

# OFFICIAL RECORD OF PROCEEDINGS

Friday, 15 July 2011

The Council met at Three o'clock

## MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHAN KAM-LAM, S.B.S., J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, G.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, J.P.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

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:**

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

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

**PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.  
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE GREGORY SO KAM-LEUNG, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

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

**CLERK IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

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

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

**PRESIDENT** (in Cantonese): Honourable Members, owing to some recent observations of mine, I wish to remind Honourable Members that if, during the proceedings of the meeting a moment later, I consider that the behaviour of any Members hinders the normal progress of the meeting, I will order the Member concerned to withdraw, so as to ensure the normal proceedings of the meeting and the chances of Members to ask questions.

**PRESIDENT** (in Cantonese): The Chief Executive will now enter the Chamber.

(The Chief Executive entered the Chamber)

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

(Mr LEUNG Kwok-hung rose to his feet and yelled)

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, withdraw immediately.

(Mr LEUNG Kwok-hung hurled bits of paper forward, and Security Assistants hastened forward to stop him)

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

(Mr LEUNG Kwok-hung left his seat, rushed forward and hurled bits of paper. Security Assistants hastened forward to stop him and attempted to assist him in leaving the Chamber)

**MR LEUNG KWOK-HUNG** (in Cantonese): *Objection to the replacement mechanism. Objection to fake consultation. Objection to the enactment of legislation to implement Article 23 of the Basic Law. I want genuine universal suffrage .....*

(Assisted by Security Assistants, Mr LEUNG Kwok-hung left the Chamber)

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

**CHIEF EXECUTIVE** (in Cantonese): Let me first drink a glass of water to "quell my fear".

**CHIEF EXECUTIVE** (in Cantonese): President and Honourable Members, today, I shall focus on two hot topics in recent days: first, the Government's governance, and the other, the housing issue.

On the issue of governance, I have, over the past few years, come to several realizations which I wish to share with Members. With the implementation of "Hong Kong people ruling Hong Kong" since the reunification in 1997, people's awareness of democracy has heightened, as seen in their increased concern about public affairs, government policy formulation and various political topics. And, since Hong Kong's political system is based on the executive-led model stipulated in the Basic Law, there is inherent tension between the executive and the legislature arising from the design of checks and balances. On the one hand, there are many political parties in the legislature, and on the other, the Government needs to seek stable support for taking forward its policies. Consequently, public opinions have become a significant basis of policy formulation for both political parties and the Government.

Public opinions, however, are changeable and susceptible to the influence of circumstances, the stances of mass media and opinion leaders. Some are of the view that all will be fine as long as we can listen to political parties and the legislature. But I do not think that we should focus only on one aspect and ignore all the rest. Hong Kong is a liberal and open society marked by a wide range of interests. In the course of policy formulation, the Government must respond appropriately to the needs of the times and balance the interests of all sides. And, by interests, I mean present interests and the overall long-term interests of society. As a responsible government, we must seek ways out amidst all the conflicts, mindful of the need for resolving current problems while safeguarding the long-term and overall interests of society.

Following the formulation of government policies, those who think that their interests are compromised may continue to voice objection, or even resort to

various drastic actions to vent their discontent. On the other hand, supportive opinions may not necessarily be reflected in any forums of public opinions. Because of this, and also the advent of the election year when political parties need to face different tiers of elections, the emergence of greater tension between the executive and the legislature is only inevitable.

Sometimes, before policies are rolled out, both the Government and Members, despite their many years of political experience, may not necessarily be able to accurately assess the changes in people's opinions. The Government may thus face greater uncertainties following the formulation of policies. Many a time, after rolling out a policy, the Government must still revise it on the basis of the prevailing public opinions before it can be passed by the Legislative Council. Such is the political reality faced by the Government nowadays, and indeed by all democratic governments for that matter. On the one hand, the Government will of course continue with its efforts of ensuring that all policies can be as well-thought-out as possible before their rolling out. At the same time, however, since the process of policy formulation must keep pace with and reflect public opinions as much as possible, it is hard to expect that every time after a policy has been put forward, it can be passed by the Legislative Council intact and then implemented forthwith. This is something very difficult to achieve. The Government must remain alert every single moment, allow an appropriate degree of flexibility, and make sure that the community and the Government can breathe as one and progress hand in hand.

As the Chief Executive, I have always sought to promote governance and listened to public opinions with a pragmatic attitude. Such an approach is both realistic and target-oriented.

As for the arrangements on plugging the loophole enabling Members to resign at will, the Government is making preparations for releasing a consultation document. We will listen seriously to the opinions of different political parties and groupings, Members and organizations in society, so as to identify a way of plugging the loophole acceptable to the general public.

Concerning livelihood issues, "exorbitant property prices and difficulties in acquiring property" are at the core of all social conflicts, and people's grievances in recent years are especially ascribable to them. Since the reunification, the housing problem has indeed tormented Hong Kong people time and again.

Since this is an issue of immense significance, we have never dared to treat it lightly. The Asian financial turmoil was followed by many years of sluggishness in the property market, and the properties purchased by people turned into negative equity assets. This is the bitter collective memory of the middle classes in Hong Kong.

Hong Kong people purchase properties .....

(Someone yelled on the public gallery)

**PRESIDENT** (in Cantonese): Would staff members of the Secretariat please see to it that the meeting is free from interference.

**CHIEF EXECUTIVE** (in Cantonese): Hong Kong people purchase properties to achieve two aims: first, acquiring a comfortable home, and next, making investment as a means of preserving and adding to their capitals. Prompted by the macro environment of high inflation and low interest rates, people want to purchase properties. Sadly, however, they are unable to "board the train" as property prices rocket, thus losing the opportunity of asset accretion. As a result, as people's aspiration to acquiring properties gets higher, their disappointment only becomes greater. Conversely, when property prices plummet and assets depreciate, people's desire for acquiring properties will only be further dampened even though there is an abundance of low-priced properties in the market, and those who own properties will likewise continue to grumble.

We therefore think that we should not be overly "heavy-handed" towards the property market and adopt any rigorous policies to impact property prices. The Government's policy principle is the stable and sound development of the property market. Under the Financial Secretary's leadership, a series of long-, medium- and short-term measures have been introduced to increase supply, ensure a high degree of transparency for the property market, prevent any over-expansion of mortgage lending and curb property speculation.

Since people experience difficulties in acquiring properties, they naturally request the Government to provide subsidized housing. In this regard, I can hear the strong demand of society for resuming the construction of Home Ownership

Scheme (HOS) flats. I reiterate that the Government will consider different subsidized housing schemes, including the HOS. However, we must first sort out the scopes of the various government housing schemes and other issues such as economic, social and livelihood justifications, financial sustainability and land supply in the long run.

Since the Government last took actions, the property market has turned relatively stable. I believe that the development of the market will remain stable in the time to come. Moreover, I have always maintained that as the most important policy, efforts must be made to tackle the root of the problem by first managing long-term market demand and land supply properly. It is only by so doing that we can bring forth a long-term solution to the housing problem.

Hong Kong is a tiny but densely populated place, and there is also an abundance of green belts to prevent damage to the natural environment due to excessive urbanization. Regarding the opening up of more lands, where there are any easier options, such as the conversion of industrial use into residential use, we have already put them into practice. We will explore whether there is any greater room for promoting the work in this respect. The remaining options of increasing land supply, including implementing reclamation outside of Victoria Harbour and developing the fringes of green belts, are all formidable tasks. In the long run, whether for increasing the supply of private residential units, or for the construction of more public rental housing (PRH) units or other subsidized housing units, there must be a continuous supply of land, otherwise all will be like "a housewife running out of rice to cook" — all housing policies will be reduced to empty talks. And, this is not to mention the fact that other policy areas, such as the development of education, the healthcare industry and other public affairs, will all need the provision of land as support.

The satisfactory handling of the issue of land supply cannot depend on me alone. There must be the participation of Members, social organizations and the general public for forging a consensus. At present, I am working with my staff to review the objectives, measures and effectiveness of our housing policy on the basis of our work in the past. Any policy adjustments must require complete support measures and a feasible approach. Besides, we have also requested the Central Policy Unit to conduct focus group discussions on the special topic of "Subsidizing Home Ownership", so as to assist us in gaining an in-depth grasp of various types of considerations and factors. I have undertaken to Members that I

will give a full account of our housing policy in the policy address to be announced in October.

Thank you, President. Thank you, Honourable Members.

**PRESIDENT** (in Cantonese): The Chief Executive will now take questions from Members.

**MR WONG YUK-MAN** (in Cantonese): *President, the decade or so after the reunification has first seen the "eight-year reign of Chee-hwa" and subsequently the "seven-year reign of Bow Tie". From the perspective of the middle and lower classes, whether we are talking about birth, ageing, illness, death, clothing, food, accommodation or transport, the Government has invariably failed to do a satisfactory job. And, people cannot even find any places for giving birth to their children .....*

**PRESIDENT** (in Cantonese): Please state your question as concisely as possible.

**MR WONG YUK-MAN** (in Cantonese): *Speaking of the ageing issue, 4 000 elderly persons die each year while waiting for places in government-funded residential care homes. Speaking of the issue of illness, patients suffering from fatal diseases cannot get any targeted drugs, so they can only await death; but they do not even have a burial place after death. At present, inflation is running high and transport fares are so very expensive. As for accommodation, the Chief Executive has already expressed his views. We can see that none of these issues has been tackled satisfactorily, but the Chief Executive is not the slightest bit ashamed of himself.*

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

**MR WONG YUK-MAN** (in Cantonese): *Has it ever occurred to him that he has let Hong Kong people down? Has he ever considered whether he should take*

*the blame and resign, because as the Chief Executive over the past few years, he has turned people seething with grievances?*

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

**CHIEF EXECUTIVE** (in Cantonese): Everyone who holds public office does so with the aim of serving the public. Regarding livelihood problems, we honestly have been working hard every day to identify ways of coping with people's demands. Many of our efforts in respect of healthcare, food, accommodation and transport may not necessarily be very satisfactory and perfect in the eyes of people. But in retrospect, I can say that we really have made our efforts over the past few years.

Regarding the livelihood of the grassroots ..... In the case of healthcare, we have offered subsidies in the form of healthcare vouchers and enhanced our public healthcare programmes. In the case of food, we have all along been able to maintain stable food supply. In addition, in case any lower-class people really encounter any food shortage, there are food banks to provide them with food supplement. In the case of accommodation, I have remarked many times that the fundamental principle of our housing policy is to ensure the allocation of PRH flats to the lower classes in Hong Kong within a waiting period of three years. No one shall be roofless in other words. In the case of transport expenses, we have approved a transport support scheme following Honourable Members' consent, and funding will be allocated very soon for us to undertake work in several areas. In the case of inflation, when necessary, the Financial Secretary will adopt special measures to cope with people's urgent needs.

Of course, no public policy can possibly be perfect in all aspects and able to meet Mr WONG's exceptionally high standards. But I think that in this regard, we ..... Certainly, when things happen, we will do some self-examination .....

(Mr WONG Yuk-man rose to his feet)

**MR WONG YUK-MAN** (in Cantonese): *The contents of his reply .....*

**PRESIDENT** (in Cantonese): Please sit down.

**MR WONG YUK-MAN** (in Cantonese): *No, President. We have heard such a reply so many times that calluses have grown in our ears, so to speak.*

**PRESIDENT** (in Cantonese): Mr WONG, please sit down. Please wait until the Chief Executive has finished with his reply before you follow it up. Chief Executive, please continue.

**CHIEF EXECUTIVE** (in Cantonese): Therefore, we have done everything we need to do. And, if need be, we will do more. Regarding elderly welfare, population ageing is indeed a big problem. But I ask Members to note that at present, 16% of our annual public expenditure is spent on the elderly, and there are continuous improvements to both elderly care facilities and nursing facilities every year. We are now giving thoughts to enhancing our facilities of community services. Therefore, while many aspects of our work are admittedly not very satisfactory, we will nonetheless continue to make efforts.

**MR WONG YUK-MAN** (in Cantonese): *President, he has not answered my question.*

**PRESIDENT** (in Cantonese): Please state a concise supplementary question.

**MR WONG YUK-MAN** (in Cantonese): *He has not answered my question. I am going to ask a very concise supplementary question. Over the past few years, he has turned people seething with grievances and caused the problems I highlighted just now to emerge. But the Government has failed to get its job done, thus plunging the middle and lower classes into immense misery. Although there is not yet widespread famine in the literal sense of the word, the*

*situation is already very miserable. As the Chief Executive, he has failed to do anything despite the huge fiscal reserves. Nonetheless, he is not the slightest bit ashamed of himself. I want to ask him whether he will take the blame and step down. Why has he refrained from answering my question?*

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

**CHIEF EXECUTIVE** (in Cantonese): I notice that the community's trust in the Government, the establishment, Honourable Members and even the mass media has shown signs of decline recently. It is particularly worth noting that the community's trust in the legislature is likewise declining. Of course, as a responsible government, we must always reflect on whether there is any room for improving our governance. People's declining trust in us can serve as an apt reminder to us. But the public will likewise ask this question, and I think they do wish to get an answer. Their declining trust also reflects a fact, the fact that the public have been asking: "Why are Members frequently so negative and belligerent in attitude? Can this solve any problems?"

Can the belligerence of the Honourable Member's question just now enable him to get the answer he really wants? Why can't we try to find a way out with a more positive and active attitude? I strongly believe that if we do so, Hong Kong people will see more hope in Hong Kong. I think we should spend more time on doing something concrete, rather than engaging ourselves in political struggles and disputes. Regarding .....

(Mr WONG Yuk-man rose to his feet again)

**MR WONG YUK-MAN** (in Cantonese): *President, he is not answering my question.*

**CHIEF EXECUTIVE** (in Cantonese): I am.

**MR WONG YUK-MAN** (in Cantonese): *I want to ask him whether he will take the blame and step down. He needs only to answer yes or no.*

**PRESIDENT** (in Cantonese): Mr WONG, it is not the time for you to speak now. Please sit down.

**MR WONG YUK-MAN** (in Cantonese): *Or, he can give his answer in a way similar to Old TUNG.*

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

**CHIEF EXECUTIVE** (in Cantonese): I now answer your question. Certainly, I will leave office at midnight sharp on 1 July next year.

(Mr Albert CHAN rose to his feet and yelled)

**MR ALBERT CHAN** (in Cantonese): *Donald TSANG, shame on you. Take the blame and step down .....*

(Mr Albert CHAN hurled some paper planes forward. Security Assistants hastened forward to stop him)

**PRESIDENT** (in Cantonese): Mr Albert CHAN, withdraw from this Chamber immediately.

(Mr Albert CHAN continued to hurl some paper planes forward. Security Assistants hastened forward to stop him and attempted to assist him in leaving the Chamber)

**MR ALBERT CHAN** (in Cantonese): *..... Donald TSANG, shame on you .....*

**PRESIDENT** (in Cantonese): Mr Albert CHAN, withdraw from this Chamber immediately.

**MR ALBERT CHAN** (in Cantonese): ..... *"Eunuch LAM", shame on you. Take the blame and step down .....*

**PRESIDENT** (in Cantonese): Clerk.

(Mr Albert CHAN continued yelling. Security Assistants surrounded Mr Albert CHAN and attempted to assist him in leaving the Chamber)

**MR ALBERT CHAN** (in Cantonese): ..... *Take the blame and step down for ignoring public opinions. These are planes carrying public opinions .....*

**PRESIDENT** (in Cantonese): Mr Albert CHAN, leave this Chamber immediately .....

(Security Assistants surrounded Mr Albert CHAN and assisted him in leaving the Chamber)

**MR ALBERT CHAN** (in Cantonese): ..... *Take the blame and step down. Take the blame and step down .....* Donald TSANG, shame on you. *"Eunuch LAM", take the blame and step down. The tide has turned against you. Take the blame and step down. Shame on the Government. "Eunuch LAM", the tide has turned against you. Take the blame and step down.*

(Assisted by Security Assistants, Mr Albert CHAN left the Chamber)

**PRESIDENT** (in Cantonese): The Chief Executive will now continue to take questions from Members.

**DR LAM TAI-FAI** (in Cantonese): *Happy time flies. There is only one year to go before the Chief Executive's job comes to an end, so a lot of people are saying that the present administration is a sunset government, and you have turned into a "clock watcher". As a matter of fact, questions on who will be the next Chief Executive and at what time probable Chief Executive hopefuls will announce their candidacy are now the talks of the town. Among the probable Chief Executive hopefuls are persons of both sexes; one has allegedly jumped the gun and commenced his election campaign; another one has been publicly advocating his personal concepts on running Hong Kong and openly critical of the incumbent Chief Executive's governing competence; and, yet another one has even said that even if she is to run in the election, she will only serve one term. The media all focus on covering these probable Chief Executive hopefuls every day, ignoring the incumbent Chief Executive and covering you only sparingly save when they want to reprimand you. If you were less cultivated, you would, I believe, be very unhappy and might even complain that life is very difficult.*

*President, my question is ..... As I am not as eloquent as Mr WONG Yuk-man, who can utter long chains of thoughts with ease, please allow me to speak slowly. Speaking of the Chief Executive, I believe that different people in the community and even the Central Government will soon start to take stock of your work and find out what you have done for Hong Kong over the past seven years. Have you done a good job? Can you face Hong Kong people with no qualms, or have you disappointed them? I believe that the report card you receive will have some bearing on what new positions you will be given in the future, and also provide good reference for the next Chief Executive. Recently, Director WANG Guangya openly mentioned three prerequisites that the next Chief Executive must satisfy ..... The Chief Executive is nodding, which means that he wants me to continue .....*

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

**DR LAM TAI-FAI** (in Cantonese): *You are obstructing the Chief Executive. He wants to hear what I have to say next. Director WANG Guangya said that the next Chief Executive must satisfy three prerequisites. I very much respect*

*Director WANG Guangya's opinion, but after all, he has never worked as Chief Executive .....*

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

**DR LAM TAI-FAI** (in Cantonese): ..... *nor has he ever lived in Hong Kong. In contrast, the Chief Executive has seven years of experience as Chief Executive, so he has ample experience. What is more, he was born and brought up in Hong Kong, so he understands Hong Kong's actual situation. In brief, he should know best what prerequisites the next Chief Executive must satisfy.*

*My question is: can the Chief Executive, for the sake of Hong Kong's future and Hong Kong people's well-being, share with us or advise us on the attributes that the next Chief Executive should possess before he or she can be of help to Hong Kong? Or, are there any tasks which you have not accomplished, cannot accomplish, or wish to accomplish, and which, you think, the next Chief Executive should undertake? Can you give us your advice?*

**CHIEF EXECUTIVE** (in Cantonese): Before taking office as Chief Executive in 2007, I announced a political platform. In October 2007, in the first policy address of this administration, I listed my pledges to Hong Kong people, detailing the goals and projects which I thought I should accomplish in the political, social and economic spheres. All were listed in detail. I believe that every year, the media and Members can check the progress of each task based on the relevant list. And I very much believe that since these are all facts, I need not give an account of them one by one. I will give a full and clear account of all the tasks no later than the end or middle of next year.

Actually, I think the most important thing is that Hong Kong people are all very clear about the attributes required, and you are also well aware of them. Therefore, it is not necessary for me to give any advice; Hong Kong people have discerning eyes. I very much believe that the next Chief Executive will be very competent, and will care for Hong Kong people and safeguard national interests. And, I hope that he or she can cope with those Members' violent behaviour that we saw just now.

**DR LAM TAI-FAI** (in Cantonese): *President, I think the Chief Executive is much too sparing in sharing his experience and giving advice. His seven years of experience is actually very valuable. I hope that he can give some specific and concrete advice, telling those probable Chief Executive hopefuls what attributes they should possess before they can be considered fit for this important post. The Chief Executive's remarks just now are rather vague and general. Can he be a bit more specific? The reason is that his advice can enable them to conduct self-analysis as well as judgment. Then, they can make the wisest decisions. This will be conducive to Hong Kong people's well-being.*

**CHIEF EXECUTIVE** (in Cantonese): I note your point. Maybe, we should discuss this issue nearer the time of my leaving office. Is that okay?

**MS CYD HO** (in Cantonese): *The Chief Executive referred to a loophole a moment ago. Actually, the biggest loophole in Hong Kong's political system is the absence of democratic elections and the Government's defiance of people's opinions with all the assurance of its power. The Chief Executive has been in office for six years, but the wealth gap and housing problems have turned increasingly serious and deep-rooted. Over the past six years, has he ever done any self-examination, asking himself why people's discontent has mounted so substantially, and in what ways he should be held responsible? Or, is he simply going to suppress people's opinions in the future by using pepper spray, mills barriers, handcuffs and plastic ties?*

**CHIEF EXECUTIVE** (in Cantonese): I have already answered this question just now. I think that the difficulties and public grievances faced by us now are attributable to our lack of benign interaction in this regard. The legislature and the executive at times will go to the two extremes, failing to support what is right and negate what is wrong. I strongly believe that if we can co-operate sincerely, treat people's interests as our central concerns in everything we handle, and follow the direction of resolving problems in the course of our work, we will help increase people's trust in us and even the Legislative Council. And, public grievances will certainly wane in that case.

There are bound to be problems in society, one example being the housing problem. It all started with the homelessness of people, followed by the provision of PRH, subsidized housing and even other housing schemes. Nowadays, squatter huts are no longer found on our hillsides, and Temporary Housing Areas have likewise disappeared. The precise reason is that the housing problem in Hong Kong has been tackled step by step. The housing issue we must handle now, as you and I know very well, is the inability of the middle classes to acquire homes due to exorbitant property prices. This is clearly a problem typically faced by a well-developed and affluent society, not a housing problem facing the grassroots. The housing problem of the grassroots has already been resolved.

The causes of the wealth gap problem are many, but I do not have too much time to dwell on them here. As pointed out repeatedly by Members, as a city economy, we strongly welcome the continuous inflow of fine talents to Hong Kong for settlement, for they can bring economic impetus to Hong Kong, thus helping us to generate wealth. On the other hand, we also welcome the arrival of our compatriots from the Mainland, not least because the one hundred or so people who arrive here for family reunion every day can serve as a force of regeneration for Hong Kong. Under such a situation, where some people have the highest money-making ability while others are completely devoid of any bargaining power, society is bound to see the persistence of the wealth gap problem.

However, our policy, as I have repeatedly said, is to devote all energies to the education of our next generations. The Government's current expenditure on education and training already amounts to somewhere between one quarter and one-fifth of our total expenditure. It can be said that this is quite a high proportion among all developed economies. This is meant to prevent the occurrence of inter-generational poverty in Hong Kong, in the hope that the poor people today will no longer be poor tomorrow. Such is our goal. However, we cannot forcibly implement any policy of equal pay regardless of labour and compress all Hong Kong people's monetary remunerations within the same range. This is something we cannot do, and it is also in contravention of the Basic Law provision that the capitalist system shall be practised in Hong Kong.

We may therefore discuss this issue on other occasions, but in regard to the social grievances caused by the wealth gap, we must continuously observe what they are all about. At present, as we can observe, the sharpest criticism is

related to the middle-class people's realization that they are unable to acquire any properties due to exorbitant property prices. Such realization has even led to various talks about developer hegemony, social injustice, uneven distribution of social wealth, and so on. All such talks are attributable to this very problem. We will certainly strive to tackle it. I undertake that in the policy address to be announced in October, I will offer a thorough-going solution to the problem. In the meantime, every single day, we are working very hard, in the hope of identifying a satisfactory solution.

**MS CYD HO** (in Cantonese): *The Chief Executive does not seem to realize that many of the public grievances in Hong Kong are caused by the Government's extreme and barbaric acts, such as the deprivation of people's right to vote in by-elections and the instruction given to the government official concerned to do away with any consultation. And, even in the case of some trivial matters, such as the suspected electioneering website of the Chief Secretary for Administration, it has chosen to shy away, not daring to follow up the matter. All these are the origin and causes of public resentment. The Chief Executive needs to tell us here what actions he intends to take in the remaining one year of his tenure to allay people's resentment. If he does not do so, he will only turn Hong Kong into a place of tragedies and go down in history as another culprit.*

**CHIEF EXECUTIVE** (in Cantonese): I have already said that in my remaining tenure, I will do the best I can, exhaust all ways with a humble attitude, and bring my work to satisfactory completion. I will take stock of all the pledges I have made to the people of Hong Kong. In regard to the difficulties we are faced with, I will definitely do the utmost as permitted by my capabilities. Naturally, the appraisal of my work will not be done by me. It is society which is going to make the appraisal. Such is also the reality faced by Honourable Members and all those holding public office. We need not be over-worried, though. Being over-worried may not necessarily yield any desirable outcome. The most important thing is whether we have made any efforts, and whether we are truly sincere.

Many tasks still await us. We must tackle the housing problem mentioned just now, and there are various livelihood and other problems. I am right now worried about a very critical problem, one which I should perhaps share with you

all. If this problem is not tackled properly, people will truly seethe with grievances.

I can remember that the reunification in 1997 saw the onslaught of the financial turmoil. At that time, Hong Kong's finances were sound and robust, so there were no major problems. There was a balance of government revenue and expenditure, and surplus was also recorded. However, some international speculators still attacked us, with the result that we were tormented for several months from the beginning of 1998. I have recently observed some problems. In the European market, things causing people's concern happen every day. Today, if it is not Portugal that runs into trouble, it is Spain. That day, Greece developed problems. And, two days ago, it was Italy. In other words, the scope of impact is very extensive. Besides, the situation in the United States is marked by uncertainties, and its recovery has been slow. After two rounds of "quantitative easing" measures, it is currently considering a third round of such measures. The problems it faces are very serious.

Amidst such circumstances, and also because general elections will be held next year, I have been wondering day in and day out whether external fluctuations and the personnel changes brought about by the political changeover at the time of our general elections will plunge Hong Kong into another round of attacks. This is something I am worried about day in and day out. We must take defensive actions and closely monitor sell-long activities and market situations every day. We must safeguard the stability of Hong Kong's economy and financial system. All these are our major concerns.

Politically, there will of course be some problems. But we have already drawn up a plan and timetables for implementing universal suffrage. The timetable for electing the Legislative Council by universal suffrage has been set, and the election of the Chief Executive by universal suffrage will take place in 2017. It is therefore better for us to concentrate on designing an elaborate model of universal suffrage, and explore how we can make sure that the model of universal suffrage adopted for the election of the Chief Executive in 2017 can be recognized by the world as *bona fide* universal suffrage while also commanding the general support of Hong Kong people. Most importantly, this arrangement can ensure the continuous improvement of the Hong Kong economy and its people's living, in addition to preserving the values they uphold. These are the

only important topics. Should we still argue over how we ourselves will be appraised in history? I think this is only a matter of secondary importance.

**DR DAVID LI** (in Cantonese): *President, may I ask the Chief Executive for his opinion on what three issues should be tackled as a matter of utmost importance in the time to come?*

**CHIEF EXECUTIVE** (in Cantonese): Dr LI, I have already said that housing is the issue I need to tackle as a matter of priority. Besides, as I said in my speech just now, we also need to tackle the livelihood problem, which involves population ageing and the grievances felt presently by the people. We need to explore ways of dealing with all this.

Dr LI, the third issue is what I mentioned just now, and I believe you are equally concerned about it. It is the problem of whether market fluctuations in Europe and the United States will impact us in any way, and whether the vacuum during our transition and changeover will be used by anyone to take advantage of us. I consider this my primary concern in the interim to the changeover. I must ensure that the changeover — from me to the next Chief Executive — is a smooth transition process which is completely safe, with political and economic stability and viewed by society as trouble-free.

**MR FRED LI** (in Cantonese): *President, can the Chief Executive really offer an explanation to us? The First Reading of the Legislative Council (Amendment) Bill 2011 (the Bill) (we call it the "draconian law") was moved on 8 June. Expecting support from pro-establishment Members for the proposed replacement mechanism, which deprives people of their by-election right, the Government once hoped for the passage of the Bill this week. The timeframe from the First Reading of the Bill is only one month or so. We have asked many times why there is no consultation. The Government's reply is that — as he mentioned just now — many people think that the loophole exposed by the resignation incident last year must be plugged, and they are strongly displeased with the "referendum" triggered by the Members concerned, saying that it was a waste of taxpayers' money, and so on and so forth.*

*However, can he hear the voices of the public? Even though some people did not cast their votes last year, even though they did not like the idea of holding a referendum, they still question why the Government should have decided to do so and deprive them of their by-election vote in the future without first consulting them. This is the most important point. The Government was completely wrong in its judgment, for it thought that what happened last year could be taken to mean that people would support the Government's move to amend the legislation in the absence of any consultation, and that all pro-establishment Members would render their support, so it could force the Bill through the legislature. This led many people to join the march on 1 July. In the end, the Bill has to be withheld.*

*The question is: why was there such a grave miscalculation? Who is culpable? Chief Executive, please clarify.*

**CHIEF EXECUTIVE** (in Cantonese): First of all, as you know, the Government has proposed this replacement mechanism precisely because of the five Members' resignation that you mentioned just now; they attempted to trigger a so-called "*de facto* referendum" through the holding of by-elections. At the time, the mainstream public opinion and many scholars cast their doubts, saying that such a farce written and directed by the five Members themselves would lead to wastage of public money and cause unwarranted hindrance to the functioning of the Legislative Council. The mainstream view is that the relevant legislation must be amended to plug the loophole, so as to prevent any Members from abusing the mechanism and putting their partisan or personal benefits before Hong Kong's overall interests. Therefore, the Government's proposal is actually a response to public aspirations. The objective of the proposal is also the consensus supported by the Bills Committee and a majority of Legislative Council Members. And, having conducted a meticulous and responsible scrutiny of the Bill, the Bills Committee put forward some valuable advice, and recommended us to allow more time for gauging people's opinions.

We have now decided to conduct a consultation exercise to gauge people's opinions. In case Mr LI does not think that our proposal is the best option for tackling and plugging the present loophole, I welcome him to put forward his views on how best to plug the loophole. This is what Hong Kong people expect us to do at this moment. I believe that the replacement mechanism proposed in

the Bill we have put forward is both sensible and reasonable. Surely, some people may not agree with me, and I cannot possibly ask those five Members and the political parties they represent to agree to our action. They will continue to fight for what they want and may even raise unreasonable demands. However, what is most important is that I must plug this loophole in our political system, which the public queried and still query, and which prompted them to ask for the enactment of legislation as a solution, lest people may continue to utilize this loophole as a means of triggering any so-called "referendum" or "by-election".

If the matter is not ..... In case no by-election ..... Suppose no such unwarranted by-elections and resignation had ever taken place, the present issue of "depriving people of their voting right" would not have emerged in the very first place. Therefore, the problem ..... The crux of the whole problem should be the "trouble-makers" at that time.

**MR FRED LI** (in Cantonese): *President, true, many people might not necessarily approve of the referendum last year, and many academics simply held divergent views, but this year, the same academics, along with many other scholars, have jointly signed a statement to voice objection to the Government's move.*

*Therefore, Chief Executive, my point is that the objection of some people to the acts of the five Members last year is not equal to a mandate for the Government to do away with any consultation and get it all done within a month or so with the assistance ..... He remarked just now that a majority of Members in the Bills Committee supported the Bill; this is for sure, because the pro-establishment camp always constitutes a majority in the Legislative Council. But the point is that if everything is to be decided in this way with the endorsement of pro-establishment Members who always constitute a majority, there will never be any need for any consultation at all.*

*Chief Executive, I hope that if consultation is to be conducted, the existing Bill will not be used as the basis. Rather, there should be genuine consultation on people's views. If consultation is to be conducted, it must be done in an open manner.*

*Chief Executive, let me give some additional information for your reference. It is said that even in western countries practising proportional representation, the same method is used to select replacement legislators. But I must point out that in their case, all legislators are returned by democratic elections, and there are no functional constituencies. I think that we should start talking about plugging the loophole only when all Members of the Legislative Council are returned by direct elections on the basis of "one person, one vote".*

**CHIEF EXECUTIVE** (in Cantonese): We will certainly conduct consultation in a whole-hearted and sincere fashion. However, there must be a basis for the consultation, and that is the Bill which has been scrutinized by the Legislative Council. And, I also want to listen to the opinions of all sides. But our objective must be clear — plugging the loophole enabling Members to resign at will and forcibly trigger a by-election that will waste public money.

**DR SAMSON TAM** (in Cantonese): *President, just now, Dr LAM Tai-fai, one of us who are called the "Five Loners", asked the Chief Executive for a report card on his achievements, saying that next year, he would have been in power for seven years. The Chief Executive replied that in that case, he would need to look back at the political platform he set down five years ago. I think that it is a bit risky for one to compile one's report card in this way. The reason is that if times are uneventful and the world does not experience any changes at all, it is of course alright to do things strictly as planned, but in case there are any changes in the political and social environments, one will bear very great risks if one does not make corresponding changes.*

*President, over the past three years, since I joined the Legislative Council, I have been "nagging" around, in the hope that the Government and Members could attach importance to technology and innovation. These days, seeing that both Ms Emily LAU and Members belonging to the Federation of Trade Unions have started to feel the increasing significance of this matter, I am truly gratified.*

*Times have changed, and there is a big difference between many years ago and now. For this reason, many I ask the Chief Executive whether it is now the right time to promote innovation and technology? If yes, why? If not, why not?*

**CHIEF EXECUTIVE** (in Cantonese): I agree entirely with you that apart from implementing my political platform and honouring the pledges I made to the people before my assumption of office, I must also respond to all the events that happen locally or around the world during my term of office. During the term of the incumbent Government, there occurred a global financial tsunami which was practically unforeseen in 2007. However, we still managed to adopt a number of immediate and special measures in response, proposing to turn this into an opportunity of developing the six industries. Can you still remember this? At the time, this idea had been unheard of. In other words, we must always flexibly respond to the prevailing needs in society and formulate the best possible response strategy.

Innovation and technology happens to be one of these six industries. As Members know, we have set up the Steering Committee on Innovation and Technology under the chairmanship of the Chief Secretary for Administration to handle this issue. Many measures on encouraging innovation have already been implemented. I believe you should know better than I do, right? Such measures include extending the scope of the fund, introducing a pilot scheme in public organizations and further promoting the productization of technological research achievements. The market of the environment-friendly vehicles we have manufactured has been extended to places all over the world. You should be clearly aware of all these.

Regarding resource support, in April last year, we rolled out the \$200-million Research and Development Cash Rebate Scheme to encourage enterprises to engage in more production-related technological research. Besides, we have also carried out the Phase 3 Development of Hong Kong Science Park, and many other efforts are being made. I very much hope that you can join hands with us. In case you think that there is anything we have not yet done, we are always more than happy to listen to your ideas. It cannot be denied that innovation and technology is one of the new industries which Hong Kong is potentially capable of developing.

**DR SAMSON TAM** (in Cantonese): *Many thanks to the Chief Executive for recognizing the importance of innovation and technology. On 6 July, this Council passed a motion on urging the Government to start exploring the*

*establishment of an innovation and technology bureau during the term of the next Government. What does the Chief Executive think about this proposition?*

**CHIEF EXECUTIVE** (in Cantonese): I will notify the next Chief Executive accordingly. *(Laughter)*

**DR PHILIP WONG** (in Cantonese): *President, there is one practice during the Chief Executive's seven years in power that I appreciate most: every time before announcing his policy address, he invariably consulted the various political parties and groupings in the Legislative Council and even all chambers of commerce and organizations. I believe that he will do the same before announcing his final policy address. However, as his upcoming policy address may contain a number of long-term projects, may I ask him whether he will consult those three hot favourites in the next Chief Executive Election on those projects? If yes, how?*

**CHIEF EXECUTIVE** (in Cantonese): I believe that it will be difficult for me to do so, because nomination will come rather late, and I will have to announce my policy address in October. I frankly do not know whom I should consult, nor do I know whether the three candidates in my mind are the ones you have referred to. *(Laughter)* Actually, I reckon that there are seven persons. Anyway, I will seek to do a good job every day to the best of my ability. The problems confronting us are formidable, and there are many such problems; the problems are by means small in number. My aim is to make as much effort as possible.

Besides, as I said just now, a smooth changeover is important; there must be proper convergence in respect of our economy, institutions, administration and social policies. I am working on this year's policy address on my own, and I cannot possibly consult the so-called "candidates", because nomination will come rather later. Nevertheless, I strongly believe that when everything is finalized after the election of the next Chief Executive on 25 March next year, I will definitely take matters up if there are any areas that can be better co-ordinated. We will set up an office later, in the hope of better co-ordinating all necessary

efforts. It is the first time that we do so. I hope that everything can be well co-ordinated.

**MR KAM NAI-WAI** (in Cantonese): *In the reception to celebrate the 14th anniversary of the establishment of the Hong Kong Special Administrative Region, the Chief Executive said that in the coming one year, he and his team would continue to work with full dedication until the last minute of office. However, a couple of days ago, a probable Chief Executive hopeful in the Chief Executive's team, Chief Secretary for Administration Henry TANG, said: "The lack of thorough consideration before the rolling out of policies has inevitably affected people's confidence in the Government". He was in fact saying that the existing Government itself had caused the erosion of people's confidence.*

*Another member of the Chief Executive's team, Mr LEUNG Chun-ying, the convenor of the Executive Council, said: "Had the housing and poverty problems today been resolved two or three years ago, the atmosphere now would be better". He was actually insinuating that the present Government was slow in awareness.*

*The repeated criticisms levelled by members of the Chief Executive's team at the Government in public have made people feel that his team members are all like "rats deserting a sinking ship". The reason is that as revealed by some surveys, this year, people's dissatisfaction with their livelihood conditions is the strongest in 19 years. May I ask the Chief Executive how he is going to achieve solidarity in his team. In the remainder of his term, how is he going to work with full dedication until the last minute of office to alleviate the housing and poverty problems and handle the question of whether to withdraw the proposed replacement mechanism? Or, is he going to sleep until the last minute of office?*

**CHIEF EXECUTIVE** (in Cantonese): Counting from today, there are still 350 days in the remainder of my term. Members will soon realize how I work — whether I keep my nose to the grindstone every day, or whether, in his words, I simply spend all the time on sleeping. I believe the public will make their own judgment. There is no need for any argument here.

As you all know, Hong Kong is an open society where different people may express different views on the Government's governance. This is only normal. As for politicians holding public office who want to comment on the Government's governance, I am sure that they will always take account of their positions and the resultant impacts.

Hong Kong people attach very great importance to politicians' political conviction, ethics and integrity. It is especially worth mentioning that when politicians express their views at the approach of elections, there are always the questions of whether their aim is to establish their political standing by doing so, that is, to "sponge", in colloquial parlance, and whether they are just outspoken on facts. I am sure that people all have an answer in mind.

Regarding the Honourable Member's reference to the remarks made by the Chief Secretary for Administration, I must, first, say that our team works in unity, and we handle things with one heart without any single exception. What the Chief Secretary for Administration said is just the same as what I said in my opening remarks just now. Members will know this clearly after some sort of analysis.

Nothing can be perfect. However excellent our preparations before the rolling out of policies are, our grasp of public opinions can never be totally accurate. In the process, public opinion will also change, so we must make corresponding adjustments. I believe that this is the very essence of the remark made by the Chief Secretary for Administration.

I would like to share some thoughts with Members in case they may find them useful. There are four things here. First, ..... I am sorry. I likewise need a preamble and wish to say something first. *(Laughter)* The Honourable Member's question is a very difficult one, so I must give it in-depth treatment.

The first thing is about the public participatory approach. I will give some examples to explain why I say that the remark made by the Chief Secretary for Administration is the same as what I think. In the case of healthcare financing, for example, the Government needs to consult the public many times, because while we understand that population ageing is bound to impact our fiscal reserves in the long run, and that we need to make early preparation and ensure the sustainability of our policy, we also realize that any policy direction in this regard

will necessarily involve "income redistribution", produce profound and far-reaching impacts, and arouse the anxieties of mainstream society. Therefore, in the process of preparation, we need to cling to the public participatory approach every step along the way. This takes time. In the process, changes may crop up. We must consider a wide range of factors. Apart from public sentiments and the positions of Members and the Government itself, we must also take account of public finances. We must in addition consider issues such as policy urgency and priority. The most important consideration is the legality or otherwise of our policies in the face of the potential challenges of judicial review from the public and political parties. Very often, perfection is impossible.

Another thing is the often self-contradictory nature of public opinions. As I made it very clear in my opening remarks, public opinions often shift, and especially in respect of the wealth gap and the housing problem, there are grievances in society. In the case of the Budget, for example, although we did a lot of consultation beforehand, there was still that sudden outburst after its announcement. Previously, many Members and mass media asserted that "cash handout" must not be an option. But when public opinions changed after the announcement of the Budget, they immediately demanded us to give "cash handout". Members should remember this, and they may read the newspapers at that time and take a look at their remarks before and after the release of the Budget. This can prove what I am saying now.

As for the tug-of-war between the executive and the legislature, as I have remarked just now, there are always some problems. Therefore, under these circumstances, no policy can be made perfect. It is already very satisfactory if a certain policy can command the support of 60% or 70% of the public. But that said again, if the remaining 30% or 40% of the public are not satisfied, and if they all air their dissatisfaction, public opinions will be swayed, and the policy concerned may need to be amended in one way or another. In brief, what I mean is that the matter of governance is not that simple.

**MR KAM NAI-WAI** (in Cantonese): *President, I heard the Chief Executive say that some people are trying to "sponge". I do not know whether he was referring to Mr LEUNG Chun-ying, who is a member of his team.*

*May I ask the Chief Executive whether he has held any discussions on asking some probable Chief Executive hopefuls in his team to resign from their posts as early as possible or even immediately, so that they can concentrate on preparing for the next Chief Executive Election and avoid being criticized by him for "sponging".*

**CHIEF EXECUTIVE** (in Cantonese): It is not yet the nomination period for the Chief Executive Election, and I believe that all are still doing the tasks demanded by their positions. What I said just now is not an innuendo targeting anyone. I just want to say that all holding public office must be mindful of their positions and discreet in their words.

I think that as the nomination period approaches, many people will take actions accordingly. This is a good phenomenon. However, on my part, I have my own job to do, and my team also has its responsibilities to discharge. We will continue to discharge our obligation to the people of Hong Kong until the end of June next year.

**MR ABRAHAM SHEK** (in Cantonese): *President, when I was listening to how the Chief Executive answered Mr KAM Nai-wai's question just now, I saw the return of Donald TSANG's true self, for I was able to see in him both "temper" (Laughter) and earnestness. I very much hope that the Chief Executive and his team of government officials can continue with their efforts in the coming 350 days, so as to promote Hong Kong's well-being. I for one am strongly supportive of the Chief Executive's efforts in the past seven years.*

*The Chief Executive asserted five years ago that he would get the job done. When replying to Dr David LI's question just now, he mentioned three major spheres. Economically, he has delivered us from a black hole ..... Mr CHIM Pui-chung, you must agree because this is a fact (Laughter) .....*

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

**MR ABRAHAM SHEK** (in Cantonese): ..... *He has delivered us from an economic black hole. The United States is hailed by many as the greatest nation. Under OBAMA's leadership, the Americans have parted the "Red Sea" for the "Black Sea". President, we can see that there is now a way out for the Hong Kong economy; when there is a way out, it is only natural that many more requests are put forward.*

*Another thing is that when it comes to people's livelihood, once we have parted the toughest times, we will naturally raise many problems. The Government should listen to what people have to say. People's opinions should always be heeded. But people's opinions, as rightly pointed out by the Chief Executive just now, are forever swaying in the wind, from here to there .....*

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

**MR ABRAHAM SHEK** (in Cantonese): *President, thank you. (Laughter) President, my question is about the third part of the Chief Executive's reply to Dr David LI's question just now. Part of his reply was about the housing problem. He made it very clear, and so did Secretary Carrie LAM .....* According to Secretary Carrie LAM, I am not always on her side. But I must say that I am on her side very often.

*President, here is my question. When replying to questions in this Council the other day, the Secretary said that it would at least take seven years to turn a potential site into a "housing construction site". She also said that even if the construction of Home Ownership Scheme (HOS) flats was resumed, the turnaround time would still be very long, so this could not possibly solve the present problem.*

*The Chief Executive remarked just now that we should consider the problem pragmatically. This is indeed a practical problem. But he also said that we might consider the problem from different perspectives. I wish to ask the Chief Executive one question. The Hong Kong Government is in possession of many land lots that can be used instantly for constructing HOS flats. The superstructure development of the West Rail is also a huge source of land. All such land can be used for answering the demand for PRH construction. Given*

*sincerity, all these disposed sites can be turned instantly into sites for constructing HOS flats. Will he consider this idea?*

**CHIEF EXECUTIVE** (in Cantonese): This is of course a possible option, but certain conditions must be fulfilled. The task before us now, as we were told by the Financial Secretary, is about resolving the present problem of rocketing property prices. In this regard, the key approach, and the most reliable and sustainable approach, is to make available a continuous and adequate supply of land in the market. We have therefore promised that the land we put up for auction every year shall be enough for the construction of 20 000 units in the private market.

To me, another concern which is even more important is the housing need of grass-roots people. In other words, the PRH construction programme must continue, and it is necessary to provide roughly 15 000 units a year. These two types of demands will both require the supply of land, and disposed sites may indeed be used. Naturally, in the case of a potential site totally devoid of any infrastructure facilities, since planning for reclamation and other works must first be initiated, a turnaround period of seven years should not be considered as too long.

In the case of disposed sites, if no specific uses have been assigned to them, I will certainly take actions. However, if the sites concerned have already been assigned certain uses — in other words, if they are originally designated for constructing PRH units but must then be used for other purposes, thus making it impossible to attain the target of 15 000 units a years and affecting the three-year waiting period for PRH allocation, we must express our reservations.

One more point is that if we are to remove some land lots from the Land Application List for the purpose of constructing subsidized housing, it will not be possible to build 20 000 units a year for private purchase, and property prices will keep soaring in that case. This is also something the public do not wish to see. Therefore, we must draw up longer-term land planning, and maintain a sustainable annual supply of land which can meet the demand in the private market and satisfy the land demand necessitated by the three-year waiting period for PRH allocation. Also, there may well be other new requests. For example, is the My Home Purchase Plan supposed to be one-off or permanent in nature?

Or, if the HOS is to be kept on a long-term basis, how many units should be constructed? Where are all the land lots supposed to come from? All these questions must be sorted out clearly first, and as soon as we feel well-equipped, we will be able to do something.

At this moment, it may well be possible to allocate some land lots originally designated for private housing development for implementing some new housing schemes. Alternatively, it may also be possible to change the use of sites designated for public housing construction and use them for these new schemes. But, in any case, there must be compensatory arrangements, otherwise an imbalance will emerge. What I mean is that all will be like passing the problem from the left hand to the right hand. The problem cannot be solved in this way. We must draw up long-term planning and think very carefully.

In my opening remarks, I already made it very clear that the objectives of our present housing policy are very clear: to provide PRH that helps the grassroots, and to maintain a private property market. But what are we going to do with those people who do not have the means to acquire any properties, and who are at the same time ineligible for PRH application? We must seek to tackle this problem, and it is a challenge we are facing right now. However, while seeking to tackle this challenge or problem, we must not impact the provision of PRH and reduce the supply of lands for private development, which are increasingly hard to come by these days, lest property prices may soar further. This is a problem we must face.

**MR ABRAHAM SHEK** (in Cantonese): *President, I strongly agree to the Chief Executive's explanation. He attempted to point out the problems with PRH, the HOS and private residential properties. I only wish to say that I have tried to look at these problems from a different perspective. I do not think that the proposal I mentioned just now will impact PRH supply because the supply of PRH must not be affected. I agree that we must continue to restrict the waiting period to three years as our objective, though we all hope that it can be shorter than three years .....*

**PRESIDENT** (in Cantonese): Please state a concise supplementary question only.

**MR ABRAHAM SHEK** (in Cantonese): *President, since the Chief Executive's reply was very long, I must likewise give a long explanation of my point. President, first, HOS flats and private residential units belong to two separate markets; second, we must not ..... Why are there so many grievances in society? It is because those who cannot afford any private residential properties now will not be able to afford such properties even after a wait of seven years either. As result of my proposal, the grievances in society .....*

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, please state your supplementary question as quickly as possible.

**MR ABRAHAM SHEK** (in Cantonese): *President, the grievances in society will diminish, thus ridding the next Government of this burden. President, this burden .....*

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, stop expressing your opinions immediately.

**MR ABRAHAM SHEK** (in Cantonese): *Yes, but I only wish to ask .....*

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

**MR ABRAHAM SHEK** (in Cantonese): *I was actually about to state my supplementary question just now. (Laughter) President, my only hope is that the Government can still put forward a scheme in the coming 350 days to tackle the HOS issue, rather than passing the burden to the next Government.*

**CHIEF EXECUTIVE** (in Cantonese): This is the greatest goal we wish to attain. I have already made an undertaking to Honourable Members, and my hope is to formulate an integrated and holistic plan to tackle the housing problem, so that I can show the public that I have done my job. Naturally, any scheme must need people's approval. And, the endorsement of the Legislative Council is likewise required, for in some cases, especially in respect of infrastructure, funding requests must be submitted to get things started. Therefore, I strongly believe ..... But we must consider clearly how we should proceed. We must not focus only on HOS flats. We must also consider other negative and positive impacts. This problem, as I have already explained, is not purely about the HOS and private property markets. Inevitably, it will also lead us to people's multiple objectives in regard to "boarding the train of property acquisition". As Members know, people do not want a home only. They will also consider such factors as capital preservation, asset accretion and sources of wealth. The factors considered by Hong Kong people are quite wide in range. Upon close analysis, we will realize that why people want to acquire properties and why they are so concerned are in fact very complex questions to answer. Nonetheless, I am very thankful to Honourable Members for their opinions, and I do not intend to pass this problem to the next Government.

**MR LAU WONG-FAT** (in Cantonese): *President, I would like to ask the Chief Executive a question. Faced with the financial tsunami and the fact that the global economy has yet to fully recover, can he say a few words on how he is going to avoid the continuous deterioration of the wealth gap problem and maintain Hong Kong's prosperity and stability while seeking to foster our economic development?*

**CHIEF EXECUTIVE** (in Cantonese): In every financial crisis, my actions will be guided by two objectives. First, I will tap all our experience, rely on all our capabilities and use the reserves amassed in the past to deal with the problems. On the one hand, we will resist the impact on our financial system; on the other hand, we will relieve the adverse impact of the onslaught on Hong Kong people's livelihood. We did the same things on the last two occasions. We adopted the same approach in the Asian financial turmoil last time and the financial tsunami this time around.

Second, whenever these problems occur, we must seize new opportunities of survival, because every crisis will definitely bring fresh opportunities to Hong Kong in its aftermath. Grasping such opportunities will enable Hong Kong to ascend to another level. The Asian financial turmoil gave Hong Kong the opportunity to reform and upgrade its overall financial structure. Many people objected to the idea of merging different stock exchanges at that time, but the Government corporatized the merged stock exchange and listed it on the market. Since this system reform, its competitiveness has been enhanced. In addition, we also made the effort of unifying all the clearing systems. In the global financial tsunami this time around, I also took the opportunity to do some further thinking. We hold the view that in our economy, apart from the four pillar industries, we still have potentials in many other areas. As a result, I have proposed the six industries. The underlying objective of our efforts is to improve Hong Kong people's livelihood, and enable them to earn higher incomes and live a better life.

As for the problems we face at present, our strategy focuses on healthcare, food, housing and transport for grass-roots people. When answering a question just now, I already explained our special efforts in the area of healthcare. In respect of food, we constantly seek to maintain stable supply of food, and in case there are any special needs, there are food banks to help. In respect of housing, I have mentioned that this is a big problem. We particularly need to assist those who are not eligible to apply for PRH flats in coping with the exorbitant property prices these days. In respect of transport cost, we have put in place a new measure. We always think of danger in times of safety and take precautions accordingly. Should the present global financial instability continues to deteriorate, we will consider adopting new approaches to resolve difficulties and overcome crises. Further, we also need to strive for opportunities to upgrade Hong Kong.

Third, we will seek to protect people's livelihood against any adverse impact.

**MR LAU WONG-FAT** (in Cantonese): *I would still like the Chief Executive to talk about how to eliminate the wealth gap.*

**PRESIDENT** (in Cantonese): Chief Executive, do you have anything to add?

**CHIEF EXECUTIVE** (in Cantonese): I have remarked just now that the wealth gap is a problem faced by all countries since the birth of capitalism more than 100 years ago; it is not a problem unique to Hong Kong. If anyone can resolve the problem of wealth gap in a capitalist society, he or she really deserves any kind of awards.

However, in the case of Hong Kong, when we have the means and reserves, how should we help people who are in difficulties? Under the present situation, what efforts have we made over the past two years? Well, for example, we have reduced PRH rents and offered "double pay" to Comprehensive Social Security Assistance (CSSA) recipients (The amounts have been paid recently). In addition, we have implemented a minimum wage level to protect Hong Kong people and improve Hong Kong people's livelihood. The minimum wage level has only just been implemented, but as far as I know, over 300 000 grass-roots workers in Hong Kong have got an income increase of 16% on average. In addition, I have said just now that in respect of transport cost, we have rolled out a new initiative to help people in the lower strata who need to commute to and from work. They will get the money by the end of the year.

If we have surplus ..... The Financial Secretary has decided to hand out \$6,000 to each Hong Kong resident this year; registration will start in mid-August, and cash will be distributed afterwards. Therefore, we must seize every opportunity in any global financial turbulence, so as to upgrade Hong Kong's economic structure and better safeguard Hong Kong people's quality of life.

**MR VINCENT FANG** (in Cantonese): *Chief Executive, I wish to ask a question on Hong Kong's population policy. Under the existing policy, the Hong Kong Government allows the entry of 150 One-way Permit holders every day. This means the entry of some 40 000 to 50 000 One-way Permit holders a year. And, every year, some 40 000 infants are born in Hong Kong. The two added together will amount to some 70 000 to 80 000 people. We can already observe the beginning of problems — the shortage of delivery rooms. Problems in the field of education (such as those related to kindergartens) may emerge slowly at a*

*later time. Facing the problems with education, healthcare, social welfare, housing, and so on, does the Chief Executive have any long-term policies in mind? And, has he ever assessed whether we will have the means to cope in the future?*

**CHIEF EXECUTIVE** (in Cantonese): Hong Kong's economic restructuring and population ageing are, to me, problems that are even more serious. The children delivered by Mainland pregnant women in Hong Kong and the 150 One-way Permit holders who enter Hong Kong for family reunion every day are Hong Kong's reinforcement. I think that population ageing should be far more serious than the negative impacts of these problems in contrast.

We should look positively at the current population growth of Hong Kong. People (especially young people) are a form of resource. The local reproductive rate is at present very low, with each woman giving birth to only one child during her child-bearing period. If the situation persists, and if we do not adopt a generous immigration policy, Hong Kong's population will keep declining and ageing. Therefore, one of the measures adopted by the Government is to allow the daily entry of 150 people for family reunion, so as to bring reinforcement to Hong Kong. Of course, we must provide training and increase the resources devoted to education. Such efforts must be made, or else we will lose our competitiveness.

What is more, we should look at the issue of Mainland women coming to Hong Kong for delivery from several positive perspectives. Of course, in the short run, there will be problems. We must ensure sufficient obstetric services for Hong Kong pregnant women. Public-sector departments must give the assurance. At present, private-sector departments provide several dozen thousand places every year for Mainland pregnant women coming to Hong Kong for delivery, and public-sector departments are also capable of providing a small number of places. However, at present, we are able to cater for most of the demand, so we should do so. As for the development of healthcare services, we think that such services are a form of asset, and the healthcare industry is one of the six industries with a competitive edge. We should look at the problems in this regard from positive perspectives.

Most of the children delivered by Mainland pregnant women in Hong Kong, according to rough statistical analyses, will return with their parents to the Mainland for primary education. As for when they will come back to Hong Kong, we can only make estimations. The Steering Committee on Population Policy chaired by the Chief Secretary for Administration is currently conducting studies on when these children will return to Hong Kong. We very much hope that the majority of them can return to Hong Kong for secondary and university education. We must grasp more information, including data on when these children return to Hong Kong and what preparations we must make for them. At present, the education sector is faced with the problem of "school closure". In the future, we will have more resources and room for accommodating a greater number of young people returning to Hong Kong for secondary schooling. We will definitely continue to conduct studies on how to handle the problems in this area.

The coming of Mainland pregnant women to Hong Kong for delivery has indeed exerted pressure on Hong Kong's healthcare sector. We must overcome and deal with the related problems, and give Hong Kong women priority access to our healthcare services. But we must not forget that the children delivered by Mainland pregnant women in Hong Kong will become a form of resource for us in the future. In addition, the daily entry of 150 people into Hong Kong for family reunion and permanent residency will likewise constitute a form of resource for us. We must make investments and look for all such resources, so as to equip Hong Kong with long-term and sustainable competitiveness.

**MR VINCENT FANG** (in Cantonese): *Chief Executive, our delivery rooms are now unable to cope. If there is no long-term plan, I am afraid that even kindergartens and primary schools may likewise face a shortage of places. Can the Government make efforts simultaneously in several areas? I hope that the Government can tackle these problems from longer-term perspectives.*

**CHIEF EXECUTIVE** (in Cantonese): I agree. At present, we observe that our delivery rooms are under pressure. I think that apart from hospitals, we should also focus on educational facilities, which were mentioned just now. I think that we should first look at secondary education. I believe that the children delivered by Mainland pregnant women in Hong Kong are mostly from middle-class or

wealthy families. Most of them will receive primary education on the Mainland. I intend to focus on this phenomenon and first look at secondary education, so as to ascertain when these children will come back to Hong Kong, and whether we will have enough school places for them. After this, we will look at primary and kindergarten education. As I have mentioned, the Steering Committee on Population Policy chaired by the Chief Secretary for Administration is currently studying all these problems.

**MR ALAN LEONG** (in Cantonese): *When the Chief Executive replied to Mr WONG Yuk-man's question just now, especially when he remarked that Legislative Council Members' popularity rating was likewise dropping, I noticed that he looked very smug, with eyes visibly beaming with delight. I do not understand why he behaved like this. That our popularity rating is low does not mean that his own popularity rating will rise.*

*President, I must voice grievances for this Council. When the Chief Executive wanted to introduce a replacement mechanism using a different candidate list, he asked for those people's support; when he now wants to introduce a replacement mechanism using the same candidate list, he again asks for those people's support. When he wanted no consultation, he asked for those people's support; when he now agrees to conduct consultation, he again asks for those people's support. All those people are Members of this Council. By doing so, he will only bring common ruin to himself and those Members. President, this is not the question I want to ask, though.*

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

**MR ALAN LEONG** (in Cantonese): *I will do so immediately. The Chief Executive should know only too well why such a multitude of people took to the streets on 1 July. It was because the replacement mechanism he proposed will directly impact the core values upheld in Hong Kong. He wanted to strip us of our by-election vote, and not only this, he even did not bother to ask us for our opinions. Some say that according to Mr Michael TIEN, Secretary for Justice WONG Yan-lung did ask for the conduct of consultation at one meeting, but a person higher in rank than him — there are not too many such persons — said*

*that there was no such need, and that they should proceed at once. Now, everybody is pointing the finger at the Chief Executive. I now give him a chance, on this very day of bidding farewell to the Legislative Council Building. Will he say anything in defence? Was he the one?*

**CHIEF EXECUTIVE** (in Cantonese): First of all, what I wish to say is that people must not get me wrong and accuse me of being smug at seeing the Legislative Council's credibility decline. This is simply not the case in reality. Quite the contrary, I am in fact very worried because when Legislative Council Members' popularity rating drops, that of the Government will follow suit. Both ratings will drop together without any exception. Therefore, I am deeply worried that the free fall of your popularity rating may plunge me and my staff into trouble, dragging down our popularity rating at the same time. *(Laughter)*

Second, speaking of the march on 1 July, I would say that marches are already a kind of established custom in Hong Kong and also a channel through which people vent their discontent. It is alright to hold marches. But please do not go so far as to say that all the people who participated in the march on 1 July were there to oppose the replacement mechanism. We have not yet completed the work on introducing the replacement mechanism, and we still need to hold debates on it. Some 50 000 people took to the streets that day, and we already took the opportunity to listen as much as possible to what they had to say and grasp their aspirations. According to my own counting that day, as many as 58 categories of demands, major or minor, could be seen from all the placards put up by participants. I will seriously handle all such demands. But I also agree with you that many demands were indeed related to the replacement mechanism.

The proposed replacement mechanism has undergone many rounds of consideration and discussion within the SAR Government; it represents our common aspiration and position. And, it had been approved by the Executive Council before it was put before the Legislative Council for scrutiny. The entire process has been due and proper. I also think that the replacement mechanism can respond very specifically to people's demand for plugging the loophole after the so-called "referendum" incident last year. As for what Mr Michael TIEN said, I have also read the relevant article. I suspect that maybe, the "informed source" is only a nodding acquaintance of Mr TIEN, because what this person told him is simply not true, totally untrue.

**MR ALAN LEONG** (in Cantonese): *President, ever since 2007 when I competed with Mr Donald TSANG in the Chief Executive Election, I have always questioned his judgment. His reply today has made me even more doubtful of his judgment. I think that it will be more accurate to say that this Council's popularity has been plunged into trouble by the executive. But he has argued that the opposite should be the case. His words are hardly tenable. In what ways have we plunged you people into trouble? It is more accurate to say that you people have plunged us into .....*

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

**MR ALAN LEONG** (in Cantonese): *..... Alright, never mind, President. Here is what I want to ask. Some are saying that the Government will soon ask Secretary Stephen LAM, who is asked by many to step down, to announce a new document. In this document, a proposal is put forward to penalize Members who resign and forbid them to stand in any by-elections within the same term of the then Legislative Council. I wish to ask the Chief Executive one question. On 13 July last year, when he replied in this Council to Dr Priscilla LEUNG's question on whether he would introduce such an arrangement, he referred to such an arrangement and said (and I quote): "....., but there are constitutional restrictions, too. The Basic Law also stipulates some provisions about the right to stand for elections." He seemed to be saying that he would not do so. May I ask him whether his judgment today is still the same?*

**CHIEF EXECUTIVE** (in Cantonese): First, following that unfortunate incident last year, the related issues were already discussed many times in this Chamber of the legislature, and I also replied to various questions on such issues in a Chief Executive's Question and Answer Session. I do understand our constitutional requirements, so I have spent quite some time on devising this replacement mechanism, which can overcome those two problems. This replacement mechanism has no problems of constitutionality.

On the other hand, the approach we adopt is not meant to bar any once-elected candidates from standing in elections. We have never said anything like this. To put it in another way, the replacement mechanism we

have put forward can cope specifically with the two problems identified at that time. Therefore, my present position is no different from the position I held at that time.

Besides, you say that some are saying that we are going to put forward a scheme to bar Members who have resigned from standing in any by-elections during the same term of the then Legislative Council. At present, we are simply using the bill passed by the relevant Bills Committee of the Legislative Council as the blueprint and basis of consultation. There is simply no other basis. It is my hope to hear the views of more individuals and all sides during the consultation period. I look forward to hearing the opinions of Mr LEONG. I hope that he can give us a helping hand and express his views on how we can plug the loophole. This is the only way to truly work for the well-being of Hong Kong people.

**MR CHAN KAM-LAM** (in Cantonese): *President, when replying to Dr David LI's question just now, the Chief Executive remarked that in the future, it would be necessary to pay heed to several important issues. Naturally, as a responsible government, the SAR Government will definitely draw up planning in advance. But these days, on many issues, it is often impossible for the Government to take any precautions. There are bound to be some irresponsible political parties and politicians who will take certain actions at certain times to render the SAR Government unable to cope. One example is the environmental impact assessment related to the Hong Kong-Macao-Zhuhai Bridge. Another one is the recent case filed by a foreign domestic helper with the assistance of some barristers. All these problems have aroused the worries of people in the communities. I may cite an example here. At present, there are roughly 150 000 applicants on the Waiting List for PRH allocation. But later, 100 000 applicants who are foreign domestic helpers may be added to the Waiting List, thus boosting the number of applicants to 250 000.*

*Currently, there are 280 000 households in receipt of Comprehensive Social Security Assistance (CSSA), but the number may suddenly .....*

(Dr Margaret NG rose to her feet)

**PRESIDENT** (in Cantonese): Mr CHAN, please hold on. Dr NG, any problem?

**DR MARGARET NG** (in Cantonese): *A point of order.*

*President, the litigation mentioned by Mr CHAN Kam-lam just now has not yet come to an end, and the focus of his questions seems to be this particular litigation. Should we mention all these problems when the litigation is still in progress?*

**PRESIDENT** (in Cantonese): After Mr CHAN Kam-lam has asked his question, I will judge whether his question will have any impact on the case concerned. Mr CHAN Kam-lam, please state your question.

(Mr Abraham SHEK rose to his feet)

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, any problem?

**MR ABRAHAM SHEK** (in Cantonese): *President, sorry, I wish to raise a point of order. President, what Mr CHAN Kam-lam has raised is related to policy issues.*

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, I do not need you to tell me how I should handle the matter. *(Laughter)* Mr CHAN, please state your question.

**MR CHAN KAM-LAM** (in Cantonese): *President, at present, there are roughly 280 000 CSSA households, but in the future, 100 000 more people who are foreign domestic helpers may also apply for CSSA. In the end, the number of CSSA households may become 380 000.*

*Besides, 100 000 foreign domestic helpers who are qualified to stay in Hong Kong may suddenly resign. Many people in the communities have expressed their grave worries to us.*

*May I know whether the SAR Government has drawn up any corresponding planning in the face of all such problems that practically defy any precautions?*

**CHIEF EXECUTIVE** (in Cantonese): The existing Immigration Ordinance provides that a foreign domestic helper's period of employment in Hong Kong shall not be considered as a period during which she is ordinarily resident in Hong Kong. And, the relevant immigration policy is based on the overall interests of Hong Kong.

The judicial review concerning foreign domestic helpers has already commenced. We have of course fully considered the case and prepared various arguments that can enable us to explain our position and justifications in court. As usual, we will adhere to the law in all our acts. Anyway, we are not supposed to comment in any great detail on the case at this very stage. Whatever the outcome may be, we will definitely handle the problem properly. I agree with Mr CHAN that this is indeed a serious problem.

**MR CHAN KAM-LAM** (in Cantonese): *President, as mentioned by a Member just now, many Mainland pregnant women come to Hong Kong for delivery these days, and every day, there is the entry of 150 people from the Mainland. Suppose foreign domestic helpers are also permitted to stay in Hong Kong, a very serious population problem will result. In the coming one year, will the SAR Government conduct a proper review of our population policy, with a view to formulating a feasible policy to prevent any sudden demographic expansion that adds to our society's burden of housing, social welfare, medical services and health?*

**CHIEF EXECUTIVE** (in Cantonese): These are two different problems. First, in the case of those who come to Hong Kong through lawful channels, such as those pregnant women coming here for delivery, their children are all Hong Kong Residents. In the future, they will exert pressure on public facilities and increase

the demand for them. This is the negative impact. As far as the positive impact is concerned, it must be pointed out these new arrivals will serve as our society's reinforcement. In the economic competition in the future, they will constitute a very substantial form of resource. Every day, 150 people also enter Hong Kong legally.

The second thing is that the unexpected happenings mentioned by Mr CHAN do not fall within the scopes of our existing policies. For instance, regarding the right of abode of foreign domestic helpers, in case they succeed in getting permanent residency right, a whole series of problems will indeed result. But this will be outside our policy scopes. As I have mentioned, this is truly a very formidable challenge. However, we will still face up to it. And, since the judicial process relating to this case is already underway, we cannot make any detailed comments at this stage.

Hong Kong has long since been used to coping with unexpected happenings. We will adopt special methods to handle such problems. In case such things really happen, as I have mentioned, I undertake that we will definitely come up with satisfactory tackling strategies, including contingency as well as short-, medium- and long-term measures. We may even handle the problems through legal and other channels. However, at this moment, I do not wish to draw conclusions on the basis of any hypotheses. I do realize the gravity of the matter.

**MR CHEUNG KWOK-CHE** (in Cantonese): *President, during the motion debate entitled "Bidding Farewell to the Legislative Council Building" this morning, Mr LEE Cheuk-yan talked about the first question he asked after joining the then Legislative Council in 1995.*

*As a new Member, at this last Council meeting held in the Legislative Council Building, I would like to round off everything by asking one last question. I believe that the two questions are identical. But there is of course a span of more than one decade in between. My question is: when will the Chief Executive implement a universal retirement protection system? I have just been given this insignia. It is given to me with the intention of asking the Chief Executive which he wants himself to be — a Decepticon or an Autobot.*

**CHIEF EXECUTIVE** (in Cantonese): An Autobot?

**MR CHEUNG KWOK-CHE** (in Cantonese): *I am talking about Transformers. There are two types of Transformers, namely, Autobots and Decepticons. One type is heroic and the other evil.*

**CHIEF EXECUTIVE** (in Cantonese): Since the 1990s, the retirement protection regime in Hong Kong has evolved into one which comprises a non-contributory social security system, a Mandatory Provident Fund System (MPF System) and personal savings. Members are already very familiar with these three components. Many people and some Members at the same time advocate the establishment of a universal retirement protection system with contributions from both employers and employees. This will fundamentally change the existing regime — as the saying goes, "Just ruffle one hair, and you will disturb the whole body." There are already huge controversies on this topic even when it is discussed among the people only. That is why I must cautiously assess whether the existing regime should be altered to any significant extent, and whether it is now the right time to put forward such a change. We have only just begun to implement a minimum wage level; and, we are still exploring the implementation of a voluntary health protection scheme.

We are still reviewing how best to perfect the MPF System, now that it is 10 years into its implementation. I maintain that even if we reopen the studies on introducing a universal retirement protection system at this stage, it will not be easy to forge a consensus in society. If I forcibly reopen such discussions during my term of office in the hope of forging a consensus, I will only be dreaming for the impossible. I believe that no Transformers, whether Evil Decepticons or Heroic Autobots, can possibly make it. However, it must be added that at present, grass-roots people in Hong Kong can already enjoy a considerable degree of protection. In regard to retirement protection, there are the CSSA system and various insurance schemes. Besides, we have also been looking after the basic livelihood needs of the elderly. Of course, I would not say that all this is already entirely satisfactory. In case of necessity, we may always continue to do more thinking. But any large-scale alteration to the existing regime and subsequent introduction of a "resource redistribution" approach will be a very formidable task. And, it will not be easy to forge any consensus either.

**MR CHEUNG KWOK-CHE** (in Cantonese): *President, the Chief Executive has just admitted clearly that there will be large numbers of elderly persons in the future. Elderly persons must have protection for their life after retirement. I understand the Government's points on the three pillars, but I must say that some people do not think that these three pillars are strong enough. I am not sure whether the change involved will really be a very drastic one. But if the Government does not launch any in-depth studies on this topic, if it cannot thus realize the opinions of society as a whole and also the views of the Legislative Council ..... Actually, over the past few years, the 60 Members of the Legislative Council have been discussing this very topic year after year, and they all .....*

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

**MR CHEUNG KWOK-CHE** (in Cantonese): *..... May I ask the Chief Executive whether he is going to raise this topic during his term of office and hold discussions with society as a whole?*

**CHIEF EXECUTIVE** (in Cantonese): If we know the purpose of such discussions and can grasp the outcome, and if we do not simply throw out some unsolvable problems to fuel people's grievances, we may consider anything. And, we are not saying that we will do nothing. The Central Policy Unit, for example, has recommended to raise the Old Age Allowance to \$1,000 a month in the light of the latest situation. The authorities have also relaxed the absence limit for Old Age Allowance eligibility. The new absence limit has been in force since February this year.

In addition, the authorities are currently in the process of reviewing and improving the MPF System. As for whether the proposed universal retirement protection scheme can achieve the desired goal by enhancing the existing system, we will conduct a sustainability study. I have instructed the Central Policy Unit to do so. While conducting any further studies on a universal retirement protection scheme, we must be mindful of prevailing public sentiments. Society is honestly sharply divided on this issue, and it is impossible to forge any consensus overnight. However, I agree with you that we may keep holding discussions on this topic, so that all can think about what feasible options there

can be. Maybe, with the passage of time, as people amass more savings, as their finances improve, they may be able to make longer-term commitments. We may make progressive changes. But I do not think that this problem can ever be solved in any short time to come, especially in the coming one or two years. If we raise this topic for discussions now, given the divergent views in the community, we may still fail to achieve any desirable outcome and conclusions even though we do put our remaining time and resources to considering this cause.

**MR WONG KWOK-KIN** (in Cantonese): *I am sorry, Mr CHEUNG Kwok-che, for taking away your opportunity of asking the last question.*

*President, the newspapers today publish the report on an opinion poll, the findings of which show that 58% of the respondents expressed dissatisfaction with the handling of livelihood problems, and 70% of them were most concerned about problems related to their livelihood. In respect of livelihood problems, I believe housing is the core issue, and the housing problem is in turn basically about public housing. Therefore, I wish to ask the Chief Executive one question here. I heard the Chief Executive remark in his opening speech just now that the Government was giving thoughts to adjusting the overall housing policy, and that it intended to give an account of the whole housing policy in October. May I ask the Chief Executive whether he can tell the people unequivocally today that the Government has already decided to resume the construction of HOS flats? After doing so, he can then announce the whole set of specific arrangements in the policy address in October. Please make this announcement first to assure people and allay their resentment. Can the Chief Executive do so?*

**CHIEF EXECUTIVE** (in Cantonese): We are prepared to adopt any measures that can allay people's resentment. But when going about our tasks, we must honour our own words, and we must have planning, rather than offering mere lip-service. As I have explained, any discussions on resuming the construction of HOS flats must necessitate the conduct of studies on how we should formulate an overall housing policy and how we should proceed. Who are supposed to be eligible for PRH allocation? Who are supposed to be eligible for subsidized housing? What forms of subsidies should be provided? Which groups of people are supposed to receive subsidies? To what extent should subsidies be

provided? Besides, is the HOS implemented in the past necessarily the best approach? What will be the impacts on the private property market and overall land supply? All these are questions that require comprehensive studies.

We may actually brush aside all considerations, ignore all consequences and first hasten to allocate some land for coping with the situation. We may actually take actions first and do the thinking later. But this is not my approach of doing things. My approach of doing things has always been pragmatic. Even though I will be assailed for two or three months more, I still think that it is better for me to give a detailed account later. This is better than lightly announcing any undertaking that cannot be honoured. I can hear very clearly people's general demand for resuming the construction of HOS flats. I am aware of this demand. My job is to serve the people of Hong Kong. Thank you.

**MR WONG KWOK-KIN** (in Cantonese): *President, when the Chief Executive replied to the question asked by a Member just now, I heard him say: "The housing problem of the grassroots has already been resolved." I must take exception to this reply. Honestly, there are some 100 000 ..... more than 150 000 people waiting for .....*

**PRESIDENT** (in Cantonese): Mr WONG, please state a concise supplementary question.

**MR WONG KWOK-KIN** (in Cantonese): *..... Please let me give some background information first. I shall be very concise, President. There are 150 000 people waiting for public housing allocation. How can he still claim that the housing problem of the grassroots has already been resolved? The problem of "sub-divided units" is so very serious, and many people are living in "cubicles". Therefore, I wish to ask the Chief Executive a question on public housing. Since it takes time to resume the construction of HOS flats, to carry out advance work such as the identification of sites, framework reconstruction, planning, and so on .....*

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

**MR WONG KWOK-KIN** (in Cantonese): ..... *Can the Government ..... Let me ask the question again. Can the Chief Executive first announce the Government's decision before launching the advance work? The reason is that it will be much too late to make the announcement in October.*

**CHIEF EXECUTIVE** (in Cantonese): It is not too late to do so in October. This is a major project, one which cannot be completed in one or two months. What is more, even if an announcement is made within a month or two, it will still be necessary to do other follow-up work. The most important thing is the housing problem of the grassroots. My claim that this problem has already been resolved is actually a generalized statement. There are roughly 2.4 million households in Hong Kong, and the number of permanent quarters is about 2.6 million. Generally speaking, there are enough housing units.

Also, I am aware that the present problem of "cubicles" has led to other problems. But it cannot be denied that there is demand for "cubicles", and this actually reflects the housing demand situation. However, our policy is very clear. We aim to ensure that all eligible Permanent Hong Kong Residents can be allocated PRH units within three years from their dates of application. The Government will provide them with housing units, but if they want to choose districts, they may have to wait a longer time. This is a fact. I think the problem has basically been resolved. No Hong Kong people are literally roofless. I understand people's concern in this regard. Let me tell Members once again that I can hear people's voices. I will definitely do my best.

**PRESIDENT** (in Cantonese): The Chief Executive has taken questions from 15 Members. Today's Question and Answer Session ends here.

**MR ABRAHAM SHEK** (in Cantonese): *President, a point of elucidation. I wish to explain why I did not declare my position as a director of the MTR Corporation Limited ..... President, I must offer an explanation because those*

*land lots have nothing to do the MTR Corporation Limited. They are government land .....*

**PRESIDENT** (in Cantonese): Mr Abraham SHEK, it is not the time for you to speak now.

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

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

#### **ADJOURNMENT OF MEETING**

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

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