

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 14 October 2010

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

DR THE HONOURABLE YORK CHOW YAT-NGOK, G.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

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

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

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

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

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

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

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

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

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

CLERK IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

THE CHIEF EXECUTIVE TO ADDRESS THE COUNCIL UNDER RULE 8 OF THE RULES OF PROCEDURE, AND TO ANSWER QUESTIONS PUT BY MEMBERS ON THE POLICY ADDRESS PRESENTED TO THE COUNCIL AT THE MEETING HELD ON 13 OCTOBER 2010.

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION

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

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

CHIEF EXECUTIVE (in Cantonese): President, Honourable Members, the new Policy Address has been delivered. When I was thinking up this policy agenda, I adopted as the framework the three major livelihood issues for which I had made an undertaking in the Legislative Council Question and Answer Session in July this year. I have also listened to the proposals made by Members, and the public opinions collected during the consultation period over the last three months. Using these general proposals and opinions as the basis, I have held repeated discussions with the Secretaries of Departments, Directors of Bureaux and colleagues in the Civil Service before drawing up this Policy Address. This Policy Address has three characteristics:

(1) *Focused*

I have discussed at a greater length and in a focused manner the three major livelihood issues, which include housing, poverty, and ageing population, and explained the initiatives taken by the Government to tackle them in terms of short-, medium- and long-term measures.

(2) *Innovative*

In making policy planning, I have tried to think out of the box and propound new initiatives. In respect of subsidizing home ownership, My Home Purchase Plan is a modification made on the basis of the Home Ownership Scheme (HOS) policy. It can be regarded as an improved version of the HOS policy.

With regard to the wealth gap, we will invest in education to combat inter-generational poverty. We will also introduce the Work Incentive Transport Subsidy Scheme and increase the textbook grant. These are timely modifications made to the existing policies. I have also proposed the setting up

of a \$10 billion Community Care Fund in collaboration with the business sector in the hope that by bringing in new ideas and making our measures more flexible, the grassroots can be provided with assistance not covered by the established social security net.

On the ageing population, a short-term measure to deal with the problem is certainly to increase the provision of residential care service. Emphasis is also put on the development of community care and services for the elderly to age at home, which will be a key area of future development. In the long term, we have to study the matching arrangement to facilitate senior citizens' retirement in the Mainland.

Many people are concerned that I will complete my work in the next two years with the mindset of a caretaker government. I think such concern is undue. The hearts of the people and that of mine beat in one. I have to do whatever the people consider it necessary for me to do. I see no need to have doubts and qualms or to set unnecessary hurdles for myself.

Some policy objectives in this Policy Address will have to be carried forward beyond my term of office, such as the target of emission reduction, combating roadside air pollution, and so on. I have proposed these initiatives on the principle of doing what I should do and exerting my best. Certainly, no government can be perfect in its administration, and there is always room for improvement. My colleagues in the Government and I will humbly listen to the views of Members and the public in the hope that the objective of "Sharing Prosperity for a Caring Society" can be truly achieved.

Thank you, President.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions from Members. Mr LEUNG Kwok-hung, please move the placard a little bit to the side because it blocks my view.

MR LEUNG KWOK-HUNG (in Cantonese): *This is the question I want to put to him.*

PRESIDENT (in Cantonese): I cannot see you.

MR LEUNG KWOK-HUNG (in Cantonese): *I am not going to ask him this question now Chief Executive*

MR WONG YUK-MAN (in Cantonese): *Put on the microphone first.*

MR LEUNG KWOK-HUNG (in Cantonese): *..... I gave you a clock yesterday. I gave it to you at the request of the elderly. This is what you have said about treating the elderly well. On that last occasion I threw something at you and you then increased the "fruit grant". They said that it will be 2036 soon, and the reporters asked me Today, this clock surely has to be given to you.*

However, the question that I am going to ask you today is much easier to answer. It requires no wisdom, which means that it suits you.

PRESIDENT (in Cantonese): Please state your question.

MR LEUNG KWOK-HUNG (in Cantonese): *I was only saying I will not be "冗(jun²)長(tsæŋ⁴)"¹ (which means taking up an excessively long time). Don't worry.*

In one of the paragraphs towards the end of your Policy Address, that is, paragraph 163 in which you talked about the Basic Law, you said that after deliberations, "we" considered it not suitable to legislate. I wonder who you were referring to by "we", but this is not the question I would like you to answer.

In a programme of Radio Television Hong Kong this morning, a member of the public asked a question about the enactment of legislation under Article 23 of the Basic Law, and you replied, "Efforts were made but in vain to seek an opportunity during my term of office to deal with it. I believe I will have the

¹ Mr LEUNG Kwok-hung pronounced the words as "冗(hoŋ⁴)"長(tsæŋ⁴).

sympathy of the public and the understanding of the Central Authorities." This should be confirmed; this is the way you have put it. Let me now ask you a question to which an answer requires no wisdom. I have to ask a question about conscience. Since you know that you will have the sympathy of the public, and you know that you will have the understanding of the Central Authorities, maybe you should talk about your views on Mr LIU Xiaobo being awarded the Nobel Peace Prize. The Chinese Communist Government has made severe criticisms of him and even said that this amounts to blaspheming the Nobel Peace Prize. Worse still, his wife, LIU Xia, is made a prisoner as a result of her husband being awarded this honour. What are your views on this?

Chief Executive, it requires no wisdom to answer this question. You will have the understanding of the Central Authorities and the sympathy of the people. Could you please tell us your views on a Chinese national the first national of the People's Republic of China being awarded this honourable prize? Could you say something on behalf of the people of Hong Kong in all fairness and to convey the message to your boss, your new boss, WANG Guangya? Could you say a few words?

PRESIDENT (in Cantonese): Mr LEUNG, you can sit down when you have asked your question. Chief Executive, please.

CHIEF EXECUTIVE (in Cantonese): I have no comments to make on this.

MR LEUNG KWOK-HUNG (in Cantonese): *President, this is conflicting. I remember that the respectable — I do not mean the Chief Executive — the respectable Dr Margaret NG had asked a question on the 4 June incident and the Chief Executive did give an answer. He said that the majority of Hong Kong people thought that our country had made advancements and that this incident was not important anymore. Why does he not tell us his views on behalf of Hong Kong people today? Why did he dare say in this Chamber the other day that he represented the majority of Hong Kong people and that the 4 June incident was bygone but react in such a conflicting manner today? Does he still have integrity?*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung

MR LEUNG KWOK-HUNG (in Cantonese): *I have already said that this question needs no IQ but EQ*

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

MR LEUNG KWOK-HUNG (in Cantonese): *..... I will not ask him questions that are too difficult for him to answer.*

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

MR LEUNG KWOK-HUNG (in Cantonese): *I have not put words into his mouth. He said*

PRESIDENT (in Cantonese): You have already

MR LEUNG KWOK-HUNG (in Cantonese): *..... that he would have the sympathy of the people and understanding of the Central Authorities. If that is the case with Article 23, the case of LIU Xiaobo is certainly the same, and Ms LIU Xia*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, I think you have stated your question very clearly. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *..... No, You must be fair. What does it mean by "no comments to make"? If he has no comments to make on all questions*

PRESIDENT (in Cantonese): Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *You must be fair. Is "no comments" an answer in this world?*

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

MR LEUNG KWOK-HUNG (in Cantonese): *Can "no comments" be taken for an answer here?*

PRESIDENT (in Cantonese): For questions raised by Members

MR LEUNG KWOK-HUNG (in Cantonese): *I am not a reporter. I must hold him accountable.*

PRESIDENT (in Cantonese): The Chief Executive will decide on his own how he will answer a question.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I can't help making a protest here. Never have I heard anyone say that he has "no comments" to make in a parliamentary assembly*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please do not

MR LEUNG KWOK-HUNG (in Cantonese): *one can say that he has "no comments" to make at a press conference. What he has done now defies human logic*

PRESIDENT (in Cantonese): You have asked your question. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *In doing that, he is treating Hong Kong people as fools. How can the Chief Executive have "no comments" to make? The Chief Executive is representing the people of Hong Kong*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, I have said many times

MR LEUNG KWOK-HUNG (in Cantonese): *Let him answer this again. Does he maintain that he has "no comments" to make?*

PRESIDENT (in Cantonese): Well, you sit down first. I have for many times

MR LEUNG KWOK-HUNG (in Cantonese): *The public will sympathize with him, the Central Authorities will understand him, and LIU Xia will also understand him. LIU Xiaobo said that he has no enemy.*

PRESIDENT (in Cantonese): This Question and Answer Session here is not a forum for debate. If Members wish to express views on the Policy Address or the administration by the Government, a three-day meeting will be held later to debate the Policy Address. Members can fully express their views then.

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down. Your speaking time is up. I will

MR LEUNG KWOK-HUNG (in Cantonese): *No, the first time he said that*

PRESIDENT (in Cantonese): I will ask the Chief Executive whether or not he is going to answer the question.

MR LEUNG KWOK-HUNG (in Cantonese): *The second time I further asked him whether he*

PRESIDENT (in Cantonese): Please sit down. It is now the Chief Executive's turn to give an answer.

MR LEUNG KWOK-HUNG (in Cantonese): *Doesn't he have "no comments" to make now?*

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

MR LEUNG KWOK-HUNG (in Cantonese): *No, President, I have my dignity. I have never heard any Premier or President say "no comments" in a parliamentary assembly.*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you have asked your question. Let me say this once again

MR LEUNG KWOK-HUNG (in Cantonese): *..... "nonsense" is said at the most. How can he say that he has "no comments" to make?*

PRESIDENT (in Cantonese): Please sit down. Chief Executive, please.

MR LEUNG KWOK-HUNG (in Cantonese): *Can "no comments" be an answer, Chief Executive?*

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

PRESIDENT (in Cantonese): Miss Tanya CHAN.

(Mr LEUNG Kwok-hung rose from his seat and walked up to the Chief Executive, with a disc-shaped placard in hand)

MR LEUNG KWOK-HUNG (in Cantonese): *President, you are most unfair. I originally did not plan to do anything to him today*

(Mr LEUNG Kwok-hung left his seat and walked up to the Chief Executive, still with a disc-shaped placard in his hand)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, return to your seat immediately.

(Mr LEUNG Kwok-hung threw the disc-shaped placard at the Chief Executive)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you must observe order.

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

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, if you do not stop, you would have to leave the Chamber immediately.

(Mr LEUNG Kwok-hung spoke loudly. Security officers and the Clerk walked up to Mr LEUNG Kwok-hung to help him leave the Chamber)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please leave the Chamber immediately. Please leave immediately.

(Mr LEUNG Kwok-hung continued to speak loudly. Security officers and the Clerk surrounded Mr LEUNG Kwok-hung in a bid to help him leave the Chamber)

MR LEUNG KWOK-HUNG (in Cantonese): *You are doing injustice to LIU Xia Have you heard of any case where a person has to be beheaded because her husband is given an honour and awarded a prize?*

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

MR LEUNG KWOK-HUNG (in Cantonese): *How can he represent Hong Kong people?*

(Mr LEUNG Kwok-hung left the Chamber, with the assistance of security officers)

MISS TANYA CHAN (in Cantonese): *President, I think later on colleagues will certainly keep on expressing their wish for the early release of Mr LIU Xiaobo. My question today is this: Under the Basic Law, the power to appoint or dismiss Members of the Executive Council rests actually with the Chief Executive. I believe the Chief Executive very much appreciates that the public has very high expectation of the conduct and performance of these public officers, especially Members of the Executive Council.*

A Member of the Executive Council is found to have repeatedly made omissions in his declaration of interest, but from what we have seen, it appears that Chief Executive Donald TSANG does not quite understand the very high public expectation of Members of the Executive Council. On the contrary, it appears that the Chief Executive is trying to play down the incident and worse still, he is suspected of defending his handpicked Members of the Executive Council. May I ask the Chief Executive if he thinks that he has lived up to the community's expectation in doing so? Will his tolerance of these repeated omissions by the person in question affect his prestige of governance? Most importantly, we think that the Chief Executive is duty-bound to explain to the public what he is going to do as the next step. Thank you, President.

CHIEF EXECUTIVE (in Cantonese): I think she is referring to Mr LAU Wong-fat. Am I correct? With regard to the incident involving Mr LAU Wong-fat, let me say this at the outset: The current procedures for declaration of interest by Members of the Executive Council of the Hong Kong Special Administrative Region are stringent, and the formalities have a high degree of transparency. Compared to the system before 1997, the formalities have not been relaxed in any way, and some have even been made more stringent.

At present, declarations are made in two ways. One is annual declaration, and declaration is required for any holding of a company's share capital exceeding 1%. Besides, declaration is also required for any land transaction. This aside, in respect of the regular agenda items under discussion, a Member who considers that his or her interest is involved is required to make a declaration. These rules have been complied with by all Members of the Executive Council. Whenever we discuss an agenda item, the procedures for declaration are very stringent and in some cases, the Member concerned is not even allowed to read the documents and he or she is asked to withdraw from the meeting. We have these procedures in place which have been complied with.

In the wake of Mr LAU's incident, we found that after he had made a declaration in respect of that company, some of the transactions conducted subsequently were not fully disclosed and so another declaration was required. Our view is that there are two most important and crucial questions: Whether it is a deliberate, arbitrary cover-up and whether public information has been used to seek personal gains.

On the first question, once a declaration is made in respect of a company, registration with the Land Registry is, in fact, required for all land transactions. It is downright unnecessary to deliberately cover up an interest, and there is simply no way to cover it up, for everyone can dig it out.

Subsequently, we found that in this incident, Mr LAU he has already apologized and said that when he made the declaration, he thought The colleague who assisted him thought that after a declaration had been made in respect of that company, the transactions carried out under the company would not need another declaration. I think he should look at this all over again. We

think that the procedures for declaration, as she has just said, must be stringent, and we must set a particularly high standard for ourselves because the public has great expectation of us. In this connection, I trust that Mr LAU will continue to make full declarations of transactions conducted under companies already declared by him.

Meanwhile, we are re-examining the transactions as declared by him against the discussion items on our agenda to ascertain if there is any conflict of interest. The relevant work has yet to be completed.

Another point that we would question is whether he had covered up his interests. As I said earlier, as long as declaration is made in respect of a company, no transaction can be covered up, for everybody can dig it out. So, I think there is no question of a cover-up. Having said that, I think there are loopholes in the provisions governing this and so, we will start looking into how amendments can be made in this regard. I will give an account to all sectors of the community shortly on how the relevant provisions can be amended and give a clear explanation.

With regard to this incident involving Mr LAU, Mr LAU has also made a lot of efforts. He said that he would set up a trust company. This is what I have heard from him. Besides, his colleagues are going to produce all information for the purpose of declaration. We are in the course of checking such information. This is the case as it stands.

MISS TANYA CHAN (in Cantonese): *President, after the incident was exposed at the end of September, I was actually aware that Mr LAU had tried to make a further declaration. He did declare a number of details but since omissions were still found in his further declaration, I wonder if such omissions were deliberate or inadvertent. But as the Chief Executive said just now, if it is really so easy to look up the details but so many omissions were still found in his declaration, does he consider this Member still fit as a Member of the Executive Council?*

CHIEF EXECUTIVE (in Cantonese): I think we must consider the nature of his omission. There are two points to be considered: Whether he has deliberately taken advantage of his powers to seek personal gains, and whether he has deliberately covered up his interests.

PRESIDENT (in Cantonese): Mr Alan LEONG.

(Mr Albert CHAN beat Mr LEONG to the call and stood up)

MR ALBERT CHAN (in Cantonese): *President, when LEUNG Kwok-hung put a question to him earlier on, he said that he had no comments to make. But for this question, he gave such a long-drawn-out reply. Does he not have any conscience*

PRESIDENT (in Cantonese): Mr Albert CHAN, you are using the time of another Member. Mr Albert CHAN, sit down immediately.

(Mr Albert CHAN neglected the President's instruction and continued to shout loudly)

PRESIDENT (in Cantonese): Mr Albert CHAN, stop speaking immediately and sit down.

(Mr Albert CHAN still neglected the President's instruction and continued to shout loudly)

MR ALBERT CHAN (in Cantonese): *President, you should ask him to answer LEUNG Kwok-hung's earlier question again*

PRESIDENT (in Cantonese): Mr Albert CHAN, if you do not sit down, I can only ask you to leave the Chamber. You are using the time of another Member.

MR ALBERT CHAN (in Cantonese): *I cannot tolerate a Chief Executive's insult to this Council. Here, I must join Mr LEUNG Kwok-hung you do not have to drive me out*

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

MR ALBERT CHAN (in Cantonese): *I will walk out in protest*

PRESIDENT (in Cantonese): Leave the Chamber immediately.

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

(Mr Albert CHAN continued to neglect the President's instruction and pointed at the Chief Executive while yelling)

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

(Security officers and the Clerk walked up to Mr Albert CHAN to help him leave the Chamber)

MR ALBERT CHAN (in Cantonese): *As a Chinese national he is awarded the Nobel Peace Prize*

(Mr Albert CHAN continued to yell)

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

MR ALBERT CHAN (in Cantonese): *could go so far as to say "no comments"*

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

MR ALBERT CHAN (in Cantonese): *you are failing all Chinese people in the world. A Chinese national awarded the Nobel Peace Prize is the pride of all Chinese people and yet, you could go so far as to say "no comments"? You shameless, unscrupulous Donald TSANG, Chinese people will hold you in contempt and despise you anywhere you go in the world where there are Chinese.*

(With the assistance of security officers, Mr Albert CHAN left the Chamber)

MR ALAN LEONG (in Cantonese): *Chief Executive, when you received the media yesterday, I noticed that you said that the business sector should get ready for universal suffrage instead of relying on functional constituencies (FCs) to maintain their influence forever. This view coincides with mine completely. But unfortunately, in the Policy Address delivered yesterday, you did not say anything at all on even the timing of abolishing the appointed seats in the District Councils.*

I have this question for the Chief Executive. What would you do in your remaining term of office to create some incentives for the business sector or encourage them to get ready for universal suffrage? Would you do what you are doing now, namely, appointing the second generation of the tycoons to the statutory bodies or advisory frameworks, and consider the matter over and done with? Thank you, President.

CHIEF EXECUTIVE (in Cantonese): We have now set a timetable for universal suffrage and we are cork sure about the progress to universal suffrage. And the work for mid-term constitutional reform in 2012 is also finalized. I think every citizen of Hong Kong should get ready for universal suffrage in 2017 and 2020.

What I have said in the Policy Address and on other occasions comes directly from my heart. We all know very well that the FCs and FC seats cannot possibly remain by 2020. This should serve to remind Hong Kong people, especially Members of the Council returned by FCs, that they should think about how their seats should make progress and meet the requirements of universal suffrage. This is the whole meaning of it.

MR ALAN LEONG (in Cantonese): *President, may I ask the Chief Executive, given his statement yesterday, about the content of his discussion with the business sector in Hong Kong in the hope that the latter can get well-prepared for the real universal suffrage? President, as I said just now, from what we can see, it appears the Chief Executive is only planting the second generation of the tycoons in the statutory bodies and advisory frameworks. Having said that, this might just be the superficial side of the story.*

I would like to give the Chief Executive a chance to explain to Hong Kong people just what other things he has done to realize the remarks he made yesterday before the media corps. Thank you, President.

CHIEF EXECUTIVE (in Cantonese): With respect to everything about our design for universal suffrage, in particular the arrangements for 2017, as I have said, this would be the task of the next term of the Government. But I would think that for this current Government, the work of giving the citizens of Hong Kong timely reminders is still not finished. This is my responsibility, I believe. In addition to that, the appointment of Hong Kong people to the advisory frameworks of the HKSAR Government means a huge spectrum and involves many people, such as professionals and grassroots, people from all walks of life. So please do not make any irresponsible comment that the persons appointed by me are all offspring of tycoons. It is not at all an appropriate comment.

DR RAYMOND HO (in Cantonese): *President, Chief Executive, over the past 30 years, we have built a total of three landfills and I reckon we have spent more than \$10 billion and forgone 270 hectares of land. Members must know that landfills have the disadvantages of stench and flies, but it appears that over these*

many years in the past, the Government has only adopted the easiest option and that is, to treat solid waste as domestic and industrial and business waste and dump it in the landfills. There is no long-term solution at all. But after the debate and discussions held during these past few days, it seems that a consensus has been reached among Members, forming the view that the Government must work out a long-term solution to cope with the constantly increasing volume of solid waste. It is something that must be done. The Government must introduce a policy and enforce it earnestly. In many countries like those in Europe and North America, or Japan, Singapore, and so on, they have been using hi-tech incinerators for many years. Should the Government not propose a long-term plan embodying, for example, consideration for this kind of incinerators?

CHIEF EXECUTIVE (in Cantonese): Since 2005, we have been explaining to Hong Kong people various methods of solid waste treatment. First of all, we must start from the source and promote recycling, and then dispose of the remaining waste by other means. There are currently two major approaches used throughout the world in waste disposal; first, incineration, and second, landfills. I think we should look for solutions from these two approaches. With respect to recovery, we have been doing very well in recent years. Now our recovery rate has reached almost 50%, which is comparable to other advanced countries and regions. I am sure the people of Hong Kong have played their part. What should be done about the rest of the waste? There are only two options. The first is using landfills, and the other incineration. On the method of incineration, we have to start thinking about it now. When we have come up with a plan, we will brief Members on it. And we should also try to secure their consensus as well. I think waste disposal is the responsibility of all in Hong Kong. I agree that this is not the responsibility of those who live in Tseung Kwan O alone, but that of all people of Hong Kong as a whole. We should try to find a solution and make everyone willing to do their share. I think it would not do just to adopt one approach in the context of Hong Kong. It will simply be impossible to rely on landfills alone. And this may not be done well either. If we rely on incineration alone, I do not think all the waste can be disposed of in that way. A lot of residues after incineration will still have to be sent to the landfills. So work in these two aspects must be done. I agree entirely with what you have said. We must work out some methods in all aspects in the hope

that a consensus can be reached in both the community and in this Council, for we are really running out of time.

DR RAYMOND HO (in Cantonese): *President, I have a follow-up. The Chief Executive mentioned just now the adoption of a single method, that is, landfills, and hoped that more active efforts could be made in waste reduction and recycling. But about the claim that the people do not buy the idea of incineration, this is not the case insofar as I have been given to understand during these past few days. I am sure that all the 7 million people of Hong Kong are sensible. They would not make harsher demands than people in other countries. So I am sure that they would agree to that. Like the case of what happened in the Second Legislative Council, where three other Members and I, including Mr Tommy CHEUNG who is sitting here, went to Britain, Germany and France to inspect their incinerators. The incinerators there are very nicely built and their design resembles a ship. And they have even become tourist attractions. People just live beyond the walls of these incinerators. As you have said, the Government has been making active efforts to deal with these three aspects, that is, by adopting the approach of incineration, and trying by all means not to expand our landfills at the expense of our country parks, and doing better in waste reduction and recycling. Thank you, President.*

CHIEF EXECUTIVE (in Cantonese): As I have just said, our recovery rate has reached 50%, which is not bad at all. I am sure the people of Hong Kong will continue to work hard on that. I agree entirely with what you have said, that the people of Hong Kong are sensible when it comes to any public affairs issue. I believe we should give them all the information on that. We have been working on recycling, so what is to be done next? There are only two major approaches to that. If the landfill approach must really be adopted, then we are doing this precisely. But there are difficulties. The other is incineration, something all of us must face. And we should find the best way of doing it. As I have told you before about this issue of solid waste disposal, we will adopt these two approaches. What you have mentioned are found in Europe, and there are also some smaller ones. In Japan, these smaller ones are built in the communities. In Tokyo, for example, there are some 20 incinerators. Since they can do it, can we not learn from them? In this regard, I know that some Members of this Council have gone there for an inspection and got some information. I only

hope to reach a consensus with Members on this and examine together how best this problem can be addressed. As I have said, time is running out. Our landfills will reach their capacity in about three years. What are we going to do? I believe the people of Hong Kong are sensible. How then should we work out the best solution?

MR TAM YIU-CHUNG (in Cantonese): *When the Democratic Alliance for the Betterment and Progress of Hong Kong made its suggestions to the Government on the textbook grant to the poor students, we made them in a rather comprehensive manner. But in the Policy Address delivered by the Chief Executive, we can only note brief remarks saying to the effect that the textbook grant offered to low-income families will be increased. Those who are currently getting \$200 will get \$500 and those who are getting \$500 will get \$1,000. And the grant will be paid out earlier before the academic term commences. But we still think that this is not sufficient. First, the eligibility criteria are still high for the parents in making applications. Can the Government re-examine this and lower the eligibility criteria, so that more families can benefit from it? Besides, although it seems that the rate of increase in the grant under the School Textbook Assistance Scheme is rather high, having increased by 100%, the expenses borne by poor families on textbooks and other extra-curricular activities for their children are rather substantial indeed. I have come into contact with many parents in Tin Shui Wai with children studying in schools and they tell me that schools now offer many courses and activities, and when students want to join them, they have to pay for the transportation costs and many other items of expense. On top of these, there are expenses on tutorial classes and various other activities. All of these impose a burden on the parents from poor families. I hope the Chief Executive can once again urge the relevant Policy Bureaux to re-examine the School Textbook Assistance Scheme for students from poor families to see how best the problem can be tackled in a focused manner.*

CHIEF EXECUTIVE (in Cantonese): I hope Mr TAM can see that we need to tackle such matters step by step. Currently, about 36% of the 780 000 students in primary and secondary schools in Hong Kong are getting the textbook grant. It is 36%. In other words, more than 280 000 students are given the textbook grant. So I believe the initiative on this occasion should suffice to benefit more people. Of course, this is only a grant, so it will not be able to meet all the

expenses incurred in buying textbooks. I hope Members can understand that under such circumstances, there is a need for us to tackle the matter step by step. I hope Members can discuss with the Education Bureau the relevant details of this Scheme. But we think this initiative really represents a giant step forward.

MR TAM YIU-CHUNG (in Cantonese): *President, although the present initiative really represents some progress — and I would not dispute it — the rate and pace of progress made is too small indeed. An example is the Chief Executive's mention of only 70% of the families getting a half-grant, that is, most families are getting this half-grant and only a small number of families are getting a full grant. We all know how much money would be paid out under this half-grant. So we hope that the Chief Executive can address this problem squarely.*

CHIEF EXECUTIVE (in Cantonese): I am sure my colleagues will continue to discuss the matter with Members, but I also hope Members can understand that whenever any measure of remission or subsidy is adopted, there is a need to take forward the initiative step by step. We must consider how much financial commitment we can afford and what kind of outcome we can expect. This is because once introduced, these measures will become permanent. We will never go back on this and we can only make improvements. So with respect to our financial commitment, this will become an item of recurrent expenditure. I hope Members can appreciate that the grant on this occasion is already increased by 100%, or from \$408 previously to \$1,000. I believe this is already not bad for the beneficiary families. Since yesterday, the public response to this, insofar as I am aware, has been quite favourable. However, I share the Honourable Member's view, that is, no policy is perfect. We can discuss it further.

MR LEE CHEUK-YAN (in Cantonese): *President, before the Policy Address was released, the public was ardently expecting the Chief Executive to solve the two greatest problems in Hong Kong. First, property prices. Second, the disparity between the rich and the poor. However, now we see that the poor has to continue to endure poverty and the middle class continues to remain slaves of their property. These two problems are structural in nature and you have not*

solved them. Another problem is related to the wage earners. Now the wage earners are really like slaves of labour and they have to work very long hours. So Chief Executive, I wish to ask you a question about an issue which you have talked about and which is somewhat encouraging to the Hong Kong Confederation of Trade Unions (CTU), that is, the issue of standard working hours.

President, now there are 1.2 million wage earners in Hong Kong. It is 1.2 million. One third of these people are working more than 50 hours a week. As for those who work excessively long hours, that is, more than 60 hours a week, there are no less than 680 000 people. Chief Executive, it goes without any specific study on the subject that the working hours of workers in Hong Kong are the longest in the world.

The Chief Executive always talks about parenting and training, but how do wage earners have the time for parenting and training? I pin high hopes on the Chief Executive and I have heard you talk about it, though it must be admitted that it is rather belated. What the CTU has been demanding is that minimum wage and maximum working hours should be put into practice at the same time. Though belated, mention is made of the subject of standard working hours and studies will also be conducted on it. I hope very much that the Chief Executive can tell all the wage earners in Hong Kong about the work in studying the legislative timetable and roadmap for standard working hours. Is the study being carried out on it meant to pave the way for enactment of legislation?

CHIEF EXECUTIVE (in Cantonese): This case is very similar to that related to Mr TAM Yiu-chung earlier on, that is, when we have done one thing, you people want me to do three more. I agree entirely with what you have said, but please give me some time to catch some breath.

First, in the Government of the current term, I promised the labour sector in Hong Kong in 2007 that I would deal with the issue of minimum wage proactively. The law on this was enacted after so much hard effort made by us, especially in the Labour Advisory Board (LAB) and with the full co-operation of employers and employees. I hope very much that the level of minimum wage can be fixed in the near future and that the policy can be enforced next year. In such circumstances, I have announced in the Policy Address this year in advance

that we now have the time and the LAB can begin to tackle another major issue, that is, standard working hours.

However, we must not look at the issue in a simplistic manner. I am sure both you and I will know that it is very complicated. Apart from taking into account the commitment on the part of employers, we have to consider also the extent of efforts made by employees. I agree with you fully that if Hong Kong wants to be competitive, it has to meet a few criteria. With respect to wages, the costs paid by the employers will make our products and they should be competitive in the global market. And wages is only one of the factors. This is a point I understand very well.

However, there is another point which we should understand and that is, in order to stay competitive in the long term, our technology has to catch up with the times. So lifelong learning is our expectation of all Hong Kong people. I know this very well and if we do not prescribe standard working hours, this goal would be hard to attain. I have stated categorically in the Policy Address that we would pursue this ideal. Now I have instructed a colleague to work on it.

As Members know, this colleague has delivered on the minimum wage issue. He will work proactively on it. This is not my last policy address and there are others to follow. We will do as I say. But a consensus must be forged in society. No harm should be done to any side. Harm is the last thing I wish to see.

I think in the first place Secretary Matthew CHEUNG will consider how this task is to be taken forward. We must talk with the LAB again and work should be done gradually. Needless to say, legislation must be enacted on this. There is no other way.

MR LEE CHEUK-YAN (in Cantonese): *Thank you, Chief Executive. He said that legislation will be enacted eventually. But I really hope that a timetable can be made clearer and an undertaking can be made on introducing legislative proposals during his term of office.*

Besides, just now the Chief Executive asked me to give him time to catch some breath. I really want to ask you to give wage earners also a break to catch

their breath. Now the wage earners are working such long hours that they cannot even take a breath. You said you wanted to catch some breath, but wage earners are in an even greater need to catch some breath. So the last remark you made is uplifting to me. You said that legislation would be enacted on this eventually. I do not want to see your study come to nothing again and the matter is merely handed over to the next term of Government. Can you make a pledge here that legislative proposals will certainly be introduced during your present term of office so that they can be examined by this Council?

CHIEF EXECUTIVE (in Cantonese): I can only assure you that both my colleagues and I will put our hearts to it and work on it.

MR CHAN KIN-POR (in Cantonese): *President, the Government has already launched the second-stage consultation on the healthcare financing scheme under which a voluntary health insurance scheme is proposed. The success of the scheme depends, to a great extent, on the co-operation of various parties — the insurance sector has many regulations of its own, and it is hoped that the healthcare sector will take measures to dovetail with them. Many members of the public have enquired about the government subsidy of \$50 billion currently set aside for the scheme. Certainly, the subsidy in the form of a 30% discount for first-time participants, for example, mainly aims at encouraging the participation of the young and healthy. Why? Because the longer the duration of their participation, the greater the amount of government subsidy they will receive, so that they For instance, if young people join the scheme at the age of 30, they will receive a greater amount of subsidy when they reach 65, so that they will still be well protected when they no longer have any income. Therefore, the whole scheme depends very much on the \$50 billion. According to the Government's calculation, however, \$50 billion can only maintain the scheme for 20 to 25 years. May I ask the Government or the Chief Executive this question. If the \$50 billion can only cope for 20 to 25 years, and as many people will begin to accumulate their contributions at the age of 30, it will already be 35 years when they reach the age of 65, by which time the entire amount of funding may have been depleted, what can be done then? Will the scheme be left stranded? Will the Chief Executive please give a brief explanation?*

CHIEF EXECUTIVE (in Cantonese): I think the 25-year arrangement is already quite satisfactory. You are an expert on this, but I am not. Regarding the questions of actuarial accounting and age, I believe they are open to discussion. Most importantly, a few rounds of consultation have been conducted on the proposed scheme, and this has enabled us to understand that members of the Hong Kong public do not welcome mandatory contributions. Under this circumstance, what approach should we adopt to ease the ever-increasing pressure on the public healthcare system, in particular to ensure that grass-roots people can have access to appropriate and acceptable healthcare protection? I think the scheme is also suitable for members of the middle class, who may think that they have more needs or require better services. Therefore, it is most desirable to adopt this voluntary approach. Besides, we have also expressed our sincerity, hoping that our scheme we have also conducted a lot of studies, the findings of which suggested that the \$50 billion earmarked will at least be able to meet the expenses for over 20 years. Moreover, the number of participants is also a determinant. If there is a large number of participants, the burden will be small, and the amount will be able to cope for a longer time. I very much believe that if we can meet the expenses for the first five years — not to mention 25 years — and if the scheme is found to be a success after five years of implementation, any government will constantly review the relevant system so as to continue to maintain its sustainability.

Therefore, I believe you need not worry too much, nor need you worry about what will be done around the time after the terms of office of the subsequent five Chief Executives have expired. I believe each and every Chief Executive will continue to implement this scheme. The terms of office of five Chief Executives amount to 25 years, right? Therefore, I think we should have confidence in the people of Hong Kong and our insurance sector, and we should also be confident that our healthcare system can protect the health of Hong Kong people. The existing public healthcare system in Hong Kong is quite sound, and people from many parts of the world would like to learn from us. However, if we continue with the current system, financial difficulties will indeed arise as a result of any lapse of caution.

MR CHAN KIN-POR (in Cantonese): *President, I have a follow-up. Certainly, I have confidence in the Hong Kong Government. That is to say, if the scheme is feasible, I believe all of us will continue to support the Government. On the other hand, however, Hong Kong people are most pragmatic. Their*

concern is that it would be more desirable if the scheme can be improved in terms of its institution. For example, why is the \$50 billion not made to generate proceeds, as in the case of other seed funds founded by the Government? With its funds placed with the Hong Kong Monetary Authority, for instance, the Government now receives an investment return of about 6%. If the \$50 billion can generate a return of 6%, the annual return will amount to \$3 billion, which is enough to meet the annual expenses, thereby enabling the sustained operation of the scheme. If you can make an undertaking in this respect, public confidence in the scheme will be enhanced, and it is even possible that a few hundred thousand more people will join the scheme tomorrow. I hope the Chief Executive will give serious consideration to this.

CHIEF EXECUTIVE (in Cantonese): Concerning the details, I believe you may discuss them with Secretary Dr York CHOW. However, we think more flexibility should be given to the funding. If only the interest but not the principal is used, I believe not much impetus will be created. Most importantly, why will people in their 30s or 40s who are not suffering from any diseases participate in this scheme? Actually, come to think about this. What will happen when we grow old? I very much believe that this thought alone will make the scheme appealing. If one does not take action now, what can be done then? How can one help oneself? We have confidence in the people of Hong Kong. We need only explain the scheme clearly. Besides, many people in Hong Kong have already taken out health insurance, I hope the scheme can give them one more option.

MR LEE WING-TAT (in Cantonese): *President, housing is certainly the biggest problem faced by the people of Hong Kong now, and the Chief Executive also talked about it for half an hour in this Policy Address. I wonder if the Chief Executive holds such profound hatred of the "Home Ownership" Scheme and whether he hates this term so much that he seems to be reluctant to utter it and unwilling to resume this Scheme, despite the majority public support for it. Some people also asked whether the Chief Executive had given an undertaking to real estate developers during his election campaign that the Home Ownership Scheme (HOS) would not be resumed. This is exactly how some members of the public put their question to me.*

President, I would like to talk about the enhanced scheme of subsidized housing mentioned by the Chief Executive in a radio programme this morning. Is it really an enhancement? Actually, Chief Executive, do you know that the monthly income of people who are not eligible for public housing ranges from \$18,000 to \$39,000? This morning, you kept saying, just as in the example given by the Secretary in the newspapers, that people earning a monthly income of \$30,000 to \$39,000 will be able to use the rental rebate of over \$200,000 and their own savings of some \$5,000 to \$6,000 per month, which will build up to \$600,000 to \$700,000 in five years' time, to make the down payment. However, you have never talked about the case of those with a monthly income of \$18,000 to \$29,000. They will not be able to make so much savings. They can afford the down payment only if they save up all their income without using any of it, because the down payment for an HOS flat is 5% of the flat price, while that for a flat under the scheme proposed by you is 30% of the flat price, or \$750,000 to \$1 million. Actually, you can do the calculations yourself. Therefore, may I ask whether your scheme, upon implementation, will be like a mirage for these people, which is unattainable though fully in sight? This is the first point.

Second, there are 150 000 to 200 000 households which have a monthly income of \$18,000 to \$39,000 and do not own any residential property. Now, you propose to provide 5 000 flats, which will not be available until a few years later. Are you saying that they should quench their thirst by looking at this picture of plums? Or are you telling them that they will not be able to buy their own homes even within 10 years? Regarding this issue, will the Chief Executive give these people a ray of hope? Actually, do you genuinely hope to do something for the public, or are you only introducing a scheme for the sake of it, without ever thinking of resolving this problem? Thank you, President.

CHIEF EXECUTIVE (in Cantonese): Actually, in home purchase — even if one buys a conventional HOS flat — one has to pay a sum of money. Therefore, people who have marginally exceeded the relevant prescribed limits have to bear a considerable burden even if they purchase HOS flats. You will get an idea by doing the calculations. If — you can take your time doing the calculations — if the people known as the sandwich class can use 45% to 50% of their income, partly for rental payment and partly for savings, together with the rental protection, I strongly believe that their ability to purchase flats will be greatly enhanced. You may be aware that HOS flats are not cheap nowadays, with

some of them costing over \$2 million, right? Therefore, I believe it is very likely that people will buy these "no-frills" flats after living in them for five years and comparing the prices of these flats with those of flats aged five years.

There are pros and cons to every scheme. I do not have any particular reservation about HOS flats, yet I only want to bring out two points. First, there is room for improvement in every scheme. We think the My Home Purchase (MHP) Plan is better than the existing HOS in many ways — I have already talked about them in a radio programme earlier. I can go through them again if you want me to do so, but if some people say that I am doing publicity for it, I do not wish to go through them again — the MHP Plan is better in at least six, seven, eight or nine aspects.

Most importantly, however, what is our housing scheme? I think it is most important for a housing scheme to assure rental housing for the grass-roots people. This is clearly stated in my Policy Address. We have already delegated to the Housing Authority (HA) a responsibility, which is to build public rental housing (PRH). We must protect this power of the HA and ensure that it has adequate land resources to develop the relevant projects. I have also set out my initiatives in the Policy Address. I am most reluctant to divide this most important task by requiring the HA to take charge of PRH and other roles of a developer at the same time. These responsibilities must be clearly delineated. In the future, the HA will be responsible for one task only. The HA's job is to enable the SAR Government to give an undertaking to members of the Hong Kong public that eligible people will be allocated PRH flats within three years on average after they have been put on the Waiting List. Second, I do not wish to convert existing PRH sites for other uses, such as developing private housing or HOS flats. I do not want to do so. Under this circumstance, therefore, we must adopt other alternatives, and that is why the MHP Plan is proposed. This is the whole idea behind it.

Second, regarding the provision of 5 000 flats, we now think that it depends on the response of the market. If it is favourable and positive — today, I heard that this initiative is generally well received — we will definitely leave no stone unturned to find more land resources. In this regard, we have already identified 5 000 flats within such a short time frame, and the first project in Tsing Yi, which will provide 1 000 flats upon completion, has already commenced. It is much quicker than building HOS flats. Therefore, this initiative is still open for discussion, but after conducting the relevant studies, we found that the MHP

Plan is, in many ways, better than the existing conventional HOS. In particular, I have personally come into contact with many people waiting for PRH allocation. They are facing rather serious problems, the biggest of which is the down payment. Any initiative that can help them make the down payment will be useful, and the MHP Plan precisely seeks to do this.

MR LEE WING-TAT (in Cantonese): *The Chief Executive needs not engage in a debate on land issues with me. I have not required the HA to take up this task. I agree to this, and I was one of the people who proposed that the Hong Kong Housing Society (HKHS) be given the task. However, President, there is no need to argue over the data. Even for a \$2 million HOS flat, a down payment of 5% amounts to \$100,000. This is indisputable. The flats under the MHP Plan proposed by you, or the MHP Pain or whatever it is, are flats priced at \$3 million, and a 30% down payment will amount to \$750,000. This is indisputable. However, President, I do not intend to open any argument. I wish to raise a proposal. Chief Executive, I wish to be more positive, and we should talk.*

First, flats under the Flat-for-Sale Scheme of the HKHS in the past — you should know it — were built on land provided by the Government. Such land was granted to the HKHS at 33% to 50% of the market premium. So, their flats were sold at lower prices. The first proposal, therefore, is whether you can provide land to the HKHS at a cost lower than its full market value, so that it can sell the flats at lower prices. Second, I appreciate that you have given consideration to increasing the provision of such flats. Third, some people have asked whether you would allow people to purchase the flats during the first year of tenancy if they so choose — because they are worried that if property prices rise by 20% five years later, a \$3 million flat will have appreciated by \$600,000, totally offsetting the rental rebate of \$250,000. If they are allowed to purchase the flats in the first or fifth year of tenancy, they will be free to make a choice. I hope you will consider these views. Thank you.

CHIEF EXECUTIVE (in Cantonese): I think our design is very meticulous perhaps you should discuss this with Secretary Eva CHENG, as I think she knows it better than I do. After repeated consideration, we think this approach can truly help existing home buyers. I think it is pointless to engage in any

theoretical debate, and the best way is to discuss with some genuine home buyers to find out what would be more desirable and beneficial to them. This is the basis on which we conceived the Plan.

Regarding the ideas you raised just now, some of the proposals are positive. Let us discuss them. Fine?

MR IP WAI-MING (in Cantonese): *Chief Executive, the Hong Kong Federation of Trade Unions (FTU) wishes to follow up the issue of standard working hours. Actually, I very much welcome the mention of conducting a study on standard working hours in your Policy Address, but according to your replies to questions asked by other Members just now, it seems to me that you have not provided to us any roadmap and timetable.*

When it comes to studies on standard working hours, we have actually conducted many such studies much earlier, and the community has also conducted many studies on this. At present, the wage earners in Hong Kong are actually among the top in the world in terms of long working hours. Today, the Chief Executive mentioned that he hoped the younger generation would have time for dating. If they cannot even spare the time for this, how can they perform the duty entrusted by the Chief Executive to them, which is that each couple should give birth to three children? The Chief Executive also mentioned just now that legislation would be enacted eventually. May I ask again whether you will finish the legislative exercise within your term? You have already finished the legislative exercise on minimum wage, and we hope you will continue to strive to achieve this goal for workers in Hong Kong and introduce legislation on standard working hours.

CHIEF EXECUTIVE (in Cantonese): I share your aspiration, but for the time being, I cannot make any pledge because in dealing with this issue, the Secretary has to discuss with the relevant employer and employee bodies to find out their cases. I know this is no simple issue, but I hope the labour sector can see that the Government sincerely wants to do something about the challenge faced by workers. Our effort made in relation to minimum wage is evident to all, and we will similarly make great efforts with regard to standard working hours to find the best solution for Hong Kong. This does not simply involve conducting studies on overseas practices. Most importantly, we have to examine the extent of its

impact on Hong Kong, the employers and the employees. I believe a consensus is required on this, and the Government cannot take it forward simply on its goodwill. However, I wish to tell Members that no matter how, I hope to do more, and as I have already given it the green light, we will have to hold discussions after this. Do not push me to do this and that so quickly. If I know that I will not be able to keep to my promise after making it, I will not make such a promise at all. For all the things that I can promise, just as the promises I made in 2007, I will honour each and every one of them with heart.

MR IP WAI-MING (in Cantonese): *Chief Executive, if you are really sincere, I hope you can give us a timetable. Yesterday, a few colleagues from the Federation of Trade Unions pointed out in their comments on this Policy Address that you have highlighted the problems in society but failed to resolve the deep-rooted conflicts. After going through the whole Policy Address, I felt that you have responded to all the issues raised by all the people here, but your responses have only scratched the surface. For example, we mentioned the permissible limit of absence for the "fruit grant"*

PRESIDENT (in Cantonese): Please make the supplementary question concise.

MR IP WAI-MING (in Cantonese): *Insofar as we are concerned, President, it is already very concise. (Laughter) Actually, it is indeed scratching the surface, and you have attached the string of 60-day residence in Hong Kong. Regarding the legislative exercise for standard working hours, you said studies are required. Actually, you have to give us a timetable or we will doubt your sincerity. Are you being perfunctory because you are under pressure, knowing that the labour sector has strong views, and so you adopted this perfunctory approach, devoting to the issue a short passage of less than 100 words? Or*

PRESIDENT (in Cantonese): Mr IP, you are giving a speech.

MR IP WAI-MING (in Cantonese): *..... I will now come to my question. Or you want to leave a time bomb to your successor?*

CHIEF EXECUTIVE (in Cantonese): Mr IP, I respect your comments, and I hope you will also respect this Council. I have already said that we will do our utmost on each and every task. I have nothing to add.

MS MIRIAM LAU (in Cantonese): *President, one fifth of this Policy Address delivered by the Chief Executive mentioned the housing policy, showing that the Government is truly very committed to studying and resolving the problem. I trust that you, Chief Executive, do sense the urgency of the people.*

Under this housing policy, the most outstanding proposal put forward by you is the MHP Plan which is meant to help the sandwich class purchase their homes. This MHP Plan is actually very similar to the public housing units turnover and rent refund scheme proposed by the Liberal Party some time ago. The Liberal Party does not mind seeing a copycat proposal, (Laughter) but it is most important not to copy only part of the idea. We are afraid that if only part of the idea is copied, the integrity and vision of the entire plan would be compromised.

Which two parts have been missed out? This MHP Plan has omitted the part on providing immediate support proposed by us. Nor is there the element of "turnover". It turns out to be a one-off provision of 5 000 flats, and the first batch of 1 000 flats will be made available for people to move in only in 2014. So, this may not be of much help to people in need of immediate support. Besides, the Plan has made no mention of who the beneficiaries will be. You always talk about the sandwich class, and the eligibility for application under the former Sandwich Class Housing Scheme has been mentioned and that is, a monthly income cap of \$23,000 for singletons and a monthly household income cap of \$39,000. Will the White Form applicants, that is, people whose household income is around \$16,700 to \$27,000, also benefit from this Plan? As the MHP Plan lacks the element of immediacy proposed by us, can consideration be given to borrowing, not taking up, resources from public housing? I mean borrowing a small amount of resources and returning it later, so as to enable this Plan to be implemented immediately?

Moreover, in respect of the turnover of flats, now it is only said that 5 000 flats will be provided and there is no mention of continuity. After these flats have been sold out, there would not be any more of such flats. Are these flats adequate? I think there are many people in need of this type of housing and if

there is no turnover of flats, can the Plan be sustained after selling out the 5 000 flats? What is the view of the Government in this respect? Thank you, President.

CHIEF EXECUTIVE (in Cantonese): Immediacy is out of the question insofar as housing construction is concerned. Ms LAU, if you say that 1 000 flats have to be built and if they can be completed right away, we do not need to make any arrangements, do we? It is impossible for housing development to be done immediately. However, if the HKHS is made responsible for a project, it will complete the project at a speed faster than the Hong Kong Housing Authority (HA). From my administrative experience, I would say that if the HA is given charge of a housing project, the first thing it will do is to study the staff establishment, and it is only after sufficient manpower has been secured that work can start to take forward the project. And, the housing estates developed by the HA are usually of the same mould and also of a very large scale. As for the HKHS, the scale of their housing development is smaller; the landscape or the sites are also different, and the HKHS can always work at a faster speed. In terms of the production volume, speed and time, I think the HKHS can do better.

Besides, with regard to the number of flats that I mentioned earlier, it may not necessarily be capped at 5 000. If there is this need in the market and where possible, I will increase the number of flats. Whether or not the production of such flats will be increased depends on the need of the market. But please bear in mind that there are always ups and downs in the real estate cycle in Hong Kong. If the land supply policy is successful — I hope it will be successful — and when land supply is stable, property prices in Hong Kong should be on a moderate trend, particularly in respect of housing for the middle class. We are particularly concerned about maintaining the supply of housing, and when the prices become stabilized, would there still be a need to continue with this Plan? We can only wait and see. From my experience, there had been a period of time when HOS flats were shunned by home buyers. So, we may not have to provide a large number of flats. In fact, 5 000 flats are not a small number and during the consultation period, many people have proposed to me that HOS flats should be developed, whether it would be 3 000 or 4 000 in number. We are now talking about 5 000 flats. So, I think I have given an answer in respect of the time and number.

Moreover, you have suggested borrowing. But how? Once borrowed, a lot would be difficult to return. In respect of land for public housing construction, whenever public housing is proposed to be built in a certain district, everybody would object to it and the relevant District Council would oppose it. I am very concerned about this. I am most concerned about assuring housing for the grassroots. Land which is designated for public housing development must be used for public housing construction. If the land use is changed and other sites have to be identified for developing public housing, the District Councils will have strong views about this.

So, I hope Members can understand that in respect of public housing, it is most imperative that the grassroots are provided with a shelter, that they can move into public housing units within three years of waiting. What we are talking about now is home ownership among the sandwich class. It is not just about housing, but also about home ownership. This MHP Plan does have its merits and I hope to discuss it with Members. I believe this Plan should be well-received.

MS MIRIAM LAU (in Cantonese): *President, the Chief Executive has not answered my question about how the sandwich class is defined, and the range of income for people to be eligible for application under the Plan.*

Moreover, I also wish to ask the Chief Executive this question. A lot of people do not have the means to purchase a flat in the private sector now. They are struggling hard to pay for the exorbitant rent. These people actually have an urgent need to purchase their homes but now, they at least have to wait until 2014. Does the Government have any measures to help these people in the interim?

CHIEF EXECUTIVE (in Cantonese): First of all, the sandwich class refers to people whose current conditions do not make them eligible for applying for public rental housing. These people are eligible for the Plan. All White Form applicants are eligible for the Plan.

Second, for other aspiring home buyers, although property prices are expensive now, there are still flats costing \$2 million in the market. As people who work in the real estate sector know, and all the more so the lawyers, and so

do people engaging in conveyancing, 60% of the property transactions in Hong Kong now involve flats costing around \$2 million. Some of these flats certainly are not new flats and some may be located in remote districts, but choices are still available. Under this Plan proposed by us, it takes time for the flats to come on stream, unlike the case of buying vegetables as one who wishes to buy them today can go and buy them right away. Purchasing a flat when property prices stand high will entail greater risks. People who rent their homes have to consider and gauge their affordability when making home purchase now. They can buy a flat in the private sector now, and they can also wait for the launch of the MHP Plan.

PROF PATRICK LAU (in Cantonese): *President, I would like to follow up the housing problem because the Chief Executive stated in the Policy Address that housing is currently the greatest concern of the people. Actually, my question is rather simple. It relates to the MHP Plan proposed by the Chief Executive in the Policy Address to help people purchase their homes. In paragraph 26 of the Policy Address, it is stated that the Government will provide land for the Hong Kong Housing Society (HKHS) to build "no-frills" small and medium flats. May I ask the Chief Executive at what price will the land be sold to the HKHS — this is a follow-up question to Mr LEE Wing-tat's question? Will it be a concessionary price, market price, or premium-free price?*

CHIEF EXECUTIVE (in Cantonese): Yours is a technical question. I believe the Secretary has a clearer picture. As far as I know, premium payments will have to be made at two levels. This is a technical issue. I do not have too much information; my knowledge is limited. I only have part of the picture, not the whole one. But as far as I know, premium payments need not be made immediately. After the granting of land, premium is payable to the Government only for each individual flat sold. We believe the HKHS is not a profit-making organ, not to mention that its goal is to provide public service rather than making money. I believe this is the best arrangement.

You may ask the Secretary about the details. According to my knowledge, not all of the premium payments will be made in one go. Furthermore, there is some difference between the flats, for some people might choose to buy their flats after renting them for five years. In other words, the

rent subsidy period for these people will be long; whereas the rent subsidy period will be shorter for people who opt to buy their flats after renting them for four years. Hence, there might be some discrepancies in the calculation of premiums. But, in any case, this is my own concept. I hope the Secretary will also know that I do not want the HKHS to incur losses. I hope that it can continue to implement the Plan. Moreover, the Plan should be sustainable. On this front, I do not wish to see the HKHS make a windfall out of this. Making money is not its goal, either. However, premium payments must be made in a fully flexible manner.

PROF PATRICK LAU (in Cantonese): *President, insofar as property prices are concerned, the crux is the construction costs plus land premiums. The case is very simple. Suppose the initial prices are market prices, you can look at the sizes of the Queen's Cube flats currently offered by the Urban Renewal Authority in Wan Chai. The authorities concerned are prepared to build flats of similar sizes. Given that the flats are being offered at \$15,000 per square foot, how can the people they cannot afford the flats regardless of what measures you will adopt. Hence, I think that it is indeed necessary to study the question of land premium under this MHP Plan. At what rate of premium should the land be provided to the HKHS? Should the prices be set at concessionary rates or what? I believe members of the public cannot possibly afford the flats if market premiums are levied.*

CHIEF EXECUTIVE (in Cantonese): The premiums are absolutely concessionary premiums. What I wished to point out just now was that if the selling prices were reversed in calculating the premiums, the premiums thus calculated would certainly be very cheap. Furthermore, the HKHS will certainly not build flats similar to Queen's Cube flats. The vibrant place is preferred by the rich. I have seen similar places in New York, and even Geneva. Some small flats in the old town are very expensive. Though far from being decent, those flats can charge exorbitant rents. However, those people love the locale for its vibrancy. However, what I am talking about is that we are going to build "no-frills" flats. I believe the flats will not be offered at prices similar to those of Queen's Cube flats, or else we do not need the HKHS to build them, as many property developers in the private sector can build them. Right?

MR RONNY TONG (in Cantonese): *President, I have this question for the Chief Executive. Frankly speaking, although the 2010 constitutional reform package was eventually endorsed, many people found it very painful during the process, as we did not know whether a small step could be taken until the very last minute. Even today, there are still some people who consider that the step taken was actually retrogressive.*

We can see that the division and internal arguments in society would intensify whenever discussions were held on issues such as universal suffrage, constitutional reform, and so on. Some people in the community are currently expressing the hope that legislation can be enacted in one go, such that the matter can be discussed thoroughly in one go with a view to seeking a wider consensus on the roadmap as a whole. In fact, this idea is consistent with the remarks made by the Chief Executive in running for a second term, that the issue of universal suffrage had to be fully addressed during his term of office. My question is: Given that his term of office still has two years to go — not too long, but not too short still — will he continue to seek a wider consensus on the universal suffrage roadmap in connection with one-off legislation and continue with his effort to deal with this matter? If yes, what will he do? If not, why not? Is he prepared to walk away from his unfulfilled election promise?

CHIEF EXECUTIVE (in Cantonese): I am fully aware of the promise I made during my election campaign. I think I have honoured my own promise, for I have already succeeded in securing a timetable for universal suffrage after the election. Many details concerning universal suffrage simply cannot be completed by the Government in one term. Otherwise, what can the next Government do? The Government of each term must undertake work in the light of the prevailing circumstances. Concerning the political system, currently we still have a lot of work to do. You were right in saying just now that the proposal for local legislation in 2012 has to be submitted by the end of this month. The proposal will be quite controversial, too. Now, we must make concerted efforts to get this job done, and lay a sound foundation for the next Government. Of course, the community can continue to discuss the arrangements to be made in 2017 and 2020. This is welcome by us. And we also think that this is necessary. We must explore at an earlier date which system is most suitable to Hong Kong.

However, considering my remaining term of office, what matters should I preferably spend time to deal with? A Member mentioned just now that, whenever we wish to get one thing done, it seems like we have to open a wound for actions and discussions. To me, since I assumed office seven years ago in 2005, I have experienced a very painful period. Now, I have reached this stage finally. I believe I can pass the baton to the next Government to complete this task, which is a more proper arrangement. The issue I have to follow up now is to make more efforts to deal with the issue of local legislation and really lay a sound foundation for 2017 and 2020. More efforts have to be made to address the composition of the Legislative Council in 2020 and issues such as how universal suffrage can be achieved. This is also a long-term task. At present, wisdom is pooled in the community in discussing this matter. Insofar as this matter is concerned, I hope that the next Government can consolidate all efforts and bring the timetable forward.

MR RONNY TONG (in Cantonese): *The answer given by the Chief Executive seems to be quite crafty because, for the purpose of really implementing universal suffrage, the timetable provides merely half of the solution. Just now, the Chief Executive also mentioned that the road ahead would be very long, and it might not be possible to complete the relevant work within two years. May I ask the Chief Executive whether he is prepared to spend his remaining two years making preparations to pave the way for the next Chief Executive, with a view to really addressing these issues expeditiously? Why is he reluctant to make such efforts?*

CHIEF EXECUTIVE (in Cantonese): I have merely said that a lot of work pertaining to 2012 is still outstanding. Now, we must deal with legislation first. I hope this can be completed before the elections next year. We will then deal with the District Council elections in the coming year, to be followed by the Legislative Council elections. There will be a lot of activities by then. I believe we can get things done even better as long as we proceed in a gradual and orderly manner. I am keenly aware of the efforts I should make in respect of the political reform. I have also managed to do what I am supposed to do. A new mindset is required to take the matter further forward.

MR CHEUNG HOK-MING (in Cantonese): *President, in paragraph 123 of the Policy Address, the Chief Executive stated that the Government had recently*

prepared draft Development Permission Area plans for Sai Wan, Hoi Ha, Pak Lap and So Lo Pun and was prepared to start work on 50 sites as the next step. In particular, the Chief Executive expressed his hope of achieving balance between development and conservation.

Here may I ask the Chief Executive whether the Government has evaluated the ratio of Government land to private land among the 50 sites on which planning will be undertaken? If private land is involved, what method, approach and incentives will the Government adopt to ensure that the land owners concerned will support the Government's planning?

CHIEF EXECUTIVE (in Cantonese): The sites comprise both Government land and private land. While developments on private land can continue in the present manner, agricultural land can continue to be used for agricultural purpose and continue to be cultivated. In respect of Government land, any development will be carried out according to planning. Of course, the development of some of the sites is regulated by the draft Development Permission Area plans. As regards other sites, they are subjected to the Country Parks Ordinance. This means that permitted developments can be continued, only that difficulties will be encountered in change of land use.

MR CHEUNG HOK-MING (in Cantonese): *President, may I ask the Chief Executive to explain clearly whether the use of the 50 sites on which planning will be carried out — I mean the private land — will remain completely unchanged after the imposition of regulation?*

CHIEF EXECUTIVE (in Cantonese): I believe the sites might have their respective characteristics. Our original intention was that sites where development is allowed, and where agricultural or farming activities are allowed could continue to be used for such purposes. However, concerning the relevant details, as there is so much information about the ratio of Government land to private land Members would like to know, perhaps Members can discuss with the Secretary for Development to see how the information can be disseminated to them before we can exchange our views again and examine ways of follow-up.

However, we appreciate that Hong Kong people are quite sensitive about the development of lands in the countryside and hope that their original characteristics can be preserved, so that the original colours of Hong Kong can be retained. Therefore, we must be particularly cautious with their development. There is already a consensus among us. I believe there is also a consensus between Mr CHEUNG and us. As to the question of whether the development potential of private estate has been affected, we can discuss this again and make more efforts to strike a balance in this respect. However, it is most important that what is allowed under the existing laws can continue. But, according to my knowledge, those private lands are mostly agricultural land, not land for development.

DR LEUNG KA-LAU (in Cantonese): *President, Chief Executive, my question for you has nothing to do with standard working hours, and I only want to ask a question on health insurance. The Government is now consulting the public on the various details and complementary arrangements, such as the regulation of healthcare practitioners and the insurance sector, what complementary measures can be taken by the healthcare sector and how the \$50 billion should be utilized. One of the issues that must be handled by the Chief Executive himself is land supply. Perhaps I can give you some data: there are now 3 700 hospital beds in the private sector, and in some hospitals, the utilization rate has already exceeded 100%. If the Government is truly confident that the health insurance scheme can be launched in 2013, and as the estimated need for hospital beds in the private sector may have been doubled by then, there should ideally be a total of 9 000 hospital beds. I know the Chief Executive will definitely reply that four sites were allocated last year for the development of the medical services industry. As far as I know, however, those sites can only provide not more than 2 000 hospital beds, and the sites must also be used for the development of the medical services industry. Besides, the relevant hospitals will only be completed around 2015 at the earliest. In that case, will it be too little too late to rely solely on those four sites to meet the needs of the development of the medical services industry and private health insurance at the same time?*

CHIEF EXECUTIVE (in Cantonese): It is always difficult to get started on something new. I think what we are doing now — we will expand our public

sector healthcare services and also put in place arrangements for private sector healthcare services. The sites in Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau will be used for the construction of private hospitals, and the progress has been pretty good. We have produced a pamphlet, which I believe you must have read and got to know our circumstances, right? Therefore, I do not intend to do any more publicity. However, regarding public sector healthcare, this Policy Address has also mentioned that we will carry out a project in Tin Shui Wai. Besides, some other hospitals will be expanded with the development of a few additional hospital blocks or redevelopment, and a paediatric medical centre will also be built. Our facilities, infrastructure and hospital beds will all be expanded or increased. The second issue is actually more significant, namely, manpower. We must deal with all of these issues, and if we really want to make the health insurance scheme a success and improve healthcare services, we cannot rely solely on funding support. Most importantly, we have to increase the number of hospital beds, and there must also be an adequate supply of doctors, nurses, physiotherapists and all other complementary facilities. We now hope to take actions on all fronts. First, we will increase the number of places offered by universities so that they can train more manpower to meet the needs. Besides, in terms of land supply, we have reserved four sites. If they are still not enough, we will identify some more. Sometimes, however, after we have earmarked some sites, people may say that they do not like them or the sites are insufficient or unsatisfactory. Therefore, we are also in a difficult position. Notwithstanding this, we will still continue to make an effort to identify more sites. I think we should look at the market response after the designation of these four sites before making any further decision. However, I think the difficulty lies not only in land supply, but also in manpower. I think it is more important, do you think so?

DR LEUNG KA-LAU (in Cantonese): *Talking about the problem of manpower, nurses or doctors, I believe the Secretary is very confident that he can solve it. I have just mentioned that while there are some problems that the Secretary can solve, there are others that he cannot, and they require intervention by you, Chief Executive. I am very glad to hear the Chief Executive say that continued efforts will be made to identify more sites. I hope the Chief Executive can be more forward-looking and begin to identify some sites less than 1 hectare in area near the urban area. Besides, the sites thus identified should also be included, with more flexibility, in the Application List because it takes at least five years to build*

a hospital. If the authorities will examine whether the four sites are enough only in 2015, members of the public who have taken out the relevant health insurance may also have to wait for services then. Therefore, I really hope the Chief Executive can begin to identify such sites now and allocate more land for this purpose a couple of years later. Only in this way will the market demand be met.

CHIEF EXECUTIVE (in Cantonese): Certainly, we are now working hard on it and we are also very much concerned about the response in respect of hospital development on the four sites. We will continue to make an effort in this area. However, as I have just said, if we really wish to improve the healthcare services in Hong Kong, in particular, if we wish to encourage the development of the private healthcare sector, we must make effort on all fronts. Rather than paying attention only to land supply, we should also give regard to such issues as manpower and complementary measures.

MR JEFFREY LAM (in Cantonese): *President, the Chief Executive proposed in the Policy Address yesterday a Community Care Fund (CCF) to be launched jointly by the Government and the business sector to provide relief for people in need. In fact, Economic Synergy propounded similar views some time ago, that a fund be spearheaded by the Government. In this respect, our concepts are the same.*

As a Member representing the business sector, I support the establishment of the CCF. Though Hong Kong people do not harbour any hatred of businessmen and the rich, I think that the industrial and commercial sectors are after all duty-bound to pay back to society and help people in need. Moreover, they are obligated to work in collaboration with the Government to build a better society and promote further development of the economy. This should not be mixed up with the diversion of anti-rich and anti-business sentiments.

Chief Executive, I am aware that many people in the business sector are interested in making contributions towards the establishment of the CCF. However, they have stated that a lot of details are still unclear. Actually, we learnt today that some major enterprises have already expressed support for the CCF. I believe many other players in the industrial and commercial sectors will

express support one after the other. I hope the authorities concerned can finalize the details of the CCF, such as eligibility, vetting and approval criteria, and so on, expeditiously.

Chief Executive, may I ask whether some major principles governing the operation of the CCF, such as the introduction of a means-testing mechanism and the entertainment of individual cases, have been established?

CHIEF EXECUTIVE (in Cantonese): This mission was entrusted to the Chief Secretary for Administration only just now, so it is actually not entirely fair to expect him to complete the mission so quickly and flesh out all the details. Nevertheless, I have reached a consensus with my colleagues on the overall concept. As I have already explained to Members, we earnestly hope to ascertain ways to help suffering grass-roots people who are not benefited by the various assistance and relief programmes or the Comprehensive Social Security Assistance Scheme currently. All the existing schemes are universal and territory-wide in nature. Although many of the rules and regulations are very complicated, they have to be imposed in the interest of assuring the operation of the CCF. However, these rules and regulations will affect some what about those people who nearly meet the requirements of the rules and regulations? I have also seen a number of cases — including cases concerning elderly people, new arrivals and poor students we have been unable to help them because they do not meet the requirements of the rules and regulations.

Furthermore, whenever we propose some relief measures, I would be asked what people belonging to the "three-nots" and "five-nots" categories could do. Honestly, there are bound to be people who are not caught by the net. There are also a lot of grievances in society as a result of this. Therefore, insofar as the overall objective is concerned Firstly, I hope to help all those people who are not covered by the various welfare and assistance programmes in Hong Kong. Secondly, I hope to streamline the administrative structure, so that the money can be delivered to the beneficiaries direct rather than through a number of organizations. I also hope that the administrative costs can be kept to the minimum; I mean 5% or 6% of the CCF. The remaining money should be handed to the grassroots as far as possible. This is our only general objective.

Nevertheless, the details must be drawn up clearly. Moreover, we have to explain to the Legislative Council. Even if the \$5 billion proposal is supported

by members of the public, we still have to explain the operation of the CCF before seeking the endorsement of the Legislative Council to take this forward. Hence, as the first step, Chief Secretary for Administration Henry TANG will join our colleagues we also hope to consult members of the community on ways to devise comprehensive rules and regulations and a framework. But the rules and regulations must be flexible, because if the CCF has no flexibility, as in the case of other funding programmes, some people will still be left out of the net. This is not too good. Therefore, we must do some more hard thinking. So far, we have already seen some enthusiastic responses, as many people in the business sector have expressed continuous support for the CCF after the proposal was espoused by us.

Perhaps let me say it once again that I do not believe Hong Kong people are really hostile to businessmen and the rich. Hong Kong people will not behave that way. They are not targeting each and every rich person, but unjust or unfair acts instead. Therefore, we must not exaggerate the matter infinitely, saying that each and every member of the ordinary public dislikes rich people. This is not actually the case. We must bear in mind that Hong Kong is a capitalist society, in which there are all kinds of people. However, as we have all made Hong Kong our home, we have to contribute our share as a responsibility to the community. While the poor have their responsibility, the rich do have their responsibility, too. This way, a harmonious society is shaped.

MR JEFFREY LAM (in Cantonese): *Economic Synergy will submit its proposal to the Chief Executive expeditiously. However, we hope that the CCF can manifest the spirit of "being helped, being self-reliant and helping others". We also hope that the Chief Executive can ensure that the operation of the CCF will not overlap with that of other funds. Lastly, may I ask the Chief Executive whether there are other channels for people in the industrial and commercial sectors to offer assistance to the CCF, in addition to providing capital?*

CHIEF EXECUTIVE (in Cantonese): Yes. In the Policy Address, I I have long since pointed out that the provision of capital is not the only means through which the business sector can help us. Actually, our social enterprises are in desperate need of the business sector's management expertise. What are social enterprises? The rates of return of the commercial activities carried out by social enterprises are generally very low. Moreover, social enterprises have a

poor understanding of the risks in the market. In other words, they are actually not well versed in business operation. I earnestly hope that people intent on starting up this type of small businesses can become self-reliant. Actually, there are hundreds of such small enterprises in society. What they lack is experience in management and business operation, not capital. I hope the business sector and various enterprises can really help them. I have to mention in particular that when staff members of major enterprises retire, they should actually pass their skills some CEOs can actually help these SMEs upon their retirement. This way, I believe a harmonious atmosphere will emerge in Hong Kong society. The business sector does not necessarily have to offer assistance in terms of capital; it might help SMEs in terms of skills.

Social enterprises do have prospects in Hong Kong and they can achieve results. Many enthusiastic people are currently doing this. However, they are mostly from non-governmental organizations or non-profit-making organizations, and so they lack experience in business operation. This is why enterprises should be able to help them. I also hope to start with this, so that we can work together and make more efforts.

MS EMILY LAU (in Cantonese): *President, the theme of the Chief Executive's Policy Address is "Sharing Prosperity for a Caring Society". May I ask the Chief Executive whether he knows that members of the public aspire to the implementation of universal suffrage, election of government officials, the Chief Executive and all Members of the Legislative Council by "one person, one vote", and abolition of all small-circle elections?*

Besides, President, in the section on constitutional matters in the Policy Address, it is stated that the authorities hope the community will promote constitutional development, paving the way for election by universal suffrage of the Chief Executive in 2017 and the Legislative Council in 2020. The Chief Executive also said just now that some of his policy objectives on such areas as environmental protection or standard working hours and home ownership will extend beyond his terms of office. Why does he not finish the work of implementing universal suffrage in 2017 and 2020, so that the public will know that there will definitely not be any small-circle election then? Fully aware that this issue has been bothering the people of Hong Kong for decades, why does he not get it over and done with before he leaves his office? In this way, everyone, whether it be a member of the business sector or any pro-establishment Member,

will know there is no political free lunch and everyone has to be a "real fighter" then. Can he finish this task?

CHIEF EXECUTIVE (in Cantonese): Actually, the years of 2017 and 2020 involved in the timetable, which is the outcome of my fight, are already beyond my terms of office. However, there are many tasks which cannot be achieved by a single person, and I have also assessed my ability to find out how much I can achieve. I have already said that insofar as constitutional reform is concerned, I very much hope that we can concentrate on the arrangement of enacting local legislation on the 2012 election, and the community may continue to discuss the method of election by universal suffrage in 2017 or 2020. It is an appropriate time now to discuss it as the time required will be quite long. This issue requires prolonged discussion. But I think we do not have the necessary conditions to finalize all the details of the 2017 and 2020 elections within this term of the Government. I think I have already honoured the promise I made in 2007.

MS EMILY LAU (in Cantonese): *President, I do not understand why the Chief Executive said we do not have the necessary conditions. What are the problems?*

However, why did he point out in paragraph 153 of the Policy Address that the authorities will encourage the community, including the Government, to pave the way for universal suffrage? Is it not very vague? Does it mean we do not have the conditions to achieve it? If that is the case, why did he state it here?

CHIEF EXECUTIVE (in Cantonese): Here, we mean enacting local legislation. We have to finish this task by 2012, and we can truly pave the way for the elections in 2017 and 2020 if the 2012 election is properly dealt with, right? Therefore, we think we must now deal with the 2012 election before we can have the necessary conditions to deal with the next one. Just now, Mr Ronny TONG also said that every time when matters relating to Hong Kong are discussed, the community will become divided, and the discussions on many issues are excruciating and agonizing. I believe what we should do now — what I have mentioned already requires a lot of effort. I know where I should put my energy, and I know which task I should deal with in the remaining time.

People's livelihood is my primary concern, and I hope more can be done on this during this period.

MR WONG TING-KWONG (in Cantonese): *Chief Executive, in the Policy Address delivered yesterday, you proposed that an additional \$1 billion be injected into the SME Export Marketing Fund and the SME Development Fund. Your proposal has been welcomed and applauded by the industry. However, the \$100 billion Special Finance Scheme, launched during the financial tsunami years ago for the purpose of "stabilizing the financial system, supporting enterprises and preserving employment", will cease to operate by the end of this year. The fact that nearly 39 000 applications were approved under the Scheme, involving loans in excess of \$97 billion, demonstrates the importance of the assistance received by beleaguered enterprises under the Scheme.*

As pointed out by the Chief Executive in the introduction of the Policy Address, we must remain vigilant since there are still many uncertainties in the external economy resulting from the fragile recovery of the United States economy and the lingering sovereign debt crisis in Europe. Now, some enterprises have yet to fully recover, and some loans obtained under the \$100 billion Special Finance Scheme launched at that time are not yet fully repaid. Therefore, once loan guarantees are revoked upon the cessation of this Scheme, banks will call the loans, and enterprises will then face catastrophic consequences.

Has the Chief Executive considered launching some soft-landing initiatives before the Special Finance Scheme ceases to operate at the end of this year by, for instance, reducing in phases the guaranteed loan amounts or lowering progressively the guarantee ratios?

CHIEF EXECUTIVE (in Cantonese): As Members are aware, special measures will be adopted whenever the Hong Kong economy is affected in special circumstances. This strategy has been adopted since 1998, and all our problems have been overcome one after another. The Special Finance Scheme was launched at the peak of the financial tsunami when we were affected particularly for the enterprises set up in Guangdong Province because they could not secure loans from banks. Now, banks have already gained a new understanding, knowing that our enterprises indeed have a solid foundation and

will not collapse so easily. Therefore, financing in Hong Kong is no longer difficult as it was in the past.

Hence, we think that the existing SME Loan Guarantee Scheme (SGS) should continue. What is more, we will increase As you should have learnt just now, more resources will be provided and more money injected. However, I believe this special measure, if implemented on a continued basis, will carry some risks. If we continue to do so, if this special measure is continued when circumstances are normal, its effectiveness will wane. Moreover, the moral risks will become increasingly high. As pointed out by you just now, we think that we should enable a soft landing at a suitable time. We do have plans regarding how a soft landing can be achieved. Therefore, we are currently studying a market-oriented finance scheme through the Hong Kong Mortgage Corporation (HKMC) in the hope that the scheme can meet the needs of various types of enterprises by, for instance, providing our small and medium enterprises (SMEs) with a sustainable platform to obtain credit, so as to meet the existing needs for the Special Finance Scheme.

Yet, you need not worry. If Hong Kong and other parts of the world are really so unlucky to be hit by a second wave of the financial tsunami, thus necessitating the introduction of special measures, we will definitely respond instantly. However, when the storm is over, and if these special measures are not withdrawn in its wake, moral risks will emerge, and our competitive edge will be undermined. This will not be good to our enterprises. However, I fully concur with you that we must study a way to enable a soft landing. This is the goal of the scheme currently undertaken by the HKMC.

MR WONG TING-KWONG (in Cantonese): *President, it actually takes time for applications to be made to the SME Export Marketing Fund and the SME Development Fund. As distant water cannot put out a fire close by, I am worried that some applications will not necessarily be approved. Moreover, the objectives of these two Funds are different from that of the Special Finance Scheme. The industry urges the Chief Executive and the relevant government departments to study a comprehensive solution in practical terms to minimize the impact of the Government's exit from the market. As we are all aware, it is easy to order troops to advance. However, it is even more difficult for troops to retreat than to advance. Regarding the issue of financing we are talking about, it was an extremely difficult time, and the industry is very grateful to the*

Government for lending the industry a helping hand by launching initiatives promptly. However, they will face great hardships indeed should the Government exit from the market in this manner when its assistance will soon come to an end. I hope the Chief Executive can study a comprehensive method for a soft landing.

CHIEF EXECUTIVE (in Cantonese): I fully agree with you that whenever the Government opts to intervene in the market or adopt measures to provide assistance, it has to exercise special caution should it wish to exit from the market. The Government took other measures to exit from the market after its intervention in the market in 1998. There were also as you know, the existing Tracker Fund was established at that time. Regarding the current Special Finance Scheme, I think the new scheme undertaken by the HKMC can make up for it. Let us study it openly, shall we? I hope to study the new scheme again with Secretary Prof KC CHAN. In my opinion, this is basically an ideal exit arrangement, and a guarantee for a soft landing, too.

PRESIDENT (in Cantonese): Chief Executive, can you take one more question?

CHIEF EXECUTIVE (in Cantonese): Fine.

PRESIDENT (in Cantonese): Last question.

MR FREDERICK FUNG (in Cantonese): *President, all along the Chief Executive believes in "big market, small government". But with respect to the property market, I would think that it is a "bad market". The meaning of a "bad market" is that the greater amount of your capital, the better you are able to compete in the property market. Just take a look at the land auctions during this couple of years and you will find that one can never bid for a lot successfully if you do not have a sizable amount of money. The land sale by auction two days ago resulted in yet another lot fetching a record-high price. So the more capital you have, the more likely you are able to dominate the market.*

This belief held by Chief Executive Donald TSANG is, I think, not applicable to the property market. But in the Policy Address, the second principle among the three major principles stated therein is that apart from public housing, the Chief Executive leaves everything to the market, that is, market operation. In other words, this is leaving things to a market which is already rotten and in the hands of those consortia with the greatest amount of capital. I think this will never serve to solve the problem of housing which is so essential to the people. Actually, when you have this belief, it does not matter so much if you do not accept the reality. But I think the remarks made and acts done by the Chief Executive and the officials on three occasions are allegedly a deception of the people. This results in the abortion of the construction of HOS flats. Chief Executive, I now tell you these three incidents.

First, consultation. You say in the Policy Address that consultation is conducted on how the public should be subsidized in home purchase. If you assert right from the beginning that there will be no more HOS flats, then there are only two options. First, to say clearly that public opinion is sought in matters apart from the HOS flats or that you have no conclusion and public opinion is invited, and after hearing these views, the majority view will be taken as the conclusion. And for those people who hold different views, you will explain to them why their views are not heeded. However, you did not do that, for you asked people to state their views; but after they had done so, and when the findings were announced, the Secretary told us at the same time that the Government would not build HOS flats anymore. Then is that consultation exercise a hoax?

Second, the Chief Executive said in the Policy Address that the view which suggests using land earmarked for public rental housing (PRH) to build HOS flats will not work; and PRH should be left to the poorest people and that suggestion should not be accepted. Just how many people hold this view? I am sure both the Secretary and you, Chief Executive, have said this in this Chamber and both LEE Wing-tat and I have also said this in the former Commission on Strategic Development. We demand that the Government should earmark some land for HOS construction and such lots should not be those earmarked for PRH flats, but new ones.

PRESIDENT (in Cantonese): Mr FUNG, please raise your question concisely.

MR FREDERICK FUNG (in Cantonese): *I have to explain these three incidents because some Honourable colleagues may not be aware of them.*

PRESIDENT (in Cantonese): But you have used two minutes and 30 seconds already.

MR FREDERICK FUNG (in Cantonese): *I would think that in such circumstances, you are pitching PRH and HOS flats in a dichotomy. The result is that people who are waiting for their turn for PRH will think that land designated for PRH should not be used to build HOS flats, hence a contradiction emerges. The third thing is that when this issue was raised on numerous occasions in this Chamber and in the Commission on Strategic Development, both the Secretary and the Chief Executive said that no land was available. They asked where they would find any land if they were not allowed to carry out reclamation from the sea and removing the mountains. We said that back then the former Chief Executive, Mr TUNG, had set up an inter-departmental committee specifically tasked with finding land, but still they said that there was no land available.*

But in the Policy Address delivered yesterday, we were told that there is an inter-departmental committee chaired by the Financial Secretary tasked with finding land resources and that committee has managed to find five sites instantly for the construction of 5 000 flats. Such an approach taken and the entire process of it make me feel that I have been cheated. President, the people think they have been cheated, too. Why are there no HOS flats and why are so many means used to disparage HOS flats and curb their construction?

My question is: Why are so many ways that border on cheating used and so many unethical means employed to curb the construction of HOS flats?

CHIEF EXECUTIVE (in Cantonese): I totally disagree with your view about acts of cheating. The most important thing is that we should find the best method. If this plan that we have is better in all aspects than the conventional HOS, then why should we not proceed with it? As I said before, this is an enhanced version of the HOS. Why do we have to stick to the old approach? We need to keep abreast of the times. We have done some studies and they are mostly about the issues of flexibility, down payment, and the practical needs of

the people, and so on. It remains, of course, that no plan is perfect, but we are convinced all along that our withdrawal from HOS construction was fully justified. If we were to do similar work now, we hope that this new scheme can serve to overcome the difficulties that we had before.

Mr FUNG, there is one point I wish to make and that is, you are right about the idea of "big market, small government". That is a macro economic concept. But we have given up this idea with respect to the property market. For 50 years we have intervened in that market. That idea ceased to exist when we constructed PRH flats. Right from the first public housing estate in Shek Kip Mei we have been building public housing estates and we will continue to do so. Now, about half of the population of Hong Kong live in PRH flats or government subsidized housing. We will keep on doing this.

We have racked our brains and come up with this brand new MHP Plan. This Plan uses the approach taken for public housing and it is hoped that the Plan will succeed with the market forces it harnesses. Hence the people can be assisted in their home purchase. I believe if a clarification is sought, there would still be no need to resort to using such words as "cheating" and accuse us of cheating. How can there be any cheating? Why will the Government cheat its people? If we want to look for an approach in which a consensus can be forged, or a better approach to take, then we can hold discussions. If you think that there are any advantages to PRH or the HOS, you may raise them for discussion. We will tell you what is good about this MHP Plan and we can make comparisons, ask the users, and in this way we will know the result.

We should look at this issue with an open minded, instead of saying all the time that HOS flats must be built and that no other alternatives are acceptable, or you only want the HOS flats of former times no matter what we build. I have already told you before that we do not want the HKHS to use the old practices to take forward this initiative. We are wholly devoted to addressing this problem for the common masses.

Land resources are hard to find. Are these five sites easy to come by? No, not at all. They are the result of personal efforts made by me to fight for them and grab them from various places. Also, what should be done in the future? I do not think I can do all of these things myself. But I am sure we

must continue to do so. That is why I have asked Financial Secretary John TSANG to identify these sites in the steering committee chaired by him.

However, there is one thing which I know very clearly and that is, we will not do anything to cut the provision of land for private development on the Application List, for doing so would be like filling the sea with sand, leading to a fall in the supply of land for private development and soaring property prices. This is the last thing I wish to see.

Also, I do not wish to set aside some sites from land earmarked for public sector development. We need to rethink this issue. Our work in looking for land resources in the future will be very difficult, but we will continue to work hard. Let us then do our best to serve the public and refrain from trying to find an ulterior motive behind everything. If we can do it, I believe a lot of problems can be solved. If we see a conspiracy in everything, everything will look sinister and there is fraudulence and conspiracy in everything.

MR FREDERICK FUNG (in Cantonese): *Chief Executive, if you were in the Commission on Strategic Development, Ms Rosanna WONG was then a member of the Housing Authority and she listed five reasons why it was desirable to have HOS flats. I did not say that. It was said by Ms Rosanna WONG in a meeting of the Commission on Strategic Development, but I will not repeat them now.*

It is precisely because for 50 years the housing supply for the common masses has not been given to the market that 33% of them are now living in PRH, and about 20% of them are living in HOS flats. The common masses think that it is a benevolent policy enforced by the Government. But now you are saying that this good deed does not need to be served. I have this question for the Chief Executive. Now we are not asking you to choose one out of two options or choose one as you like it, but can we have both options instead? This so-called My Home Purchase Plan is in fact the "Most Heartless Pounding" Plan. The second thing is, can we have the HOS flats again? Since there are 1 000 flats under the MHP Plan, can we have 3 000 HOS flats? Thank you, President.

CHIEF EXECUTIVE (in Cantonese): The people of Hong Kong should be given a choice. I think that whenever any new scheme is launched, there are

bound to be people who have a lot of queries. This I understand perfectly. We will continue to patiently tell the people of Hong Kong fully the merits of the Plan. Ms Rosanna WONG said there were five advantages; I can tell you this plan of mine has got at least nine or 12 advantages. But I do not want to waste Members' time now. When engaging in any discussion, we must do so calmly and peacefully and refrain from using violent language or insulting language. Then we can discuss anything.

MR FREDERICK FUNG (in Cantonese): *President, did I use any language of violence just now?*

CHIEF EXECUTIVE (in Cantonese): I was not talking about you, not you.

PRESIDENT (in Cantonese): The Question and Answer Session of the Chief Executive shall end here today.

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

CHIEF EXECUTIVE (in Cantonese): Thank you.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 20 October 2010.

Adjourned accordingly at nineteen minutes to Five o'clock.