

# OFFICIAL RECORD OF PROCEEDINGS

Thursday, 31 March 2011

The Council continued to meet at Nine o'clock

## MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-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.

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE 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 WONG SING-CHI

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

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

THE HONOURABLE PAUL TSE WAI-CHUN

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**MEMBERS ABSENT:**

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

THE HONOURABLE LEE CHEUK-YAN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE IP WAI-MING, M.H.

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

DR THE HONOURABLE PAN PEY-CHYOU

**PUBLIC OFFICER ATTENDING:**

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

**CLERK IN ATTENDANCE:**

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY  
GENERAL

## MEMBERS' MOTIONS

**PRESIDENT** (in Cantonese): Good morning. Council will now resume and we will proceed to the second motion: "Implementing the Twelfth Five-Year Plan".

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr IP Kwok-him to speak and move the motion.

## IMPLEMENTING THE TWELFTH FIVE-YEAR PLAN

**MR IP KWOK-HIM** (in Cantonese): President, good morning. I move that the motion, as printed on the Agenda, be passed.

The National People's Congress (NPC) endorsed the Outline of the 12th Five-Year Plan on 14 March. Being a Hong Kong Deputy to the NPC, I think the Hong Kong community should look at this Plan from a more forward-looking and wider perspective. The 12th Five-Year Plan does not only have a decisive impact on the nation's future development, it also has significant implication on Hong Kong's socio-economic development. This is the first time the Central Authorities have devoted a separate chapter to Hong Kong and Macao, and it is unprecedented both in terms of length and content. This epitomizes that, under the principle of "one country, two systems", the Central Authorities have attached great importance to the special position and function of Hong Kong in the nation's future development.

Different sectors of Hong Kong have shown their unprecedented concern and passion for the 12th Five-Year Plan in the course of its formulation. In January last year, the Legislative Council endorsed the motion "Actively participating in the 'National Twelfth Five-Year Plan'" proposed by the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), and there was a strong call from the community for the Central Authorities to fully consider Hong Kong's development needs when formulating the five-year plan. The content of the Plan has epitomized the Central Government's respect and acceptance of Hong Kong's public opinions.

To the SAR Government, the next important task is to seize the golden opportunity presented by the 12th Five-Year Plan to formulate a long-term and scientific plan for Hong Kong. Premier WEN Jiabao of the State Council mentioned this aspiration at a press conference held after the NPC meeting, highlighting his wish that the SAR Government would well utilize its abundant financial revenue and huge foreign exchange reserve to further enhance the building of the social security system and take good care of the underprivileged, with a view to improving people's livelihood.

If we take a closer look at the aspirations of Hong Kong people in recent years, we can easily find that the remark made by Premier WEN is actually a common request from Hong Kong people to the SAR Government. The Hong Kong economy witnessed a speedy recovery after the financial tsunami, and recorded a significant economic growth last year. And yet, the concern and anxiety of people have nonetheless been intensified against the background of soaring property prices, increasing disparity between the rich and the poor and an ageing population, resulted from the Government's failure to provide a long-term plan for resolving these problems.

While the Government has all along adhered to the principle of "small government, big market", another principle of "small government, large society" has been proposed recently. In all fairness, the principle of "small government, big market" did bring a lot of valuable experiences to Hong Kong in the past, and our faith in it should not be changed or shaken so easily. However, the Government should not use "small government, big market, large society" as an excuse to neglect the call for long-term economic and development plans. "Small government, big market, large society" is not the synonym for putting the blame of all these problems on the market and the community. Rather, it is a higher standard set for the Government. Instead of engaging in frivolous matters, the Government should formulate comprehensive socio-economic development strategies from a higher and wider perspective to resolve the problems. Specifically, Hong Kong is now at a loss as to how it should take forward economic development. What is more, it is plagued by a lack of sustained effort and weakened competitiveness. Worse still, there are problems such as increasing disparity between the rich and the poor; ageing population; soaring property prices; difficulties in home ownership; lack of protection for retirees and increasing burden on healthcare services. Young people are now facing "three difficulties", namely difficulties in furthering studies, securing

employment and purchasing their own homes. The Government should focus on these problems and formulate comprehensive measures to tackle these social problems, so that people can see the future of Hong Kong and themselves.

President, over the past few decades, Hong Kong has achieved numerous successes in socio-economic development, it has created many miracles and accumulated a lot of successful experiences. However, if we stick to the old ways and refuse to adjust or improve our governance with a reform mindset in light of the circumstances, we would fail to adapt to future developments, and we may even become an obstacle of development. There is an ancient Chinese story which happened between the Spring and Autumn period and the Warring States period. The ruler of the State of Chu intended to cross the river Yong Shui to attack the State Song, and hence he sent someone to measure the depth of the river in advance and mark the best location for crossing. However, there was a strong tide, but the people of Chu still crossed the river at the marked location, resulting in serious casualties. This story tells us not to dogmatically adhere to old rules.

The numerous problems that the Hong Kong community faces were attributed to the significant changes in our socio-economic environment. If policies do not change with the environment, such outdated policies may give rise to new social problems which hinder social development. Therefore, as the environment changes, the Government should not only do its utmost to ensure that the prevailing policies are in line with the actual economic and social situation, but also play a forward-looking role instead of following the previous approach of tackling problems on an ad hoc basis. Instead of tidying the shambles whenever the market or society fails to function properly, we should formulate long-term plans to systematically and thoroughly tackle the local problems at root.

From the perspective of making further improvements to our social security system, the current social security system focuses mainly on support. The relevant policies seem to work pretty well over the past few decades and have made certain contributions. However, as a result of the significant changes in society, ageing population and serious wealth disparity have now become the major social problems. What the Government needs to do now is to adjust the various welfare policies according to the prevailing social conditions by properly expanding the scope of the social security system; stepping up the protection of

retirees; enhancing primary healthcare services, as well as strengthening the love and care for the underprivileged. Self-reliance and self-betterment have all along been the Hong Kong values cherished by members of the public, who believe that hard work is the key to success and living. There is no need for the Government to worry that adjustment in welfare policies would breed laziness.

For specific social policies, a series of proposals have been put forth by the DAB, including the resumption of the Home Ownership Scheme; building public housing; setting up a public transport fare stabilization fund; improving barrier-free access; formulating a five-year plan of elderly service; "making use of residential properties to provide for the twilight years of the elderly"; abolishing the absence limit in respect of application for Old Age Allowance; reducing the interest rates of student loans; enhancing the control of the quality of self-financing programmes, as well as increasing the voucher subsidy for kindergartens. These proposals and opinions have taken into consideration various public views and wisdom, and have been relayed to the Government through different channels. The DAB considers that careful study and consideration should be made by the Government. Given that Hong Kong has abundant financial revenue and huge foreign exchange reserve at present, the Government is fully equipped and capable of getting these tasks done.

Later on, colleagues from the DAB will elaborate other concrete proposals on economic, social and livelihood policies from various perspectives.

President, to politicians, "implementation" is an important political integrity. Given that the 12th Year-Plan has received widespread public support and clear objectives, the Government should try to bring people to their destinations by all means. The gigantic express train of the National 12th Five-Year Plan has flagged off, in which seats have been reserved for Hong Kong by the Central Authorities. Whether we can catch it or not will depend on how conscientious the SAR Government and Hong Kong people are.

With these remarks, President, I move the motion.

**Mr IP Kwok-him moved the following motion: (Translation)**

"That the Twelfth Five-Year Plan endorsed by the National People's Congress at its meeting devotes, for the first time, a separate chapter to Hong Kong in that it proposes to consolidate and enhance Hong Kong's

status as an international financial, trade and shipping centre, increase its global influence as a financial centre; support Hong Kong in nurturing emerging industries and new growth areas for its economy; and further intensify the co-operation between the Mainland and Hong Kong; in this connection, this Council urges the SAR Government to give active response, seize the golden opportunity presented by the Twelfth Five-Year Plan and intensify the co-operation between Hong Kong and the Mainland, so as to promote Hong Kong's economic development and improve people's livelihood; the relevant measures should include:

- (a) to expeditiously formulate long-term development planning for Hong Kong, so as to dovetail with the implementation of the National Twelfth Five-Year Plan;
- (b) to optimize the use of abundant financial revenue and huge foreign exchange reserve to further enhance the building of the social security system and take good care of the underprivileged, with a view to improving people's livelihood;
- (c) to develop the financial industries, promote Renminbi business, enhance market stability, and turn Hong Kong into an offshore Renminbi clearing centre and an international asset management centre, so as to enhance the global influence of Hong Kong's financial industries;
- (d) to expeditiously study and implement the construction of a third runway to consolidate and enhance Hong Kong's status as an aviation centre;
- (e) to establish a 'brand development council' and specialized funds to open up the Mainland market, and develop a 'bridgehead economy' around the Hong Kong-Zhuhai-Macao Bridge, so as to consolidate and enhance Hong Kong's status as a trade centre;
- (f) to establish a standard patent examination system in Hong Kong to encourage innovation and enhance the sustainability of economic development;

- (g) to establish industrial investment funds for investment immigrants, strengthen training of talents, and amend the Quality Migrant Admission Scheme to attract talents, with a view to promoting and enhancing the development of emerging industries, including environmental industries, medical services, education services, testing and certification services, innovation and technology as well as cultural and creative industries, etc., fostering diversified economic development, supporting small and medium enterprises and promoting employment; and
- (h) to further intensify the co-operation between Hong Kong and the Mainland, implement the Framework Agreement on Hong Kong/Guangdong Co-operation, and foster the co-operation between Hong Kong and the Economic Zone on the West Coast of the Taiwan Strait, with a view to promoting joint development."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr IP Kwok-him be passed.

**PRESIDENT** (in Cantonese): Mr LEE Wing-tat, Mr WONG Sing-chi, Mr Alan LEONG and Ms Miriam LAU will move amendments to this motion. Mrs Sophie LEUNG intends to move an amendment to Mr LEE Wing-tat's amendment, and Mr CHEUNG Hok-ming intends to move an amendment to Mr WONG Sing-chi's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

I will call upon the Members who intend to move amendments to speak one by one; but no amendments are to be moved at this stage.

**MR LEE WING-TAT** (in Cantonese): President, first of all, I would like to thank Mr IP Kwok-him for proposing this motion on the 12th Five-Year Plan. Just now, I have listened attentively to the speech given by Mr IP Kwok-him, but there are points which I do not agree. Firstly, he said that there have been widespread and active public discussions on the 12th Five-Year Plan in Hong Kong. Since Mr IP is also an elected Member, he should think carefully where

the public discussions have actually taken place. The National People's Congress (NPC) and the Legislative Council did hold discussion about the Plan, but honestly, the people involved were just the minority. What much do the general public know about the 12th Five-Year Plan? Honestly speaking, I do not know, but I guess not much, and the number of people who have participated in the discussions is not that many. Thus, we should state the truth. The fact that Hong Kong has been included in the Plan is not known to many people, and the degree of public participation is also very low. So, the first-class express train which he mentioned just now for carrying us ..... First of all, I cannot board this express train because I do not have a Home Return Permit. Anyway, I still want to thank him. I only hope that, in future, they will allow me to board a train to the Mainland. Ordinary class seat is fine with me and I do not need to ride on an express train in first-class seat. Secondly, people do not care if the train is fast or slow. Their utmost concern is whether the Plan can actually bring improvements to Hong Kong.

President, frankly, I do not have much knowledge about this issue either. While I am glad that Hong Kong has been included into the 12th Five-Year Plan, I also feel a bit anxious as we are cautious about the state of "being planned". Despite that Hong Kong is a free economy, we do have plans in many respects and there is nothing to worry about. For instance, we have plans on basic infrastructures, which we all know are necessary. Also, we have plans on land use and development of social policies. If we look from a positive attitude, it is not bad to have plans. However, insofar as the Mainland is concerned, "planning" often means "a prescriptive approach adopted by the Central Authorities" (this is what I perceived when I was studying in the university). It means that development policies for the country, its politics, economy and society will first be formulated by the national leaders, and they will then be handed down for implementation by the relevant authorities at different levels through a top-down prescriptive approach.

Such planning approach is different from that of a modern society where people also have a part to play in forging a consensus of the country or society. I hope that the situation just mentioned by me ..... this is my impression of the country many years ago, I hope that this top-down prescriptive approach under which directives are issued by the Central Authorities has changed. I also hope that the country's plans can be people-oriented to enable public participation and discussions, so that the public may express views in an attempt to change the

proposed plans during the process. I will not object if there is such a process. However, if the Central Authorities draft the directives and blueprints behind closed doors before passing them to the NPC or Central leadership for consideration and approval ..... Even though the plans are developed out of good intention and goodwill, and aim to bring benefits for the country or its people, we must never forget that it is impossible for anyone's thinking to substitute the perception and views of other people on an issue. The interests and opinions of people must be fully taken care of in the course of planning. I hope that the "planning" process can, as I have just said, involve the participation of the public, so that changes can be made during the process for better development.

President, in my speech, I will focus on exploring the essence of "planning". While "people-oriented" is the term used most often by Chinese leaders, Premier WEN Jiabao has, on a rare occasion, given an earnest remark on Hong Kong's development, saying that the underprivileged should receive more care in the course of social development in view of the huge reserve of Hong Kong. He is so right in saying this and I could not agree with him more, particularly because he has touched on two key issues.

First, is our society very poor? President, although there is serious disparity between the rich and the poor in our society, Hong Kong's GDP level is actually higher than many advanced European countries by a large margin. Our per capita productivity is now on a par with the United Kingdom, France and Germany, and has far exceeded that of Southern and Eastern Europe. People sometimes even describe Hong Kong as a developing area. So, does anyone believe that our society is poor? No one believes this anymore. The problem is wealth only concentrates in the hands of a small number of people. Thus, the first point is that Hong Kong is pretty well developed and the Government is very wealthy. According to the Financial Secretary, people are wealthy when the Government is wealthy. As a Legislative Council Member, I very much want to say, "Although the Government is wealthy, there is not much money left in LEE Wing-tat's pocket." I really cannot feel the situation as depicted by the Financial Secretary; some local residents also complained to me, "Shit! What the Government said was downright irresponsible. It is wealthy ..... but what the hell (I cannot make a direct quote) has this got to do with me?" They fail to relate themselves to a wealthy Government. The wealth only belongs to the Government.

We are not suggesting that the Government should hand out all its money to the people. Nonetheless, one advantage of being relatively wealthy is that our Government can plan and implement measures that many other countries which are not so wealthy dare not think, plan or implement. I wonder if Premier WEN is implying that keeping such a large sum of reserve is meaningless because money does not have any value if it is not used. This is the first point. Second, the underprivileged is our utmost concern. A number of debates have been conducted in this Chamber and many colleagues have mentioned Hong Kong's Gini coefficient, which is probably 0.57 at present. They also said that the disparity between the rich and the poor in Hong Kong is the most extreme among the most advanced countries in the world. There is no doubt that, among all developed countries, Hong Kong is definitely the place where the problem of wealth disparity is the most serious.

In mentioning social conflicts, two major problems are most frequently raised. First, the disparity between the rich and the poor, and second, the housing problem. Since we do not adopt socialist planning, we cannot rely on wealth distribution as a solution to the problems. Nonetheless, we do expect that the poor and underprivileged would have a fair chance of receiving education when the society is well-off. This is of paramount importance. All social science studies have proved that only through education can poor people permanently break away from poverty and prepare themselves for upward social mobility. However, as the Democratic Party has said, there are still 10% to 20% Form Seven students who are unable to study in universities though they have passed the matriculation examination. Is our society so poor that even qualified students are unable to enter the universities? For many years, we have repeatedly requested for implementing small-class teaching in secondary schools, so as to reduce the workload of teachers, and hence students can receive better teaching. Yet, these requests are still of no avail. We have also pointed out that poor children, especially those living in CSSA families, are unable to participate in extra-curricular activities, hence, their vision of the world has been greatly restricted.

President, another problem is housing. The Democratic Party has been conducting quarterly surveys over the past one and a half year, and six surveys have been conducted since early 2010. In the first survey, we asked if the respondents supported the resumption of the Home Ownership Scheme (HOS),

and 78% indicated their support. In the following six surveys, we noted an increasing rate of support. In fact, the rate of support for the resumption of the HOS is closely related to the soaring property prices. The latest survey showed that 90% of respondents supported the resumption of the HOS. I have previously briefed the Directors of Bureau and Secretaries of Department on a concept, and I am going to repeat it here. Sometimes, they hinted that, "'Ah Tat', there are 1 million private property owners, do not push the resumption of HOS so hard as this may affect property prices." My reply was, "Directors of Bureau and Secretaries of Department really have very little knowledge of the plight of the masses." Nowadays, parents (except for those very wealthy ones) who own private properties — just like many Members present at the meeting — have a mission to save up the down payment for their children. Many middle-class families, which have a monthly income ranging from \$30,000 and \$40,000 to \$50,000 and \$60,000, always wonder how young people in their early 20s manage to save \$1 million as down payment for purchasing their own homes. Even for old flats in Yuen Long, which cost \$2 million to \$3 million, they have to save up to \$700,000 to \$800,000 as down payment; do not even dream of buying new flats. The housing problem is indeed very serious.

President, in my opinion, if the Government fails to make proper plans to tackle these two issues, the critical point mentioned by Prof LAU will actually occur. Thank you, President.

**MR WONG SING-CHI** (in Cantonese): President, it is indeed a very good timing for Mr IP Kwok-him to propose this motion on the 12th Five-Year Plan as the pro-democratic camp originally planned to propose a motion on the vote of no confidence in the Financial Secretary in this session. Anyway, through the discussion of this motion, we can examine if the plans formulated by the Financial Secretary or the Chief Executive has made Hong Kong people suffer. In my opinion, this is obviously the case.

Regarding the remarks made by Premier WEN Jiabao in response to a question raised by a Hong Kong reporter in a press conference on the 12th Five-Year Plan, Mr LEE Wing-tat has just now quoted a part of it. I would like to read out the details more clearly. He said, "Hong Kong has relatively abundant financial revenue and huge foreign exchange reserve," — he did not

only refer to revenue, but also clearly mentioned Hong Kong's foreign exchange reserve — "it should further enhance the building of the social security system," — he has clearly highlighted the social security system — "take special care of the underprivileged and make good efforts to improve people's livelihood." If the performance of the Hong Kong Government is satisfactory, Premier WEN would not have made such a remark. He has highlighted the need to "further enhance", meaning that there are currently a lot of problems. When he mentioned the need to "take special care of the underprivileged", he implied that the Government has not done well in taking care of the underprivileged. He even mentioned the need to "make good efforts to improve people's livelihood" as there are actually mounting social grievances in the community.

Let me give some examples. Premier WEN said that we have abundant financial revenue, and the total assets of our Exchange Fund actually amount to \$2,500 billion, which is a huge sum. Hong Kong ranks ninth in the world and is on a par with Japan, Russia, the United States and China ..... No, after looking more clearly, the amount of assets of the United States is even smaller than that of Hong Kong. Furthermore, our Government has a fiscal reserve of some \$600 billion, standing at \$627.529 billion. Together with the \$600 billion surplus, we have a total of \$1,200 billion. Coupled with the foreign exchange reserve of \$2,500 billion mentioned earlier, they altogether added up to \$3,000 billion to \$4,000 billion, which is an awfully huge amount.

However, the way the Government deals with the social security system is very disappointing. Hong Kong's ageing population is a hot topic mentioned frequently, and people are all well aware of the future retirement problem. To our great regret, our Government is still reluctant to make long-term plans on the retirement protection scheme; instead it keeps using the long-standing excuses regarding the three pillars, namely, first, the Mandatory Provident Fund (MPF) Scheme; second, the Comprehensive Social Security Assistance (CSSA) Scheme; and third, savings. If people have savings, there would not be so many problems. If the MPF can resolve the problems, the Government's proposal to inject money into the MPF accounts would not have aroused such strong public resentment.

If the Government claims that, under such circumstances, the CSSA can provide a "safety net" of the last resort, can you imagine what kind of Government is this? If people eventually have to turn to the Government for

CSSA, while this may not be a bad thing, it is definitely not good at all. If many people turn to the Government for assistance, it means that they are all living in misery. Why does the Government not establish an equitable system under which people can receive a pension of \$3,000 upon retirement?

President, the Alliance for Universal Pension and the community have drafted a proposal in which they estimated that the Hong Kong Government can basically afford such a system. Mr IP Kwok-him just now pointed out that the Hong Kong Government has the means and the power to make long-term plans. What he said was music to the ears, but when the critical moment has come to discuss the Budget, the democratic camp and the pro-establishment camp still fail to join forces, which will definitely have a higher chance of success. The pro-establishment camp prefers to have "one-night stand" with the Financial Secretary and supports the proposed handout of \$6,000. People who are eligible to receive this \$6,000 will probably feel very happy, but previous efforts to fight for a long-term social security plan have ended in failure. Even when the \$6,000 is handed out to the public, it does not mean that social security cannot be provided; likewise, getting the \$6,000 does not mean that we cannot fight on. Regrettably, Mr IP Kwok-him just now bragged about his efforts in fighting for so and so, but he backed down at the critical moment when practical actions had to be taken, he was satisfied about getting the \$6,000 and pursue no further. Why would this happen? Apparently, Members from the pro-establishment camp have not done anything for Hong Kong people. They have merely prettified the Government and made remedies for its mistakes.

This is really infuriating to the public at large. The Democratic Party also agrees that many social services require sustainable development by the Government in future. This is precisely a response to Premier WEN's advice to "further enhance the building of the social security system".

In respect of healthcare, people who are seriously ill may be required to pay a medical fee of as much as \$100,000 a month. How can they afford it? "Uncle Wah" remained single for many years and used to have some savings. However, he later fell seriously ill and he had almost used up all his savings before he died. How come our Government cannot provide financial assistance to Hong Kong people or elderly persons who have worked so hard for their whole life and contributed so much to the community when they fall ill in their twilight years? Why? The answer is obvious. Our Government is cold-blooded. We therefore suggest that the Government should allocate an additional

\$20 billion as recurrent expenditure on healthcare, education and welfare, so that Hong Kong people can lead a peaceful life.

We do not arbitrarily propose the additional provision of \$20 billion. The provision has to be complemented with many specific measures, long-term developments and arrangements to ensure that people can lead a stable life. This is not a proposal for the personal interests of Members from the democratic camp, but for the benefits of the majority of the grassroots and the underprivileged. Premier WEN highlighted the need to take priority care of the underprivileged, and I wonder why the Government has not acted accordingly. Instead, it has given priority to the interests of major consortia and businessmen. Mr LEE Wing-tat also pointed out just now that the resumption of the Home Ownership Scheme (HOS) is actually no big deal. Perhaps the Government fears that this would arouse the opposition of major property developers, who might see this as an act to undermine their interests. I can nonetheless tell the Government that the construction of public housing may not curb rising property prices, but it can provide accommodation for the needy.

President, the Government brags about its wish to complement the various developments to be introduced in China under the 12th Five-Year Plan. Mr IP Kwok-him also said that we can catch this express train, which will bring us to somewhere very beautiful. However, many people are still leading a miserable life, failing to find a means to live in peace and contentment, not to mention the building of a wonderful new world in the future. Therefore, our top priority is to cater for the needs of the underprivileged in the long run.

For the past few days, I have joined a few hundred operators of private residential care homes for the elderly (RCHEs) in a struggle. With the impending implementation of the statutory minimum wage, there will inevitably be increase in wages. Coupled with the soaring prices of food and nutrition formula which elderly people consume every day and the high rental and property prices, it is believed that all private RCHEs will face a hard time with an increase in operating cost by 20%. What will the Government do about this? It proposes to provide an additional 2% funding for private RCHEs in exchange for their agreement to continuously provide bought places. How can the Government be so cold-blooded as to think that an additional provision of \$3.3 a day is enough to help the elderly combat rising inflation and soaring commodity prices? What kind of Government is this? I will have a meeting with the

Director of Social Welfare to discuss this matter later at half-past ten. Let me see what Secretary Matthew CHEUNG is going to say about this.

President, the 12th Five-Year Plan is not about how wonderful the future is. Instead, the focus is how Hong Kong people, especially the underprivileged, would gradually reach a wonderful world. Since the world we are now living in is not really that wonderful, I hope that Members from the Democratic Alliance for the Betterment and Progress of Hong Kong and the pro-establishment camp will work with us to exert pressure on the Financial Secretary for an improvement of the Budget.*(The buzzer sounded)*

**PRESIDENT** (in Cantonese): Mr WONG, your speaking time is up.

**MS MIRIAM LAU** (in Cantonese): President, the twelfth five-year is a crucial period during which the country intensifies its reform and opening and expedites changes in economic development. This is also the first time the Five-Year Plan has devoted a separate chapter to the positioning of Hong Kong and Macao. The 12th Five-Year Plan supports Hong Kong's further development in high-value added services such as financial services, logistics, tourism and professional services. It also supports Hong Kong's development into an offshore Renminbi business centre; consolidating and enhancing Hong Kong's status as a financial, trade and shipping centre; strengthening the capabilities in industrial innovation; expediting the nurturing of new economic growth points, and developing the six industries where Hong Kong enjoys clear advantages. The key lies in the words "upgrading" and "value-adding".

The 12th Five-Year Plan has designated the expansion of domestic demand and accelerated development of service industries as the strategic focuses to adjust the economic structure, and supported the Guangdong Province to open up its market under early and pilot implementation to Hong Kong's service industries. For service industries which account for more than 90% of Hong Kong's GDP, this is absolutely a golden opportunity to expand and prosper. The purpose of proposing this amendment today is to specifically urge the Government to step up its assistance to local service industries, the small and medium enterprises (SMEs) in particular, in upgrading and value-adding so as to better grasp the many opportunities offered by the Mainland.

Regarding the 12th Five-Year Plan, I think that positive and concrete response should be made by the SAR Government. It should not continue to give "blank answer sheet" in the introduction of measures to promote long-term development and support local industries.

Take logistics industry as an example. Hong Kong has dropped from the world's top container port to the third place in recent years. This year, Shenzhen will easily overtake Hong Kong and we will drop further to the fourth place. I have requested the Government to assist the trade to switch to high-value added e-logistics and build a regional e-logistics system long ago, but not much progress has been made over the past years. The 12th Five-Year Plan "supports the development of Hong Kong into a high-value goods inventory management and regional distribution centre". I wonder how the Government is going to respond. Nonetheless, if we keep wasting time and continue to be wavering, I believe we can hardly face competition from our neighbouring rivals. Hong Kong — especially the logistics industry — should expeditiously rouse to catch up and assist industries to upgrade and add value, or else it may not cope with the current development.

In respect of air cargo, Hong Kong has emerged as the world's largest aviation centre last year. In the past, we were only the largest international aviation centre in China, but now, we have become the world's largest aviation centre, both in terms of local and international goods. And yet, we should not be complacent as we are still facing very intense competition from our neighbouring rivals. In order to maintain our edges and competitiveness, the construction of a third runway is a task of great urgency that brooks no delay, given that the airport is expected to saturate by 2020. The construction period alone (of the third runway) takes about seven to eight years. Thus, even if we are able to obtain immediate approval, the construction will have a very tight schedule if the runway has to be completed by 2020. Not to mention that approval has yet to be granted and consultation will only begin after the relevant study report is submitted in the first half of this year. I think Members should feel very nervous after learning about the timetable.

Furthermore, there may be possible delays. However, our neighbouring areas, like Taipei, Singapore and Bangkok which are further from Hong Kong, do not have this problem. They have all built new runways to further enhance their competitiveness. Airports in Guangzhou and Shenzhen, which are nearer to us, are also building additional runways. If we continue to be wavering and spend

so much time on discussion and consultation, we will easily fall behind and have to surrender our leading position to others. This is exactly what has happened in the case of our container port. Had the new container port be timely built, our competitiveness could be enhanced and therefore attract more goods, thereby lowering the fees and strengthening our competitiveness. However, by-gones are by-gones. We have lost our leading position and nothing can be done. Nonetheless, given our edges in aviation, we should not take the matter lightly and we have to grasp the opportunity.

For emerging industries, when Premier WEN Jiabao talked about Hong Kong's role in the 12th Five-Year Plan, he highlighted the need to develop small innovative high-tech enterprises. I think this is an informed advice as the prosperity of small and medium research enterprises will bring new impetus to both old and new industries.

However, our input in this area is pretty shameful. For instance, Singapore's expenditure on research and development (R&D) is currently 1.56% of GDP, but it aims to increase it to 3.5% within the next five years. On the contrary, the relevant figure in Hong Kong is only a mere 0.6%. Here, I would like to request the Government again to be innovative and consider the proposals put forth by us long ago by offering enterprises tax exemption of no less than three times of their R&D investments, with a view to encouraging innovative R&D.

Apart from assisting the industries to add value, the Hong Kong Government should also engage in active discussions with the Mainland to further improve the situation of "big doors are open, but small doors are shut", with a view to facilitating the entry of Hong Kong's SMEs and professionals into the Mainland market. For instance, in respect of the threshold of market access, the Government should pursue a relaxation of the threshold of individual industries' operating revenue and the opening up of more industries, such as securities and futures or market research, for Hong Kong enterprises to operate as sole-proprietor. Meanwhile, it should strengthen mutual recognition of professional qualifications to facilitate Hong Kong's legal and medical professionals to practice, establish their business and develop in the Mainland.

The Government should also actively resolve the double taxation problem faced by Hong Kong people going north. At present, the income of Hong Kong people who have stayed on the Mainland aggregating more than 183 days is

entirely chargeable to Mainland personal tax, and if they stay in Hong Kong for more than 60 days, their income is also chargeable to Hong Kong salaries tax on a pro rata basis. This has resulted in double taxation on the same income. Therefore, the governments of the two places should actively discuss and resolve this problem. One suggestion is the exclusion of weekends, which are rest days of Hong Kong people working on the Mainland, from the 183-day taxable period.

When we talk about the service industries, Qianhai is a place that cannot be left out and Qianhai development is one of the seven major co-operation projects among Guangdong, Hong Kong and Macao under the 12th Five-Year Plan. Qianhai will be developed into a "Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone", where development will focus on financial services, modern logistics, information technology and other professional services. These are indeed the edges of Hong Kong.

Some people may worry that this is tantamount to "moving Central to Qianhai", but as specified in the dedicated chapter of the 12th Five-Year Plan, the Central Authorities "support the development of a financial co-operation zone led by Hong Kong's financial system and backed by financial resources and services of the cities in Pearl River Delta (PRD)". Thus, Hong Kong should undo the knot and integrate with the rapidly developing Mainland economic entity, with a view to bringing Hong Kong to a new horizon. Being complacent and conservative is tantamount to giving up our future, and the result is being marginalized in the end.

On the contrary, we consider that the SAR Government should actively fight for the rolling out of more early and pilot policies by the Mainland, and more favourable measures to facilitate the participation of Hong Kong's SMEs and professionals in Qianhai development. For instance, Qianhai is now planning to provide tax concessions for industries, such as insurance and logistics, to attract enterprises to start up business there. The concessions include an exemption of business tax and an imposition of business tax according to the difference in business volume. Nonetheless, the coverage of industries is limited. I hope that the Government could fight for an extension of the coverage to other service industries.

Qianhai will be developed into "a regional integrated transport node", and the travelling time from Qianhai to Hong Kong's Central will only be half an hour. What is more, it will link up with the road network of the PRD.

However, good hardware requires complementary software. I therefore hope that the Government will do its utmost to pursue the implementation of a co-location arrangement for customs and immigration clearance similar to that of the Shenzhen Bay control point.

Of course I understand that in promoting the 12th Five-Year Plan, equal importance should be attached to improvement of people's livelihood. Therefore, we basically support all the amendments or the amendments to amendments proposed by colleagues concerning people's livelihood. *(The buzzer sounded)*

President, I so submit.

**MRS SOPHIE LEUNG** (in Cantonese): President, first of all, I would like to explain why I have to amend Mr LEE Wing-tat's amendment. The reason is that I do not think that the building of social security should focus on "providing subsidized sale flats". Although the sale of flats is a kind of social subsidy, the fact that the relevant properties are privately-owned reveals that the problems involved are difficulties in home ownership and social mobility, they do not involve the provision of direct care to the underprivileged.

For the underprivileged, their aspiration in housing is to have a better living environment and the chance to move into public rental housing (PRH) flats. They do not aspire to purchase their own homes, they merely wish to be allocated a PRH flat at an earlier date, so that they can move out from their caged homes or cubicles. In this way, they have a decent place to stay in, their basic requirement can thus be met and they can live and work in peace and contentment. We also notice that many people have sold their PRH flats in the private sector for profits. This warrants our review to see if this can still be regarded as "social security". Therefore, in my amendment, I deleted "providing subsidized sale flats" and added the request for "more PRH flats". I am of the view that PRH flat is an important component of the building of social security. While it is expedient to have an annual production of 15 000 PRH flats, it still falls far short of the over 130 000 applications on the waiting list.

Resumption of the Home Ownership Scheme (HOS) is undoubtedly the consensus of many Legislative Council Members, which encourages the well-off PRH tenants to surrender their flats to the Social Welfare Department, thereby

enabling public resources to be used to help the most needy people. This is precisely what the Economic Synergy says time and again, the revitalization and mobility of subsidized flats. Nonetheless, a massive supply of HOS flats will cause instability in the property market. I therefore consider it more desirable to build an appropriate number of HOS flats.

President, I will now return to the 12th Five-Year. Some colleagues just said that the 12th Five-Year Plan has not aroused active discussion in the community. However, I notice that there are requests from many fields, particularly the business sector and the middle class, that better knowledge about the 12th Five-Year Plan is necessary. For those who think that knowledge about the 12th Five-Year Plan is unnecessary, why do they not take a good look at it and then discuss it from a wider perspective in this Chamber, instead of approaching the issue solely from the perspective of people's livelihood of their concern?

If we look at the Mainland, we can see that it has gradually evolved from a backward village to the present look. Recently, economists have reminded us that during the 30 years from 1979 to 2009, China's average GDP has recorded a significant annual growth of more than 9%. No country in this world with such a large population has ever achieved such an outstanding performance in history. Hong Kong people should not merely be onlookers. Being a part of China, we should think carefully how we can grasp this opportunity and give full play to our edges.

And yet, today, there are still people scaremongering about Hong Kong being planned or promoted. President, I always remind myself to adopt a more open attitude and take heed of different views or advice. I understand that people may have developed different views due to their different background or personal considerations.

President, I would like to quote a metaphor used by Sir Akers JONES. Since he had served on the Executive Council in two different regimes, he definitely has a wider exposure than me — I dare not say better than us. He has once described reunification in this way: We used to be separated from our motherland China by a giant water gate. As the gate gradually lifts up after reunification, communication between the two places also begins. There are now exchanges between the two places which had previously been separated.

As evident in today's 12th Five-year Plan, the gate has been completely lifted up. In other words, the entire China market is now open to us. The important question in front of us is how we are going to tap the market to give play to our advantages. We would have made the biggest mistake if we continue to focus merely on the reserve and solution to livelihood problems. Rather, we should fight for a chance of upward mobility for young people or employees working in the community.

President, some people think that regarding the implementation of the 12th Five-Year Plan, we only need to know the kind of expertise are required by the market, or make predictions on the kind of industries to be developed, with a view to facilitating students to enroll in the relevant programme and enabling businessmen to make the appropriate investment. I just want to say that this is not viable. I would like to ask people who have such thinking to consult the economists to see if this is viable. It is now the 21st century and our country has integrated with the international community in the blink of an eye. As the world is changing so rapid, it is extremely hard to predict how China will develop, which is not only affected by local factors, but also the international environment.

In the long run, I am of the view that Hong Kong should promote the development of expertise, and encourage positive thinking in particular. Thoughts should be given to how Hong Kong would integrate with the Mainland and develop hand-in-hand, as well as how Hong Kong people would give play to their advantages in the course of it, which can be the supply of the necessary expertise to assume important posts, for instance, in the international stage. Hong Kong people should be capable of doing this. We should therefore not look down on ourselves and be so short-sighted. Thank you, President.

**MR CHEUNG HOK-MING** (in Cantonese): President, the amendment proposed by me intends to amend Mr WONG Sing-chi's amendment. There are two major reasons: Firstly, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and I consider that, given the abundant financial revenue and huge foreign exchange reserve, the Government should provide additional resources to improve people's livelihood. Yet, we have reservation about the "\$20 billion" mentioned in Mr WONG Sing-chi's amendment as the additional provision actually required must be thoroughly discussed, and the

exact amount need not be given at this stage. Secondly, I wish to urge the SAR Government to set up a "public transport fare stabilization fund".

President, only an effective control of inflation can ensure social stability. In order to enhance the vitality of society, there must be an economic environment that has positive inflation and stable commodity prices. Inflation has been the most controversial issue in Hong Kong society these days, and it has aroused the strongest public resentment. Not only have property prices skyrocketed irrationally in recent years, the prices of other commodity goods have also increased time and again. What makes people most infuriated and helpless is the decision of the MTR Corporation Limited (MTRCL), which the Government remains as the largest shareholder, to increase fares under the upward or downward fare adjustment mechanism regardless of its huge profits, which has further pushed up the transport costs. From a legal perspective, there is no way we can criticize or blame the MTRCL as it is merely working according to the established procedures. Regrettably, its decision shows a lack of social responsibility required of a public enterprise. It is apathetic and is merely accountable to its shareholders but not the public at large. This is really disappointing.

If the MTRCL really increases its fare as planned, it is believed that other transport operators will follow suit and thus trigger off a new tide of fare rises of public transport. Given that transport cost is a part of daily expenditure that cannot be cut, and people do not have much bargaining power under the existing mechanism, it is absolutely duty-bound for the SAR Government, which has all along stressed the principle of "people-oriented", to maintain the stability of public transport fare under a high-inflation environment.

There have been precedents in which the SAR Government subsidized public transport operators either directly or indirectly. It is believed that the Government did not intend to create an even larger property developer by granting property development rights to the MTRCL. Rather, it intended to use the sale proceeds of properties and rental income as a form of fare subsidy. A year ago, the Government had provided a sum of \$120 million to subsidize six major outlying island ferry services. President, the topic under discussion today is "Implementing the Twelfth Five-Year Plan", which is related to the planning of Hong Kong's overall socio-economic development in the next five years or more. Therefore, it is hoped that the authorities would adopt an open attitude in the

discussion and would not abruptly turn down other proposals to subsidize transport fares, using excuses such as the need to pool resources to help the needy, or non-compliance with the established fiscal approach.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) proposed the setting up of a "public transport fare stabilization fund". This is a long-term and sustainable proposal to subsidize transport fare, covering not only the MTR, but also buses and ferries. After the fund is established, the Government can, through effective management of the fund, and reinforcing its gate-keeping role in considering application for fare increase by transport operators under the fare adjustment mechanism, alleviate public concern that transport operators would arbitrarily apply for fare increase with the fund serving as "cushion money".

Furthermore, under the persistent high inflation environment, the fare adjustment mechanism, which originally intended to monitor the fares charged by public transport operators, has probably become an "ever-increasing mechanism" as a result of its failure to take into consideration people's affordability. This would inevitably arouse public resentment. The setting up of a "public transport fare stabilization fund" is precisely a remedy to this problem. The best thing about this fund is, when a transport operator submits an application for fare increase, the income differences arising from the approved fare increase will be met partially or wholly by the fund, thereby easing the daily expenditure burden of the public brought about by an increase in transport fare.

President, improving people's livelihood and reducing public resentment will enable Hong Kong's future development to escalate to a new horizon. The fact that the National 12th Five-Year Plan has devoted a separate chapter to Hong Kong and Macao fully epitomizes the country's support to Hong Kong's economic development, which is undoubtedly a booster to the SAR Government. The SAR Government should seize this opportunity and make effective use of the abundant financial revenue and foreign exchange reserve to properly deal with the livelihood problems. Only by so doing can members of the public concentrate their efforts on meeting the opportunities and challenges presented by the 12th Five-Year Plan.

On the other hand, the SAR Government also needs to develop a good transport network that integrates with the Mainland and upgrade its hardware in air transport. For instance, it should expeditiously study and construct the third

runway of the Hong Kong International Airport, and implement the Hung Shui Kiu development plan, with a view to expeditiously commence the design of the Hong Kong-Shenzhen Western Express Line which links up the airports of Hong Kong and Shenzhen. This will give full play to the edges of Hong Kong and enable Hong Kong enterprises to explore greater development opportunities in the face of Mainland's huge domestic market.

I so submit. Thank you, President.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, in the 2007-2008 Policy Address, the Chief Executive stated that the HKSAR would take early action to complement the preparation of the "Outline of the Twelfth Five-Year Plan for the National Economic and Social Development of the People's Republic of China" (the Outline). The Legislative Council had endorsed the motion on "Actively participating in the 'National Twelfth Five-Year Plan'" and another motion on "Proactively implementing the Framework Agreement on Hong Kong/Guangdong Co-operation" in January and May 2010 respectively. This shows that there has been general consensus in the community to support the HKSAR's efforts in complementing the National 12th Five-Year Plan.

Over the past two years or so, the SAR Government has maintained close liaison with the National Development and Reform Commission (NDRC) and the relevant authorities of the Central Government to take forward Hong Kong's efforts progressively in complementing the preparation of the National 12th Five-Year Plan. With the support and conscientious efforts of different parties, the Outline was officially promulgated on 16 March 2011. This is the first time an individual chapter is devoted to the Hong Kong and Macao Special Administrative Regions (the Dedicated Chapter), which is indeed a significant breakthrough.

The original motion proposed by Mr IP Kwok-him "urges the SAR Government to give active response, seize the golden opportunity presented by the Twelfth Five-Year Plan and intensify the co-operation between Hong Kong and the Mainland, so as to promote Hong Kong's economic development and improve people's livelihood". This coincides with the SAR Government's way forward. The original motion and various amendments have made suggestions

on how the SAR Government should develop appropriate follow-up measures in future.

In order to facilitate Members' better understanding of the motion, I will first introduce the way forward of the SAR Government's future complementing work at the beginning of my speech. This part will also cover measures proposed in the original motion and various amendments. In the concluding remarks, I will make further responses regarding the individual measures proposed by the relevant Policy Bureaux.

The Dedicated Chapter has iconic significance on the future development of Hong Kong, which include signifying the Central Authorities':

- (a) support for Hong Kong in consolidating and enhancing our status as an international centre for financial services, trade and shipping, including the development of Hong Kong into an offshore Renminbi (RMB) business centre and an international asset management centre;
- (b) support for Hong Kong in developing the six industries where Hong Kong enjoys clear advantages, and extending the fields of co-operation and scope of service in the Mainland; and
- (c) support for deepening the economic co-operation between the Mainland and Hong Kong; continuing the implementation of CEPA; gradually extending the Guangdong "early and pilot measures" to other regions, as well as confirming the significant functions and positioning of Hong Kong's co-operation with Guangdong under the Framework Agreement on Hong Kong/Guangdong Co-operation, and the core functions and positioning of Hong Kong in the development of the Pearl River Delta (PRD) region.

The Dedicated Chapter signifies the Central Authorities' strong support for maintaining the long-term prosperity and stability of Hong Kong. It provides a historic opportunity propelling the future development of Hong Kong, and enables Hong Kong to formulate, under the principle of "one country, two systems" and the Basic Law, its own development direction, policies and measures that complement the overall national development strategies.

Next, I will focus mainly on the work of the SAR Government in promoting Hong Kong as an offshore RMB business centre, an international asset management centre and a high-value goods inventory management and regional distribution centre, as well as in promoting CEPA, the opening up of the Mainland market for Hong Kong's service industries and regional co-operation.

The Dedicated Chapter stated clearly its support for Hong Kong in consolidating and enhancing our status as an international centre for financial services, as well as our global influence. For the development of an offshore RMB business centre, Hong Kong enjoys a unique advantage of practicing "one country, two systems" and being the "forerunner". It can therefore play the roles of "firewall" and "testing ground".

Since 2004, Hong Kong has gradually turned itself into the most comprehensive offshore RMB market outside the Mainland. Apart from developing an efficient and reliable RMB clearing system and platform, Hong Kong has also established the first RMB bond market outside the Mainland. In 2010, the total RMB trade settlement amounted to about RMB 370 billion with a net payment of about RMB 160 billion to Hong Kong for trade settlement. This constitutes a main source of supply in the local RMB market, and Hong Kong is serving the function of a RMB pool. The Hong Kong Government will strive to further enhance the RMB settlement platform, conduct overseas roadshows to promote Hong Kong's offshore RMB market and attract more enterprises to make use of Hong Kong's settlement services. We will continue to encourage overseas and Mainland enterprises to issue RMB bonds in Hong Kong.

For the development of an international asset management centre, Hong Kong also enjoys certain long-standing edges. They include a highly open and internationalized market; a regulatory regime which integrates with major overseas markets; the rule of law, as well as the free flow of information and capital. The priorities of this year include seeking to enter into more agreements for the avoidance of double taxation; continuing to develop an Islamic financial platform; developing appropriate financial measures and stepping up promotional efforts. We will also continue to strengthen the competitiveness of our asset management industry by improving the regulatory regime, enhancing market quality and facilitating market development.

The Dedicated Chapter mentioned the support for Hong Kong to develop into "a high-value goods inventory management and regional distribution centre". To complement the sector's development towards providing high-value-added logistics services, the SAR Government will gradually make available long-term sites in Kwai Tsing to attract third-party logistics service providers to operate in Hong Kong. Furthermore, we will also proactively promote the wider use of e-logistics, and continue to promote to the Mainland and overseas markets the professional logistics services which can be offered by Hong Kong in conjunction with the industry.

As regards aviation, the Hong Kong Airport Authority (AA) is actively increasing the handling capacity of the airport to meet future demand. This includes the midfield expansion project and the construction of a new air cargo terminal. The original motion proposes to "expeditiously study and implement the construction of a third runway". In this connection, the AA intends to launch a public consultation on the findings of the Hong Kong International Airport Master Plan 2030 Study in the first half of this year, which covers the study of the feasibility of constructing a third runway.

The Dedicated Chapter stressed that the Central Authorities support Hong Kong's continuous implementation of the CEPA and the development of the six industries where it enjoys clear advantages, and the widening of the areas of co-operation and scope of services in the Mainland. Since the signing of the CEPA in 2003, the SAR Government has been striving to further refine its content and concrete implementation work. Inclusive of the measures in Supplement VII to CEPA, the two sides have so far announced nearly 280 liberalization measures in trade in services.

Hong Kong service suppliers enjoy preferential access to the Mainland market in 44 service sectors, which cover the four traditional pillar industries and the six industries where we enjoy clear advantages. These include facilitating the Hong Kong professionals' registration and business start-ups in the Mainland. The relevant progress includes:

- (a) As at 31 January 2011, over 2 300 Hong Kong Service Supplier Certificates have been issued to more than 1 300 Hong Kong enterprises. According to the study report completed by the SAR Government in 2010, about 48% of enterprises issued with Hong

Kong Service Supplier Certificates have set up their branches in the Mainland under CEPA.

- (b) Between 2007 and 2009, CEPA-induced business receipts obtained by operations established by Hong Kong service suppliers on the Mainland amounted to about \$198 billion and additional business receipts obtained by companies in Hong Kong also amounted to about \$55.1 billion.
- (c) Specific examples of the development of local professional industries in the Mainland under CEPA are:
  - (i) Hong Kong service suppliers or local medical practitioners who have obtained medical practitioner's qualification certificate of the Mainland are allowed to set up medical institutions in various places in Guangdong under CEPA; and
  - (ii) Different Hong Kong law firms have operated in association with Mainland law firms in places, such as Beijing, Guangzhou and Tianjin.
- (d) As at December 2010, Hong Kong residents have established more than 3 900 individually owned stores in the Mainland, with registered capital amounting to RMB 282 million.
- (e) Since the introduction of the Individual Visit Scheme (IVS) in 2003, it has now been extended to 49 Mainland cities. As at the end of December 2010, more than 60 million Mainlanders have visited Hong Kong under the IVS.

Therefore, with the support of the Central Authorities, the six industries where Hong Kong enjoys clear advantages would have plenty of development opportunities in the Mainland market. CEPA's liberalization measures provide a very important platform for the relevant industries to enter and open up the Mainland market. The Outline has put forward a series of strategic objectives, which include an expansion of domestic demand, promotion of urbanization and the development of modern service industries. All these will bring opportunities for the relevant industries.

In respect of regional co-operation, our priorities include:

- (a) implementing the Framework Agreements;
- (b) opening up of the Guangdong market under "early and pilot measures" to Hong Kong's service industries, and the gradual extension of such measures to other regions; and
- (c) assisting in taking forward the Qianhai development.

The Dedicated Chapter has elevated the functions and positioning of Hong Kong's co-operation with Guangdong under the Framework Agreement to the national strategic level, and confirmed the core functions and positioning of Hong Kong in the development of the PRD region. The main points include:

- (a) developing a world-class metropolitan cluster with enhanced competitiveness;
- (b) developing a financial co-operation zone led by Hong Kong's financial system;
- (c) building an advanced global manufacturing and modern services base;
- (d) developing a modern economic circulation sphere;
- (e) opening up of the Guangdong market under "early and pilot measures" to Hong Kong's service industries, and gradually extending the measures to other regions; and
- (f) developing the Guangdong-Hong Kong-Macao Quality Living Area.

The governments of Guangdong and Hong Kong will continue to maintain close liaison and work in conjunction to take forward the implementation of the Framework Agreement. They have also reached a consensus on the work priorities for 2011 and laid down clear work objectives for this year, covering various fronts such as financial services, boundary crossing facilities, environmental protection, healthcare services and education.

The Special Column of the Dedicated Chapter mentioned Qianhai development, which aims to develop Qianhai into "a Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone". Qianhai development is a national strategy to promote economic development through deepened reform and expanded opening-up. It is the "testing ground" of the nation's development in modern service industries. For Hong Kong, the development of modern service industries in Qianhai with Shenzhen is mutually beneficial. It is believed that this arrangement will facilitate an expansion of regional economies, thereby providing a very important platform for Hong Kong's service industries to open up the huge Mainland market.

Shenzhen has taken up a leading role and is responsible for the development and management of Qianhai, while the SAR Government will continue to provide comments on the study and formulation of issues like development planning and the related policies. We hope that, in the course of policy formulation, the Mainland authorities can provide the necessary political environment for the appropriate service industries to start up their businesses in Qianhai. The major industries include financial, professional and other services. On the whole, the development of Qianhai enables Hong Kong's service industries to open up the huge Mainland market, while at the same time expedites the development of service industries in the PRD region, thereby enhancing the overall competitiveness.

The Dedicated Chapter mentioned the Central Authorities' support for the opening up of the Guangdong market under "early and pilot measures" to Hong Kong's service industries, and the gradual extension of such measures to other regions. This is an important policy direction. Guangdong has nearly 100 million residents. The Guangdong provincial GDP in 2010 was RMB 4,547.3 billion, and the per capita GDP converted into US dollar is nearly US\$7,000. It is an ideal place for service industries of Hong Kong to open up the Mainland market. Since 2008, the Mainland and Hong Kong have announced 41 "early and pilot measures" under CEPA in Guangdong Province. They covered 21 sectors and involved many important industries in Hong Kong. The Guangdong Government has all along acted proactively, and promulgated the relevant laws and statutes for the implementation of its "early and pilot measures" under Supplement VII to CEPA in 2010. We will first properly implement the various "early and pilot measures" in Guangdong, and then on this basis, we hope to gradually take forward the relevant measures to other regions. Our focus is

the Pan-PRD region with a population of 400 million, where development opportunities for Hong Kong's service industries will be further explored.

For regional co-operation, the work of the SAR Government involves both macro and micro perspectives. The National 12th Five-Year Plan and CEPA are the macro strategies of the Central Authorities, in which Qianhai development has not only facilitated the elevation of Mainland's tertiary industry from the regional level, but also enabled Hong Kong to open up the Mainland market, which is a development strategy at the micro level.

A comprehensive system of co-ordination has also been put in place within the Government. The steering committee comprising the relevant Policy Bureaux and departments responsible for the complementing work of the National 12th Five-Year Plan is chaired by the Chief Secretary for Administration, while the Constitutional and Mainland Affairs Bureau oversees the overall co-ordination and follow-up work. The Office of the Government of HKSAR in Beijing will also assist in the liaison with the Central Government ministries. The relevant Policy Bureaux will formulate corresponding policies and measures for the respective areas under their purview in accordance with the specific contents of the Dedicated Chapter, and will consult the relevant panels of the Legislative Council on matters with significant policy and public expenditure implications according to the established practice.

President, I so submit and this is my opening speech. Later on, I will make further responses to the various amendments. Thank you, President.

**MR TAM YIU-CHUNG** (in Cantonese): President, first of all, I would like to respond to a remark made by Mr WONG Sing-chi just now. Mr WONG is not in the Chamber at the moment. I have heard him repeatedly advocating "one-night stand" at this Council. There is nothing we can do to stop him if he likes to do so, but let me remind him, we should learn from other's mistakes.

However, he should not describe the two discussions held between 20-odd Members and the Financial Secretary in broad daylight on the proposal to amend the Budget as "one-night stand". This is confusing one thing with another, this is virtually nonsense and pollutes the air of this Chamber.

Mr WONG Sing-chi hates the Financial Secretary for accepting public opinions. The opinion of the public is very clear, we learned about that in the local communities. The public asked the Financial Secretary to withdraw the injection of \$6,000 into the Mandatory Provident Fund accounts, and instead hand out the money to them so that they can use the money flexibly at their own discretion. We, as Members, strongly reflected such opinions to the Financial Secretary, and he eventually complied with the wishes of the people, he readily accepted good advice and was willing to make adjustments.

Certainly, some people think that the problem cannot be solved by "handing out cash". However, "cash handouts" allow people to use the money at their own discretion and this is also an act of respect for public opinions. Of course, it does not mean that nothing else needs to be done, and I believe that this will definitely not be the case.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has constantly reminded the Government that it should have a long-term plan. I, myself, have also continuously reminded the Government that it should have a long-term plan, particularly in respect of elderly services. At least, it should have a five-year development target, direction and plan which it can inform the public.

After making this point, I would like to respond to the Secretary's earlier speech. The Secretary has spoken at great length on the economic co-operation between Guangdong and Hong Kong, with special emphasis on Qianhai. I think such co-operations are necessary for Hong Kong and Guangdong Province have favourable geographical conditions and it is only reasonable that co-operation over the economic development of the two places should be enhanced and all agreements of CEPA should be implemented. However, there are also plans for the development of an Economic Zone, with Fujian as the core, on the West Coast of the Taiwan Strait (West Coast Economic Zone) in the 12th Five-Year Plan.

Recently, a top-level official, the Party Secretary of the Fujian Provincial Government, led a delegation of more than 400 department heads to Hong Kong to hold a large-scale promotion campaign to introduce the future development of the West Coast Economic Zone and ways on enhancing economic co-operation with Hong Kong. According to my understanding, co-operation agreements for over 40 items amounting to more than US\$8 billion have been signed. These

agreements are of great significance, for we can see that with the easing of cross-straits relationships, the Central Government has incorporated the development of cross-straits economic relations into the 12th Five-Year Plan.

The DAB moved a motion debate on "Seizing the opportunity presented by the Cross-Straits Economic Co-operation Framework" in this Council at the end of last year and the motion was carried. We hope that the SAR Government can also actively promote economic and trade co-operations between Hong Kong and the West Coast Economic Zone, instead of just restricting those co-operations to Guangdong Province. In this regard, the SAR Government can enhance co-operation between the Fujian and Hong Kong Governments and promote co-operation between the two places, and we think that this is also quite important. As such, I would like to emphasize that considerations should be made, for example, on whether a co-operation mechanism similar to that between Guangdong and Hong Kong could be set up, such as setting up an HKSAR Economic and Trade Office in Fujian, establishing a Fujian and Hong Kong Co-operation Joint Conference system and signing a Fujian and Hong Kong co-operation framework agreement. All these measures should be considered by the Government.

At the same time, the SAR Government should try to request the Central Authorities and Fujian government to extend the "early and pilot" policies in implementing CEPA in Guangdong Province to the West Coast Economic Zone, so as to allow the legal, accounting, medical and financial professional services of Hong Kong to gain access to the West Coast Economic Zone. On the one hand, this can increase development opportunities for Hong Kong professional services, and on the other hand, raise the standard of professional services in the West Coast Economic Zone, thereby achieving a win-win situation.

Are Hong Kong people well aware of the 12th Five-Year Plan? I do not think so. As such, we hope that the Government can step up its publicity efforts, give out more information and organize more seminars or talks in this regard, so that the people, as well as the business and professional sectors of Hong Kong can have a better understanding of how co-operation between Hong Kong and the Mainland can be strengthened under the 12th Five-Year Plan, and such understandings will benefit the Hong Kong community itself.

I would like to reiterate that contrary to what some people have said about the Central Government's wish of intervention, or Hong Kong's development

"being planned" as claimed by some people, the main purpose of the Central Government's 12th Five-Year Plan is to support the development of Hong Kong. I think that more discussions over such issues can eliminate unnecessary misunderstandings in the Hong Kong community.

The SAR Government should fully utilize the enormous economic benefits brought about by its co-operation with the Mainland to further improve people's livelihood. In this regard, Mr IP Kwok-him has stressed both in his original motion and in his speech that we hope to enjoy economic results brought about by the co-operation between Hong Kong and the Mainland.

**MR JEFFREY LAM** (in Cantonese): President, the Outline of the 12th Five-Year Plan is still a relatively unfamiliar concept to certain Hong Kong people. People who do not follow very closely with the economic developments of Hong Kong and our country may have just heard about this concept from the media in recent months. As such, I think the Government should actively responded to and tie in with the 12th Five-Year Plan, so that Hong Kong people can have a better understanding of the blueprint and direction of our country's development in the next five years. This is absolutely necessary and meaningful in regard to recognizing the positioning of Hong Kong, for Hong Kong is after all a part of China under the "one country, two systems". The future development of Hong Kong cannot do without the support of the Motherland and our own efforts.

President, The Outline of China's 12th Five-Year Plan for National Economic and Social Development was endorsed at the meetings of the National People's Congress (NPC) and the China People's Political Consultative Congress (CPPCC) held this month. The Plan consists of 16 parts and 62 chapters, in which, a separate chapter entitled "Maintaining the long-term prosperity and stability of Hong Kong and Macao" is dedicated to Hong Kong.

From this, we can see that the development of the Hong Kong and Macao SARs have been highly regarded and supported by the State, as stated in the national blueprint for the next five years. It was pointed out in the dedicated chapter that the policies of "one country, two systems", "Hong Kong people ruling Hong Kong People", and "high degree of autonomy" should be implemented in strict accordance of the Basic Law and full support will be given to the administration of the Chief Executive and the Government in accordance

with the law. The Plan first mentioned that the State will continue to support the development of traditional industries with competitive edge, such as financial services, shipping, logistics, tourism and high-value added service industry, and support for Hong Kong's development into an offshore Renminbi business centre and an international asset management centre; secondly, it also supports the development of the six industries where Hong Kong enjoys clear advantages, enhancement of industrial innovation and accelerated development of new growth points; and thirdly, intensifying Guangdong-Hong Kong-Macao regional co-operation and speeding up the pace of the building of the Guangdong-Hong Kong-Macao Quality Living Area through co-operation over major infrastructural projects.

President, just from the wordings, we learn that the Plan has pointed out the general direction for the development of Hong Kong, and at the same time, it reflects that the Central Government has already clearly defined the positioning of Hong Kong's development. As for the ways on achieving this target, specific planning and programmes, it will be up to the SAR Government to give active response and make commitments.

However, President, I think that the SAR Government should adopt a more positive attitude towards its participation in the National 12th Five-Year Plan. Currently, there are some remarks that after the passage of the political reform package, the role of the SAR Government has been reduced to that of a caretaker, with a "do less, make less mistakes" mentality as the current term of office will soon expire. In fact, this perception of the Government is attributed, to a certain extent, the atmosphere in society, under which the Government will be criticized for whatever acts it take or it does not take; the Government will be criticized for getting the job done, and it will be severely condemned for not getting the job done. Under this circumstance, the Government has the will but not the ability to promote any policies or make any decisions, it thus acts passively. It is undeniable that the Government's governance has left much to be desired, for after all it is impossible to introduce policies which can fully meet the interests of all sectors and people, and the responsibility of the Government is to formulate policies which can get the maximum possible consensus in society.

President, Premier WEN Jiabao, also mentioned one point at the press conference of the NPC and CPPC meetings of this year, and he said: "Hong Kong should pay attention to three issues: first, it should have a long-term and scientific development plan; second, it should pay attention to and resolve deep-seated

conflicts in economic and social developments; and third, it should strive to improve people's livelihood."

Premier WEN has repeatedly reminded Hong Kong to pay attention to deep-rooted conflicts. This is something which the SAR Government has to face up to squarely. However, I believe that the SAR Government is not unwilling to resolve the problem, only that some people and politicians in our community have taken advantage of certain problems and emotions to deliberately create conflicts and diversions to impinge on the Government's governance and social stability. As a result, the Government becomes bound hand and foot and is over-cautious, which in turn "boost the morale of others and dampens one's spirit". Consequently, Hong Kong will not only miss the great opportunity of enhancing its own competitiveness through the 12th Five-Year Plan, but its strengths will also be gone in the long-run. By then, Hong Kong will not only become "marginalized", but will also lose the opportunity to "be planned" even if we are so willing.

President, in addition to complementing the 12th Five-Year Plan, the Government must also formulate a long-term development plan with regard to its problems of deep-rooted conflicts and people's livelihood before the problems can be gradually resolved. In regard to how a long-term plan should be formulated, and what long-term plan should be formulated, we cannot come up with good proposals simply by spending a few minutes to speak in the Council. Many Members voiced a lot of opinions when the issue of nuclear power was discussed in this Council yesterday. Some people said a few days ago that since we have still not achieved the emission reduction targets, the Government should work harder. Then, they said no further discussions were needed and the importation of nuclear power must be stopped immediately. However, apart from empty talks, they have completely failed to make any new proposals. In fact, this meeting which has gone on from yesterday, has really wasted a lot of energy. Actually, the key to the problem is that the Government should be determined to make positive commitments and start gathering the views of people through rational, frank and harmonious communications, so as to forge consensus and power of our community.

President, I so submit.

**MR WONG KWOK-HING** (in Cantonese): President, the motion moved by Mr IP Kwok-him is a very good one. I must quote a statement from his earlier speech as an introduction to my theme. He said that the 12th Five-Year Plan is an express train and we have to see how we can board the train. As such, I would like to raise this question: how can the six industries where Hong Kong enjoys clear advantages "board the train"? Secretary, I have specifically written this down for you, for I am afraid that your impression will not be deep enough. I am not going to go into details about the Renminbi market for the Government has already said a lot. The question I would like to bring up is: how can the six industries "board the train" of the 12th Five-Year Plan?

Secretary, I have to show you the second diagram on the three existing major problems of the six industries, and I do not know whether the Government is aware of the problems? If the three major problems cannot be resolved, then what advantages do the so-called six industries enjoy? How can they be developed? This is the point I would like to raise. If we do not solve these problems, then "boarding the train" will only be an empty statement.

President, I am now going to state the problems. Colleagues, do you know what are the three existing major problems faced by the six industries? President, the first major problem is the absence of a commander-in-chief and loose organization. Secretary, I hope that this accusation would shock your ears and touch your heart and you would convey my message to the Chief Executive.

Why do I say that we lack a commander-in-chief? Last week, I attended all the 20 sessions of the Special Meeting of the Finance Committee, with the intention of asking some questions on the six industries at these sessions. However, I was unable to raise my question at the session hosted by the Secretary for Commerce and Economic Development and I was told to ask the question at the miscellaneous session. I found this very strange and wondered when the six industries have been downgraded to be discussed at the miscellaneous session? I then took a careful look and found that the Director for Administration was responsible for replying to written questions on the six industries. So, I waited until the miscellaneous session to ask the Director of Administration about the six industries, but to my surprise, the Director referred my question to the Government Economist, which means that the issue has been further downgraded.

Have things gone wrong? Why have things turned out this way? As early as the year before last, I asked Secretary Rita LAU questions about the six industries, but her reply back then was not very detailed and only half of the industries were covered. That was acceptable, for the issue of the six industries had only been introduced not long ago. Last year, I brought up the issue again but did not receive any comprehensive reply. I began to find the problem very serious when the issue of the six industries is further downgraded this year. So, I tried to read again all the speeches of the Directors of Bureaux on the six industries, and found that the issue was only mentioned in the written reply of one Secretary. As such, do you agree that this is a case of no commander-in-chief and loose organization?

The second problem is the absence of a clear direction and detailed plan. Why am I saying so? Secretary, will you please take a look at this. I have chosen Korea as a framework for my analysis. In order to develop its industries, Korea has clearly listed eight major targets: first, macro vision; second, vision objectives; third, specific objectives — I am sorry that I have written that incorrectly for I was in a great rush; fourth, management; fifth, hardware; sixth, funds; seventh, information; and eighth manpower. All these objectives are very specific. For example, in its vision objectives, Korea has clearly set out to create a market size of 100 trillion wons, an export value of US\$780 million and one million jobs. In other words, they have clearly set out the required number of industries and employment opportunities to be created.

However, looking back at our six industries: the medical industry is "three have-nots and five semi-have-nots", the environmental industry is "five have-nots and three semi-have-nots", the innovation and technology industry is "three have-nots and three semi-have-nots", the cultural and creative industry is "three have-nots and three semi-have-nots", the testing certification industry is "one have-not and one semi-have-not", and the education industry is "four have-nots and three semi-have-nots". I have adopted the analytical framework of Korea to make a comparison with our six industries. In regard to the number of "have-nots", I would like to send a copy of the research report made by our Opportunities for Development Concern Group to the Secretary. I will do so later for I cannot state all the problems due to time constraints. This is the second major problem.

The third major problem is inadequate investment and ineffective co-ordination which has led to our so-called six industries ..... though the current Budget has devoted 24 paragraphs to the six industries, there are a lot of problems when it comes to their actual implementation. There was a rather alarming newspaper headline on the six industries — I have covered up the name of the newspaper to avoid giving it publicity — "No improvement for the six industries and negative growth for employment in the cultural industry". I urge the Government to pay serious attention to this situation.

What does the so-called negative growth signify? It means that as compared to that of 2008, the cultural creative industry recorded a negative growth of 1.6% in 2009. As regards to the other industries, the education industry which has the highest growth rate, only recorded a 9.5% growth, while other industries only recorded insignificant growth. Under such circumstances, how are we going to board the "125" express train? I think the Government must answer this question, this Council must look into this issue and the public really need to show concern about this issue. Otherwise, we are going to miss the opportunity.

Frankly speaking, some people voiced concerns over Hong Kong 'being planned'. President, Secretary, I am concerned that there are no plans for Hong Kong. We will have a serious problem if we get on a boat with no rudder and do not know where it is heading. If that is really the case, I would prefer to be planned under the 12th Five-Year Plan, then at least, we will know where we are heading (*The buzzer sounded*) .....

**PRESIDENT** (in Cantonese): Mr WONG, your speaking time is up.

**MR WONG KWOK-HING** (in Cantonese): Thank you, President.

**DR SAMSON TAM** (in Cantonese): President, most of the arguments we heard in the Secretary's earlier speech are on how to re-consolidate the existing advantages of Hong Kong. I very much agree with Mr WONG Kwok-hing that though the six industries where Hong Kong enjoys clear advantages have already been written down in the Plan, I am really very worried whether they would

definitely bear fruits and achieve results in future. Despite the fact that this was formally written down in the National Plan this time, the new positioning which the State will place Hong Kong in its next Plan will become doubtful if no results have been achieved after five years, and this will also become a laughing stock in the National 12th Five-Year Plan.

President, Mr WONG Kwok-hing listed three major problems earlier, but the problems are actually far more than three. Why were people so worried in the past ..... why has Hong Kong failed to develop new industries? It has greatly to do with the existing structure and mindset of the Government. Let me first talk about the structure of the Government. Over the past two months, I had the opportunity to visit Guangzhou and Shenzhen, to see how the 12th Five-Year Plan has been promoted by the State, provinces or municipalities. I found that every local department was very serious in implementing the Plan. I note that the biggest problem lies in the completely different structures of Hong Kong and their Mainland counterparts. We all know that in Shenzhen and Guangdong, there is the Ministry of Science and Technology, the Ministry of Information and Industry, and the Development and Reform Commission. However, the government structure of Hong Kong is completely different from that of the Mainland, resulting in big gaps and uncertainties regarding which Policy Bureau should be held responsible for the follow-up work of a certain policy. Consequently, all the work has to fall under the responsibility of Mr Stephen LAM's Policy Bureau, for any work that is not undertaken by other bureau will be undertaken by his bureau. However, I think this may not be fair to the Constitutional and Mainland Affairs Bureau for the development of new industries is not its expertise.

As such, I always advocated in the past that if Hong Kong were to develop the six industries, the Government must have a new structure. Is it now the appropriate time to review whether a new structure, such as a new Science and Technology Bureau or a new Industry Bureau, should be established in the coming new Government? In short, there must be a new structure for taking up full responsibilities before we can have a way out; otherwise, I am very worried that when all plans for developing the new industries are dashed after five years ..... I think that this is the major reason for the stagnation in Hong Kong.

The second problem is how Hong Kong industries can serve the whole of China under the 12th Five-Year Plan. I note that one major obstacles — I

believe the Secretary is also aware of it — is that Hong Kong enterprises cannot enjoy national treatment. Mainland provincial and municipal enterprises registering in Shanghai and Beijing can enjoy national treatment, but Hong Kong people operating enterprises in Guangdong Province or Shenzhen Municipality are not accorded with the same treatment. They have thus encountered great difficulties, for this is equivalent to competing on a non-level playing field. What exactly are the benefits of national treatment? In the past, foreign enterprises seemed to enjoy advantages, but with the reforms of the past several years, foreign enterprises (including enterprises engaging in contract processing) no longer enjoy such advantages. On the contrary, it seems that foreign enterprises are subject to entrance restriction, as in the cases of innovative and communication industries which we are promoting. In the case of the communication industry which is regarded as a sensitive or local industry, Hong Kong people are regarded as foreign investors, and they are not allowed to operate such enterprises in China. As such, without national treatment, I very much believe that the six industries will only achieve half the results with twice the efforts in opening up the Mainland market. Therefore, I earnestly request the Secretary to consider allowing Hong Kong enterprises registering in special economic zones, such as the Nansha Port or Qianhai, of the Guangdong Province, to enjoy national treatment. I think that if such a small window can be opened, it will definitely be advantageous to Hong Kong's service industries entering into the Mainland market.

Apart from national treatment, differences in the taxation system also impede professionals or the general public of Hong Kong from going to China to pursue a career, open up markets or seek employment. It is commonly known that the salary tax system of Hong Kong is simple with one of the lowest tax rate in the world. However, the tax system of the Mainland is greatly different and the tax rate for personal income tax can be as high as 30% to 40%. As such, how will Hong Kong talents be attracted to work on the Mainland?

I learn that Macao people working at Hengqin enjoy special tax concessions. I hope that the Secretary will spare no efforts in fighting for similar concessions, because only when we succeed in fighting for a more favourable mechanism which is in line with the tax level in Hong Kong can the exchange of talents between the two places be promoted effectively; otherwise, all development will be stagnant. Though it is claimed that many service industries can gain access to the Mainland, differences in the taxation systems of

the two places have impeded our professionals and the general public from working in China. Hence, the interaction of talents between the two places fails to take effect. I think that this is the second crucial problem to be resolved.

The last problem is the issue of information circulation. I have been promoting information technology and have always believed that it is of utmost importance to the banking and finance industries of Hong Kong. Currently, there is still no free circulation of information between the Mainland and Hong Kong. In terms of money, Renminbi has been in circulation; in terms of goods, there is basically no problem with customs clearance between the two places. However, will the lack of free circulation of information obstruct the integration of Hong Kong with the Guangdong Province, or that with China? I think this issue must be resolved. Undoubtedly, we should also consider whether the free circulation of information will bring advantages? If there are advantages, then we should definitely go ahead; and if there are disadvantages, then we should refrain from doing so. I believe that all future developments of the world need information technology. I would like to point out in particular that though I have been promoting the development of a data centre, Hong Kong has already lost out to Singapore which has already become a data centre and taken a substantial lead over Hong Kong in the area of headquarters economy. I hope that the Secretary will consider how the data centre of Hong Kong can continue to flourish with the assistance of the 12th Five-Year Plan.

After Hong Kong becomes a data centre, I hope the Government will formulate policies on how to co-ordinate with Qianhai: should there be a firewall for the data of both places, will communication costs be reduced, and can Hong Kong enterprises be provided with more reliable information, so that the six industries where Hong Kong enjoys clear advantages can serve the whole Guangdong Province smoothly, and more good jobs can be retained in Hong Kong.

President, I so submit.

**MR ALAN LEONG** (in Cantonese): President, first of all, I have to apologize for being slightly late for today's meeting because of an earlier engagement.

President, in item (b) of Mr IP Kwok-him's original motion, it is stated that "to optimize the use of abundant financial revenue and huge foreign exchange reserve to further enhance the building of the social security system and take good care of the underprivileged, with a view to improving people's livelihood." We recall that these are the words of Premier WEN Jiabao and I interpret this as a statement directed at the Chief Executive though he is not named.

Speaking of whether our fiscal reserve can be properly used to deal with the deep-rooted conflicts in society, I really find it hard to contain my emotions. Recently, the Government of the United Kingdom introduced various measures, including reducing the amount of subsidies for universities, resulting in hundreds of thousands of people taking to the streets. Since the United Kingdom suffers from financial deficit, it is not surprising that such problems have occurred; as the saying goes "bricks cannot be made without straws".

In comparison, our SAR Government is sitting on a surplus of hundreds of billions of dollars, but it seems that it is unwilling to undertake responsibilities, and fails to perform the duties that can only be undertaken by a government, which includes improving our education, environmental protection, medical care, retirement protection, and so on. Instead, the Government only decided to hand out \$6,000 cash. Certainly, this has become a big joke, and it is not surprising that the Premier has to offer advice to the seemingly stingy Government.

President, we can see from the recent public opinion poll conducted by the University of Hong Kong that though the SAR Government would hand out \$6,000 to eligible Hong Kong people, over half of the people in Hong Kong were still dissatisfied with the Budget and the overall score of the Budget was still unsatisfactory. From this, we can see that the Government's wishful thinking of doing a good job on crisis management by means of "cash handouts" has not turned out to be as sound as what it has imagined.

The Civic Party has always been of the opinion that the Government should make proper use of its fiscal surplus to resolve the deep-rooted conflicts in a serious manner, including resuming the Home Ownership Scheme, establishing a national pension, and increasing its recurrent expenses to address the specific problems relating to people's livelihood. The Government should be more pragmatic in doing some real work for the well-being of the people.

President, perhaps I should also take this opportunity to explain the amendments which I have moved to Mr IP Kwok-him's original motion, the first of which is on the issue of the third runway. The Civic Party is certainly aware that there are very strong demands in society for the expeditious construction of a third runway. At the same time, we also note that there are lots of discussions in the community, including views of experts, which are all of the opinion that we should be more cautious in conducting more in-depth, comprehensive and stereoscopic studies from different perspectives before deciding on how to deal with the matter.

Today, I would like to focus my discussion on four points. President, my amendment only seeks to prudently assess the economic efficiency of a third runway and its environmental impact, so that the function of the aviation centre in Hong Kong can sufficiently dovetail with the direction of sustainable development for the entire Bay Area of the Pearl River Estuary.

I would like to specifically put forward the following four points for discussion, and I would begin with the first point. Currently, many people pointed out that the construction cost of the runway may be close to \$100 billion. I noted that according to Mr WANG Zhiqiang, director of the Airport Planning Institute of the China Civil Aviation University, the total amount of investment on the cost of land reclamation and construction of supporting facilities will amount to several tens of billions of Hong Kong dollars.

Professor ZHENG Tianxiang of the Center for Studies of Hong Kong, Macao and Pearl River Delta, SUN Yat-sen University also said that since Hong Kong had spent several tens of billions of dollars on building the two airport runways in the past, the current investment cost would definitely increase as the third runway would involve deep sea reclamation, thus the project construction cost may be as high as \$70 billion. However, since the Director and Professor have made the above comments, President, we found that the cost of construction materials have gone up in recent years, and many people now estimate that the construction cost of the runway will be very high, amounting to as much as \$100 billion. As such, we should be even more careful, especially since the original master plan of the Hong Kong Airport had actually not taken the third runway into consideration, there might not be adequate preparation for the third runway in respect of the terminal building, ancillary facilities, location and

flexibility for expansion. The construction cost may thus be higher. As such, we should pay more attention in this area.

Secondly, I would like to discuss the environmental impact of the reclamation works. Mr Marvin CHEUNG, Chairman of the Airport Authority also admitted, and I quote, that: "Since the most convenient and suitable locations for constructing the runway are big ponds full of sludge, piling works are bound to raise the sludge, thereby causing serious damages to the nearby ecological environment, and the waters of this area is the natural habitat of Chinese White Dolphins." (End of quote)

President, as the possible location for the third airport runway is in the deep-sea region which is the natural habitat of Chinese White Dolphins, reclamation works will certainly cause damages to the nearby marine ecosystem; this coupled with the fact that residents of Tung Chung are already suffering from the nuisance of noise pollution caused by aircrafts movements, we are particularly worried that hundreds of thousands of residents in Sham Tseng, Tsing Lung Tau and the whole of Ma Wan will suffer from excessive aircraft noises in future. As such, the authorities should make an in-depth environmental assessment report, and act more prudently with the interests of the nearby ecology and residents in mind.

The third point I would like to raise for discussion is the issue of inadequate airspace which will lead to greatly reduced benefits. Professor Victor SIT Fung-shuen of the Research Institute for Contemporary China Studies of the Hong Kong Baptist University and expert on airport studies pointed out and I quote again: "Although the engineering condition of the Hong Kong Airport can allow for the construction of four runways, a problem which has often been overlooked is the inadequate airspace, thus the construction of an additional runway will only increase the usage rate to 1.6 to 1.7 runways, meaning that the runway which has cost tens of billions of dollars will be basking in the sun every day." (End of quote)

President, what Mr SIT actually meant was that the maximum usage rate of the additional runway will only be 60% to 70%. WANG Zhiqiang, Director of the Airport Planning Institute of the China Civil Aviation University made it even clearer by saying that "If the third runway is built in the north of the north runway, the terrain of Tai Lam will render it impossible for eastward takeoff and westward landing, with westward takeoff being the only option. Eastward

landing will also be impossible because planes cannot go around owing to the terrain of Tai Lam. It can be concluded that the operation of the third runway upon commissioning will be restricted by the clearance constraints of the surrounding environment, and it is doubtful that whether the capacity of the airport can be increased."

The final point I would like to raise for discussion is the complementary development of the Hong Kong and Shenzhen Airports. The Hong Kong-Shenzhen Airport Railway linking the Hong Kong International Airport and the Shenzhen Baoan Airport is a crucial factor in discussing whether the third runway should be constructed in Hong Kong. The existing vicious competitions between the two Airports are not beneficial to the expansion of the aviation business. Secretary Eva CHENG also admitted that the idea of constructing the Western Express Line is to combine the advantages of the two airports by a 20 minutes or so journey on the express way. As such, the Civic Party is particularly concerned about the impact of the infrastructural project on the Hong Kong Airport. If the Western Express Line is beneficial to enhancing the functions of the Hong Kong Airport, the assessment for the construction of the third runway should be premised on this factor.

I have to state clearly that the Civic Party is not against the construction of the third runway, but we think that since many experts have already expressed their views, we should proceed with caution. I so submit.

**MS AUDREY EU** (in Cantonese): President, as regards to the motion moved by Mr IP Kwok-him of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) today, I have noted in particular that he has referred to his capacity as the local deputy of the National People's Congress (NPC). After listening to his speech and looking again at the content of his motion, I have the impression that he is "commanding the nobles by holding the emperor hostage".

Though he has adopted the framework of the 12th Five-Year Plan, when we look back at the chapter dedicated to Hong Kong in the 12th Five-Year Plan, we find that many of the proposals raised in Mr IP Kwok-him's motion are not covered in the Plan. He has adopted the framework of the 12th Five-Plan to incorporate many of the DAB's proposals, such as "building our homes with love" and "strategies for building Hong Kong" or the contents of their submissions to the Government. In other words, he has used the 12th Five-Year Plan as a cover

to insert the proposals of the DAB, such as the third runway which Mr Alan LEONG talked about earlier, the "brand development council", "bridgehead economy" and to establish investment funds for investment immigrants, and so on. Many of the above proposals have not been mentioned in the 12th Five-Year Plan, but can be found in proposals made by the DAB.

Coming back to the issue of special Chapter 57 of the 12th Five-Year Plan, Mr IP Kwok-him mentioned that Hong Kong people are very concerned about the issue, and the fact that the Hong Kong SAR was included in a dedicated chapter reflected the respect and acceptance of the Central Government for Hong Kong public opinions. However, what Hong Kong people are most worried and concerned about upon learning about the 12th Year-Plan is the issue of "being planned". This is just the opposite of what he said and Hong Kong people do not think that the public opinions of Hong Kong are respected.

When we talk about the 12th Five-Year Plan, I think that the most crucial point is that Hong Kong people should be allowed bottom-up participation. Let us take a look again at Chapter 57, which is actually not very long, the major content of which is on the development of Hong Kong's financial, shipping, logistics, tourism, professional services and information technology, and among which the six industries where Hong Kong enjoys clear advantages were also mentioned. Please take a look again at the seven items listed in column 22, and that is, the Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Passenger Line, Hong Kong-Shenzhen Western Express Line, Liantang/Heung Yuen Wai Boundary Control Point, Qianhai District in Shenzhen, Nansha in Guangzhou and Hengqin in Zhuhai, we can see that the content of the motion moved by the DAB today were not covered in that Chapter.

A very specific point is that Mr IP Kwok-him has incorporated a proposal in his original motion "to optimize the use of abundant financial revenue and huge foreign reserve to further enhance the building of the social security system and take good care of the underprivileged, with a view to improving people's livelihood". Though this item was not part of the content in the relevant chapter of the 12th Five-Year Plan, Premier WEN Jiabao had actually mentioned this point specifically when he met with the media afterwards. It is precisely because of the inclusion of this item in the original motion that several friends of the democratic camp have amended the motion to state that the Budget has failed to care take of the underprivileged and has not increased its recurrent expenditure for the underprivileged, with a view to narrowing the discrepancies between the

rich and the poor. This is why I say that the 12th Five-Year Plan is only a framework, and the content of the motion has actually covered many livelihood issues and the internal problems of Hong Kong.

President, I hope that we can shift our focus back to people's livelihood which we are concerned about, and which in our opinion, are specifically related to the Mainland. I would like to talk about the environmental industry in particular. In fact, when we talk about issues related to the integration with the Mainland and to the six industries where Hong Kong enjoys clear advantages, the environmental industry is a very important component. We should intensify economic co-operation between the Mainland and Hong Kong and Macao, and consider how assistance can be offered for the recycling industry of Hong Kong. We also need to conduct a study on how Hong Kong can undertake the task of being the "front shop for collecting recycling materials", that is, to collect materials for recycling at economically developed areas, and then develop a "backyard factory for recycling", in the hope of opening up a recycling market on the Mainland.

Dr Kitty POON, Under Secretary for the Environment also mentioned the "point to point" approach at a media interview two years ago and proposed to allow reputable companies in the Mainland and Hong Kong to become licensed pilot points and to create a Pearl River Delta recycling industry, so as to achieve the target of developing the "front shop for collecting recycling materials" and "backyard factory for recycling". However, no great progress has yet been achieved after the proposal was put forward, and this is an area which I hope the SAR Government can follow-up with the relevant departments. The authorities should discuss on how customs clearance arrangements for waste identification can be made, with a view to opening up the recycling markets of Hong Kong and the Mainland.

Furthermore, I also think that the cultural creative industry should be worth exploring. Mr WONG Kwok-hing and Dr Samson TAM also mentioned earlier that not much progress has really been made in the development of the six industries where Hong Kong enjoys clear advantages. Among the six industries, the cultural industry may have the greatest development. The industry contributes 3.9% towards our Gross Domestic Product or 5.4% towards employment, it is actually the industry which has made the most contribution among the six industries. Let us consider this, Hong Kong actors and actresses are often found working with their mainland counterparts, and in this connection,

we hope that the Government can relax its restriction on the number of Hong Kong performers.

Furthermore, I have also found out from the Wikipedia that many television drama series or programmes produced by Hong Kong television stations have been broadcasted on the Mainland and a considerable amount of advertising revenues are involved. For example, in 2002, revenues generated through advertisements broadcasted on the Asian Television (ATV) and the Television Broadcasts (TVB) stations were \$600 million and \$900 million respectively — this was the figure for 2002 — but as the television stations have not yet "landed" in the Mainland back then, there were difficulties in splitting the revenues. Though ATV and TVB formally "landed" in Guangzhou in August 2002 and September 2004 respectively, no agreement has yet been reached over the issue of advertisement revenue-sharing. As such, there are actually many areas which the SAR Government can offer assistance. In talking about the integration of the Mainland and Hong Kong cultural industry, I hope that the Government can widen the scope for freedom of creation, with a view to assist democratic developments. All in all, it is most crucial that our discussions on this motion are not "being planned", and Hong Kong people should be given more freedom for participation. I believe that this is also beneficial to the integration of the Mainland and Hong Kong (*The buzzer sounded*) ..... Thank you, President.

**PROF PATRICK LAU** (in Cantonese): President, the Outline of the 12th Five-Year Plan (the Outline) was just endorsed and promulgated two weeks ago at the Fourth Session of the National People's Congress. The Mainland Government has attached great importance to the development of Hong Kong, as evidenced by the separate chapter specially devoted on the Hong Kong and the Macao Special Administrative Regions in the Outline.

When I was a Member of the Town Planning Board, we noticed that the place northward of the Shenzhen River was often completely blank on the Outline Zoning Plan of Hong Kong, not even a road could be find there, indicating that the Administration of Hong Kong had paid little attention to the development in Shenzhen and the Pearl River Delta region. On the contrary, in my visits to Guangdong Province, when I discussed with relevant people on planning matters, I noted that they attached great importance to the planning of Hong Kong and were very concerned about and familiar with our development. I thus very

much welcome that the Central Government, as highlighted in the Outline, supports and affirms the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) in respect of the co-operative arrangements made between Hong Kong and Guangdong to form a metropolitan cluster to be led by Hong Kong. I repeat, it is "to be led by Hong Kong".

I once discussed with several Members on how to approach the Study on Action Plan for the Bay Area of the Pearl River Estuary (Estuary Action Plan) which is to be implemented jointly by the governments of Hong Kong, Guangdong and Macao in accordance with the Framework Agreement. The Study is a comprehensive review on the development initiatives separately taken forward or planned to be taken forward in the three places, in a bid to consolidating the edges of the three places to formulate a long-term planning strategy, so as to build a quality development area for living, work, tour and nature conservation. This indeed merits our full support.

Unfortunately, the two-week public consultation on the Estuary Action Plan conducted by the Hong Kong Government this year has sent strong repercussion in society. As Members may know, many colleagues have asked me to initiate a topical discussion in the Panel on Development, saying that the consultation time is seriously insufficient and even criticizing that Hong Kong will become a "planned" target under the Estuary Action Plan, which is not in line with the principle of "one country, two systems".

I hold that there a lot of room for improvement in respect of consultations implemented by the Government. I thus hope that the Government can follow the examples of countries such as Holland to establish an urban planning exhibition centre at district level for open and easy access by the public, so as to clearly set out the urban planning in Hong Kong and our neighbouring regions, and to set up a platform for public consultation on urban planning at different places, so that the public can express their views at any time and minimize wrangles.

The criticism of Hong Kong "being planned" is in fact unfair. As early as 2007 when the Government launched the Final Report of Hong Kong 2030: The Planning Vision and Strategy, it has put forth in Chapter 13 of the report the "one region" concept. Does this mean that the Mainland is "planned" by Hong Kong? Under the context of the Pearl River Delta region progressing into a multi-nuclei

city cluster, Hong Kong must recognize the importance of synergy generated from co-operated and co-ordinated development and the fact that the concept of social-economically unifying cities such as Shenzhen, Macao and Zhuhai within the coming decade is no longer impracticable.

As a matter of fact, many professionals of my industry have pointed out that in the midst of rapid development of other cities in China, if Hong Kong remains nonchalant to implementing the arrangements of the 12th Five-Year Plan, we will gradually be marginalized.

Thank you, President.

**MR LAU KONG-WAH** (in Cantonese): President, Ms Audrey EU just raised some criticism targeted at Mr IP Kwok-him. Unfortunately, she is not in the Chamber now, but I still wish to raise a few points in response.

On the one hand, she used the words "commanding the nobles by holding the emperor hostage", but the usage is neither fish nor fowl. In fact, she should also be able to see for herself that the chapter on Hong Kong and Macao of the 12th Five-Year Plan is only a highlight given by our nation, as to how to implement and supplement the subject in detail, it is up to the SAR Government, various political parties, civic groups and professional bodies to decide.

However, on the other hand, she said that Hong Kong is "being planned". How could she say so? It is only a highlight. People of different sectors in Hong Kong are now making an active effort to supplement and discuss the subject.

Take Ms Audrey EU, the Civic Party and members of the legal profession as an example. As far as the different Supplements to CEPA are concerned, members of the legal profession have been lobbying for "opening up the main door as well as the small doors". Why should their efforts be doubted?

As far as I know, the Law Society of Hong Kong constantly holds discussions with the SAR Government as well as with the mainland authorities. Can these discussions be interpreted as the profession "being planned"? I think both barristers and solicitors should understand that professionals in Hong Kong,

lawyers included, all wish to take advantage of this east wind of reform and opening up and become part of it. I am only using one of the professions as an example.

The biggest edge of Hong Kong today is the service industry. Under the context of "one country, two systems," our biggest edge is also the service industry. On the other hand, the Mainland has attained remarkable achievements in the past 30 years with their secondary industries and in the development into the world's factory. However, at this juncture, after 30 years of development, our country has reached a stage which needs modern service industry and professional services to help it scale new heights in the coming 30 years, and Hong Kong can rightly play this supplementary role.

Today, if political parties of this Council fails to see this point, if they fail to see this point and interpret "one country, two systems" in a segmented approach, or face the development of "one country, two systems" with a "isolated-island" mentality, I think the political parties have failed to keep up with the situation, which is not conducive to the long-term development of Hong Kong.

Do some colleagues not frequently say that Hong Kong needs long-term planning? Such long-term planning is precisely the integration with the enormous mainland market of 1.3 billion people. Why did they say yesterday that Hong Kong needed long-term planning, but criticize today that Hong Kong is "being planned"? Why do they have this "isolated-island" attitude? Sometimes, I simply do not know what logics they use to perceive the problems in Hong Kong. I am indeed very worried if the long-term development of Hong Kong is placed in their hands.

President, actually under "one country, two systems", there are certainly differences between the "two systems", but there are certainly things in common under "one country". Yet, how are we going to take advantage of the development of one country to give the strengths of two systems their full play? This is the hope that our country has on Hong Kong; this is also the hope that the public have on political parties, hoping that they can give supplementary advices and proposals.

Ms Audrey EU has just returned to the Chamber. I am delighted that she has noticed that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has compiled some commentaries and research documents. Many people have read these documentations and have given positive comments to the DAB. As a responsible political party, we will continue to conduct researches, particularly on subjects such as integration of the two places, economic developments, upward progression of the people, and so on. We will properly take forward these researches. I thus hope that Ms EU can give us more advices, particularly constructive criticisms on our researches. However, all in all, this hinges on different parties' efforts, rather than pulling each others' hind leg.

As far as the Budget is concerned, it has received positive as well as negative comments because, to begin with, many people welcome the revised Budget; and second, some people have voiced the need to lay down a long-term development plan. This is good for we need to work concertedly to formulate and fight for a long-term development plan for the benefit of the people's livelihood in the long run. Let us stop pulling each other's hind leg.

I thus hope that this turning point can drive all political parties in this Council to take up their responsibilities and be concerned in the way people are concerned and think in the way people think, so that something bad can be turned into something good. Hence, we can play our roles in many ways under different subject matters of the 12th Five-Year Plan. Take the Qianhai Area development or the Shenzhen-Hong Kong development as an example, we do have the capacity to play the supplementary role. President, in fact, this point has been raised in the 12th Five-Year Plan. Our country has launched six Five-Year Plans in the past 30 years, each of them have succeeded in reaching the targets. As Hong Kong is included in such an important chapter of the 12th Five-Year Plan, we very much hope that Members can be fully prepared to play our parts in implementing the key points in the Plan together.

In fact, with the launching of the 12th Five-Year Plan, the next question we should start to think about is the steering of the 13rd Five-Year Plan. This is indeed a long-term work.

Thank you, President.

**MS AUDREY EU** (in Cantonese): President, I wish to make a clarification because I believe Mr LAU Kong-wah has misunderstood me.

I did not mention any "isolated-island" attitude, nor did I say that I do not want long-term planning. I said it is very important that ..... President, you have also listened to what I said. My most important point is that Hong Kong should not be "planned". Any planning involving Hong Kong should include bottom-up participation of the people.

**MR RONNY TONG** (in Cantonese): President, I do not want to believe it but I am afraid that not many Hong Kong people truly understand what the 12th Five-Year Plan is about. People certainly understand the literal meaning of 12th Five-Year Plan, but what is the planning about? The planning in question is in fact not just the planning of facilities. It is the strategic outline of the development of society as a whole and its socio-economy. If this is the case, I find it strange that in our discussion of the 12th Five-Year Plan, why did the Government only arrange the Secretary for the Constitutional and Mainland Affairs to attend the meeting? Should the Office of the Chief Executive not send a representative to attend the meeting? At least the Development Bureau should send a representative to listen to our views, but none of them has come. This is the first point I find it odd.

The second point I find it odd is about the question of Hong Kong "being planned", which many Members in the Chamber have spoken on. Some said that Hong Kong is "being planned", while others disagreed. Mr WONG Kwok-hing just rose to say that he did not worry that Hong Kong is "being planned", but that there was no planning for Hong Kong. I truly do not understand what he means. Even though there is "one country, two systems", Hong Kong is still a part of China. If China maps out an outline of its socio-economic development at national level, should the outline not cover Hong Kong? I think this is absolutely untenable.

If we look at the news coverage on the 12th Five-Year Plan, we will notice that the Chinese President HU Jintao has emphasized the need to step up efforts to re-organize the structure of national income distribution. We will also find that Mr JIANG Minglin has called on the authorities taking charge of financial affairs to change from economic finance to public finance, urging that money

should be expensed on livelihood-related portfolios such as social protection, healthcare reform, free education, affordable housing and environmental facilities, and efforts should be stepped up to enhance the accountability of financial-affair authorities and community construction projects. From our country's perspective, I think the strategic outline is definitely not just applicable to other places in the Mainland, it should also apply to Hong Kong, particularly under "one country, two systems".

As regards whether Hong Kong is "being planned", President, I have listened very attentively to Premier WEN Jiabao's speech at the press conference. His remark, which has been quoted constantly, was made in response to a reporter who pressed him for comments on the wealth gap in Hong Kong.

President, I may well read out Premier WEN's earnest and sincere remark here. After speaking highly of the long-standing edges of Hong Kong, he said, "As I have said, Hong Kong should pay close attention to three things. First, Hong Kong should have a long-term and scientific development plan; second, it should attach great importance to addressing those underlying problems in its economic and social development; and third, it should work hard to improve people's livelihood." President, I do not think that this is evidence of Hong Kong "being planned". I hold that even if the remark is not made by the Premier, but a common fellow, the SAR Government should humbly listen to such an earnest and sincere remark and we should not say that we are "being planned" by our country.

I echo Mr WONG Kwok-hing who just said that he "did not worry that Hong Kong is 'being planned', but that there was no planning for Hong Kong". However, I wish to supplement that "if the Government is unwilling to map out a plan, Members and the people should strive for it". What I mean is certainly planning for tackling the livelihood issues in Hong Kong and an outline for the economic development in Hong Kong. Frankly, I think many people will agree that the Hong Kong SAR does not have a five-month plan, let alone a five-year plan. We cannot find any long-term planning in areas of housing, healthcare, retirement protection, education, and so on.

If we refer to part (b) of Mr IP Kwok-him's motion, that is, "to optimize the use of abundant financial revenue and huge foreign exchange reserve to further enhance the building of the social security system and take good care of the

underprivileged, with a view to improving people's livelihood". Everyone in Hong Kong will support these proposals. This is the consensus of all political parties and the entire society. Why did the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) not fight for them? In their meeting with the Financial Secretary, why did they not voice these proposals? Mr WONG Kwok-hing said that he was proud of the people of Hong Kong today because they have secured the \$6,000 handout. When dole money is to be handed out, he said that he was proud of the people of Hong Kong; but why did he not fight for our long-term planning? Are Hong Kong people genuinely unwilling to be "planned"? Are they completely satisfied after receiving the \$6,000? If so, I cannot see why he said in the Chamber that he worried that there was no planning for Hong Kong.

President, I hold that people in politics should have integrity; one must not hold double standards. As far as the 12th Five-Year Plan is concerned, Hong Kong has to face the issue of long-term planning which is what we should fight for. I hope Members will all approach this subject with this attitude.

**MR WONG YUK-MAN** (in Cantonese): President, the 12th Five-Year Plan reminds me of the Second Five-Year Plan in 1958. The one in discussion now is the 12th Five-Year Plan. The Communist Party adopted a planned economy, but has now turned to a market economy, coining it as a planned free economy or planned market economy. In comparison with the Second Five-Year Plan then ..... Frankly, the background then was different from the background now, but I cannot help but think about the past. After all, remembering past misery can better appreciate present happiness.

Our nation and people were scourged by this poorly-designed collective and planned economy. President, you should be very familiar with the Three Red Banners, that is, the General Line, the Great Leap Forward and the People's Commune. How many lives were lost in the end of the movement? Tens of millions. The General Line was the epitome of socialistic construction, which encouraged the people to "muster up their energy to make their way upstream and build socialism with greater, faster, better and cheaper production". This reminds me of a Chinese slogan of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), which literally means "Build a better environment with greater concern, faster response and smarter services". I am

not sure if they obtained the idea from the slogan at that time. The DAB's slogan is "Build a better environment with greater concern, faster response and smarter services", while the slogan in 1958 was "Build socialism with greater, faster, better and cheaper production".

Besides, the Great Leap Forward boiled down to speed. Under the mass steel campaign, the Party leadership sought to surpass the steel production of the United Kingdom and catch up with that of the United States in 15 years. The People's Communes put the people on a collective footing. There were no families. Your wife and someone's husband might eat together in a small team of a larger team that belonged to another commune. The Second Five-Year Plan was the bane of our nation and people. Many people were perished. We must learn from this lesson. Reminding ourselves of the miserable memory of these Five-Year Plans whenever possible and we will be able to better appreciate our present happiness.

We are flattered by the fact that Hong Kong is covered under chapter 57 of the 12th Five-Year Plan, thinking that the economy of China will soon surpass that of the United Kingdom and catch up with that of the United States. In fact, China surpassed the United Kingdom long time ago. It has already surpassed Japan, how could it not surpass the United Kingdom? It now devotes its energy on overtaking the United States. How marvelous! It even takes Hong Kong under its wing and has devoted a separate chapter on Hong Kong detailing what we should do, such as developing into an offshore Renminbi business centre, an international asset management centre and a high-value goods inventory management and regional distribution centre. If the Plan intends to develop Hong Kong into these centres, do you think people in general can be benefited? Have in-depth studies been done on this?

Having touched on this subject, I have to talk about Taiwan. In my recent visit to Taiwan to attend a meeting, I noted that all financial magazines in Taiwan focused on the 12th Five-Year Plan. Taiwan wishes to have closer economic ties with the Mainland, but be separated from it politically. The stance of the Democratic Progressive Party (DPP) is ambiguous because this political issue may stand in the way of closer economic and trade relations between the two sides and slow down the development. Yet, the DPP constantly worries that development has to be pulled back a little in case it progresses too quickly. It is very troublesome. We do not have such troubles. We can embrace our nation.

Besides, our nation is like our father who looks after us. That may be why the Taiwanese envy us.

Yet, Taiwan has its political alertness. It plays the victim role even if it has taken an advantage. It seeks economic benefits from you but rejects you politically. Its people will still vote for the DPP. The Taiwanese are really smart. This is the same as one of my past slogan, "Impoverish DAB and Vote for LSD". The logic is the same. There are many experts and academics in Taiwan who study the impacts of the 12th Five-Year Plan on Taiwan, the rooms for development and the cons that Taiwan may have in the light of the 12th Five-Year Plan. No such research has been done here. Hence, we should bear this in mind in our discussion of the 12th Five-Year Plan.

On the other hand, does the 12th Five-Year Plan or the planned economy really applicable to Hong Kong? It has been laid down in the Basic Law that the capitalist system shall remain unchanged in Hong Kong for 50 years. Should we now adopt a planned economy and accept the planning of our country? Mr Ronny TONG said just now that we lack long-term planning on other livelihood issues and the topic of my speech is precisely "Hong Kong needs long-term livelihood planning". It is from this Plan that we base our discussion on livelihood planning.

Sometimes it is really hard to understand the financial philosophy of the Hong Kong Government. On the one hand it stresses active non-intervention, market economy and market comes first, but on the other hand, it intervenes in some areas, leaving what it should do undone. It does not deal with the existing problem of high land premium because it has taken part in robbing, by art and plunder, our hard-earn money. The high land premium policy is tilted in favour of the tycoons. This is an unchanging fact. Yet, it now agrees with the planning and agrees with "being planned".

It is no news that Mr WONG Kwok-hing agrees with Hong Kong "being planned". First, it is because of his patriotism; and second, because he is a leftist. There is nothing wrong for him to talk about planning and planned economy. What Mr WONG Kwok-hing has said is appropriate to his role. "I want to be planned; I want to be planned." Some Hong Kong people say, "We do not want to be planned", but they want the sweetener. Why not let them say it all? The logic now is confusing. I hope that Members can do some research

and make an effort to look into the 12th Five-Year Plan when they speak on this motion on the 12th Five-Year Plan moved by Mr IP Kwok-him. It is very simple. All it takes is click onto the Internet and read how Mainland experts and economists have responded to the 12th Five-Year Plan, including Justin LIN Yifu and Taiwan economists, as well as people around the world. Only this can make the discussion meaningful; otherwise, the discussion has no substance.

Hence, although I have made a long speech, it can boil down to livelihood planning. It comes from the 12th Five-Year Plan, from our recognition that livelihood planning is important. We certainly advocate planning and that the Government should kick start more projects conducive to people's livelihood. This is our stance. It is as clear as day. I hope that the motion debate can stimulate Members to be more serious and do some research before they speak. Thank you, President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

**MR ALBERT CHAN** (in Cantonese): President, the debate on the 12th Five-Year Plan has fully reflected that many people in the local political arena are politico-schizophrenic. As pointed out by Mr WONG Yuk-man just now, the 12th Five-Year Plan manifests the planned economy upheld by socialism and the Communist Party over the year. It is the complete control and management of the economy, politics, livelihood and even cultural society by the politburo. It is a practice inherited from the Russian mode of communism.

Many Members and the Hong Kong Government advocate and insist on adopting the idea of "big market, small government". The Financial Secretary even put forth the idea of "big society" recently. However, this "big society" is certainly not the big society defined under socialism. It is the role of society defined under conservatism or it defines the role of consortia, as promoted under this idea of "big society", that they should have compassion and each make their small contribution to the vulnerable. It has no actual relation to and impact on the distribution of power, resources and interests.

Let us look at the most important ideologies put forth in Chapter one of the 12th Five-Year Plan. First, the Chapter makes it clear that the country will

strive to break new ground in scientific development. To the Communist Party, the scientific development mentioned here has a profound meaning, which is in line with what DENG Xiaoping advocated, that is, the new economic modal with Chinese characteristics fueled by communism.

Second, the guiding ideology of the 12th Five-Year Plan is "to implement policies pertaining to Party's theories, line and principles by the people under the leadership of the Party". Do fellow Members here who support the 12th Five-Year Plan know what is "to implement policies pertaining to Party's theories, line and principles by the people under the leadership of the Party"? Support the 12th Five-Year Plan is "to implement policies pertaining to Party's theories, line and principles by the people under the leadership of the Party".

Let us go back to the different sections and chapters of the 12th Five-Year Plan. It does not matter whether the content is about people's livelihood or economic development (including cultural development), the sections and chapters have a strong socialistic colour or logics which take root in communist theories. The sections and chapters go into such details as "to give full play of the political strength of our country's socialistic system", explicitly advocating that our country wants to fully take forward the socialistic system.

Chapter 57, titled "Maintaining the long-term prosperity and stability of Hong Kong and Macao", mentions Hong Kong, indicating that our country will continue to "support Hong Kong in developing its financial services, shipping, logistics, tourism, professional services, information and other high-value-added services"; and that Hong Kong will develop into an offshore Renminbi business centre and an international asset management centre and that environmental protection, healthcare services and education services will also be developed.

What about other aspects which are not mentioned? A key element under the planned economy of the Communist Party is that development will be focused on areas mentioned in the Five-Year Plans, while other areas not mentioned can be disregarded. Do Members agree that the Government is duty-bound to follow up every aspect mentioned in Chapter 57 and that Hong Kong must take corresponding actions and disregard all other aspects that are not mentioned? This is precisely a key principle, arrangement or problem of the planned economy.

President, the schizophrenia I just mentioned is getting more and more serious in Hong Kong. The same is true for the democratic camp. On the one hand they have stepped up efforts to suppress protests in the Legislative Council and managed to dispel Members from meetings through their committee chairmen, but on the other hand, they jumped into the sea with members of the public in protest. The logic is ridiculous and is absolutely schizophrenic. They play the role of a protest hero outside the Chamber, but line up with the pro-establishment camp inside the Chamber to suppress protests.

The 12th Five-Year Plan also suppresses protests. It specifically points out that the Communist Party supports the long-term stability of Hong Kong and Macao and is completely against any protests or proposals of unco-operative movement. Hence, pledging one's support to the 12th Five-Year Plan not only indicates that he supports the mode of economic development upheld by the communism, but also supports the tightening of control and management of political and livelihood issues.

I do not know how many Members of the democratic camp will later support the motion. Many Members have proposed amendments which focus only on certain viewpoints or certain local problems, such as the airport or environmental problems. My brothers, please read carefully about the key contents of the 12th Five-Year Plan, that is the sections and chapters I mentioned just now, that is, sections one and two and chapters one to four under section one.

We must first understand the overall thinking and the basis of ideologies before discussing the details. If one has not discussed the guiding ideology, the main objectives and policy directives of the 12th Five-Year Plan and proceeds directly to discuss the airport problem in the light of the 12th Five-Year Plan, he has neglected the entire forest for one single tree. He must understand that the forest can be a dark labyrinth where no one can come out again once entering it. Yet, he blindly enters into the forest for the sake of a single tree or a flower. This logical thinking is extremely absurd and naive and it will only lead Hong Kong into an abyss.

**MR CHAN KAM-LAM** (in Cantonese): President, the Outline of the 12th Five-Year Plan was officially endorsed on 14 March, which means that China's economic development in the next five years will experience a significant

breakthrough. As the bridge and window for China's economy to go global, what role does Hong Kong play in China's future development? What mission do we need to complete? How can we make use of the opportunity presented by the 12th Five-Year Plan to give play to and develop our edges, as well as explore new development opportunities for Hong Kong? These questions warrant our study and consideration.

The 12th Five-Year Plan, for the first time, explicitly indicates the "support for Hong Kong to develop into an offshore Renminbi (RMB) business centre and an international asset management centre". What is more, when replying to a reporter after the meetings of this year's National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC), Premier WEN Jiabao has further reiterated the importance of the financial reform in Hong Kong.

The 12th Five-Year Plan suggested the need to deepen the nation's reform of the financial system, and proceed with reform of the interest rate market in a steady manner, thereby facilitating RMB's gradual move towards full convertibility.

The "one country, two systems" principle enables Hong Kong to become the only independent and open financial market within China, providing the best testing ground for realizing capital openness and RMB internationalization. With the rapid growth of China's economy, RMB has become increasingly important in international finance and there have been repeated calls for RMB internationalization. If Hong Kong becomes an offshore RMB clearing centre, we can be better equipped to face the challenges pose by our neighbouring rivals like Singapore, Shanghai and Shenzhen. We will then have a higher chance of standing out in the regional competition, thereby upgrading Hong Kong's status as an international financial centre.

From Panda Bond to the issuance of RMB bonds which worth RMB 36 billion in 2010, and from the permission of cross-border trade settlement in RMB in Hong Kong, Shanghai and four designated Guangdong cities to the impending expansion of the RMB cross-border trade settlement pilot scheme to the rest of the nation this year, Hong Kong's RMB business has actually advanced to a new stage. However, there are currently not many RMB-denominated financial products in the market. The development of RMB business over the past eight years falls far short of the original target of developing Hong Kong into

an offshore RMB clearing centre. Hong Kong still has a long way to go before it can be developed into an offshore RMB clearing centre.

In the years to come, the authorities should expeditiously review the existing legislation to enable the listing of RMB-denominated financial products in Hong Kong; gradually liberalize or relax the restrictions on the inflow and outflow of RMB; actively promote the retailing of various kinds of Hong Kong dollar-denominated bonds and RMB-denominated bonds, thereby forcing the banks to substantially reduce their transaction fees, as well as encouraging banks in Hong Kong and Guangdong to engage in cross-border automatic transfer or electronic transfer among banks. In doing so, we can better prepare ourselves for taking forward the RMB business.

As stated in the 12th Five-Year Plan, Shanghai would become an international financial centre in 2020. Many people worry that this is a threat to Hong Kong's status as a financial centre. We think that while the competitiveness of Shanghai should not be neglected, Hong Kong needs not worry too much as we still have plenty of time before 2020. After all, Hong Kong is widely recognized as the world's freest economy with high standard of professional services which integrate with the international world. What is more, it has a world recognized capital market and a sound judicial system. Such software has made Hong Kong's status as an international financial centre irreplaceable.

In view of the wave of merger of world exchanges, Hong Kong can consider how co-operation with exchanges in the Mainland can be enhanced, such as allowing reciprocal listing of securities products or reciprocal commercial activities carried out by banks or investment agents. Having said that, it is not right for us to think that Hong Kong is always China's international financial centre, or offshore RMB business cannot be set up elsewhere but Hong Kong. Given that the first RMB business centre of the Industrial and Commercial Bank of China was established in Singapore and the Mainland is actively considering opening up its financial market, the status of Hong Kong as an international financial centre may be undermined when the Mainland actually opens up its financial market. Therefore, Hong Kong should maintain its edges and seize every opportunity to actively explore the development of RMB business at this juncture when the nation's financial system is gradually opening up. Hong Kong should introduce more RMB-denominated financial products; develop offshore

RMB money market and foreign exchange market in a steady manner; increasing the settlement volume of RMB in Hong Kong; increasing RMB circulation between Hong Kong and the Mainland, and developing Hong Kong into an offshore RMB clearing centre.

With these remarks, President, I support the motion.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, just now I heard Mr CHAN Kam-lam say that, according to the Mainland, Shanghai would become an international financial centre in 2020. This is good because the Chinese Communist Party (CCP) has really changed in the fourth generation, just as DULLES had said. The CCP was founded in Shanghai in 1921 by overthrowing the capitalist system, and it is going to demonstrate to the world that China would emerge as an international or Asian centre for the exploitation of financial capital in 2020. This should be celebrated.

People may ask what is so bad about the Plan. It is certainly good to have the Plan in place, but who is in charge of the Plan? It must be approved by the National People's Congress (NPC) for execution by various ministries. Who elected the Hong Kong Deputies to the NPC? I do not know. Some people said that this Plan is very important, but how can Hong Kong take part in it? Of course, the election did not take place here. How did the Hong Kong deputies get elected? Speechless. The answer is they were returned under closed-door politics by an election where the number of candidates was equal to the number of seats. They are seen as merchandisers, right?

I also notice that many Mainland people wish to become deputies to NPC, but their wish cannot be granted. For instance, Mr LIU Xianbin was sentenced to 10 years' imprisonment; Mr RAN Yunfei was arrested because of the Jasmine Revolution, so was Mr DING Mao, and Mr LIU Xiaobo was also imprisoned. The editor of the book *Heralds of History — Solemn Promises Over Half a Century Ago*, which I often bring with me, is called Mr XIAO Shu, who denounced the Chinese Communist Party of betraying trust and justice. He is having a two-year administrative vacation in Guangzhou and has disappeared from this world. What exactly are you talking about? How can you represent Hong Kong people?

Mr LAU Kong-wah keeps saying that they are very responsible as they have put forth a number of proposals. Buddy, as the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has received a lot of money from businessmen, especially from those red capitalists, their proposals were definitely made in the interests of those red capitalists, right? They are represented in the Mainland through the platform of Hong Kong deputies to NPC, whereas in Hong Kong, they are asked to serve as representatives of the red capitalists or capitalists. There is nothing special at all. Given that their political platform is dedicated to serve the capitalists, why do they still brag about their proposals? Did they draft the proposals themselves? No, they hired someone to draft for them. Their boss asked them to make proposals on the offshore Renminbi (RMB) clearing centre and request for more land for Sinopec (Hong Kong) Limited and Chinaoil (Hong Kong) Corporation Limited to facilitate the supply of LPG gas to local taxi drivers. How can they, the merchandiser, still say something like this?

This is the servility mentality. President, what is meant by a servility mentality? MONTESQUIEU said, "Ambition in idleness; meanness mixed with pride; a desire of riches without industry; aversion to truth; flattery, perfidy, violation of engagements, contempt of civil duties, fear of the prince's virtue, hope from his weakness, but, above all, a perpetual ridicule cast upon virtue, are, I think, the characteristics by which most courtiers in all ages and countries have been constantly distinguished." It is the servants of our ruling coalition who have betrayed trust and justice. Buddy, Mr CHAN Kam-lam of the DAB had said that the Budget was basically acceptable when it was announced. This is undeniable. This is a betrayal of trust and justice, right? Is this not perfidy, violation of engagements or flattery? Is this not contempt of civil duties? They said it was acceptable in the first place, but what actually do they accept? Please answer me. They said that they basically accept John TSANG, but do they mean it? Are these merely empty words? Nonsense!

President, MONTESQUIEU died long ago. Someone said that the servility mentality was undesirable and should be replaced by a master mentality. He said, "The world is ours, the nation is ours, society is ours. If we do not speak, who will speak? If we do not act, who will act?" Please do not refute this remark as it is said by our founding father in the *Xiangjiang Review*. PENG Qinghua said that we should complement the 12th Five-Year Plan, and avoid holding demonstrations, and if demonstrations are held, this and that should be done. Who is PENG Qinghua? By founding father, I mean the founding father

of the People's Republic of China, not SUN Yat-sen. He said, "The world is ours, the nation is ours, society is ours. If we do not speak, who will speak? If we do not act, who will act?"

The present 12th Five-Year Plan is implemented under one-party dictatorship. Mr Albert CHAN said that it is implemented under socialism, which is not correct. In fact, it is implemented in the name of one-party dictatorship and in the name of the Father, and is actually capitalism monopolized by the nation. The NPC is actually a "spoils sharing club" in which good guys do not have a chance to speak. What can we do in Hong Kong? Can we have any plans? Very simple, China, Hong Kong and Taiwan are practicing city politics and have become city economies. Shanghai, Shenzhen and Taiwan have been turned into a capital circle monopolized by Greater China where billionaires make a fortune, speculate in properties and buy cosmetics. They can be found everywhere. This is exactly the China that we cherish. Let me tell you, Louis XIV of France, the Sun King, was very famous, but he was sent to the guillotine in the end. How dare you say something like that? Is RMB convertible? Are we qualified for the conversion? These are the issues that should be discussed in the first place. 2020? Betrayal of revolution?

Honourable Members, such servility mentality should be eliminated. Some political parties originally support the Financial Secretary, but then felt regret. How can we trust someone who has betrayed trust and justice? Secretary, do not trust them as betrayal of trust and justice would only end up in disgrace. Anyway, it is fine as there is someone more superior. They are merely eunuchs and generals.

President, this is all I have to say. What else can we say under such a government?

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr IP Kwok-him, you may now speak on the amendments. The speaking time limit is five minutes.

**MR IP KWOK-HIM** (in Cantonese): President, the 12th Five-Year Plan is a major plan which concerns with the development of our nation and Hong Kong in the next five years, covering such perspectives as economic, social and people's livelihood. We should therefore take heed of advice by all means and mobilize social power in a wide extent, with a view to designing the future of Hong Kong together. Just now, 16 Members ..... it should be more ..... eleven plus six, that is, 17 Members have spoken on this topic and I am very grateful to them.

Mr LEE Wing-tat and Mrs Sophie LEUNG requested the Government to provide subsidized sale flats by, for instance, resuming the Home Ownership Scheme (HOS) and the Tenants Purchase Scheme, and constructing more public housing flats. These proposals are in line with what the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has advocated. The DAB has recently proposed an improvement to the My Home Purchase Plan introduced by the Government, suggesting that the rent-to-buy arrangement should be replaced by a "rent-or-buy" arrangement where discounted flat prices will be offered. It is believed that the new arrangement can better meet or cater for the strong needs of the general public. I am very glad that the Government has agreed to consider the proposal and the DAB welcomed its consideration.

Mr WONG Sing-chi's amendment proposed a universal retirement protection system, which has aroused much public controversies. I am of the view that there should be more discussions at this stage. The DAB is open in this regard and is ready to participate in the relevant study. However, regarding Mr WONG Sing-chi's proposal to allocate an additional \$200 billion — sorry, it should be \$20 billion — as recurrent expenditure, the DAB considers that all expenditures relating to the social security system, such as healthcare, education and welfare, during the implementation of the 12th Five-Year Plan, must be scientifically proved rather than just empty words. If we look merely at the proposed \$20 billion expenditure, we can see that it does not comply with the prudent fiscal principles of keeping expenditures within the limit of income and avoid having deficit as enshrined in the Basic Law. We therefore have great reservation about this proposal.

I also heard Mr WONG Sing-chi mentioning the so-called "one-night stand" philosophy earlier. It all depends on how they look at this approach, and we will not stop them if they so wished. As the core philosophy of the DAB is to take families as the basis, "one-night stand" is therefore not our cup of tea.

The DAB is different from the Democratic Party. They just do what they want, so let them solve the problem on their own.

I nonetheless wish to point out that it is an irresponsible and malicious attack if they criticized the pro-establishment camp of "making a U-turn to the neglect of the interests of Hong Kong people" simply because it refused to accept their views. This reminds me of a viewpoint mentioned in the *Aesop Fables*, in which a fox alleged that the grapes, which it was unable to eat, were sour. This is indeed a pretty ridiculous allegation. However, if the fox did not only allege that the grapes were sour, but went so far as to deliberately damage the grape tree, then this behaviour is not only ridiculous, but also unwelcomed.

We support Ms Miriam LAU's amendment because it highlighted the situation of "Big doors are open, but small doors are shut", and provided some very good additional information about the opportunities presented by Qianhai. Regarding Mr Alan LEONG's amendment, we consider that environmental and cultural conservation are not contradictory but a balance can be struck. However, if we ..... propose that (*The buzzer sounded*) ..... therefore the DAB cannot support .....

**PRESIDENT** (in Cantonese): Mr IP, your speaking time is up.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, I am very grateful that different political parties and Members of the Legislative Council are so concerned about the work of the 12th Five-Year Plan, and have put forth so many proposals over the past few hours. I am going to respond from a number of perspectives.

First of all, I want to respond to a new pet phrase of Ms Audrey EU and a number of Members, that is, "being planned". I must solemnly declare that there is no such thing as Hong Kong "being planned". Our efforts in promoting basic infrastructures, social policies, economic development and urban planning have been in accordance with the "high degree of autonomy" empowered to Hong Kong as enshrined in the Basic Law.

As Prof Patrick LAU has just said, after the Planning Department published the "Hong Kong 2030 — Planning Vision and Strategy Study", Members have been busy examining the basic infrastructure projects proposed by the SAR Government, as well as the various policy matters relating to the development of Hong Kong in the next five or 10 years, or even longer. Therefore, Members should know clearly what is going on. The phrase "being planned" is nothing but an indiscriminate label which has negated the potential opportunities presented to Hong Kong by the 12th Five-Year Plan.

President, over the past years, we have been requesting the National Development and Reform Commission (NDRC) and the relevant ministries of the Central Authorities to include some general statements on Hong Kong into the 12th Five-Year Plan. Our overall objective has been crystal clear, and that is, to explore more and better development opportunities for Hong Kong in the Mainland.

In the 12th Five-Year Plan, the Central Authorities have set out a number of directions. First, they will continue to support and enhance Hong Kong's status as an international financial services, trade and shipping centre. As a very good foundation has been established in Hong Kong for the development of Renminbi (RMB) service, further developments can be made in future which will be conducive to the development of an offshore RMB centre in Hong Kong.

Second, in the chapter dedicated to Hong Kong and Macao in the Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China, the Central Authorities states that the early and pilot measures implemented in Guangdong will be gradually extended to other regions. As we can see, since 2003, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has opened up many new opportunities for Hong Kong. Take the Individual Visit Scheme as an example, among the 36 million annual inbound tourists, 60% comes from the Mainland, which equals to more than 21 million people. An expansion of the coverage of the early and pilot measures is definitely beneficial to Hong Kong.

Third, the Central Authorities has also stated clearly its continuous support for Hong Kong's regional co-operation with other Mainland provinces and municipalities, and special light has been shed on the development of Qianhai. We eagerly hope that the development of Qianhai, which covers an area of about

15 sq km, will enable Hong Kong's financial services, professionals and service providers to open up a new horizon for Hong Kong in the Mainland for the next 30 years. We can see that industrialization in the Mainland, Southern China and coastal areas in particular, has basically completed over the past 30 years. It is therefore the most appropriate and right time to continue taking forward the development of tertiary industries in the Mainland, during which Hong Kong should have a part to play. Instead of "being planned", Hong Kong has actually become better equipped to secure better development opportunities in the Mainland so that the 7 million Hong Kong people will be better and adequately fed.

Mr LEE Wing-tat queried if Hong Kong society is concerned about the 12th Five-Year Plan and has engaged in extensive discussions. In September 2009, the Central Policy Unit had organized a Conference on Global and China's Economy and Hong Kong's Future Development. In December 2010, a seminar on National 12th Five-Year Plan and Future Development of Hong Kong was organized. Furthermore, in September 2010, a seminar on Hong Kong's Roles and Positioning in the Economic Development of the Nation was also organized by the Greater Pearl River Delta Business Council. President, we have from time to time invited Hong Kong and Mainland representative from the relevant authorities, academia and various sectors to attend these seminars. Over the past few years, discussions on the 12th Five-Year Plan were not only held through these platforms, a number of motions on this topic had been moved by Members in the Legislative Council, rendering support to the SAR Government to actively complement the formulation of the nation's 12th Five-Year Plan and the development of regional co-operation. Therefore, in response to Mr LEE Wing-tat's views, the discussion and complementing work concerning the Central Authorities' implementation of the 12th Five-Year Plan is actually fully supported both inside and outside the Legislative Council.

Mr LEE Wing-tat's amendment proposed the resumption of the Home Ownership Scheme, and Mrs Sophie LEUNG has proposed a further amendment to Mr LEE's amendment. The SAR Government put forward the My Home Purchase Plan earlier and has planned to earmark sites in Tsing Yi, Sha Tin, Diamond Hill, Tai Po, Tuen Mun and other areas aiming for a total of some 5 000 flats. We hope to provide 1 000 small and medium-sized units for applications in 2012 and the project will be completed in 2014. The second project will be launched in Sha Tin. It is believed that Members who are concerned about

housing policies should be well aware of this, and officials responsible for housing policies have also briefed Members on these projects.

Mr WONG Sing-chi suggested that we should allocate an additional \$20 billion as recurrent expenditure. Although Mr Alan LEONG has not mentioned the exact amount, he also highlighted the need to increase recurrent expenditure. I wish to reiterate that the revised government expenditure for 2011-2012 is estimated to be \$378.2 billion, representing an increase of \$74.7 billion (or 25%) over the revised estimate for 2010-2011. It is more than 60% higher than that of 2007-2008. If we further increase the recurrent expenditure of this year's budget by \$20 billion against this background, the deficit will continue to grow, which is unfavourable to the overall fiscal management. Therefore, the SAR Government is not going to support this proposal.

When Mr CHEUNG Hok-ming proposed his amendment to amendment, he highlighted the possibility of setting up a public transport fare stabilization fund. We wish to reiterate that, in order to ensure the proper use of public money, we should carefully consider various factors, including the objective of the proposal, target beneficiaries, expected effect and impact. The SAR Government should treat different public transport operators equitably, and avoid providing wrong incentives that undermines the operators' efforts in cost saving and efficiency enhancement. I believe the relevant Policy Bureaux will make further responses regarding this proposal in due course.

Apart from making responses to the amendments, I also wish to respond to the areas covered in the proposed amendment of Ms Miriam LAU, who has just returned to her seat. As her amendment has a pretty wide coverage, I will spend a couple of minutes in response.

First of all, Ms Miriam LAU is very concerned about the future of the small and medium enterprises (SMEs). To the Government, the SMEs have all along been the backbone of Hong Kong's economy. There are about 290 000 SMEs in Hong Kong, accounting for 98% of all local enterprises and employing more than 1.2 million people. Therefore, over the past years, the SAR Government has all along adopted different policies to support the development of SMEs. We hope to increase the total guarantee commitment under the SME Loan Guarantee Scheme from \$20 billion to \$30 billion, and plan to continue

supporting the marketing and enhancement of competitiveness of SMEs through the SME Development Fund and SME Export Marketing Fund.

Ms Miriam LAU also mentioned innovative technology. In October 2009, the Chief Executive formulated the direction and plan for the development of the six industries where Hong Kong has clear advantages. Regarding innovative technology, the construction of Science Park Phase 3 will commence in the latter half of this year and is expected to complete from 2013 onwards. The Government will also conduct a comprehensive review of the Innovation and Technology Fund with a view to improving its assessment criteria and application procedures. Last year, the Government launched the Research and Development (R&D) Cash Rebate Scheme to encourage enterprises to increase their investment in R&D. Under the Scheme, enterprises conducting applied R&D projects would receive a cash rebate equivalent to 10% of the investments. The Scheme covers projects funded by the Innovation and Technology Fund and applied R&D projects conducted by enterprises in partnership with local designated research institutions. The Financial Secretary has indicated that he would be the chairman of the Steering Committee on Innovation and Technology, with a view to better gathering the strength of industry, academia and research. We will continue to work hard to promote the development of innovative technology.

Ms Miriam LAU also mentioned the avoidance of double taxation problem. I reiterate that the Inland Revenue Department and the State Administration of Taxation hold regular meetings to discuss the problems encountered in the implementation of the arrangement for the avoidance of double taxation between Hong Kong and the Mainland, and put forth improvement proposals. We will continue to relay the views of the industry.

Apart from Ms Miriam LAU, other Members (including Mr Alan LEONG) have also mentioned the issue of the third runway. In order to promote large-scale developments, huge capital must be used and environmental implications must also be taken into consideration. There is nonetheless a definite need for Hong Kong to maintain its advantageous position as an international aviation centre. A relevant consultation paper will be submitted later this year, and we hope to continue receiving views from Members.

Members are very concerned about the six industries where Hong Kong has clear advantages. Mr WONG Kwok-hing, in particular, has pointed out that the current situation is like an army without a general. This is not only an

overstatement, but also groundless. We have different Policy Bureaux to deal with industries where we have clear advantages, and the promotion of the environmental industries is certainly under the portfolio of the Environment Bureau. In Hong Kong, the environmental industries have recorded significant growth in recent years. In 2009, there was an increase of 12.4% and the number of employees also increased by 3.6%. On the other hand, a dedicated plan of the Quality Living Area has also been included in the Outline of the Plan for the Reform and Development of the Pearl River Delta and the Framework Agreement on Hong Kong and Guangdong Co-operation.

Another example is medical services, which is certainly promoted by Secretary Dr York CHOW and his colleagues. Under CEPA, Hong Kong's medical service providers can set up wholly-owned out-patient clinics, hospitals and convalescent hospitals in a number of designated provinces and municipalities. Such services are not promoted in Hong Kong alone, but also in the Mainland.

The third example is education service. The Education Bureau has been striving to promote Hong Kong as a regional education hub, and against the background of regional co-operation between Hong Kong and Guangdong, senior high school curriculum and branch organizations have been established with the Mainland. I am not going to go into the details of the six priority industries, but I can illustrate with these examples that these six industries are promoted by various Policy Bureau, and they are not unco-ordinated.

Dr Samson TAM echoed Mr WONG Kwok-hing's view that Hong Kong should make good planning in taking forward the policies in an effective manner. We will certainly do so and will not allow the policies to exist in name only without further developments. Although Hong Kong practices free economy whereas the Mainland practices socialism, there is market-economy interaction between the two places. It is of paramount importance for the SAR Government to communicate and co-ordinate with the Central Government, with a view to seeking the best development opportunities for various trades and industries.

As Mr TAM Yiu-chung has highlighted, the Government does not only focus on the recent Hong Kong-Guangdong co-operation or Qianhai co-operation; rather, it has a wide vision. Right at the beginning of my speech, I told Members that we have been sincerely formulating policies with various Mainland authorities at the central, provincial and municipal level. These

policies range from the economic and development policies of the most macro level, to regional co-operation of the development of Qianhai which covers an area of 15 sq kilometers. In so doing, we hope that the policies of Hong Kong and the Mainland can be complementary, thereby providing development opportunities for various Hong Kong industries.

Mr TAM Yiu-chung also highlighted the development of the West Coast. President, we have been very concerned about this issue over the past few years. We have worked in complement with the various provinces and municipalities of the Pan-Pearl River Delta Region (including Fukian) on the one hand, and established new platforms with the Taiwan authorities on the other. While the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC) has been established in Hong Kong, Taiwan also established a counterpart, the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC). The two sides will make use of this platform (the so-called two mini Cross-Strait organizations) to discuss public policy issues of mutual interest to Hong Kong and Taiwan, and co-operation in the economic sphere. We cannot only establish co-operation with the West Coast, but also with Taiwan across it. We hope that through this Hong Kong-Taiwan co-operation, Taiwan enterprises and capital will be attracted to Hong Kong.

On the other hand, the various early and pilot measures introduced under the 12th Five-Year Plan and CEPA will be expanded for the further development of local industries in the Mainland. Enterprises from the Mainland, Taiwan or Hong Kong will be able to, through policy platforms such as the 12th Five-Year Plan, CEPA, regional co-operation and Hong Kong-Taiwan co-operation, further strengthen and enhance Hong Kong's status as an international financial, trading and shipping centre one day.

President, on the basis of this dedicated chapter to Hong Kong and Macao under the 12th Five-Year Plan, we believe Hong Kong can explore new opportunities and create an environment conducive to its development. Not only for the development in the coming five years, but to pave way for the development of the coming 30 years in these five years.

President, I so submit.

**PRESIDENT** (in Cantonese): Mr LEE Wing-tat, you may now move your amendment to the motion.

**MR LEE WING-TAT** (in Cantonese): President, I move that Mr IP Kwok-him's motion be amended.

**Mr LEE Wing-tat moved the following amendment: (Translation)**

"To add ", given that" after "That"; to delete "; in this connection" after "Mainland and Hong Kong"; and to add ", including providing subsidized sale flats by, for example, resuming the Home Ownership Scheme and the Tenants Purchase Scheme," after "social security system"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LEE Wing-tat to Mr IP Kwok-him's motion, be passed.

**PRESIDENT** (in Cantonese): Mrs Sophie LEUNG, you may now move your amendment to Mr LEE Wing-tat's amendment.

**MRS SOPHIE LEUNG** (in Cantonese): President, I move that Mr LEE Wing-tat's amendment be amended.

**Mrs Sophie LEUNG moved the following amendment to Mr LEE Wing-tat's amendment: (Translation)**

"To delete "providing subsidized sale flats by, for example, resuming the Home Ownership Scheme and the Tenants Purchase Scheme" after ", including" and substitute with "building an appropriate number of Home Ownership Scheme flats and more public rental housing flats". "

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mrs Sophie LEUNG to Mr LEE Wing-tat's amendment, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr LEE Wing-tat rose to claim a division.

**PRESIDENT** (in Cantonese): Mr LEE Wing-tat has claimed a division. The division bell will ring for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr CHAN Kin-por, Mr IP Kwok-him and Dr Samson TAM voted for the amendment.

Dr Margaret NG and Mr CHEUNG Man-kwong voted against the amendment.

Mr Paul TSE abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted for the amendment.

Mr Albert HO, Mr Fred LI, Mr James TO, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, 13 were in favour of the amendment, two against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, eight were in favour of the amendment and 14 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**MS MIRIAM LAU** (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Implementing the Twelfth Five-Year Plan" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Implementing the Twelfth Five-Year Plan" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr LEE Wing-tat to Mr IP Kwok-him's motion, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mrs Sophie LEUNG rose to claim a division.

**PRESIDENT** (in Cantonese): Mrs Sophie LEUNG has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Ms LI Fung-ying, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr IP Kwok-him and Dr Samson TAM voted for the amendment.

Dr Philip WONG, Mr Abraham SHEK and Prof Patrick LAU voted against the amendment.

Dr Margaret NG, Mrs Sophie LEUNG, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr CHIM Pui-chung and Mr Paul TSE abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi and Mr WONG Kwok-kin voted for the amendment.

Ms Audrey EU, Dr Priscilla LEUNG, Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

Mr Ronny TONG, Mr Alan LEONG and Miss Tanya CHAN abstained.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, six were in favour of the amendment, three against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 15 were in favour of the amendment, five against it and three abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

**PRESIDENT** (in Cantonese): Mr WONG Sing-chi, you may move your amendment.

**MR WONG SING-CHI** (in Cantonese): President, I move that Mr IP Kwok-him's motion be amended.

**Mr WONG Sing-chi moved the following amendment: (Translation)**

"To add ", given that" after "That"; to delete "; in this connection" after "Mainland and Hong Kong"; and to add ", including allocating an additional \$20 billion as recurrent expenditure for implementing long-term and short-term policies on healthcare, education and welfare, etc. and establishing a universal retirement protection system," after "social security system"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr IP Kwok-him's motion, be passed.

**PRESIDENT** (in Cantonese): I now call upon Mr CHEUNG Hok-ming to move amendment to Mr WONG Sing-chi's amendment.

**MR CHEUNG HOK-MING** (in Cantonese): President, I move that Mr WONG Sing-chi's amendment be amended.

**Mr CHEUNG Hok-ming moved the following amendment to Mr WONG Sing-chi's amendment: (Translation)**

"To delete "an additional \$20 billion as recurrent expenditure" after "allocating" and substitute with "additional resources"; and to add ", setting up a public transport fare stabilization fund" after "social welfare, etc."."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Hok-ming to Mr WONG Sing-chi's amendment, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr WONG Sing-chi rose to claim a division.

**PRESIDENT** (in Cantonese): Mr WONG Sing-chi has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Prof Patrick LAU, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Margaret NG and Mr CHEUNG Man-kwong voted against the amendment.

Mr CHIM Pui-chung abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Kwok-kin voted for the amendment.

Mr Albert HO, Mr Fred LI, Mr James TO, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, 13 were in favour of the amendment, two against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, nine were in favour of

the amendment and 15 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr IP Kwok-him's motion, be passed.

**PRESIDENT** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

**PRESIDENT** (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong and Ms LI Fung-ying voted for the amendment.

Dr Philip WONG, Mr Abraham SHEK, Mr WONG Ting-kwong, Mr CHAN Kin-por and Mr IP Kwok-him voted against the amendment.

Dr Margaret NG, Mrs Sophie LEUNG, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr CHIM Pui-chung, Prof Patrick LAU, Mr Paul TSE and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Ms Emily LAU, Mr LEE Wing-tat, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Sing-chi voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

Ms Audrey EU, Mr WONG Kwok-hing, Mr Ronny TONG, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN abstained.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, two were in favour of the amendment, five against it and nine abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, eight were in favour of the amendment, nine against it and seven abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Mr Alan LEONG, you may move your amendment.

**MR ALAN LEONG** (in Cantonese): President, I move that Mr IP Kwok-him's motion be amended.

**Mr Alan LEONG moved the following amendment: (Translation)**

"To add ", given that" after "That"; to delete "; in this connection" after "Mainland and Hong Kong"; to add "an effective consultation mechanism to absorb public opinion in a 'bottom-up' manner, and on the basis of equality and mutual benefit, join hands with the relevant Mainland departments to study the" after "(a) to expeditiously formulate"; to add "increase recurrent expenditure, make long-term planning and investment for the community," after "foreign exchange reserve to"; to add "and resolving the deep-rooted conflicts in Hong Kong" after "improving people's livelihood"; to delete "and implement the construction of a third runway to consolidate and enhance Hong Kong's status as an aviation centre" after "(d) to expeditiously study" and substitute with "the co-ordination of cross-border infrastructure to avoid duplicated construction and vicious competition that impairs efficiency, and prudently assess the economic efficiency of a third runway and its environmental impact, so that the function of the aviation centre in Hong Kong can sufficiently dovetail with the direction of sustainable development for the entire Bay Area of the Pearl River Estuary"; to delete "establish a 'brand development council' and specialized funds to open up the Mainland market, and develop a 'bridgehead economy' around the Hong Kong-Zhuhai-Macao Bridge, so as to consolidate and enhance Hong Kong's status as a trade centre" after "(e) to" and substitute with "prudently map out the development of Tung Chung New Town to dovetail with the construction of the Hong Kong-Zhuhai-Macao Bridge, avoid environmental deterioration and build a sustainable community"; and to delete "establish industrial investment funds for investment immigrants, strengthen training of talents, and amend" after "(g) to" and substitute with "revise the Capital Investment Entrant Scheme and"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Alan LEONG to Mr IP Kwok-him's amendment, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

**PRESIDENT** (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Mr CHAN Kin-por and Dr Samson TAM voted for the amendment.

Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him voted against the amendment.

Mr Paul TSE abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

Mr WONG Kwok-hing and Mr WONG Kwok-kin abstained.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, five were in favour of the amendment, 10 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 12 were in favour of the amendment, 10 against it and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Ms Miriam LAU, you may move your amendment.

**MS MIRIAM LAU** (in Cantonese): President, I move that Mr IP Kwok-him's motion be amended.

**Ms Miriam LAU moved the following amendment: (Translation)**

"To add ", given that" after "That"; to add "has been" before "endorsed by"; to delete "devotes" after "at its meeting" and substitute with "and has devoted"; to delete "; in this connection" after "Mainland and Hong Kong"; to add ", particularly our country has designated the accelerated

development of service industries as one of the strategic focuses to adjust the economic structure, Hong Kong should better grasp the opportunity to extend the radius of local service industries in the Mainland" after "and intensify the co-operation between Hong Kong and the Mainland"; to add "the overall economy and society of" after "planning for"; to add "(e) to assist local service industries in upgrading and value-adding, and discuss with the Mainland to further improve the situation of 'Big doors are open, but small doors are shut', including further relaxing the threshold of market access and strengthening mutual recognition of professional qualifications, so as to facilitate Hong Kong's small and medium enterprises to open up the Mainland market; (f) to conduct studies on rationalizing the double taxation problem under the current taxation regimes of the two places, so as to facilitate Hong Kong people going north for development and promote exchanges and interactions between talents in the two places; (g) to grasp the opportunity presented by the development of Qianhai New District in Shenzhen which is one of the 'major co-operation projects among Guangdong, Hong Kong and Macao', and strive for the early and pilot implementation of more policies and measures to help intensify regional co-operation, including providing special taxation arrangements to help develop Qianhai into a 'Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone', and adopting a more convenient immigration clearance mode to facilitate the interactive flows of people and goods, etc.;" after "an aviation centre;"; to delete the original "(e)" and substitute with "(h)"; to delete the original "(f)" and substitute with "(i)"; to delete the original "(g)" and substitute with "(j)"; and to delete the original "(h)" and substitute with "(k)"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms Miriam LAU to Mr IP Kwok-him's motion, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present and 16 were in favour of the amendment; while among the Members returned by geographical constituencies through direct elections, 25 were present, 21 were in favour of the amendment and three against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

**PRESIDENT** (in Cantonese): Mr IP Kwok-him, you may now reply and you have two minutes 16 seconds.

**MR IP KWOK-HIM** (in Cantonese): President, I wish to thank again for the 17 Members who have expressed their views on this topic. However, I would like to respond to the two points raised by Ms Audrey EU. First of all, she said she had a feeling that "with the Emperor as one's trump card, one can bring the entire empire under one's control". I have no idea why she made such a remark. This is probably because I have mentioned that I also hold another public office as a Hong Kong deputy to the National People's Congress. It would be pretty regretful if it is this capacity that has made Ms Audrey EU so uncomfortable and thus gave rise to such a feeling.

Since she has stressed the state of "being planned", I would like to make a response here. In fact, if possible, Ms Audrey EU should read the chapter about Hong Kong and Macao in the 12th Five-Year Plan again. This chapter only contains 792 words, and that is it. Among these 792 words, the magical word "support" has appeared 11 times.

In the chapter, "support" refers to the support for us to develop into an offshore RMB centre and an international asset management centre. Here, instead of telling us how to develop, the word "support" is used. This

epitomized the Central Authorities' trust in Hong Kong, and their strict adherence to the principles of "one country, two systems", "Hong Kong people ruling Hong Kong" and "high degree of autonomy". The Central Authorities are giving a free hand to Hong Kong to see what it is going to do. Instead of telling us what to do, support has been provided.

Towards the end of my earlier speech, I mentioned the express train. The train is ready to flag off. Although seats have been reserved for us, we may not necessarily board the train. To board or not depends on Hong Kong people and the SAR Government.

Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr IP Kwok-him, as amended by Ms Miriam LAU, be passed.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Paul TSE and Dr Samson TAM voted for the motion as amended.

Dr Margaret NG abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Sing-chi and Mr WONG Kwok-kin voted for the motion as amended.

Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man voted against the motion as amended.

Ms Audrey EU, Mr Alan LEONG and Miss Tanya CHAN abstained.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, 15 were in favour of the motion as amended and one abstained; while among the Members returned by geographical constituencies

through direct elections, 24 were present, 17 were in favour of the motion as amended, three against it and three abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was passed.

### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 6 April 2011.

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