

# OFFICIAL RECORD OF PROCEEDINGS

**Tuesday, 13 July 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

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

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

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

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

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

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, G.B.S., J.P.

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, J.P.

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.

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 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.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**MEMBER ABSENT:**

THE HONOURABLE TIMOTHY FOK TSUN-TING, 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, G.B.M., J.P.  
THE FINANCIAL SECRETARY

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

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

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.  
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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

MS FLORENCE HUI HIU-FAI, 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, G.B.S., J.P.  
SECRETARY FOR DEVELOPMENT

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

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

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

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

**CLERK IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

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

**THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION**

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

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

(When the Chief Executive was about to speak, Mr LEUNG Kwok-hung stood up)

**PRESIDENT** (in Cantonese): Mr LEUNG, what is your question?

**MR LEUNG KWOK-HUNG** (in Cantonese): I would like to seek an elucidation.

**PRESIDENT** (in Cantonese): Please sit down. It is the speaking time of the Chief Executive.

**CHIEF EXECUTIVE** (in Cantonese): President and Members, first of all, I am very grateful to the Legislative Council for endorsing the 2012 constitutional reform package, which makes it possible for Hong Kong's constitutional system to move ahead and take a crucial step towards the goal of universal suffrage. For some time in the future, the focus of our governance will be improving people's livelihood. After listening to the views from various sectors, I hope that I will be able to implement them as far as possible in my policy address in October.

The social conflicts facing Hong Kong society are manifested partly in wealth disparity and partly in the incongruity between expectations and our fundamental system. I believe that the fundamental solution to resolving social conflicts lies in enabling the general public to enjoy the benefits of economic development and share the fruits of prosperity. It is necessary to increase

employment opportunities and wages, as well as to ensure sustainable economic development.

The Task Force on Economic Challenges has proposed six high potential industries. I also accepted these recommendations in my policy address last year and they were assigned to different Policy Bureaux for their respective execution to promote these high-potential industries, with a view to enhancing Hong Kong's competitiveness and making it the most competitive city in the country and in the region.

Meanwhile, we have to overcome the problems brought about by economic restructuring. In the face of the challenges posed by globalization, the economic structure of Hong Kong is moving towards high value-added service industries. Most members of the public who cannot join the high value-added service industries have seen their wages stagnate and even the phenomenon of the working poor. On the contrary, the wages of those working in high value-added businesses have been on the rise, thereby widening wealth disparity in the society.

For the fruits of prosperity to be shared by all, the issue of public resource allocation also needs to be considered, in addition to making a bigger pie. In this regard, the Government and the public have to establish a consensus.

Hong Kong has all along maintained a simple and low-tax regime. The Government also has to follow the principles set out in the Basic Law: keeping its expenditure within the limits of revenues and commensurate with the growth rate of GDP, in an effort to achieve a fiscal balance.

Since taking the office, I have been dealing with the policies relating to the allocation of important public resources, such as public health care financing. Another major concern of the public in respect of the allocation of resources is the housing policy. Land is limited in Hong Kong. What role should the Government play in public housing supply? This is a controversial issue. The Transport and Housing Bureau is carrying out a consultation on this to review what the Government should do regarding home ownership subsidies. I will also give an account of this in the policy address.

Regarding support to the working poverty, we have been examining the Cross-district Transport Allowance Scheme and will draw up a concrete proposal by the end of this year.

In addition, the Second Reading of the Minimum Wage Bill (the Bill) will resume tomorrow. I am very grateful to Members for scrutinizing it in a rational and fair-minded manner. I hope that the Bill can be passed smoothly. The tasks that follow will be more important and they include determining the minimum wage level. While protecting workers from being exploited through low wages, we have to maintain a healthy business environment and strike a suitable balance between them, too.

On social welfare, the biggest challenge comes from the ageing population. The post-war baby boom generation is approaching the retirement age. This will lead to rising demands for elderly and healthcare services, with their paces of increase accelerating. We must face this challenge in a forward-looking manner by establishing the priorities and strategies for elderly services. We are devising plans for community and home-care models, while new thinking is also needed in exploring the subject of the elderly living in retirement on the Mainland, as well as the welfare and healthcare arrangements for them.

As to the socially disadvantaged groups that are least able to help themselves in the society, the Government is duty-bound to find practical solutions to their problems earnestly.

Members, the once-in-a-century financial turmoil has come to an end and Hong Kong has arguably pulled through it. However, the global economy is still facing uncertainties. When and how various countries take exit actions will also have a direct bearing on the boom and gloom of the Hong Kong economy. Hence we must be prepared for danger in times of peace. Not only should our policies benefit the community, relieve people's difficulties and enable them to share the fruits of prosperity, we should also maintain sound finance and save for rainy days.

I hope that in the consultation exercise for the policy address in the next three months, we can consult Members, all political parties and members of the public on the foregoing issues of public concern and on improving people's



livelihood, including the difficulties faced by low-income families, housing policy and welfare for the elderly.

Thank you.

**PRESIDENT** (in Cantonese): The Chief Executive will now answer questions put by Members.

**MR ALAN LEONG** (in Cantonese): *President, at the beginning of his speech, the Chief Executive said that he was grateful to this Council for passing the constitutional reform package for 2012 and it seems he has totally forgotten the pledge he made when we both ran for the post of the third Chief Executive. He said at that time that he would definitely deal fully and properly with the two issues relating to dual universal suffrage before he left office in 2012. But I am not asking him this question today. Nevertheless, I find it really astounding that he can clean forget what he has said.*

*Recently, the Civic Party is concerned about some issues. Of course, they include why he would let certain people receive honours. However, this is not the question that I want to raise either. (Laughter)*

**PRESIDENT** (in Cantonese): Mr LEONG, please raise your question.

**MR ALAN LEONG** (in Cantonese): *President, the question I want to raise is about "distorted Yin and Yang". Maybe the Chief Executive does not know what I am talking about. I mean Hong Kong is beset by the problems of "yang", accommodation for the living, and "yin", accommodation for the dead. We can see that the 39 Conduit Road commands a price of \$70,000 per sq ft. The prices themselves already constitute a big problem. President, the developer now dares to say that it would not recover the price differential. The Chief Executive surely knows that at present, when we buy food in a market and someone is "cheating on the scale", the trader who "cheats on the scale" would be brought before the authorities concerned. In the stock market, if someone pushes the price to boost the stock market, he has to go to jail. Why is it that in the sale of flats, when someone makes false statements or provides false information, the*

*Chief Executive is still reluctant to enact legislation to regulate it? Can the Chief Executive now say clearly before the seven million Hong Kong people when the Administration will enact legislation to regulate the sale of uncompleted residential flats?*

**CHIEF EXECUTIVE** (in Cantonese): My colleagues and I have never evaded this problem at all. In fact, we understand the recent public concern about whether or not there is any instance of misrepresentation, market manipulation and price fixing in the sale of properties and whether or not there is sufficient transparency in the information on the sale of properties and whether or not the treatment has been fair, and so on. For this reason, we have made a lot of efforts, including proposing the so-called "nine new measures and twelve requirements", which will be implemented soon. In addition, if we find that there are other loopholes calling for action, we will also continue to take actions. About all these measures and requirements, of course, each of them is useful but I believe their ultimate objective is to protect buyers and ensure that they can get something fair and good when investing their lifelong savings, and they can get sufficient and reasonable products in return.

Regarding the issue of enacting legislation raised by the Member, I believe that if these measures and requirements do not work, enacting legislation is something that would surely be done. The question is whether it is necessary to make so much effort and spend so much time on doing so. Perhaps it may be necessary to do so but it seems that the present measures are working and the effects can be seen. To deal with this problem is different from dealing with commercial activities in general. The latter involves a lot of retailers engaged in sales. At present, there are not many major property developers in Hong Kong and the total number of such developers is smaller than my 10 fingers put together. Together with the minor ones, they number only a few dozens. Using these administrative means is already very effective and the results can be achieved. However, Mr LEONG, if these measures are not effective, we would surely do something and would surely take follow-up actions. At present, we are considering the appropriateness of legislation and what other measures can be taken. All these are being done at the same time.

**MR ALAN LEONG** (in Cantonese): *President, I think the Chief Executive has highlighted a problem, that is, the number of property developers is even smaller than 10 fingers put together and perhaps smaller than five. This is where the problem lies.*

*What I wish to follow up is: I wonder if the Chief Executive wants to change his tactics because all along, we are talking about "nine new measures and twelve requirements" but he is talking about "nine requirements and twelve new measures", so I wonder if he is going to deploy additional measures. What I wish to ask the Chief Executive is: Be it "nine new measures and twelve requirements" or "nine requirements and twelve new measures", does he agree that adopting these tactics cannot deal with the problem of false statements? He asks other people to release such information as the prices of properties three days in advance — President, I trust you are also familiar with these "nine new measures and twelve requirements" — but they are incapable of dealing with the problem. Does he intend to introduce measures akin to the criminal offences targeting price fixing to boost the stock market, as found in the Securities Ordinance?*

**CHIEF EXECUTIVE** (in Cantonese): If our measures are not effective, these measures will surely be considered.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, actually, I want to seek an elucidation from him on several matters but you did not let me make this request to him.*

**PRESIDENT** (in Cantonese): Mr LEUNG, you can now put your question. It is now time for you to put questions.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I would like to ask if he is chicken-hearted today? Is he rather inept? I am seeking an elucidation from him because if he is rather inept, there is no point for him to stand here, is there?*

**PRESIDENT** (in Cantonese): Mr LEUNG, please raise your question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Is he rather inept? This is a health indicator.*

**PRESIDENT** (in Cantonese): If you have finished asking your question .....

**MR LEUNG KWOK-HUNG** (in Cantonese): *Is he interested in answering this question? He was criticized openly.*

**PRESIDENT** (in Cantonese): If you have finished asking your question, you can sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese): *This is not the question that I want to ask him. Of course, I can tell at a glance that he is rather inept. Is there any need to ask?*

**PRESIDENT** (in Cantonese): Mr LEUNG, please raise your question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I want to ask him a question now. He has really said it very well. He said that deep-rooted conflicts have to be resolved, did he not? When answering Mr Alan LEONG's question, he said that if administrative measures are ineffective, legislation will be enacted. Now, it is time to legislate for a minimum wage. Is he very happy? Of course, he is, right? However, may I ask him if he actually knows how much half of the median wage in Hong Kong is? I guess he has no idea because there is no such information on his cue card.*

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, my duty is to let each and every Member have a fair chance in raising one question. If you raise a number of questions but say that they are not your questions, or say that you guess he cannot answer them, I have no way of judging what question you have actually raised. Therefore, please raise the question that you ask the Chief Executive to answer clearly.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I understand. In fact, he can choose whether to answer or not. If he does not know how to answer, he can choose not to answer, so that I do not need to ask any more.*

*Now I raise my question formally. He has appointed the Minimum Wage Commission ..... has he finished drinking water? What are his criteria when making his appointments? Members from the business sector include the chairman of Café de Coral Holdings Limited. The hourly rate of his employees is \$19. Therefore, I call him "CHAN 19" — "\$20 CHEUNG" is already out of fashion. The Chief Executive appointed him to the Commission. What does he want to achieve? The chairman of the group said publicly that the current wage cost at Café de Coral was \$22 per hour. This is a far cry from the hourly wage of \$33 demanded by the labour sector and half of the median wage. Why did the Chief Executive appoint him to the Commission? Does the Chief Executive want to set the minimum wage at \$19 or \$22 in the future? He must answer this question.*

**PRESIDENT** (in Cantonese): Mr LEUNG, have you raised your question?

**MR LEUNG KWOK-HUNG** (in Cantonese): *I am asking him this question on behalf of millions of workers. He must answer this question. This is \$19 each — "CHAN 19".*

**PRESIDENT** (in Cantonese): Mr LEUNG, if you have finished asking your question, please sit down, so as to let the Chief Executive answer.

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, "it is better to be still than to stir." I will know what to do later.*

**CHIEF EXECUTIVE** (in Cantonese): We appoint the Provisional Minimum Wage Commission with an aim to enable this Commission to represent views of various parties, including employees and employers. Furthermore, it has to handle these issues with fairness and great transparency. I firmly believe that every member of the Hong Kong public can express their opinion in this regard. It can be seen that both trade unions and employers have put forward some opinions. However, our goal is the same, that is, we hope that there is no exploitation of the wages of workers in Hong Kong. Moreover, on the economy, it is hoped that unemployment rate will not be too high as a result of excessively high wages. We have to strike a balance in various aspects. I believe all parties can express their opinions. Even for members of the Commission, no one can have overwhelming dominance. Everyone is entitled to expressing his views while others can also express different opinions. I do believe that in the end, the views of the Provisional Minimum Wage Commission will be debated by various parties and this Council will enact legislation later.

(When the Chief Executive was answering Mr LEUNG Kwok-hung's question, Mr WONG Yuk-man interrupted in his seat)

**PRESIDENT** (in Cantonese): Mr WONG, please do not interrupt when the Chief Executive is speaking.

**CHIEF EXECUTIVE** (in Cantonese): We also have to make a decision by means of subsidiary legislation. Therefore, Members must note that we cannot be elusive and work behind closed doors. This Commission has to do its job in a formal and open manner. Indeed, the members in the Commission are representatives from various sectors, in particular, representatives from both the labour sector and employers.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, there are only 12 persons in the Commission, with three members representing employers, three*

*representing the labour sector, three academics and three government representatives. Workers are the beneficiaries but they have only three representatives, that is, three to one. In a Commission with 12 members, there are only three representatives of the labour sector, its fairness .....*

**PRESIDENT** (in Cantonese): Please put your supplementary question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *May I ask the Chief Executive if, when appointing Mr CHAN, he already knew that Mr CHAN had openly stated that he would issue a "profit warning"? If the wage is to be increased to an hourly rate of \$33 as unanimously demanded by the labour sector — the request was made on behalf of more than three million workers and over a million low-income workers ....., he has appointed someone who stated clearly that his company will close down once minimum wage is introduced, so how does the Chief Executive expect him to vote and what does he expect him to do? The Chief Executive has to answer this question. The existing functional constituency elections have already made it impossible for this Council to speak up for Hong Kong people. He himself was returned by a small number of business people and he still wants to appoint someone who has clearly stated that it is not possible to introduce an hourly wage of \$33 .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, would you please do not express opinions again. You have already put your supplementary question. Please sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, I am asking him how he can explain .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, you have already asked your supplementary question, so please sit down. Chief Executive, please answer.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Are you acquainted with him? Do you know how much the median hourly wage is?*

**PRESIDENT** (in Cantonese): Mr LEUNG, Please sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Do you know he has said that if the minimum wage is set at \$33, he would have to issue a "profit warning"? That is to say that he surely will not .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, Please sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Do you get it?*

**PRESIDENT** (in Cantonese): Mr LEUNG, please stop asking questions and sit down. You have already raised your supplementary question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *So, I have to repeat my question.*

**CHIEF EXECUTIVE** (in Cantonese): To my recollection, when appointing members to the Provisional Minimum Wage Commission, there was no discussion whatsoever on the level of a minimum wage. We have made appointments to the Commission for quite a long time and the recent suggestions of \$20 or \$33 were made only subsequently. I think what you said is somewhat contradictory. I do not have to argue with you on this point. The most important thing is .....

(Mr LEUNG Kwok-hung interrupted in his seat)

**PRESIDENT** (in Cantonese): Mr LEUNG, please keep quiet.



**CHIEF EXECUTIVE** (in Cantonese): Can you stop causing any disturbance, so that I can answer?

**MR LEUNG KWOK-HUNG** (in Cantonese): *Fine. Justice lies in the people's heart.*

**CHIEF EXECUTIVE** (in Cantonese): That is right. Justice lies in the people's heart. No matter at what level the minimum wage is set, it has to be made public. It has to meet the expectations of the labour sector and we also have to be responsible to employers and make Hong Kong people feel that it is fair. There are academics and government representatives respectively who work in a fair-minded and balanced way from different angles and three representatives from employees and three from employers who are also working in a balanced manner. The present problem does not lie therein and we also think that they are making good progress in their work. The most important point is whether or not the mechanism and recommendations made by them are acceptable to all Hong Kong people. These recommendations have already entered a mature stage. Now is the time to debate and vote on them, so let us discuss this area properly.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, he is the Chief Executive, so I ask him to say whether \$33 is considered a high or low minimum wage.*

**PRESIDENT** (in Cantonese): Mr LEUNG, you have finished asking your question. Please sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, he is the Chief Executive. He is the Chief Executive.*

**PRESIDENT** (in Cantonese): Mr LEUNG, you are now taking up other members' question time.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Can he say it in public: Is \$33 considered a lot or too little?*

**PRESIDENT** (in Cantonese): Mr LEUNG, you are breaking the Rules of Procedure.

**MR LEUNG KWOK-HUNG** (in Cantonese): *How am I breaking the Rules of Procedure?*

**PRESIDENT** (in Cantonese): You are taking up other Members' question time.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I am telling him that this is \$19  
.....*

(Mr LEUNG Kwok-hung walked towards the Chief Executive with some pieces of paper in his hand and threw the pieces of paper at the Chief Executive)

**PRESIDENT** (in Cantonese): Mr LEUNG, leave the Chamber at once.

(Security officers came forward, trying to stop Mr LEUNG Kwok-hung)

**MR LEUNG KWOK-HUNG** (in Cantonese): *You yourself .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, leave the Chamber at once.

(Security officers and the Clerk came forward to help Mr LEUNG Kwok-hung leave the Chamber)

**MR LEUNG KWOK-HUNG** (in Cantonese): *..... have to work for Hong Kong people .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, leave the Chamber at once.

**MR LEUNG KWOK-HUNG** (in Cantonese): ..... he also said ..... he is the Chief Executive, so how can he let the capitalists set the minimum wage? He has to say whether or not the minimum wage is \$33.

(Mr LEUNG Kwok-hung was escorted out of the Chamber with the help of security officers)

**MISS TANYA CHAN** (in Cantonese): Chief Executive, over the past few months, the chief of your cabinet — Executive Council convenor Mr LEUNG Chun-ying — has written several articles and made various comments, publicly criticizing the policies of your administration. Does this imply that the Chief Executive can no longer work with Executive Council members? Or is the joint accountability system exists in name only, and it is already dead? Or does it mean that the Chief Executive has become a "lame luck"?

**CHIEF EXECUTIVE** (in Cantonese): All along, the Executive Council has been working well. I do not see any big problem with it.

**MISS TANYA CHAN** (in Cantonese): I think facts speak louder than words. While the Government is carrying out consultation on its housing policy, the Executive Council convenor Mr LEUNG Chun-ying comes out and says the words — "resume the construction of Home Ownership Scheme Flats", practically making the decision for you. In light of this, isn't your answer a kind of self-deception? Even the Chief Secretary Henry TANG must have found it awkward. You have less than two years in your remaining term, but you seem unable to control those working with you .....

**PRESIDENT** (in Cantonese): Please ask your supplementary question.

**MISS TANYA CHAN** (in Cantonese): *That being so, isn't it true that you might as well organize social gatherings and barbecues instead?*

**CHIEF EXECUTIVE** (in Cantonese): When we carry out public consultation on any policy, especially when we declare ourselves open to any views, everyone in Hong Kong, including yourself and Mr LEUNG Chun-ying, is entitled to offer their views. There is nothing wrong with that. But once the Government has made a decision on certain policies, all Government officials, principal officials and Executive Council members must of course work together to execute and implement these policies. About the question of resuming the construction of HOS flats you mentioned, we are currently carrying out public consultation. We should welcome a multitude of views, right?

**MR ALBERT CHAN** (in Cantonese): *When he was running for his post, the Chief Executive said he was going to "play hardball" with the political reform. At first, I thought he could not "play hardball". But looking back at the developments over the past few months, we find that it turned out to be the only election promise among his many election promises that he was able to honour. In fact, he played such "hardball" that not only the League of Social Democrats and the Civic Party were forced to carry out a five-district referendum, but the Democratic Party was led to cross over entirely to the Communists, betraying Hong Kong people and selling their souls through operation in black boxes and secret negotiations, and going against their own platform. During these secret negotiations and operation in black boxes, even the Chief Executive was "sold". As some sources pointed out, he submitted the relevant political reform package, especially the Democratic Party's package, to Xi Jinping three times, but was rejected. In the end, the Democratic Party .....*

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

**MR ALBERT CHAN** (in Cantonese): *..... found a middleman to "clinch" the deal through the offices of political pimps. How come that as Chief Executive, you had no authority or persuasive powers when it comes to communicating with the leaders of the central government, so that a middleman had to be found through political pimps to "clinch" the deal? In the process of getting the deal*

*and making it acceptable to the central government, were Hong Kong people betrayed and were there promises made that could not be divulged to the public? Did you not talk to the central government, or were there some secrets and acts of betrayal to Hong Kong people that not even you were aware of?*

**PRESIDENT** (in Cantonese): Mr CHAN, I think you have asked your question. Please sit down.

**MR ALBERT CHAN** (in Cantonese): *President, I haven't finished asking my question yet. I have a further question about ineptitude.*

**PRESIDENT** (in Cantonese): Mr CHAN, as we all know, Members should not engage in debate during question time. I think it is unfair if Members make use of the opportunity of asking questions to make possibly condemnatory remarks about other Members or other political parties, and the Members being attacked have no chance to respond. Therefore, in asking questions, Members should try to focus on explaining their questions, rather than using the opportunity to attack other Members or other political parties in the Legislative Council. Mr CHAN, you have already asked your question. Can you now let the Chief Executive reply?

**MR ALBERT CHAN** (in Cantonese): *President, I was merely making an objective observation*

**PRESIDENT** (in Cantonese): You should not be making any observations at all.

**MR ALBERT CHAN** (in Cantonese): *President, in the whole process of the political reform, the conclusion reached was that the Chief Executive was "inept". During the entire process of the political reform, the Chief Secretary and the bureau secretary have done nothing at all .....*

**PRESIDENT** (in Cantonese): Mr CHAN, please raise your question at once.

**MR ALBERT CHAN** (in Cantonese): ..... *Is the whole government "inept" in the political reform process, as some political parties have pointed out, so that it had to rely on the Democratic Party to "clinch" the matter?*

**CHIEF EXECUTIVE** (in Cantonese): Some of the remarks I heard got me thinking. I remember that before 1997, there was a plaque with a medieval French proverb hanging here, with the words "Honi soit qui mal y pense". Translated into English, it means "evil to him who evil thinks", that is, those who say evil things will suffer the consequences. It was a reminder to everyone speaking in the chamber to be answerable to himself, to other Members and to everyone. Unfortunately, the plaque was removed in 1997. Those words reflect the expectation of the general public in Hong Kong.

As to what you said just now, I can only say that the SAR Government has done what should be done at critical moments of the political reform, thus bringing about the successful outcome of the passage of the package. Of course, this has been very revealing. One thing that it reveals is that the Central Government has demonstrated great wisdom in this issue, while certain Legislative Council Members have been extremely courageous. Other legislators have also shown a high degree of tolerance and contributed to the democratization process in Hong Kong. Most important of all, it is the result of the persistence and rationality of Hong Kong people. I think we should respect this result and not criticize it with insulting language.

**MR ALBERT CHAN** (in Cantonese): *President, the Chief Executive has not answered my supplementary question at all. My question was that the way the political reform deal was struck was operation in black boxes and secret politics, without consulting the public .....*

**PRESIDENT** (in Cantonese): Please phrase your supplementary question clearly.

**MR ALBERT CHAN** (in Cantonese): ..... *Chief Executive, not even your political reform proposal has included this part, right? Your system has deprived the people of their right of participation.*

**PRESIDENT** (in Cantonese): Please phrase your supplementary question clearly.

**MR ALBERT CHAN** (in Cantonese): *Can the Chief Executive answer the question? He has not answered it at all. The whole political reform process is operation in black boxes and secret politics, and the people have been betrayed. Can the Chief Executive answer at what point he learned of these secret political negotiations and political exchange in the process? Did you know what the terms of exchange were? If not, you were betrayed without knowing it, and you were labelled as "inept".*

**PRESIDENT** (in Cantonese): Mr CHAN, please sit down. Chief Executive, please answer the question.

**CHIEF EXECUTIVE** (in Cantonese): I have already said what I wanted to say. I have nothing further to add.

**MR ALBERT CHAN** (in Cantonese): *President, how can we improve the relations between the executive and the legislative branch? The Chief Executive can simply refuse to answer supplementary questions. I asked him at what point he learned of it. The people have a right to know.*

**PRESIDENT** (in Cantonese): Mr CHAN, please sit down.

**MR ALBERT CHAN** (in Cantonese): *Will he not even tell at what time he learned of the secret political negotiations?*

**PRESIDENT** (in Cantonese): Mr CHAN, Honi soit qui mal y pense. *(Laughter)*

**MR WONG YUNG-KAN** (in Cantonese): *I have a question for the Chief Executive. The World Cup tournament just ended on Monday. I am sure the Chief Executive and many officials present watched it until late into the night or almost daybreak. However, during the World Cup Finals, the games were only broadcast on one television channel, Cable No. 1 Channel, while the two free-to-air television stations in Hong Kong could only broadcast them on their high-definition channels. Since many people in Hong Kong may not have high-definition television sets, or subscribed to Cable TV, they could not watch the matches. They have been deprived of their right to watch the World Cup. Even when the matches were shown on the news, we could only see animation instead of live images. I don't know why this was the case.*

*What happened in Hong Kong was quite exceptional in the world. The World Cup held every four years has become a global mega event. It attracts much more attention than the usual sports events. If the majority of people could not watch this World Cup, the Government is to blame. Actually, the general public should be able to watch global sports events such as the World Cup and the Olympic Games for free. All television channels should be allowed to broadcast them, or we can try to obtain the broadcast rights from CCTV. It would be far better to spend the \$150 million allotted to the by-elections on such matters.*

**CHIEF EXECUTIVE** (in Cantonese): I personally felt the passion and enthusiasm of Hong Kong people for this World Cup. When I went to work on Monday, my colleagues were nodding off and some of them had lost their voice, because they had yelled too loudly during the night. I'm sure such scenes were also common in the community.

To ensure that households without high-definition TV could also watch the Finals, the Government made some special arrangements for broadcasting in the community centres of several districts. However, they did not cover every district. You have asked a more practical question. We can think about it and the Government can think about how we can do better in the next World Cup, so that every household can watch the final or semi-finals. We could use the



existing licensing procedure or make certain arrangements to achieve this goal. We still have time to think about it.

**MR WONG YUNG-KAN** (in Cantonese): *I would like to ask if the Government would seriously consider buying the broadcast rights of important global events, such as the Olympic Games or the World Cup, so that the general public of Hong Kong can watch them.*

**CHIEF EXECUTIVE** (in Cantonese): Using public money is one way. But there are many other ways to achieve the same goal without the need to use public money. As I said just now, this goal will be achieved if every household and everyone who has a TV can watch the final or semi-finals.

However, this still fails to satisfy all demands. Football viewers may not necessarily want to watch the games at home. Some may prefer to watch them with others in shopping malls. However, I understand that the World Cup held every four years stirs the hearts of a lot of Hong Kong people. I'm sure the SAR Government will be happy to do a better job in this matter.

**MR JAMES TO** (in Cantonese): *President, after the passage of the political reform package for 2010, people are still concerned about the major political developments henceforth. President, one of the issues worrying the people is whether the Chief Executive would push ahead with the legislation of Article 23 of the Basic Law, in view of the passage of this political reform package and the relative social stability at present. Another possibility is that the Chief Executive might push ahead with legislation for the next decade while the social environment is more stable, in order to resolve thoroughly the issue of real universal suffrage in 2017 and 2010 in one go. I wonder which course the Chief Executive will take. Will he stake all his credibility and push ahead with the legislation of Article 23 before his term is over, hoping to become a national leader, or will he try to enact legislation for the next decade, in order to secure real universal suffrage in 2017 and 2020?*

**CHIEF EXECUTIVE** (in Cantonese): Those are two separate issues. First, about Article 23, as we all know, the SAR Government tried to enact local legislation in Hong Kong to implement Article 23 and to fulfil our constitutional obligation. However, I don't think this is one of our priorities now — Members have asked me many times and I have said the same. Nor do we have a concrete legislative timetable to implement Article 23. As to your question about the political reform, with the decision made by the Standing Committee of the National People's Congress in 2007 on the timetable for universal suffrage, we have made a lot of efforts during my term of office. Last month, the Legislative Council passed the two electoral methods for 2012, bringing about a new democratic situation for our election system and augmenting the momentum for democratic participation. As to the next task, what we will do within my term of office is to follow up local legislation and lay the best foundation for universal suffrage by 2012. This is the goal of our work. I believe it is also the people's wish that we accomplish this task in our present term of office.

**MR JAMES TO** (in Cantonese): *President, is the Chief Executive's vision and ambition limited to "doing a good job", and to implementing the 2012 political reform package through local legislation? Could he not have the vision and ambition in his remaining two years of service to secure the Central Government's authorization to enact legislation for the next decade, in order to implement universal suffrage in 2017 and 2020?*

**CHIEF EXECUTIVE** (in Cantonese): There is a time for everything. If you read the Bible, you will understand what this means. I will do what I ought to during my term of office. There is still a lot of work left to be done, and I will do it. But the next part should be the job of the next government. Otherwise, what is the next government supposed to do?

**MR WONG YUK-MAN** (in Cantonese): *President, the Chief Executive gave us a lecture about not speaking evil words. Having heard so many evil words, he would of course bear a grudge. When he went to the districts to promote the "Act Now" campaign, he talked loudly like me, as if he were "Long Hair". This is called learning from one another. However, I won't say evil words to him today.*

*Some people ..... Instead of referring to some people, I'll address you outright. When you ran for Chief Executive, you called yourself a statesman. But you can't be a statesman. You can't be a statesman by any standard. But you're not a politician either. You are a sad figure who is always manipulated by big and small politicians playing games. So I can tell you, having served two terms as Chief Executive, you should be fed up with politics yourself. Just now, you did not answer CHAN Wai-yip's question or you had indeed no wish to answer it. Then you gave him a lecture. Frankly, when Albert HO said you were "kind of lame" in his capacity as a party leader, he was trying to show obedience after getting what he wanted. Do you get it?*

**PRESIDENT** (in Cantonese): Please ask your question.

**MR WONG YUK-MAN** (in Cantonese): *He was trying to show obedience after getting what he wanted. I have to explain my point first, President. I'm not asking whether he agrees with what Albert HO said. Albert HO said it in earnest at a press conference. What he meant was how come he could speak to the Central Government directly and deal with HU Jintao directly — President HU Jintao, are you kidding? It was HU Jintao who asked Elsie LEUNG to hand a letter to the Democratic Party, which took care of you.*

**PRESIDENT** (in Cantonese): Mr WONG, please ask your question.

**MR WONG YUK-MAN** (in Cantonese): *Before that, you said you could make no more concession and you had already done your best. CHEUNG Man-kwong treated you squarely by saying that you told him you had mentioned the improved package to Vice President XI Jinping three times, but was rejected. XI Jinping is .....*

**PRESIDENT** (in Cantonese): Mr WONG, you have spoken for a long time.

**MR WONG YUK-MAN** (in Cantonese): *..... a member of the Politburo Central Committee in charge of Hong Kong affairs. Even so, he could not make*

*the decision. Not even the person that you can directly talk to could make the decision. It required the Democratic Party to find a middleman to talk directly to the Chief Executive .....*

**PRESIDENT** (in Cantonese): Mr WONG, please ask your question at once.

**MR WONG YUK-MAN** (in Cantonese): ..... *which means you have the duty to defend "one country, two systems" .....*

**PRESIDENT** (in Cantonese): Please do not make any further comments.

**MR WONG YUK-MAN** (in Cantonese): ..... *and "a high degree of autonomy". Chief Executive, in this storm over the political reform, do you think your role was totally ineffectual, just as Albert HO said, so he had to bypass you to talk to HU Jintao directly? I want the Chief Executive to answer this question. He has to answer.*

**CHIEF EXECUTIVE** (in Cantonese): When I talked to the Democratic Party about the political reform, we never mentioned the names of the national leaders. What we said was there were some things that had to be decided by the Central Government. Another thing is that our role in the political reform process was a key co-ordinating role — I had said it earlier, maybe you didn't hear it. We did what we should at the critical moment and at the right time to achieve this outcome. Of course, it was not just the result of the efforts of SAR Government officials. As I said, we did it with the participation of the Central Government, the support of Legislative Council Members and the persistence of the general public.

When we talk about political systems and political reform, we need to understand the construct of "one country two systems". According to the Basic Law, any change to our political system, especially to the electoral methods of the Legislative Council and the Chief Executive, requires the participation of the Central Government, the participation of the SAR Government and especially the Chief Executive, as well as two-thirds of the Members of Legislative Council. That is why co-ordination with the three sides must be done. This is a job for

the SAR Government. I have never heard that Mr Albert HO Chun-yan met with the Chinese President. I have never heard .....

**MR WONG YUK-MAN** (in Cantonese): *I didn't say they met. You got it wrong. It was Elsie LEUNG who brought him the message. The Chief Executive .....*

**PRESIDENT** (in Cantonese): Mr WONG, please let the Chief Executive answer first.

**CHIEF EXECUTIVE** (in Cantonese): ..... That is why .....

**MR WONG YUK-MAN** (in Cantonese): ..... *He didn't hear clearly what I said. He doesn't want to answer.*

**CHIEF EXECUTIVE** (in Cantonese): ..... I just want to point out that everyone did his part in this matter. But in terms of its key role in this matter, the SAR Government has done what it should do, and the outcome is the work of everyone.

**MR WONG YUK-MAN** (in Cantonese): *President .....*

**PRESIDENT** (in Cantonese): Mr WONG, please ask your supplementary question.

**MR WONG YUK-MAN** (in Cantonese): ..... *I am very patient, but he did not answer my question. Article 22 of the Basic Law stipulates that the Central Government may not interfere with the internal affairs of Hong Kong. According to the relevant provisions of Annex I and Annex 2 of the Basic Law, what role does the Central Government play in the political reform of Hong*

*Kong? It only mentions the Standing Committee of the National People's Congress (NPC), and does not mention the government. Then there is the so-called "decision" of the Standing Committee of the NPC in 2007. Even if the three-act drama has become a five-act drama, the main role is still played by the SAR Government, right? President?*

**PRESIDENT** (in Cantonese): Please ask your supplementary question.

**MR WONG YUK-MAN** (in Cantonese): *He did not answer my supplementary question just now. This matter was satisfactorily resolved — on your part, as you need not face a no-confidence vote, because according to the report of the six-member committee of the Democratic Party, you could not make the final decision. I am defending you now. You have to answer my question.*

**PRESIDENT** (in Cantonese): Mr WONG, please sit down. Chief Executive, please answer.

**MR WONG YUK-MAN** (in Cantonese): *Why can't you answer?*

**CHIEF EXECUTIVE** (in Cantonese): He put it so rudely that it's hard for me to answer. President, I have nothing to respond.

**MR ALBERT CHAN** (in Cantonese): *What do you mean by "rude"? We represent the people. What do you mean by "rude"?*

**PRESIDENT** (in Cantonese): Mr CHAN, please sit down.

(Mr WONG Yuk-man stands up and heckles loudly.)

**PRESIDENT** (in Cantonese): If the two of you won't observe the rules, I shall have to ask you to leave.

(Mr WONG Yuk-man and Mr Albert CHAN continue to heckle loudly. Security staff and the secretary come forward to stop them.)

**PRESIDENT** (in Cantonese): Mr WONG and Mr CHAN.

(Mr Paul TSE leaves his seat holding a cardboard sign in his hand.)

**PRESIDENT** (in Cantonese): Mr Paul TSE.

(Mr Paul TSE moves towards Mr WONG Yuk-man with the cardboard sign in his hand.)

**MR ALBERT CHAN** (in Cantonese): *President, why don't you expel him from the chamber for such behaviour?*

**PRESIDENT** (in Cantonese): Members' conduct has made it impossible for us to continue our meeting. Will the two Members please leave the chamber immediately?

**MR WONG YUK-MAN** (in Cantonese): *You should be ashamed .....*

**PRESIDENT** (in Cantonese): Will the two Members please leave the chamber immediately?

(Security staff and the secretary come forward to assist Mr WONG Yuk-man and Mr Albert CHAN out of the chamber.)

(Mr WONG Yuk-man and Mr Albert CHAN continue to heckle loudly.)

**PRESIDENT** (in Cantonese): Will the two Members please leave the chamber immediately?

**MR ALBERT CHAN** (in Cantonese): *The security staff need not push me. I will leave myself, or you'll accuse us of injuring them again .....*

**PRESIDENT** (in Cantonese): Mr CHAN and Mr WONG, please leave immediately.

(Mr WONG Yuk-man and Mr Albert CHAN are assisted out of the chamber by security staff.)

**DR PHILIP WONG** (in Cantonese): *President, my question is about pedestrian safety.*

*It is now rainy season. Many roadside trees may collapse any time and injure pedestrians. It might take a long time for government officials to inspect them. Will the Chief Executive consider educating the people about what kind of trees may pose a hazard, in order to enhance their knowledge in this area and alleviate the problems caused by the collapse of trees? This is the first point. Second, could the Government tell the contractors digging roads to carry out their work carefully, so as not to injure the trees during their works?*

**CHIEF EXECUTIVE** (in Cantonese): Thank you, Dr WONG. This is an issue that the people are most concerned about. In fact, we have instructed the relevant departments, especially the Development Bureau, to announce the tasks that need to be undertaken by various departments shortly in response to the recent incidents, and to get fully prepared before the typhoon season. This is a huge task. There are more than one million trees that need to be handled and monitored by the Tree Management Office, and dealt with by several departments. This is just the figure for urban areas. If the rural areas are included, there are more than 10 million trees that we have to inspect. The relevant task cannot be tackled by the Tree Management Office and my colleagues alone. Your suggestions to educate the public and instruct the contractors are also good ones. We already have guidelines for contractors to



protect the trees. However, I believe we can do more in terms of education. For instance, we will continue to enhance the training of staff comprehensively. Tree safety is an issue that every big city has to deal with. On the one hand, I want to conserve all trees in nature. But on the other hand, we must ensure that the trees do not threaten the safety of pedestrians and people. To strike a balance, it needs not only the Government to do its work properly, but also the public to co-operate. Your suggestions are very constructive. In other words, we must all work together, including asking local residents, the District Councils and all students to join our efforts. If trees are affected by road works, we need particularly the contractors to join our efforts to conserve the trees, and to avoid causing more danger to Hong Kong people.

**DR LEUNG KA-LAU** (in Cantonese): *I'm glad to hear that the Chief Executive said he would have more time to deal with issues that affect people's livelihood, such as the problems of wealth gap and the working poor, after the passage of the political reform package,. However, after listening to what the Chief Executive said, I found that he had omitted one thing. On the day the political reform package was passed last month, this Council passed a Members' motion urging the Government to legislate for standard working hours.*

*If the Chief Executive is not familiar with standard working hours, I can make a brief introduction. Instead of laying down the working hours of employees, standard working hours give them greater autonomy, allowing them to decide how long they want to work, and receive compensation after working overtime. Some think that standard working hours are just the product of welfarism in some developed countries. Actually, it is a universal value that even Cambodia, Vietnam and Thailand embrace. All over the world, there are only four or five countries without standard working hours. They are India, Pakistan, Nigeria and Zimbabwe. Standard working hours allow employees to get more pay for more work, and safeguard their health. According to a survey conducted by my Member's Office in April, 56% of employers of small and medium-sized enterprises in Hong Kong supported standard working hours, while only 24% were against them .....*

**PRESIDENT** (in Cantonese): Please ask your question.

**DR LEUNG KA-LAU** (in Cantonese): *My question is, on the day this motion was passed last month, the bureau secretary implied that it was not up to him to decide. Mr TSANG, in the remaining two years of your term — I'm sure you won't sit there and do nothing — would you start studying the issue of legislating for standard working hours, while taking into account the business environment in Hong Kong?*

**CHIEF EXECUTIVE** (in Cantonese): Actually, the question is not whether the bureau secretary said it was not up to him to decide or not. The issue is very complex. In particular, the labour situation in Hong Kong is determined by the market. If we want to do this, especially if we want to legislate, the important thing is whether it will affect the flexibility of the labour market. We are worried that any measure that will interfere with the labour market might affect employment and harm the interest of employees. This is the most important consideration to me.

In the past, when we looked into so-called standard working hours or any policy, we tried not to underestimate the impact on employers, employees, society and the economy. We have to examine these issues closely.

However, once the minimum wage legislation is passed, we can discuss this matter to see how we can follow it up for the sake of protecting employees' rights and ensuring the sustainable economic prosperity of Hong Kong. We can talk about it.

**DR LEUNG KA-LAU** (in Cantonese): *Mr TSANG, I can tell you that these things can be done but are not done. Let me cite the example of the Hospital Authority (HA) that I'm more familiar with. Over the past two years, you gave the HA additional funding of nearly three billion. In 2007, the HA promised to implement some measures to reduce the working hours of staff. Two weeks ago, Mr Fred LEE referred a complaint to me. A group of intern doctors were asked by the HA to work rather long hours .....*

**PRESIDENT** (in Cantonese): Dr LEUNG, please ask your supplementary question concisely.

**DR LEUNG KA-LAU** (in Cantonese): *I only talked for about three minutes, President. The complaint is that they had to work on average 79 hours per week in July, 98 hours per week in August, and 74 hours per week in September. Mr TSANG, a public organization in Hong Kong under your governance refuses to do this in the face of abundant resources. What is your opinion of this matter?*

**CHIEF EXECUTIVE** (in Cantonese): *What you mentioned just now were special circumstances. Doctors working long hours are not unique to Hong Kong. As a doctor, you should know it very well. I don't know why, but it is a medical tradition that the working hours in hospitals all over the world, whether in the UK or the US, especially in the US, are quite long. However, the working hours were so long in the example you cited that I have some questions myself. But as you know, the HA is taking this problem seriously and is actively studying ways to solve it, as well as to reach a consensus with staff.*

**MR LAU WONG-FAT** (in Cantonese): *President, Chief Executive, one part of my question is similar to the one asked by Dr Philip WONG. Even though the weather is still very hot today, the Observatory has forecast that there will be rain in a few days, and maybe even a typhoon. During the typhoon and rainy season, we are all concerned whether there will be landslides or flooding, as well as incidents of collapsing trees. All these will cause casualties. Will the Chief Executive consider how to educate the public to inspect trees with their naked eye, that is, to inspect them visually?*

(Some Member says "visual inspection")

**MR LAU WONG-FAT** (in Cantonese): *Visual inspection means to inspect with the naked eye.*

**CHIEF EXECUTIVE** (in Cantonese): *As far as I know, assessing tree safety with so-called visual inspection is an internationally recognized method. Our colleagues also inspect with some equipment. However, Mr LAU, you have to understand what I said just now. The number of trees under their safety management is over one million in the urban areas alone. Despite their regular*

inspections, does it mean they can achieve perfect results so that no casualties will be caused by trees collapsing? We need to pay special attention to this, but it is not such a simple matter.

However, I agree with you entirely on one point — as I said in replying to Dr Philip WONG's question earlier, my colleagues will step up work in this area and redistribute the tasks, as well as doing all follow-up work and making the best preparations before the arrival of the typhoon and rainy season. We will do our best in this respect. But you have to understand that even though we have a few hundred staff in the Tree Management Office, as well as other staff working together, the number of trees is just too large. As you know, sometimes the trees look all right, but after a while, they are suddenly attacked by termites and deteriorate rapidly. Such problems may not be visible. However, there is no way we can inspect each tree with equipment, since there are inadequate resources for this kind of work. In other countries, the authorities cannot inspect every tree in the urban areas regularly either. Nevertheless, we believe that after the several unusual and unfortunate incidents that occurred recently, our colleagues and the Administration will pay more attention to work in this area. I hope we can have the support of Members and the District Councils. Instead of working alone to manage the trees, we hope the District Councils and residents can report promptly if they see anything unusual with the trees in the neighbourhood or on the roadside, such as termites or trees dying. We will follow up these cases speedily.

**DR LAM TAI-FAI** (in Cantonese): *Chief Executive, I want to congratulate you again. Under your leadership, the political reform package for 2012 has eventually been passed without hiccough. I hope the Government can now focus its efforts and resources on solving more problems related to livelihood and the economy*

*Time passes quickly. The Chief Executive may recall that during last year's question time, I asked him about amending section 39E of the Inland Revenue Ordinance regarding the depreciation allowances on machinery and plants on behalf of the industry. Chief Executive, this section was enacted 24 years ago, in 1986. The legislative intent was to target those companies trying to avoid tax, such as those engaged in the leasing of aircraft and ships, rather than those engaged in industry and commerce. When it was amended in 1992, the aim was to encourage more companies to stay in Hong Kong to develop*

*industries. However, with the changing times, the migration of the manufacturing industry to Mainland China has become an undeniable fact.*

*At present, if manufacturers have bought some machinery and use it in their Mainland factories for producing goods in order to raise productivity, they will immediately lose the depreciation allowances on machinery. This makes manufacturers extremely concerned and puts them in a dilemma. The reasons are, firstly, manufacturers want to upgrade themselves and restructure to cater to the Mainland market in accordance with Mainland policies; and secondly, they are afraid that once they have upgraded themselves and restructured, not only will they lose all their equivalent status in taxation, the Inland Revenue Department will go after them for the taxes.*

*In recent years, the industry has tried to convey their demands and the actual circumstances to the Government through various channels and means, and asked the Government to review and amend the Inland Revenue Ordinance. In terms of legislative amendments, the industry understands that the Government may have difficulty in enforcement. Precisely because of such difficulty, I hope the Government will actively amend the law to solve this problem. After much to-do, the Government dumped this matter on a so-called Joint Liaison Committee on Taxation (JLCT) to follow up, study and review in March this year. But after four months, there doesn't seem to be any progress as far as the industry is concerned. They did not get any response and we have no idea what this committee has done. Has it started its work at all? We have no clue whether there is a timetable or a roadmap.*

*Chief Executive, you replied to me during last year's question time that if amending the Inland Revenue Ordinance would facilitate the operation of Hong Kong companies on the Mainland, the Government would listen to more views and consider the matter. That is why I value this opportunity in this year's question time to make this plea to you directly again. One year has passed and there is no progress .....*

**PRESIDENT** (in Cantonese): Please ask your question.

**DR LAM TAI-FAI** (in Cantonese): *My question is: Does the Chief Executive realize the serious problem faced by the industry now? Can he put himself in the industry's place and personally deal with this question? At least, he could ask the JLCT to provide us with a timetable so that we know when the review will be conducted, when it will be finished and whether the law can be amended so as to give us some hope or some result, in order to ensure that our industry can continue to develop.*

**CHIEF EXECUTIVE** (in Cantonese): I hope Dr LAM will follow up the taxation issue with the Secretary, Professor K C CHAN. I cannot deal with every detail of the enforcement and amendment of this section of the Ordinance. However, I know that our taxation regime has an overriding principle, and that is, we levy tax on a territorial basis. Once any capital, stage of production or economic activity leaves Hong Kong, we have a different way of dealing with it. This may involve larger issues, rather than just depreciation. However, I understand that the rationale behind your demand is to try to reduce the financial burden of manufacturers on the Mainland. I think you must understand that there are some problems that can't be solved. If they contravene our territorial source principle of taxation, we will have difficulty enforcing the law.

About your specific questions, I believe there are many other ways to deal with them. You are familiar with this aspect. I hope you will talk to Professor K C CHAN about how to follow it up. If there are still problems, the Financial Secretary can deal with them, and afterwards I will deal with them. I trust you can you do it, right? You know him very well.

**DR LAM TAI-FAI** (in Cantonese): *Chief Executive, believe me, I have been tireless in talking to different government departments over the past two years. Mr Vincent FANG, Mr Jeffrey LAM and Mr Andrew LEUNG are also working with me to deal with this matter. We have been tireless in relaying the industry's views and what the actual circumstances are. We understand the Government's arguments perfectly. But it doesn't mean that after listening to these arguments, we should let the deadlock continue. I value this opportunity to raise the matter with you. Frankly, it's because I have no other recourse. I can't sit by and watch the industry not knowing how to restructure without having the Government going after them for taxes. They have no idea how to carry on their*

*business. That is why I am asking you, so that you can give me your view, or give a push to the Government departments to step up their efforts in dealing with this. Actually, I have come to you because I couldn't get them to heed me. I don't know who else I can turn to.*

**CHIEF EXECUTIVE** (in Cantonese): You must understand that the main question concerns the territorial source principle of taxation. If we deviate from this principle, many taxes will be levied where they should not be levied, while taxes that should be charged cannot be charged. This will affect the whole concept and implementation of the taxation regime, and loopholes will also appear. I think this is the reason why we have been unable to meet your demand. How about this — can you talk to Professor K C CHAN first? If he thinks it cannot be done, I may not be able to do it either. The reason is that if it deviates from the principle mentioned above, if it contradicts the territorial source principle of taxation, we may not be able to do anything. If we depart from the taxation regime, many people will be affected. Many people say .....

**DR LAM TAI-FAI** (in Cantonese): *I agree that you may not be able to do anything. But can you try?*

**CHIEF EXECUTIVE** (in Cantonese): How about this — I will talk to Professor K C CHAN and the Financial Secretary John TSANG about this, OK?

**MR FRED LI** (in Cantonese): *President, there is a big question in my mind. When the Chief Executive first stood for the office of Chief Executive five years ago, he was nominated by Albert CHAN. But just now, they had such a war of words. I wonder if he has changed, or the Chief Executive has changed. However, this is not the question I want to ask. (Laughter) I have to follow up a .....*

**CHIEF EXECUTIVE** (in Cantonese): May I choose to answer this question?

**MR FRED LI** (in Cantonese): ..... *I want to follow up a very important question. President, that was just a preamble.*

*I have received many e-mails asking the Democratic Party not to give up going after the "39 Conduit Road" incident. When Mr LEE Wing-tat went to a bar to watch the World Cup earlier, someone pointed at him and told him, "LEE Wing-tat, don't be soft. You must investigate the '39 Conduit Road' incident".*

*A colleague also mentioned the "39 Conduit Road" incident earlier. Chief Executive, I want to say that the Government is proposing an amendment to protect consumers. The consultation paper will be released shortly. The amendment will expand the coverage of the Trade Descriptions Ordinance, thus protecting more consumers. While we want to especially help those who buy yoga and beauty services, which at most involve a few thousand to ten thousand dollars, what about those buying properties? How much money is involved, especially when it comes to first-hand apartments, not to mention those that cost \$70,000 per sq ft? Some apartments cost seven million, which are a lot of money and may be someone's entire life savings. What kind of protection do they have in this respect? Can the Government protect home buyers? They may buy only one apartment in their whole lifetime. The present Trade Descriptions Ordinance does not cover property transactions. When you answered a Members' question earlier, you said you would study the matter. It has been more than a decade. Chief Executive, the Law Reform Commission has raised this question, and the Consumer Council also suggested enacting legislation to supervise the pre-sale of uncompleted flats years ago. Today, I hope the "39 Conduit Road" incident can help us by playing a positive role.*

*Chief Executive, can you help the people and expedite legislation to provide more protection in property transactions?*

**CHIEF EXECUTIVE** (in Cantonese): I have always firmly believed that the transactions of private residential flats must be fair and transparent, and that false transactions, price-rigging or acts of propping up the market, or the release of misleading information on the market must not be allowed. With regard to the "39 Conduit Road" incident, the follow-up work can be seen in the documents that we have provided. This incident is under criminal investigation, and I'm not at liberty to talk about the details here. However, I can assure you that we will



make use of the opportunity of the "39 Conduit Road" incident to deal with any opaque or unfair circumstances in property transactions, so that this problem can be resolved.

We have dealt with it with administrative measures. This is quicker, more precise and more flexible than legislative means. However, we have never said we would not enact legislation. The most important thing is whether our various measures will work. If they are still not enough, we will introduce more measures. And if they are still not enough, we will do more work. But everything must be fair and consistent, so that investors and developers will be treated fairly and could receive a reasonable return.

On the other hand, buyers will also be treated completely fairly so that they will feel that it is right and worthwhile to invest in properties, and that they are not being defrauded. We will certainly take action and do anything that can be done, and never give up. We have never said that we would not legislate. But the most important thing is to deal with the present problem and solve it. If those measures do not work, we will certainly consider enacting legislation.

However, as you can see, what I talked about just now is not the same as ordinary goods. In dealing with this question, we have to ..... if we can convince all Hong Kong developers — there are not that many big developers - to work together and deal with this fairly in the overall interest of Hong Kong, it is a good thing for them too. It is better if we can have fair competition in this. If so, the interest of the public and investors, especially those using their savings to buy flats, will be fully safeguarded.

**MR FRED LI** (in Cantonese): *President, I wonder if the Chief Executive is cut off from the masses. He once said that when property prices were high, the people should wait for them to drop before buying. The question is developers will secretly prop up the property prices through some property agents bit by bit, just like squeezing out toothpaste. The question is that developers have unlimited resources and information to lead and mislead consumers with all sorts of strategies into buying properties. How does the Government deal with this problem? Can the Chief Executive undertake to submit a legislative framework in his Policy Address in October, and not make us wait any longer?*

**CHIEF EXECUTIVE** (in Cantonese): Aren't these problems the main target of the "nine measures and twelve requirements"? As I have said, if they don't work, we will legislate. It's as simple as that. You don't have to wait long. If they don't work, we will legislate.

**DR DAVID LI** (in Cantonese): *President, I would like to ask the Chief Executive if the Government is concerned that the regulation of the financial services in Hong Kong will become too stringent after the financial tsunami and will affect Hong Kong's development as an international financial centre.*

**CHIEF EXECUTIVE** (in Cantonese): We have been following up the aftermath of the financial tsunami, especially with regard to the regulatory system. Hong Kong is a member of the Financial Stability Board, an organization established under the G20. Hence, we are following up all related matters, such as the need to regulate rating agencies that has been brought up recently. We hope that when the regulation is in place throughout Europe next year, we will also enforce the regulation of credit rating agencies. So we will follow it up. However, the work we do is prudent. What we do reflects the actual needs of the Hong Kong market. While we will not be hasty, we will never fall behind. We lay great emphasis on aligning Hong Kong's regulatory system with international practices. I don't think you have to worry.

**MR KAM NAI-WAI** (in Cantonese): *Chief Executive, just now several colleagues referred to your opening speech with its focus on improving people's livelihood. You also expressed the wish to share the fruits of prosperity with the people. However, is the prosperity achieved at the expense of the minority? I wonder if the Chief Executive saw the residents of Choi Yuen Tsuen when he came in. They come here to protest regularly.*

*On the day the constitutional reform package was passed, the villagers also came here. They said the Deputy Secretary agreed to meet with them, but the meeting was not held. I remember the Chief Executive made a promise when he asked the villagers to move. He said there could be an agricultural resite programme, allowing villagers to buy land and build houses themselves to fulfil their wish of rebuilding their homes. It's now a few months from February, and*

*the villagers have found a site. But the Government has tried everything to stop them and refused to issue an agricultural resite permit to them. Without an agricultural resite permit, they cannot build houses and rebuild their homes. There are 86 villagers who wish to build houses and continue the life they led in Choi Yuen Tsuen. I want to ask the Chief Executive how he can help them.*

**CHIEF EXECUTIVE** (in Cantonese): Actually, the rehousing arrangements for Choi Yuen Chuen have been proceeding on quite successfully. However, for some farmers or some who call themselves farmers, the real difficulty is that ..... Mr KAM, you must know that if they are genuine farmers, have always been engaged in farming and want to continue doing so, we are willing to help them. The difficulty is whether there is any proof that they used to be farmers and whether we could help them in this respect. We have tried various ways to help them obtain proof of their farming qualifications, and have even asked the Kadoorie Farm to help. If they can prove that they used to be farmers and indicate that they want to continue farming, we will be happy to help them. In this respect, I hope you realize that our aims are the same.

The biggest question is that if they were not farmers and now suddenly want to be farmers, we need to find out why. If they used to be farmers but don't wish to be farmers anymore, and just want to find farming land to build houses, that is another matter. I think you understand these issues.

**MR KAM NAI-WAI** (in Cantonese): *Chief Executive, I wonder if you have talked to the villagers of Choi Yuen Chuen. Some households consist of three generations, grandfather, son and grandson. It is really impractical to ask them to prove that all three generations are farmers. We hope the villagers can rely on themselves and rebuild their village and their home. This is their most essential goal.*

*The villagers have to move out in October. They are asking first, whether the Chief Executive will go to the village to talk to them, and second, whether the clearance can wait until they have moved out. If not, are you going to carry them out of the village in October? Can you promise to let them rebuild their*

*village, and start clearing Choi Yuen Chuen after they have moved out? Chief Executive, can you promise to meet them?*

**CHIEF EXECUTIVE** (in Cantonese): Mr KAM, you have strayed from the question of farming. You are saying we should not clear Choi Yuen Chuen for the time being, and should wait until all the villagers have moved out before we start the clearance. Let me tell you, this question has been discussed and debated in this Council many times, over a total of three days. There have also been a lot of reflections and discussions in the community. I think we have talked about issues big and small. There is no need for the Chief Executive to go there and put on a show, and have everyone joining in. There is no need for this. The most important thing is that we will help those who are farming now to continue farming. If they wish to do so, we will help them do it.

However, as to the date of clearance, we have the Express Rail Link to consider. Many XRL projects have been carried out on the Mainland with rapid progress. We have already fallen behind, and are hoping that the XRL can start operation in 2015 as scheduled. Under these circumstances, the clearance of Choi Yuen Chuen in late October will proceed according to schedule.

However, how can we help those residents who used to be farmers and want to continue farming? We will do our best to help them. I hope you all can face the facts. We cannot accept demands to build another village and wait till all residents have moved out to start clearing Choi Yuen Chuen.

**MS STARRY LEE** (in Cantonese): *Chief Executive, in answering a question about whether the Government should legislate on property transactions, you said that the "nine measures and twelve requirements" are quicker, more precise and more flexible. You also promised that if those measures and requirements do not work, you would consider legislation.*

*President, I wonder why the Chief Executive would think that a set of guidelines is more effective than legislation. As we all know, the "nine measures and twelve requirements" will be implemented by the Real Estate Developers Association. As far as I know, the Association doesn't seem to have punished any developers in the past. Thus, to the general public, legislation is certainly*

*more effective than the guidelines. Moreover, to legislate or not conveys a clear message to the public as to whether the Government will try to ensure fairness in the market. At present, the people complain about the high property prices every day, and suspect developers of propping up the market. If the Chief Executive still refuses to promise to legislate or to provide a legislative framework in his Policy Address in October, is he not worried that people will think he favours developers?*

**CHIEF EXECUTIVE** (in Cantonese): I believe that the work we have done, especially the actions we have taken in relation to the "39 Conduit Road" incident, and the effect of the "nine measures and twelve requirements", is plain for everyone to see. Moreover, I hope you won't get it wrong. I don't mean that we won't consider legislation. What I meant was that we have accomplished what we wanted to do with administrative means, and this should be able to address Members' concerns. As to the loopholes that still existed and were pointed out by Members yesterday, I also said I would follow them up, especially in terms of greater transparency in the case of cancellation of transactions. We will continue to follow them up.

The legislative procedure must go through First and Second Readings. The debate will take a long time. Can it address all transaction details? It is doubtful. But I have not excluded this possibility. If it's urgent, we don't have to wait till October to legislate. However, the most important thing is to implement the measures first. If we find that the measures don't work and are not effective, we will proceed with legislation. At this stage, we will study the feasibility and scope of legislation and think about these issues carefully. However, I can tell Members that we will not allow ..... I have said it many times, we will not allow any fraudulent transactions, acts of propping up the market or price-rigging.

**MS STARRY LEE** (in Cantonese): *Chief Executive, I hope you can consider how the people feel. In your reply to my question, you said legislation takes time and a long debate. Actually, the Administration is reviewing and proposing to amend the Trade Descriptions Ordinance to regulate dishonest business practices, and expand it to the services industry. This is a first step towards protecting consumers. Would it be possible to include property transactions*

*under this legislation? In that way, it will save some of the legislative time that you talked about. Will you consider this suggestion?*

**CHIEF EXECUTIVE** (in Cantonese): It is worth considering. However, the goods covered by the Trade Descriptions Ordinance may not be the same as these particular goods, and many sections in the Ordinance may not be applicable. No matter what means we adopt, I think the most important thing is whether they are effective or not. If we find that the present "nine measures and twelve requirements" are not effective, we will have to legislate at once. If legislation is more effective, we will legislate. The question is whether we need to take this step if it's not necessary. If we think it is necessary, we will proceed with it, and I have not excluded this course. When we decide to go ahead with it, we can do it very quickly. However, I feel that the present way is more flexible and quicker, and I have not excluded the possibility of legislation.

**DR PRISCILLA LEUNG** (in Cantonese): *President, speaking of "distorted Yin and Yang", the political situation of Hong Kong showed such distortion a while ago. There has been big distortion in both the local political situation of Hong Kong and the relationship between the Central Government and the local government. I think one of its causes was the five-district by-elections. Dubbed as a "five-district referendum", they created great tension in Hong Kong's political climate. Even though the political reform package has been passed, I don't know if it means that the distortion has been reduced. However, when I meet the people in the districts, many people still comment that the system of Legislative Council and the Legislative Council Ordinance do allow Members to stand for elections again immediately after resigning, and resigning immediately after being returned. After they are re-elected, as is the case today, they are given priority in many matters. Not just we Members think there is a loophole in the Legislative Council Ordinance, the public think so too. With regard to amending the Legislative Council Ordinance, I remember that Secretary Stephen LAM said that if the political reform package was passed, the Government would actively consider it in terms of local legislation.*

*Earlier, I have proposed a private member's amendment. I don't know if it could be tabled. Even if it could be tabled, it seems that a private member's*

*amendment may not have enough votes to be passed due to political reality. Secretary Stephen LAM once told me that my proposal to ban Members who have resigned from participating in by-elections in the same term was "not tough enough". I would like to know what the Government's direction and timetable are in terms of amending the Legislative Council Ordinance.*

**CHIEF EXECUTIVE** (in Cantonese): At present, the public has strong views about Members resigning suddenly and participating in by-elections suddenly, as well as triggering by-elections that will lead to a huge waste of public money. With regard to Secretary Stephen LAM's remarks that you referred to just now, we are proceeding with the matter. We are actively following up the matter to stop these loopholes, in the hope that these things will not happen again.

**DR PRISCILLA LEUNG** (in Cantonese): *Chief Executive, just now I said that my proposal sought to impose a mild penalty on Members by disallowing them to run again immediately in the same term. For example, upon the passage of the political reform package, some Members have already indicated that they would consider reigning again if the package was passed. Should my proposal be "not tough enough", I have also considered the possibility of not holding by-elections under certain conditions, such as allowing alternate members to fill the vacancies. About the amendments to the Legislative Council Ordinance at present, what direction is being considered by the Government?*

**CHIEF EXECUTIVE** (in Cantonese): There are some specific methods, but there are constitutional restrictions, too. The Basic Law also stipulates some provisions about the right to stand for elections. What you said suggests that you are familiar with the issue. I think you should talk to Secretary Stephen LAM about your suggestion. I can tell you that we are actively following up this matter. There are several ways to tackle it, but I don't think this government can implement your suggestion about alternate members because we did not tell Members and voters about this option during the election. If we want to implement this proposal, we will have to wait until after 2012. So, if it is necessary for the government of the present term to achieve this, we have to explore other more effective means. I think you can talk to Secretary Stephen LAM about your suggestion again. I just want to say that I know the public are

concerned about this issue. It seems that some people have abused the election arrangements, and we hope to stop these loopholes as soon as possible.

**MR TOMMY CHEUNG** (in Cantonese): *President, I thought I was inside a restaurant of western cuisine. You see, Members usually serve the Chief Executive with an hors d'oeuvre before the entrée, which is what they really mean. The hors d'oeuvre doesn't count.*

*President, the Legislative Council passed the political reform package for 2012 last month. The Chief Executive said he spent 70% of his time on dealing with the political reform, and hoped to take care of more livelihood matters from now on. Chief Executive, I can feel that prices are rising now. The inflation rate from February to May was 2.82%, 2.4% and 2.5% respectively. This will have an impact on the grassroots. I want to ask the Chief Executive how much time and energy he will devote to livelihood issues in the coming days. What immediate measures does he have to prevent inflation from getting worse and affecting people's lives?*

**CHIEF EXECUTIVE** (in Cantonese): I hope I will have more time. There is still a lot of work to follow up. Just now, Members have asked questions that reflect the demands of the public and their own. The follow-up work on the local legislation, in particular, will also take up some of my time. However, I still have energy for other tasks. I also hope that the Policy Address will not focus too much on political issues. Issues like people's livelihood and the economy are most essential. They are more important to Hong Kong. We will certainly pay attention to the possible impact of inflation on the general public, especially the grassroots. We are monitoring the situation closely. The inflation rate is still moderate at present. But if there are special needs, the Government will introduce various measures, as we have done in the past. In particular, we have waived or reduced rents and made a lot of efforts which were designed specifically to help the grassroots after the financial tsunami. I think if there is a need, the Government will certainly introduce targeted measures.

**MR TOMMY CHEUNG** (in Cantonese): *President, I'm glad that the Chief Executive mentioned this. But given that our surplus reached \$25.9 billion in May, compared with the \$12.1 billion surplus previously estimated, and given the*



*good results of the land sales over the last few months, will the Chief Executive announce a new round of relief measures in this year's Policy Address, especially in terms of lowering the taxes payable by the middle class in order to reduce their burden?*

**CHIEF EXECUTIVE** (in Cantonese): Regarding tax reduction and other relief measures, maybe you can talk to the Financial Secretary. But I don't think the Policy Address will deal with these issues. Instead, it deals with more fundamental issues, such as how Hong Kong should tackle the big questions in terms of people's livelihood and the economy in the long term. The adjustment of taxes is up to the Financial Secretary. It is not my business.

**MR WONG KWOK-HING** (in Cantonese): *Chief Executive, congratulations on "Act Now" for the political reform under your leadership. I also wish to take this opportunity to ask the Chief Executive to "Act Now" and relax the residence requirements for applicants of the Old Age Allowance on behalf of the elderly in Hong Kong. Over the past five years, 12 316 elderly people living on the Mainland were disqualified from receiving the Old Age Allowance because they did not meet the residence requirements of the Social Welfare Department (SWD). Our colleague, Mr WONG Kwok-kin of the Hong Kong Federation of Trade Unions, has helped these elderly people to reapply to the SWD. They have indicated that they would seek a judicial review if their applications were rejected. Actually, we don't want to seek a judicial review because the bill may go to the taxpayers, and it may take a long time.*

*There are now two sets of residence requirements for applicants of the Old Age Allowance and Comprehensive Social Security Assistance (CSSA), which are 309 days and 240 days respectively. Moreover, while residence requirements do not apply to elderly CSSA recipients in Fujian and Guangdong, they apply to those applying for the Old Age Allowance. These double standards cause a lot of problems.*

*Chief Executive, since you can now devote more energy to livelihood issues, may I ask if you will tell us good news in this year's Policy Address that you will "Act Now" to improve the Old Age Allowance scheme by removing the residence requirements?*

**CHIEF EXECUTIVE** (in Cantonese): First, you must understand that each item of social welfare, especially at the time of its introduction, has its own conditions and legal background. The requirements laid down by the Finance Committee are also different from one another, each with individual reasons and arguments. Hence they cannot be handled collectively with a single formula.

With regard to the recent court ruling on the residence requirement of one year, we have suspended that requirement for CSSA applicants. However, we are studying the ruling to decide whether we should appeal.

As for other questions, such as the Old Age Allowance that you mentioned, I understand that the community is very concerned and individual Legislative Council Members are helping elderly applicants. I know that Secretary Matthew CHEUNG is now studying the issue in terms of its financial implications and enforcement, in the hope of further relaxing the residence requirement for Old Age Allowance recipients. However, can we meet your demand fully? Can it be done? I'm not sure myself. But I am as reluctant to go to court for this as you are.

**MR WONG KWOK-HING** (in Cantonese): *President, like the Chief Executive, I don't want to go to court. If we go to court to seek a judicial review, it will be both costly and time-consuming. We don't want to resort to this.*

*However, we don't want elderly people to be destitute either. Actually, it is right for them to return to their roots and spend their old age on the Mainland. If the Chief Executive can "Act Now" and eliminate or shorten the residence requirement for Old Age Allowance applicants in his Policy Address, we won't have to see each other in court. You haven't answered this question yet. Can you show us a good direction to "Act Now" when you deliver your Policy Address in Legislative Council in mid-October?*

**CHIEF EXECUTIVE** (in Cantonese): As I said in my opening remarks, the Policy Address will focus on several questions. There are several subcategories under the topics of the economy and people's livelihood, and housing and the problem of the elderly are among the issues to be dealt with. I am willing to consider these questions. But as you know, they involve financial affordability.

Can we afford them? Will they cause other problems? Can we cope with them and how sustainable are these policies and new changes? We need to study these in detail. I hope we can discuss these questions together.

I'm as concerned as you are about the problem of the elderly, especially because I am over 65 myself. I'm also worried about what to do with the elderly problem in Hong Kong. It concerns not just us, but the generation born after the war. The figure is multiplying. Does the Government have enough supporting measures to take care of the elderly population? The Old Age Allowance is just one item. What can the elderly do when they become debilitated? What about our nursing staff? How should the Government allocate its resources? The challenge we face is not just a matter of money. There are questions of manpower and land, too. So we need a comprehensive plan. However, I promise you that the elderly problem will be a substantial part of the Policy Address.

**PRESIDENT** (in Cantonese): Last question.

**MR PAUL TSE** (in Cantonese): *President, as we all know, a newly released consultation paper on an independent Insurance Authority (IA) proposes the establishment of an IA. The main rationales focus on problems with inadequate regulation and involvement of too many authorities. There is also perceived and real conflict of interests in the existing self-regulatory regime, and the self-regulatory organizations having limited investigatory and sanctioning powers.*

*I'm not going to ask a question about insurance. I just want to use the IA issue to highlight and expose the regulatory problems of the travel industry. It is because the regulation of such an important pillar of the economy has been placed on a very unstable basis over the years. The so-called regulatory organization which slowly evolved from a limited liability company has no legal basis, and scandals over its regulation, efficiency and effectiveness often emerge. I'll just refer to the several recent incidents where Mainland visitors to Hong Kong were coerced by shops, even causing a death. In the case of Thailand, despite a red travel alert, some travel agents still allowed package tours to depart, disregarding the safety of Hong Kong people. There are also cases of travellers being abandoned in Hong Kong from time to time. These incidents*

*highlighted the existence of big problems in this regulatory organization. This Council has passed several motions calling on the Government to give this regulatory organization a thorough overhaul.*

*I would like the Chief Executive to reply if the Government will implement the reform of the regulation of the travel industry during his remaining term, and establish an organization similar to the IA.*

**CHIEF EXECUTIVE** (in Cantonese): I think they are two different types of service. However, we are very concerned about how the operation of the travel industry can affect the welfare and safety of visitors, and about the reputation of the Hong Kong travel industry. As you know, we have asked the Travel Industry Council of Hong Kong (TIC) to take some special cases seriously. Moreover, we will certainly follow up cases involving criminal elements.

As for enhancing regulation, TIC has set up a group — I know you are aware of it, since you are more familiar with this area than I am — to study how to improve the current arrangements of tourist guide service for Mainland visitors, and to submit a report in a few months.

As far as I know, we have provided adequate protection for package tours from the Mainland. I have just received some information and have made inquiries. Those agents that handle the package tours must issue itineraries to visitors before or upon their arrival in Hong Kong, stating that the tourist guides must not force them to shop, or force them to stay in the registered shops to make purchases. The itineraries will also show clearly the time they will stay in the shops, the name of the tourist guide and a telephone hotline they can call if anything happens. Our protection should be quite comprehensive. Compared with those of other tourist destinations, our regulatory regime should be better.

Nevertheless, I think the means by which the tourist industry provides services — as you know, Mr TSE — are multifarious, much more than those of the housing sector. It is worth our concern to see if these problems can be dealt with through legislation. The most important thing is to identify which way among the ones we adopt separately is effective. If they are not effective, of course we need to legislate in the end. But at present, the most important thing is how the tourist industry operates. Our regulatory regime has to meet market needs too, and there must be participation of the industry, since we need to work

together to do it better. You're an expert in this. I hope you can work with us to find out the best way to deal with it. Most important of all, we have to maintain Hong Kong's reputation as a tourist city perpetually.

**MR PAUL TSE** (in Cantonese): *President, please allow me to ask a very short supplementary question in the time left.*

*President, I agree entirely with what the Chief Executive said just now about the regulation of the travel industry in terms of inbound travel, which must be the strictest in the world. No other country in the world could provide full refund within six months. This is actually overdoing it. The practice of "punishment instead of regulation" adopted by the overall mechanism is wrong, too. It's like handling naughty children. Instead of beating them when they are naughty, we should provide a safe environment in which they are not allowed to play with fire or touch dangerous objects. Currently, the travel industry is being punished rather than regulated. Instead of monitoring and preventing things from happening, we punish them heavily when anything happens. I am strongly disgusted with and opposed to this .....*

**PRESIDENT** (in Cantonese): Please ask your supplementary question.

**MR PAUL TSE** (in Cantonese): *..... I hope the Chief Executive can adopt another mode of thinking and abandon the practice of punishment instead of regulation by providing us proper relief and guidance, as well as a business environment in which everyone can operate fairly.*

**CHIEF EXECUTIVE** (in Cantonese): I entirely agree that it is a very good way.

**PRESIDENT** (in Cantonese): That's all for the Chief Executive Question Time today.

Please rise when the Chief Executive leaves the chamber.

**CHIEF EXECUTIVE** (in Cantonese): Thank you, President. Thank you, Members.

**NEXT MEETING**

**PRESIDENT** (in Cantonese): The meeting is adjourned. We will resume at 11 am tomorrow.

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