, I will answer it.

MR LEUNG KWOK-HUNG (in Cantonese): *If he understands it as he hastened to answer this question, he certainly understands this expression, so he*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, we are not having a debate or a dialogue now, you should

MR LEUNG KWOK-HUNG (in Cantonese): *He is having a dialogue with me*

PRESIDENT (in Cantonese): You should put your question in full, and I will then ask the Chief Executive to answer it.

MR LEUNG KWOK-HUNG (in Cantonese): *When he had a dialogue with me on a television programme, he took out the photograph of a person, and he said that he was scared of me; I certainly should*

PRESIDENT (in Cantonese): Please ask your question.

MR LEUNG KWOK-HUNG (in Cantonese): *It is the epitaph for Mother Teresa. If you do not understand it, you should throw away that photograph. Some post-80s young people whom you just mentioned have gone on a 120-hour hunger strike outside. You could not see them just now with the entourage hustling you into the building.*

I would like to seek your enlightenment. You often quote Mother Teresa to deal with me, and I am going to teach you today what Mother Teresa said, that is, "Love one another, as I have loved you." — Can you go outside and take a look at them? Can you listen to what they have to say? Now that you have already come here, why should you use the Internet? Can you learn from ZHAO Ziyang and go outside and say, "Students, I'm late. Sorry. Take care". What I said has good grounds because he is referring closely to the follow-up today; since the Cable TV programme, he has said that the most meaningful questions are asked on an impromptu basis rather than those prepared ones.....

PRESIDENT (in Cantonese): Please put your question straight away.

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to ask a very simple question. Their appeals are that they hope the Government can shelve for the*

time being the funding proposal for the construction of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), and commission other consultants to examine if the project is a waste of money, and give the matter further thoughts and discussions. Also, they are keenly aware of the evils of functional constituencies because these Members are going to vote in support of the proposal. Regarding these two appeals, I ask you to heed the teaching of the late Mother Teresa. Based on that line on her epitaph, can you take a look at them? They have sent me SMS asking that I must say this to the Chief Executive and ask him to talk to them outside.

PRESIDENT (in Cantonese): Mr LEUNG, you have already asked your question, please sit down and let the Chief Executive answer it.

MR LEUNG KWOK-HUNG (in Cantonese): *Has he heard me clearly?*

PRESIDENT (in Cantonese): Please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): *Alright, no problem.*

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, I would like to tell you that Mother Teresa's line actually comes from Jesus. Jesus said that a few times and the biggest difference between the New Testament and the Old Testament is: love everybody, even your enemies; thus

MR LEUNG KWOK-HUNG (in Cantonese): *Does he regard the post-80s as enemies?*

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

CHIEF EXECUTIVE (in Cantonese): I mean to say that

MR LEUNG KWOK-HUNG (in Cantonese): *He cannot make irresponsible remarks.*

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

MR LEUNG KWOK-HUNG (in Cantonese): *There is a system.*

CHIEF EXECUTIVE (in Cantonese): Thus, it is essential to love everybody. As I said a while ago, I respect the young people. I also understand that there are still a lot of things I need to learn. Which channels should I use to communicate with them? Which are the best methods?

But sometimes when the emotions of the masses are high, it may not be the best time to communicate with them all of a sudden. Yet, I can tell you that we will make the best efforts and we will certainly find a desirable way to communicate with these young people. We will communicate with these young people and many other young people — some of them support the existing government and our policies. We have to listen, and we will definitely listen to the views against us.

The funding proposal for the XRL was debated for hours in this Council, and the community has expressed their views clearly. The mainstream opinion is that the project should be approved as quickly as possible.

MR LEUNG KWOK-HUNG (in Cantonese): *President, the Chief Executive frequently quotes the classics and he said, "A thousand-mile journey is started by taking the first step"; he just needs to walk outside. I have done some computations and it takes less than two minutes for him to walk outside. It is calm and tranquil outside because they are on a hunger strike, unable to shout slogans at you just as what I am doing here. I implore the Chief Executive to walk outside and answer two questions from them. First, will he walk outside and talk to them in the light of the fact that most people in society have raised*

more doubts about this proposal on the XRL? Second, will functional constituencies be abolished? You should notice that they have not asked for dual universal suffrage as I do; they have just asked for the abolition of functional constituencies. They have already been on a hunger strike for almost 50 hours. It is very cold now, will you walk outside? Chief Executive, you said, "A thousand-mile journey is started by taking the first step", all that you have to do is to take the first step now and walk outside

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down after you have raised the supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *Does he really understand "A thousand-mile journey is started by taking the first step"?*

PRESIDENT (in Cantonese): Please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): *He should avoid "spoiling the entire effort to build a nine-ren mountain because of the lack of one basketful of earth".*

CHIEF EXECUTIVE (in Cantonese): We attach equal importance to the views of everybody, including those of some young people outside. We have listened very clearly to the views of those opposing the XRL proposal, and we have taken them into account. Also, these issues have been continually examined by this Council and a few subcommittees.

As I have just said, about the XRL, we should make up our mind now and launch this project as soon as possible.

MR LEUNG KWOK-HUNG (in Cantonese): *I asked if he would walk outside and talk to them.*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, the Chief Executive has already answered your supplementary question, please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): *It is all right if he has already answered it. Thank you.*

MISS TANYA CHAN (in Cantonese): *Financial Secretary John TSANG, I am asking the same question — sorry, Chief Executive Donald TSANG, pardon me, for the Financial Secretary has taken the seat over there — Chief Executive Donald TSANG, I will ask you the same question.*

These students love Hong Kong, and they did not start the protest walk only a fortnight ago. They started the protest walk from the Star Ferry Pier and the Queen's Pier, walking slowly towards this place and arrived here today. They have also taken the protest walk in some other places, perhaps the Financial Secretary — sorry, Chief Executive, pardon me, Chief Executive, I am really sorry. I notice that though I am all along addressing you as I speak, you keep flipping through your papers and organizing the information on your desk. I feel that you do not seem to be paying attention to me and the post-80s outside, nor are you paying attention to the question I am asking. I very much hope you can listen to their opinions seriously. You said earlier that you had heard them, but why did you refuse to go out and talk to them? This is not the first day they are here. As Mr LEUNG Kwok-hung said earlier, they have been here for nearly 50 hours, enduring cold nights and hunger. They went on a hunger strike, using a peaceful approach that involves no private interests to demand a meeting with you, in the hope that you will listen to their opinions. But so far, you fail to respond properly, you should go out and have dialogues with them. Earlier on, you mentioned embrace and equality. Actually, you have the opportunity to realize these objectives, but why do you still refuse to do so?

CHIEF EXECUTIVE (in Cantonese): I have said many times that we attach importance to the views of young people, as well as views expressed by other people. However, insofar as communication is concerned, mutual communication can only take place on suitable occasions and in a peaceful and

rational atmosphere. In this connection, surely, I will continue to work hard with the communication with young people.

MISS TANYA CHAN (in Cantonese): *Chief Executive, you indicated earlier that you had said that many times already — right, you have said that many times, but why do you still fail to act? You said that it had to be carried out in a peaceful and rational atmosphere, but the students and young people outside are all peaceful and rational. Is it because you are so nervous and confused that you do not want to have dialogue with them?*

CHIEF EXECUTIVE (in Cantonese): I have nothing to add.

DR PAN PEY-CHYOU (in Cantonese): *The Chief Executive mentioned the deep-rooted conflicts of Hong Kong just now. Regarding this viewpoint, I have some different opinions.*

I think the economic problems of Hong Kong, especially the growing disparity between the rich and the poor in society, may probably be closer to the crux of the problem. Over the past, we could see a continuous drop in many wage earners' income. This situation was more serious among the youth, and many middle-class people have gradually become the proletariat.

The Government keeps saying that it greatly cares for people's livelihood, jobs and incomes, but very often, we can see the Government acting in contrary to its words. Let us put aside all other aspects and just talk about the staff employed by the Government itself. Over the past, the Government had all along employed staff on the civil service establishment. Many years ago, however, due to the then economic conditions, the civil service establishment was frozen and the Government began to employ some non-civil service contract staff. We are recently dealing with the case of a group of these colleagues. There are more than 700 such colleagues in the Buildings Department. Their jobs were related to a specific project, the funding of which was allocated for a five-year period after another five-year period, for removing unauthorized or dangerous building structures. When they were first recruited, their remuneration package

was already much unfavourable compared with that of civil servants, but they actually worked together with other civil service colleagues every day

PRESIDENT (in Cantonese): Dr PAN, please raise your question as soon as possible.

DR PAN PEY-CHYOU (in Cantonese): *..... they even shared some of the duties. However, as the Government has terminated their jobs, they now face unemployment. As for the removal of these unauthorized building structures, we have learnt from the Secretary that it will be outsourced. Therefore, even if they are employed by the contractors in the future, their terms of employment will become even more unfavourable. Therefore, we can see the Government*

PRESIDENT (in Cantonese): Dr PAN, please raise your question.

DR PAN PEY-CHYOU (in Cantonese): *..... yes, I will raise the question very, very soon, but I have to explain the background first. We can see that originally these government tasks should have been taken up by civil servants, but they were given to non-civil service contract staff, and now they have become outsourced tasks, and the situation is worsening. As the biggest employer, the Government is taking the lead to create a continuous drop in workers' incomes. May I ask the Chief Executive whether he will consider changing this practice?*

CHIEF EXECUTIVE (in Cantonese): Dr PAN, we have a very important duty, and that is, to be accountable to the Legislative Council. Regarding our establishment and expenditure, a very stringent system is in place. We are now seriously dealing with the civil service establishment. Very often, when a task is of a long-term and regular nature and has to be carried out on an annual or monthly basis, we will definitely consider employing civil servants on permanent terms, but for some short-term tasks, especially those which are required for a certain period of time but not so shortly afterwards, we will surely adopt other practices. Therefore, we will adopt other contract terms and there are definitely different approaches. However, if we started off by employing civil servants, the Civil Service will be denied flexibility, which is most vital in providing public

services. Nevertheless, I fully agree that under certain circumstances, especially when temporary employees are involved, when we do not renew the contracts of staff employed on these terms after their tasks have been completed, we would make every effort to assist them in finding new jobs. In this regard, I believe the Labour Department will surely continue to make efforts in helping them find jobs.

DR PAN PEY-CHYOU (in Cantonese): *I would like to raise a follow-up because in recent months, we have examined a number of applications for creating directorate posts in a row. Every time we examine applications for the creation of these posts, we face a dilemma because on the one hand, the Government is trying hard to employ those low-ranking civil servants or public officers with low salaries, but on the other, those high-ranking colleagues, such as the posts created recently, are indeed relatively*

PRESIDENT (in Cantonese): Dr PAN, please come to your question expeditiously.

DR PAN PEY-CHYOU (in Cantonese): *..... therefore, may I ask whether the feeling of the public can be taken into consideration, and regarding the gap in incomes, will the Government rectify it?*

CHIEF EXECUTIVE (in Cantonese): I very much agree with Dr PAN that the disparity between the rich and the poor is a natural phenomenon of an open capitalistic society and a deep-rooted problem faced by every society. However, ever since we started to uphold free economy, no one has ever been able to truly solve this problem. We can only hope that this gap can be filled by employment and promotion and through education, and we also hope no single sector in society will remain in poverty forever. We hope that people can improve their lot and incomes after a certain period of time. I agree with you that this is a deep-rooted problem. Regarding what you have said just now, there is one point I would really like you to know, Dr PAN. Hong Kong is following the development path of a knowledge-based economy. Both the commercial sector and the public sector have to look for efficient staff, in particular, those who are trained, highly-educated and capable of reining a knowledge-based economy.

Therefore, we need to have high-ranking public officers to maintain our competitiveness. Besides, I also agree that while pursuing development, we must look after the needs of the lower strata and those who are not highly-educated, so that their living will also be protected.

MRS SOPHIE LEUNG (in Cantonese): *I am very glad to hear the Chief Executive's positive response to the issue regarding the mindset of young people nowadays, and I also hope the Government will help young people in community sports teams, particularly by constructing more venues. We from the Economic Synergy will think up a good platform in the future to enhance communication with young people.*

Over the past year, a few hundred billion dollars of hot money have reportedly flowed into Hong Kong and caused the formation of an asset bubble. May I ask what measures there are to prevent and reduce the blow that might be dealt to the economy and the property market of Hong Kong in case the bubble bursts? What is the estimated magnitude of the impact?

CHIEF EXECUTIVE (in Cantonese): Over the past year, a few hundred billion dollars of hot money have indeed flowed into Hong Kong. We are constantly monitoring the reasons and directions of the hot money flow. Mrs Sophie LEUNG, the fundamentals of the financial system of Hong Kong are now very good. Therefore, we are able to cope with a substantial amount of capital flow into and out of Hong Kong. Our concern is if there is a flooding of capital, whether it will lead to a drop in interest rates, which will in turn give rise to a substantial increase in loans or a rapid surge in asset prices. We have to pay attention to these two aspects. We are now examining whether there is excessive lending, and whether a low interest rate environment has occurred prematurely as a result of an excessive inflow of hot money. I can tell you that in November last year, that is, two months ago, we made a comparison, particularly on the loan-to-deposit ratio, that is, we compared the ratio of the amount of loans and the amount of deposits placed with banks. At that time, that is, in November last year, the ratio was 0.7. That is to say, for every \$10 of deposit, \$7 was made out in loans. This was far lower than the ratio of 0.84 before the financial tsunami (August 2008), that is, for every \$10 of deposit, \$8.4 was made out in loans. In other words, the lending situation now is very tight,

and lending will not become unrestrained as a result of the inflow of hot money, causing the market to suddenly run out of control.

As for the property and stock markets, we also made a comparison on people's ability to make mortgage repayments. For example, concerning the stock market, as far as we know, some \$600 billion has flowed into Hong Kong, of which some \$400 billion has flowed into the stock market because there were IPOs, and also rights issues and placing. All these were conducted according to regular procedures. A large proportion of such funds are foreign funds rather than local funds, and they have flowed into Hong Kong for asset purchase, which is a natural development. We will pay attention to the flow of these funds and let Members know what we will do.

Regarding the property market, we are all the more concerned about it because this is our very sensitive asset. We will pay extra attention to it. Particularly for the middle class, we will pay attention to whether the prices of the flats they are living in have surged. We have also examined the affordability of the general public. To date, although this is a very sensitive issue, we have also paid attention to it. We have not noticed any obvious signs of a bubble so far, but I do not rule out individuals having difficulties in purchasing flats, especially when there is a discrepancy between the prices of the flats they prefer and their affordability, a situation which may happen. I believe we can communicate more on this issue and examine it more closely to find out in particular what remedies are available.

I know the general public have sufficient affordability but there are individual cases in which the people concerned cannot. Why? What can we do to help them? Can we adjust government policies? We hope we can do something about it and look into this issue. However, what I would like to say is, regarding the formation of a bubble caused by the influx of assets into Hong Kong, we are very cautious and concerned about it, and regarding the degree of monitoring, we conduct monitoring every day. Sometimes when a substantial amount of hot money has flowed into Hong Kong, we will monitor the situation every hour. Therefore, I think we already have an adequate mechanism in place to monitor its movement and we have also drawn up strategies for emergencies to prevent any sudden burst of a bubble in Hong Kong without our being aware of it, as in the case of the United States.

MRS SOPHIE LEUNG (in Cantonese): *Is it possible to provide a better information system or forecast so that cases of hot money being suddenly transferred or withdrawn — as in the case of some capital being withdrawn in the last quarter of last year — can be prevented? Will there be a better forecast period to remind the public that situations like this may happen at any time and so they have to be cautious? Is there such a possibility?*

CHIEF EXECUTIVE (in Cantonese): Regarding the direction of capital flow, what we can see now is true, but as for forecasting its movement, it is not yet possible with the present technology; the Americans cannot forecast it, the Europeans cannot forecast it, and neither can we because market movement is not uni-directional, but very complicated, and it is the final outcome of many interactions. Besides, sentiments and how the public feel will also create different impacts, which may cause capital to flow into and out of the market in any particular second. Therefore, we are unable to do so. Most importantly, however, the fundamentals of our market are sound, such that we can cope with the flow of a substantial amount of capital into and out of it without affecting people's livelihood. When we can do this, I trust at least we are already able to take the necessary steps.

MR CHEUNG HOK-MING (in Cantonese): *President, recently, there have been heated discussions on the XRL in society. In the Legislative Council, despite the 10-hour discussion, the Financial Committee has not yet approved the funding for the project. I think this has caused great disappointment to the public. On 12th this month, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) launched a signature campaign, and collected 12 000 signatures in one day. During the signature campaign held during lunch time, we collected more than 1 000 signatures from the public at Central, stating their support for the construction of the XRL. The DAB had also conducted a survey from 12th to 14th. Some simple questions were asked: "Do you agree with the construction of the XRL?" The results indicated that 72% of the respondents agreed, 19% opposed and 7% of them had no preference. The impact of the XRL on future development, and the positive effect on the economic challenges faced by the younger generation were mentioned particularly, and they were very much agreed by the public. For 75% of the respondents agreed*

with this, while 17.2% disagreed. The last question was about the approval of the Finance Committee at the discussion tomorrow. We asked the respondents whether or not they supported the approval, and 69.9% supported, while 10% opposed

PRESIDENT (in Cantonese): Mr CHEUNG, please come to your question.

MR CHEUNG HOK-MING (in Cantonese): *Chief Executive, you are the Chief Executive and the 60 Members here will vote on this question. Today, you are given an opportunity to persuade the 60 Members of the Legislative Council in your capacity as the Chief Executive to cast their sacred votes, and to urge the public to give continued support to the construction of the XRL.*

CHIEF EXECUTIVE (in Cantonese): Regarding knowledge about the XRL, I believe I am in no way comparable to Secretary Eva CHENG, for she is well-versed in this. She and her colleagues have given detailed explanation on a lot of questions in this Chamber and at the Subcommittee on Matters Relating to Railways and the Public Works Subcommittee, and on some other occasions. I believe many major and minor questions have been asked and answered a number of times and repeatedly. I think all of us are eager to see the early confirmation of the project, looking forward to the approval of the Finance Committee of the Legislative Council. However, I have to respect the meeting procedure of the Legislative Council, so it can be implemented only after the voting. I share your concern. I too hope that the issue can be put to the vote at the meeting tomorrow, so that a decision can be reached as soon as possible. I very much agree with you that the main stream opinion of the general public is clear, but I also know clearly that a small number of people, including many young people, have dissenting voices. We will definitely take the opportunity to listen to their views. But at the same time, a balance must be struck, and a decision has to be made at a certain point.

MR CHEUNG HOK-MING (in Cantonese): *Chief Executive, we have more than 10 000 signatures here, and I will submit them to the Government after the*

meeting on behalf of the DAB. With these signatures, we wish to express the demands and aspirations of the public for the Government. We hope that the Government will lead the public to move ahead at the forefront of economic development, so that we will not be lagging behind.

PRESIDENT (in Cantonese): Chief Executive, do you have a reply?

CHIEF EXECUTIVE (in Cantonese): I know full well our responsibility in this respect. We surely have to maintain the momentum of the economic development in Hong Kong. It is precisely for this reason that I have proposed the 10 major infrastructure projects. Thanks for the reminder.

MR ALBERT CHAN (in Cantonese): *President, when the Chief Executive referred to the young people outside, he mentioned the question of respect. LEUNG Kwok-hung asked whether he loved those young people. But it seems that he has treated them with all due respect, but fails to love them.*

President, when it comes to the deep-rooted conflicts in Hong Kong, the situation in the 1960s was even worse in comparison. At that time, the conflicts between the colonial ruler and the people ruled were indeed conflicts between the Chinese and the British of the Hong Kong-British Government. Back then, the leftists provoked riots, used terrorist means to kill Hong Kong policemen and burnt vehicles, causing the death of LAM Bun, and there were conflicts among opposing social groups. But with the lapse of time, many conflicts have faded out gradually over the past several decades. The one who started the leftist riots at that time has been awarded the Grand Bauhinia Medal, which is evident that the Government too recognizes the contribution of this group of people in creating conflicts.

I would like to ask the Chief Executive about the many deep-rooted conflicts said to be existing by him, for I know he is incapable of addressing the conflicts in politics. Even if he wishes to do so, he may be incapable. However, as the Chief Executive, he has drawn up many social and economic policies, and under his governance — not including the "OLD TUNG" era —

there are the problems of poverty, growth in impoverished population, worsening of monopolization by consortia, and young people feeling the grim prospect in Hong Kong, and so on. As the Chief Executive, first, does he consider the increasing conflicts aroused over the past few years the result of his dereliction of duties, which have twice prompted Premier WEN Jiabao to give him a parental-style dressing-down or remind him to deal with the deep-rooted conflicts? Does he need to give an account of and explain whether there is dereliction of duty on his part, causing the conflicts to worsen? Second, during his remaining terms of two years or so, does he have any specific measures to slightly alleviate and ameliorate the problems caused by some of the so-called deep-rooted conflicts? I do not expect him to bring about specific and radical improvement, but in what ways can he achieve this and promise the people of Hong Kong that he can achieve this?

CHIEF EXECUTIVE (in Cantonese): In order to improve the standard of living of the low-income group, the primary task is to revive the economy, which includes investing in the economy, investing in infrastructure, supporting small and medium enterprises and promoting industries in which Hong Kong has a clear advantage. With the improvement of the economy, the wages of wage earners will rise. We have also begun to legislate on minimum wage to ensure the wage level. The Government has not only provided Comprehensive Social Security Assistance (CSSA) as a safety net, but also offered substantial subsidies to the grassroots, including housing, education services and medical care services.

In the past two years, the people of Hong Kong, particularly the grassroots, have been facing great difficulties because of high inflation and the recession triggered by the financial tsunami. The Government understands all this full well. We have introduced relief measures several times over the past 15 months, spending \$87 billion of resources, and a majority of the measures is targeted at low-income families and families in poverty. Within 15 months, we have successively granted three additional months of allowance to recipients of the Disability Allowance under the CSSA scheme. Within 15 months, we have granted \$3,000 and three additional months of Old Age Allowance to elderly on Old Age Allowance. Moreover, the allowance has been increased to \$1,000 since April last year. Within 15 months, we have paid five months' rent in succession for low-income families living in public housing. The two-year rates

waiver has indirectly reduced the public housing rent paid by low-income families. We have also provided a monthly electricity tariff subsidy of \$300 for 12 months. Students receiving grants and CSSA have been offered \$2,000 as subsidies for starting school.

These are the efforts we have made. As I mentioned at the outset, we will continue to respond to the challenges this year. We will definitely exert our best to alleviate the plights faced by people in poverty in their work and daily lives.

MR ALBERT CHAN (in Cantonese): *President, really, I do not want to have such "shooting bull" debates with the Chief Executive. Despite the implementation of the measures mentioned by him earlier, the poverty problem in Hong Kong continues to worsen, while the Gini Coefficient is rising. Upon the introduction of the above-mentioned measures, the deep-rooted conflicts still persist. He said he had made efforts on these aspects in the past five years, but the problems have persisted and even worsened. Chief Executive, I would like to ask you one thing, which Premier WEN has also asked you to do: Regarding these deep-rooted problems, what measures will be taken to improve the situation? When you fail to give a proper reply to the question asked, you dare to mention some issues you failed to handle properly in the past. I really do not want to involve in such "shooting bull" debates with you.*

PRESIDENT (in Cantonese): Mr Albert CHAN, please be seated.

MR ALBERT CHAN (in Cantonese): *..... will the Chief Executive answer what measures he will take in future He has not answered my question: What measures will be taken in future to alleviate the problem and improve the situation?*

PRESIDENT (in Cantonese): Will Members please observe the Rules of Procedure. Chief Executive, please.

CHIEF EXECUTIVE (in Cantonese): As I mentioned in the earlier replies to Members' questions, in an open capitalistic society, the problem of disparity between the rich and the poor is inevitable. I would like to remind Members of one more point. If we have to examine the effectiveness of the measures implemented by us, we may check the situation before the financial tsunami, that is, between 2004 and 2008 when we saw rapid growth in Hong Kong during the period. In the past five years, the income of elementary employees in Hong Kong has increased. The population in poverty aged between zero and 59 has dropped by 40%, while the unemployment rate of low-skilled employees for the same period has dropped from 10.1% to 3.5%. The number of full-time employees earning less than \$5,000 monthly has also decreased by 50%.

I only wish to point out that the economic measures implemented in the past have in general brought relief to the living of the lower strata. The policy is correct. Our current approaches do not only intend to enhance the vitality of our economy, but also hope to create new posts in the six new industries. It is hoped that more posts will be provided to the grassroots to improve their lot. All measures are targeted at the various strata of Hong Kong, particularly the needs of the grassroots.

The many issues we mentioned may not necessarily be addressed to perfection, and I fully agree with this. Particularly in the face of the crisis arising from the global financial tsunami, has the SAR Government managed to achieve perfection in every endeavour? Definitely not. However, we have made an effort to do so and exerted our best. As I said earlier, we have spent some \$80 billion, which equals to 5.3% of the GDP of Hong Kong, and it is nearly double of that in all advanced societies. Hence, we have made an effort and we will maintain the momentum in this respect. If we again face the difficulties this year, we will continue with such efforts.

MR CHEUNG MAN-KWONG (in Cantonese): *President, Chief Executive, we are half way into the consultation period for the constitutional reform. The Chief Executive should realize in his mind that focusing on the 2012 proposal put forth by the Government alone would not settle the prevailing disputes on the constitutional system.*

The democratic camp would like to make one point, which the Chief Executive should have known. We consider that dual universal suffrage has to be implemented in 2012, or at least, genuine universal suffrage should be implemented in 2017 and 2020.

May I ask the Chief Executive of his views on this opinion? This includes the arrangement for 2017 election, for which nominations for the Chief Executive candidacy should not be subject to screening and the threshold should not be higher than that adopted in 2007, and the abolition of functional constituencies.

Chief Executive, will you convey this opinion to the Central Government? Or will you strive for the realization of this opinion, so that there will be a foundation for and a key to the settlement of the protracted disputes on constitutional reform?

CHIEF EXECUTIVE (in Cantonese): In 2007, the decision of the Standing Committee of the National People's Congress (NPCSC) established a good foundation to achieve universal suffrage. The election of the Chief Executive by universal suffrage in 2017 was also mentioned therein. As for the method for selecting the Chief Executive by universal suffrage, a framework has been laid down in Article 45 of the Basic Law, and the resolution is a reminder to us. In 2020, with the Chief Executive returned by universal suffrage, all Members of the Legislative Council will also be elected by universal suffrage. It is a good model, and a good course of development.

Now, we have to maintain the momentum of development by all means, ensuring that it will not stop in 2012. Hence, at present, we have to focus on achieving a consensus on the 2012 proposal, so that the method for the two elections in future can be improved in the context of democracy, compared with the existing election method. This is the most important task. It is only with such vigour that we will have the drive to move forward and make good preparations for the election of the Chief Executive by universal suffrage in 2017. Surely, the implementation of universal suffrage involves a lot of issues, including the retention or abolition of functional constituencies, as mentioned by Mr CHEUNG earlier. Concerning the so-called "genuine universal suffrage" mentioned by him, I would like to add that the universal suffrage we are talking about is surely genuine universal suffrage, and there is no question of bogus universal suffrage. However, the most important issue is how can we arrive at a

consensus on the 2012 proposal? The answer is to identify the issues we can deal with within our purview. For issues about which a consensus is unlikely to be reached within the next few months and which a focused solution is unavailable, we must deal with them at the next stage. Otherwise, by 2012, when a genuine consensus has not yet been reached, we will really have to mark time.

I earnestly hope that this timetable for universal suffrage, which is drawn up in a solemn manner, will be considered acceptable. In 2012, we will by all means pool our efforts together, share our wisdom and work together, so as to perfect the existing system and make it more democratic. This will form a good foundation for the implementation of universal suffrage in 2017 and 2010 respectively. If this agenda is expanded infinitely, including certain issues which we cannot solve at present, like the retention or abolition of functional constituencies mentioned by the Member earlier, I think this will shatter the faintest hope we now have, for this is already an uphill task.

MR CHEUNG MAN-KWONG (in Cantonese): *President, the hope that the problem between the democratic camp and the Government can be solved, or that a consensus can be reached, is faint. Naturally, there is disagreement. Your focus is on the 2012 proposal put forth by the Government, but we yearn for a solution to the problem of genuine universal suffrage in 2017 and 2020, so that the transitional arrangement for 2012 will be settled easily. The whole world knows this disagreement. Chief Executive, it depends on whether you want to settle this disagreement. Though your authority may be restricted or you may be subject to the restrictions of the five steps, are you prepared to arrange for the democratic camp to have communication and dialogues with the Central Authorities to settle the disagreement? If the issue cannot be put on the agenda and no dialogue can be carried out on it, how can you conclude that the issue lacks foundation and that it cannot be addressed now but must be dealt with a decade later?*

CHIEF EXECUTIVE (in Cantonese): First, what we have to address now is an issue Hong Kong needs to deal with itself, which the Central Government is not involved. It has been decided that in 2007 it had made its position clear, stating what would happen in 2017, what can happen in 2020, and what can happen in 2012. Now the task is on our shoulders. Surely, I will concentrate

on the work for the 2012 arrangement, so that our disagreement may be settled and a consensus can be reached.

The proposal put forth by the Government is not only a proposal but a consultation paper on the way forward. The proposal has much room for improvement, and Members may well discuss this. Definitely, we must follow the framework laid down in the decision made by the NPCSC in 2007, but there is room for discussion. Mr CHEUNG, if you have any views about universal suffrage in 2017 and universal suffrage in 2020, you definitely have the right to express them. I am just advising Members that in the course of handling the 2012 arrangement, we must focus on that. As such, certain issues have to be dealt with at a later stage. The most urgent task is to ensure that the people of Hong Kong will not be disappointed, which means we should avoid repeating the mistake in 2005, that is, to avoid remaining standstill again.

No matter how, the primary task is to reach a consensus on 2012 to change the method of the two existing elections, so that they will be more democratic and open with greater participation.

DR MARGARET NG (in Cantonese): *President, hundreds of thousands of members of the public have gathered outside this Council chanting "functional constituencies do not represent me". May I ask the Chief Executive whether functional constituencies (FCs) really represent ordinary people? If the answer is in the affirmative, why can only a handful of people vote in FC elections? If the answer is in the negative, whom do FCs represent?*

CHIEF EXECUTIVE (in Cantonese): In the design of Hong Kong's political system, FCs have existed for quite a long time. Not only were they part of the design prior to 1997, they are also an inalienable part of the existing establishment. Regarding the issues we have to address, I know that there are diverse views, especially on the retention or otherwise of FC seats in the future. In reply to the question raised by Mr CHEUNG Man-kwong just now, I already expressed my views in this respect. However, I think that it is most important for us to come back to our original position after addressing this issue. Although we will definitely hear diverse views on how FCs should be dealt with, we must accord priority to the electoral arrangements for 2012, as I said just now.

DR MARGARET NG (in Cantonese): *President, actually, my question, which is very brief and simple, is: Do FCs represent ordinary people? Can I take the answer to mean that the Chief Executive has acknowledged tacitly that FCs do not actually represent ordinary people, only that there is nothing he can do about it? President, the problem is actually very serious. I wonder if the Chief Executive has ever seen this diagram prepared by Michael E DEGOLYER. It reveals that six FC seats already account for 80% of the ballots cast by more than 200 000 FC electors. In other words, 24 FC seats are returned by less than 50 000 electors. This is really a serious matter. How can the Chief Executive blame the people for accusing FCs of not representing them? Does it mean that he will not address this issue in the next few years?*

CHIEF EXECUTIVE (in Cantonese): I will surely respect the diverse views of individuals on the retention or otherwise of FCs. Of course, some people hold that FCs do not represent them.

DR MARGARET NG (in Cantonese): *I would like to ask the Chief Executive sorry, can he tell us honestly whether he agrees with the people outside that FCs do not represent them?*

PRESIDENT (in Cantonese): Dr Margaret NG, you have already raised your supplementary question.

CHIEF EXECUTIVE (in Cantonese): I certainly think that FCs are representative. They represent the working class, business interests, professionals, individual groups, local wisdom and representatives at the district level. They surely have their unique representativeness. Of course, it should not come as a surprise that there are some people who do not see them as their representatives. Be it the Chief Executive or individual Members you may ask Honourable Members whether their representativeness is recognized by each and every member of the public outside. The answer is definitely negative. We must not insist that our request be met. As pointed out by me earlier, if we

discuss the retention or otherwise of FCs at this stage, it will only make it even more difficult or impossible to achieve the most important step, that is, to reach a consensus in 2012, so as to enable us to improve the existing electoral system.

MR WONG TING-KWONG (in Cantonese): *President, just a couple of days ago, the Wen Wei Pao reported on Monday that the SAR Government would boost commercial development at the boundary in response to the public aspiration. It is planned that the scale of cross-boundary trade development at boundary control points, such as Lok Ma Chau, Man Kam To and Heung Yuen Wai, will be expanded to tie in with long-term economic development, and the plot ratios of new towns, such as Kwu Tung North and Fanling North, will be relaxed as well. Here, I would like to ask the Chief Executive this question: What plan does the Government have to expand the scale of cross-boundary trade development? What are the specific development projects? If land resumption is involved, what will the Government do to minimize disputes over consultation and compensation with the experience gained from the Tsoi Yuen Tsuen incident?*

CHIEF EXECUTIVE (in Cantonese): Whenever an incident occurs in the community, we will strive to analyse its circumstances and implications while hoping to enrich our experience, so that we can understand similar problems better and solve them.

We have indeed learnt a lot of lessons from the construction of the XRL, and we have come to understand that the public's views on land resumption now is different from those in the past, and that this issue should be looked at from a new perspective. However, government policies must also protect public funds and act in the interest of the public at large. Regarding the direction of developing new cities, new towns in the New Territories, I have proposed 10 major projects and, of course, these new towns are situated in new development areas in the New Territories. During the process, I will definitely fully consult the public. Furthermore, the present mode of development is different from that of the past. Unlike the high-density developments in Sha Tin and Tai Po, these are low-density developments. They must take into account the developments of its neighbours, especially the developments in Shenzhen, so that they can complement each other and enhance developments, and consideration must also be given to transport networks.

I can assure Members that we will definitely conduct comprehensive consultation when we really pursue specific developments. In respect of blueprints and land resumption, we will minimize in respect of blueprints, we will strive to maintain high transparency to facilitate full communication and ensure that things can proceed smoothly.

MR WONG TING-KWONG (in Cantonese): *It was pointed out by the Chief Executive in his reply just now that the cross-boundary development is characterized by our close relationship with the Mainland and our enhanced co-operation with the Guangdong Provincial Government and the Shenzhen Municipal Government. Will the Chief Executive inform this Council of the details of consultation and communication with the Mainland?*

CHIEF EXECUTIVE (in Cantonese): Mr WONG, I only wish to summarize my reply in one statement. The communication between the HKSAR Government and leaders of Guangdong Province, especially officials of the Shenzhen Municipal Government at various levels, has never been better. Therefore, insofar as these development issues are concerned, I trust that we share the wish of doing our utmost to introduce improvements, so that residents of both sides of the boundary can stand to benefit.

MR ABRAHAM SHEK (in Cantonese): *President, I was returned by a coterie election. Under the Basic Law, there are representatives for various sectors, and I am a representative of the construction sector.*

President, it is clearly stated in the Basic Law that there are representatives for various sectors. As a result, there are currently 30 such representatives in this Council.

President, I would like to ask the Chief Executive a question concerning the situation after we have implemented universal suffrage. ZHANG Xiaoming said on 29 December 2007 that universal suffrage did not imply the abolition of FCs. Can the Chief Executive explain this?

CHIEF EXECUTIVE (in Cantonese): We hope Members will refrain from arguing about the retention or otherwise of FCs now. Given the historical background and the unique representativeness of various trades and industries, this issue is quite complicated. Most importantly, I am faced with an extremely clear political reality, that the consent of two-thirds of the Members of the Legislative Council must be obtained before any changes to the present constitutional arrangement, and 50% of the Members of the Legislative Council are returned by FCs. I must adopt the approach of persuasion to highlight the public interest before the political system can be changed.

We all have a very clear idea of what universal suffrage means. As Members know, universal suffrage means "equal" and "universal" suffrage. It was pointed out when the Green Paper on Constitutional Development was issued in 2007 that, in formulating a model of universal suffrage, we must give consideration to whether the relevant proposals can meet three very important conditions: First, the basic policies of the State regarding Hong Kong; second, the four principles of constitutional development, including meeting the interests of different sectors of society, facilitating the development of the capitalist economy, meeting the principle of gradual and orderly progress and appropriateness in the light of the actual situation in Hong Kong; and third, the principles of "universal" and "equal" suffrage. All these are stated very clearly. Hence, I very much believe any debates and any changes, including any future changes to FCs or abolition of FCs, as proposed by us presently, must obtain the support of the vast majority of the Members of the Legislative Council. I believe I have taken the three conditions stated by me just now into account when considering this issue.

MR ABRAHAM SHEK (in Cantonese): *President, I greatly support this 2012 proposal presented by the Government to consult us now. In other words, it is better to take one step forward than remaining stagnant.*

As for the second issue, which is related to FCs, it must be resolved sooner or later. However, I am not suggesting to resolve it immediately or discuss what to be done to resolve it. Furthermore, the spirit of balanced representation must be retained.

CHIEF EXECUTIVE (in Cantonese): I agree that there is a need to give due respect to the spirit of balanced representation and look after the interests of different sectors of society before a consensus can be reached. Otherwise, it would be impossible for us to convince 50% of the Members of the Legislative Council to support the new proposal.

MR WONG SING-CHI (in Cantonese): *President, I would like to ask the Chief Executive this question. The Gini Coefficient in Hong Kong has reached 0.533. As pointed out by the report released by the United Nations Development Programme last year, the problem of disparity between the rich and the poor in Hong Kong is the most serious among the 27 most advanced economies in the world. This has echoed the remark made by Mr Albert CHAN earlier. Even though the Government has implemented many measures, which it considers very effective, to alleviate poverty, we still have the most serious poverty problem among the 27 countries.*

According to a public survey conducted by Ming Pao, 73% of the respondents consider that tackling the problem of disparity between the rich and the poor should be a major objective of the Government, and this 73% of the respondents are not those several thousands people mentioned by Mr CHEUNG Hok-ming. Each year, over 60% of the public express support for universal suffrage, only that the Chief Executive has done nothing at all. Under such a situation, although many people recently found that the Government has made some efforts, the problem of poverty still remains unresolved. Does it not mean that some measures should be implemented in a more earnest manner? For example, the Transport Support Scheme should be extended to those low-income people. This is a matter of concern to all people in Hong Kong. Moreover, an Internet service subsidy should be provided for children, especially those living in poverty. But it has yet to be implemented. As for the problem of working poverty, it still remains unresolved. Besides, we are urging the Government to define the poverty line and set a target to eliminate poverty. The Chief Executive said that he has a lot of things to do. But he has simply neglected such fundamental ones. The last point is that the Comprehensive Social Security Assistance (CSSA) system should be reviewed, so that it can really help the poor. However, no review has been conducted so far.

May I ask the Chief Executive, as for the efforts in these aspects, if he will implement them earnestly in the coming year, so as to enable people in working poverty, children in poverty and low-income earners to improve their quality of life?

CHIEF EXECUTIVE (in Cantonese): In response to the question raised by Mr Albert CHAN just now, I already stated my frame of mind about this. As for the transport allowance for residents in certain districts, as we all know, we have conducted a review and made some efforts. Moreover, a panel will have a special discussion on this issue later today. We have heard the views from various parties. After sorting these views, we hope that the existing system can be improved expeditiously, so that we can examine ways to meet their needs in a truly practical manner, such that we can on the one hand prevent public money from being abused, and on the other, help those with genuine needs in transportation.

As for providing an Internet service subsidy to children, I have heard the discussions on this issue made by the general public clearly. In particular, if students do not have computers at home, what can they do? And if they have computers but no money to pay the service charge for using the Internet, what can they do then? I know the Financial Secretary is now dealing with this problem cautiously, and we hope that it can be resolved. Regarding the so-called working poverty, the disparity between the rich and the poor is a very serious problem in Hong Kong, and the problems faced by Hong Kong are different from those in other regions. Firstly, the services industry is of the utmost importance in the Hong Kong economy now. In particular, the financial industry has attracted the highest paid people in the world to work here. The remuneration of the general public is relatively lower in comparison. But this does not mean that they are not being taken care of. Mr WONG also knows very well that the CSSA system in Hong Kong is quite comprehensive, under which a wide range of services have been provided, not only for their living, but also in other aspects such as medical care, education and care for the elderly. Moreover, CSSA payments will be adjusted in accordance with inflation each year, so as to meet their needs. Of course, we still have a lot of insufficiencies in this regard. However, we will endeavour to seek solutions with the existing resources.

However, you should understand that our situation is different from that of other regions. There are 150 people coming to Hong Kong for family reunion every day. They have to lead a life as grassroots after arriving at Hong Kong. They have no bargaining power at all, and very often, their wages are relatively lower. But what we can do is to improve their living quality gradually through education as well as social and economic mobility. The poor today will not be the poor tomorrow, and the poor tomorrow will become well-to-do. After children in these well-to-do families have grown up, they can become professionals and improve their lot. This is the mobility we need. Since the post-war era, Hong Kong has all along been relying on this upward mobility for development. The problems we are facing do exist, but we have made efforts to tackle them proactively. After all, some problems, such as the disparity between the rich and the poor, can never be resolved completely. In fact, all open societies have to face it.

MR WONG SING-CHI (in Cantonese): *President, we are all very familiar with the problems cited by the Chief Executive. However, as what I said just now, many things, such as defining the poverty line and setting a target to eliminate poverty, have yet been done. If the Government does not make any effort in this regard, how can it convince the public that it has the determination to resolve the poverty problem? Moreover, the retirement protection for the elderly has to rely hitherto on the Mandatory Provident Fund (MPF). And even though many elderly people have obtained the MPF upon retirement, they have no protection at all. We have all along been striving for universal retirement protection. But the Government has not given us any response. Is it what a responsible government which has the determination to resolve the poverty problem should do? I hope the Chief Executive can define the poverty line and provide retirement protection, so that the public can lead a peaceful life after retirement. I wonder if he can do so.*

CHIEF EXECUTIVE (in Cantonese): The former Poverty Commission defined those households with an income lower than the average CSSA payment as the poverty population. They did make some efforts. However, the Poverty Commission considered that we should not interpret the poverty problem in Hong Kong by the concept of absolute poverty, nor should we define poverty by income. Rather, we should at the same time take other actual needs of the

households in poverty into consideration. Therefore, it is not the case that we have done nothing. In fact, we have defined it and made a lot of efforts. What else have we done? We are also concerned about whether they can get essential services and opportunities in their living, such as housing, medical care, education, employment, and so on. This explains why the Government has not stipulated the so-called single poverty line. Rather, it has adopted a package of more than 24 diversified indicators to assess the poverty problem in Hong Kong from different angles. I hope you can understand that our stance in this regard, as I have mentioned just now.

MS STARRY LEE (in Cantonese): *President, Chief Executive, over the past year, more than 10 incidents of corrosive fluid thrown from a height have occurred. The Chief Executive expressed indignation every time after the incident had happened, despite the indignation, a large number of cases have not been cracked yet. These incidents were reported by not only the media in Hong Kong but also the Phoenix Satellite Television on the Mainland. The day when the incident of corrosive fluid thrown from a height in Temple Street happened, I noticed it was the only piece of Hong Kong news reported by the CNN, and there was also footage of the situation of those foreign tourists after they had been burnt by the corrosive fluid.*

Actually, this problem is attributable to serious loopholes in the security of buildings in old districts. Mr LAU Kong-wah also raised a question on this issue to the Secretary yesterday. The Secretary said even if a request for additional provision was made to help enhance the security of old buildings, it was not sure which department should be responsible for handling the security of buildings in these old districts.

Chief Executive, can you make a clarification here on whether there is a department that can expeditiously help enhance the security of old buildings and whether you will request the Financial Secretary to earmark provisions in future budgets for providing such assistance to these old buildings?

CHIEF EXECUTIVE (in Cantonese): Regarding cases of "corrosive bombs" thrown from a height, they are indeed infuriating, as well as heartrending. You know the Government attaches great importance to this issue and is very

determined to crack these cases. I am very glad that the police seem to have made a breakthrough in this regard, only yesterday. I hope this can enable other problems to be resolved and other cases cracked. The police have already offered a reward of \$1.7 million, hoping that members of the public can provide some information.

To resolve these problems, I believe the work involved is substantial because it involves whether a consensus can be forged in society. Insofar as the installation of "sky eyes" and metal gatesets is concerned, as these are private buildings, we have to respect the rights of the property owners. Therefore, in this regard, the Government cannot just enter these buildings saying that metal gatesets have to be installed to prevent the entry or exit of strangers or that "sky eyes" have to be installed to capture the throwing of objects from a height. Can we do that? I think we have to be careful about this for it involves not only the issue of resources. Starry, I can assure you that if we can think of a good method — especially when it is supported by district councils — and if it is agreed by all, the issue of resources is only secondary. You said there are lots of staff in government departments and asked whether co-ordination can be made so that some staff can be deployed for this task. This is even not a problem at all. We meet every morning, and these problems can easily be solved. The most important thing is whether we can obtain a consensus from the residents in the districts that this is the most effective approach.

Regarding current efforts to catch the culprit of the incidents of corrosive fluid thrown from a height, members of the community, especially residents in old districts, are making concerted efforts with the police. I am very confident that with their support, it will be very easy to find a way to solve this problem. When a similar offence occurs, residents can immediately block the entrance of the building on their own initiative to prohibit people from entering or leaving the building. This will already be very effective. It usually takes a few minutes for the police to arrive at the scene, and the culprit will have escaped in a few minutes' time.

What I very much believe you said we should step up security, we will examine this; regarding the need to install "sky eyes", we will also examine this. And about enhancing co-operation among residents and improving co-operation between the public and the police, we will follow this up.

However, I think we must respect private property rights. Just now you said we should carry out co-ordination, this is not a problem. Certainly, we have not made any decision yet. We cannot have a new Secretary every day, an "acid" Secretary today and another tomorrow. We cannot do that, but regarding co-ordination, we can surely do it.

MS STARRY LEE (in Cantonese): *President, I think residents in old districts actually have a consensus. Chief Executive, I hope you will understand the actual situations in old districts. After so many incidents of "acid" thrown from a height, public housing estates have stepped up their security. If everybody so wishes, "sky eyes" can be installed. However, there are many old-style buildings in the old districts which have neither owners' corporations nor metal gatesets and security systems, and they lack funds as well. What I requested just now was not the Government mandating this be done in all old buildings, but resources are definitely a concern.*

Chief Executive, will you undertake to implement special measures for special cases and give consideration to this issue, including considering setting up a cross-departmental co-ordination committee to deal with this? Because the Secretary for Security is not the only one who should deal with this problem. The issue I talked about just now is the security of old buildings rather than how to catch the culprit. I hope you will make this undertaking.

CHIEF EXECUTIVE (in Cantonese): You have extended the scope of the issue. The issue in question now is how we should catch the culprit following incidents of "acid" thrown from a height and related security matters, but you have extended the issue to the security of all old buildings. The responsibility of the security of old buildings certainly falls on owners of these old buildings. We cannot shift this responsibility to all taxpayers and take up this responsibility for them, right? However, if they have particular difficulties — since they do not have any security measures, other problems have arisen — then we can give special consideration to them and address them with a special approach.

However, the most important issue to handle is that if the security of old buildings is an important issue, and if we are really so lucky as to be able to

address this issue and catch the culprit of the incidents of "acid" thrown from a height, and if there are still other problems to be solved afterwards, they have to be discussed at district councils, so as to find out what other needs there are or what improvements can be made. If resources are required, we will give it serious consideration. If co-ordination is needed, we will surely consider it as well. I believe co-ordination and resources are another issue, and consensus in society is more important.

MS AUDREY EU (in Cantonese): *In his opening address, the Chief Executive said that the referendum lacked a legal basis in the Basic Law. I believe he also knows that we can do anything not prohibited in law.*

But today, I would like to ask the Chief Executive questions about the air. The SAR Government often keeps us informed of the situation of air quality and air quality objectives. According to the data provided by the Government, emissions of three of the four pollutants have continued to fall, and yet the number of days with high air pollution levels (that is, exceedance) recorded by roadside air quality monitoring stations has continued to rise, especially in Central district — perhaps you are not keenly aware of it as you travel by car, but it is pretty obvious to us as we walk on the street — the number of days when air pollution reaches excessive high levels in places such as Causeway Bay, Central and Mong Kok has continued to rise.

On the one hand, the Chief Executive told us that there had been a drop in emissions of pollutants and, on the other, the air pollution index (API) had continued to deteriorate. Despite a package of measures implemented by the Government, it seems that the situation has not yet improved. May I ask the SAR Government, especially the Chief Executive, what effective countermeasures will be taken to address the situation?

CHIEF EXECUTIVE (in Cantonese): There are two types of objectives that reflect air quality in Hong Kong, and I believe Members have a pretty good understanding of these objectives. One of them is roadside air pollution index — Secretary Edward YAU, please remember to remind me if I should be wrong — this is a kind of roadside air quality objective. At present, roadside air quality monitoring stations can be found in three districts, namely Central, Mong

Kok and Causeway Bay, where the vehicular flow is the heaviest, for monitoring roadside air quality. This is an ongoing effort. Last year, the roadside APIs recorded in Central, Mong Kok and Causeway Bay reached a level indicating that members of the public need to take precautions, or a dangerous level, with the roadside APIs reaching 13% in Central, 11% in Mong Kok and 7% in Causeway Bay. In other words, members of the public need to take precautions in one in every eight days in Central. This is neither acceptable nor satisfactory.

Roadside air contains three major pollutants, namely particulates, sulphur dioxide and nitrogen dioxide. Over the past five years, the content of particulates and sulphur dioxide had fallen by 19% and 36% respectively, but the content of roadside nitrogen dioxide had risen by 15%. Therefore, the roadside air quality problem is not attributable to particulates and sulphur dioxide, but nitrogen dioxide. Where does nitrogen dioxide come from? According to experts, nitrogen dioxide is a combination of nitrogen oxide and ozone in the air. Therefore, we have to keep track of nitrogen oxide emissions and ozone.

Regarding the problem with nitrogen dioxide, we must reduce vehicle emissions. Therefore, we have introduced Euro V diesel and financed pre-Euro and Euro I diesel vehicles to switch to new Euro models as far as possible, in order to reduce emissions. We also hope to realign bus routes and study further measures, including encouraging the replacement of all vehicles with electric vehicles. The trial test is now being undertaken proactively.

Furthermore, the emission of ozone is a regional issue. We are now collaborating actively with Guangdong Province in the hope of reducing ozone emission in regional emissions, so as to bring improvement to Hong Kong's overall air quality. As Members can see, we are making efforts in these areas, and we do understand where efforts should be made. However, this is a long-term task as replacement of vehicles would pose a burden on vehicle owners and the replacement of buses would also affect bus fares. Even if the Government subsidizes bus companies to replace buses with taxpayers' money, we still have to examine the annual maintenance problems and fare implications. Nevertheless, these efforts will be one after another. Furthermore, we understand where the problems lie and how they can be ameliorated. According to information, however, the general APIs have continued to improve, and a number of pollutants have also been dropping over the past five years.

If we are to follow the State in undertaking work to reduce carbon emissions, it will be helpful to ameliorating the problem with pollutants. In this respect, we need to take bold actions. The State would like us to use 2005 as the baseline and reduce carbon emissions per unit of GDP by 40% to 45%. Despite the large scale of work we are required to carry out, we have determination and will study steps to be taken, like reducing the generation of electricity by using coal, and encouraging the use of natural gas or nuclear energy. In this way, Hong Kong's overall air pollution will see more marked improvement.

What I want to say is that the problem does exist and we understand its gravity. However, we have great determination and fully understand the crux of the problem. We hope that it can be resolved step by step.

MS AUDREY EU (in Cantonese): *President, I have no intention of challenging the Chief Executive or testing his memory in asking this question. I only wish to point out in particular the problem with roadside air quality monitoring stations. The Chief Executive was right in pointing out that this is a transport problem. He has proposed a package of measures, including earmarking \$3.2 billion in the policy address to enable members of the public to replace their vehicles. This measure is going to expire on 31 March this year. Does the Chief Executive know how much of the \$3.2 billion has been used so far?*

CHIEF EXECUTIVE (in Cantonese): Very little.

MS AUDREY EU (in Cantonese): *Yes, this initiative is unsuccessful. I would like to ask the Chief Executive a question. One of the measures considered by him in implementing sustainable development was replacing buses. In replying to my question just now, he said that he was very determined and knew where the problem lied. Moreover, he did not want bus fares to be affected. If the Government really has such a great determination and knows where the problem lies, while not wanting to affect bus fares, it can simply replace buses, as previously mentioned by the Chief Executive, by purchasing the buses with public money and renting them to the bus companies, to ensure that bus fares will not be affected. This is very important to public health because the Government cannot merely consider the problem of increased bus fares. People walking on the road*

will also inhale poor air. Members can see that roadside air quality monitoring stations have recorded such a high API just because there are thousands of Euro II and Euro III buses running on the roads. Despite improvements in general APIs, the air quality recorded by roadside air quality monitoring stations is still very poor.

Will the Chief Executive undertake to require the Financial Secretary — as the budget will soon be announced — to allocate a sum of money for the replacement of buses for lease to the bus companies? In doing so, bus fares will not be affected, and we can breathe fresh air.

CHIEF EXECUTIVE (in Cantonese): Before taking this bold action, we must consider the price to pay and benefits in order to strike a balance. In this respect, an ongoing study is underway. Ms Audrey EU, we have conducted numerous studies and discussed time and again the amount of resources required. Each time I would ask Secretary Edward YAU the same question: How many extra days with blue sky will we get after injecting so many resources?

MS AUDREY EU (in Cantonese): *\$6 billion*

CHIEF EXECUTIVE (in Cantonese): Do you know how many extra days with blue sky will we get?

MS AUDREY EU (in Cantonese): *Much cheaper than the XRL — it will cost more than \$60 billion. Now I am only talking about \$6 billion*

PRESIDENT (in Cantonese): Ms EU, please sit down. The time limit for you to ask questions is over.

CHIEF EXECUTIVE (in Cantonese): Now we are not purely talking about that issue. How many days with blue sky can we get? How many days

When they told me the API for that day was very high, high or medium, I asked them

how many days with very high APIs could be reduced. The answer was just a few days. Given the circumstances, our problem is that the Financial Secretary is not in the position to make that decision, and the approval from the Legislative Council is necessary. I will be in great trouble if Members ask me these questions: What is the point of using the money? Is this collusion between business and the Government? What are the reasons for spending such a large sum of money? How many days with blue sky can we get after spending this sum of money?*(Laughter)*

MS AUDREY EU (in Cantonese): *I can tell the Chief Executive that we in the Legislative Council have already got a consensus on this issue.*

PRESIDENT (in Cantonese): Ms Audrey EU, please sit down. We are not conducting a debate now. Please be seated.

CHIEF EXECUTIVE (in Cantonese): I can assure Members that we will continue to study this issue, won't we? I will continue to study this issue, too. Each time I study this issue, I have to convince the Financial Secretary and see if he thinks it is worthwhile to spend money. If he does not think so, I will have to convince him. But in order to do so, I must have actual proof to let him know how much improvement can be made. If no improvement can be made, or if only one to two days' improvement can be made a year, we will have to consider the matter very carefully, right?

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

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

CHIEF EXECUTIVE (in Cantonese): Thank you.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 20 January 2010.

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