

# OFFICIAL RECORD OF PROCEEDINGS

Thursday, 13 October 2011

The Council met at Three o'clock

## MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE 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, G.B.S., J.P.

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

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

### **PUBLIC OFFICERS ATTENDING:**

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

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

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

THE HONOURABLE RAYMOND TAM CHI-YUEN, J.P.  
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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 12 OCTOBER 2011.

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

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

(Mr LEUNG Kwok-hung and Dr LAM Tai-fai both remained standing, holding up exhibits)

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, please sit down immediately and put down your exhibit.

**MR LEUNG KWOK-HUNG** (in Cantonese): I heard you.

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, please put down your exhibit.

The Chief Executive will address the Council.

(Dr LAM Tai-fai was still holding up an exhibit)

**PRESIDENT** (in Cantonese): Dr LAM Tai-fai, please also put down your exhibit.

(Some Members were still standing)

**PRESIDENT** (in Cantonese): Will Members please sit down. The Chief Executive will now address the Council.

**CHIEF EXECUTIVE** (in Cantonese): President, yesterday I delivered the last Policy Address in my term of office. Its thrust is elaborating the Government's efforts in improving people's livelihood while giving an account of the progress in policy implementation. It consolidates our present footing and looks to the future.

It has been seven years since I took office as Chief Executive in 2005. During this period, Hong Kong has weathered many ups and downs and faced crises of various scales. Recently, many political parties, media and academics have already drawn conclusions on my governance and handed out report cards on my performance. I will humbly accept criticisms of my administration, and make corrections if there were mistakes, or otherwise take them as reminders. Politicians should have their own goals and ideals. To me, continuous improvement in the people's livelihood is important above all else, lest everything is nothing but empty talks of politicians. As far as the distribution of public resources is concerned, there are always some people who consider their own interests jeopardized or inadequately provided for. I highly value critical views, and I constantly engage in reflection. One may not please everyone in public service, but the key is to act in good faith, true to both oneself and Hong Kong people.

The Policy Address this year has reviewed the inadequacies of past policies and considered afresh the future direction with a view to improving the quality of administration for the well-being of the people.

Housing is the top priority in the three key areas of our administration this year. I have proposed a new policy for the resumption of the Home Ownership Scheme (HOS) with a repositioning of the Government's subsidized housing policy, including the pricing policy, resale restrictions and volume of production. It aims at precluding total segregation of subsidized housing from the private market and establishing the essential interactive relationship between both markets. When the prices of small- and medium-sized homes in the private sector skyrocket to a level unaffordable to the ordinary public, the HOS flats can serve as a buffer. On the contrary, when a reasonable quantity of homes are available at reasonable prices in the private market, the supply of HOS flats can be adjusted accordingly. Meanwhile, I expect the Housing Authority to look into optimizing the resale restrictions on HOS flats, so as to promote housing mobility and revitalize the secondary market. As for the private market, the Government will maintain an adequate supply of land, complemented by such arrangements as launch of sites with flat size and flat number stipulations to ensure an adequate supply of small- and medium-sized flats.

Another important livelihood issue is the people's burden of living under the dual threat of inflation and recession. Currently, the external economic situation is worrying amid the lingering European sovereign debt crisis and

fluctuating recovery of the United States economy. I am very worried that these factors would impact the global financial system and trigger a recession. Therefore, we have to deal with inflation on the one hand, and brace for a possible economic recession on the other. In the Policy Address, I have already proposed some relief measures, namely government payment of public housing rent, as well as an extra one-month allowance to recipients of Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance. However, we will closely monitor the economic situation. Where necessary, the Financial Secretary will further introduce new measures, including tax concessions, when he announces the Budget. In addition, the Government has implemented the statutory minimum wage and extended the coverage of the transport subsidy scheme. Along with the implementation of the various relief measures announced in this year's Budget, these initiatives will help bolster the income of the grassroots and narrow the wealth gap.

The ageing population brings about an increasing demand for elderly services. As the elders generally wish to age in place, I consider it necessary to optimize the provision of services by a two-pronged approach of not only increasing the residential care services for the elderly, but also developing community care services. We should also make complementary arrangements for the elderly people who opt to age in their hometowns. The Policy Address has put forward new measures in these two aspects.

I admit that the wealth gap and the ageing population are inevitable problems of mature and open capitalist economies to which no permanent solutions can be found. Effective alleviation is possible only if the Government persistently puts in resources and updates its policies.

With the current global economic environment deteriorating, the population ageing, the sustainability of social welfare in many advanced countries having been called into question, people having diverse views on the distribution of public resources, and even social division emerging, I see the road ahead not easy at all. Governments all over the globe are facing new challenges to their governance, including social unrest, public discontent and political instability, and they are proliferating well beyond London, Tel Aviv and New York. The Hong Kong Government has all along observed strict fiscal discipline to control the recurrent government expenditure and accumulate sufficient reserves to meet contingencies. Hong Kong is one of a few Asian economies given an AAA rating, an achievement which is not easy to come by. When there are storms

beyond our waters, the solidarity and mutual trust of Hong Kong people becomes all the more essential. With a sound foundation to address a wide variety of challenges in the future, it is critically important for Hong Kong people to have confidence in themselves.

For decades, we have been a boat sailing in the rough seas. Sometimes there are gigantic towering waves. Sometimes there are gentle breezes behind us under a sunny sky. However, this boat named Hong Kong will always manage to survive all the storms and waves, and then sail forward faster and farther. Thank you, President.

**PRESIDENT** (in Cantonese): The Chief Executive will now answer questions put by Members on the Policy Address.

**MR WONG YUK-MAN** (in Cantonese): *President, yesterday, the Chief Executive talked about political ethics. In his opinion, members of the opposition were going against political ethics should they act in a slightly rude or less than discreet manner in the legislature.*

*Political ethics are the core of Politics. In the East, there were Confucius and Mencius; in the West, there were KANT, ARISTOTLE and PLATO. I wonder what he was talking about. It is him who lacks political ethics most. As the saying goes, a man destitute of benevolence occupying a high position would only disseminate his wickedness among all below him. So those talented people would not join the ranks of one who only has lowly aides under his command .....*

**PRESIDENT** (in Cantonese): Mr WONG, please do not elaborate .....

**MR WONG YUK-MAN** (in Cantonese): *..... he has appointed a Bureau Director with the lowest popularity rating as the Chief Secretary for Administration .....*

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

**MR WONG YUK-MAN** (in Cantonese): ..... *and antagonize the people openly. Where are the political ethics? He has to give me an explanation. Stephen LAM came up with the replacement proposal that aroused widespread indignation and discontent. He even dared to appoint such a person during the last few months of his term .....*

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

**MR WONG YUK-MAN** (in Cantonese): ..... *and antagonize Hong Kong people openly. Will he please explain why .....*

**PRESIDENT** (in Cantonese): You have already expressed your views. Please sit down.

**MR WONG YUK-MAN** (in Cantonese): ..... *President, I am asking him .....*

**PRESIDENT** (in Cantonese): You have already raised your question.

**MR WONG YUK-MAN** (in Cantonese): ..... *it was like "political incest" when he talked about political ethics .....*

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

**MR WONG YUK-MAN** (in Cantonese): *He was going against political ethics .....*

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man, please sit down.

**MR WONG YUK-MAN** (in Cantonese): ..... *disrupting political ethics. I am now demanding an answer from him.*

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man, sit down immediately.

**MR WONG YUK-MAN** (in Cantonese): *Why did he appoint a Bureau Director with such a low popularity rating as the Chief Secretary for Administration?*

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

(Mr WONG Yuk-man sat down. A Member shouted "Shame on Stephen LAM!" aloud)

**PRESIDENT** (in Cantonese): Will Members please observe the Rules of Procedure.

Chief Executive, please.

**CHIEF EXECUTIVE** (in Cantonese): Confucius, ARISTOTLE, current politicians or the current political system, none will consider foul language as well as rude speech or acts as political ethics deemed appropriate by the public. It is so simple.

**MR WONG YUK-MAN** (in Cantonese): *What sort of political ethics are you talking about, Chief Executive? Political ethics are a Social Science. If he has no knowledge, I can give him a lesson .....*

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man, you should .....

**MR WONG YUK-MAN** (in Cantonese): *ARISTOTLE, PLATO, Confucius, Mencius .....*

**PRESIDENT** (in Cantonese): ..... Mr WONG Yuk-man, if you do not stop, I will have you .....

**MR WONG YUK-MAN** (in Cantonese): *Mencius already said more than two millenniums ago that "I have heard that King Wu of Zhou killed an autocrat by the name of Zhou of the Shang Dynasty; I have never heard that he killed his king<sup>1</sup>". Does he understand what Mencius was talking about?*

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

**MR WONG YUK-MAN** (in Cantonese): *Violence in the legislature? How violent is it? Is the legislature's being treated in a violent manner considered violence? Is the Government's administrative violence considered violent? He did not answer the question I asked him. My question was: Why did he antagonize the public by appointing a Bureau Director with such a low popularity rating as the Chief Secretary for Administration? He had to give me any explanation, but he did not give me an answer.*

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

(Mr WONG Yuk-man spoke aloud)

**CHIEF EXECUTIVE** (in Cantonese): This is totally like the act of a "thug". It is not just violent. You see. This is not a place for triad societies. What is wrong with you, Mr WONG?

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<sup>1</sup> *MENCIUS* (With English Translation) (北京：華語教學出版社，1999) P.55

**MR WONG YUK-MAN** (in Cantonese): *I was asking him why he had to appoint a Bureau Director with such a low popularity rating as the Chief Secretary for Administration, yet he did not reply.*

(Mr LEUNG Kwok-hung stood up)

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man. Mr LEUNG Kwok-hung, you should not .....

**MR WONG YUK-MAN** (in Cantonese): *No, President. Has he answered my question? Was my question clear?*

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

**MR WONG YUK-MAN** (in Cantonese): *Was my question clear?*

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

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man, Mr LEUNG Kwok-hung, I consider that the behaviour of both of you has already made it impossible for the Question and Answer Session to proceed smoothly. I request both of you leave the Chamber immediately.

(A number of security guards assisted Mr LEUNG Kwok-hung and Mr WONG Yuk-man in leaving the Chamber)

**MR LEUNG KWOK-HUNG** (in Cantonese): *Point of order ..... point of order .....*

**MR WONG YUK-MAN** (in Cantonese): *My question was very clear ..... he has not answered .....*

**MR LEUNG KWOK-HUNG** (in Cantonese): *Point of order .....*

(Mr LEUNG Kwok-hung threw an egg in the direction before him)

**MR LEUNG KWOK-HUNG** (in Cantonese): *Are you out of your mind ..... I have to raise a point of order .....*

**PRESIDENT** (in Cantonese): Leave the Chamber immediately.

(The security guards continued to assist Mr LEUNG Kwok-hung and Mr WONG Yuk-man in leaving the Chamber)

**MR LEUNG KWOK-HUNG** (in Cantonese): *Are you a fool? Shame on coterie elections ..... you have not answered my question. Shame on coterie elections. Step down, Donald TSANG .....*

(Mr LEUNG Kwok-hung and Mr WONG Yuk-man left the Chamber with the assistance of the security guards)

**MR LEE CHEUK-YAN** (in Cantonese): *I want to raise two questions about points of order. First, President, I very much disagree with your ruling because Mr LEUNG Kwok-hung just intended to raise a point of order. How could you remove him from the Chamber before listening to his point of order? Second, under the Rules of Procedure (RoP), no one in this Chamber should offend any Member no matter how he disapproves of the act or remarks of any Member. The claim that a Member is a "thug" is offensive.*

*Hence, I hope the President can make a ruling on whether the Chief Executive has contravened the RoP by offending one of our Members.*

(Mr James TO raised his hand in indication)

**PRESIDENT** (in Cantonese): Mr James TO, do you wish to raise a similar point of order?

**MR JAMES TO** (in Cantonese): *President, the point of order I intend to raise is identical to the one raised by Mr LEE Cheuk-yan. I hope the President can review the Chief Executive's remarks to determine if he has offended one of our Members by calling him a triad or a "thug".*

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, I think you should revoke your ruling of expelling Mr LEUNG Kwok-hung because he clearly said that he intended to raise a point of order, yet you did not say a word in reply but removed him from the Chamber right away. I consider your act unfair and handling of the matter inappropriate. Please withdraw your order.*

**PRESIDENT** (in Cantonese): I have heard the views expressed by the three Members. First of all, I would like to make a response in respect of my handling of Mr LEUNG Kwok-hung. I wonder if the listening devices on Members' desks are the same as mine. Let me explain what happened just now. First, Mr LEUNG Kwok-hung did not raise his hand; second, he did not make any indication that he intended to speak. I heard very clearly before I invited him to stand up that he had already spoken a number of times behind that placard, which was a breach of the RoP. I also already repeated twice that Members must observe the RoP, but he did not heed my advice.

In my opinion, immediately after his entry into the Chamber, he had made repeated attempts to interrupt our meeting while I was trying to deal with the questions raised by Mr WONG Yuk-man. If we go on like this, the progress of the meeting will be affected. Hence, I judged that his conduct was grossly disorderly. In accordance with the RoP, I must order that he leave the Chamber. This is the first point.

**MR ALBERT HO** (in Cantonese): *President, your two rulings just now demonstrate a sudden tightening of the application of the RoP. According to the past practice, if a Member rose and expressed an intention to raise a point of order, you would definitely listen to his point of order first. It was more*

*appropriate to do so because you actually had no idea what point of order he intended to raise. Therefore, I consider your way of handling Mr LEUNG Kwok-hung unfair. I hope you can reconsider the matter.*

*Furthermore, the same went for Mr WONG Yuk-man, who was actually protesting that the Chief Executive had not answered his question. Actually, you should have given the Chief Executive an opportunity to reply. As for the issue of offending Members, you should really take the matter seriously and examine if Members find the remarks offensive. You should at least think about that.*

(Both Ms Audrey EU and Dr Margaret NG indicated their intention to speak)

**PRESIDENT** (in Cantonese): Dr Margaret NG, what is your point? A point of order?

**DR MARGARET NG** (in Cantonese): *Yes, President .....*

**PRESIDENT** (in Cantonese): Ms Audrey EU, let me first listen to Dr Margaret NG's question.

**DR MARGARET NG** (in Cantonese): *President, generally speaking, unlike other circumstances in which a Member makes a request to speak, a Member will rise on his own when raising a point of order. President, according to your usual practice, when a Member rises, you will invite him to raise his point of order. This is the first point.*

*Second, President, our security guards are, of course, not Members. But do they have to display good manners in entering or leaving the Chamber, too? When the two Members were led out of the Chamber by several security guards just now, there was actually no need for other security guards to rush on to the scene. In this Chamber, a strong approach will be taken when a Member's body language appears to be slightly rude. However, is it justifiable for the security guards to rush into the Chamber? President, I wonder if you have the power to deal with this issue?*

**MS AUDREY EU** (in Cantonese): *President, I am making the same request for you to withdraw the order of removing Mr LEUNG Kwok-hung from the Chamber. Just now, you explained it was not that you disallowed him to raise a point of order. You decided to remove him because you had heard him speak behind that placard before you invited him to stand up.*

*However, President, it has always been the case that if you wanted to remove any Member from the Chamber because of his grossly disorderly conduct, you would first give him a warning, but just now you did not do so. As far as my memory goes, some Members would often spoke aloud to interrupt or talk aloud in this Chamber. I have noticed from the President's practice that if you really considered that the proceedings of the meeting would thus be disrupted, you would first issue a warning to the Member in question before expelling him. However, just now you did not issue a warning to Mr LEUNG Kwok-hung first. When he rose to make a request to raise a point of order, you did not allow him to do so and then you expelled him. Hence, President, I hope you can reconsider your order.*

**MR LAU KONG-WAH** (in Cantonese): *President, just now you said that the Members' behaviour had disrupted the order of the meeting. I think that they violated the RoP, so I consider your approach correct. As for the security guards, I think they were just maintaining the order of the meeting venue. Hence, I consider the accusation against them unfair.*

*Just now I also heard the President make several requests for the Member in question to stop, but he did not do so. Therefore, President, I think your ruling is correct. Nevertheless, today is the Chief Executive's Question and Answer Session, so we should focus on discussing the Policy Address. As for the conduct of the meeting, we can leave it to the House Committee to discuss this again at its meeting.*

**MR ALBERT CHAN** (in Cantonese): *President, I have no idea what point of order was raised by Mr LAU Kong-wah.*

*President, my point of order concerns your handling of the expulsion of Mr WONG Yuk-man from the Chamber. Just now, Mr WONG Yuk-man was supposed to raise his question during his time slot. However, confusions arose*

*as a result of Mr LEUNG Kwok-hung raising a point of order. Amid the confusions, Mr WONG Yuk-man repeatedly made requests for the President to invite the Chief Executive to respond to his questions. As two Members were speaking at the same time, the President did not handle Mr WONG Yuk-man's request. As a result, Mr WONG made repeated requests for the President to invite the Chief Executive to give a reply.*

*Under such circumstances, and influenced by other factors, the President failed to deal with the questions raised by Mr WONG Yuk-man. I consider the expulsion of the Member under such circumstances extremely unfair and unjust. I hope the President can realize the unfairness in the ruling made just now against Mr WONG Yuk-man. I hope the President can reconsider it.*

**PRESIDENT** (in Cantonese): Just now, I have explained clearly my decision in handling the two Members. I will maintain my decision. Insofar as Mr LEUNG Kwok-hung is concerned, I removed him from the Chamber not because he rose to make a request to raise a point of order. In this connection, I have given my explanation already. Hence, I think we should continue with the meeting now.

I have also heard a Member raise another point in connection with the content of the remarks made by the Chief Executive just now. I think the Chief Executive's remarks referred to a specific occasion and certain acts, and I do not think the Chief Executive was offending a specific Member of the Council in particular. Therefore, I do not think I need to deal with this matter.

I hope Members can allow the Question and Answer Session to continue now.

**DR MARGARET NG** (in Cantonese): *President, a point of order.*

**MR LEUNG YIU-CHUNG** (in Cantonese): *I have to protest as I am really dissatisfied with your decision. I think you have not handled this matter fairly. Your approach today is completely different from your previous approach. You cannot tighten the enforcement of the RoP without informing us beforehand.*

**PRESIDENT** (in Cantonese): I have heard this view. I believe other Members and members of the public have also clearly heard Members' criticisms of me. I am prepared to discuss with Members again outside the meeting, but my responsibility is to chair the meeting. The meeting must continue now.

**MR LEE CHEUK-YAN** (in Cantonese): *President, when a meeting cannot be conducted in a fair manner, we can hardly proceed with the meeting here. In our opinion, the President's ruling this time around has undermined the significance of the whole Council conducting meetings in an atmosphere of respect and inclusiveness.*

**DR MARGARET NG** (in Cantonese): *President, just now you ruled that the Chief Executive's remark was not offensive because he was not referring to a specific Member as a triad. However, you said that someone could say "triad society" if he was referring to an "occasion". May I ask the President if the Chief Executive referred to this "occasion" of ours as an "occasion" for a triad society, was the Chief Executive offending this Council?*

**PRESIDENT** (in Cantonese): This was not what the Chief Executive said just now. He precisely said that this Council was not such a place. I have already made the ruling that the meeting has to proceed. Members will please observe the RoP.

**MR ALBERT CHAN** (in Cantonese): *President, can you clarify your ruling? You said in your ruling that someone was considered offending Members only if he directly criticized a specific Member or directly referred to a specific Member as a triad. However, President, an innuendo is the same; it is also offensive. The remarks made by the Chief Executive just now were innuendoes, which were obvious.*

*President, your ruling is extremely biased should you consider such remarks not offensive. Please examine the reasons cited for expelling Members from the Chamber on numerous occasions in the past. For instance, Mr LEUNG Yiu-chung said years ago that "foul grass grows out of a foul ditch".*

*Compared with the Chief Executive's criticism just now that someone was a triad, Mr LEUNG Yiu-chung's remark was far more benign. The Chief Executive's criticism was harsher, a stronger innuendo. If such criticism is not considered offensive, President, you have turned this Chamber into the Great Hall of the People.*

**PRESIDENT** (in Cantonese): As I said just now, I will be prepared to listen to Members' criticisms about the manner in which I chair the meeting and how I enforce the RoP. However, I hope Members can respect the rights of other Members to make use of the Question and Answer Session today to put questions to the Chief Executive with respect to the content of the Policy Address. Hence, I have to enable the meeting to proceed now.

Mr WONG Kwok-hing, please raise your question.

(Mr Albert CHAN stood up)

**MR ALBERT CHAN** (in Cantonese): *Shame on the Legislative Council! Shame on the Chief Executive! Shame on Donald TSANG!*

**PRESIDENT** (in Cantonese): Mr Albert CHAN.

**MR ALBERT CHAN** (in Cantonese): *..... protest ..... you need not expel me. With a Chamber like this, there will be nothing left of the freedom of speech and democracy.*

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

**MR ALBERT CHAN** (in Cantonese): *I am walking out in protest!*

(Mr Albert CHAN turned and walked out)

**MR RONNY TONG** (in Cantonese): *President, I think the ruling you made just now on whether the Chief Executive had offended Members .....*

**MR ALBERT CHAN** (in Cantonese): *The Chief Executive is even worse than triads! Donald TSANG is even worse than triads!*

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

(Mr Albert CHAN left the Chamber)

**MR RONNY TONG** (in Cantonese): *..... is hardly acceptable to us, but we certainly have to respect your ruling. Here I hope you can issue the verbatim record to the public today after the meeting. Although you are the President, you still have to be accountable to the public and accept public criticisms, so that the public can judge the fairness of your ruling. I was here listening to the Chief Executive's remarks. He was facing and pointing at Mr WONG Yuk-man when he said, "Your behaviour is like triad ....."*

**PRESIDENT** (in Cantonese): Mr TONG, I believe the public will see it even if you do not make this request.

**MR RONNY TONG** (in Cantonese): *..... he was not referring to this occasion of the Council; he was making an accusation of an individual. I think your ruling can hardly impress people that it is fair.*

**PRESIDENT** (in Cantonese): Mr TONG, thanks for your opinion. The public will be able to view the detailed records of Council meetings.

(Some pan-democratic Members left the Chamber)

**MS EMILY LAU** (in Cantonese): *President, when a Member raised a point of order in the past, you would at least suspend the meeting and return to your office to review the video recording. President, as it is so controversial this time, I hope you can suspend the meeting and return to your office to examine what and by whom was said just now before coming back for discussion, will you? It is so controversial this time, Members ..... President, I agree that discussions can be conducted outside the meeting, but I would like you to suspend the meeting and return to your office to review the video recording, can you?*

**PRESIDENT** (in Cantonese): I think the meeting should proceed.

Mr WONG Kwok-hing, please raise your question.

(Members from the Civic Party left the Chamber)

**MR WONG KWOK-HING** (in Cantonese): *President, with respect to paragraph 95 of the Policy Address delivered by the Chief Executive, I would like to make use of this opportunity to ask the Chief Executive a question concerning the paternity leave for employees. The Chief Executive has made a response in paragraph 95 and said that paternity leave would be provided for civil servants as a start. I welcome this, which is also a breakthrough. For many years, the most vivid picture in the minds of Hong Kong people is Mr TSANG encouraging the people of Hong Kong to raise three children. However, no matching measure has been introduced all along. At long last, we have heard some suggestions in that respect. The short remarks made in paragraph 95 still need some sort of fleshing out by the Chief Executive.*

*Now, apart from some 160 000 civil servants in Hong Kong, there are employees in certain government subvented organizations and public bodies, so will they enjoy the same benefit of paid paternity leave as the civil servants at the same time? Moreover, the Chief Executive said that this paternity leave would be paid, but just how many days would there be? All along the Federation of Trade Unions has been calling for a paid paternity leave of seven days. Will seven days of such leave be provided by the Government? Also, the Chief Executive said in the last remark in that paragraph that the Government "will have to carefully consider the actual circumstances in Hong Kong". How long*

*would that kind of work involving careful consideration take? What is meant by being careful? Could you give us a timetable so that the legislative work for paid paternity leave can commence expeditiously? And can such legislative work be completed within this Legislative Session? It would be the best if it could.*

**CHIEF EXECUTIVE** (in Cantonese): Sorry, President, I think I have to say a few words first.

I hope all Members will see the point that when the Chief Executive and all Principal Officials attend meetings of the Legislative Council, the rights they enjoy are entirely the same as those enjoyed by all Members.

If Members will review the remarks made by Mr WONG Yuk-man earlier, they will find that certain criticisms of me, for example, those about my reference to "triad societies" being offensive, they will find that when compared to the remarks made by Mr WONG and whether they would involve any offence, I am sure the kind of offence referred to has happened many times. All along, I had the feeling that I had been offended many times and what he said might well be said to be full of brutality, insult and offence.

If Members will view the video recording once again and watch his acts and listen to his remarks, they will find that whenever I wanted to make a reply, he would rise and shout at me. Those acts were witnessed by Members and they could also be seen clearly by the people of Hong Kong through telecast. I hope all Members can see the point that here in this Chamber, it is not the case that Members alone can enjoy rights. The RoP also assure that we can enjoy the same rights.

On offensive language, I hope Members will not pass a judgment simply on the remarks I make, but they should also consider the remarks made by Mr WONG Yuk-man right from the beginning, his poise and body language. All these can be seen by the people of Hong Kong clearly.

Mr WONG, about the question you have just raised, after the enactment of legislation on minimum wage, for those issues which have a great impact on society or an important bearing on labour relations, we have to deal with them

carefully. I agree completely with the suggestion that this paid paternity leave arrangement can be first provided in the Civil Service on a trial basis. This is because of the fact that Hong Kong people do not give birth to many children nowadays and for a male civil servant, he may be entitled to paternity leave for just one or two times throughout his life.

But the details are not finalized yet. The Civil Service Bureau will determine the specifics. But what I mean is that this arrangement may begin in the Civil Service and should any related issue arise in this course, it can be discussed in the Labour Advisory Board. I know that there are divergent views on this in society, and I also know that during the past few years the labour sector has been putting forward this demand, but I think that insofar as the question of encouraging Hong Kong people to raise more children is concerned, there are a lot of ways that can be considered. What we hope now is to take the first step in the Civil Service. As for the details, we will have to study them and, concerning an extension of the arrangement to the business sector, I think it can only be done after thorough consultation and discussion.

**MR WONG KWOK-HING** (in Cantonese): *The Chief Executive did not answer my question concerning employees in subvented organizations and public bodies. As these organizations are financed by public money and as the civil servants are paid by public money, should employees of these subvented organizations and public bodies not be brought on par with the civil servants to enjoy paid paternity leave? I hope the Chief Executive can give a response to this.*

*Moreover, as the Chief Executive used part of the time which he should have used to answer my question on certain incidents in the Chamber earlier, I wish to bring the President's attention to an egg having been thrown and landing behind you and it was lucky that you two were not hit. I hope the President can follow this matter up and examine whether eggs are allowed to fly around in this Chamber.*

**CHIEF EXECUTIVE** (in Cantonese): We will launch this first in the Civil Service and the Civil Service Bureau will study this. As for the question of extending the arrangement to other subvented organizations, I am sure each organization will make its own decision. I think the most important point is to

see how this can be put into practice in the Civil Service and whether it can be done. Then consideration can be made step by step. Fine?

**MR ALBERT HO** (in Cantonese): *I will leave this place after raising my question. This is to show that I am not satisfied with the ruling you made just earlier. Now I wish to raise my question and hear what the Chief Executive say in reply.*

*Chief Executive, it has been seven years since you assumed office. I feel most sorry to date that it seems you still do not understand and accept the point that the wealth gap in Hong Kong and impoverishment of the grassroots have posed a serious threat to our community.*

*You stressed in the Policy Address that these problems cannot be completely solved. Of course, I am not asking you to solve them completely, but the question is, have you made any improvement so that these problems will not go from bad to worse?*

*Chief Executive, I wish to cite some figures for your reference. It has been seven years since you assumed office, but as we can see from the figures over the past 10 years, the number of poor households has risen by 13.3% and in 2010 it reached 470 000 and altogether there are some 1.2 million people. The number of poor elderly has increased by 15% during the past 10 years, having reached 290 000. Now the wealth of Hong Kong is concentrated in a handful of people and income is tilted to the big consortia, especially the property and finance groups.*

*A social phenomenon now is that there are many elderly persons who make a miserable living by scavenging and many people are living in caged homes, partitioned cubicles and sub-divided units. On the other hand, the rich lead a most luxurious life. They savour expensive wine, as common as the ordinary people drinking milk tea.*

*Chief Executive, you must know that this will cause an explosion, so to speak, in society. In paragraph 82 of your Policy Address, you seem to say that not much can be done except in the field of education. Your Policy Address is like scoring zero in an examination. This applies to the issue of 15-year free education as well as many other kinds of long-term investment.*

*May I ask the Chief Executive, in the face of such problems and possible calls made by some people to occupy the local financial district, just like the occupation of Wall Street, would you not feel threatened? Is your conscience clear? On the remarks made in the Policy Address about dealing with these problems, do you think that I can give you a passing grade?*

**CHIEF EXECUTIVE** (in Cantonese): First of all, about the problem of poverty, I have indeed dealt with it at great lengths. I can sense what is happening in Hong Kong. But as for eliminating or narrowing the wealth gap as you have said, I do not think this can possibly be done in a capitalist society like ours. This we should understand.

First of all, in dealing with problems like these, we have a comprehensive social security system which can be considered quite sound and helps the grassroots in all aspects like healthcare, food, housing and transport. With respect to food, we have food banks to deal with the problem. In housing, we are carrying out a full overhaul of the housing situation in this Policy Address. And in transport, we have proposed a travel subsidy.

All in all, when the Government records a surplus, we will spend it on the grassroots. We will certainly take care of their living.

And with respect to healthcare, we have also done a lot, taking particular care of the elderly. This is no different from what we are doing to take care of the poor households.

As for the proportion of the poor people — I think you are talking about poverty in the relative sense — this is calculated according to the proportion of population growth. From the figures on hand, I do hold a different view. The income of people with the lowest income has outrun the inflation rate. Improvement has been seen in their lives during these few years.

However, I dare not claim that no one is leading a miserable life. People like those new arrivals to Hong Kong and those who have come here for settlement recently are indeed facing many difficulties, for example. They may not get instant help under the existing system. Then what should we do to cater for their needs? The Community Care Fund should be able to do that.

I feel that the most important point is that, in the Hong Kong context, whenever problems arise or when we face any difficulty, for example, the onslaught of the financial tsunami, a downturn in the economy, or a worsening of inflation, the Government will introduce special initiatives to help the grassroots. This we will certainly do.

Then in the long run, how are we to help them? They must engage in self-enhancement and upgrade their life skills. They should equip themselves. And this can only be achieved by education and training. As you also know, we have never reduced our input in these two areas.

With respect to retraining, we are offering 130 000 places and 900 programmes this year, covering 30 trades. We care for them, and we hope that their skills can be upgraded and they can advance in their career, hence making more income.

Our commitment to education has never been reduced. Now 23% of our total spending is on education and there has never been any reduction in any single year.

As for the approaches adopted by us to address the problems, I understand that any attempts to eliminate poverty require changes to the system. But those are not what the people of Hong Kong want us to do.

Concerning your question on how the poor people in Hong Kong can be helped, we do have strategies and plans in place and I think we have done some groundwork. However, I have to admit that there are still a lot of inadequacies. Given this we should raise this for discussion. What we cannot do now, I am sure we can do as much as possible and to our very best in the future.

**MR ALBERT HO** (in Cantonese): *President, the Government loves to challenge figures provided by social organizations, even to the extent of questioning the Gini Coefficient commonly used in the international community — the Gini Coefficient in Hong Kong has reached 0.533 — and the Government is saying that this figure cannot accurately reflect the gravity of the wealth gap problem in Hong Kong. I am really made speechless by this.*

*The Chief Executive said just now that we can talk this over. Actually, for those policies rolled out in the past, provided that they are right, we would certainly support them. However, you are only doing a perfunctory job, trying to gloss things over. An example is the Commission on Poverty (CoP) chaired by Mr Henry TANG. Its operation should continue. When it was dissolved, we voiced our strong opposition. We pointed out that the problem of poverty in Hong Kong was very serious and so the CoP should not be dissolved simply because of the view that the CoP had fulfilled its mission.*

*Also, you have pointed out in the Policy Address that it would not work to review or revise the tax regime as a means to help narrow the wealth gap. But why can progressive tax bands not be introduced? Why can the tax rate not be raised by 1% or 2% so that all classes in society can share the fruits of economic prosperity in a more reasonable manner? Why can the rich people not be required to pay more tax so that more poverty alleviation work can be undertaken? Why do you refuse to conduct a review of these aspects and say that this cannot be done?*

**CHIEF EXECUTIVE** (in Cantonese): I do not think we can ever eradicate the wealth gap completely. But all along we have been working on this. Mr HO, I think you can see that we are working hard non-stop. We are working all the time on the welfare of the grassroots.

With respect to the Gini Coefficient to which you have just referred, let me cite some figures. In all advanced countries, especially those advanced places and cities with well-developed service industries, their Gini Coefficients are all above five. In New York, a big city in an advanced country, as far as I know, its Gini Coefficient is 0.543. In the case of Hong Kong, various factors must be factored into the calculation of the Gini Coefficient and we cannot do a simple computation with the income alone. You have to include other factors. If you count factors like welfare, healthcare and education, our Gini Coefficient now is about 0.475.

I am not saying we should take pride in this, nor am I saying that this is some great achievement. I agree completely that to the grassroots and the poor people, we must have a heart and whenever there are resources, we must help them by all means so that they can move upwards in the social ladder.

The key lies in the system and I hope you would agree with one point and that is, our present policy is to invest as much as possible in education. This will enable all Hong Kong people, be they rich or poor, to enjoy opportunities of university education. I hope very much that after studying in a university, they will serve to make a saying come true and that is, the poor today will not become the poor tomorrow. This is all.

Thank you, Mr HO.

**MR TAM YIU-CHUNG** (in Cantonese): *Before I raise my question, I would like to say something about what happened earlier. In the past, the President was rather lenient in enforcing the Rules of Procedure (RoP) and in this connection, some Members did make their views known before. But on this occasion, that is, with respect to the incident earlier, you have applied a somewhat stricter hand according to the RoP. But we think that order in a meeting is very important. And the public has raised this point with us very often. I think that a meeting can run smoothly only when there is order. The public also wants to see that our meetings can be conducted in an effective manner, that is, to do more and spend less efforts in putting up a show.*

*Now, I have this question for the Chief Executive. In the policy addresses delivered in the past, he would very often listen to views expressed, but after he had heard the views, he would not accept them right away. There is an improvement in the Policy Address this year in that he is inclined more to take on board views after listening to them. This is something which I think should be recognized. However, on many issues found in this Policy Address, such as those relating to housing and the elderly, only a major direction is given and concrete details are still lacking. I would like to mention specifically the problem of the timetable for implementing some policies and measures. An example is the "Guangdong Scheme" and it seems that the policy can be finalized only in 2013. And for the concessionary fare of \$2 per trip for the elderly, it will come into effect only in the middle of next year. Insofar as these good policies which proposed by him are concerned, if the waiting time for their implementation is too long, it would give the elderly and the public an impression that the Government is not efficient. Now, particularly when the Chief Executive has got a new assistant, that is, Chief Secretary for Administration Stephen LAM,*

*could the Chief Executive ask him to speed up the implementation of such policies by the departments so that we do not have to wait too long?*

**CHIEF EXECUTIVE** (in Cantonese): I understand that the public wants to see things done fast. But the Policy Address this year is actually about the plans we have for next year. Some of them can become a reality only after the Budget has been endorsed and the funding approved by the Finance Committee of the Legislative Council.

I agree with you that we should get things done as expeditiously as possible. But for some measures, such as the implementation details of the Guangdong Scheme, we have to proceed very carefully, especially when we have to liaise with the Guangdong authorities on certain matters. In terms of implementation, how can those elderly people living in Guangdong Province be able to get their Old Age Allowance without having to come back to Hong Kong? Also, there are some accounting procedures to complete, such as those for the prevention of abuse. I am sure Members are concerned about these issues. So I hope that when a comprehensive proposal is ready, we will submit it to the Finance Committee for approval and for the introduction of the relevant measures later. I agree with your point that for any policy which has been announced, it should be put into effect as soon as possible. This is a major principle which we go by.

We will put into effect the \$2 concessionary fare as soon as possible. But we will have to discuss with the service providers such as the bus companies and the MTRCL and determine how this should be introduced. We will have to work out matters like the reimbursement arrangement, computer programs and so on, in order to avoid paying these service providers more than what is due. Other than that, we have to get an assurance from them that the existing concessionary schemes will continue. I agree with what you have said. Both my colleagues and I will do our best to expeditiously put into effect these proposals which we think are good and which have the support of both Members and the public.

**MR TAM YIU-CHUNG** (in Cantonese): *When finalizing these details, should some briefing be given in the relevant panels of this Council? I am sure*

*Honourable colleagues in this Council will hope that these policies can be put into practice as soon as possible. To this end, I believe Members will play an active part in calling meetings, doing studies and making complementary efforts.*

*About this \$2 concessionary ride, when he is to discuss with the public transport operators, should they be reminded of their social responsibility? This is because the subsidy proposed by the Government this time would generate huge profits for these public transport operators and the elderly people will be encouraged to take public means of transport. These operators may not have this amount of income before the introduction of this concession, and now when they have this amount of income, will the Government engage in further negotiations with these operators?*

**CHIEF EXECUTIVE** (in Cantonese): I agree with that entirely. I think every corporation should bear some social responsibility, and that applies especially to some public transport operators. I believe, if it is because of the \$2 concessionary fare for the elderly and people with disabilities that these service providers will have an increase in income ..... of course, since they are listed companies, their account books will have to be made public. If there is any need to raise fares in the future, I am sure these public transport operators will have to reduce such pressure for fares rise. And the manner in which such money should be used will certainly be seen clearly. I would think that if it is because of this measure that they gain more business, we will hope that the money so earned can be spent in reducing fares and used on all patrons.

**MS MIRIAM LAU** (in Cantonese): *Chief Executive, the Policy Address delivered by you this year is almost like a budget. There are many relief measures seeking to help the grassroots. We greatly support them. But no welfare benefit is offered to the middle class in the Policy Address, as if no attention is being paid to the hardship suffered by the middle class in the face of high inflation and exorbitant rents. We are therefore very disappointed.*

*In addition, you said in paragraph 171 of the Policy Address that the Government would pay particular attention to the difficulties of the SMEs in the face of the recent sharp downturn in the external economy. I was very pleased to hear that, thinking that the Government would pay some attention to the SMEs.*

*But then you said, measures would be introduced as when necessary to tide them over. Now these SMEs have to face problems like exorbitant rents, rising operation costs, difficulty in cash flow and a reduction in the orders received, and so on. Many of these SMEs are complaining that they are up to their eyebrows in trouble. And if you will come to their rescue only after a long time and after taking into account the situation, they may have already collapsed and that will be too late then.*

*Does the Chief Executive agree that the middle class and the SMEs should not be neglected? If so, then what are the remedial measures to be introduced in response to the aspirations of the middle class and the SMEs? Thank you.*

**CHIEF EXECUTIVE** (in Cantonese): Regarding the middle-class people, we have never neglected them. Having said that, my Policy Address this time targets at certain issues. Ms LAU, I really wish to talk about issues like housing, ageing of society and poverty. These are matters of my focus. But that does not mean that matters not mentioned are simply neglected, nor are they not a concern to us. I really do not mean that. Moreover, some of the measures proposed, especially those on housing, are meant for the middle-class people. We hope to make some special arrangements for those people who are not eligible for public housing so that they can buy flats under the new Home Ownership Scheme. In this connection, we hope to make use of the land supply policy to keep the property market stable. These measures are likewise beneficial to the middle class.

As for other measures, especially those taken for the elderly, they are all geared for the people of Hong Kong as well. Elderly people not just from the grassroots but also those from middle-class families will be taken care of.

As you have just mentioned, the relief measures in particular are meant for those in the greatest hardships and you are right that they are those from the grassroots. And food is the most important thing for them. For the middle-class people, food is not the most important item of their expenditure, and we have not forgotten this at all. As mentioned in the Policy Address, we are only talking about expenditure items. For the middle class, we would usually do something in terms of tax concessions. In this connection, the Financial Secretary has not yet started his consultations and depending on how much tax

revenue we can get after the annual close of accounts, relevant measures will be introduced in the budget to be announced at the beginning of next year. So I hope you can rest assured. We have not forgotten the interest of the middle class and we would certainly take care of their needs.

On the other hand, for the SMEs, I wish to point out in particular that it is not true that SMEs cannot borrow money at present. They can certainly get loans. Every day I will lend my ears and open my eyes to this issue. And from what I have learnt from representatives in this Council who maintain contact with the SMEs, and I know that you have contacts with them also, they are getting fewer orders this month. I am aware of this. It is precisely because of this reason that I mentioned in the Policy Address particularly that the difficulties faced by the SMEs should be handled with extra care. As you know, we have relevant experience in that. In 2008 when the financial tsunami struck, we took a number of measures to protect the SMEs, to prevent them from closing down and also employees from losing their jobs. We certainly know that such measures should be introduced. But I have to watch out for any problem in the cash position of the banks and what the business situation is like. If we are to give some financial assistance, what should be done to help them? I am sure the picture will get clearer in a couple of months' time. For the time being, the SMEs are still safe from troubles. But once problems crop up, we will respond at once. I would think that the most important thing now is for you and those in the business sector who have got contacts with the SMEs to keep a close watch on the order situation of the SMEs. I know that things do not go too well and I also know that the export situation has turned much worse than last month. But we have to focus our efforts on devising concrete and effective ways to help them. This is the most important task. When taking things forward, what problems are there in the cash position of the banks and in other aspects? All these must be considered carefully. We are prepared to hear views from all quarters. Both I myself, Secretary for Commerce and Industry Gregory SO and Financial Secretary John TSANG are all happy to lend our ears. For us, the SMEs are the lifeline of Hong Kong and we will never forget them.

**MS MIRIAM LAU** (in Cantonese): *Thank you, Chief Executive. Apart from issues mentioned by the Chief Executive, the middle-class people and the SMEs are facing the problem of high rents. Besides those relief measures already proposed, would special consideration be given to first, introducing a tax*

*allowance on rentals for the middle class and the SMEs? Also, would consideration be given with reference to the SMEs to what the Chief Executive has pledged, that is, lowering the profits tax rate to 15%?*

**CHIEF EXECUTIVE** (in Cantonese): We are now in some very rough times and had I been able to do so, I would have reduced the profits tax rate a long time ago. But the question is, we are now riding some very rough currents and we need to spend money. A tax cut is certainly difficult. I do not think we should talk about a tax relief measure for rentals for the time being. This is because the most important thing now is to be specific, that is, to know what kind of problems they face. And rentals would be adjusted according to the economic situation. Rentals will come down in bad times. They will not stay unchanged. When tenants have to close down their companies because they cannot afford the rentals, the owners will also stand to lose. So I think the most important thing now is to engage in some in-depth study on the problems faced by the SMEs and make some concrete proposals. As I have said, we will certainly listen, and we will certainly act in response.

**MRS REGINA IP** (in Cantonese): *I noticed that the Chief Executive also mentioned, though sketchily, the issue of burden of living in his Policy Address. The Chief Executive's views on the wealth gap are well heard. He also expressed concern about high inflation.*

*I wish to raise an issue on people's livelihood. As I have frequently visited the communities lately, I noted in Tin Shui Wai that among the eight markets in the area, seven are owned by The Link and outsourced to contractors. Among them, Chung Fu Shopping Centre will be closed by the end of this month, thus driving away all the small traders. Although The Link has made available to them a market nearby, there are only ten-odd stalls for the 50 traders, and the rent has doubled, too. I was shocked beyond belief to hear that actually the hawkers in Tin Shui Wai have to pay a rent of \$200 per sq ft. Really, the untold miseries of the residents there who are so hard hit by expensive food, rents and transport costs are beyond description.*

*However, I have looked up information about the judicial review of the initial public offer of The Link REIT initiated in 2005, and noted that in fact the*

*relevant legislation requires the Housing Authority to ensure that there are adequate facilities in its estates to provide adequate services to people from all walks of life. May I ask the Chief Executive how this problem can be resolved? I had made enquiries with the Commerce and Economic Development Bureau, but they said that even the (eventual) Competition Ordinance is unable to deal with such problem.*

**CHIEF EXECUTIVE** (in Cantonese): The Honourable Member's question is so specific. I really do not know the specific problems faced by the tenants of a particular shopping centre. I believe it is true of every landlord that the rent must be affordable to the market. If the initiative introduced drives away all the tenants, resulting in deprivation of services, they cannot collect any rent. Then how can they run as landlords? Therefore, I believe that they must, in response to the needs of the local residents ..... as long as the shops meet the needs of the residents, they can survive there. As for individual cases, I really do not have a full grasp of the situation like the Member does. Having regard to such a particular shopping centre in Tin Shui Wai as the Member mentioned, as well as the practice of The Link, we might arrange for another opportunity for Members and the Bureau Directors concerned, Eva or Greg, to discuss this issue, okay?

**MRS REGINA IP** (in Cantonese): *President, what a great reply from the Chief Executive. He said that for no reason would anybody enter into a lease for such a high rent. If they would, how would they carry on their business? The present situation is that no matter in ground-level markets or upper floor shopping centres, The Link will secure leases with large chain stores while driving away all the small businesses. Now rumours doing the rounds among the residents have it that Chung Fu Shopping Centre will be leased to a large supermarket, giving it carte blanche to control the prices, so it will be ever more expensive to shop for food. The residents have a request, that is, as there is an unused lot near Tin Yan Estate, they hope that the Government can let them hawk their wares in that place. I hope that the Chief Executive can also sympathize with them and require the Food and Environmental Hygiene Department to provide assistance.*

**CHIEF EXECUTIVE** (in Cantonese): Well, we will discuss this issue further.

**MS LI FUNG-YING** (in Cantonese): *In paragraphs 82 and 192, the Chief Executive repeatedly said that the wealth gap problem could hardly be eradicated. Like many colleagues here, I am very much concerned about the wealth gap problem in Hong Kong. We have put forward many proposals before in the hope that the wealth gap can be narrowed, but we have never said anything about eradicating it. The Chief Executive's remark has elevated the community's aspiration for mitigating the wealth gap problem to eradicating the problem as a whole. Did he mean to mislead the public and to purposely absolve himself of the responsibility of tackling the very serious wealth gap problem in Hong Kong?*

**CHIEF EXECUTIVE** (in Cantonese): No, I did not mean it. I only presented a fact. The wealth gap is an inevitable outcome of capitalism. Our problem is identical with that faced by other places, especially metropolises that are financial centres, and our situation may not be as bad as that in New York or London. In this connection, I think we must take pragmatic measures, targeting various aspects ranging from the basic necessities of living, including clothing, food, housing and transport, to healthcare services, education, the needs of the elderly, and so on. We should do whatever we can within our means. Moreover, in respect of training, we should find ways to help the grassroots make advancement and consistently move up the social ladder while enabling them to make a higher income. All these we have done, and they are the more pragmatic measures. I have no intention to squabble over the wording. I have no such intention whatsoever. I only wish to state the reasons.

Moreover, speaking of the wealth gap, what is the worst or most appalling situation? We must have a standard. According to our current standard, the situation in Hong Kong is serious, but the gravity of the problem is comparable to the situation in other similar economies. We must identify new ways to address the situation. As regards training, we have worked more aggressively than other places. We are more than happy to lend our humble ears to the views of Members, so as to find ways to narrow this gap without compromising the overall competitiveness of the economy. We are always prepared to listen to views, and we have been listening. We will certainly do what we are able to do.

**MS LI FUNG-YING** (in Cantonese): *President, I think it is most effective and inevitable for the Government to narrow the wealth gap through public policies and fiscal measures. Yet, the Chief Executive said in paragraph 193 of the Policy Address that raising taxes will make Hong Kong less attractive to enterprises. In saying so, the Chief Executive has completely denied and evaded the need for the Government to adopt public policies and fiscal measures to address the problem. Such being the case, how can the Chief Executive demonstrate his true sincerity and determination in narrowing the wealth gap in Hong Kong? How can he truly tackle the problem pragmatically, just as he said? Is he intimidating or setting certain limits for the future SAR Government, in a bid to deter them from taking these measures?*

**CHIEF EXECUTIVE** (in Cantonese): I was just sharing with Members our past experiences. Most importantly, there is no reason for me to set restrictions for what the next Government should do. If there is a consensus in society that raising taxes and increasing welfare services can reduce the wealth gap, I mean if society has reached this consensus, clear about the price to be paid, I trust that the next Chief Executive can certainly take these steps. Having said that, I just wish to point out the fact that Hong Kong is not a second-world society, but a first-world economy with per capita GDP of over US\$30,000. We can engage in a very few industries, so we can only rely on some very high value-added industries. We need a lot of things to maintain these very high value-added industries, while their competitiveness can be easily damaged and undermined by not a few things. This is why there is a price to pay for each and every step we take. We cannot say, in some fine-sounding rhetoric, that the problem can be solved by administrative or fiscal means. What the Member has said boils down to two things. One is raising taxes, and the other is issuing bonds. They can increase revenue. In this regard, it is necessary to reach a consensus. I am not saying that they should not be done. All I am trying to say is how we should proceed with the discussion and what we should do when it comes to these issues. But society must reach a consensus and understand what the consequences will be, and these measures should be adopted only when society is prepared to accept the consequences. As for the next Government, I can only express how I feel and that is, when handling these issues, we must clearly gauge what the consequences will be.

**MR LEE WING-TAT** (in Cantonese): *President, the Chief Executive pointed out that housing is the most serious problem and this, I agree. However, Mr TSANG must understand that the problem of shortage of land that has been accumulated for five or six years definitely cannot be resolved in two years' time, not to mention that the Home Ownership Scheme (HOS) has been suspended for five, six or seven years. All this has rendered the situation even worse.*

*President, my first proposal is that since the Chief Executive has agreed to the resumption of HOS, he can actually provide 5 000 HOS flats in the first year after resumption, so that the public will not feel so disappointed. It is true that to this end, Secretary Carrie LAM would have to identify more sites, but I think it would not be that difficult to make available sites for building some 2 000 flats.*

*President, in the Policy Address he delivered yesterday, the Chief Executive firmly stated that applicants for public rental housing (PRH) can be allocated units in three years, but I think he was only juggling with figures. In calculating the waiting time, the Government has not factored in the singletons, young people and street sleepers who are in large numbers. Thanks to the arrangements made by the Society for Community Organization (SOCO), I met with a group of street sleepers last week. They are the several thousand people in the lowest stratum in Hong Kong. In the past (you were already the Chief Executive then), they could rent a flat in a singleton hostel at \$430 but in 2005 or 2006, the Government, for no reason, discontinued these hostels without making any explanation to the Panel on Housing. At present, the rent of a sub-divided unit costs \$3,000, while that of a "coffin-sized unit" is \$1,500. Chief Executive, you can actually take a few steps further by providing more land. Instead of providing only 15 000 PRH flats, you can increase the number to 20 000 flats, so that the singletons can also be allocated a PRH unit in three years, and this will truly be a benevolent policy.*

*Currently, two-member or three-member families applying for PRH can indeed be allocated a unit in three years. This is true. But some singletons have to wait for more than a decade before they can be allocated a unit. They cannot be allocated a unit in three years. Why can you not do more in this respect?*

**CHIEF EXECUTIVE** (in Cantonese): This is certainly due to resources. I can say that I will certainly do as much as I can to the best of my ability. But the key is that I must put my words into actions.

Regarding the review of land supply, we are treating it very seriously. In respect of the HOS, for instance, the volume of production in the first year will be 2 500 flats but in order to provide as many as 4 000 or even 5 000 flats, we must turn to the sites earmarked for PRH or look for other sites. But this will, in turn, reduce the production of PRH flats and private residential flats, thus pushing up property prices.

We now plan to provide some 2 000 flats annually in the first two years and may ultimately increase the annual production to some 6 000 flats, thus making available some 5 000 flats a year on average. There is another point I wish to make. While we have been talking a lot about how popular the HOS is and I, of course, very much hope that the resumption of HOS will be successful, frankly, its success or otherwise will depend on the prevailing economic conditions, or the conditions when the HOS flats become available. Now that the policy has been determined and we have started to work for it, so, please do give us the opportunity to implement it.

In respect of the Waiting List, we have seriously considered whether the three-year waiting period can be further shortened, but our conclusion is that in view of the resources, especially land resources, it is primarily impossible for us to make any commitment. As regards elderly singletons, special arrangements have been made for them and as Members all know, they can be allocated a unit before long. The younger singletons are indeed faced with some difficulties, as they belong to another queue. You should know this better than I do, and they are waiting in a different queue. We do appreciate that they also have special needs, but given the resource constraint, we certainly have to give priority to cases with family burden and more family members. The Housing Authority (HA) has also considered this, and I support their policy. I think their policy is correct and has commanded the support of the community.

I agree with your views. Granting the land resources, we will provide as much assistance as possible. We can continue to study this issue. If there are sufficient land resources and financial resources, we can extend the coverage of PRH, and we will definitely do more. The next Chief Executive will certainly

do the same. But whoever it is, words must always be put into actions, and empty words are useless.

Also, with regard to your views, we have made various arrangements. Concerning the allocation of PRH units, we have already met the target. As regards some special circumstances, such as those involving "sub-divided units" and "coffin-sized units", applicants with special and most urgent needs will be considered on compassionate grounds, as you must be aware. But it will be another issue if the applicants are new arrivals. Our policy is very clear and that is, for all household applicants who are Hong Kong permanent residents, we will, by all means, meet the target of allocating a unit to them in three years. As for other circumstances, we will also do our very, very best to process their cases.

**MR LEE WING-TAT** (in Cantonese): *President, first of all, I have never proposed — as the Secretary also knows — that the sites earmarked for PRH be allocated for HOS development. But the Chief Executive should remember that as very little land has been opened up during his office as the Chief Executive over the past five or six years, a shortage of land is thus resulted. I am not going to argue with him over this point. Those singleton applicants for PRH units are not all university graduates. As I told Secretary CHENG before, some of them are young casual workers in their thirties who make an income of only \$6,000 or \$7,000. There are many such examples and the Chief Executive must not think that they are the minority. With an income of \$6,000 to \$7,000, they have to carry a very heavy burden if they have to pay \$2,000 or \$3,000 in rent for a "coffin-sized unit". I hope that the executive authorities will co-operate with the Legislative Council and the HA in identifying more sites.*

*If sites are identified, should the waiting time be shortened for singletons who are renting "sub-divided units", "cubicles" and "coffin-sized units", in order not to discriminate against them and put them in another queue, making them wait for five, six or seven years? Can the Chief Executive give us this undertaking? Nothing can be done when land is inadequate, but if more sites are identified, should this part of the problem be addressed as well?*

**CHIEF EXECUTIVE** (in Cantonese): We will do our very, very best to provide more land. In order to open up new sites, we have considered a diversity of

measures which are also set out in the Policy Address, and we can look into them continuously. If we consider that more sites can be identified and that the three-year waiting time for allocation of PRH units as well as the restrictions on singletons can be relaxed, the SAR Government would be more than willing to do these, but the key issue is the resource problem that we face now.

**PROF PATRICK LAU** (in Cantonese): *President, as Mr LEE mentioned just now, the Policy Address delivered by the Chief Executive yesterday talks a lot about increasing housing supply, such as new HOS flats, an enhanced "My Home Purchase Plan", increasing private housing and many other development plans. All of them were discussed by Members just now. The Chief Executive also understands the need for plans to develop a number of sites.*

*President, I have this question for the Chief Executive. If you intend to implement this series of plans, is there a need to formulate afresh comprehensive planning for the whole territory? Or have you considered doing so? Will there be a new Outline Zoning Plan to co-ordinate the use and supply of land in various districts and housing construction in a comprehensive manner? It is because I consider such new planning extremely important. Moreover, will the public be able to view this blueprint in the Hong Kong Planning and Infrastructure Exhibition Gallery? Thank you, President.*

**CHIEF EXECUTIVE** (in Cantonese): I think we have already talked about this. With respect to public housing planning in urban areas, owing to the shortage of land in the urban areas, the issue of density has to be reviewed again to build more public housing and meet housing needs. As regards your question about our overall approach, there are zoning plans and development plans for all districts. Moreover, we have conducted a review once recently — because the density had been lowered — I think we have to continue to do this. But we must avoid expending too many resources. Today, we declare seriously that we do not want screen-like buildings and high density. Hence, a fresh review has been conducted. Later, we notice another problem ..... a review has to be conducted again. We must optimize the utilization of our resources.

However, I agree with your view that if we reach a certain stage, or when some places have to be re-planned according to the strategy we are going to map out — for instance, some places in the New Territories have to be re-planned —

is there a need to start afresh with planning if it is found that the available land is inadequate to meet our development needs, commercial needs and housing needs?

**PROF PATRICK LAU** (in Cantonese): *President, I agree with the proposals put forth in the Policy Address to this end on releasing industrial sites, exploring reclamation outside Victoria Harbour and reviewing GIC sites. However, I think that the Government must start with planning. Chief Executive, this is extremely important. Otherwise, there will be a lot of diverse views and voices of opposition. In this respect, should immediate actions be taken to make more efforts? I am raising this important point for reference by the Chief Executive. Thank you.*

**CHIEF EXECUTIVE** (in Cantonese): In the area of town planning, we will continue to do our utmost to make available land for various development purposes. As I said just now, our prime task in respect of land has been set out in the Policy Address. If all this is still inadequate, that is, if the planned zones have to be re-planned, we will certainly consider again if there is a need to do so, right?

**DR PAN PEY-CHYOU** (in Cantonese): *President, first of all, I would like to say a few words about what happened in the Chamber earlier. Firstly, I approve of your ruling, President. President, at that time you had repeatedly requested a Member to stop talking, but he kept on talking aloud despite your order. Meanwhile, another Member shouted in a loud voice before you had invited him to speak. Under such circumstances, the meeting could not be conducted anymore. Regarding the Chief Executive's remark that this was no place for triad societies, my view is that some Honourable colleagues might have treated this Chamber as a "coliseum". It is very much regrettable.*

*I would like to ask a question about the concessionary fare of \$2 for elderly people. I believe this concession will be very much welcomed by most elderly people. However, the current scope of this concession is comparatively narrow as it will mainly cover the general MTR lines. I wonder whether the general MTR lines will cover the line to Lo Wu. This is the first point.*

*Secondly, the current concession will cover franchised buses and ferries. However, some other modes of public transport which are often taken by the elderly such as minibuses, be they minibuses of designated routes or not, are not covered. May I ask whether the concession will be offered to the elderly if the mode of public transport they take is equipped with the Octopus payment system? Could the scope of concession be extended?*

**CHIEF EXECUTIVE** (in Cantonese): First of all, the concession for the elderly that we are now talking about refers to rides on various modes of transport within the territory of Hong Kong. Vehicles to Lo Wu are not included. A trip to Lo Wu will require crossing the border which is not covered. Most importantly, in my opinion, we very much hope that the elderly can engage in more activities, such as swimming, visiting relatives and dinning out, within the territory of Hong Kong rather than elsewhere across the border, which are not included in our programme for the time being.

I share your view that the concession currently offered will only cover the MTR and bus companies. We are willing to consider other modes of transport. But the problem is that it is not feasible with the current system and *modus operandi* since the relevant transactions cannot be differentiated by the computer as payment by the Government is calculated on basis of patronage on a reimbursement basis. Insofar as Octopus payment is concerned, I am willing to extend this concession to other modes of transport if we can devise, through discussions with the operators of minibuses or other modes of transport, a fair payment method on the reimbursement basis.

Now the problem is that only the MTR and buses have installed a relatively sound computer system which can identify who are elderly passengers and who are not, with records indicating the travel time of the elderly, the routes they have taken, and their boarding and alighting points. With these data, we can offer the concession easily. If minibus operators have the means and technology to overcome these problems, we are willing to extend the concession to other modes of transport.

**DR PAN PEY-CHYOU** (in Cantonese): *I would like to add one more point. Concerning tram fares, the fare for the elderly is less than \$2. Could the Government consider offering free tram rides to the elderly?*

**CHIEF EXECUTIVE** (in Cantonese): Such an offer will require discussions with the tram company. I very much hope that operators of all modes of transport will keep offering their existing concessions to their passengers without any change.

**MR CHAN KIN-POR** (in Cantonese): *President, before I ask my question, I wish to talk about the incident that happened just now. Even though technically or in terms of legal procedure, some people may find the ruling made by you controversial, I think you should still enforce the rules more strictly. Why? Because insofar as order in the meetings here is concerned, in my opinion, on a number of occasions you have been too tolerant in enforcing the rules, thus making it impossible for the legislature to operate normally. We have moved into a spacious and magnificent building but the quality of the legislature has not seen any improvement. I hope that you, President, can persevere in enforcing the rules more strictly. You may also warn or notify those people that in future, you will uphold order in the meetings very strictly. I hope you can do so.*

*The question that I wish to ask the Chief Executive is related to the public opinion survey conducted by the University of Hong Kong concerning the views of the public on the Policy Address. It can be seen from the survey that the public are very much concerned about healthcare issues, which rank only second to housing in importance. However, in recent years, many problems have arisen in the healthcare system in Hong Kong, including the serious wastage of healthcare workers, the influx of pregnant Mainland women to give births here, and so on. Moreover, since healthcare conditions in Hong Kong are really good, in recent years, many Mainland people also come to Hong Kong. Not only have all these posed problems to public hospitals, now, even in private hospitals, people covered by insurance policies also have to wait for a long time before they can receive treatment in private hospitals. May I ask the Chief Executive, apart from proposing some long-term measures on training healthcare workers, if he also has other short-term measures to solve the healthcare problems we are facing now? This is the first question.*

*Second question. You said in the Policy Address that it would be ensured that the Hong Kong public would have priority in using healthcare facilities in Hong Kong. How are you going to achieve this? Apart from restricting pregnant Mainland women from coming to Hong Kong to give births, are there other ways to ensure that the Hong Kong public can really have priority in using*

*the healthcare facilities in various departments instead of the delivery of babies alone?*

**CHIEF EXECUTIVE** (in Cantonese): At present, all of our public services are primarily intended for Hong Kong residents. For example, foreigners, even if they are tourists, have to pay various fees and charges when they seek treatment in public clinics. Moreover, often, they choose not to use our public healthcare facilities but if they do, we will charge them the full fees. Of course, in case of emergencies, we will provide treatment to them. At present, our entire public healthcare system is geared towards serving Hong Kong people. Maybe you are an expert, so can you tell me if, among all the existing healthcare units in Hong Kong, there is any that is particularly skewed towards serving people from elsewhere rather than serving us?

On pregnant women, I am aware of the problems at present and I have also explained to Members from the policy perspective that pregnant Hong Kong women will be given priority. We definitely will give them priority as far as possible and we will meet other demands only when there are surplus places. As regards pregnant women from outside Hong Kong, most of them would use private rather than government facilities. However, on the use of private facilities, you also know very well that recently, we have imposed restrictions to ensure that services are provided only if they can really cope and if comprehensive services are provided. This system is now in place. I hope you will know clearly that, currently, all the existing healthcare services in Hong Kong are intended mainly for Hong Kong people and high priority is fully given to them rather than other people.

**MR CHAN KIN-POR** (in Cantonese): *I think our private hospitals also face the same problem. At present, many private hospitals are non-profit-making organizations but in fact, back then, the Government provided a lot of land to them and also facilitated their establishment at low costs. However, they are all geared towards making money. In Hong Kong, some 2 million people have taken out insurance policies at their own expenses, preferring not to use the services of the public sector but those of the private sector, so as to make more resources available to the needy. However, nowadays, the great majority of private hospitals in Hong Kong have swarmed to doing businesses that they*

*consider profitable, while people like us seeking treatment of common diseases also have to queue up now. Of course, in the end, we can also get a medical consultation, albeit after serious delays or a long wait.*

*This arouses great concern among us because in the future, the demand for healthcare services will come not just from within Hong Kong but also from Mainland people with the means. Given that private hospitals are profit-oriented, the pledges made by them or the conditions imposed on them on account of the land grants made by the Government will be not be honoured. In the past, all parties would honour the gentleman's agreements reached but in recent years, all parties have gradually forgotten about them, so what is the Government going to do? The point I wish to make is: Since some 2 million people have taken out insurance policies after all, how can these people access the services? Do they have to queue up at government institutions? Queuing up takes time and also leads to competition for resources. Therefore, my focus is on private hospitals. How are you going to deal with this issue, so that the pledges made by them back then on account of the land grants made by the Government will be honoured in a fairer way?*

**CHIEF EXECUTIVE** (in Cantonese): I am aware of the issues raised by you but we have to understand one rationale. Recently, when offering land for the development of private hospitals, we hope very much that it can be specified in the conditions that patients in Hong Kong must be taken care of, instead of just catering to other patients or people from outside Hong Kong. I hope that under this system, this requirement can be spelt out more clearly in our conditions. As far as I know, currently quite many of the private hospitals cater to Hong Kong people rather than solely to people from outside Hong Kong. I can also see that in the several major hospitals, there are also a lot of Hong Kong people. Nevertheless, I understand that when we decide to open up the healthcare services in Hong Kong to the entire world and turn them into a medical service industry, without our noticing it, people from outside Hong Kong will surely come here but I can guarantee that Hong Kong residents will surely enjoy priority in using healthcare services.

**MR CHEUNG MAN-KWONG** (in Cantonese): *President, the Chief Executive always mentions that education plays a very important role in narrowing the*

*wealth gap and that he will by all means invest in education which is the ladder of social mobility. However, insofar as education is concerned, many people feel disappointed with this year's Policy Address.*

*Recently, I have often paid visits to the local communities and met with many parents and members of the public every day. When we talked about education, they told me that they had three main aspirations. Firstly, 15-year free education, covering kindergartens. Although this aspiration has become a reality in Taiwan and Macao, its implementation in Hong Kong remains uncertain.*

*Secondly, small-class teaching (SCT) should be implemented not only in primary schools but also secondary schools, particularly after the implementation of the new academic structure for senior secondary education. Thirdly, the number of university places should be increased. This is an extremely strong request of parents and young people. They all hope that their children will have the opportunities to receive subsidized university education.*

*These three aspirations, which are broad and general and cross-stratum, have also been the subjects of motions passed by the Legislative Council. However, in your Policy Address, you have not delivered anything about these three social expectations. Have you ever felt that your education policy has departed from social expectations? Can this not be changed?*

**CHIEF EXECUTIVE** (in Cantonese): First of all, our resource input in education has never decreased and will not be reduced since education is our first priority. Currently, the spending on education and training accounts for 23% of the total public expenditure, and we can see that it has not seen any reduction over the years. We have also devoted a lot of efforts to education over the years. The only criticism of us is that we have done too much, having rolled out too many initiatives.

In this year's Policy Address, I have indeed pinpointed other livelihood issues, such as the wealth gap, issues concerning the elderly and housing. In respect of education, it is not true that we have done nothing. On the contrary, continuous efforts must be made on it. Regarding 15-year free education mentioned by you, we have currently adopted the Pre-primary Education Voucher Scheme which can cope with the needs of 80% of Hong Kong people. With

adequate government subsidization, these people can cope with the need of their children for pre-primary education by sending them to kindergartens in their neighbourhood.

Concerning SCT in secondary schools, SCT is one kind of pedagogy. As an expert, you should know better, that it cannot be attained in one go. Nor should we get to the goal in one stride. Rather, it should be implemented by stages even in primary schools. So, in respect of secondary schools, SCT should not be adopted as a solution to address the reduction in the number of classes due to declining secondary student population in the future. The point is not here. Rather, we must adopt a pragmatic and scientific approach to ascertain whether these resources are appropriate and the goal can be attained.

So, I think we should continue to use the current approach of implementing SCT in primary schools first. Thereafter, if we wish to implement SCT in secondary schools, we should prove by scientific means that SCT will bring benefits to teachers and students as well as the education system.

Regarding increasing the number of subsidized university places, we will conduct a review of this every year. You might also know that the number of these places has recently been increased to 15 000. Currently, more than 14 000 places are provided. I think it should be increased to 15 000 every year.

Besides, we offer associate degree courses and other programmes. About two thirds of school-age children and young people have been admitted to post-secondary education and the ratio has also been improved. This year, we have also mentioned that for those who have difficulty in obtaining loans — in the past, those who had been given a loan would find it very difficult to make repayments — a formal review will be done in the hope that assistance could be offered to those who are pursuing associate degree programmes and other subsidized degree courses with a view to determining how assistance can be rendered to them.

Hence, I can assure Mr CHEUNG that we will not reduce the resource input in education. Rather, we will keep on increasing it. Moreover, I believe investment in education will reduce inter-generational poverty as education is the best means and the best way to do so.

**MR CHEUNG MAN-KWONG** (in Cantonese): *Chief Executive, I would like to tell you an inconceivable fact. I will distribute lots of leaflets when paying visits to the local communities. The only type of leaflets that I do not have to distribute myself but will be picked up by many parents who come forth on their own initiative even on rainy days are those concerning education. From this, you should be able to see that parents have pinned extremely high hopes on these three aspects.*

*You should not even have any misunderstanding that these are the teachers' expectations simply because I represent the education sector. This is not the case. I am not making any exaggeration. Our education does need a fair starting line. Just now you said that Hong Kong's economy ranks first in the world. We all know this. However, does our education also rank first in the world? I think our education, in terms of 15-year free education at least, cannot compare favourably with Macao and Taiwan. This is most regrettable. WEN Jiabao, during his visit to Macao, said that Macao's 15-year free education was marvellous. This remark was made many years ago. In Taiwan, 15-year free education has also been implemented.*

*Similarly, as for university places, the number of subsidized university places still stands at 15 000 per annum, which cannot meet the expectations of a modern society. Hence, may I ask the Chief Executive whether these three expectations will never be considered in your tenure, you will not listen to them, and it is impossible to make any change despite the strong public views?*

**CHIEF EXECUTIVE** (in Cantonese): *As the Chief Executive, I have to listen to people's views. I have to keep on listening to the views of various sectors. However, I would like to point out that we have, in my opinion, already made a lot of efforts. Also, we really should not underestimate the achievements of our education, particularly the achievements of university students, secondary students and primary students. Compared with various places in the world, Hong Kong's achievements in this aspect are extraordinary by all fair and objective standards of assessment.*

*So, we should not simply say that we have to provide free education, which is already an achieved goal. We have to attain something beyond that. If we really want to uphold a good university education, we should consider not only*

quantity but also quality, which is equally important. Our financial input is also vital. Regarding the amount of funding allocated to each university place, we have spent much more money than anywhere else. We have also spent quite a lot of money on secondary education. It is the same for primary education.

Therefore, insofar as the amount of government funding is concerned, I would like to point out that we have good teachers and quality schools. I do not think our current system is perfect. I also share your view that we should keep on listening to the views of all Members in this regard and, with our limited resources, we will put more resources into education by all means because education is our first priority.

**MR IP KWOK-HIM** (in Cantonese): *President, I also wish to express my view on the incident earlier. I strongly support the President's approach of enforcing the rules strictly. This can indeed enable the orderly conduct of meetings. In fact, in the streets, I have heard many kaifongs, in particular, housewives, say emphatically that this kind of culture in the legislature will likely set a bad example for children. Therefore, I support the approach taken by the President today.*

*I wish to ask a question on a major point raised by the Chief Executive in the Policy Address. The Chief Executive said that the prices of HOS flats would be set at an affordable level. This marks a major departure from the past practice of setting the price at 70% of the market value. May I ask the Chief Executive how the prices will be determined? Moreover, how can the arrangement of setting the household income ceiling at \$30,000 be properly implemented? This is because the household income of some people is \$16,000, so given such a method of calculation, can they really cope? Can he tell the Hong Kong public about this in greater detail?*

**CHIEF EXECUTIVE** (in Cantonese): First, this time, when studying the housing problem in Hong Kong, we have explored whether or not there is sufficient housing in Hong Kong for people who do not qualify for public housing, so that they can live in peace and work with contentment. We found that people with a monthly household income of over \$30,000 can afford buying private properties, but for households earning some \$10,000 to \$30,000 monthly,

the flats available to them in the market are really very limited. For this reason, we proposed the resumption of the HOS.

Nevertheless, the policy on HOS must be able to serve its purpose and flats affordable to them rather than those unaffordable to them must be built. To set prices arbitrarily or to set the prices of HOS flats at market value will make such flats unaffordable to these people even if we launch them onto the market, thus defeating the purpose. Therefore, we must change our mindset and steer away from the market-oriented approach. The living of the public should be the major consideration in the formulation of social policies. The needs of individuals should be the major consideration. We have to consider what they need and what can help them. Only in this way can we be successful. Therefore, if we really want them to be able to buy flats, we have to make the flats affordable to them. If they are not qualified for public housing because their incomes have increased, we have to find ways to help them. We know that they can rent a flat in the private market but upon retirement, they will not even be able to pay the rent, so what can they do? Should we then let them fall back into the net of waiting for public housing? For this reason, we consider it necessary to help them, so that they can live in peace and work with contentment. If we formulate a policy targetting their needs, we have to break away from the past practice of making reference to the criteria and methods of the market when setting prices and we must set prices that are affordable to them.

On the determination of prices, of course, the final details must be worked out carefully by the HA, but it does not mean that different prices will be set for people with different incomes. This is not how it should be done. Those flats are intended to cater to people with household incomes ranging from \$16,000 to \$30,000, in other words, no matter if their household income is \$16,000 or \$30,000, they can still afford the flats. How will the affordability be calculated? The past method of calculation in Hong Kong was also the same, that is, 40% to 45% of the income is spent on making mortgage repayments for one's flat. If the interest is also factored in, what kind of flat can one pay for? We think they can pay for a flat worth \$1.5 million to \$2 million, so the prices should fall within this range.

First, my colleagues proposed a very simple method. We conducted a study and I have also done the computations many times. The so-called affordability is the product of multiplying one's salary or household income by 100 and that arrives at the flat price that one can afford. For example, if one's

salary is \$20,000, I believe the flat price that one can afford is about \$2 million. If one's salary is \$15,000, the affordable flat price is \$1.5 million. If the flat price is higher than that, when the interest rate rises, one will not be able to cope. Based on the interest rate in the long term, I think that generally speaking, this approach will work but we must let the HA work out the details.

However, I hope very much that this matter can be dealt with under the framework designed by me. First, the flat prices should be affordable to them rather than following the fluctuations of the market, for example, raising the sale prices when market prices are high. This will not administer the right cure. Second, we hope that the market can become more active to provide properties for first-time home buyers. The money can be injected into the market, or withdrawn from it, so that there will be greater flexibility. That will be most desirable. However, regarding such details as the conditions of resale and sale prices, it is up to the HA to decide after discussions. Nonetheless, it must be ensured that consideration will be given to members of the public now living in public housing or HOS flats, so that they will consider the arrangements fair and the general public will also think that public funds are used appropriately. Therefore, a balance must be struck in this regard.

**MR IP KWOK-HIM** (in Cantonese): *President, I am a member of the HA. I believe there will also be a lot of work for the HA to do in the future. Since in the old HOS, buyers can take out a mortgage amounting to 95% of the flat price with the guarantee of the HA, may I ask whether the same arrangement will also be made under the new scheme?*

**CHIEF EXECUTIVE** (in Cantonese): I believe that if one has a fixed income, in particular, with the support of the HA, consideration can be given to adopting the many concessionary mortgage arrangements now in place. I believe the most important thing now is to determine what approach should be adopted and other policies can be made to complement it.

**PRESIDENT** (in Cantonese): The Chief Executive's Question and Answer Session today ends here.

**CHIEF EXECUTIVE** (in Cantonese): President, may I say a few words?

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

**CHIEF EXECUTIVE** (in Cantonese): First of all, after I had entered the Chamber earlier, when Mr WONG Yuk-man talked to me in that way, I felt he was offending, insulting me. As I thought that a high degree of tolerance was exercised in this legislature, I did not raise any objection. But then, when I said those acts smacked of triad societies, certain Members considered it an offence. I felt that some people hold double standards in this incident. I think that I myself and all Principal Officials attending this meeting should be accorded the same protection and treatment. So, if any review of the behaviour in relation to the incident should be conducted, I hope Honourable Members can review whether the remarks made, and acts done by Mr WONG Yuk-man at the beginning of this session carry any elements of offence and insult, and whether they are permitted under the RoP, before passing any judgment on whether or not my remarks are offensive.

Moreover, when Mr LEUNG Kwok-hung threw the egg in my direction earlier, I felt most scared. I found it a most improper, unbecoming act. So I hope Members can suitably follow it up. Besides, on exit from the Chamber, Mr Albert CHAN claimed that my remarks were offensive, and he also said I am a triad. I found his remarks obviously offensive as well. I hope Members can regain a cool mind and respect the dignity of this legislature. Moreover, they should realize that we are models for the people of Hong Kong, who will certainly train their eyes on our conduct. We have to answer to them. One more point, never should we apply double standards on other people. I hope this incident can be dealt with in a fair manner.

Let me sum it up. Earlier, Mr WONG Yuk-man offended, insulted me. I felt that Mr LEUNG Kwok-hung was attacking me in throwing that egg, such that I felt concerned gravely. If he could do that to me, he might also do that to other Principal Officials. I felt that the behaviour of Mr Albert CHAN was also most offensive, as well as insulting.

**PRESIDENT** (in Cantonese): According to the RoP, public officers and Members attending meetings of this Council shall similarly observe the RoP and enjoy the same rights conferred by the RoP. When I chair meetings, I always do so in accordance with the RoP. I have heard the views presented by Members and the Chief Executive today. The Chief Executive will now leave the Chamber.

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

**PRESIDENT** (in Cantonese): Will Members please stand up.

#### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 19 October 2011.

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