

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 15 October 2009

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

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

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

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

THE HONOURABLE TANYA CHAN

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

MEMBER ABSENT:

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, 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, 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 ON THE POLICY ADDRESS PRESENTED TO THE COUNCIL AT THE MEETING HELD ON 14 OCTOBER 2009.

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): The Chief Executive will first address the Council.

CHIEF EXECUTIVE (in Cantonese): Good afternoon, President and Honourable Members.

In the policy address I delivered yesterday, the main theme is economic development. The Hong Kong economy needs a new impetus and diversified development. Only with stable economic development can the resolution of various social, livelihood and political issues be facilitated, and the unemployment and poverty problems resolved. In the wake of the financial tsunami, the Government has introduced various short-term relief measures to assist the grassroots. However, Hong Kong is fundamentally an urban economy and it is financially not viable to "give away candies" over an extended period of time. While we talk about distribution of wealth, we must also talk about the creation of wealth. Therefore, we must treat the symptoms as well as fix the root cause. I think the fix lies in taking a pragmatic approach to develop the industries in which we have an edge and strengthen the pillar industries.

Another subject matter which Honourable Members are concerned about is the consultation on constitutional reform. As I announced yesterday, the consultation exercise will be launched next month. Before introducing the constitutional reform package, I am most willing to meet with Members and listen to their views. Constitutional reform has always been a delicate issue. The relevant discussions on Hong Kong's constitutional development which started way back in the 1980s have already created division in society. It takes time, patience and rational accommodation to mend the rift, which is indispensable.

I think we can still recall that the package of constitutional reform proposals in 2005 (the 2005 reform package) was not endorsed by the Legislative Council despite general support in the community. It demonstrates the difficulty

involved in reaching a consensus on issues relating to constitutional development. At that time, some Members opposed the 2005 reform package because they wanted a timetable for universal suffrage. I have looked up the arguments put forward by Members in opposition then and this was clearly their major contention. Hence, as part of my election platform in 2007, I pledged to thoroughly resolve the issue of universal suffrage. And for that reason, I had submitted a report to the Central Authorities shortly after my election and in the same year, the Decision of the Standing Committee of the National People's Congress (NPCSC) on Issues Relating to the Methods for Selecting the Chief Executive of the Hong Kong Special Administrative Region and for Forming the Legislative Council of the Hong Kong Special Administrative Region in the Year 2012 and on Issues Relating to Universal Suffrage (the Decision) was promulgated to clearly specify the timetable for universal suffrage in law. I dare say this is likely the most important milestone in the process of constitutional development since the reunification, or ever since the founding of Hong Kong some 150 years ago.

It is precisely because of the political rift in Hong Kong community that concerted efforts are required from all parties concerned to achieve the goal of universal suffrage and to reach the greatest consensus by seeking common ground and reserving differences. The most imminent task of the current term of Government is to properly deal with the election methods of the Chief Executive and the Legislative Council (the two election methods) in 2012.

Some Members think that discussions on the ultimate proposal for implementing universal suffrage in 2017 and 2020 should proceed before those on the two election methods. I think this is tantamount to taking the difficult path. I am also worried that this would serve to cause once again our constitutional development to mark time. I sincerely hope that no more new obstacles would be imposed on our quest for a consensus over the two election methods in 2012.

In the Decision of the NPCSC, a framework is in fact drawn up for the elections after 2012. As regards the election of the Chief Executive,

MR ALBERT CHAN (in Cantonese): President, clarification, President, basically I think an issue need be clarified.

PRESIDENT (in Cantonese): Mr Albert CHAN, please speak after the Chief Executive has finished his address.

MR ALBERT CHAN (in Cantonese): President, if he links it to other areas he would mislead the public.

PRESIDENT (in Cantonese): Mr Albert CHAN.

MR ALBERT CHAN (in Cantonese): I want him to make a clarification, but he can refuse to do so. President, he mentioned obstacles. Can he clarify what those obstacles are?

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

MR ALBERT CHAN (in Cantonese): He can refuse to clarify, President.

PRESIDENT (in Cantonese): Chief

(Mr LEUNG Kwok-hung stood up)

MR LEUNG KWOK-HUNG (in Cantonese): President, you said yesterday the Chief Executive spoke foul, did he not feel sorry for that?

PRESIDENT (in Cantonese): Members.

MR LEUNG KWOK-HUNG (in Cantonese): Buddy.

PRESIDENT (in Cantonese): Will Members please wait until after the Chief Executive has finished his address to raise your hands to speak.

MR LEUNG KWOK-HUNG (in Cantonese): Someone said to lend him all ears

PRESIDENT (in Cantonese): Please raise your hands before you speak.

MR LEUNG KWOK-HUNG (in Cantonese): I had wanted to bear with him.

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

(Mr LEUNG Kwok-hung ignored the President's instruction and remained standing)

MR LEUNG KWOK-HUNG (in Cantonese): You tell him to retract it, buddy, it seems he has read it wrongly he would retract it himself. In fact,

PRESIDENT (in Cantonese): Will Members please keep quiet when the Chief Executive is speaking.

MR LEUNG KWOK-HUNG (in Cantonese): Does he want to make a clarification? Let him do so.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you must stop talking at once. Sit down.

MR LEUNG KWOK-HUNG (in Cantonese): You ask him if he wants to clarify?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you have made your point. Sit down. Members must observe the Rules of Procedure.

MR LEUNG KWOK-HUNG (in Cantonese): If he has the morals, I will observe the rules.

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

(Mr LEUNG Kwok-hung sat down)

PRESIDENT (in Cantonese): Chief Executive.

CHIEF EXECUTIVE (in Cantonese): The Decision of the NPCSC

(Mr Albert CHAN stood up again)

MR ALBERT CHAN (in Cantonese): President, I am seeking an elucidation.

PRESIDENT (in Cantonese): Mr Albert CHAN, you are conversant with the rules. When a public officer or another Member is speaking, and if a Member requests the speaker to make a clarification, it is up to the speaking public officer or the Member to decide. Chief Executive.

MR LEUNG KWOK-HUNG (in Cantonese): Is he going to make a clarification?

CHIEF EXECUTIVE (in Cantonese): President, I think we have plenty of time, in a Question and Answer Session of 90 minutes, to make all the questions and answers smoother and more appropriately solve these issues.

(Mr WONG Yuk-man spoke from his seat)

MR WONG YUK-MAN (in Cantonese): Just one question in a full year, buddy. With 60 Members, only one question a year on average

PRESIDENT (in Cantonese): Mr WONG Yuk-man. Members, if the Chief Executive is interrupted by Members at will while he is speaking, it would only impede the smooth conduct of the Question and Answer Session. Therefore, will Members please observe the Rules of Procedure, and also respect the rights of other Members.

(Mr Albert CHAN stood up again)

MR ALBERT CHAN (in Cantonese): President, I hope you can clarify one point, that is, I asked the Chief Executive to clarify his address, which is allowed under the Rules of Procedure. Certainly, the decision to clarify or not rests with the speaker

PRESIDENT (in Cantonese): Mr Albert CHAN, you have already made your point.

MR ALBERT CHAN (in Cantonese): President, I only want the Chief Executive to clarify clearly, because your general remark just now seemed to suggest that I had not observed the Rules of Procedure. But I wish to tell you that my request on the Chief Executive just now to make a clarification is in order.

CHIEF EXECUTIVE (in Cantonese): In the Decision of the NPCSC, a framework is in fact drawn up for the elections after 2012. As regards the election of the Chief Executive, if we can properly deal with the composition of the Election Committee for the Chief Executive election in 2012, we will have, to a very large extent, resolved the issues related to the composition of the nominating committee for the election in 2017. As regards the formation of the Legislative Council, we will of course proceed towards the goal of returning all Members of the Legislative Council by universal suffrage in 2020. We all

understand that universal suffrage is the manifestation of the principle of universality and equality. I have said this in the past, and I can reiterate today that the functional constituencies in their present form are not totally compatible with the principle of universality and equality. Hence, they cannot be retained in their present form under the electoral system for the Legislative Council in 2020. Of course, we will have to consider this issue in designing the methods for the Legislative Council elections in 2012 and 2016.

Members, as the saying goes, "Past experience, if not forgotten, is a guide for the future". I hope that we can truly pursue democracy, rather than pursuing subject matters of democracy. As far as the constitutional development is concerned, we have already set down the timetable for universal suffrage. It will be the real test on all of us in terms of our intelligence and commitment to democracy as to how we take the next step forward.

Thank you, President.

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

PRESIDENT (in Cantonese): After the Chief Executive has answered the question put by a Member, the Member may forthwith ask a short supplementary question on his/her question.

MR JEFFREY LAM (in Cantonese): *In the development of six industries where Hong Kong enjoys clear advantages, the prime task is to address the land resources problem. We consider the proposal on revitalizing the over 1 000 industrial buildings by the Government the right direction which may add impetus to the economy.*

However, according to past experience, the redevelopment of industrial buildings has to go through various government departments and barriers, such

as the conversion of units for other purposes is subject to the vetting and approval of the Buildings Department and Fire Services Department, in which the procedures involved are rather cumbersome. Would the newly formed task force of the Lands Department co-ordinate with the various departments to help the industry in revitalizing these industrial buildings as soon as possible in a bid to speed up the implementation of the relevant measures? Does the Government have any matching measures? Or, would it develop a "one-stop" mechanism to speed up the vetting and approval process so that the restrictions and barriers could really be removed?

Besides, currently, many creative industries have chosen to operate in industrial buildings. What are the reasons? It is precisely because of the cheap rental. In the event that the rents rise after these industrial buildings have been redeveloped or converted, would it not defeat the policy intent and affect the survival of the creative industries instead? What measure does the Government have to address that?

CHIEF EXECUTIVE (in Cantonese): Firstly, in the Development Bureau, we hope to prepare specifically for the implementation of these new policies through restructuring and allocating additional resources. And one of the major functions of such efforts is to effectively co-ordinate the work among the various departments so that these new policies can be launched as soon as possible, in particular in respect of the vetting and approval of applications concerning the use of these industrial buildings. We hope to accept and complete vetting and approving as many applications received as possible within this three-year grace period.

As to the question of whether or not certain existing facilities in the industrial buildings would be affected, just think for a moment, there are indeed a lot of industrial buildings in Hong Kong — over 1 500 buildings, and what we are going to do this time around is to upgrade the existing functions of the industrial buildings to facilitate usage by the artists and creative industries mentioned earlier. In other words, there would be a corresponding increase rather than decrease in the supply of industrial buildings. I trust the rentals would be adjusted according to the market conditions for supply and demand would act against one another to achieve a balance.

MR JEFFREY LAM (in Cantonese): *President, has the Chief Executive or the government department estimated the time to be taken by the vetting and approval of these applications? Three months, or six months?*

CHIEF EXECUTIVE (in Cantonese): I think it depends mainly on the nature of an application, for example, whether it is a redevelopment or modification of use, or whether the consent of all owners has been secured. I am confident that such applications can be dealt with as quickly as possible within these three years. If they are dealt with fast enough — we certainly hope that they could be dealt with as soon as possible, I hope that at least one case could be dealt with daily — with 700-odd cases to be dealt with, a lot of applications could be processed in three years. Therefore, I hope Mr LAM and all the existing users or owners of industrial buildings can seize the opportunity and make early consideration as to how to organize themselves to revitalize the industrial buildings the valuable potentials of which have not been fully utilized currently.

I can assure Members that we would process the relevant applications with the fastest speed. Although we do not have the experience of dealing with such kind of applications, the relevant procedures would be much simpler in future, and there would be no need for valuation. For example, for applications that involve essentially a mere change in land use, we would not need to, as in the past, consider the exemption fee, nor would we need to conduct a lot of calculations and measurements. With such work reduced in the future, I believe the process would become quite fast.

MR ALAN LEONG (in Cantonese): *President, Chief Executive, when we attended the Chief Executive electoral debate held on 1 March 2007, the Chief Executive said clearly at the time that he would thoroughly resolve the issue of dual universal suffrage within his term of office should he be re-elected. Having checked paragraph 99 of the 2007-2008 policy address, I noted that he had stated therein in the affirmative, "Promoting democracy is a constitutional responsibility vested in the Chief Executive of the HKSAR under the Basic Law. It is my responsibility to take Hong Kong towards universal suffrage." However, it is indicated in his address just now that the so-called "thoroughly"*

mentioned by him actually refers only to the timetable and excludes a roadmap. May I ask the Chief Executive whether or not he considers this remark to be a case of kicking down the ladder, which is a bit evasive and tricky?

CHIEF EXECUTIVE (in Cantonese): I have said earlier that public debates on the agenda of democratization in Hong Kong started in the 1980s and this issue has gone around in circles for a long period of time ever since. However, in my view, if Members review the campaigns for democracy that have been conducted over all these years, they will note the biggest and clearest milestone. And where is it? I dare say it is the event that took place in December 2007 when the current term Government proposed to the Central Authorities that our present electoral systems be amended. Subsequently, in December, the NPCSC laid down in law two timetables for universal suffrage in response to the demand made by the general public in Hong Kong when you and I were running in the Third Term Chief Executive Election at that time.

Moreover, in 2005, we put forward a proposal on amending the electoral methods and I hold that the proposal, which had obtained the support of a considerable number of Hong Kong people, represented some form of advancement. As I said just now, the tone underlying the voices of opposition registered in the absence of a timetable for universal suffrage and Members may note this by reading the newspapers published back then. For that reason, the work undertaken by us was targeted on striving for a timetable to be drawn up in 2007 and we succeeded in achieving this. I hold that in the course of championing democracy, not only in 2007, 2012 or at present Be it in 2017 or 2020, I believe the fight for democracy and the identification with the same will undergo continuous evolution. Even now, some advanced democratic countries have made much reflection on this issue. Therefore, in my view, we have obtained a clear answer at this stage, in that the National People's Congress has seriously conducted the legislative procedure. Subsequent to the formulation of the timetable, the next task for us involves making the respective arrangements for the elections to be held in 2012. In any event, when compared with the present electoral systems, those arrangements have to be more open, democratic and closer to universal suffrage. This will be our work. Of course, I will make every effort to honour my election pledges, but I think that the efforts

made by the current term Government have already reflected a fulfilment of this pledge. In my view, I have done a sufficient job of it.

MR ALAN LEONG (in Cantonese): *Chief Executive, I believe a fair judgment will be passed on whether or not you have honoured the pledges you made in running in the Chief Executive Election. As regards the 2005 constitutional reform package mentioned by you just now, I have a question. You said earlier that you would avoid a repeat of the same mistake, in the hope that "past experience, if not forgotten, may serve as a guide for the future". However, a review of history has revealed that the period spanning the publication of the consultation paper and the tabling of the relevant motions to this Council for voting only amounted to 63 days and during which, no public consultation had been conducted. Then, what had actually been done? The answer is bogus public opinion surveys which, as a majority of academics have remarked, aimed at hoodwinking people. May I ask the Chief Executive whether or not you will conduct the consultation exercise in the same fashion, given that you will do so in the near future? If you answer in the negative, can you take this opportunity to explain each and every step to be taken by you, the contents of the consultation paper, the time of putting forth the proposal and the manner of conducting the public consultation? Can you broadly explain these matters to us here?*

CHIEF EXECUTIVE (in Cantonese): My colleague, Mr Stephen LAM, is actually writing up the consultation paper while I myself

(Someone murmured in the Chamber)

PRESIDENT (in Cantonese): Members will please remain quiet while the Chief Executive is answering questions.

CHIEF EXECUTIVE (in Cantonese): Sorry, Alan, I have forgotten your question because I was interrupted just now. Can you put the question again?

MR ALAN LEONG (in Cantonese): *President, what I said to the Chief Executive is that he hopes to avoid a repeat of what happened in 2005 and the same mistake. In the light of this, I highlighted to him that the period spanning the publication of the consultation paper and the tabling of the relevant motions to this Council for voting only amounted to 63 days. In the interim, there would be no public engagement other than bogus public opinion surveys which, as a majority of academics have remarked, aimed at hoodwinking people. May I ask the Chief Executive what steps will be taken by him to pre-empt a repeat of the mistake made in 2005, given that he will publish the consultation paper shortly next month? Can he take this opportunity to explain how he will conduct the consultation exercise and when he will give an account on the respective modes of the election, as well as the manner in which the consultation exercise will be conducted? Can he also give an account on the timetable and the method of consultation? This is my question.*

CHIEF EXECUTIVE (in Cantonese): As I mentioned just now, Mr Stephen LAM is now making concerted efforts with us, in the hope that next month Sorry, President, I think there are many nuisances in this Council that make it impossible for me to focus on answering the question put by the Member. If such noises continue, I will be unable to concentrate in answering questions. I am really sorry.

PRESIDENT (in Cantonese): Members will please observe the Rules of Procedure and remain quiet.

CHIEF EXECUTIVE (in Cantonese): In the meanwhile, we will set out the views put forward by members of the public on this matter over the years and the issues that have undergone discussions in the meetings of the Commission on Strategic Development. Moreover, we hope very much to conduct a comprehensive consultation exercise, in order for members of the public to express their views particularly on the arrangements for the two elections to be held in 2012 and the elements to be included therein. As to the future arrangements, they have yet to be fleshed out. I believe we will definitely have sufficient time for consultation, so that Hong Kong people may have discussions on this issue. Upon the completion of the consultation exercise, we will

certainly sort out the views advanced by various parties, including those by Members. We eagerly hope that in the interim, various political parties and groupings, as well as Members, can target at the two election methods and put forth their views. I hope to deduce a specific proposal out of these views.

Recently, I have issued letters to Members and made the undertaking that prior to putting forth the proposal, we will have discussions again and the consultation paper will be formally tabled before this Council. By the time when public debates have been completed and rounds of debates have been conducted on the suggestions made by Members, I believe the conclusion on the proposal will come out of such a process. This is comparable to our procedures generally adopted for handling important documents and legal instruments. We had conducted these procedures once in 2005, and this issue has undergone repeated discussions in society. I believe if we are mindful of reaching a consensus and remain focused, we can make it. That said, I will not underestimate the difficulties arising in the future because the proposal must be founded on public opinions, and it has to secure the support of two thirds of the Members.

MR ALAN LEONG (in Cantonese): *President, the reply given by the Chief Executive He has not answered my question.*

PRESIDENT (in Cantonese): There is nothing we can possibly do because according to the rules, you may raise only one supplementary question.

DR PRISCILLA LEUNG (in Cantonese): *Chief Executive, the policy address has stressed time and again the issues of environmental protection and conservation and the direction of beautifying the harbourfront, which I think is correct. However, my concern is how the ideas espoused in the policy address will be realized. Because as far as I can observe, when it comes to implementation, there often seems to be a lack of co-ordination among Policy Bureaux and departments, as in the case of people suffering from psychosis and an inability to co-ordinate the movement of the limbs. A case in point is the Housing Department and the Planning Department recently announcing that Site*

6, which has been named a site along the harbourfront in Sham Shui Po, will be used for constructing four 41-storey screen-like buildings. This is in contrary to the broad direction of beautifying the harbourfront in Western Kowloon and constructing a green city mentioned in the policy address. Does it suggest that there is a problem in the governance of the Government, which has given rise to the inability of its central authority to direct its executive arms, or that this broad direction is in fact empty talk?

Chief Executive, I am making this point here on behalf of the some 10 000 residents in the district who have jointly signed a submission. They would like me to invite you, on their behalf, to visit Site 6 when the opportunity arises so that you will understand the feelings of residents in Sham Shui Po.

CHIEF EXECUTIVE (in Cantonese): Dr LEUNG, I think we must approve all land development and building development proposals in accordance and compliance with the Housing Ordinance and the requirements prescribed by the Town Planning Board (TPB), which are, by and large, based on the outcomes of protracted public consultation exercises. I very much believe this model is also adopted for the development of Sham Shui Po.

Every single development approved by the Government of the Hong Kong Special Administrative Region (SAR) must go through this extended, careful and meticulous consultation. I trust, and I hope Dr LEUNG will inform us of any case of non-compliance, in which we have acted in contrary to the existing town planning or in contravention of the Buildings Ordinance, and we will definitely examine such cases very carefully.

DR PRISCILLA LEUNG (in Cantonese): *Chief Executive, I think this has exactly reflected the possibility that the broad direction adopted by the Government now may be out of sync with the projects approved previously. How could this lack of co-ordination between such decisions made in the past and the broad direction adopted now be addressed? I think the development of Site 6 mentioned just now will only bring about a rise in temperature for the local residents who, after reading the policy address, will only envy the residents of the Central District and consider them being given a special favour, Chief Executive.*

CHIEF EXECUTIVE (in Cantonese): I understand your rationale. However, it should be borne in mind that there are specified procedures for municipal management and building construction which have to be implemented in accordance with the law. We are also required to adhere to these established procedures.

Certainly, when members of the public have strong views on related issues, I believe the relevant authorities and departments will examine such issues with a people-based approach. However, please bear in mind that as these procedures have already been laid down, it means they represent the views of the people of Hong Kong as a whole instead of those of a single party involved or a small group of people. We must strike a balance in this regard.

MR WONG YUK-MAN (in Cantonese): *President, I am really sorry that I missed the target and hit the wrong one yesterday. Those two bananas were made of sponge and were thus not too hard, but it must have scared you, your goodself. But, you were not at all fair*

PRESIDENT (in Cantonese): Please raise your question.

MR WONG YUK-MAN (in Cantonese): *The three of us held up the placards, and you drove us out of this Chamber, but there were more than 20 of them erecting placards here, making a scene out of it, as the Chief Executive said, and you did not drive them out of the Chamber, right?*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please raise your question.

MR WONG YUK-MAN (in Cantonese): *It is a bit unfair. Much as I respected you, if you had driven them out of the Chamber, I would have respected you all the more.*

The Chief Executive keeps "barking bull", and the SAR Government continues to engage in perverse acts while this band of devils is frolicking in this

Council, which is really very heartrending. The League of Social Democrats, however, is always full of vitality, and we will fight on in this Council until the very last day, the very last minute.

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please raise your question and refrain from making a speech.

MR WONG YUK-MAN (in Cantonese): *You know that when I raise a question, I always put it in context. President, you have to give me a chance, and today we are waging a war of words instead of one of violence, so I beg your indulgence for a while? Ever since the reunification in 1997, the Gross Domestic Product has increased by almost 50%, but the number of poor people has been on the increase day after day. When the problem of the disparity between the rich and the poor is worsening, how could you, as the Chief Executive, be indifferent to it? The number of families with a monthly income below \$8,000 has increased significantly from 264 000 to a stunning 450 000.*

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

MR WONG YUK-MAN (in Cantonese): *Yet, the number of families with a monthly income over \$80,000 has increased drastically to 110 000.*

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

MR WONG YUK-MAN (in Cantonese): *The population of youth in poverty between the 18 and 24 years of age has also increased significantly. The number of Comprehensive Social Security Assistance (CSSA) recipients has increased from 280 000 in 1997 to 500 000 at present, and 100 000 people are living in cubicle apartments and cage homes with rentals per square feet comparable to those of luxurious properties. These figures talk. Chief Executive, the title of your policy address is "羣策" (phonetic translation: "kwan chaak³") — my pronunciation is very accurate, it is "策" (chaak³) as in "政策" (phonetic translation: "ching chaak³", meaning policy) — the title should*

be understood as "羣策羣力", which means "making policies and contributing efforts through pooled resources". I wonder who helped you to come up with this title, which is so very hard to pronounce. I have thus revised it to read "Bandits are pooled in breaking new ground, but people in poverty are in abysmal plight" ("羣賊創新天，窮人墮深淵" — 賊 is pronounced "chaak⁶"). During a television interview a few days ago, HO Hei-wah, the person-in-charge of the Society for Community Organization, said that TUNG Chee-hwa had been more compassionate than you are, and hearing that, I also found this depressing

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please raise your question.

MR WONG YUK-MAN (in Cantonese): *I was only quoting a comment. I am now raising my question, buddy, you have to allow me to continue with my question, right? To put it simply, your policy address has totally ignored the plight of the poor, and it has merely engaged in announcing your six major out-and-out damned industries, right?*

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

MR WONG YUK-MAN (in Cantonese): *Those industries would entail full dedication out and out, what is wrong with that? Am I right? Should those six major industries not require the out-and-out involvement of people, to such an extent that they are damned? Has a single cent or a single dollar been spent to benefit the poor, Chief Executive? You only have to answer this: Regarding the figures I quoted just now, is there any way to reduce them within your term of office?*

MR LEUNG KWOK-HUNG (in Cantonese): *No.*

CHIEF EXECUTIVE (in Cantonese): Every time when we prepare the policy address, we have to review the implementation of policies in the past and consider whether there has been anything special occurring during the relevant year that

needed to be addressed. With the policy address this year, we hope to go back to the basics. In other words, we have to discuss long-term strategies instead of taking short-term relief measures. Relief measures

(Mr WONG Yuk-man rose)

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

MR WONG YUK-MAN (in Cantonese): *I request him to give a reply to the figures I provided just now. Why is the poor population on the increase? Why have people living in cubicle apartments not been allocated public housing? The elderly are waitlisted do you know how many of them have died? More than 7 000 elderly people died while they were still on the waiting list for residential care places.*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, if you do not observe the Rules of Procedure, I have to ask you to leave the Chamber.

MR WONG YUK-MAN (in Cantonese): *He has not given me an answer yet.*

PRESIDENT (in Cantonese): Please wait for the Chief Executive to answer your question before

(Mr Albert CHAN rose)

MR ALBERT CHAN (in Cantonese): *President, not complying with the rules is not as vicious as acting without a conscience.*

PRESIDENT (in Cantonese): I will say this again, if a Member fails to observe the Rules of Procedure and interrupts the Chief Executive

(Mr WONG Yuk-man rose again)

MR WONG YUK-MAN (in Cantonese): *He has been beating about the bush, may I ask is this allowed? He has been beating about the bush. I asked him a specific question, he has to give me an answer now.*

PRESIDENT (in Cantonese): Members have the right to ask questions, but they should also respect the Chief Executive's right to speak.

MR ALBERT CHAN (in Cantonese): *He does not respect the Legislative Council He does not respect the responsibility of Legislative Council Members of monitoring the Government.*

PRESIDENT (in Cantonese): Members, if we go on like this, it will be impossible for the Question and Answer Session to proceed. So, this is one last call by me. Mr WONG Yuk-man and Mr Albert CHAN, please respect the Rules of Procedure, and let the Chief Executive finish with his speech before you follow up.

(Mr LEUNG Kwok-hung spoke in his seat)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please keep quiet.

CHIEF EXECUTIVE (in Cantonese): Just now when Mr WONG spoke, he asked that the preamble to his question be given audience. If he wants me to respect his wish and listen to his preamble, should he not likewise listen to my preamble first?

In this policy address, I very much hope to depart from the temporary contingency measures specially taken over the past few years to counter the financial tsunami. However, temporary measures could be implemented only for a short term, and if they were enforced for a long term, the redistribution of wealth in Hong Kong itself would be affected and it might become necessary to raise taxes. So we must work carefully. For this reason, I think we have to

return to the basics and fundamentals, that is, to see how the wealth of Hong Kong could be multiplied. The pie must be made bigger before we could have more resources to help the grassroots in Hong Kong at present.

The grassroots in Hong Kong are a particular concern to the Government. Currently, we have in place a comparatively integrated but still imperfect social security scheme. Poor families are all covered by the CSSA Scheme, and they are also eligible for housing and medical subsidies. Young people all enjoy opportunities of education — and free education, too, and they will not be denied access to university education for reasons of financial difficulties of the family. The elderly are cared for as well. In this policy address, special arrangements have been made for grassroots in need, especially the elderly and people with mental illness. Of course, it is not possible for us to separately describe each and every item in detail, but the social welfare that we now have in Hong Kong, including those pertaining to medical, housing and education needs I mentioned just now, plus CSSA and "fruit grant", will be provided continuously. Granting more resources, we will continue to do so all the same. The six new industries mentioned in the policy address carry our hope in expanding our own economic strength and energy, enhancing our economic vitality and increasing new job opportunities, so that we could have more resources to help the grassroots.

MR WONG YUK-MAN (in Cantonese): *The poor population has already increased to 1.23 million. The question that I put to you just now does not have any conflict with your reversion to the basics. The fundamental question is, even with economic development, you still have to enable all the people to be benefited. Our national income at present is US\$30,000 per capita, but a minimum wage is still lacking. The question you have to answer is — could the policies that you implement help the 1.23 million poor people in Hong Kong now to live a better life before the end of your tenure (you will not have another tenure, so it is a waste of effort to ask you about that)? Can the number of the poor be reduced? I do not know how your aides help you to make preparations, how come there is not even a prompting sheet? This is a question that is bound to be asked, right? What does "reversion to the basics" mean? What he has provided in his answer are just lacking in coherence. Even your power of expression is so lousy. As the Chief Executive, you have simply failed to answer my question.*

MR LEUNG KWOK-HUNG (in Cantonese): *Marking time, no progress.*

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

MR TAM YIU-CHUNG (in Cantonese): *In his policy address, the Chief Executive proposed a number of measures regarding the elderly services. These measures include speeding up the construction of the various types of residential care homes and increasing the amount of subsidy given to them, as well as raising the quality of services for the elderly. We welcome all these measures for they answer some of the aspirations of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) in this respect.*

However, I hope the Chief Executive can give certain issues further considerations. For example, for many years, we have made this proposal in respect of those elderly people receiving the "fruit grant" — last year, the Chief Executive had the "fruit grant" increased to \$1,000 — some of them often return to the Mainland to live. When they are on the Mainland, they may not meet the existing 240-day residence requirement for receiving the "fruit grant". We hope that the Government can consider relaxing the relevant restriction as early as possible and the portability of welfare benefits which include health, education, and the welfare protection concerned. If these elderly people need to return to the Mainland, they can consider bringing the benefits back to the Mainland and enjoy them all the same, so that they could also put their minds at ease like the other elderly when they settle on the Mainland to spend their old age. In this regard, what considerations does the Chief Executive have, or when can the relevant policies be confirmed?

CHIEF EXECUTIVE (in Cantonese): Mr TAM, I have the same feeling, too. If we use the limited resources — especially those elderly, if they want very much to return — to somewhere near, for example, the Pearl River Delta Region for a better living environment, this is good for them, and the pressure on Hong Kong's services could be reduced as well. However, as for the proposal put forward by you, we are currently looking into it, but that involves certain practical as well as legal issues. Personally, I have never given up on the issue, I hope we — I promise you that I would keep on actively looking into the issue,

and I hope very much that a conclusion can be drawn within a limited timeframe. If you are interested in the issue, we could formally discuss it with you again on another occasion; and you can also discuss that with Secretary Matthew CHEUNG.

We are all very concerned about the issue of "portability", which has enormous implications. It is particularly so with the portability of "fruit grant", in which case resettlement by the elderly would have impacts on the legal issues and practical enforcement I mentioned just now. Despite these problems, I think we should still conduct some more in-depth studies on this policy proposal in a bid to make it a success.

MR TAM YIU-CHUNG (in Cantonese): *Certainly, any change in policy may bring a lot of problems and difficulties, so may I ask the Chief Executive whether he is confident that these difficulties and problems would be resolved?*

CHIEF EXECUTIVE (in Cantonese): I am determined to do this, but success or failure since this is a place that upholds the rule of law, we have to proceed in accordance with the stipulations in law, okay? Nevertheless, I hope you can accept my pledge that we would follow up the issue proactively, okay?

MS EMILY LAU (in Cantonese): *President, the Chief Executive said just now that the constitutional issue was a very sensitive and important issue. Yesterday, he said in paragraph 119 of the policy address that President, he said he was half way through his tenure and most of the infrastructure projects and major policies proposed by him were "well on schedule". However, he did not mention the fact that when he ran in the small-circle election, he once made the boastful pledge that this issue would be resolved. For this reason, today, he has come here to do some patching up. President, he did not mention this issue in his policy address, so he has come here and said that actually, this matter has also been resolved. First, does this mean that the policy address has some defects? Why was an account not given to the public yesterday? President, you also know that the overwhelming majority of the Hong Kong public have still not given up hope and all of them hope that there will be dual universal suffrage in 2012. The Chief Executive tried to show off his smartness here by talking*

about the decision of the NPC on 29 December 2007 — this decision broke the hearts of several million Hong Kong people because what we wanted at that time was dual universal suffrage in 2012, President. What did we get instead? What we got is a statement that rules out the introduction of dual universal suffrage in 2012, that the Chief Executive "may be" elected by universal suffrage in 2017. What is this? What sort of universal suffrage is this, President? It is then said that after the Chief Executive is elected by universal suffrage, all members of the Legislative Council "may" also be elected by universal suffrage but not even a date is specified, President. We all know that this is not a very definite pledge and still less is the issue of universal suffrage truly resolved.

The participation of the Chief Executive in a small-circle election outraged Hong Kong people and it was also a most disgraceful affair. Moreover, after making some pledges, he did not honour them and right now, here in the Legislative Council, he is still making lame excuses. Will the Chief Executive tell Hong Kong people if you have the courage to tell the leaders in Beijing that even now, Hong Kong people still want dual universal suffrage in 2012? Should the decision of the NPC not be changed?

CHIEF EXECUTIVE (in Cantonese): In my address yesterday, I said that insofar as major policies were concerned, we had put in place the timetable for universal suffrage in 2017 and 2020. This point was raised and I wonder if Ms LAU heard what I said yesterday. In view of this, although she said that I had not mentioned this matter, in fact, I had.

As regards the issue relating to 2012 raised by her, now we all know that we have to follow the decision made by the NPCSC in December 2007. This is something I have talked about before. In this decision, a very, very clear timetable on universal suffrage is drawn up. This timetable is not just given verbally, rather, it was formulated by the NPCSC in accordance with the legislative procedure. In these circumstances, I think you should have faith or everything will be meaningless. If you say that you do not even believe in this, it will be I believe there will not be a good basis for discussion. However, I believe Hong Kong people, including I myself and my colleagues, all firmly believe that this solemn statement will truly be realized and all along, I have been moving and working towards this goal. What we have to do now is to see how

we can make proper arrangements for the two elections in 2012, so that the elections in 2012 will not be a repeat of what happened in 2005, when we had to remain at the same spot. Rather, the electoral method and system must be made more liberal, open and democratic than those at present.

MS EMILY LAU (in Cantonese): *President, I asked the Chief Executive if he had the courage and honesty to tell Beijing that even now, the majority of Hong Kong people still hope that dual universal suffrage can be introduced in 2012. As the Chief Executive, have you ever performed such a basic task?*

In addition, President, the Chief Executive said just now that the existing functional constituencies do not entirely meet the definition of universal suffrage. Is this designed to tell the Hong Kong public that even if there is a Legislative Council formed by universal suffrage in 2020, it will still carry the spectre of functional constituencies and he will effect a morphing, so that functional constituencies will be perpetuated in Hong Kong? Is he going to tell Hong Kong people that such a Legislative Council can be regarded as one formed by universal suffrage?

CHIEF EXECUTIVE (in Cantonese): This precisely highlights the difficulties involved in putting forward our proposals, that is, the difficulties arising from linking the actual electoral arrangements for 2017 and 2020 to those for 2012. This may bring about a repeat of the outcome in 2005, when we could not make any progress.

Members, we must keep a cool head and look at this issue in an accommodating manner. Concerning the methods of election by universal suffrage, we must know what the fundamental principles are. Just now, I said that there had to be fairness, impartiality and equality. I also told you that under the existing electoral arrangements, the electoral methods for functional constituencies had not met this standard. For this reason, when we have to do something, changes must be made in this area. In such circumstances, I think I have already expressed my stance in this regard. However, the most important point is that we must adopt an accommodating attitude and listen to Members' views, so as to get the best result.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I am really sorry but he really made me*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you have violated the Rules of Procedure. It is not the time for you to speak. Please sit down. Chief Executive, please go on.

CHIEF EXECUTIVE (in Cantonese): I have finished giving my reply.

(Dr Margaret NG raised her hand)

PRESIDENT (in Cantonese): Dr Margaret NG, is it a point of order?

DR MARGARET NG (in Cantonese): *Sorry, President, I came in late just now. Originally, I did not indicate my wish to raise any question but having heard the Chief Executive speak, I wish to indicate my wish to ask him questions. (Laughter)*

PRESIDENT (in Cantonese): In that case, you have to wait for your turn.

MS LI FUNG-YING (in Cantonese): *President, in his policy address yesterday, the Chief Executive mentioned that he attached great importance to the family and thought that with good family relations, all kinds of social problems would be reduced accordingly. I am totally with the Chief Executive in his affirmation of family values. Coincidentally, my office received an invitation letter yesterday — I believe many Members present must have also received it — concerning a function named "Family" organized jointly by the Hong Kong Jockey Club Charities Trust and the School of Public Health, University of Hong Kong. We were invited to attend the symposium and workshops. There is this paragraph in the invitation letter which reads, to this effect, "With the over-emphasis on economic developments, cost saving, market competition and productivity in recent years by governments, employers and the public, there have been increasing working hours, decreasing leisure time, worsening work stress and*

growing complaints and dissatisfaction. The deterioration in the quality of family life is more than the sum of the deterioration of individual quality of life." May I ask the Chief Executive if he agrees to this paragraph quoted? If yes, why are there no substantial measures proposed in the policy address to address the situation? If not, how is he going to explain that?

CHIEF EXECUTIVE (in Cantonese): I believe the financial tsunami has made every member of the public anxious about their work, leading to the excessively long working hours. I believe this is a common phenomenon occurring currently not only in Hong Kong, but in different parts of the world as well. I believe no one would object to this statement. Certainly, there are many solutions to the problem, right? As regards the labour problem, I hold that at present we have first to handle a very crucial task, that is, the minimum wage. After the minimum wage is set, that is, after we have done this, we would be able to discuss how the other consequential issues could be addressed, such as the issue on the maximum hours of work you have just mentioned. But this task is of paramount importance now. I hope Members will agree that these controversial labour issues have to be dealt with one by one rather than all together, for troubles would arise if a consensus could not be reached. However, I totally agree with you that in order to have a harmonious family, we need to have sufficient time to take care of our families and to give them more time. We cannot just focus on the work in the office.

MS LI FUNG-YING (in Cantonese): *President, I would like to relate to the Chief Executive that no reference has been made to standard working hours in the minimum wage mentioned by him. I believe that upon hearing this answer of the Chief Executive, the University of Hong Kong and the Jockey Club should first invite the Chief Executive to participate in this symposium and workshops instead of inviting us Members.*

Chief Executive, in the policy address, you mentioned launching the Happy Family Campaign. May I ask in what way this Campaign would address the long working hours and the huge work pressure faced commonly by families in Hong Kong currently that affect their family life and render them unable to establish good family relations?

CHIEF EXECUTIVE (in Cantonese): I hold that the most important issue at present is the employment problem. The current unemployment rate in Hong Kong is 5.4% — I am glad that with the specific measures implemented by the Government, there has been a slowdown in the rising unemployment rate. Under these circumstances, we have to resolve this problem first. As I mentioned earlier, many labour problems are acute, with the standard working hours being one of them. I hold that the issue we have to resolve first is precisely the issue of minimum wage. Then, we would re-examine the standard working hours you have just mentioned. The problems involved in these two issues are quite controversial in nature.

I do not think we could resolve all social problems in one go, but I believe the continual studies conducted by the University of Hong Kong, other community groups, non-governmental organizations or government agencies on the effects of the number of working hours on family harmony warrant our support and participation.

MR TOMMY CHEUNG (in Cantonese): *President, in the policy address delivered yesterday, the Chief Executive mentioned the policy on the revitalization of industrial buildings, which is very much supported by the Liberal Party, for it is also what we have been fighting for over the years. In particular, regarding the catering industry, after the recent waiving of duties on red wine and grape wine, I have often expressed the wish that industrial buildings be revitalized and used for the storage of red wine and operation of food establishments, and so on. Now that he has opened the door, I am going to discuss with the two Secretaries, especially Secretary Dr York CHOW, how food establishments can be operated in industrial buildings — he is shaking his head, which means that it is out of the question, but I will follow up this suggestion and I hope that he would support it. However, I do not intend to discuss this concept with the Chief Executive today. I just want to tell him today that, in his policy address, the two issues arousing much concern are the supply of flats and the excessively high property prices.*

In paragraph 5 of his policy address, he stated that "about the supply of flats, difficulty in purchasing a home and the possibility of a property bubble, the Government will closely monitor market changes in the coming months. When necessary, we will fine-tune the land supply arrangements". May I ask the Chief

Executive whether he already has a draft worked out in his mind in relation to fine-tuning the land supply arrangements? Is he prepared to introduce such arrangements, or does he need to observe the situation for a few more months to see if property prices will continue to rise before fine-tuning the arrangements? If so, what level should the increasing property prices reach before he deems it necessary to fine-tune the land supply arrangements?

CHIEF EXECUTIVE (in Cantonese): I talked about fine-tuning the land supply arrangements, but I was not saying that we were already prepared to fine-tune the relevant arrangements at once. Instead, we must consider the response and situation of the market. The current property prices President, I am sorry but I really hear noises constantly, I cannot especially when I am wearing earphones, the noises will hardly stop I need to wear earphones but I constantly hear noises when I am wearing them. Can it really Can the meeting really be allowed to proceed according to the Agenda, and can only one person be allowed to speak at one time? Can this be done?

PRESIDENT (in Cantonese): If any Member violates the Rules of Procedure again, I will have to ask him to leave the Chamber.

Mr LEUNG Kwok-hung, although you have used the placard to block our view of you, it does not mean that you can speak at will. *(Laughter)* Chief Executive, please continue.

CHIEF EXECUTIVE (in Cantonese): I only wish to point out that Mr CHEUNG, the fact that I specifically mentioned the issue of property prices in my policy address already indicates that we are particularly concerned about the recent property price rises. We would also like to tell property developers or the Hong Kong general public that we will monitor the issue constantly. As we have observed, there are really some super-luxury properties at present, especially the duplexes on the top floors of new buildings, for which transactions at astronomical prices have been recorded. We still have to observe if these prices will significantly affect the prices of other luxury properties and the flats of the general public. We are examining these aspects. If there are such effects,

especially if we have really found a bubble in the property market, we will start fine-tuning the land supply arrangements.

We have the latest information, for we have been keeping a constant watch on the property market, especially the residential property market, and we have quite an accurate grasp of the situation. For example, in respect of residential flats for the general public and middle-class people throughout the territory, the current prices are still around 25% or 26% lower than the peak-period prices in October 1997. From our observations, even the price per square foot of Chi Fu Fa Yuen on Hong Kong Island is still 18% lower than the highest price years ago; the price is 32% lower in Heng Fa Chuen; 24% lower in South Horizons; 11% lower in Taikoo Shing, and 48% lower in some residential buildings in the New Territories. In other words, there is a certain gap between the current prices and the original prices back then. We conduct surveys every week to monitor the transaction volumes and transaction amounts with a view to determining the extent of price rise in the market. At present, we have noticed that the market is now in a recovery, which is a normal situation that will arise after our economy has rebounded and when there are abundant capitals. Yet, is there a bubble? In the market of properties for the general public, we cannot see a very obvious bubble for the moment. Nevertheless, we still have to consider the affordability of Hong Kong people and the transaction volumes. What are the transaction volumes in the primary market and secondary market? How many properties have become negative equity assets? What are the bank rates? We have to factor all these into the computations and we will then get a good look at the current market situation. However, I would like to advise Honourable Members and all investors to act according to their capabilities when purchasing a home. They cannot just consider the present situation, thinking that the property prices will continue to increase or the interest rates will always remain so low. When a person is going to purchase a flat, he must project that the property prices may drop while the interest rates may rise. The public must make sure that the properties that they are purchasing are within their affordability. Yet, I only want to tell Members that we will deal with property prices very carefully; we will take not just one but many indicators into consideration. In respect of the work to be done, as I have said on other occasions, the Government is barely able to push up the property prices at present, but the Government has unlimited abilities, sufficient for wrecking the property market wrecking the market by means of policies. For this reason, we must be very, very careful.

MR TOMMY CHEUNG (in Cantonese): *President, I would like to follow up the question that I asked the Chief Executive a short while ago. In fact, about fine-tuning the land supply arrangements, I have looked up some information and found that, in the past two years, only one piece of residential land on the Application List has been sold by auction. The supply of such a small amount of land cannot meet the market demand at all. Therefore, the property prices would hardly become stable. I actually want to ask the Chief Executive if he would consider fine-tuning the Application List system. The Liberal Party has proposed lowering the requirement under the Application List system so that a developer can submit a price at 60% of the government estimate to trigger a site for auction. Will he consider that?*

CHIEF EXECUTIVE (in Cantonese): I would like to say that, the fine-tuning arrangements can be achieved in various ways. The suggestion that I have just mentioned in many aspects, we have a variety of methods at our disposal; however, as the property market is sensitive, I do not want to make any casual remarks here. We must have sufficient data and we will only conscientiously fine-tune the arrangements when we see a bubble in the market. Let me repeat, I hope Members will understand that we will effect constant monitoring in this respect.

MR IP WAI-MING (in Cantonese): *Chief Executive, some figures are very strange, and very much a coincidence. I wonder if it is really sheer coincidence or your ghostwriter has done some work for you. According to some statistics, it is estimated that there is a population of 1.23 million poor people in Hong Kong at present. Coincidentally, in paragraph 123 of the policy address made by you yesterday, and as you have stressed in response to some Honourable colleagues just now, we must strive for economic growth and wealth creation to address the employment and poverty issues. If we were to maintain welfare-based relief measures on a long-term basis, we would have to raise taxes drastically. You said that this was the fundamental solution. In face of a population of 1.23 million poor people, it seems that you simply apply paragraph 123 to turn down some of our requests on relieving the people's plight.*

As advocated by the Chief Executive, we should strive for economic growth to address the poverty and unemployment issues. And very often, we would hear

reference to the so-called "trickle-down effect" — perhaps you are more familiar with this term than me, that is, economic growth may bring employment opportunities. However, from our experience or what we have learnt in the past, economic growth may not necessarily bring a lot of employment opportunities or enable the grassroots to share the fruit of economic development. Therefore, may I ask the Chief Executive, in your opinion, in order to address the unemployment issue by economic growth, what is the rate of growth required or how the poverty and unemployment issues can be resolved? Or the Chief Executive is already at his wits' end, short of new solutions to those issues?

CHIEF EXECUTIVE (in Cantonese): We have no arrangement at all. As for poverty, there are many different definitions, Mr IP. I think a good one is that any household whose income is lower than the CSSA payment can be regarded as a poor household. I think this is a definition readily acceptable to us. Moreover, what I have mentioned is a fact, and what is stated in paragraph 123 is also a solid fact. We cannot rely on our surplus and balance to create a special recurrent expenditure item on social welfare on a long-term basis. Such a practice is not proper at all. You will, sooner or later, find that this year's deficit and the one which may arise in the coming year will reduce our reserves to a level which is not sufficient or just enough to meet expenditure for one year. We should handle this with great caution.

However, regarding various kinds of services being provided for the lower stratum and grassroots in Hong Kong at present, as I have just mentioned, we should have a relatively complete but not perfect CSSA system in place first. Therefore, this is a very good safety net. Coupled with our efforts in housing, education, health care and various areas

MR WONG YUK-MAN (in Cantonese): *Even the level in 2003 can yet be restored. Now, many people are receiving CSSA*

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

MR WONG YUK-MAN (in Cantonese): *And you are now talking about CSSA*

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

MR WONG YUK-MAN (in Cantonese): *People will apply for CSSA when they are short of money*

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

MR WONG YUK-MAN (in Cantonese): *There are now no manufacturing industries to speak of* CSSA

PRESIDENT (in Cantonese): Sit down at once. Mr WONG Yuk-man, I order you to leave the Chamber immediately.

(Mr WONG Yuk-man ignored the President's instruction and kept on yelling loudly)

MR WONG YUK-MAN (in Cantonese): *was reduced by 11.1% in 2003, but they have yet to get back the shortfall. You are shameless really.*

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

(Security officers walked up to assist Mr WONG Yuk-man to leave the Chamber)

MR WONG YUK-MAN (in Cantonese): *Utterly shameless. Matthew CHEUNG is still talking about CSSA.*

(Mr WONG Yuk-man left the Chamber)

PRESIDENT (in Cantonese): Chief Executive.

CHIEF EXECUTIVE (in Cantonese): Where were we?

(Mr LEUNG Kwok-hung left his seat with a placard in hand, walking up to the Chief Executive)

MR LEUNG KWOK-HUNG (in Cantonese): *Let me tell you if you do not know where you were. While meat is left rotten in the kitchens of the rich, thousands of people are freezing to death in the streets.*

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

MR LEUNG KWOK-HUNG (in Cantonese): *Do you know*

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

(Security officers walked up to Mr LEUNG Kwok-hung in a bid to stop him)

MR LEUNG KWOK-HUNG (in Cantonese): *Donald TSANG* *Donald TSANG, you have let the 6 million people down. Without universal suffrage, there will be no democracy; without democracy, there will be no livelihood to speak of. Shame on you, Donald TSANG.*

(Mr LEUNG Kwok-hung left the Chamber)

CHIEF EXECUTIVE (in Cantonese): Therefore, through these six new industries, I very much wish to provide greater impetus to our economy and create new employment opportunities.

(Mr Albert CHAN rose to chide the Chief Executive)

MR ALBERT CHAN (in Cantonese): *But more than a million people would have been starved to death, Chief Executive.*

PRESIDENT (in Cantonese): Mr Albert CHAN, if you rise again when it is not your turn to speak, I will have no choice but to ask you to also leave the Chamber.

(Mr Albert CHAN ignored the President's instruction and kept on yelling loudly)

MR ALBERT CHAN (in Cantonese): *This is the call of conscience.*

PRESIDENT (in Cantonese): Mr Albert CHAN.

MR ALBERT CHAN (in Cantonese): *I have to say this even if you ask me to leave the Chamber.*

PRESIDENT (in Cantonese): Sit down at once.

MR ALBERT CHAN (in Cantonese): *You have made me listen for an hour. What exactly will be done to help relieve the people of Hong Kong from their plight?*

(Security officers walked up to Albert CHAN in a bid to stop him)

PRESIDENT (in Cantonese): Mr Albert CHAN, leave the Chamber. You must leave at once.

MR ALBERT CHAN (in Cantonese): *You do not give us any response even though we have provided you with the figures, and you refuse to make a clarification when requested to do so.*

PRESIDENT (in Cantonese): Leave the Chamber at once.

MR ALBERT CHAN (in Cantonese): *When you say your prayers, please pray that God instructs you You should not turn away from your conscience, you are a believer.*

(Mr Albert CHAN left the Chamber)

CHIEF EXECUTIVE (in Cantonese): I do believe that these six industries have economic potentials, and they can definitely not only create opportunities for technical talents and professionals, but also bring about more employment opportunities to the general public and low-skilled workers. Some figures can in no way cheat us, especially the unemployment rate which is most crucial. I really hope that with sincere co-operation — the existing strategies put forth by the Government are meant to provide greater impetus to these industries particularly — so as to make the unemployment rate gradually drop with the general trend. I hope this target can be achieved. Under such a situation, the lower stratum will stand to benefit most.

As for wages, it of course takes some time as this is a lagging index. With good social mobility and strong economic vitality, once there is a tense supply in the labour market — I believe that you, being an expert, must understand this — wages will rise. I hope this economic rule will apply in Hong Kong as well.

It has really been a hard time for us over the past years, as we have encountered another tsunami after being hit by the Asian financial turmoil. Adding to this blow dealt by the two serious epidemics, our economic vitality has been weakened. However, I sincerely hope that such situations — which are in fact not created by us, but are formed all over the world — will not occur so frequently again in future. If they do not occur so frequently again, I believe very much with the improved employment situation and an increasing demand in the labour market, the wages will definitely improve.

MR IP WAI-MING (in Cantonese): *After listening to your remarks, Chief Executive, frankly speaking, I found that there appears to be a great discrepancy between many Honourable colleagues' understanding of the definition of poverty and that of yours. For this reason, in the discussions on how to tackle poverty, it seems that colleagues in the Legislative Council can hardly see eye to eye with the Government. I eventually noted that there exists such a great discrepancy on the definition of poverty. Just now, I asked you about the rate of growth required to address the unemployment problem and whether you are at your wits' end. Regarding the six industries, I once mentioned in a written question that they account for*

PRESIDENT (in Cantonese): Mr IP, please raise your short follow-up.

MR IP WAI-MING (in Cantonese): *President, as several colleagues were allowed to raise follow-ups which were relatively long, can I do so as well?*

PRESIDENT (in Cantonese): Please raise a short follow-up.

MR IP WAI-MING (in Cantonese): *..... the total GDP of the six industries. However, it seems that the Government has not answered my question. Even if we were to develop the six industries, they would bear fruit only several years later. Yesterday, some journalists sought my views on the policy address. I said that it just asked us to quench our thirst by watching plums. You, acting like a general, led us into a battle. But we failed to find any water sources and could only see a forest far away. You said that it was a forest of plum trees, with a lot of tasty plums. However, we could neither see anything nor have anything to drink. I am afraid we would have already thirsted or starved to death when we arrive at the forest. How can we enjoy those tasty plums, Chief Executive?*

CHIEF EXECUTIVE (in Cantonese): I would like to respond to your question on whether we have any novelty. What we have done this time, to which the policy address has attached great importance, is introducing six new industrial elements. I hope you can make an assessment in an objective manner to see if

these elements can bring any improvement to our infrastructure and industrial structure in future. If improvements can be made, can all people in Hong Kong, including the grassroots, be benefited? From this perspective, I hope you can make a fairer judgment to see if we have drawn up this policy address with novelty and our heart.

The second point is, as you have questioned, are we quenching our thirst by watching plums? Earlier on, I have mentioned that nowadays, Hong Kong has many Of course, Hong Kong is a capitalist society. We have to face up to the disparity between the rich and the poor, which is an inevitable phenomenon in all capitalist societies. This problem can be fully resolved only if all of us receive the same wage regardless of our input. But this is not the social model that we long for. Under such a situation, we have no alternative but to provide the lower stratum with opportunities of fair competition. With upward mobility in society, we will make arrangements and allocation for all public services in a fair manner, including educational and health care facilities currently provided by the Government. In particular, we will make efforts in the education of our next generation.

Regarding care for other lower strata, there has been no change in the series of policies I have just mentioned, only that we will make improvements gradually if resources are available. These policies include the CSSA system, housing, health care, education and social welfare I have just mentioned. And in this year's policy address, we are particularly concerned about the support for the elderly, which is a positive response to our ageing population. Moreover, special measures will also be put in place to cater for the needs of both the mental patients and people with disabilities.

However, although we have advocated the back-to-basic concept in this policy address, we have no intention to take this opportunity to conduct allocation of resources, as this should be done in the budget each year. What we are talking about is the general direction of policies. I hope — this may very probably be a problem of us or me only — in the past couple of years, I have made use of every opportunity when meeting with Honourable Members (including the release of the policy address) to put forth proposals on allocation of resources because of the financial tsunami. In order to go back to the basics, we should have a proper division of labour now. More importantly, after

implementing certain special measures, every region and country should also consider how best to withdraw these proposals and special measures gradually, so as to avoid distorting the economic growth.

I also wish to take this opportunity to place emphasis particularly on these six new industries, as they account for about 7% our total GDP at present. For this reason, I think they have great potentials of growth. This is neither our idea nor a strategy made up by the SAR Government. Rather, these industries are put forth after discussions in the community and among many professions, with researches conducted by us and affirmation by the Task Force on Economic Challenges, followed by a consultation. I believe there are data to support them. Also, I believe that only if we have patience, coupled with the policy arrangements, including those on land and other aspects, new employment opportunities can definitely be created, so that our grassroots can be benefited.

MR ANDREW CHENG (in Cantonese): *President, on 1 October, the National Day of the People's Republic of China, the Chief Executive used his own wide-angle and telephoto lenses to shoot the National Day celebration ceremony from the Tiananmen Tower. The sight made a deep impression on me because some Hong Kong reporters also used wide-angle and telephoto lenses in the course of lawful news coverage but one reporter suffered an injustice in Sichuan while another was beaten up in Xinjiang.*

May I ask the Chief Executive if he agrees that "one country, two systems" as Hong Kong people expected it should help uphold the core values underlying the success of Hong Kong and assist in China's integration into the international community, instead of making us submit meekly to maltreatment, exchanging freedom of the press for the so-called harmony and stability?

CHIEF EXECUTIVE (in Cantonese): Concerning the incident about news coverage by Hong Kong reporters in Urumqi, Xinjiang, all Honourable Members should know that the SAR Government is particularly and very much concerned. Through the Hong Kong and Macao Affairs Office of the State Council, we have reflected the views of the press to the Government of the Xinjiang Autonomous Region. Also, at that time, we engaged in close liaison with the Mainland

authorities at once so as to ensure the safety of Hong Kong reporters doing news coverage there and assist them in doing lawful news coverage. That is what we have been doing.

MR ANDREW CHENG (in Cantonese): *President, such a simple answer given by the Chief Executive really made me feel very disappointed. The success of Hong Kong hinges upon our core values, including the rule of law, democracy and freedom of the press. The performance of the SAR Government in the interpretation of the Basic Law in the past already made us feel very sorry. In our progress towards democratic universal suffrage, Hong Kong people do not cherish any hope. On this issue of press freedom, the Chief Executive has only used such words as "reflected" and "concerned". Has injustice been vindicated for those reporters? Have we sought justice for them?*

I have this question for the Chief Executive. As the Chief Executive of Hong Kong, should he not uphold the freedom of the press justly and forcefully without humbling himself or showing disrespect? His policy address yesterday was entitled "Breaking New Ground Together". But, before breaking new ground, has he worried about his forsaking our press freedom for nothing?

CHIEF EXECUTIVE (in Cantonese): About upholding the core values of Hong Kong, especially continuously upholding press freedom, I am very confident. I am not the only one who is confident about this and I believe the general public are equally confident.

I may perhaps add a few words. When I met with MENG Jianzhu, the Minister of Public Security, in Beijing, I conveyed that the SAR and I were concerned about the incident involving news coverage by Hong Kong reporters in Xinjiang. In the course of our conversation, Minister MENG told me that he understood very well the concern of the SAR Government about the matter, and he also told me how the Mainland armed police had discharged their duties in Xinjiang. He reiterated the position of the Central Government again and again, and he said that they would undoubtedly protect Hong Kong reporters doing lawful news coverage on the Mainland. That was the conversation between us over lunch.

MR ANDREW CHENG (in Cantonese): *President, the Chief Executive has not answered my question.*

PRESIDENT (in Cantonese): Mr CHENG, according to our rules on questions, you have already raised your follow-up.

MR CHAN KIN-POR (in Cantonese): *Chief Executive, I greatly welcome the proposal raised in the policy address on strengthening our role as the testing ground for the regionalization and internationalization of RMB and to build a market offering a broad range of RMB products and services. I believe this policy will surely create more job opportunities to help resolve the problems confronting Hong Kong.*

Actually, many people in Hong Kong envisage a rise in the value of RMB and so there is a huge demand for RMB products. Many people have enquired with insurance companies whether there is any way to take out insurance policies denominated in RMB. However, it is simply impossible for insurance companies in Hong Kong to provide services for Hong Kong people to take out RMB insurance policies mainly because a lot of technical difficulties are involved. Not only is it basically impossible for insurance companies to open RMB accounts with banks, there is also a serious shortage of long-term RMB investment instruments. For instance, we must have some long-term RMB bonds to match the risks involved in doing RMB insurance policy business. Actually, these are the shackles imposed on the development of diversified RMB business. I believe other trades and industries wishing to do business in RMB will also encounter similar problems. Will the Government "break down barriers and streamline procedures" for various trades and industries to enable them to do this type of business for the purpose of creating more job opportunities for Hong Kong?

CHIEF EXECUTIVE (in Cantonese): Actually, one of the key tasks of the SAR Government in recent years is to fight for RMB clearing in Hong Kong as an off-shore RMB centre. Therefore, it can be said that some achievements have been made in this respect in recent years, including the issue of RMB bonds in Hong Kong and RMB clearing by our banks. From this we can see that we are

gradually developing our role as a testing ground for RMB. Of course, we must ensure the financial safety of RMB in the process.

I greatly encourage the insurance sector to develop a diversified range of products, including RMB products. I think this is a good thing. And it is also good for various trades and industries to continue to do so and move forward in this direction. However, we must understand that when the State, in consideration of the financial safety, especially when the RMB capital account is being affected, the State will adopt a very cautious attitude.

I believe the RMB capital account will be liberalized progressively, and in the process of liberalization, we will strive to find room, especially in taking advantage of Hong Kong as a platform for handling these transaction procedures and transaction proceeds. I firmly believe various trades and industries, including the insurance industry, in Hong Kong will surely stand to benefit.

I would like to point out to Members that we are very proactive in campaigning for Hong Kong to become a pilot point of RMB business. We will also fight for Supplements V and VI to the Mainland/Hong Kong Closer Economic Partnership Arrangement, and our campaign in this respect will also continue. However, we must also respect the cautious attitude adopted by the State in liberalizing the capital account.

MR CHAN KIN-POR (in Cantonese): *President, I hope the Chief Executive can make persistent efforts in lobbying and explaining to the State. I also hope departments responsible for financial and monetary affairs can assist the Chief Executive in explaining to the State the merits of our financial system and our sound regulatory regime such that the liberalization of RMB can be implemented expeditiously.*

MR RONNY TONG (in Cantonese): *President, I do not want to engage in a battle of words in this Chamber, as what the Chief Executive did. I think whether he has honoured his electoral pledges is evident to all.*

However, just now, I heard the Chief Executive mention in his address that should we continue with our discussion on an ultimate universal suffrage package, we would only encounter more hurdles in pushing for democracy.

President, I believe every citizen in Hong Kong aspiring to the early implementation of universal suffrage will definitely be outraged by this remark. President, regarding the election of the Chief Executive in particular, if we leave the universal suffrage proposal to the next Chief Executive — it is by no means difficult for us to visualize that this Chief Executive would like to seek a re-election — will it not be extremely irrational, illogical and unjust to allow a Chief Executive seeking a re-election to draw up the method of election for his next term?

May I ask if the Chief Executive agrees that this approach will actually lead to more conflicts of interest? Why should he abandon an approach that meets the principle and requirements of justice and pass the ball to the next Chief Executive instead?

CHIEF EXECUTIVE (in Cantonese): Let me first clarify what I said earlier. Mr TONG, what I meant is it has been very difficult for us to seek a consensus on the electoral change. Should more issues be included for discussion, including the ultimate arrangements for electing the Chief Executive by universal suffrage in 2017 and forming the Legislative Council by universal suffrage in 2020, we will definitely encounter more hurdles and difficulties in seeking a consensus on 2012. This is what I said just now.

Of course, we will definitely have to discuss the details of the implementation of universal suffrage in 2017 and 2020 at a certain appropriate stage. But I think it is now time we properly dealt with, in a focused manner, how the best solution can be sought before 2012 to ensure that our electoral system will become more liberal, democratic and open. I think this is our paramount task. Should our agenda continue to be widened and our point of contention continue to grow, including the issue raised by Members just now regarding the retention or abolition of functional constituencies, I believe the chances of seeking a consensus on the implementation of universal suffrage in 2012 will be very slim, not to mention the possibility of having the package passed by two thirds of the Members of the Legislative Council. The lesson of 2005 tells us that we must take a progressive approach by tackling the less difficult issues before the difficult ones.

Furthermore, we must go through several procedures to alter the electoral method. Regarding the electoral method for 2012, we have completed two

procedures already. First, we have expressed to the NPCSC the need to alter the electoral method. The NPCSC has also given us the green light to proceed, though only within a framework. Now, we are taking our third step, namely carrying out consultation. After the consultation and discussion, a conclusion will be drawn before a motion will be proposed for endorsement by the Legislative Council. After the endorsement and moving of the motion then if I personally support it, I will submit it to the Central Authorities.

As the case now stands, should we dwell on issues relating to the details about 2017 and 2020, we will have to raise another proposal for re-submission to the Central Authorities, that "we still have to discuss the issues of 2017 and 2020 as well." I believe not only will we encounter a procedural difficulty, for the issue of 2012 is not yet resolved and we are making another request especially I believe the mission you have given me is almost impossible.

Furthermore, the electoral arrangements and methods are not to be decided by any Chief Executive. Instead, they must go through extensive consultation. After a decision is made and a consensus is reached, who will have the final say? The answer is this Chamber. The electoral arrangements and methods must be passed by two thirds of the Members of the Legislative Council, not to be decided by the Chief Executive's wish. Actually, during the process and insofar as the agenda of the electoral methods is concerned, the Chief Executive merely plays the role of a facilitator, and his key role is to reflect the public opinion of Hong Kong and fight for the endorsement of a two-thirds majority of all the Members of the Legislative Council. These are his major duties. I do not think any conflict of interest will arise should the decision on the details of implementing universal suffrage in 2017 and 2020 be left to the next government.

MR RONNY TONG (in Cantonese): *President, the Chief Executive has not answered my question. President, according to his logic, a Chief Executive will be allowed to decide on his own re-election arrangements and lead the discussion on the same. First, does the Chief Executive not agree that this will fundamentally and logically lead to conflicts of interest and contradictions? As he already indicated a long time ago that he wished to thoroughly resolve this issue during his tenure, why did he not act accordingly but leave this matter to the next Chief Executive and let him deal with this serious issue involving conflict*

of interest? This is the thrust of the question raised by me, and I hope the Chief Executive can give me a reply.

CHIEF EXECUTIVE (in Cantonese): I already explained earlier that there is no conflict of interest. I have already pointed out that the decision is not made by the Chief Executive, but by this Chamber as well as the Central Authorities.

MR RONNY TONG (in Cantonese): *Not by the Chief Executive?*

CHIEF EXECUTIVE (in Cantonese): The Chief Executive is only responsible for collating public opinions before summarizing them and then submitting them to the Legislative Council for a vote. After a debate, the Legislative Council will give its endorsement and then hand it to the Chief Executive for onward conveyance to the Central Authorities. The Chief Executive does not play a leading role in this.

MR RONNY TONG (in Cantonese): *The Chief Executive's response is a bit misleading because the proposal was put forth by the Government, not the Legislative Council.*

PRESIDENT (in Cantonese): Mr TONG, you may disagree with the Chief Executive's views, but according to the Rules of Procedure, no debate can be initiated here.

MR RONNY TONG (in Cantonese): *Sorry.*

CHIEF EXECUTIVE (in Cantonese): However, I must reiterate that I do not see any conflict of interest here. In particular, in the course of discussing political reform, high transparency is absolutely required. Every citizen of Hong Kong must participate, and no Chief Executive will be allowed to act in a hegemonic manner.

MR VINCENT FANG (in Cantonese): *President, both property prices and stock prices have been rising these days, and so has the number of tourists. The Chief Executive mentioned in the policy address yesterday that our economy had grown by 3.3% in the second quarter as compared with the first quarter, reversing the contraction over the previous four quarters. He was therefore confident that by the end of this year, our economy would improve further and gradually recover.*

However, he did mention whether the Special Loan Guarantee Scheme would be extended when it expires at the end of this year. He should have noted in the recent G20 Summit that market rescue measures will be continued. May I ask the Government whether it will consider the possibility of announcing an extension of the Special Loan Guarantee Scheme (SLGS) for one year or half a year when it expires at the end of this year, so that small and medium enterprises (SMEs) can be given a breathing spell?

CHIEF EXECUTIVE (in Cantonese): This is a decision that should be made by the Financial Secretary. I believe he must have discussed with Rita before making the final decision. I understand very well that the SLGS is well-received by SMEs, and it can also achieve the purpose of stabilizing the market. But I also understand that it must not be treated as a permanent and sustainable measure. Other countries are basically divided into two camps. Some countries, such as Australia and New Zealand, have started to withdraw gradually from the policy of guarantee. Others will continue with the present policy. Hong Kong must think up its own plan. I believe the best approach is for the industries concerned to pinpoint the problems as well as the expectations and difficulties of SMEs through Mr FANG and other Members representing the business sector (especially SMEs). For instance, if they think that the SLGS must be extended, they must give reasons. And, they must explain why they think that both the market and banks are unable to cope, so the Government must extend the SLGS. I believe if there are any sound justifications, the Financial Secretary will surely give serious thoughts to their proposal.

MR VINCENT FANG (in Cantonese): *In the policy address, the Chief Executive talked about the removal of obstacles to the development of the six industries. But he did not list any clear and specific measures. Will he consider the*

adoption of certain measures to remove the obstacles concerned, such as the streamlining of licensing procedures, attempts to obtain the Mainland's recognition of our testing and certification services and the introduction of health care visas, so as to provide policy support for the development of these industries and to create as many employment opportunities as possible?

CHIEF EXECUTIVE (in Cantonese): Mr FANG, I hope you can look fairly at the specific schemes I set out in the policy address on developing the six industries. Concrete details in each case are described. Regarding the medical services industry, four sites will be provided for its development, and the related arrangements are also explained very clearly. As for education services, we would provide two special sites, and an explanation was given on how the revitalization of industrial buildings would cope with their demand. With respect to testing, we have also explained that we intend to formulate a three-year development plan for the industry. Every step along the way is marked by a specific strategy. We hope the six industries can all develop according to these strategies. I am convinced that the economic vitality of these industries will be enhanced, and their respective proportions in our GDP will also increase. All this is the result we hope to achieve. And, the strategies can also reflect the aspirations of the market and the industries concerned.

You mentioned that special attention You said that we should I am sorry. What was the thing that you said we need to do?

MR VINCENT FANG (in Cantonese): *Can you make attempts to obtain the Mainland's recognition of local testing and certification services?*

CHIEF EXECUTIVE (in Cantonese): You actually raised several points. Apart from making attempts to obtain the Mainland's recognition of local testing services In the policy address, I already mentioned that we would make efforts in this respect. As for other specific details you mentioned, such as how we should continue to approach the Mainland for mutual recognition, we must bear one point in mind — recognition can never be one-way. If recognition is to be two-way, can the industry bear the consequences? We must first think about this question very clearly. We will definitely continue to fight actively for

recognition. But in some cases, things are frankly beyond our control. There must be support from the Central Authorities. We must first obtain the support of the local government before the proposal can be implemented.

What is more, before the implementing the proposal, we must bear in mind that our request must be reasonable. What I mean is that if we ask for the Mainland's recognition of our testing services, the Mainland will in return also ask for our recognition of their testing services. Can our testing and certification industry accept such a situation? We must consider this question very cautiously. I therefore hope that the industry can follow our line of thinking and explain to us their real needs. We will certainly do our utmost to fight for it.

MR LEUNG YIU-CHUNG (in Cantonese): *President, in his answer to Ms LI Fung-ying's question earlier on, the Chief Executive admitted that one of the greatest problems at the moment is unemployment because the unemployment rate is as high as 5.4%. Besides, when replying to other colleagues' questions, he also mentioned that poverty is an acute problem. This actually means that he does not deny the existence of this problem. Unfortunately, however, his policy address seeks to return to the basics. All the policies put forth in the policy address cannot address our pressing problems. There are only talks about future development.*

Many news media have therefore criticized this policy address for being hollow and repeating the same old stuff, failing to answer the aspirations of the masses. I do not know whether he will agree with me, but I must say that such a policy address is mainly attributable to the fact that he was elected to office by only 800 people. As a result, he does not have to hold himself accountable to the masses. For this reason, he could ignore all the demands of the masses when he prepared this policy address.

Chief Executive, this is precisely the main reason for our fight for democracy. We hope that the Chief Executive can hold himself responsible and accountable to the masses. Therefore, we have been demanding democracy and universal suffrage all these years, hoping that the day of implementation can come as soon as possible. We hope that it can come in the nearest future, and as far as we can see now, the date should be 2012.

Earlier on, Ms Emily LAU questioned the Chief Executive whether he was brave enough to tell the Central Authorities what the masses cherish and demand — the implementation of universal suffrage in 2012. But the Chief Executive did not answer her. Therefore, President, I want to pursue the question and ask the Chief Executive whether he is personally agreeable to the implementation of dual universal suffrage in 2012. If the Chief Executive is not personally agreeable to the idea, how can he be expected to reflect the aspiration of the masses? Even if he still tries to do so, he will just be very mechanical, no different from a mere messenger. I therefore hope that the Chief Executive can answer this question. Is he personally agreeable to the implementation of dual universal suffrage in the nearest future, especially in 2012, so that the people can elect all Legislative Council Members and the Chief Executive by universal suffrage?

CHIEF EXECUTIVE (in Cantonese): The timetable for implementing universal suffrage has already been formulated. It is specified that universal suffrage may be implemented for electing the Chief Executive in 2017 and all Legislative Council Members in 2020. The people's aspiration, notably the aspiration to implementing universal suffrage in 2012, is not a new advocacy at all. It was raised back in 2005, when we discussed the revision of the electoral methods. And, a revision was already made in 2007. The Central Authorities listened to and studied all the views expressed in Hong Kong and then made a very reasonable decision, the decision of implementing universal suffrage for electing the Chief Executive in 2017 and all Legislative Council Members in 2020. All relevant opinions have been discussed, and the Central Authorities have made a decision. I believe we should all be pragmatic and progress towards this goal.

Another point is that the Chief Executive must naturally address pressing problems. This explains why I presented to Members a series of special measures in my last policy address and the Chief Executive's Question and Answer Session held in the middle of this year. All these special measures were meant as a response to the financial tsunami. But special measures should only be employed at extraordinary times. As for the poverty problem or the wealth disparity the Honourable Member mentioned, it has not cropped up all of a sudden. It is a perennial problem found in any open society, or any society. I very much hope that this time around, we can tackle the problem at root, rather than curing the symptoms only.

I do not intend to repeat what I have already said. But my opinion is that since we have already attended to all the pressing issues, we should now focus on how to tackle the problems at root. I think that this will require us to strengthen our economic infrastructure and economic structure. In this way, more jobs can be created, and the incomes of the masses, especially the grass-roots people, can also increase. This should be our only approach.

MR LEUNG YIU-CHUNG (in Cantonese): *President, unless the pressing issues mentioned by the Chief Executive do not include the poverty problem Members have all said that this is a very serious problem. But the Chief Executive simply claims that all pressing problems have already been tackled. In other words, he actually thinks that the poverty problem has also been tackled. I find his remark extremely regrettable.*

Anyway, President, the question I want to pursue is whether the Chief Executive is personally agreeable to the implementation of dual universal suffrage in 2012. Surely, President, I do understand that a messenger cannot possibly play any "secret tricks" or "pocket" anything. I believe the Chief Executive must have reflected the people's aspiration completely. But as the Chief Executive, as the leader, he must note that his personal stance is also very important. Is he personally agreeable to the advocacy? Will he fight for this advocacy? These are the core questions I want to ask. If even the Chief Executive himself is not personally agreeable to the idea, if he is just a mere messenger, it is no different from our sending a letter to the Central Authorities. Therefore, may I ask whether he is personally agreeable to the advocacy?

CHIEF EXECUTIVE (in Cantonese): President, it is simply out of order for him to ask me to state my personal opinions.

However, I do not intend to dwell on this anyway. Most importantly, we must face the fact that the National People's Congress has already decided that we may elect the Chief Executive by universal suffrage in 2017. The year 2017 is not very far away from now. Why do we not explore pragmatically how we can race against time to make the electoral arrangements in 2012 more open and more democratic, in preparation for the next step of implementing universal suffrage?

Why do we not think about the whole matter pragmatically? Why must we still argue for a cause that can never succeed?

I strongly believe that Hong Kong people all want us to tackle this issue pragmatically. I really hope that Honourable Members can start focusing on how we should conduct the elections in 2012. There must be a consensus among Honourable Members before we can lay a solid foundation for the implementation of universal suffrage in 2017 and 2020. If we continue to indulge in disputes, questioning whether it is possible to start all over again, I am frankly very worried. How are we going to face the public? The people will be disappointed yet again, disappointed that this representative assembly is unable to achieve any overall progress for our electoral arrangements in 2012.

PRESIDENT (in Cantonese): The Chief Executive has answered the questions asked by 14 Members. Fourteen other Members are waiting for their turns to ask questions. But time is up today, and the Question and Answer Session shall end here.

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

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 21 October 2009.

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