

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 13 January 2011

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

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING, J.P.

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

MEMBERS ABSENT:

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

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

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

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

THE HONOURABLE WONG YUK-MAN

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, G.B.M., J.P.

THE FINANCIAL SECRETARY

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

THE SECRETARY FOR JUSTICE

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

SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, G.B.S., I.D.S.M., J.P.

SECRETARY FOR SECURITY

PROF GABRIEL MATTHEW LEUNG, J.P.
SECRETARY FOR FOOD AND HEALTH

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

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

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

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

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

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

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

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

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

CLERK IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

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

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION

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

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

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

This is the first Question and Answer Session of the Legislative Council in the new year. Let me take this opportunity to wish Members every success and smooth progress in the new year. I also wish that harmony can be established between the executive and the legislature.

First, I wish to talk about a topic that has recently aroused comparatively great public concern in Hong Kong, that is, people's worries about the inflation situation this year.

It is generally expected that the coming year will see the unusual pressure of mounting inflation. As Hong Kong is susceptible to the impacts of the world economy, and the United States has implemented the monetary policy of quantitative easing, the crisis of asset-price bubbles has long since been looming. All this, coupled with the intensification of external inflation, has naturally triggered imported inflation in Hong Kong. Since the launching of quantitative easing measures in Europe, the United States and Japan, we have been closely monitoring the movements of inward capitals and local capitals in Hong Kong, particularly in respect of how Hong Kong's property and stock markets have affected such movements.

In November, the Financial Secretary introduced a Special Stamp Duty in a timely fashion, thus successfully curbing residential property speculation. Our objective is to drive away speculators and then increase the supply of residential units, with a view to ensuring the stable and healthy development of the property market.

Coping with the impacts of inflation on the livelihood of the grassroots is an urgent policy task of the HKSAR Government. We will keep a close watch on the situation, and when necessary, we will, as usual, introduce various relief measures for the people.

In the Policy Address announced in October, I proposed a new transport subsidy scheme which will benefit all low-income people in Hong Kong. A funding request will be submitted shortly to the Finance Committee for scrutiny. I very much hope that Members can render their full support.

Recently, the Legislative Council also supported the passage of a minimum wage rate. This is a milestone in according protection to grass-roots wage earners in Hong Kong. I take this opportunity to express my special thanks to Honourable Members for their support. A minimum wage will be conducive to raising the wage levels of grass-roots workers and improving their living.

In addition, the Community Care Fund I proposed can also provide a new form of support for the socially disadvantaged in the lower strata.

I strongly believe that as long as the executive and the legislature can strike up sincere co-operation, they will certainly be able to do something concrete for the public.

The mass media always like to describe the Government's relief measures as "handing out sweeteners". Actually, this description is not quite so accurate because it implies making cosmetic efforts and offering petty favours. The Government's decisions must be based on rational policy considerations.

If public resources are to be used appropriately, they must be spent in areas yielding positive effects. From the macro perspective, resources must be deployed to upgrading the overall competitiveness of society, improving people's living standards, promoting social mobility and caring for the socially disadvantaged. Fiscal reserves accumulated in times of economic prosperity should also be put to meaningful uses.

One of the valuable lessons that can be drawn from the global financial tsunami is that maintaining stable public finances is vitally important. If excessive recurrent expenditure is incurred in times of economic prosperity, then

once recession sets in, we will find ourselves at our wits' end, completely running out of any "ammunition", and even having to borrow money to cope. Therefore, we should seriously uphold financial discipline. In particular, when it comes to increases in recurrent expenditure, we must exercise extra caution.

In the coming year, we will face inflation, so we will be on the alert. But we must also grasp the opportunity because promoting economic development is the only ultimate solution. Only economic growth can generate stable tax revenue, which will in turn create favourable conditions for increasing recurrent expenditure.

In December, when I reported on my work in Beijing and met with officials from various departments of the Central Authorities, I emphasized that it was necessary for the country's National 12th Five-Year Plan to cover the SAR's role and positioning in the country's development. With the country's growing influence and importance in the global economy, Hong Kong's prosperity in the coming one to two decades will hinge on whether we can continue to fulfil our unique function of promoting the economic development of the Mainland. Hence, it is of pivotal importance to reinforce and upgrade Hong Kong's position as a world-class financial centre and a hub of international trade and shipping. We must at the same time perform new roles in this new era. For example, we should develop Hong Kong into an offshore Renminbi business centre of the country and dovetail with the country's regional development by drawing on the competitive edge of Hong Kong's modern services industries; and, we should also upgrade our industrial structure.

Amidst the great changes in the world economy, we should grasp all opportunities and make full preparation. Hong Kong's transformation over the past hundred years or so from a fishing port and entrepot into a world factory and eventually a financial centre is attributable to our ability to emerge stronger from each change with all our flexibility and adaptability.

Geographically, Hong Kong is a tiny spot along the coast of China. However, over all these years, we have made unique contributions and played a significant and unique role in the country's development process. I strongly believe that in the coming one to two decades or even in a longer time to come, Hong Kong will continue to play an irreplaceable and significant role in the continuous reform and opening of the country.

Finally, I wish to respond to some individuals' recent requests for entering Hong Kong to mourn the death of Mr SZETO Wah. Last Friday, we received letters on the subject from individual organizations. Under the existing legislation, the vetting and approval of entry applications is a duty of the Immigration Department (ImmD). We have already relayed the letters to the Director of Immigration. The ImmD will definitely consider the approval or otherwise of individual entry applications on the basis of Hong Kong laws and our existing policies. On this matter, the Secretary for Security already explained clearly to Members yesterday that when vetting all entry applications, the ImmD would consider all principles, factors and circumstances relevant to the applications concerned. The SAR Government does not comment on individual cases, and today, I do not have anything to add. Thank you, President and Honourable Members.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you have displayed your mop and placard for quite some time. Members have all got your message. *(Laughter)* Can you lower those things a little bit, so as to avoid blocking my sight line and let me see the Members at the back?

(Mr LEUNG Kwok-hung lowered the mop and the placard)

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

MR ALBERT CHAN (in Cantonese): *President, for numerous times in this very Chamber, we have thrown bananas, made disturbances and told principal officials to step down, but all along, we have never been told to shut up. However, following our recent exposure of someone's patronage of Club Paris and drink-driving that caused a car crash, we have been told to "shut our mouths" and shut up. I frankly want to ask the Chief Executive why we have never been told to shut up over all these years. President, this is not the question I really want to ask. It is just a question prompted by my personal feelings.*

PRESIDENT (in Cantonese): Please state your question.

MR ALBERT CHAN (in Cantonese): *President, it is 2011 this year, the centenary of the Xinhai Revolution. Places with Chinese population and communities all over the world, especially Mainland China and Taiwan, are all packed with functions or commemorative activities relating to the Xinhai Revolution, and such activities are very large in scale. Some local governments in the Mainland have even allocated as much as \$10 billion for organizing activities this year in commemoration of the Xinhai Revolution. Zhongshan, a city near ours, has also spent something like a hundred million dollars. However, in Hong Kong, many sites closely connected with the Xinhai Revolution, such as Hung Lau, Pak Nai (the redoubt in Pak Nai), and so on, are still in a state of neglect. The Government has still failed to deploy any manpower and resources for protecting and publicizing the significant relics of the Xinhai Revolution in Hong Kong. Before the Xinhai Revolution, Dr SUN Yat-sen was engaged in many activities in Hong Kong, and Hong Kong was a centre of propaganda, fund-raising, planning and armament acquisition around the time of the Xinhai Revolution.*

Chief Executive, can you tell us whether the authorities have any plans in this regard? Hong Kong has not done anything except organizing a few exhibitions or functions, and it is outshone by its neighbouring places upon comparison. Can the Chief Executive change this attitude? It is not too late now, for there are still nine months to go before 10 October. Will the Government step up its efforts in the next few months to conserve and spruce up sites such as Hung Lau and Pak Nai, which are of great historic significance and closely connected with the Xinhai Revolution, so that relics of the Xinhai Revolution and the important buildings and structures connected with it will not sink into oblivion?

CHIEF EXECUTIVE (in Cantonese): Thank you for putting forward this view. I think this is something very meaningful. My colleagues and I will give active consideration to it.

MR ALBERT CHAN (in Cantonese): *President, if the Chief Executive is willing to consider the idea, we will absolutely welcome him to do so. Since it looks like*

the application for several billion dollars to bid to host the Asian Games has a very slim chance of approval, the Government may not need to spend this sum of money at all. In case the funding request concerning the bid to host the Asian Games is unsuccessful, will consideration be given to allocating the several billion dollars concerned for organizing activities in commemoration of the Xinhai Revolution and preserving such buildings and structures as Hung Lau and Pak Nai?

CHIEF EXECUTIVE (in Cantonese): The funding request concerning the bid to host the Asian Games has yet to be approved, so how can we spend the money in advance? However, as I said just now, we will give active consideration to the abovementioned proposal, which I find very meaningful.

MRS SOPHIE LEUNG (in Cantonese): *President and Chief Executive, the Finance Committee will hold a meeting tomorrow. One of the agenda items will be the funding request concerning the bid to host the Asian Games. Whether the funding request can be approved and whether our bid to host the Asian Games can be successful are still unknown.*

Can the Chief Executive share with us his overall expectations in relation to Hong Kong's bid to host the Asian Games? How can youngsters be motivated to have their own dreams? Hong Kong is in dire need of long-term and realizable dreams. Can the Chief Executive share his views with us from this perspective?

CHIEF EXECUTIVE (in Cantonese): We have conducted many discussions on bidding to host the Asian Games, and the relevant funding request will be put to vote tomorrow. Everyone knows the history and course of development of the whole matter.

Early last year, after our successful hosting of the East Asian Games, Hong Kong people did start to show their enthusiasm. At that time, the Legislative Council also urged us to consider bidding to host the Asian Games as prudently and actively as possible. Therefore, we have since been making preparation to answer the aspiration voiced by the public at the time. We do understand that

the public enthusiasm for bidding to host the Asian Games will fade as time passes. However, as a matter of fact, the initiative of Hong Kong athletes has not. Their performance has improved time after time. This is indeed encouraging.

Internally, the Government has responded fully. The Government's investments, whether in software or hardware, have been increasing. Plans for the future have also been set out to let people understand our approach. When it comes to discussions on such large-scale projects in an open society, the general public opine that it is necessary to also take account of various expenditure items such as healthcare, welfare and education. However, when the spending on cultural development, education and sports is viewed against the aforesaid expenditure items, we often find it difficult to make a choice. Hence, we should look at such issues from a longer-term perspective. I also hope we can all look at such issues from a longer-term perspective and seek to ascertain how Hong Kong can preserve its competitiveness and build a more harmonious and outstanding community.

Some things, especially the remarks of a cyclist, have always impressed me deeply. The cyclist said, "We are diligent, and we often participate in overseas competitions, frequently winning medals. However, I still think that Hong Kong needs to commit itself to the Olympic spirit. All places, be they affluent or poor, should make some contributions. I think Hong Kong already has the necessary financial ability, so it should make its contributions, shouldn't it?" I am moved by this remark, and so are many people.

I know that we are faced with a difficult task. In order to promote the cause, Secretary TSANG Tak-sing and one of our colleagues have worked unceasingly over the past year. We are aware of the changes in public sentiments, but I can also remember the performance of several athletes. Recently, we have conducted an analysis of this issue. I want Members to know that when it comes to the bid to host the Asian Games, youngsters, particularly those aged between 18 and 35, who will be the ones most capable of supporting Hong Kong's hosting of the Asian Games 12 years later, have been in active support of the idea all along. The rate of support has remained at 60%. Our realization of this fact has given us immense courage. Throughout the process, we have been "tripped up" by others and stabbed in the back many times. However, having seen how a fallen cyclist with ribs fractured by another bicycle still struggled to finish the competition fearlessly, my colleagues and I will press

on, in the hope that even at the last minute, we can still persuade Members to adopt an open attitude towards this issue when casting their votes tomorrow.

Thank you all for giving me this opportunity to speak my mind.

MRS SOPHIE LEUNG (in Cantonese): *President and Chief Executive, a young footballer once told me, "There is a famous saying in modern-day China: let a minority of people become rich before others." I wish to apply this saying to the context of Hong Kong: let a minority of people cherish their own ideals and dreams before others. Can we look at the success or failure of the bid to host the Asian Games from this perspective?*

Recently, many people have voiced their opposition because they fear that the Government may spend all the money on hosting the Asian Games and thus stop making efforts in other areas. Can the Government take this opportunity to undertake once again that the expenditure on other areas will not be reduced? In that case, I hope Members can consider once again whether they should support the bid to host the Asian Games.

CHIEF EXECUTIVE (in Cantonese): In this regard, I can reassure Members that all types of livelihood expenditure, ranging from education to healthcare and welfare, will far exceed \$2,000 billion in the next 12 years. The bid to host the Asian Games under discussion now will indeed incur huge expenses. However, in comparison, such expenses cannot be regarded as substantial. Therefore, we opine that the expenses on bidding to host the Asian Games will be affordable.

Lastly, I think that in considering this issue, Members need to put aside their preconceptions and face the facts boldly. Certainly, I respect Members' stances on the bid to host the Asian Games, but I very much hope that Members can understand the views of the next generation on this matter. Thank you.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Chief Executive remarked just now that he did not want to comment on any individual cases relating to the issue of mourning the death of Uncle Wah — Mr SZETO Wah. However, I still wish to ask the Chief Executive for his views. Since Uncle Wah*

passed away, not only Hong Kong people but also many overseas Chinese have actually expressed their deep condolences. Therefore, many local organizations, such as the Hong Kong Alliance in Support of Patriotic Democratic Movements of China, the Hong Kong Professional Teachers' Union and the Democratic Party, have placed books of condolence at various locations for the public to sign for mourning the death of Uncle Wah. I remember that on 5 January, the Chief Executive and some public officers, namely, those present in this Chamber now, all came in person to sign the book of condolence outside the Legislative Council Building. I believe the Chief Executive's act was meant to show his sincerity and offer his deep condolences. That being the case, I wish to ask the Chief Executive one question about Secretary Ambrose LEE's earlier remark that a person can actually offer his condolences in any places, not necessarily in Hong Kong. That being the case, Chief Executive, why did you come here to sign the book in person that day instead of offering your condolences in your office or at home? If you really consider it justified, meaningful and necessary to sign in person here to show your respect for and mourning of the passing away of this person or member of the public, and if you also think that it is necessary to express your condolences by signing in such a setting, why don't you allow others to do the same? I made a remark yesterday, and I do not know whether you agree to it. Is your act tantamount to "only allowing officials to commit arson but not allowing the common people to even light any lamps"?

CHIEF EXECUTIVE (in Cantonese): I think Hong Kong people or anyone can sign to express their condolences. I can do this and so can everyone. I do not know why the Honourable Member says that we do not allow certain people to sign. I cannot quite understand what he is talking about. However, in the Government's statement, I have made clear our feelings about Uncle Wah and his achievements.

MR LEUNG YIU-CHUNG (in Cantonese): *I was thinking that the Chief Executive should be clever enough to get my point because to date, many people overseas whom China refers to as dissidents actually wish to attend the memorial service of Uncle Wah in Hong Kong to offer their condolences. However, many days have passed, and they have not received any replies from the SAR Government. As they do not know when or whether they can attend the*

ceremonies, they very much hope that the SAR Government can announce the results as early as possible. However, regrettably, even as recently as just a moment ago, the Chief Executive still kept saying over and over again that he would not comment on any individual cases. He has not told us any results. Hence, may I ask the Chief Executive once again whether he also agrees that it is a pity that these dissidents are unable to attend the memorial service in person? Does he agree that to these dissidents, this is a deprivation of their opportunity to offer their condolences? I am referring in particular to the dissident called WANG Dan.

CHIEF EXECUTIVE (in Cantonese): I already made clear the Government's views in this regard in my opening remarks. Yesterday, the Secretary for Security also discussed this matter in detail with all of you. As I said just now, ImmD staff will consider this case on the basis of Hong Kong laws and our existing policies. I have heard your remarks, and I hope you can respect us because we cannot conduct any discussions on individual cases. Thank you.

DR PAN PEY-CHYOU (in Cantonese): *President and Chief Executive, at present, the holidays enjoyed by the common people, or ordinary employees, can be divided into two kinds. Holidays of the first kind are what we call "statutory labour holidays", and there are 12 days of such holidays a year. Besides, many people are entitled to general holidays, which amount to 17 days a year. There is a difference of five days between the two. According to the relevant legislation, employers must allow workers to take "statutory labour holidays". Generally speaking, employees with higher incomes are entitled to general holidays, or "red" holidays. Speaking of this, I would say that low-income workers are exploited by employers not only in terms of wages but also in terms of rest time. May I ask the Government whether it will consider studying the introduction of legislative amendments to bring "statutory labour holidays" on a par with general holidays, that is, to enable all employees to enjoy 17 days of holidays a year?*

CHIEF EXECUTIVE (in Cantonese): This is no new problem that has arisen only recently. Rather, it has been an arrangement under the law for decades up to the present time in Hong Kong. I believe as an expert in this topic, you should know the problem very well. The root of the problem is that factory or

labour holidays are different from bank holidays. This has been the case in Hong Kong over all these years. I believe all of us can raise any issues for discussion. If you think that this issue should merit another review, you may always bring it up. In fact, there have been many reviews of the matter over the past years, and there are divergent views in society. I think that in case we need to discuss the issue again, we may hold further discussions in the relevant advisory committee, so as to ascertain how we should deal with it. But I must admit that this is a perennial and thorny problem to us.

DR PAN PEY-CHYOU (in Cantonese): *A phenomenon related to this problem is that many workers are not allowed to enjoy "statutory labour holidays" on the very days on which they fall. In this connection, can the Government consider the possibility of doing something with its policy or the existing legislation, so as to better enable workers For example, in case employers ask their employees to work on holidays, they should be required to pay extra wages, so that workers can be better able to enjoy their holidays.*

CHIEF EXECUTIVE (in Cantonese): Dr PAN, you are right. You are concerned about grass-roots workers in the labour sector. That they must work long hours is a fact known by all of us. And, this is also a common phenomenon in Hong Kong, one which is not confined to one or two sectors or the labour sector. Employees in every sector must work very long hours. In fact, the fundamental problem is that at present, while there is a difference between the statutory holiday system and the general holiday system, there is also the problem of working hours. You also know that we have adopted a positive attitude towards the issue of working hours. We have already resolved the minimum wage issue and will now turn to address the issue of standard working hours. In my view, it may probably be more effective to discuss various solutions on other occasions. As you know, we have commenced work in this regard.

MISS TANYA CHAN (in Cantonese): *Chief Executive, on 25 June last year, the SAR Government issued a letter to the Olympic Council of Asia (OCA) in support of the submission of a letter of intent by the Sports Federation and Olympic Committee of Hong Kong, China with the proviso that its final decision on the bid would be subject to the outcome of public consultation. Subsequently, at taxpayers' expense, The Chinese University of Hong Kong (CUHK) was*

commissioned to conduct a public opinion poll spanning the period from 19 November to 1 December.

Subsequently, the Government came to the Legislative Council and informed Members that according to the findings of CUHK's public opinion poll, the numbers of respondents for and against the proposed bid were in fact very close, given the sampling error of plus and minus 2.28%. However, when I received CUHK's report on its public opinion poll from the Government (after more than a month's request), I found that it was clearly stated in the seventh, that is, the last, paragraph of its Executive Summary that "taking into consideration the pros and cons of staging the Asian Games, the ability of Hong Kong to host the Games, the level of acceptance of the financial arrangements for the Games, and the various reasons for objecting to the bid, it was observed that the public still had reservations about Hong Kong's bid to host the 2023 Asian Games. The financial factor was, of course, one of the major reasons for this, but non-financial considerations should also not be ignored and need to be further studied."

Secretary I am sorry, Chief Executive, for mentioning so many factors. Clearly, the outcome of public consultation is very important because it is one of the provisos put forward by the SAR Government to the OCA. Suppose the document submitted by the Government just now only mentions part of the contents and stops short of mentioning other parts, that is, suppose only part of the findings of this public opinion poll is mentioned, may I ask the Chief Executive whether this amounts to any manipulation of public opinions? If yes, should the relevant public officer tender an apology?

CHIEF EXECUTIVE (in Cantonese): First, a typical public opinion poll conducted by us is usually divided into two parts. The first part is about actual statistics, and the other part is about the surveying organization's interpretation of the statistics concerned. The most important things are actual statistics, that is, those statistics mentioned by the Honourable Member just now.

In addition, one feature of public opinion polls is that following the completion of an opinion poll, the surveying organization will first release the relevant statistical findings and then publish a complete and comprehensive report.

Therefore, on this issue, what we did was just to race against time. I know that the Home Affairs Bureau only sought to inform Members of the statistics it had just received as expeditiously as possible, and give them an account of the findings of the public opinion poll. It had no intention whatsoever of concealing or distorting any survey findings because the report must eventually be published in its entirety. The point is that as soon as we receive a report, or a report is available to us, we will invariably release it for public discussion and scrutiny.

The problem is that we can observe that the views of the Hong Kong public on the bid to host the Asian Games actually kept fluctuating from early last year, to late last year, and to the present. At times, enthusiasm faded, but when we saw our athletes' remarkable performance in the Asian Games, our enthusiasm went high again. Then, it cooled down again. This is human nature.

However, I wish to tell Members that the conduct of public opinion surveys will be ongoing. Most importantly, we should look at the accuracy of figures as a separate issue. Members can ask the Secretary whether he has understated or wrongly stated any figures, or whether he has intentionally overstated or understated any figures.

Another point is that if he has not done so, I believe the relevant figures are reliable. When Members make use of these figures, they will eventually realize this. The surveying organization has its own approach of looking at and interpreting the figures concerned, and so do individuals. However, in any case, I believe Hong Kong people's eyes are discerning. All our documents will eventually be published in their entirety, and everyone can have their own interpretations.

MISS TANYA CHAN (in Cantonese): *My supplementary question is also about the bid to host the Asian Games.*

On the past Sunday, the Chief Executive undertook that in the next 12 years, \$7 billion would be spent on sports development, and that regardless of the success or otherwise of the bid to host the Asian Games, not even one single cent would be deducted from this sum. The two projects that we undertook to launch back in 2000 in 1999 when we proposed to bid for the hosting of the Asian

Games, including the construction of spectator stands and an office for the Hong Kong, China Rowing Association (HKRA) on the riverside of Shing Mun River, have not yet commenced because the sites concerned are still occupied by containers and a hockey pitch. The latter should have been upgraded to international standards.

I have one question for the Secretary. I have read Chief Executive, I am sorry because I miss the Secretary so much. I just cannot help it. Over the past two weeks, the Secretary has been on my mind every day. Right, Chief Executive, in the press release issued by the Bureau on 30 September last year, no detailed account of any improvement measures relating to these two projects was given. May I ask the Secretary whether the projects concerned will be upgraded Sorry,(Laughter) I wish I am sorry. I really miss the Secretary so much. I need to talk with him outside later. May I ask the Chief Executive whether these two projects will be expeditiously upgraded to the priority category?

CHIEF EXECUTIVE (in Cantonese): First, we will continue to invest resources in the provision of sports facilities. We do have a plan for that. However, I also know that if we are successful in bidding to host the Asian Games and a concrete time frame is thus available, we will have a better grasp of resources investment and provision.

On the contrary, in case a timetable is not available In that case, well, we honestly do not worry so much about any failure on our part to submit funding requests to the Finance Committee. Rather, our worry is that when we submit a funding request to the Finance Committee, Members may ask us why money should be used for the purpose concerned, and why it is not spent on education, on constructing schools or hospitals. I believe Members will have similar worries.

Therefore, the reason for our great concern about this issue is that we want to have a definite target for all our work relating to bidding to host the Asian Games and implementing these projects. If this can be the case, all hardware and software will be in place when the time comes. If not, several problems will arise. First, it is the problem concerning the commitment of the executive, the SAR Government, to this matter, that is, the problem of whether it will go about the task whole-heartedly. In this connection, I can assure Members that we will

certainly proceed as planned. Second, it is the problem of whether, in the process of vetting a funding request, the legislature will accord a lower priority to the projects in question due to its consideration that other projects should be accorded a higher priority, thus making it impossible to launch the projects concerned. I cannot guarantee that this will not happen; and third, more importantly, it is the problem arising from the fact that in the next few years, our investments in the construction of public facilities will amount to over \$50 billion each year. These days, the construction costs of all projects have increased. Having regard to whether Hong Kong can afford the implementation of so many construction projects, we need to make choices. When there is such a need and when we consider whether a certain project should be implemented, many queries may arise. Hence, there is one point that I need

MR LEUNG KWOK-HUNG (in Cantonese): *President, a choice ought to be made, but*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, now it is not

MR LEUNG KWOK-HUNG (in Cantonese): *universal retirement protection should be implemented*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, it is not your turn to speak now. Please sit down.

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

MR LEUNG KWOK-HUNG (in Cantonese): *I have tried to control my temper for a long time. Since you mentioned this for the first time when answering Mrs Sophie LEUNG's question, I have been trying to control my temper and remain silent*

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

(Mr LEUNG Kwok-hung remained standing)

MR LEUNG KWOK-HUNG (in Cantonese): *All people in this Council opine that universal retirement protection is the first*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you continue to act against

MR LEUNG KWOK-HUNG (in Cantonese): *is the first choice* I now throw at him

(Mr LEUNG Kwok-hung threw out a yellow banana-shaped object)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave this Chamber immediately!

(Mr LEUNG Kwok-hung left his seat and moved forward while holding the mop. Security staff and the Clerk came forward to stop him and attempted to assist him in leaving the Chamber)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, leave this Chamber immediately!

MR LEUNG KWOK-HUNG (in Cantonese): *You* I now tell you for the second time I ask you In the Legislative Council

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

PRESIDENT (in Cantonese): Leave immediately!

MR LEUNG KWOK-HUNG (in Cantonese): *all political parties and groupings support universal retirement protection*

(Some Members in the Chamber spoke from their seat)

MR LEUNG KWOK-HUNG (in Cantonese): *Do not shed any crocodile tears here. You*

PRESIDENT (in Cantonese): Leave immediately!

(Mr LEUNG Kwok-hung spoke aloud. Security staff assisted Mr LEUNG Kwok-hung in leaving the Chamber)

MR LEUNG KWOK-HUNG (in Cantonese): *I tell you this. If there is no universal retirement protection, there will be no Asian Games. Whoever cast their votes in support of the bid to host the Asian Games will do a disservice to the elderly*

(Mr LEUNG Kwok-hung was assisted in leaving the Chamber by security staff)

PRESIDENT (in Cantonese): Chief Executive, please continue.

CHIEF EXECUTIVE (in Cantonese): At the policy level, our undertakings and commitment in this regard will certainly hold. As for the specific questions put by the Member just now, including the one about the construction of a HKRA office, I really have to leave the task of giving a reply to the Secretary, alright?

MR CHIM PUI-CHUNG (in Cantonese): *President, the job of Chief Executive is no easy one.* (Laughter)

My question is

CHIEF EXECUTIVE (in Cantonese): I will be fine after drinking a glass of water.

MR CHIM PUI-CHUNG (in Cantonese): *Chief Executive, my question is about the linked exchange rate. It is very difficult to answer.*

We know that the Hong Kong and US dollar peg (the peg) has been in place since 1982, and undeniably, the peg has been serving as a stabilizing force in the economic and political life of Hong Kong over the past two to three decades, especially during the transition period. But we must also realize that it is already 12 years after the transition period.

Chief Executive, you must realize that the US dollar will indeed give you a very big headache, the headache arising from its depreciation. The depreciation of the US dollar will lead to galloping inflation, tormenting the people immensely and knocking you off-balance altogether. I am not blathering. I hope that the two government officials who were once the Financial Secretary can hear You were once the Financial Secretary too. I should say "three".

Therefore, Chief Executive, my question is: since Hong Kong is not endowed with any natural resources, should a special committee be established to explore whether this is the right time to unpeg the Hong Kong dollar from the US dollar? This is an issue of very great importance. You may think that there is no problem. But six months later, you will realize the gravity of the issue. What I have put forward is a beneficial and constructive piece of advice.

My question is: will you undertake in public to establish a special committee on studying this issue? This is very important. There is actually no big deal about conducting any studies. Why do you even refuse to conduct some mere studies? Why are the Secretaries of Departments and the head of the Hong Kong Monetary Authority all so downright negative, saying that this issue cannot even be touched? Why?

CHIEF EXECUTIVE (in Cantonese): Uncle CHIM, I think you should know the reason only too well. At present, we see that all over the world, an inflation crisis is present. Such a crisis is present not only in places where the local currency is pegged to the US dollar; the crisis is also present in places where the local currency is not pegged to the US dollar. We see that inflation has also appeared in the Mainland, and the whole of Asia is similarly facing such a situation. When there is an abundance of capital and if this is not matched by any double growth of the real economy, such a situation is bound to arise.

The linked exchange rate system in Hong Kong is time-tested and has been in place for 29 years. If one says that Throughout our journey of tiding over the various vicissitudes, this system has stood by our side. When our economy is in good shape, we depend on it. In times of economic sluggishness, we always manage to eke out a living. I think we will somehow manage to work out solutions to this very problem. Uncle CHIM, as you could also hear just now, a good part of my opening remarks was devoted to the inflation problem. On this issue, all my government colleagues have whole-heartedly sought to understand the situation, trying every possible means to lessen the impacts of inflation on grass-roots people.

I strongly believe that on this issue, if ever we say that we want to conduct a study, there will be serious consequences. Speculators will come to our doorstep right away. You should understand what I mean. If you were a speculator, you would certainly do so. Therefore, when we know clearly that the financial markets, including the stocks, bonds and exchange rate markets, will surely see great fluctuations during this period of time, should we still add this uncertainty to the picture? The danger is very great. We can discuss with you in detail later, but the establishment of a committee to discuss this matter is simply not worthwhile and may involve great risks. Besides, I think that in the present-day world, Hong Kong depends on trade for its survival, so the stability of our exchange rate is very, very important. Uncle CHIM, I have never seen any other financial system similar to our economy, the trade figure of which is as large as three times its GDP. This means that any slight changes that may affect our trade prospects will lead to serious consequences. Trade must depend on a stable exchange rate, and if anything goes wrong with our exchange rate, it will be pointless to talk about anything else. Therefore, we understand that given Hong Kong's rapid economic recovery these days, people will naturally come under the pressure of inflation and turn more sensitive. However, we will join

hands to tackle As long as we can We still have an excellent, sound and sophisticated financial system. If we have any surpluses, we will be able to meet sudden needs. I believe we are able to overcome any short-term fluctuations. I believe we are able to overcome such fluctuations.

However, speaking of delinking from the US dollar so suddenly, I must say that we are simply not well-equipped for this. Nowadays, currency peg is the global trend. This is the case in Europe, and in the case of Latin America, the currencies of South and North American countries are also linked with the US dollar under NAFTA. In Asia, there is total disunity in this regard. Hong Kong itself is a tiny economy, and if we allow the free convertibility of our currency — one must not think that since some places adopt the approach of exchange rate manipulation, we may also do so — if we allow free operation in this regard and permit the free convertibility of our currency, the consequences will be very, very serious. You also know how large our "fish pond" is. It is very easy to spoil it by speculation. For this reason, we must handle the situation very cautiously.

Therefore, speaking of how such problems should be handled, my personal and humble opinion after all our experiences over the years and the two financial turmoils is that currently, Hong Kong is simply not well-equipped for this, and it should not consider any delinking either. When should such an idea be really considered? It is only when Renminbi (RMB) It is only when our biggest trade partner allows the full and free convertibility of RMB in its capital account that we can become genuinely well-equipped to consider whether our currency should be pegged to RMB; we must not suddenly delink from the US dollar without any good reasons and hurl ourselves out into the open seas at this stage. I think this is something very dangerous. However, I am still very grateful to you for raising this question, so that I can have an opportunity to express my personal views.

MR CHIM PUI-CHUNG (in Cantonese): *President, my supplementary question is: as we can see, the US dollar is sinking like a ship, but do we have any obligation and ability to sink together with it? You are the leader of the 7 million Hong Kong people.*

You referred to Singapore just now. In the past, one Singapore dollar was roughly equal to HK\$1.6. The situation is just the opposite now. It is

about HK\$6. Didn't they also peg their currency to the US dollar in the past? The Malaysian Ringgit was also pegged to the US dollar during the financial turmoil. At that time, two Ringgits were equal to one US dollar. They have now delinked from the US dollar, and their currency is likewise appreciating. Hong Kong definitely has the ability to follow suit. Naturally, we do hold divergent views, but we both aim to further the well-being of society.

Chief Executive, may I ask whether it has ever occurred to you that our non-staple foods, which are mainly supplied by the Mainland, may sustain very heavy impacts in the time to come? How are you going to alert the general public?

CHIEF EXECUTIVE (in Cantonese): This is true. When I reported on my work this time and last time, I already discussed this issue with Premier WEN Jiabao, and I also held discussions with the various ministries and commissions. We must handle two things here. First, we must ensure an adequate supply of non-staple foods and other foodstuffs from the Mainland. Secretary Dr York CHOW has explained the whole thing clearly to the relevant authorities in the Mainland and obtained their guarantee that there will certainly be an adequate supply of non-staple foods such as pigs, cattle, mutton, pork and beef.

The second thing is the issue of prices. Prices will fluctuate according to global changes. Our concern is the impacts on the broad masses, especially grass-roots people. Speaking of goods prices, I myself watch them very closely, and so do my colleagues. We all know the prices of beef and pork, the prices of pork per catty, and the prices of vegetable per catty. We all monitor such problems. And, if we have the capability and there is a need for relief measures, we will make focused attempts to assist grass-roots people. To sum up, I can well appreciate such risks, especially the risks that may arise this year and the risks faced by grass-roots people. We will try every possible means to lessen the related impacts. However, it will be very risky to change the keynote of our monetary policy because of all these problems and talk about the issue concerned during this period of time.

MR ALBERT HO (in Cantonese): *Chief Executive, at the end of last year, the Public Opinion Programme of the University of Hong Kong announced the*

findings of an opinion poll about the kind of Hong Kong society the people are most desirous of and concerned about if they have to choose among having a prosperous, bribery-free, fair, free or welfare society. For the first time in 17 years, Hong Kong people put a "fair society" on the top, while a "prosperous society" dropped to the third position. This is a very significant indication. The findings of this opinion poll dovetail with those of a survey under the Hong Kong Transition Project of the Hong Kong Baptist University. The latter survey was conducted around August and September, and its findings indicated that many middle-aged people and youngsters are extremely upset by the unfairness of society or government policies. We have conducted some focused discussions in this regard. Let me now mention several points briefly because I am aware of the time constraint.

PRESIDENT (in Cantonese): Please be as concise as possible.

MR ALBERT HO (in Cantonese): *The public perception is that government policies are often biased towards the interests of large corporations and property developers. For example, in the face of the prolonged soaring of property prices, the Government has failed to take any prompt actions to effectively curb price rises and resume the construction of Home Ownership Scheme (HOS) flats or even regular land auctions. It has also connived at property developers' sale of "inflated buildings" and "bogus market transactions". And, it has even forcibly enacted the Land (Compulsory Sale for Redevelopment) Ordinance. Finally, there are other examples such as the Lehman Brothers incident, where the banks concerned are not penalized, and people also think that the LEUNG Chin-man incident is just the tip of the iceberg. There are countless such examples. May I ask the Chief Executive whether he thinks that the Government's overall lack of impartiality and fairness as well as frequent contravention of justice is itself a problem? Is such a social image itself a problem? How are you going to change people's perception? How are you going to rectify your policies? And, how are you going to change people's perception of the Government through concrete actions?*

CHIEF EXECUTIVE (in Cantonese): When there is any unusual development in society, especially in the aftermath of the financial tsunami, it is only natural to

see in society many grievances and incidents which make people feel unhappy and worried. In other times, especially when finances are sound and people are free from any worries, they will aspire to loftier values.

Social fairness is an important value recognized by all in Hong Kong. The Government's objective of governance naturally follows the direction of realizing this value. However, ours is a market economy, so when things such as a sudden surge of property prices and rampant speculation happen at certain times, people may attribute all these things to the Government's policy failure. I can understand that such things may affect the public, and they may thus put the blame on the Government. I can fully understand this. I also agree entirely with you that mere talks, however numerous, will be of no use. There must be facts, and we must make concrete efforts. I think many problems have been caused by the sudden surge of property prices last year, and this has affected people's perception in this regard.

Last year, as you are also aware, the policy address and the Financial Secretary's various efforts all aimed to prove with concrete actions that we are not biased towards any social strata, especially not biased towards giving any preferential treatment to rich people and property developers. Therefore, you must give us some time and observe our efforts. The Special Stamp Duty introduced to curb speculative activities is precisely a measure aimed specifically at proving this. The resumption of land auctions is similarly aimed at enabling the general public to know that we plan to make available at least 20 000 residential units every year in the future, and this measure can also respond to the relevant housing aspiration. Besides, our purposeful earmarking of certain land lots under the land sale programme for the construction of small residential units is also meant to answer the aspiration in this regard. The My Home Purchase Plan (the Plan) introduced earlier on is an improvement on the HOS, with the same intention of answering the demand concerned.

When it comes to matters like these, the public will never be convinced by any mere lip-service. Rather, facts must be presented as proof. I am confident that with facts, we can prove that our society, not least this government, actually cherishes the same values as those upheld by the masses. But in an open market economy, we cannot possibly avoid the occurrence of some unusual things during certain times.

MR ALBERT HO (in Cantonese): *To begin with, the Chief Executive also agrees that this is a problem. It looks like you also agree that there is indeed such a perception. This is a very important point. However, in order to solve the problem, there must first be sincerity. An apt example of such sincerity is how you earnestly explained the importance of bidding to host the Asian Games to Hong Kong when you talked about the matter just now, and how you asserted that you would promote the cause with all your resources. Such earnestness is extremely important. The second thing is that there must be enough strength, followed by focused efforts.*

Hong Kong is in possession of such huge surpluses and reserves, so there is actually plenty of room for us to do something. I think there are two simple measures that can achieve instant results. In regard to property prices, we have been discussing with you for a very long time. You have rolled out some measures, and people no doubt think that they can achieve some effect. But many members of the public have also told you that the HOS is a time-tested measure. Property developers do not like this scheme, but why must the Government abolish it, rather than implementing it in parallel with the Plan?

The second measure can also achieve instant results. This is about poverty alleviation. At present, some 1 million people are living below the poverty line. Would you undertake to reduce the number of working-poor people? You still have a remaining tenure of two years. Would you treat these two measures as your targets and get the job done? I believe that doing so can possibly change people's perception of you. Will you consider the whole thing again?

CHIEF EXECUTIVE (in Cantonese): People's perception of me is not so important. The most important thing is whether I can make any concrete achievements. As for the HOS, my very sincere advice to you is that while the Plan we have put in place has all the merits of the HOS, it can also provide added convenience for people wishing to sell their old flats to buy new ones. The Plan can encourage people to amass savings, while allowing for greater flexibility. I have done some careful studies on the existing HOS market. I notice that of the 300 000 or so HOS flats, only some 20% have had the regrant premium paid and can be sold in the market. The regrant premium for 80% of all HOS flats has not been paid. Under such a situation, owners who have invested in HOS flats

are unable to sell their flats to buy new ones and realize the appreciation of their properties. This is also a problem.

I believe that young people who now aspire to acquiring their homes would like to have greater purchasing flexibility. In this regard, the Plan is better than the HOS. Besides, the Hong Kong Housing Society will be entrusted with the construction of buildings under the Plan based on the market approach. If the same land lot is entrusted to the Hong Kong Housing Authority for the construction of HOS units, it must go about the task under the government approach. If the two approaches are compared, I believe that under the former approach, housing units will be completed and made available for meeting market demand more quickly. I think you must give the Plan a chance and wait to see whether the units completed under it can receive public acceptance. You should look at the popularity of the Plan when it is eventually implemented a few years later. I am personally very confident that it will be an improved version of the HOS.

I am not saying that we are dissatisfied with the HOS. The only thing is that it has completed its historical mission, and we really need to continuously improve all such schemes. The Plan is precisely an improved version of the HOS. We do not have any prejudice. The only thing is that we do not think that we should forever adhere to established practices. Instead, we think that we must do a good job in every aspect. The livelihood of grass-roots people is the perennial concern of my colleagues and myself. The total eradication of the disparity between the rich and the poor is not something that a capitalist society is entirely capable of doing. But we are still capable of improving the lot of grass-roots people in many ways.

This year, we and Honourable Members have joined hands to complete the enactment of legislation on a minimum wage level. This is something very good. I also hope that with your assistance again, we can shortly roll out a new transport subsidy scheme, so that the broad masses of grass-roots workers can also benefit. Recently, we have also adjusted the rate of Comprehensive Social Security Assistance (CSSA) upward by 3.4% according to the cost of living, and the increase will take effect on 1 February. The Secretary has remarked that in case goods prices keep soaring, we are prepared to give up the established practice of making further adjustment a year later. We may make further adjustment half a year later. And, in case of genuine necessity, I can undertake, even though the Secretary may not agree, that an adjustment once every three

months may even be possible. In case goods prices keep rocketing, we will certainly treat people's concerns as our concerns, especially in respect of grass-roots people's livelihood.

My intention is to tackle each and every aspect, paying attention to the medical care, food, accommodation and transportation needs of the public. In regard to healthcare, we will make as many efforts as possible. As for food, I have already mentioned how we can maintain food supply in the hope of stabilizing food prices. And, the various food banks are also equipped with adequate resources to cope with demand. Regarding the housing need, we have already sought to address the needs of grass-roots people through the provision of public rental housing units. As for transportation, we have also put in place the Transport Support Scheme. In every aspect, attempts have been made to focus on the inherent and structural wealth gap problems in a capitalist society, so as to tackle them as much as possible. We will spare no efforts to grasp every opportunity. As long as we have the capability, we will definitely take actions. The Financial Secretary will also make efforts in this direction. I believe that the Financial Secretary is right now cautiously working on the Budget to be announced next month, with a view to answering the demands in this regard. You can rest assured.

MR CHAN KAM-LAM (in Cantonese): *I wish to say a few words on one recent public concern, the issue of tourism¹*

CHIEF EXECUTIVE (in Cantonese): Girlfriends? (*Laughter*)

PRESIDENT (in Cantonese): Mr CHAN, please state your question clearly.

MR CHAN KAM-LAM (in Cantonese): *The Hong Kong Tourism Board (HKTB) has recently announced some statistics*

¹ "Tourism" is the English translation for "旅遊" in the original Cantonese discourse. The pronunciation of "旅遊 (leoi5 jau4)" is very similar to that of "女友 (neoi5 jau5)", meaning "girlfriend".

CHIEF EXECUTIVE (in Cantonese): Oh, it is about tourism, isn't it?

MR CHAN KAM-LAM (in Cantonese): *Last year, the number of visitors to Hong Kong was as large as 36.03 million, a rise of 21.8% over the figure for the year before it. I think this figure must be record-breaking, illustrating that Hong Kong possesses huge potentials in tourism development, and the prospects are also very bright. However, I believe the Chief Executive can also notice that there has been plenty of negative news about our tourism industry recently. In particular, since the "Ah Chun incident" last year, visitors from the Mainland have turned very critical of Hong Kong tourism services. Of course, many in the tourism sector and society at large do not really put the blame on the service standards of one or two tourist guides. Rather, they think that the tourism sector as a whole may still need to take some actions.*

Recently, as we are aware, the Travel Industry Council of Hong Kong has rolled out 10 measures, intending to implement them with effect from 1 February. But can this alone completely reverse the situation? We too are a bit doubtful. May I ask the Chief Executive whether he thinks that in the period of time to come, we should pay greater attention to the tourism industry, a pillar of our economy? Should we, for example, enact legislation on regulating the industry or foster the professionalization of the sector, or even hold further negotiations with the Mainland on alleviating the problems of "zero fare" or price cuts as a means of boosting sales? Besides, the problem of fleecing customers is also rather rampant in some local retail businesses or tourism-related industries. Can the Government work out some effective measures to enable Hong Kong to uphold its reputation as a tourists' and shoppers' paradise?

CHIEF EXECUTIVE (in Cantonese): First, in regard to tourism, Mr CHAN is right in asserting that we must now pay heed to tourism because the benefits will not be confined to tourism revenue. If Hong Kong can become a more teeming place, in that sense, domestic consumption will also increase. If more visitors come to Hong Kong for consumption, Hong Kong people themselves will also want to spend more money. This is very important to the local economy. To this end, we have been seeking to explore all possible means. The HKTB has likewise been doing its part well every year by rolling out new projects, with a

view to inducing more people to come to Hong Kong. The HKTB will continue to do so, and it has been successful.

As for negotiations with the Mainland, we have been making incessant efforts, holding frequent discussions with Mainland authorities on the problem of "zero fare", with a view to identifying ways of eradicating the problem. We have made many efforts and will continue to do so. Mainland authorities have been having continuous exchanges with us, and these are all multi-level exchanges. When I reported to the Premier on my work, we did put forward some specific requests relating to tourism. Therefore, I think that there are possible solutions, but when it comes to specific proposals, if Members or any individuals can put forward any views on what we still need to do, we will be able to do a better job.

As regards the professionalization of tourism employees, it is a long-term task, and I agree entirely that we should proceed in this direction. Members can also see their management approaches, and they have also taken some steps to introduce regulation. I strongly believe that all the measures to be rolled out one by one will follow this direction. The tourism industry is a very important pillar. Success must depend on the support of the sector. But if Members think that any overhaul of their organizational structure is required, they can put forward their views for exploration. But all must depend on whether there are any serious problems with the existing management structure. If there are any such problems, we must all examine what should be done.

MR CHAN KAM-LAM (in Cantonese): *President, certainly, we observe that in order to develop the tourism industry, the Government, while working on the regulatory framework, has also been making substantial investments in the development of tourism spots over quite a long period of time. However, if the quality of the tourism industry cannot be upgraded, there may not be any positive results even though we do invest huge resources. Therefore, I hope that the Chief Executive can conduct some focus studies on the long-term development of the tourism industry in conjunction with the relevant government departments. Of course, investments in developing tourism spots aside, we also face an acute shortage of hotels. At present, every visitor spends an average of \$1,100 on one night of hotel accommodation*

PRESIDENT (in Cantonese): Please be concise.

MR CHAN KAM-LAM (in Cantonese): *Therefore, the relevant demand is quite large. I hope that the Government can look at the development direction of the tourism industry from the overall perspective.*

CHIEF EXECUTIVE (in Cantonese): Mr CHAN is right. I have instructed the Commerce and Economic Development Bureau to conduct a comprehensive review of the tourism industry's operation and regulatory framework. Having been established for many years, the Travel Industry Council of Hong Kong is very clear about the operation of the sector, and it is equipped with the ability of self-examination. But I also believe that every system must keep abreast of the times. In case the Secretary notices any room for improvement after the review, steps can be taken to make improvements. We will certainly follow this direction and report to Honourable Members. I believe that after experiencing these several incidents, the tourism sector will make genuine and marked improvements during the remainder of my tenure.

MR CHEUNG KWOK-CHE (in Cantonese): *President, a moment ago, the Chief Executive said that they would treat people's concerns as their concerns. I think this requires more than mere empty talks. There must be concrete actions. As also mentioned by some Honourable Members, some 1 million low-income grass-roots people are faced with a miserable life every day.*

We can notice that very often, many elderly persons and persons with disabilities have to wait five to 10 years before they can be admitted to any hostels. We also observe that sometimes, even though the Government wants to do something and the Financial Secretary has already earmarked funding for the purposes concerned, we are nonetheless unable to find any venues. In the past, many venues were available, but the Government did not want to spend any money. As a result, while venues were available, there was no money. This phenomenon is actually the result of a planning problem, the problem of no detailed planning for the future.

I can remember that during the Chief Executive's election campaign in 2007, he undertook to expeditiously formulate sound planning for the social

welfare sector. You also instructed the Social Welfare Advisory Committee (SWAC) to do this job well. However, after the passage of four years, the SWAC is still conducting its studies. May I ask the Chief Executive whether he gave them any time frame when instructing them to do this job? When will any social welfare planning be rolled out?

CHIEF EXECUTIVE (in Cantonese): There are truly many different views in the social welfare sector. It may not always be possible to forge any consensus on the priorities of the sector so very quickly. You also know that when it comes to social policies, it is impossible to adopt any top-down approach. If we disregard all factors and proceed in our own way, there is bound to be strong reaction. We must first listen to the views of the sector.

However, I also agree that we have indeed been discussing this matter for a very long time. During my election campaign, I already asked them to handle the matter. But after "going round and round", they have not yet achieved any real result. I will discuss with the Secretary, in the hope of making them produce a result as soon as possible during the remainder of my tenure.

However, we have never stayed put. We have been increasing investments in social welfare facilities every year. Honourable Members all know that our amounts of investments in social welfare have been seeing increases every year. There are funding increases every year, not just in terms of absolute figures but also in terms of percentage. We will continue to do so. We will not just sit back during our wait for the result.

Hardware facilities aside, we will also make efforts in relation to all facilities intended for looking after elderly persons. Naturally, the social welfare sector thinks that this is very important. I agree to this. And, I also hope that comprehensive planning can be rolled out expeditiously. However, to be viable, all plans must first command the support of the relevant sectors and professionals.

MR CHEUNG KWOK-CHE (in Cantonese): *President, I am very happy that the Chief Executive also thinks that the relevant discussions have dragged on for a very long time. But I do not want to hear him talking about the remainder of his tenure because this means that we must wait right up to 2012.*

As Honourable Members all know, even though the Government is now aware of the problem and the Financial Secretary has earmarked additional funding over the past two years, we are nonetheless unable to find any venues. For example, funding has been allocated for the establishment of Integrated Community Centres for Mental Wellness, but in the case of half of them, no suitable sites as permanent venues have been found so far. This is the first problem.

Second, although there is money, the allocation of healthcare personnel is definitely another problem. Time must still be spent on training. This is precisely a problem with planning

PRESIDENT (in Cantonese): Please be concise.

MR CHEUNG KWOK-CHE (in Cantonese): *I hope the Chief Executive can promise us that he will instruct the SWAC to submit its planning proposal within three months.*

CHIEF EXECUTIVE (in Cantonese): If it is indeed possible to do so within three months, it will be wonderful. I do not think that this can be done within three months. You also take part in the work, don't you?

MR CHEUNG KWOK-CHE (in Cantonese): *President, the work has been in progress for four years. The work has reached the final stage. If necessary, a report can actually be submitted in January. But there is going to be delay again.*

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

CHIEF EXECUTIVE (in Cantonese): However, speaking of the land problem, we cannot possibly solve the problem simply by granting land. Residents in

every district all hold divergent views on such issues. This is a problem of public sentiments.

This problem is really a very difficult one. Speaking of public rental housing units, there is a common need. But some would say, "Sorry, but I do not like to see the construction of public rental housing units in my district lest this may affect the price of my property." Speaking of columbaria, some would say, "I also need one, and people in my district also die. But please do not build any in my district." Speaking of incinerators, we all need them because waste must be disposed of. But some would say, "Sorry, please do not construct any in my district." Such dissenting views are also observed in the case of psychiatric clinics. I hope that Honourable Members, especially those who are concurrently District Council members, can offer us some help in this regard. *(Laughter)* This problem is indeed a difficult one.

MS LI FUNG-YING (in Cantonese): *Chief Executive, earlier on, I read an article written by Prof HSIN Ping-lung of National Taiwan University. According to him, any reliance on a minimum wage level as the sole means of protecting grass-roots workers' basic livelihood is tantamount to making enterprises bear all the responsibility, thus adding to the burden of enterprises, distorting market prices and failing to adequately protect the basic livelihood of workers. His advice for the government is that a "People's Costs of Basic Living Index" should be created; whenever people's incomes cannot attain the levels of the Index, the government should make up for the shortfall.*

May I ask the Chief Executive whether he agrees to Prof HSIN's analysis, and whether he will create a "People's Costs of Basic Living Index" to dovetail with the implementation of a minimum wage level in May and provide subsidies to grass-roots workers whose incomes cannot attain the level of the Index, so as to protect their basic livelihood needs?

CHIEF EXECUTIVE (in Cantonese): We have in place our own mechanisms and various indices to deal with the impacts of inflation on grass-roots people's livelihood. The Honourable Member's proposal Actually, Prof HSIN is not the only one who advocates this idea. What the Honourable Member talks about is actually the issue of negative income tax. Prof HSIN is not the only

advocate; since the 1930s, economists have been championing this idea. However, although this idea has been advocated in all advanced countries for 70 years, no one or no country has been really sincere in introducing negative income tax, a concept under which people with incomes exceeding a certain level must pay an income tax, while those with incomes below the prescribed level should receive subsidies from the government equivalent to the discrepancies.

This concept is quite simple, but its implementation will involve big difficulties. I can see that successive Financial Secretaries giving thoughts to this very concept all had a very big headache. The reason is that its implementation is by no means so simple. I myself also hope that there can be a simple tax regime that can replace the existing CSSA system and all subsidy schemes, and that there can be one single formula that can get all things done — tax payment from those with salaries above a certain level and subsidies to those with salaries below the prescribed level. This is theoretically feasible, and Prof HSIN is not the only advocate. However, I can tell you that economists have been discussing this concept for 70 years. But presently, we are mainly concerned about the livelihood of grass-roots people, in the hope that we can do a good job in this regard, thereby ensuring that they can all live with dignity in Hong Kong, with support in their clothing, food, accommodation and transportation.

MS LI FUNG-YING (in Cantonese): *President, I wish to say something to the Chief Executive. He remarked a moment ago that practically no country in the world has been able to put this proposal into practice. But I can tell him that even in Singapore, there is a similar policy, and this is also the case with the United Kingdom. The Chief Executive said so emphatically that he was very concerned about the living standards of our grass-roots people. But does he really think that an hourly wage of \$28 is sufficient to protect the livelihood of grass-roots people? Speaking of the transport subsidy scheme he mentioned just now, a household means test will be introduced. This will add to the difficulties faced by applicants, making currently eligible applicants lose their eligibility and rendering them unable to apply again. In what way is he concerned about the livelihood of grass-roots people? Will he put in place any measures that can relieve grass-roots people's suffering without requiring them to meet the requirements of a means test?*

CHIEF EXECUTIVE (in Cantonese): I agree to your comments. Everything is capable of improvement, and I do not mean that the minimum wage level is a panacea for all problems. This is certainly not the case. Ms LI, I hope you will not have any misunderstanding. Like you, I also want to do my utmost to help grass-roots people. We have now taken a significant first step, that is, the implementation of a minimum wage level. But there are still other areas which are open to further deliberation, and all of us may still come together for discussions. I hope you will not mention Singapore again because there is not even any comprehensive social security assistance in Singapore.

Therefore, we may indeed look at other places for the sake of comparison. For example, we may look at the system in the United Kingdom, but we must also note that the system there is not so satisfactory, nor is it exactly like the proposal of Prof HSIN mentioned by you just now. I am not saying that his idea is not feasible, and I am not using this as an excuse for inaction. I am only saying that what he advocates is something very ideal which is not so easily attainable. Before attaining this ideal, we must take many steps, including the implementation of a minimum wage, the transport subsidies mentioned just now and other measures. We must properly tackle the problems through discussions. Regarding transport subsidies, you remarked that some applicants would lose their eligibility. We may conduct further discussions on this issue. Since no funding request regarding the proposal has been submitted to the Legislative Council so far, we may conduct further negotiation on the relevant details.

If all of us can work with one heart, I believe that all problems can be overcome. We have already resolved the most difficult problem of implementing a minimum wage, so I do not think that there should be any insurmountable technical problems. However, when it comes to helping grass-roots people, we must go about the task whole-heartedly and make more concrete efforts instead of giving any mere lip-service. I agree to what you say. Please do not say that I lack both the determination and strength to tackle this problem. We are really sincere.

MR ANDREW CHENG (in Cantonese): *President, although the Chief Executive does not want to make any further comments on the entry of WANG Dan and WUER Kaixi into Hong Kong for mourning the death of Uncle Wah, I still wish to go on asking him questions on this matter. The reason is that*

honestly, this issue is not only about the entry of any ordinary persons into Hong Kong. Rather, it is about the implementation of "one country, two systems".

Uncle Wah's passing away saddens all of us. As a headmaster, Uncle Wah saw no distinction among the pupils he taught, and as a democracy fighter, he was neither condescending nor servile. He was also a down-to-earth and highly capable retired Legislative Council Member. Uncle Wah is an outstanding Chinese person in the truest sense. And, all of us are of Chinese descent. Chief Executive, you have already extolled Uncle Wah for his endeavours in a book of condolence. You can mourn the death of Uncle Wah, so why should obstacles be erected before other Chinese people wishing to enter Hong Kong for mourning his death?

Members can of course understand that this may be due to your perception that WANG Dan and WUER Kaixi are both pro-democracy activists. But their being pro-democracy activists is the precise reason for their wish of coming here to mourn the death of Uncle Wah. Wouldn't you fear that if they are prevented from entering, you may become the very person who ruins "one country, two systems"? WANG Guangya has stated very clearly that the handling of the matter is in the hands of our Chief Executive and the HKSAR Government. Would you show your commitment? Would you say a bit more on this issue of the Chinese people mourning the death of an outstanding Chinese person, rather than simply commenting that this involves only specific individuals or cases?

CHIEF EXECUTIVE (in Cantonese): I have said a lot on this matter. I think I have already revealed all that is in my heart. We will certainly adhere to the law and exercise our discretion in handling this matter. I also believe that the Immigration Department (ImmD) can certainly hear Members' views. But in handling this matter, the authorities must consider Hong Kong's broader interests and adhere to the relevant laws and policies. I firmly believe that all decisions made on this matter will be wise.

MR ANDREW CHENG (in Cantonese): *President, I understand that it is not easy for the Chief Executive to handle this matter. This I can certainly understand. However, as remarked by the Chief Executive just now, the ImmD should be able to hear our views. Therefore, we would like to express our views*

on this matter here. I also wish to remind the Chief Executive that WUER Kaixi was already permitted once to enter Hong Kong after the reunification for mourning the death of Anita MUI. Now, we are talking about mourning the death of another outstanding Chinese person — Uncle Wah. I believe that WANG Dan and WUER Kaixi only want to enter and stay in Hong Kong for a short while to mourn the death of Uncle Wah. Since there are only 10-odd days to go and time is really running out, the Chief Executive's decision is likely to be the ImmD's decision later. Therefore, I hope that you will not only say that there are laws on such a matter. All of us know that this is the case. And, precisely because of this, we think that if WANG Dan and WUER Kaixi are permitted to enter Hong Kong for mourning the death of Uncle Wah, if something like this is really done on the soil of Hong Kong, we will have succeeded in safeguarding a kind of "one country, two systems" that is capable of genuine progress. If not, the whole concept will be ruined, and "one country, two systems" will be nothing but deception.

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

MR WONG KWOK-KIN (in Cantonese): *President, having witnessed your "narrow escape" just now, I am really worried about your personal safety. Will you consider approaching Mr CHAN Kin-por for taking out a casualty insurance policy? But this is not the question I really wish to ask.*

I would like to ask the Chief Executive one question. The Mandatory Provident Fund (MPF) System has been implemented for 10 years, and the various social sectors have all been strongly requesting the Government to conduct a comprehensive review. Unfortunately, however, it seems that the Government has not heard our voice. Apart from the excessive administrative fees charged by trustees, another defect of the MPF System, one which has attracted most criticisms, is the offsetting mechanism for severance payments and long service payments. The Chief Executive may also know that the forms of employment in Hong Kong have undergone considerable changes over the past decade, and more and more people are now employed on contract terms. People have to sign a new contract every two or three years, and every time when a new contract is signed, offsetting will take place. By the time of their formal retirement, how much will still be left in their MPF accounts? As we all know,

the function of MPF is to provide retirement protection, but the existing offsetting mechanism has clearly defeated this purpose. May I ask whether the Government will pay heed to public opinions and conduct a comprehensive review of the MPF System? In addition, will the Government expeditiously introduce legislative amendments on abolishing the offsetting mechanism, so as to restore the true function of the MPF System before a universal retirement protection scheme is established?

CHIEF EXECUTIVE (in Cantonese): When the MPF System was first designed, the issue raised by the Honourable Member just now was also a focus of discussion. Subsequently, a consensus as we now know it was reached, and our present arrangement reflects the consensus obtained back then. Of course, all systems, including the MPF System, can be improved and subject to continuous discussions. However, I strongly believe that there must first be a consensus on this matter, and the Government simply cannot take any unilateral actions. What the Honourable Member has said happens to be the most important concern in the eyes of employers, and we must not forget that their acceptance of a mandatory contributions system at the time was actually based on certain conditions. We can continue with the discussions; I believe that we can continue to discuss the related issues in the relevant committee comprising employers and employees. However, I believe we must have patience and do everything on a bilateral basis, rather than forcibly enacting any legislation without obtaining the approval of all stakeholders. That said, I do understand that employees are very insistent on this. We can continue to hold negotiations and discussions, right?

MR WONG KWOK-KIN (in Cantonese): *The Chief Executive's reply seems to suggest his agreement that negotiations can be held. Regarding the abolition of the offsetting mechanism, I hope that it can really be implemented. It would be best for the Chief Executive to give us a timetable showing when the task can be done. Besides, regarding the conduct of a comprehensive review of the MPF System, the Chief Executive does not seem to have given us an answer.*

CHIEF EXECUTIVE (in Cantonese): When it comes to the current arrangements and retirement system for the elderly in Hong Kong, people will

invariably mention the three pillars. I do not think that I need to repeat all the points here. Every Member has mentioned all these points many times before. You are also an expert. However, we may still look at each pillar from time to time, keep them under constant review and make continuous efforts of improvement. However, we must bear in mind that the MPF System has been in place for only 10 years, which is not a very long time. The whole system must take time to mature. For the time being, in the interim, some elderly people cannot be properly protected by a long-term and well-developed pension system after their retirement, and they are facing a different kind of difficulties. I believe that after 20 years, when the system has undergone a period of full operation (the system will take at least 30 years to reach full development), the situation will be slightly different. At the present moment, our only recourse is to depend on the safety net provided by the CSSA system — the second pillar — as a means of helping those elderly people who cannot live a normal and a dignified life with their pensions or MPF benefits.

On the issue of reviewing the MPF System, I suppose we can always bring up the issue for discussions and put forward feasible proposals. But I am afraid that if we conduct a review or make any significant moves before the system is fully developed, we may end up engaging in empty talks instead of achieving any concrete results. Mr WONG, both you and I have the same intention of bettering workers' living conditions and work compensation. But I hope we can all be patient. There must be social harmony and a consensus among employers, employees and other stakeholders before our common goal can be achieved.

MR LEE CHEUK-YAN (in Cantonese): *President. Chief Executive, I was very delighted to hear what you said at the end of your remarks just now — no empty talks. But having discussed with the HKSAR Government for such a long time, I must say that all is actually mere lip-service in the literal sense. What is more, at the very beginning, the Chief Executive said that he did not like to "hand out sweeteners". You even defined "handing out sweeteners" as "making cosmetic efforts" and "offering petty favours". Actually, what you did in the past, that is, the relief measures set out in the various Budgets, are all "petty favours". All of them are "cosmetic efforts". You have not resolved the problem of structural poverty.*

Chief Executive, let me do some computations here. If all the money spent on "handing out petty favours" — totally \$100 billion — had been spent as

recurrent expenditure, it would have been possible to solve many problems. In the case of transport subsidies, there has been a delay of two years; after this two-year delay, a household means test is to be introduced, thus barring people from lodging applications on an individual basis; then, when it comes to the issue of retirement protection, you are still talking about the conduct of studies now, about the three pillars (or the three short piles). And, elderly persons must keep on waiting

PRESIDENT (in Cantonese): Please state your question.

MR LEE CHEUK-YAN (in Cantonese): *Therefore, Chief Executive, for how many more years do you still want elderly persons to wait? This time around, are you prepared to Certainly, a moment later, you will pass the ball to the Financial Secretary. But you must remember that you do also have a part to play in this regard. Chief Executive, are you prepared to substantially increase our recurrent expenditure in the Budget, so as to resolve all poverty-related problems — elderly poverty, working poverty, and so on — rather than insisting on the so-called golden rule of keeping our recurrent expenditure within 20% of the Gross Domestic Product (GDP)? This is simply tantamount to clinging to an outmoded principle. What Hong Kong really needs now is more commitment on your part, rather than any more "sweeteners". It is only in this way that the problem of structural poverty can be truly resolved. Are you prepared to do so?*

CHIEF EXECUTIVE (in Cantonese): We do not really have any golden rule as such. The golden rule is set out in Article 107 of the Basic Law. This is the only golden rule. We are required to keep expenditure within the limits of revenues, and to strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of the GDP. This is the only rule. The 20% you refer to is just a "soft indicator", not any golden rule as such.

However, Ah Yan, it is most important for you to clearly ascertain the relationship between recurrent expenditure and recurrent revenue and that between non-recurrent expenditure and non-recurrent revenue. If we are to increase recurrent expenditure, we must first increase recurrent revenue. You

must not mix up the two concepts. There can be some one-off expenditure items, such as the measures we adopted to boost the economy in the past. Such measures are one-off in nature. During the last Asian financial turmoil, we spent roughly \$200 billion on making up for several years of deficit. We really did this. Last time, we spent some \$200 billion. This time around, we have spent something like \$110 billion. All this is non-recurrent expenditure. If all such expenditure is turned into recurrent expenditure, how much is required? You all know how much we have in our reserves. If your advice is adopted, that is, if \$100 billion must be spent every year, then all our reserves will be used up after three years or so. Therefore, we must depend on increasing our recurrent revenue for achieving the purpose. If not, how are we going to get the money? Therefore, I share your views entirely. But we can only do as much as possible with the limited resources at our disposal. I think the Financial Secretary has also been considering the matter in this direction.

We do not have any golden rule as such. The only golden rule is Article 107 of the Basic Law. However, we must realize that if we over-expand our public finances to the extent of eroding the function of private development, those who are going to suffer in the end, I am sure, will be the labour sector. The reason is that the Government does not know how to make any money, and the money it gets all comes from the business sector. It is only when the business sector makes profits that it can increase wages. And, it is only when wages are increased that the masses can improve their living.

Therefore, Members must be clear about one point. I strongly believe that if our recurrent revenue increases, the Financial Secretary will certainly increase our recurrent expenditure accordingly. However, one must not simply say, "I just don't care. You have surpluses, so you must increase recurrent expenditure." This is precisely the point I was driving at in my opening remarks. I think Members should really consider how this can ever be possible at all. I am not saying that we must not increase recurrent expenditure. Actually, there is an increase every year. As a matter of fact, you can notice that our annual expenditure has already increased from some \$200 billion to roughly \$300 billion now. There is actually an increase every year. But we must strike a proper balance in this regard. The recent financial tsunami has enabled us to realize how we can maintain the sustainability of our long-term financial management. We do not have any golden rule as such.

MR LEE CHEUK-YAN (in Cantonese): *President. Chief Executive, you often say that it is all right to incur non-recurrent expenditure. This explains why you like to "hand out sweeteners". You have never tried to address the structural problems. Besides, you also talked about the need for caution just now, saying that we must first look at our amount of recurrent revenue before deciding the level of recurrent expenditure. But Chief Executive, in the final analysis, do you really have the face to claim that Hong Kong's fiscal reserves are not sufficient? The problem now is that while the Government is rich, the people are poor. How much surplus do you have at present? The fiscal reserves stand at some \$500 billion. The cumulative surplus is about \$500 billion. And, all this does not include the Exchange Fund, which is used for backing the Hong Kong dollar. The fiscal surplus alone already exceeds \$1,000 billion. If requests for incurring a bit more recurrent expenditure are still denied despite the surplus of more than \$1,000 billion, as in the case of transport subsidies*

PRESIDENT (in Cantonese): You have expressed too many opinions.

MR LEE CHEUK-YAN (in Cantonese): *Alright. Perhaps I should stop discussing abstract principles with you. Regarding transport subsidies, is it possible to allow both personal applications and household applications, that is, "walking on two legs"? Please do not introduce the household means test only; personal applications should also be permitted. This is the only way to provide work incentive. Is it possible to also allow personal applications for transport subsidies? However, every time when we say this to the Government, it will reply that this is not possible at the moment because it must manage its finances prudently. However, while managing its finances prudently, it must also get things done. Every time, it talks about prudent financial management, but it can never get anything done*

PRESIDENT (in Cantonese): Mr LEE, you have already stated your supplementary question very clearly. Chief Executive, please give your reply.

CHIEF EXECUTIVE (in Cantonese): Regarding transport subsidies, we have indeed enlarged the existing trial or pilot scheme, extending the scope from four to all districts and benefiting all low-income earners in the working population.

Besides, as Members know, the adoption of household incomes as the criterion, when compared with the adoption of individual incomes, will benefit a greater number of people, and this is the only true way of extensively benefiting all those in the labour market. All the details of the scheme must have your approval. But I think this issue must be looked at in a fair manner. We believe that what we must do is to benefit a greater number of people and to attain, as much as possible, the effective returns we desire, so that all those in need of assistance now can receive subsidies as early as possible.

Let me repeat that we will not just put aside all the money without ever using it. We will spend money as far as possible. However, the foreign exchange in the Exchange Fund must not be dragged into the scene because the foreign exchange is not Hong Kong dollar. The two are different. As for the fiscal reserves, we can see that the money is frequently used. How can anyone say that our fiscal reserves have never been used? During the Asian financial turmoil, as Members can observe, we spent \$200 billion. During the six years in question, deficit was recorded in five years. At that time, we did use the fiscal reserves. Why? The reason was that we did not want to cut down our expenditure all of a sudden when the external economic environment was in poor shape. We have never wanted to do so, and in order to maintain our expenditure in such times, there must be fiscal reserves. I am not saying that our current amount of reserves is definitely insufficient. We do have sufficient reserves now. Our reserves are able to cope with current needs, and there is certainly room for spending. But we must spend the money appropriately. I believe that the Financial Secretary will certainly prepare a satisfactory Budget. Speaking of our focus, as I have repeatedly said, we will focus on the needs of grass-roots people, especially on coping with the impacts of inflation, which are expected to be particularly severe in the coming year.

PRESIDENT (in Cantonese): There is certainly something wrong with my vision. When I looked at the list for the number of times Mr LEE Cheuk-yan had spoken, I mistook the numeral "3" for "2".

DR MARGARET NG (in Cantonese): *President, this morning, I posed one question to the driver of the taxi I was travelling on. I asked him what question he would want me to raise for him if I could have a chance to ask the Chief Executive one question. He replied, "It's going to be a waste of time. He will*

not give you any answer at all." I told him that even though it was a waste of time, I should still ask a question. He then said that he had a question in mind, one which he had asked for many years — the shortage of LPG filling stations on Hong Kong Island. He said that the question had been raised for many years, but even now, there were only 10 LPG filling stations. If taxi drivers were to line up for refilling, their 10 hours of work would be reduced to nine, and they would thus lose one hour for making money. He said that the situation at the LPG filling station in Water Street was especially serious because the prices there were lower. However, he said that if they were now required to buy clean fuels, they really would not know what to do because they knew that the LPG there was supplied by Sinopec, and there were quality problems. However, he added that there was a price difference of some \$20, and \$20 or \$30 would be enough for buying a meal. The price difference was as large as the price of a meal-box. The price difference meant a lot to them, he said. He said that they had talked about such problems many times, and all could see the very serious queuing problem there. Can the Chief Executive offer any assistance?

Therefore, Chief Executive, I am now relaying his question to you. Will you promise today that you will assist all taxi drivers in Hong Kong in resolving the problem, which they have been raising for several years?

CHIEF EXECUTIVE (in Cantonese): Dr NG, I will do my best. I will strive to identify sites for them. I will do my best.

DR MARGARET NG (in Cantonese): *President, in response to the Chief Executive's reply, I must say that he has been saying so for several years already. There is nothing new in his reply. The Secretary for Transport and Housing has also been aware of this problem for a very long time. But the Chief Executive now only replies that he will do his very best. Does he also agree that the taxi driver was indeed right in saying that it is all a waste of time to ask him any question?*

CHIEF EXECUTIVE (in Cantonese): Let me reiterate that in the time to come, I will seriously identify suitable sites for constructing LPG filling stations.

MR WONG YUNG-KAN (in Cantonese): *President, I originally thought that I would have no opportunity to raise any question. President, I wish to ask a few questions which the sector has put forward to me recently. The Chief Executive knows, and he also remarked in his opening remarks, that Hong Kong has risen from a fishing port to a commercial port. However, I believe the Chief Executive also knows that in recent years, all the massive dredging works related to Container Terminals No. 9 and No. 10, the Hong Kong-Zhuhai-Macao Bridge, the future third runway of the airport, the reclamation project of the Hong Kong-Zhuhai-Macao Bridge now underway, the tunnel in Tuen Mun and marine parks have been carried out on the land or in the waters of West New Territories.*

I wish to ask the Government one question. The sector points out that it has been holding discussions with the Government on whether the mechanism for granting ex gratia allowance to fishermen can be reviewed yet again. If the mechanism based on a notional value of seven years' fish catch in the affected waters continues to be adopted, the sector will be very dissatisfied with the Government. The reason is that in the next few years, it will be practically impossible for fishermen to carry out any fishing operations in the whole of Northwest New Territories due to the many ongoing works there. Their continued survival is at stake. Will the Government continue to follow up this issue?

CHIEF EXECUTIVE (in Cantonese): I think you also know that I am all the time very concerned about the livelihood of fishermen. Just now you said that they will be affected whenever large-scale infrastructure projects take place. But we will always take adequate remedial measures. Whether in terms of fish catch or the adoption of artificial reefs, we have in fact made a lot of efforts. As for the other views you have expressed, Mr WONG, may I advise you to discuss with the relevant Policy Bureaux and put forward your specific views, so as to find out how we can look into the matter and give fishermen greater assurance? What do you think?

MR WONG YUNG-KAN (in Cantonese): *Chief Executive, even before putting this question to you today, as a matter of fact, I already asked a similar question once in this Council, and on other occasions, I also discussed these issues with the two Policy Bureaux responsible for transport and environmental policies. However, the only thing I can say is that since this issue involves four Policy Bureaux, no one will be capable of getting the job done if the Chief Executive*

does not give any directives. When I made an enquiry with them, they replied that it was not their responsibility but that of another bureau. Then, when I enquired with another bureau, it told me that the matter was under the purview of yet another bureau. Eventually, things could only be finalized when I approached Secretary Dr York CHOW. However, the person who made the final decision was not Secretary Dr York CHOW, because that was a problem for other bureaux. I think I do have the patience to go on discussing with them, but they simply lack any patience to discuss with me because the projects concerned all go on as usual in the meantime.

CHIEF EXECUTIVE (in Cantonese): It does not matter. Besides Directors of Bureaux, there is still the Chief Secretary for Administration. (*Laughter*)

MR WONG YUNG-KAN (in Cantonese): *Chief Executive, we already discussed with the Chief Secretary for Administration. (*Laughter*) But we were cold-shouldered.*

CHIEF EXECUTIVE (in Cantonese): No, no. This should not have been the case anyway. Some issues do indeed involve a number of bureaux, and one single bureau is therefore unable to get the job done. Anyway, since all Directors of Bureaux will meet with one another every morning, everything can be co-ordinated. The Chief Secretary for Administration is now present. Would you like to talk to him?

MR WONG YUNG-KAN (in Cantonese): *Thank you.*

PRESIDENT (in Cantonese): Nine Members have indicated their wish to ask questions, but time is already up. The Chief Executive's Question and Answer Session ends here.

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

CHIEF EXECUTIVE (in Cantonese): President, thank you. Honourable Members, thank you.

ADJOURNMENT

PRESIDENT (in Cantonese): I now adjourn the Council.

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