

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 15 May 2003

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

DR THE HONOURABLE DAVID CHU YU-LIN, J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

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

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

THE HONOURABLE CHAN KAM-LAM, J.P.

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG, B.B.S.

THE HONOURABLE LAU KONG-WAH

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

THE HONOURABLE MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE AMBROSE LAU HON-CHUEN, G.B.S., J.P.

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

DR THE HONOURABLE LAW CHI-KWONG, J.P.

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

DR THE HONOURABLE TANG SIU-TONG, J.P.

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

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S., J.P.

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK, J.P.

MEMBERS ABSENT:

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

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

THE HONOURABLE LAU CHIN-SHEK, J.P.

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

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, G.B.M., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE ANTONY LEUNG KAM-CHUNG, G.B.S., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, G.B.M., J.P.

THE SECRETARY FOR JUSTICE

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

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

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

SECRETARY FOR HOUSING, PLANNING AND LANDS

PROF THE HONOURABLE ARTHUR LI KWOK-CHEUNG, G.B.S., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

DR THE HONOURABLE YEOH ENG-KIONG, J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

THE HONOURABLE JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

DR THE HONOURABLE PATRICK HO CHI-PING, J.P.
SECRETARY FOR HOME AFFAIRS

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

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.
SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.
SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

CLERK IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

PURSUANT TO RULE 8 OF THE RULES OF PROCEDURE, THE CHIEF EXECUTIVE, THE HONOURABLE TUNG CHEE-HWA, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT (in Cantonese): Members will please remain standing for the Chief Executive.

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

CHIEF EXECUTIVE (in Cantonese): Madam President and Members, the atypical pneumonia outbreak has brought Hong Kong a disaster. For more than two months, Hong Kong has been waging a war of survival against the atypical pneumonia outbreak. The atypical pneumonia outbreak has seriously jeopardized the lives and health of the public, and wreaked havoc on the economy of Hong Kong. Lately, although the number of atypical pneumonia infections has declined, prevention and treatment remains precarious. The adverse impact of the atypical pneumonia outbreak on all areas is still spreading. Today, before I answer questions from Members, I would like to give Members an account of the problem of atypical pneumonia first.

According to our information, the cause of the atypical pneumonia outbreak in Hong Kong can be traced to a visitor who visited Hong Kong in late February. While he was staying in the Metropole Hotel, he passed the virus on to other visitors staying on the same floor and a local person who visited a friend staying on that floor. This local person, after coming down with the disease, was admitted into the Prince of Wales Hospital (PWH) for treatment. While he was receiving treatment, the virus was again passed on to the health care workers and other patients in the hospital. A superspreader with renal illness who had stayed in the PWH brought the virus to the Amoy Gardens. The virus was passed on to the other residents via the sewage system of the housing estate and other extremely particular environmental factors, subsequently leading to a major outbreak in the housing estate. Cases of infection also occurred in many places in Hong Kong. As of yesterday, a total of 1 698 people have been infected, of which 1 128 have been discharged on recovery and 227 have died.

Atypical pneumonia is a totally new disease and its onslaught was quick and sudden. With hardly any knowledge of it, the Government's response and measures has changed from being on the defensive to being proactive, eventually assuming a leading role. Having gained some basic understanding of the characteristics of this disease, we have quickly adopted comprehensive and

resolute actions, including isolating, closing contaminated hospitals, suspending classes in primary and secondary schools completely, launching territory-wide cleaning campaigns, setting up quarantine facilities at all sea, land and air border control points and using the latest technology to track down people who might have been infected. In less than two months, the situation was stabilized, and the number of new infections fell from a peak of 80 each day to single-digit figures for the past 10 days in a row. The number of people hospitalized fell from nearly 1 000 to some 350. The number of buildings with confirmed atypical pneumonia cases also fell from 176 to 26. These positive developments show that our measures are strong and effective. The work and experience of Hong Kong in handling and controlling the epidemic have been highly commended by international experts and the World Health Organization (WHO).

For more than two months, the atypical pneumonia outbreak has seriously harmed the life and health of the public. It has disrupted their normal life and social interaction, and dealt a serious blow to the economy of Hong Kong. What is more worrying is the damage to the budding signs of economic recovery in Hong Kong and the aftermath of the outbreak. Up to now, an evaluation on the situation is still impossible. Therefore, at this stage, the major task of the Government is to do our utmost and strictly execute and put into practice all the measures I have mentioned above without easing up, so long as there is one single case of atypical pneumonia infection.

Madam President and Members, there is a saying that goes "adversity strengthens a country". This is because adversity exposes the most fundamental problems. It brings out the most valuable qualities, impels our morale and our spirit to eliminate all difficulties. The Asian financial turmoil in 1998 exposed the structural problems of the economy of Hong Kong. We targeted at these problems, got to the core of them, proposed solutions, set a direction for Hong Kong's development and promoted Hong Kong's economic restructuring. This process is definitely painful and time-consuming. However, Hong Kong's economy grew by 3.3% in the third quarter last year, by 5% in the fourth quarter and the growth in the first quarter this year is substantial. This proves that we have made good use of Hong Kong's established advantages, and have strengthened our supporting services in the financial, logistics, tourism and industrial and commercial sectors. Our decision and policy in stepping up economic development with the Pearl River Delta are correct, and the effects are already in sight.

This atypical pneumonia outbreak in Hong Kong has deeply reminded us of some questions. Drawing conclusions from experience, if we are to contain an epidemic and prevent it from spreading, it is absolutely necessary to detect it early, report it early, diagnose it early, isolate and treat the patients early. Is the existing medical system in Hong Kong, including the operations of the Department of Health and the Hospital Authority, capable, and does our system offer assurances that should such a major outbreak occur again, we can fully cope with the situation? This is an extremely professional issue and has to be resolved urgently. It even relates directly to the interest and well-being of every member of the public. I have decided to ask the Secretary for Health, Welfare and Food to establish as soon as possible an Expert Team on this issue. This team will be accountable to me, and we will invite the most authoritative and experienced experts from the international community, the Mainland and Hong Kong to seriously draw conclusions and conduct a comprehensive review on the whole exercise for combating the atypical pneumonia outbreak, on issues ranging from the operation of the framework and the system to pathology and the ways of treatment. In drawing conclusions and conducting reviews, we have to respect medical science and rely on experts. Our purpose is to target at the issue rather than finding fault with anyone. We want to ensure that the whole medical framework can improve and progress in a stable setting. This exercise has to tie in with the task of examining the establishment of a centre similar to a centre for disease prevention and control which I have announced earlier, and to which Secretary YEOH Eng-kiong will be responsible. These two tasks have to proceed quickly and achieve actual results, so that the most adequate preparations can be made to safeguard the lives and health of the public as effectively as possible.

Members, in times of adversity, I deeply mourn those unfortunates who have passed away and wish to extend my heartfelt regards to those who are receiving treatment. I also pay my sincere tribute to those health care workers who do not hesitate to sacrifice their own valuable lives in return for the health of the general public. At the same time, I also sincerely salute the people of Hong Kong. The public has demonstrated their excellent qualities in this disaster, and everybody in Hong Kong should be proud of this. In the face of natural disaster, our people have shown the world their extraordinary calmness, and the order in society has been just as good; the public has shown their true care for the others and revealed their good nature to the fullest; their spirit is tremendous as they keep on combating the epidemic. The fact that Hong Kong has such outstanding people makes me feel very proud and honoured.

Members, with a major enemy in front of us, we are fighting for the lives and well-being of every dear member of the public. Time and the state of affairs do not allow us to waste our valuable energy on incessant and attention-seeking debates and contentions. We must devote our full effort to our tasks. There is not a moment to lose, and we must focus all our attention on them. The tasks that have to be done are indeed numerous: we must strictly enforce, examine and implement various measures on disease prevention and treatment; we have to do a proper job of disease prevention in hospitals so as to ensure that no more health care workers and other patients will be infected; we have to conduct negotiations with the WHO on lifting the travel advisory on Hong Kong, and eventually removing Hong Kong from the list of infected areas; we have to co-operate fully with cities in the neighbouring areas to truly safeguard the safety of Hong Kong; we must set about the task of cleaning up the whole place as soon as possible in order to remove the potential breeding grounds of disease; we must keep in closer contact with people and families hardest hit by the disaster, and pass on the care of our society to them; we must put in place various arrangements for providing financial assistance as quickly as possible so that the trades concerned can get out of their plight quickly; we must present Hong Kong to the Mainland and the world so as to attract numerous tourists; we must grasp the opportunity to recover as quickly as possible and push on with economic restructuring, including conducting talks with Guangdong Province as soon as possible to implement items of co-operation which both sides have affirmed, such as allowing tourists from Guangdong Province to visit Hong Kong on an individual basis and implementing infrastructural projects; we must convey our requests to the Central Authorities as soon as possible to ensure that the Closer Economic Partnership Arrangement will not be affected by the atypical pneumonia outbreak and will be concluded in June as scheduled; we must strive to persuade more private enterprises on the Mainland to list in the Hong Kong market and develop overseas markets.

Members, at this crucial moment and in the face of the many onerous and substantial tasks to strive for the benefits of the people, as well as under the common aspiration for solidarity, stability, progress and victory, I hope and call on all of us to show our sincerity and ardent love for Hong Kong. Thank you.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions raised by Members. A Member whose question has been answered may, if necessary and for the purpose of elucidation only, ask a short follow-up question.

MR FRED LI (in Cantonese): *Madam President, Mr TUNG, I will now quote what Mr TUNG said in reply to a question on the accountability system for principal officials asked by Dr Philip WONG in the Question and Answer Session on 8 July last year. He said that the accountable officials chosen by him must be able to think very clearly, and he also listed out a number of requirements. I will cite three of them here: clear thinking, unquestioned integrity and acceptance by the great majority of the people in Hong Kong. I have only cited these three requirements, but unfortunately, the car purchase by the Financial Secretary ahead of a tax increase is already a matter of integrity. Although his public rating was extremely low, Mr TUNG still insisted that he had lofty sentiments and retained him. The Chief Executive has ruined the accountability system for principal officials which he personally "served up". How can the general public still have confidence in the accountable principal officials?*

CHIEF EXECUTIVE (in Cantonese): Madam President, Secretary LEUNG said the incident was an inadvertent mistake. I believe him, I do. In handling such matters, the Chief Executive has two courses of action: one is to ask the person involved to resign or to accept his resignation, and the other is to criticize him publicly. After careful consideration, I believe the appropriate course of action is to criticize him publicly. I believe Secretary LEUNG has already gained experience and learned a lesson from this incident. Mr LI, what we have to do now is indeed numerous. We have to work hard to revitalize the economy, to set about making serious efforts to restructure the economy and to strive to balance the fiscal deficit. At the height of the Severe Acute Respiratory Syndrome (SARS) outbreak, the exchange rate of the Hong Kong dollar was far weaker than the past year. All these problems have to be dealt with and I have confidence in Secretary LEUNG. I believe he will handle these problems well. This is why I have asked him to stay.

MR FRED LI (in Cantonese): *Madam President, if we say a mistake is inadvertent, we are talking about the motive, but the point is he has really committed the mistake. Furthermore, it has to do with his position. He is in charge of the Hong Kong economy, and another point is how the international community will regard such an important post. Therefore, has the Chief Executive considered that in order to establish the accountability system for principal officials, no mistake whatsoever can be made on such matters, and inadvertent mistakes cannot be used as an explanation?*

CHIEF EXECUTIVE (in Cantonese): Madam President, Mr LI, it was after considering all these points that I made the decision. I know that this decision is correct.

DR RAYMOND HO (in Cantonese): *Madam President, without any basis of consultation and convincing grounds, it is proposed in this year's Budget that a balanced account be restored by the 2006-07 fiscal year before the second term of office of the Chief Executive ends. In order to achieve this goal, the Government has to adopt exceptionally stringent fiscal measures which will further hit our already weak economy. Moreover, the serious SARS impact in recent months give us the feeling that salts are being rubbed on our wounds. I would like to ask Mr TUNG whether he will adjust the abovementioned goals in accordance with the actual economic condition in order to help the economy of Hong Kong get out of economic doldrums?*

CHIEF EXECUTIVE (in Cantonese): Madam President, Dr HO has raised a good question. In fact, my colleagues and I constantly find these issues distressing. According to our judgement, if we cannot balance the budget within the coming four years, our pegged exchange rate will be attacked. In last August and September, we noticed some speculating activities. In fact, we have also noticed similar signs of activities recently, only that the condition is a bit better. I wish to ensure Dr HO that as far as economic development and social stability are concerned, it is important to maintain the stability of the pegged exchange rate. Therefore, we have to handle and consider this matter first. On this premise, we will increase tax on the one hand, and try hard to cut our expenditure on the other. We are not hoping that we can have a balanced budget tomorrow by making efforts today, as it will take quite a long period of time. We hope that we can have a balanced budget by the year 2006-07. Due to the SARS outbreak, we have allocated an extra \$11.8 billion, which is a one-time and one-off arrangement. Will this arrangement win the applause of everyone? It will not. However, the Government, especially the Financial Secretary, has to strike a balance among various considerations before making such an arrangement. I would like to emphasize that the stability of the pegged exchange rate is very important.

DR RAYMOND HO (in Cantonese): *Madam President, I do not know if Mr TUNG has considered that setting this target only means that he is imposing stringent restrictions on himself. As a result of the SARS outbreak, these restrictions will become more stringent, causing difficulties in respect of administrative, public relation or financial arrangements. Moreover, it will give the public and the international community an impression that it is difficult for the Government to meet the target, thus losing their confidence in Hong Kong. If possible, will the Government review if it can deal with these issues in a more flexible way, with the hope of changing the way the people of Hong Kong look at the Government or enhancing their confidence?*

CHIEF EXECUTIVE (in Cantonese): Madam President, as I have said earlier, a lot of work has yet to be done, and some are for the purpose of revitalizing the economy. Economic revitalization and economic transformation are in fact the same as the restoration of economic growth. We hope that with our efforts, the epidemic can be brought under control and there will also be economic growth. This is our common wish.

MR MICHAEL MAK (in Cantonese): *Madam President, I wish to thank Mr TUNG first for putting aside his self esteem and nobility to attend the ceremony marking the International Nurse Day organized by the Hospital Authority (HA). I hope the Government can give us more encouragement of this kind because everybody knows that the health care profession has shown its unparalleled professionalism in the period of the SARS outbreak, and many of them have even sacrificed their health and lives. With regard to this incident, I hope Mr TUNG can try his best to conduct some reviews and draw conclusions. I think in the meantime, such reviews and conclusions are necessary. In this incident, our health care workers have all along been working under a dangerous situation, and up to now, more than 370 health care workers have been infected, three (including one private practitioner) have passed away. In the public hospitals, I think the major problem lies in personal protection gears and the treatment environment. With regard to policy, Mr TUNG always mentions zero infection, and I also constantly call for zero infection, but for the time being, I cannot see how this target can be achieved. I would like to ask Mr TUNG, what counter measures does the Government have? I really wish that we can achieve zero infection as soon as possible.*

CHIEF EXECUTIVE (in Cantonese): Madam President, the fact that health care workers have sacrificed their lives for the health of the public is highly respectable. Just now, I have mentioned that I felt sad when I knew that health care workers got infected. When I was presented with the daily number of infections, I would first ask how many of them were health care workers, who the patients were and what had happened. I felt very sad when health care workers got infected. However, how can we achieve the target of zero infection? This is the responsibility of every hospital under the HA. We must achieve the target of zero infection and we should head in this direction. I have discussed this with Secretary YEOH many times and he is also very concerned. I have also discussed this matter with the colleagues of the HA. I believe they can achieve this target as I know they are working very hard.

MR MICHAEL MAK (in Cantonese): *Madam President, Mr TUNG is still talking about his expectation, but my question was about achieving the target of zero infection shortly. It seems that Mr TUNG is unable to convince me that the target can be achieved shortly. May I ask what has gone wrong, thus preventing the accomplishment of that target?*

CHIEF EXECUTIVE (in Cantonese): Madam President, we can see that the kinds of health care workers who got infected in the early stage of the epidemic and recently are different. At the early stage, most of infected staff were doctors, but recently, with regard to front-line workers, mostly nurses and ward attendants got infected. Anyway, I think there is no reason why we cannot achieve the target of zero infection.

MR KENNETH TING (in Cantonese): *Madam President, since the response of the second voluntary retirement (VR) scheme is not as good as anticipated, will the Government, just as what the Secretary for the Civil Service has said, not rule out the possibility of laying off its employees if the number of VR applicants fails to meet the target? Why does the Government have to wait until early next year before deciding what approach to adopt to achieve the original target of streamlining? In introducing the second VR scheme, has the Government predicted that the response will be so cold? Does the Government have any emergency plan?*

CHIEF EXECUTIVE (in Cantonese): Madam President, as far as I understand, the response to this scheme is not as good as we have expected. In fact, we hope that by the year 2006-07, the size of the Civil Service can be reduced by 10% to around 160 000 people.

As to how we can accomplish this target, the first approach is through natural wastage, the second is by freezing recruitment, and the third is by means of the second VR scheme. Apart from the above, we still have one or two other measures.

We have just seen the response of the second VR scheme, therefore, we have to start reviewing the effectiveness of this measure and see what our next step should be. I have nothing more to say today, but I know Secretary WONG is looking into this matter.

MR MARTIN LEE (in Cantonese): *Madam President, I would like to follow up the question raised by Mr Fred LI.*

I wonder if the Chief Executive knows the content of the resignation letter submitted by the Financial Secretary to the Chief Executive in person on 12 March this year which reads: "I now write to tender my resignation from the office of the Financial Secretary of the Hong Kong Special Administrative region with immediate effect"? The date of the letter was 10 March 2003. This is to say despite the fact that he handed in the resignation letter to the Chief Executive on 12 March, it was indicated clearly that the letter was written on 10 March, and the content tells that it was submitted to the Chief Executive on that day, that is, he has already resigned from the post then.

Madam President, has anyone told the Chief Executive that the way the Financial Secretary used that letter has apparently constituted the crime of falsifying or using a false instrument? Concerning the definition of a false instrument given under section 69 of the Crimes Ordinance (Cap. 200), an instrument is false if it purports to have been made on a date on which it was not in fact made. I am telling the Chief Executive this. Does he still think that the Financial Secretary has lofty sentiments? Is he worried that one of the reasons why the Hong Kong Dollar has weakened so much and foreigners simply have no confidence in Hong Kong is that they have no confidence in the Financial Secretary? Therefore, Hong Kong can no longer afford to have a Financial Secretary who has no integrity.

CHIEF EXECUTIVE (in Cantonese): Madam President, I am not a barrister, therefore, I am unable to comprehend in detail what Mr LEE tried to pinpoint. However, I would like to tell Mr LEE that everyone has to be honest with what he has to say. I trust the Financial Secretary, and I know that his international status has not been shaken by this incident.

MR MARTIN LEE (in Cantonese): *Madam President, I am honest with what I have to say. Since I am an elected Member, I am duty-bound to tell this to the Chief Executive. As far as I know, all foreign businessmen in Hong Kong regard it a big joke that the Chief Executive still keeps in place such a Financial Secretary. Does the Chief Executive think so?*

CHIEF EXECUTIVE (in Cantonese): Madam President, I do not agree with what Mr LEE said. He has been bad-mouthing Hong Kong for six years. (*Laughter*) Keep on bad-mouthing then.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, just now, I have heard Mr TUNG said that he would appoint Dr YEOH Eng-kiong to steer a committee to conduct an overall review on what the Government has done in dealing with the epidemic. I think this is an extremely good idea. May I ask what the timetable is like? How long will the review take before it can be completed? Will the report be publicized afterwards? Furthermore, with regard to certain parts of its content, is it adequate to have only one single committee to conduct the review, or should the work be subdivided? For instance, in respect of a review of the overall co-ordination, co-operation, operation of the Hospital Authority (HA), as well as the internal decision-making mechanism of the Government, or even the co-ordination mechanism between Hong Kong and the Central Government or other places such as Guangdong Province, with the hope of assessing how to prevent a further outbreak of the epidemic, is one single committee adequate to take care of everything?*

CHIEF EXECUTIVE (in Cantonese): Madam President, Mr TAM Yiu-chung has raised a good question. First, I think we should lose no time in handling

this. Why is this so? We know that there are shortcomings, and we hope that there will be no more disastrous infection. However, in a few months' time, when winter, spring comes, will it happen again? I hope it will not, and I believe it will not. However, we have learnt from this outbreak that we should be prepared for all possibilities. For that reason, we have to have this report ready quickly. I cannot provide a timetable immediately, because all those being invited are people of authority and status in the international community, thus there are problems as to how they can tie in with our timing. In spite of this, we will still do our work as soon as possible, and hope that we can complete the report within the shortest time.

The second thing I wish to point out is that this report will be made public in full, so as to enable the people of Hong Kong to know what challenge we are facing and how we can do better. This may also involve the budget deficit problem which Dr Raymond HO has raised just now. In the course of conducting the review, we also have to ask what is required in the financial aspect? In the end, we have to solve a lot of problems. We may need to have more stringent requirements in various aspects. Nevertheless, this can only be achieved with public support. Therefore, we will definitely make the report public. In the course of review, as local experts are involved, we will be able to know what is going on.

Third, since it is a special committee, its mode of operation can only be decided after the experts have discussed it. However, I believe Secretary YEOH will establish several subcommittees under this committee. In this way, each area will be studied separately. In view of this, we need some time, but we will finish the review as soon as possible.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, I would like to follow up my question. I of course support the idea of having experts and authorities from overseas to come to give us advice, but their advice may only be related to medical or disease control matters. As regards operation, we should have the participation of more local members, because they are more familiar with the situation of Hong Kong, and can thus bring up better ideas. Therefore, I think we should not incline too much and just look to overseas experts.*

CHIEF EXECUTIVE (in Cantonese): Madam President, different areas have different needs. For example, in the area of epidemic and infectious disease control, countries overseas have much experience regarding the organization of CDC, but when it comes to the HA and many other local issues, we will rely mainly on local experiences. However, there are also some issues which we have to discuss with the Mainland, because the Mainland also has some excellent experiences. Therefore, we should take every aspect into consideration. I have said earlier that we can only overcome the epidemic successfully if we can ensure close co-operation between Hong Kong and the neighbouring regions and cities.

MS CYD HO (in Cantonese): *Madam President, health care workers do not have in mind their personal glory, nor do they aim at being heroes. They are just fulfilling their duties and saving people's lives as normal. This is what the community finds moving and respectful. However, it is because of this that we have to specially and quickly review the system in order to avoid further unnecessary sacrifice caused by operational shortcomings. I believe regardless of whether it is matter of atypical pneumonia, economy or public confidence, we can use this as our principle.*

At present, Hong Kong is having a new mode of governance, that is the accountability system for principal officials. The system has come into operation for over 10 months. Has Mr TUNG conducted a self-assessment? Ever since the launching of the system, has he reviewed it to see if there have been any defects? What advantages and improvements has the system brought? What are the shortcomings that have rendered the system fall short of his expectation? Furthermore, what principles has Mr TUNG applied in conducting the review?

CHIEF EXECUTIVE (in Cantonese): Madam President, no matter what we do, if we want to be successful, we have to sum up our experience from time to time, and learn our lessons at all times. Ms HO asked me if such studies have been conducted. The answer is in the affirmative. As to whether I am telling you today, the answer is in the negative. This is because I will let you know in a year, that is by 1 July.

MS CYD HO (in Cantonese): *Madam President, we are of course disappointed because there is only a difference of one and a half month. Why can the Chief Executive not disclose the information now? We have all along been pursuing a high degree of transparency. However, in the past few months, there seemed to have been a certain distance between the response of society to the accountability system and the yardsticks and standards of Mr TUNG. For example, after the vehicle purchase incident of the Financial Secretary has come to light, the public thinks that another more capable person with integrity should be invited to assume the post. Although the Financial Secretary has tendered his resignation, Mr TUNG did not accept it. In this respect, how much weight in fact has Mr TUNG given to voices in the community when making his assessment? Is this weighting less important than the personal judgement of Mr TUNG? What is more difficult is that, apart from assessing the performance of principal officials, we also have to assess that of Mr TUNG. When conducting his self-assessment, has Mr TUNG taken into consideration the aspirations and feelings of the public?*

CHIEF EXECUTIVE (in Cantonese): Madam President, being the Chief Executive, I have to listen to the community all the time. I have to bear in mind at all times that I am serving the people of Hong Kong. Therefore, I do certainly handle things in this way. I of course come to decisions after conducting studies.

DR TANG SIU-TONG (in Cantonese): *Madam President, this outbreak of atypical pneumonia has fully demonstrated the spirit of the Hong Kong people in riding out the storm together. For example, the selfless acts of professionals in sacrificing themselves to light up the lives of others. Furthermore, the business sector and the "four beauties of the Government" have been raising funds for the orphans and the unfortunates. The Government of the Hong Kong Special Administrative Region (SAR) has a golden opportunity to cohere forces in the community. At the moment, cohesion is of prime importance in Hong Kong. May I ask the Chief Executive, after repeated self-examination, what plans does he have in mind to extend the cohesion of the community after the epidemic? The Social Cohesion Unit of the Central Policy Unit has been established for some time, has the Unit performed its functions? Or is it just another "talk show"? What suggestions has the Unit put forward to the Chief Executive?*

CHIEF EXECUTIVE (in Cantonese): Madam President, the Unit has actually made suggestions to me. In fact, I have mentioned earlier that this atypical pneumonia outbreak has fully highlighted the qualities of the Hong Kong people. Looking around the world, these qualities are very special, and are unique to Hong Kong. So, we should not underestimate ourselves, definitely not. We should be proud that our people possess such qualities. Cohesing in times of difficulties and giving full play to our strength is a precious thing. In this regard, I have asked Secretary Patrick HO to look into how this force can be put into more effective use for building and cleaning up Hong Kong, and for successfully transforming our economy. On the other hand, we will make arrangements for the donations of the many good doers to be sent to needy persons in the first instance, and bring the cohesion of the community into better play. Thus, a lot of work is in progress.

DR TANG SIU-TONG (in Cantonese): *Madam President, the Chief Executive has just said that the Social Cohesion Unit has put forward many suggestions. Can the Chief Executive tell us what those suggestions are?*

CHIEF EXECUTIVE (in Cantonese): Madam President, I have just mentioned them. (*Laughter*)

MR SIN CHUNG-KAI (in Cantonese): *Madam President, the Chief Executive has mentioned earlier that experts would be invited to sit on an inquiry committee to review the system. I do support this. However, in the atypical pneumonia incident, more than 200 lives have been lost. Many family members and relatives of the deceased would like to know the course and cause of the incident, and what has caused the lives of their beloved ones. Will the Chief Executive consider invoking the Commissions of Inquiry Ordinance to set up an inquiry committee to find out the answer at the operation level, so as to let the family members of the deceased know the truth?*

CHIEF EXECUTIVE (in Cantonese): There is really a pressing need to set up this special committee. Its urgent task is to examine on the whole whether we are on the right track in handling the epidemic, whether the approach adopted is correct and how we can improve our performance because this epidemic is much

too new. Furthermore, although we have the Hospital Authority (HA) and the Department of Health under our existing public health structure, we have not yet had a centre for disease control and prevention. In this case, are we sufficiently equipped to face another outbreak? I hope there will not be another outbreak, but we need to take precaution. Therefore, just as what I have said, this committee is not targeting at individuals in handling these problems. Rather, it is focusing on the issue to observe and handle it. As for individual cases, I believe the HA will certainly look into them and give an account of them.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I have to reiterate that I am in support of the Chief Executive's move to establish an expert committee responsible for preventing a recurrence of similar incident in winter. However, the crux of the problem is, if the HA is to be responsible for conducting an investigation at the operation level, that is having the HA investigate itself, will the public be convinced and will it satisfy the demands of the family members of the 200-odd deceased? Has the Chief Executive considered their feelings? Has he considered that they would also like to have a thorough and fair investigation? Moreover, I would also like to ask the Chief Executive if he will consider invoking the Commissions of Inquiry Ordinance to establish a committee with independent power to investigate a public body, so as to give an answer to the family members of the 200-odd deceased?*

CHIEF EXECUTIVE (in Cantonese): I believe we should give a thorough account to the family members of the deceased. As to how this can be achieved, I will instruct Secretary YEOH to look into the matter further.

MR NG LEUNG-SING (in Cantonese): *Madam President, in face of the epidemic, I agree with and support what the Chief Executive has said, that is, we have to establish a fact-finding rather than fault-finding expert committee to do something for the purpose of resolving future public health issues. I am also confident and believe that the dedication shown by a group of doctors in this incident will certainly give us confidence that they will not cover up any shortcomings. They will surely resolve the matter and will not refrain from suggesting how to solve medical problems in future simply because they are investigating themselves. Therefore I support this move. In the meantime,*

ever since this SARS outbreak, I think the public highly appreciates two things: one is our health care workers and the other is the support of the Central Government. With regard to the support of the Central Government in this incident, although the materials are not too sophisticated, it has nevertheless given us tremendous support. As the Legislative Council of the SAR, I believe we will move a motion similar to the Motion of Thanks later. I think the people will also support this because they also want to do so. In this connection, I would like to ask what action the executive will take to acknowledge the substantive action taken by the Central Government which is facing the same kind of difficulty?

CHIEF EXECUTIVE (in Cantonese): Mr NG, I believe everyone in Hong Kong is greatly moved by the support the Central Government has given Hong Kong this time, particularly when the Mainland is in such difficulties. I am very glad to see that a few days ago, some civil organizations in Hong Kong launched fund-raising activities voluntarily to make donations to the Mainland for combating SARS. These voluntary activities make us realize the depth of mutual concern and care that Hong Kong and the Mainland have for one another. From the Government's angle, we are looking into a matter which will be presented to the Legislative Council in the future, and that is whether we can co-operate with the Mainland in areas such as testing and treating SARS and developing a vaccine for it. This is because a lot of outstanding talents in the technological field on the Mainland are conducting research in this area and Hong Kong is doing so too. Is it possible for us to co-operate? Through such co-operation, can the Government on behalf of the people of Hong Kong donate a sum of money for research purposes? We are looking into this matter. Once a conclusion is reached, we will let the public know as soon as possible.

MR NG LEUNG-SING (in Cantonese): *Madam President, I would like to follow this up. Since the Central Authorities have always been supportive, the press has disclosed that they will continue to support Hong Kong with three measures. I hope that the Chief Executive can comment on the Closer Economic Partnership Arrangement between the Mainland and Hong Kong, visits to Hong Kong by residents of Guangdong Province and the launching of large-scale infrastructural projects. Apart from the support given to us by the Central Authorities, will the SAR respond later or will we expedite our arrangements in these areas?*

PRESIDENT (in Cantonese): Mr NG Leung-sing, I am sorry but this follow-up question seems to have deviated too far from the main question you have asked. Of course, I cannot impose restrictions on how the Chief Executive answers, I just want Members to know that your follow-up has deviated a bit.

CHIEF EXECUTIVE (in Cantonese): Other Members may also ask these questions, let me answer one of the three questions for the time being. I want to talk about the negotiation on the Closer Economic Partnership Arrangement. As a matter of fact, we are pushing forward actively so that negotiation will not be delayed by SARS or other factors. It was decided originally that the arrangement must be concluded by the end of June, so we will definitely conclude it by then. We are still working in this direction and I am confident it can be concluded. However, this is not the most important point. To conclude the negotiation is one thing, the outcome of the discussion must really be useful in helping to revive and transform the Hong Kong economy. Therefore, Secretary LEUNG, Secretary TANG and the others are working hard on this, with the hope of completing the task by the end of June.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, as far as I know, good wine needs no bush. If something is in fact good, people will naturally welcome and accept it. No matter how the others criticize, it will be to no avail. Otherwise, even he himself will feel uneasy and will have no confidence in himself. Then, he will be afraid of being criticized and bad-mouthing. I do not understand why Mr TUNG has to rebuke Mr Martin LEE every time. (Laughter) Hong Kong has performed badly in the past six years, is it a result of his bad-mouthing? The worst thing in Hong Kong now is the raging of SARS. If it is because of him, I will also hate Mr Martin LEE. It is no good that Hong Kong has SARS all because of him. However, Madam President, I do not wish to raise this question, and Mr TUNG does not need to reply.*

Just now when Mr TUNG answered the question of Mr Kenneth TING, he talked about reducing the number of civil servants. He said the matter would be resolved in two ways, namely natural wastage and freezing recruitment. He also mentioned two other ways but he did not give us the details. He said that up till now, he has nothing to say. I am not sure if Mr TUNG still remembers

that on 11 October last year, there was a report on the Wen Wei Pao that after the Chief Executive, Mr TUNG Chee-hwa, met the media the day before, he said on his own initiative that he had to make a fair statement for the civil servants and undertook again that within his term of five years, he would not lay off one single civil servant mandatorily. However, Secretary WONG recently said in public that he would not rule out the possibility of laying off civil servants, and that a decision would be made at the beginning of next year at the earliest. Secretary WONG also said that he himself had not said there would be no layoffs. As to the remarks of Mr TUNG, he said he was not sure and asked the reporters to approach Mr TUNG.

Madam President, I would like to ask Mr TUNG on behalf of Secretary WONG, the reporters and the civil servants, if he has pledged not to lay off any civil servant within his second term mandatorily? Secretary WONG said he knew nothing of what Mr TUNG had said. Is Secretary WONG indifferent to the acts of Mr TUNG, challenging him and regarding him as nothing? The Government expressed that it would not rule out the possibility of laying off civil servants. Is this in violation of its pledge? Given the present sagging economy, the popularity.....

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, your question is indeed too lengthy. This will leave no time for the other Members to raise their questions.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, in fact, I only have one more line to say.*

PRESIDENT (in Cantonese): Please be quick then.

MR LEUNG YIU-CHUNG (in Cantonese): *In particular, the popularity of Mr TUNG is lower than the other accountable officials. If he still decides to lay off civil servants, the unemployment rate will be pushed up further. Is this good to the current situation of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): Madam President, I would like to ask what Mr LEUNG has said at the very beginning? His question is too lengthy and I have forgotten. Can he repeat it?

PRESIDENT (in Cantonese): Mr LEUNG, please just raise your question. Is that all right?

MR LEUNG YIU-CHUNG (in Cantonese): *I said at the very beginning that.....*

CHIEF EXECUTIVE (in Cantonese): What has Mr LEUNG said in the beginning?

MR LEUNG YIU-CHUNG (in Cantonese): *I said good wine needs no bush. If something is good, people will naturally welcome, accept, respect and honour it. Even if the others criticize it, we do not have to fear. Mr TUNG always rebukes Mr Martin LEE for bad-mouthing Hong Kong. Is it because there is something wrong with himself? Is he very frightened? Is he lacking confidence in himself, and therefore afraid of being bad-mouthed? If he himself is good, why should he be afraid of being bad-mouthed?*

CHIEF EXECUTIVE (in Cantonese): To start with, I will answer the first question. (*Laughter*) It has been six years after the reunification; the SAR Government has come into being for six years; I have been the Chief Executive for six years. In these six years, what you have shown me is you have bad-mouthed Hong Kong for six years; reviled the SAR Government for six years; denied "one country, two systems" for six years; resorted to all means to reprimand me for six years. Very seldom do I hear constructive proposals. Why are you so negative towards Hong Kong after its reunification, the SAR Government, the "one country, two systems" principle and me? Why do you treat all these so disapprovingly? Is the reason very simple? I think you are insisting to look at today's new era in the old way. As for myself, I want to let

you know that I can put up with adverse remarks, I absolutely can. However, I want you to know that such adverse remarks will neither shake my determination to serve the people of Hong Kong, nor will they disrupt the work the people of Hong Kong and I have to do in order to face the challenges which come with the continual implementation of the "one country, two systems" principle, SARS, economic transformation and economic recovery. However, as the Chief Executive, I think I am duty-bound to patch things up and give you this advice: to keep abreast of the times. Time has changed. If you do not embrace the new era, it will relinquish you and give you up. Now in fact is the time for us to unite, to work hard together, and to strive to face the challenges. Why can we not work hard together?

As to the second question raised by Mr LEUNG, I have already replied. I have nothing to add.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, I am not a member of the Democratic Party, but I want to say something fair for the Democratic Party. The Democratic Party has also emphasized that they.....*

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, it is the Chief Executive's Question and Answer Session and not a debate. I know that you have harboured a lot of questions, but I think you should be considerate and think for the other Members. More than 10 members are waiting to raise questions. Please continue with your question.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, although Mr TUNG said he has nothing special to add with regard to the issue of the civil servants, I still wish to follow it up. Mr TUNG said there would be no layoffs, but we are worried and want to know if it is one of the two approaches he has mentioned. If so, the public will be very miserable because the present unemployment rate is already high. If more civil servants are laid off, I do not know if we can say this is hitting someone when he is down? Can Mr TUNG tell us clearly in such difficult times whether he will lay off civil servants? If he is really to lay off civil servants, other organizations may follow suit. I hope Mr TUNG will keep his words and honour what he has said.*

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, I have said earlier that within the next few years, that is, by the year 2006-07, we have to reduce the size of the Civil Service by 10% to 160 000 people. We can adopt several approaches, such as natural wastage, the VR scheme and freezing recruitment. Although I still do not have the opportunity to discuss this matter with Secretary WONG, I have learned from the newspapers that there is some distance between the result of the second VR scheme and our expectation. As to how the issue should be dealt with and how the target can be accomplished, we still have to continue with our discussion.

MR CHAN KAM-LAM (in Cantonese): *Madam President, Mr TUNG recently announced the establishment of two working teams headed separately by the Financial Secretary and the Chief Secretary for Administration. I am very much in favour of this. I conducted an opinion poll early this month and found that compared with before, the people now treasure their life more, attach greater importance to their health and care for their family more. I think that apart from rebuilding the economy and creating a hygienic city, the SAR Government should all the more promote "home sweet home" and harmony in society. May I ask Mr TUNG, apart from establishing these two working teams, will the Government further promote the spirit of civilization similar to what the health care workers have demonstrated recently in sacrificing for others?*

CHIEF EXECUTIVE (in Cantonese): As I have said earlier, the onslaught of the atypical pneumonia outbreak has highlighted the qualities of the people of Hong Kong. The potentials have all along been there, the question is how we can bring them out to make our society a better one. The Government can work on this, but I believe the results will be better if the public can take it upon themselves to do this. The Government should see how it can complement the work of the public and encourage them to do as much as possible in this regard.

MR CHAN KAM-LAM (in Cantonese): *Madam President, when allocating resources in the past, the Government has done a lot to provide social services and promote community education. However, at such a time, I do not know if the Government should do more to reverse some mentalities, such as that of working for personal gains and focusing on pecuniary interest, and instead*

promote loftier sentiments such as working for society, for public welfare and the people, so as to enhance social cohesion? I believe this is very important. I hope Mr TUNG can attach greater importance to this.

CHIEF EXECUTIVE (in Cantonese): This is a very constructive suggestion. We will follow this up.

PRESIDENT (in Cantonese): Mr Chief Executive, it is now a little past four o'clock but there are still many Members waiting to ask questions. May I have your permission to allow Members to ask two more questions?

CHIEF EXECUTIVE (in Cantonese): Yes.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive. Mr Albert CHAN.

MR ALBERT CHAN (in Cantonese): *Madam President, the Chief Executive has said earlier that Mr Martin LEE "bad-mouthing" Hong Kong. Whether or not we can call that "bad-mouthing" is subject to different opinions. However, there are facts to support that the Chief Executive has "undermined" Hong Kong over the past six years: the unemployment rate has tripled and the number of bankruptcies has amounted to 52 000 in these six years. Since he has "undermined", it is only natural that others will comment, and commenting and echoing is the political reality of Hong Kong. He has said earlier that we are facing a deadly enemy. I do not know if he has heard of the saying that sometimes, our deadliest enemy is ourselves. As regards the issue of atypical pneumonia, the way in which China handled it is very different from that of Hong Kong*

PRESIDENT (in Cantonese): Mr CHAN, could you please come straight to your question?

MR ALBERT CHAN (in Cantonese): *this is the question I want to ask, a question on atypical pneumonia. In handling the outbreak of atypical pneumonia, the Chinese Government took bold measures right from the start by dismissing the mayor of Beijing and the Minister of Health. The issue was handled in a new way by new officials. However, as of today, Hong Kong has been confronted with a lot of problems in dealing with this issue, but no one has yet been dismissed or penalized. Does the Chief Executive disapprove of the methods and approaches adopted by the new Chinese leaders in dealing with such issue? Does he think that they are wrong? Does he think that the senior officials of the Central Government have made a wrong decision in dismissing the mayor of Beijing?*

CHIEF EXECUTIVE (in Cantonese): This is such a superficial question. (*Laughter*) To us, as I have said earlier, we knew nothing about the epidemic when it first broke out here. Therefore, we have been very passive when we dealt with the situation in the beginning. However, we gradually turned from passive to active, and from active to coming into control. We have gone through a process. In this process, we have summed up our experiences, learned our lessons and tried to do our best. Since this is a new epidemic, it is a new experience, and we need time to handle it. In fact, you can see that after more than two months, we have managed to bring the daily number of new cases down to single digit. This is not something easy. If you ask me if we can do better, I can of course tell you we can. Had I known what was happening right from the beginning, things would have been different. However, we will always learn our lessons from our experiences. Nevertheless, let me tell you, be it the WHO or other people from around the world, they have highly commended the efforts of Hong Kong in handling this incident.

MR ALBERT CHAN (in Cantonese): *Madam President, the Chief Executive has not answered my question. I do not understand why my question on whether the decision of the leaders of the Central Government was correct and whether he agreed with them is a superficial question. Does he also think that the actions of the leaders of the Central Government were superficial? I have asked him a very explicit question, and that is, does he agree with the actions of the Central Government in dismissing the mayor of Beijing? If he thinks that this is a superficial question, then, I will have to put the question to the leaders of the Central Government if I have a chance to do so in future.*

CHIEF EXECUTIVE (in Cantonese): Fine. (*Laughter*)

PRESIDENT (in Cantonese): Last question.

MR HENRY WU (in Cantonese): *Madam President, I will not ask about minimum brokerage commission rate again this time. I believe it must have been a long time since Mr TUNG last engaged in direct securities transactions, and I believe he is far too busy to spare time to do so. I have great respect for Mr TUNG's dedication to serving the people of Hong Kong and sacrificing the opportunity to make money. However, although Mr TUNG is busy, since Hong Kong is an international financial centre, he must certainly be concerned about and aware of the situation of the Hong Kong Exchanges and Clearing Limited (HKEx), in particular, there has been a continuous reduction in trading volume. Recently, the HKEx announced that its trading volume has dropped by 14% in the first quarter, and we cannot be optimistic about the future. I believe Mr TUNG knows very well that in the past two years, the securities industry was faced with a number of reforms, including the harsh "magnum opus on securities", the abolition of the minimum brokerage system, and so on. Having laid its emphasis on dealing with the relevant reform, the authorities concerned have not made efforts in finding ways to increase the HKEx's trading volume. Moreover, for many years in the past, the regulatory authority has regarded brokers as thieves, making the atmosphere certainly unfavourable, and.....*

PRESIDENT (in Cantonese): Mr WU, please come straight to your question.

MR HENRY WU (in Cantonese): *Yes, Madam President. Furthermore, the penny stocks incident last year and the series of events that followed were seen as internal power struggles, and both incidents were not conducive to helping to promote its trading volume. Mr TUNG often emphasizes that everything will prosper if there is peace in the house and there should be unity in the community. May I ask Mr TUNG what he thinks about the situation I have mentioned earlier? Has he got any suggestions for improvement so as to resolve these problems? Are there any suggestions for expeditiously increasing the trading volume of HKEx, so as to maintain Hong Kong's status as an international financial centre?*

CHIEF EXECUTIVE (in Cantonese): Madam President, Hong Kong's position as a financial centre is of great importance to its future development, and that is why I have mentioned this in particular earlier. In fact, I do bring up this issue every time I meet the leaders of the Central Government, hoping that more major state enterprises will come to get listed in Hong Kong. I also hope that more private enterprises will come and get listed in Hong Kong, and this certainly includes developing their business overseas. In fact, the Central Government fully agrees to this. Of course, due to the SARS outbreak, our work on this front has now been stopped. Thus, we not only hope that the SARS problem in Hong Kong can be resolved soon, but also hope that the SARS problem on the Mainland can also be resolved soon. It is only then that financial activities can resume.

As regards the other point, that is, how we can have peace in the financial sector for things to prosper, I hope Mr WU can also make some efforts.

MR HENRY WU (in Cantonese): *Madam President, Mr TUNG just said that he hoped more major state enterprises would come and get listed in Hong Kong. We certainly welcome this but this is very remote. Due to the SARS outbreak, will Mr TUNG propose to reduce certain so-called transaction costs, so as to stimulate transactions? For example, will he consider lowering or cancelling the stamp duty imposed on securities transactions?*

CHIEF EXECUTIVE (in Cantonese): I believe in the \$11.8 billion review conducted recently, we have done what can be and should be done. If it has not come under the review, it means that it will not be done.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive. Twenty-eight Members have indicated their wish to raise questions at today's meeting, and I would like to thank the Chief Executive for answering the questions of 14 Members.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 21 May 2003. The Chief Executive will now leave the Chamber. Will Members please stand?

Adjourned accordingly at ten minutes past Four o'clock.