

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 1 March 2012

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

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

MS JULIA LEUNG FUNG-YEE, 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 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.

THE CHIEF EXECUTIVE'S QUESTION AND ANSWER SESSION

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

(The Chief Executive entered the Chamber)

MR ALBERT CHAN (in Cantonese): Hong Kong's Number One Corrupt Official, step down!

PRESIDENT (in Cantonese): Mr Albert CHAN, please remain silent.

MR WONG YUK-MAN (in Cantonese): Donald TSANG, step down! Donald TSANG, step down!

MR ALBERT CHAN (in Cantonese): Hong Kong's Number One Corrupt Official is Donald TSANG!

MR WONG YUK-MAN (in Cantonese): Donald TSANG, step down!

PRESIDENT (in Cantonese): I must remind the Honourable Member that you must abide by the Rules of Procedure, or else I shall have to ask you to leave the Chamber.

CHIEF EXECUTIVE (in Cantonese): President and Honourable Members, I have served the Government for 45 years, and there is only three months to go before my formal retirement. Starting as an Executive Officer II, I have now risen to the position of Chief Executive. Over all these years, I have always upheld the values regarding civil servants' honesty and integrity

(Mr WONG Kwok-kin rose to his feet)

MR WONG KWOK-KIN (in Cantonese): President, a point of order.

PRESIDENT (in Cantonese): Chief Executive, please wait. Mr WONG, what is the problem?

MR WONG KWOK-KIN (in Cantonese): President, last time when we displayed some objects on the bench behind us, the staff of the Secretariat were very concerned and they asked us to remove the objects, advising us that we could only put them on our own parts of the bench. However, I now see that some Members have put some objects on the bench behind them. May I ask whether the staff of the Secretariat are fair in their enforcement of rules?

PRESIDENT (in Cantonese): Mr WONG, if the objects displayed by any Members hinder the proceedings of the meeting, I shall direct them to remove the objects.

Honourable Members should appreciate that this is a Chief Executive's Question and Answer Session, and many Members are waiting for their turns to ask questions. Therefore, will Members please do not waste any time of the meeting.

MR WONG KWOK-KIN (in Cantonese): President, I do not mean to waste any time

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

MR WONG KWOK-KIN (in Cantonese): I only wish to receive fair treatment. Last time, the Secretariat did require us to remove the objects. I do not think that this was fair to us. Is that because we are easy-going?

PRESIDENT (in Cantonese): Mr WONG, you are depriving other Members of their time to ask questions.

MR WONG KWOK-KIN (in Cantonese): President, I understand what you are saying. However, fairness and impartiality are also very important to the legislature.

PRESIDENT (in Cantonese): Mr WONG, I have already made a ruling. Please sit down.

MR CHIM PUI-CHUNG (in Cantonese): I support Mr WONG Kwok-kin's views. I am with him.

PRESIDENT (in Cantonese): Please sit down.

MR WONG KWOK-KIN (in Cantonese): President, I find your ruling extremely unfair. I now withdraw to show my protest.

(Mr WONG Kwok-kin withdrew and left the Chamber)

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

CHIEF EXECUTIVE (in Cantonese): I have over all these years upheld the values regarding civil servants' honesty and integrity with unshakable conviction. The mass media have recently disclosed that I accepted my friends' hospitality involving travels on private yachts and private jets, and that I have rented a private property in Shenzhen with the intention of using it as my residence after retirement. All these have aroused the concern of the public and Honourable Members, and they want me to give an account.

I admit that such media reports have led the public to question my integrity and conduct as Chief Executive. I have hidden nothing from Honourable Members. At the very beginning, especially when the banquet in Macao and the hospitality involving yacht passages were first reported, I thought my acts were in total compliance with the rules and I had a clear conscience, so I voluntarily phoned in during a Radio Television Hong Kong programme to give a full account of all the matters. I also revealed beforehand my renting of a private property in Shenzhen as my residence after retirement. Afterwards, the mass media further reported my acceptance of hospitality involving private jets and questioned whether my renting of a residence in Shenzhen amounted to any transfer of benefits from the property developer concerned. Then, there were a whole series of accusations, including those about the handing over of my private wine collections to Jim THOMPSON for free storage and my acceptance of hospitality involving private jets offered by Middle East countries during official visits. Criticisms have kept emerging every day on all fronts. I have reflected over the whole thing, trying to figure out why the mass media, Honourable Members and the general public all find such accusations believable.

I think all is because there is a gap between public expectations and my handling of the hospitality involving yachts and private jets. Certain public opinions have described the Chief Executive as greedy. I admit that there is an obvious gap between the current rules, with which I have faithfully complied, and the expectations of Hong Kong people on the Chief Executive's conduct. In consequence, there has been disappointment from the community and doubts about my integrity. As a result, people may easily believe all subsequent reports regardless of whether they are true.

At this juncture, let me once again give an account of the several issues that have aroused the concern of everybody:

- (a) Macao banquet: My wife and I went to Macao on vacation and for grave worshipping two weeks ago. This was a private occasion, and we did not visit any casinos. At our friend's invitation, we attended a performance of singer FEI Yuqing at the hall of Grand Hyatt Macau. As reporters kept taking photographs after our entrance, I decided to leave early in order not to disturb the rest of the audience.

- (b) Hospitality involving yacht passages: In April 2011 and February 2012 respectively, considering that there was no conflict of interest, I accepted the hospitality involving yacht passages offered by a friend of mine for returning to Hong Kong from Macao. I adhered to the established practice of paying to my friend the fares for the same journey on public transport, in the amount of \$500 each time. During the two Macao trips mentioned above, I put up at my friend's yacht for two nights on each occasion.
- (c) Private jets: In October 2009 and February 2012 respectively, my friends and I left Hong Kong for vacationing on a private jet. The destination of the trip in 2009 was Japan. As the private jet was rented by my friends and me in the market on a "cost-sharing basis", my friends and I shared all the costs of rental, fuel and parking as well as other associated expenses on a "per-head basis". The share for me and my wife was totally \$188,000.

The destination of the trip in February 2012 was Phuket in Thailand, and I travelled on a friend's private jet at his invitation. I paid the related transportation expenses at the rate of commercial air fares from Hong Kong to Phuket, in the amount of \$5,900.

- (d) Renting of Donghai Garden: I own a residential unit in Hong Kong, but it is rented out and the tenancy agreement will not end until late this year. Before the expiry of the tenancy agreement, I cannot claim back the unit for my own use, and I also wish to leave Hong Kong for a short period of time after leaving office. In the past few years, I looked far and wide for a residence. Proximity to Hong Kong is one of the conditions because I must come back very often and eventually settle down in Hong Kong. Proximity to Hong Kong will enable me to have frequent visits to my son and granddaughter, which was why I rented an apartment in Futian, Shenzhen. It is an apartment in Junhaoge, Donghai Garden, Shenzhen, measuring 630 sq m and close to a Catholic church. I intend to live there for a short period of time after leaving office.

The rental agreement was signed around February 2012. Tenancy will start from July this year with a rent of RMB 800,000 yuan per year (appropriately HK\$1 million). The tenancy period is three years, after which I may move out by giving a three months' notice in case I find another place or want to move back to my apartment in Hong Kong. The rental agreement does not cover the provision of domestic helpers or drivers.

- (e) Wine collection: In preparation for moving out from the Government House after leaving office on 30 June 2012, I decided in 2010 to donate my private wine collection to charity. Mr Jim THOMPSON of Crown Wine Cellars subsequently purchased the wine collection at a price based on a professional evaluation.

In mid-2010, I donated the total proceeds of \$2 million to three charitable organizations, namely the Hong Kong Red Cross, the Community Chest and the Society for the Promotion of Hospice Care.

The wine collection consisted of 1 600 bottles, most of which were purchased by me starting from the 1980s. A small number of them were given to me by relatives and close friends as birthday or festive gifts. I accepted them under the circumstances permitted by the relevant rules.

I admit that my 45 years of experience in public service is an asset for me. However, such experience is also an encumbrance, one which has created "blind spots" that confine me to my own belief and make me overlook the fact that as times change, public expectations have also changed and people have turned more demanding towards public officers.

As a remedy, I have offered accounts to the public many times through the mass media and set up an independent committee chaired by Mr Andrew LI to review the existing system, codes and procedures, especially the prevention of conflicts of interest.

I have also heard the voices of Honourable Members. This explains why I requested the President to give his consent to holding one more Chief Executive's

Question and Answer Session. The purpose of my coming in person to the Legislative Council today to offer Honourable Members an account is not so much to redeem myself, but to restore the confidence of the public in the cleanness and integrity of the Hong Kong Government.

In order to further allay public anxieties, I have decided, after discussing with my wife, to give up renting the apartment in Donghai Garden, Shenzhen and hold discussions with the landlord on dissolving the rental agreement as soon as possible.

The series of events have aroused the concern of the public, the mass media, the public opinions sector, Honourable Members and my civil service colleagues. The events have also shaken people's confidence in Hong Kong's system. For this reason, I must tender a serious apology to the public.

The new Chief Executive will soon be elected, and I will fade out from Hong Kong politics. Today, I feel very deeply that while one faces a very long journey in building up people's political trust, one may lose all the trust of the public overnight.

Honourable Members, whether you still trust me, you must never lose confidence in Hong Kong's system. I give you my word that whether in the review of the regulatory system or the investigation by the Independent Commission Against Corruption (ICAC), I shall invariably render my best possible co-operation.

Thank you, President.

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

MS STARRY LEE (in Cantonese): *President. Chief Executive, just now you apologized to the public for the whole series of events. I can feel the profundity of your reflection. Nevertheless, I wish to ask you a few questions. You have stressed over and over again that you have 45 years of experience in the Civil Service, and a civil servant must observe a whole series of rules and codes of conduct. When you accepted your friends' hospitality and travelled on their*

yachts and private jets, did you ever ask yourself whether you would approve the application from a civil servant, in which he proposed the same arrangement? If yes, do you think such an application will ever be made at all? If not, then why did you accept such hospitality at that time, thinking that this was in accordance with the rules and could even feature the "whiter than white" image of the Chief Executive?

CHIEF EXECUTIVE (in Cantonese): The rules governing the acceptance of entertainment/hospitality or travel sponsorship by SAR civil servants are very clear. If approval is needed, an application must be submitted for approval by the supervisor; some of the rules are legal requirements, while others are regulatory guidelines set out in codes of conduct. All of them are very detailed and comprehensive.

All other public officers who are politically appointed must abide by the relevant codes of conduct applicable to them when it comes to the acceptance of entertainment/hospitality or any advantage or gift. Such codes of conduct are identical in spirit to those applicable to civil servants. However, if any doubt arises or any special approval is required, there must be approval from the supervisor. In case of any further doubt, guidance from the Chief Executive must be sought. Such are the requirements that have been followed all along. Very often, on certain occasions such as maiden voyages, public officers are invited to travel to some places with sponsorship. Sometimes, approval for this may be granted, but there must still be an approval process. If approval is granted, the officer concerned shall not need to pay any fees. If approval is not granted, the officer is not allowed to accept the invitation.

The problem is actually about occasions where the Chief Executive himself receives similar invitations. The greatest principle that must be considered is whether such an invitation will constitute any conflict of interest. This is the very principle I have been observing and upholding with never ever any compromise. If there is no conflict of interest, what should I do? In this regard, I have myself set down some internal guidelines. In the past, there were no such guidelines, and the Chief Executive could make all the decisions. But when the current Government commenced, that is, in 2007, I pledged to rectify the situation and enhance these guidelines. Hence, we have made many efforts such as applying certain appropriate provisions of the Prevention of Bribery

Ordinance to the Chief Executive; this is the first time in the history of Hong Kong since its inception. Where legislative control is impossible or inappropriate, internal regulation is adopted.

As for the acceptance of invitations to tours and travels, for all the years since 2007, I have been abiding by the internal rule that the travel costs I pay must be no less than the original costs I should otherwise pay. This is the rule I have always upheld. Such a rule is not unique to Hong Kong, as it is likewise adopted by the governments of liberal democracies overseas. And, I have always abided by this rule. All was simply about the fact that I accepted my friend's offers of giving me a lift on his plane. Nevertheless, Hong Kong people obviously do not think that this is proper. I also admit that while I consider what I have been upholding correct, the public do not think so. I must respect the view of the public. I have aroused the concerns and worries of the public, and this is the main reason for my apology just now.

"A fall into the pit, a gain in your wit" is the lesson I have learnt from this incident. This incident has brought home to me the need for greater prudence and sensitivity in doing things. Moreover, I am not going to stop right here. You should know that I have appointed a special committee chaired by Mr Andrew LI to review the existing system, rules and mode of operation, with a view to establishing a set of better guidelines for future use.

MS STARRY LEE (in Cantonese): *President, many members of the public and civil service unions have criticized him for being "harsh to others but lenient to himself", particularly over the handling of his accepting the hospitality of travelling on yachts and private jets. In hindsight, or at this moment, does he agree to this allegation?*

CHIEF EXECUTIVE (in Cantonese): Honourable Member, as I explained to you just now, civil servants or politically appointed officials wishing to accept jet travel sponsorship may sometimes be granted approval, but sometimes approval may not be granted. If approval is granted, they shall not need to pay any fees.

I am the Chief Executive. I am supposed to give approval to myself, so unless I do not give approval to myself under any circumstances But if I am

to give approval to myself under the condition that no conflict of interest whatsoever is involved, what should I do next? I have always thought that as a matter of utmost fairness, rather than allowing myself to be tempted by any advantages, I must pay the costs I should pay. Instead of seeking any saving on travelling expenses, I must pay the appropriate expenses. In the case of plane journeys, I will pay the economy class fare for a short flight; for long-haul flights, I will pay the commercial class fare. This is the rule. Of course, this rule is only applicable to the Chief Executive. I also understand that this practice is now questioned by the public and makes Honourable Members uncomfortable.

MR ALAN LEONG (in Cantonese): *President. Mr Chief Executive, the greatest anomaly to civil servants now is that you "allow yourself to commit arson but forbid the masses to even light their lanterns". Concerning the internal rules or code of conduct that you mentioned just now, are there any written copies? When was such an internal code promulgated? Is it kept on file? Has it ever been discussed by the Executive Council? Can you describe in detail the nature of this so-called code of conduct and when it came into being?*

CHIEF EXECUTIVE (in Cantonese): Honourable Member, I have already explained to all of you that such internal rules are applicable to the Chief Executive only. They are internal guidelines drawn up upon the establishment of the current Government in response to my election pledge to tighten the arrangements governing the acceptance of advantages. Over the past few years, I have always followed these guidelines.

It is indeed true that these guidelines lack transparency, and they are only internal guidelines. Why? The reason is that these guidelines are applicable only to the Chief Executive. And, all the practices I adopt are not unique to Hong Kong. I have already studied the practices adopted by overseas democratic governments. However, as I said just now, these practices have come under public criticisms and aroused Members' concern. Therefore, I am grateful to Mr Andrew LI for leading the special committee to conduct a review of these practices. I hope that the committee can expeditiously put forward improvement proposals for immediate implementation in my term.

MR ALAN LEONG (in Cantonese): *President, Mr Chief Executive seems to have failed to answer my question. The Chief Executive pointed out just now that he formulated an internal code of conduct for himself after becoming the Chief Executive. However, during his 45 years of public service, with 31 years as a civil servant — if I am not wrong in my counting The problem now is that civil servants in the Government cannot possibly and will not be allowed to do the same thing. I mean a civil servant couple will not be allowed to pay only \$500 for a luxury yacht trip from Macao to Hong Kong. Why is this kind of reasoning adopted for his internal code of conduct? This explains why I asked him when the code was formulated and whether it had been submitted to the Executive Council for discussion. During my visits to the local communities these days, residents often say they are going to give me \$500 for arranging a return trip to Hong Kong on the same yacht for them*

PRESIDENT (in Cantonese): Mr LEONG, you have already stated your question. I will invite the Chief Executive to reply.

CHIEF EXECUTIVE (in Cantonese): I have already explained to Honourable Members that in the case of civil servants or accountability officials, this will not happen because a vetting and approval procedure is in place. Therefore, there is adequate safeguard. However, in the case of the Chief Executive, I would say this is the only best approach in the absence of any alternatives, an approach which is based on the principle of not seeking any saving on travelling expenses. I have already explained this point. Regarding this practice, I have already heard people's views and Honourable Members' criticisms that it is not correct.

I hope Mr Andrew LI can focus on such events and come up with better arrangements. I hope that this can, on the one hand, enable the Chief Executive to continue to maintain contacts with various social strata, and grasp not only the sentiments of the grassroots and the middle class but also those of businessmen. This is the only way to do the job well. On the other hand, I also hope that in respect of a code of conduct, he can draw up a set of arrangements which is satisfactory and acceptable to various sides.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, I must remind you once again not to express your views in your seat when the Chief Executive is speaking. Please observe the Rules of Procedure.

DR PHILIP WONG (in Cantonese): *President. Chief Executive, Mr ZHANG Songqiao, the tycoon who gave you a ride on his private jet to and from Phuket, is my friend. I have played golf and dined with him before. He is also a shareholder of the Western Harbour Crossing and the Tate's Cairn Tunnel. Did you make any declaration of interest when the Government or the Executive Council discussed the toll increases of the tunnel companies? How can you convince the public that there was no transfer of benefit? Will the Chief Executive please give us a detailed account?*

CHIEF EXECUTIVE (in Cantonese): The Western Harbour Crossing Ordinance provides for a specified toll adjustment mechanism in respect of the Western Harbour Crossing. I believe Honourable Members are also aware that under the mechanism, the Western Harbour Tunnel Company Limited (WHTCL) may exercise the power under the Ordinance to effect a toll increase when its actual annual net revenue in respect of any year is less than the minimum estimated net revenue permitted by the Ordinance. The Ordinance also provides clearly that no approval from the Government or the Executive Council is required for its rates of toll increases and toll adjustments on every such occasion. Therefore, my relation with him as the Chief Executive does not constitute any conflict of interest.

DR PHILIP WONG (in Cantonese): *Chief Executive, what I am asking is whether you made any declaration of interest when scrutinizing tunnel toll increases. You have friendship with him, don't you? Do you need to make a declaration of interest because he is your friend?*

CHIEF EXECUTIVE (in Cantonese): As I have already mentioned, the WHTCL does not need to obtain approval from the Executive Council for its toll increases. No approval is required. However, the Executive Council follows

one rule: in cases of simple friendship that does not constitute any conflict of interest, we normally do not need to make any declaration of interest. There have been quite a number of such cases before.

MS EMILY LAU (in Cantonese): *President, the Chief Executive's apology is a belated one to many members of the public. He said that he would like to take this opportunity to restore public confidence in the cleanness and integrity of the Government. I hope the Chief Executive will co-operate fully with the Legislative Council and all the law-enforcement authorities that conduct investigation into his conduct. We hope the public confidence shattered by him can be rebuilt.*

President, I likewise want to ask a question related to Mr ZHANG Songqiao, because the Chief Executive flew to Thailand on his private jet for a four-day-three-night stay and presumably put up at his yacht, paying only \$5,900 for all this.

The media refer to Mr ZHANG as the richest man in Chongqing — Chongqing's LI Ka-shing. We have received some information which reveals that since several years ago, the Chief Executive has been receiving entertainment/hospitality on his yacht twice a month along with other Mainland tycoons. There are also talks about the Chief Executive recommending Mr ZHANG as a Hong Kong member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC member) in 2007. May I ask if these talks are true?

CHIEF EXECUTIVE (in Cantonese): Regarding your mentioning of Mr ZHANG becoming a CPPCC member, I must say that I played absolutely no part in the whole thing. Nor did I make any recommendation either. However, I hope Honourable Members can appreciate that over the 40 years or so of my public service, I have come into contact with many Hong Kong people and made quite a number of friends. These people have information about many different fields, and I sometimes need to grasp such information before I can carry out my duties truly effectively. However, I do draw a clear line between official business and personal relationship. As personal friends, we may meet, chat, dine together, and even have fun or go hiking as a group. However, when we

discuss official business, I always draw the line clearly. I will never allow my friendship with these people to influence the impartiality and seriousness of my handling of official business.

MS EMILY LAU (in Cantonese): *President, the Chief Executive has not answered my question. I want to ask him if he has been receiving Mr ZHANG's hospitality on his yacht along with many Mainland tycoons as frequently as almost twice a month since several years ago. President, the information set out in the table he provides to us shows that he travelled on yachts and jets for quite a number of times. If it is indeed true that on top of all this, he has even been using the yacht of Chongqing's richest man frequently and mingling with a lot of Mainland tycoons, I believe many Members of the Legislative Council and the general public would want to know the truth.*

CHIEF EXECUTIVE (in Cantonese): Honourable Members, this is simply not true. How can anyone ever imagine that I travel on the yacht of the same person every month? This is simply not true. And, I do not travel on other people's yachts very often either. I have contacts with different people. And, whether it is travelling on yachts or going hiking, the people involved and the dates of such functions are different.

DR PRISCILLA LEUNG (in Cantonese): *President. Chief Executive, 45 years into your political career, you are now faced with the major issue involving the probity of the Hong Kong Government. From your apology a moment ago, we can sense that you are extremely saddened. I think we are equally so.*

I think that of all the rumours, the one involving Mr WONG Cho-bau should be the most serious. For that reason, Chief Executive, may I ask you to take this opportunity to tell us clearly when you first got to know Mr WONG Cho-bau? How was your friendship with Mr WONG Cho-bau when he filed the application as the major shareholder of the Digital Broadcasting Corporation Hong Kong Limited (DBC)? When you rented his Shenzhen flat, did you realize that he was the major shareholder of DBC? Furthermore, have you completed all the renting formalities?

CHIEF EXECUTIVE (in Cantonese): I first met Mr WONG Cho-bau in some social functions seven or eight years ago. We usually see each other just a few times a year, not on any frequent basis. The Honourable Member has mentioned that Mr WONG Cho-bau is a shareholder of DBC. Speaking of the matter of application, I have explained to Ms Emily LAU just now that I do draw a clear line between official business and personal relationship and will not allow personal friendship to influence any major policy decisions of the Government.

Moreover, the procedure adopted by the Government to vet and approve applications for broadcasting licences is very stringent. Such applications are not directly vetted and approved by the Executive Council. There is an independent statutory body — the Broadcasting Authority — to vet and approve applications under an approach marked by transparency and competition. The process of vetting applications is also subject to very stringent and professional requirements. And, all relevant applications will be scrutinized by the Broadcasting Authority before submission to the Executive Council. The Executive Council will modify the Broadcasting Authority's recommendations only for very special reasons.

Regarding the Executive Council, as I have explained just now, in the case of mere friendship, no declaration is required because I have many friends in Hong Kong. Mainly, all must depend on whether my relationship with a friend involves any conflict of interest.

In fact, when the Executive Council discussed the application filed by DBC — I always tend to forget its Chinese name — its consideration was based on the Broadcasting Authority's recommendation, and the decision of the Executive Council was in line with the recommendation of the Broadcasting Authority. In the course of discussion, the one issue which we discussed a lot was that we all had quite a number of friends. I know not only Mr WONG Cho-bau, but also Mr Ronald ARCULLI and Mr Albert CHENG. Almost all Members of the Executive Council know them. Our final decision was that no declaration should be required in the case of these "friends". When the Executive Council discussed the issue of licence approval, I honestly did not think of the relationship between my plan to have a residence in Shenzhen in the future and a shareholder of DBC. Therefore I did not make any specific declaration. Nevertheless, I can assure Honourable Members of my total adherence to the principle that "official business and personal relationship are two separate matters". I will not

allow any private functions to affect my public duties, in particular my responsibility as the President of the Executive Council.

DR PRISCILLA LEUNG (in Cantonese): *President. Chief Executive, can you confirm that before the granting of a licence to DBC, you never expressed any commendation of Mr WONG Cho-bau's personal conduct and business achievements either explicitly or implicitly before the relevant approving parties, commendation that might have exerted some sort of indirect influence? Can you confirm that you have never done so?*

CHIEF EXECUTIVE (in Cantonese): I can assure you that I have never done so. Nor have I ever said anything to this effect. Not only this, while I know several other shareholders better than I know Mr WONG Cho-bau, I likewise did not disclose my friendship with them to others and talked about the so-called "special treatment" mentioned just now. I think this is the most important rule I have upheld over the past few decades.

Civil servants attach very great importance to the procedure of vetting licences, and they strongly oppose any conflict of interest or personal interest that interferes with their decisions and consideration. I understand and respect this and I will never do so. It is wrong to interfere with any vetting process, particularly the solemn process of vetting licence applications, and I will never do so. I have never done so over the past few decades.

MR LEE CHEUK-YAN (in Cantonese): *President. Chief Executive, Hong Kong people actually no longer have anything to take pride in. In the past, we thought that Hong Kong was clean, without any corruption to say the very least, but your conduct has made people wonder whether we have already converged with the Mainland in terms of corruption. When making an apology just now, you said that people's expectations had turned higher, and they had changed. Chief Executive, can we say that it is only you who have changed? You stressed just now that you always drew a clear line between official business and personal relationship, and would accept entertainment or hospitality only in the absence of any conflict of interest.*

First, you should have heard of the saying "Neither do up your shoes in a melon patch nor adjust your hat under a plum tree", but how come you have not learnt how to avoid suspicion? Second, you pointed out that there was no conflict of interest. But how can we know? How can the public know whether there was any conflict of interest? Can you tell us the names of all those "friends" who have offered you hospitality? Because if we do not know who these "friends" are and all the itineraries and prices connected with the hospitality they offered you In the case of the Thailand trip, for example, you only said that you travelled on a private jet. But, how about your putting up at another person's yacht for four days and three nights? Did you mean that this did not cost money? Can you give us a clear account of all these matters, so that Hong Kong people can judge whether there was actually no conflict of interest?

If you do not disclose their names Some Members mentioned ZHANG Songqiao just now, but I really do not know too much. I have not heard from you who on earth offered you the hospitality of travelling to Japan, Thailand and Macao. Can you give us a clear and full account? Can you further explain whether you made any declaration when the Executive Council handled official business relating to them? Well, the answer is obvious. You said just now that you made no declaration in the discussion involving DBC; as for the discussion involving the Western Harbour Crossing, you said there was no need to make a declaration

PRESIDENT (in Cantonese): Mr LEE, please stop delivering a long speech.

MR LEE CHEUK-YAN (in Cantonese): *My question just now is very clear. I hope the Chief Executive can disclose the information about all his friends who are involved, and whether he has made any declaration when handling official business relating to all these friends, so that the public can make their own judgment.*

PRESIDENT (in Cantonese): You have already stated your question. Chief Executive, please reply.

CHIEF EXECUTIVE (in Cantonese): Regarding the avoidance of suspicion, I have given an explanation just now. I admit that the rules which I have all along considered consistent with my conscience and which I have adhered strictly to are not acceptable to the public. I have also told myself that I must be more cautious over these things in the future, and that I must, in particular, discipline myself and steer clear of anything that may cause unnecessary suspicion. And, every time when I receive an invitation, I must consider whether there is any conflict of interest between the host's business or job and my present agenda of work. I will accept the invitation only after such consideration.

I have reported to Members the whole thing this time, in the hope of giving Members a frank and thorough account of all the information and details. However, when it comes to the personal particulars of individual persons, it is frankly very difficult for me to offer a full account. As you are also aware, the person at the centre of attention in this incident is Mr ZHANG Songqiao, whom Members have asked and talked about many times. He invited me to travel on his jet. The media know this very well, and they have carried many reports. As for Members' references to my journey to Phuket on a jet arranged by him, let me explain the Government's relevant procedure. Trips are governed by specific rules. Government personnel must, as I said just now, obtain approval. And, on my part, when accepting any hospitality of travelling on jets or vessels, I must not seek any saving on the travelling expenses that I must otherwise pay. As for accommodation, in the case of commercially operated accommodation such as hotels, we must ourselves pay the costs involved. However, in the case of non-commercial accommodation, such as friends' homes or their yachts, there is no need to make any declaration and obtain approval. Besides, there is likewise no need for any application and approval in the case of accepting invitations to banquets, food or drinks. There is three-tiered regulation of these things. Politically appointed officials are also subject to these rules. These rules are not applicable to me, but I similarly uphold the same spirit. Therefore, I hope Members can realize that I have been following the existing rules as far as I can.

As for the Japan trip the Honourable Member mentioned just now, my friends and I clubbed together to charter a jet for travelling among several cities, because inter-city transportation is not so convenient. Since I paid the full cost and I was not invited to travel there, no acceptance of advantage whatsoever was involved. As for the journey to Phuket, Thailand, I did travel on my friend's jet.

However, I must tell Members that there was absolutely no conflict of interest between my official business and his business.

MR LEE CHEUK-YAN (in Cantonese): *President. Chief Executive, you have tendered an apology to Hong Kong people, but I do not think you have been frank enough. You were still talking about personal particulars. You should not put such a heavy burden on yourself; let us judge whether you have been involved in any conflict of interest*

PRESIDENT (in Cantonese): Please make your supplementary question simple.

MR LEE CHEUK-YAN (in Cantonese): *I have clearly requested the Chief Executive to disclose the "friends" and tycoons who have offered him hospitality or entertainment, together with any involvement of government business. If we do not have such information, how can we know whether there was any conflict of interest? Therefore, Chief Executive, very simply, let me ask you one last question. In case the Legislative Council invokes the Legislative Council (Powers and Privileges) Ordinance to investigate your case, will you render your co-operation or call upon Members to support such an action, so that you can have more opportunities to own up before the people of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): I am not supposed to comment on what decisions the Legislative Council is to make, but I hope Members can understand that as the Chief Executive, I must meet with different people in my work every day, and I will dine with different people. The frequency of socializing with outsiders used to be one or two evenings a week, and is around several evenings a week recently. And, there are also luncheon and breakfast meetings. In many cases, the other side will agree to tell me the truth honestly only when assured of their anonymity. For this reason, I hope Members can appreciate my difficulty in fully disclosing whom I have met and dined with as well as what we have eaten. I frankly find it difficult to do so, and I hope Members can appreciate my difficulty.

MR JEFFREY LAM (in Cantonese): *President and Chief Executive, a number of events have taken place recently, and with all the media coverage, the public have grown extremely concerned, hoping that the Chief Executive can give a clear account of the events today. From newspapers and the radio, we learn that the Chief Executive has given some responses on the recent events, explaining that he has been abiding strictly to the rules. What are the rules governing your acts? Are you the only person who can check your own acts? Do you think that the rules you refer to should be more stringent than those applicable to civil servants and accountability officials?*

As you mentioned just now, you only paid the economy class fare for one of your private jet flights, that is, \$5,900. The other time, however, you paid \$188,000. These are two entirely different standards. What were the criteria adopted by the Chief Executive? Do you think this is fair to ordinary civil servants?

CHIEF EXECUTIVE (in Cantonese): I understand that there are many different views on this issue. The code I set up for myself takes several aspects into account as far as possible. The first aspect concerns the provisions of the Prevention of Bribery Ordinance that are applicable to the Chief Executive. These are requirements under the law, some of which can be applied to the Chief Executive, and they were enacted in 2008. The second aspect concerns the formulation of an internal code of conduct. Such a code is based on the same spirit underlying the existing code of conduct for civil servants and those for principal officials and accountability officials. I have adhered to such codes as far as possible, but it is honestly impossible to adopt some of the provisions of such codes. As I explained to Honourable Members just now, in the case of passage sponsorship, for example, it is impossible to draw up any procedure for giving approval to the Chief Executive. The Chief Executive must himself make judgment on what should be the proper thing to do. One option is the total rejection of any such offer. Another option is the adoption of the established practice for civil servants, that is, to legitimize the acceptance of hospitality without making any payment after the granting of approval. But how about the case of the Chief Executive? My approach is that under the principle of not seeking any saving on travelling expenses, I must use the relevant normal air fares or the normal fares of any relevant transportation modes as the benchmarks for determining what I must pay. I used to think that this was fair enough.

This approach, incidentally, is not unique to Hong Kong. It is likewise adopted by foreign governments to handle similar situations faced by all politicians to whom no approval procedure can be applied.

In spite of this, as I explained a moment ago, this approach has turned out to be the major cause of the recent row. I have learnt a lesson. That is why I have invited Mr Andrew LI to do me the big favour of exploring on behalf of not only this Government, but also the next Government and all Governments thereafter, what kinds of rules should followed, and how to strike a right balance between the need for maintaining contacts to grasp the sentiments of various social sectors and the avoidance of suspicion or conflict of interest. I hope that with all his wisdom, he can give thoughts to this issue for me.

However, the arrangement I mentioned just now is considered fair by some, but unfair by others. Some maintain that the rules for me are more lenient than those for civil servants, while others think that since my situation is different, there should be a separate regulatory scheme for me. On my part, I admit that the current arrangement is already outmoded. This is the reality.

MR JEFFREY LAM (in Cantonese): *President, what adjustments will the Chief Executive introduce to the relevant code of conduct in the remaining months of his term?*

CHIEF EXECUTIVE (in Cantonese): Mr LAM, I believe that after this incident, nobody will still dare to offer me any hospitality of travelling on their yachts or jets. And, I myself will be especially careful with the observance of rules. I have lots of outstanding tasks to do, and I will not accept any such invitations until Mr LI draws up new rules that can let me know how I should handle such things. The lesson I have learnt this time around is the biggest one in the whole of my life time. I will never forget it.

DR PAN PEY-CHYOU (in Cantonese): *President. Mr Chief Executive, the recent incident has certainly aroused Hong Kong people's grave concern, their concern about the probity of the Chief Executive of Hong Kong. Chief Executive, since you mentioned a set of rules a moment ago, may I ask whether*

these rules were solely drawn up by yourself? May I ask whether these rules were handed down to you by your predecessor, and whether you have drastically revised them?

CHIEF EXECUTIVE (in Cantonese): From my more than 40 years of experience in public service, I know that the Chief Executive's conduct had never been governed by any specific legislation until 2008, when some relevant provisions of the Prevention of Bribery Ordinance were amended for the purpose of covering the Chief Executive. Of course, he has always been subject to the general rule of the common law like others, but there used to be no specific code of conduct for him.

There has already been some gradual improvement concerning the regulation of the Chief Executive's conduct by codes of conduct. As soon as the SAR Government was established in 1997, the first Chief Executive, Mr TUNG, already decided to revise the legislative provision on exempting former Governors from salaries tax payment, and to pay salaries tax voluntarily. Besides, the alcohol and tobacco products he purchased were supposed to be duty-free, but he was also willing to pay such duties like ordinary members of the public.

Since I pledged in my election campaign to further tighten the relevant legislation, after the commencement of this Government, in 2008, I amended the Prevention of Bribery Ordinance with the consent of Honourable Members, and legislated for the extension of some suitable provisions to the Chief Executive.

Furthermore, my internal rules are based on the existing rules followed by politically appointed officials. However, some of the rules and requirements are not enforceable in the case of the Chief Executive. As I explained over and over again just now, one example is the step of obtaining the supervisor's approval. In Hong Kong, there is the absence of any approval procedure for the Chief Executive. It is in fact very difficult to set up such procedure under the very unique constitutional system of Hong Kong. Under such circumstances, it is necessary to draw up internal rules. However, the scope of these internal rules is very narrow, as they are confined to the issue of travelling I mentioned just now. In the case of other issues such as accommodation or banquets, the rules are exactly the same as those for civil servants and politically appointed officials.

DR PAN PEY-CHYOU (in Cantonese): *President. Mr Chief Executive, what you said just now really surprised me a great deal. Were you saying that Governors were not required to pay salaries tax and any duties for the tobacco and alcohol products they purchased before the handover in 1997? I am afraid I might not have heard you clearly. Please explain.*

CHIEF EXECUTIVE (in Cantonese): The answer is yes.

MR ALBERT CHAN (in Cantonese): *President. I observe that "Hong Kong's Number One Corrupt Official" has been talking increasingly like CHEN Shui-bian. President, he insisted just now that he had been adhering strictly to the rules and had a clear conscience. Let me tell our high-ranking government officials three prosecution cases connected with civil servants.*

One case took place this year. A civil servant was sentenced to 70 hours of community service for borrowing \$500 from a tennis coach whom he had known for 10 years, and was thus dismissed. Another case involved a retired detective sergeant. Someone in Macao provided him with free accommodation worth \$20,000. The sergeant was eventually sentenced to 15 months' imprisonment. Another case involved a former Assistant Waterworks Inspector of the Water Supplies Department who took a bribe of mooncake coupons worth \$2,000. He was subsequently sentenced to 36 months' imprisonment and had to pay \$10,000 in compensation to the Government.

President, the advantages accepted by "Hong Kong's Number One Corrupt Official" in his land, sea and air corruption scandal are far greater than those accepted by the civil servants in the three aforesaid cases. He says he has a clear conscience, but can he face the 160 000 civil servants also with a clear conscience? Should he

PRESIDENT (in Cantonese): Mr CHAN, please stop making statements.

MR ALBERT CHAN (in Cantonese): *President, I ask my question now. Should he bow in apology to the 160 000 civil servants and step down for his wrongdoing? Should he stop being so shameless and step down for his wrongdoing?*

PRESIDENT (in Cantonese): Mr CHAN, please stop talking immediately. Chief Executive, please reply.

CHIEF EXECUTIVE (in Cantonese): I have tried my best to speak as candidly as possible on this issue. All my words are from the bottom of my heart. I have tendered an apology because I know that Hong Kong people's criticisms and queries connected with me are all very sincere. I can also appreciate Honourable Members' intensity of feelings, as well as their queries and outrage arising from my adherence to my own rules this time around. However, let me tell you that the one thing which saddens me most is that this incident has led civil servants to cast doubts on my code of conduct and integrity. It is about this that I am most sorry to them. I do understand what they think.

However, these days, I have also received the encouragement of many civil servants. They understand why I did all those things. As I mentioned just now, having been the Chief Executive for so long, I am honestly susceptible to some blind spots in all those issues which I think I know very well. Public sentiments are ever-changing, but I simply failed to realize the existence of a gap. Not only have I disappointed some people in Hong Kong, but I have also perplexed my colleagues. I am really sorry about this.

MR ALBERT CHAN (in Cantonese): *President, I am asking him*

PRESIDENT (in Cantonese): Mr CHAN, please raise a simple supplementary question.

MR ALBERT CHAN (in Cantonese): *The three cases I just cited — one involved \$500, another involved \$2,000 worth of coupons*

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

MR ALBERT CHAN (in Cantonese): *Does he think that apart from apologizing to civil servants, he should also bow in apology and step down for his wrongdoing, so as to do justice to civil servants, do justice to the clean government in Hong Kong?*

PRESIDENT (in Cantonese): That is your opinion. The Chief Executive has already answered your question.

It is already 4 pm now. Could the Chief Executive please stay behind for a while longer and answer a few more questions?

CHIEF EXECUTIVE (in Cantonese): Yes.

MS MIRIAM LAU (in Cantonese): *President, it was only right for the Chief Executive to tender an apology just now, and members of the public will certainly hear the apology. However, after explaining his case for such a long time, the Chief Executive has still refused to admit any mistakes in what he did. He has only remarked that public expectations on the Chief Executive have become higher as times change. However, of all the accusations against the Chief Executive, such as those about whether his conduct was appropriate and whether there was any deviation from the rules for civil servants, the most important issue, and indeed the central question, is whether there was any involvement of corruption and bribery. On this question, the ICAC has commenced investigation. It is hoped that we can see a clearer picture after the completion of investigation.*

However, for the sake of showing his impartiality, will the Chief Executive consider doing something to avoid any suspicion of intervention during the ICAC's investigation? Will he consider suspending himself from office voluntarily, just to avoid any suspicion?

CHIEF EXECUTIVE (in Cantonese): To date, the ICAC has not approached me for any enquiry. I assure Honourable Members that if it does so, I will render my full co-operation and will not interfere with the investigation. However, as the Chief Executive, I cannot leave my position suddenly and rashly, and I must not allow my personal problems to hinder the operation of the SAR Government.

As I said just now, I will co-operate fully with the ICAC in its follow-up work. However, Honourable Members must also understand that once the ICAC has started its investigation into any cases, it is inappropriate for me to make any further comments and elaboration. Anyway, I have already promised Honourable Members that I will definitely render my full co-operation.

MS MIRIAM LAU (in Cantonese): *President, I am not asking the Chief Executive for any elaboration. As we all know, the ICAC is accountable to the Chief Executive. As the ICAC's present investigation into the conduct of the Chief Executive is the first of its kind and unprecedented, there is bound to be keen public concern and heated discussion. Under such circumstances, should the Chief Executive consider doing something to avoid suspicion of intervention? If he does not want to take my earlier advice on voluntarily suspending himself from office, maybe he can go on leave immediately. Will he consider this?*

CHIEF EXECUTIVE (in Cantonese): I have said that I cannot leave my position at this critical moment because we still have a lot of work to do. We must all appreciate that the ICAC itself has already become a core value of Hong Kong people. The people there always perform their duties faithfully. The Basic Law and the Independent Commission Against Corruption Ordinance can ensure its independence. As the Chief Executive, I have never had any involvement in the investigation work of the ICAC. For all cases, if there is any need to press a charge after the completion of investigation, the ICAC will approach the Department of Justice directly without having to route via the Chief Executive.

Furthermore, investigation results must also be reported to an independent body called the Operations Review Committee, that is, an institution within the ICAC. In fact, as reported by the media, the ICAC has already commenced

investigation. This shows that there is no partiality whatsoever on the part of the ICAC. I have never interfered with its investigation into any cases, and of course, I will certainly not interfere with a case involving myself.

MR ANDREW CHENG (in Cantonese): *President, so far today, the Chief Executive has stressed several times that many of the functions were private occasions involving friends only. However, Chief Executive, you must understand that you are the head of the Special Administrative Region comprising 7 million Hong Kong people. As mentioned by Members just now, some among your friends are major shareholders of the WHTCL and DBC. I believe that your friendship with them has already gone beyond normal friendship. (Laughter) Chief Executive, may I ask how you would seek to avoid such "intimate relationship" in politics? Members please do not laugh. Specifically, will you immediately amend section 3 of the Prevention of Bribery Ordinance, or even establish an organization such as a committee on the declaration of interest by the Chief Executive to monitor you and future Chief Executives under section 3 of the Ordinance, so that we can prevent the kind of much dreaded "intimate friendship" in politics that may arise from allowing one person to decide for himself what kind of advantages he can accept?*

CHIEF EXECUTIVE (in Cantonese): The several people with whom I travelled on private jets or returned to Hong Kong from Macao on yachts are ordinary friends of mine, rather than any "intimate" friends as described by the Honourable Member. However, I have known each of them for many years. I hope you will accept my explanation. I am able to distinguish between official business and personal friendship. If I could not distinguish between public and private interests, the accountability officials and civil servants who work with me would have noticed that very easily. I am not allowed to arbitrarily interfere with normal vetting and approval procedures, particularly when conflict of interest is involved. In a place like Hong Kong which is so strongly against corruption, such interference can hardly be possible.

In regard to whether we should further enhance the existing system as proposed by you, I admit that it is necessary to do so. As for whether the specific approach should take the form of amending the Prevention of Bribery

Ordinance as proposed by you, or whether other forms of declaration are to be adopted, I am convinced that the special committee established by me and chaired by Mr Andrew LI will certainly follow up various options. I firmly believe that with their collective wisdom, they can surely come up with the most satisfactory and feasible method, one which can command Hong Kong people's acceptance, allow the Chief Executive to work effectively, and balance the needs in various aspects. The proposal you put forward just now has also been raised by others, and I believe that the committee chaired by Mr Andrew LI will surely take it into consideration.

MR ANDREW CHENG (in Cantonese): *President, let me stress that the "intimate friendship" I talked about just now is no ordinary friendship. Rather, it is about the need for avoiding suspicion in politics, about avoiding the suspicion arising from doing up one's shoes in a melon patch or adjusting one's hat under a plum tree. In the case of that major shareholder of the WHTCL, for example, you cannot convince us*

PRESIDENT (in Cantonese): Mr CHENG, please state your supplementary question concisely.

MR ANDREW CHENG (in Cantonese): *..... that you did not, when discussing the buying back or otherwise of the Western Harbour Crossing, give him any treatment that goes beyond ordinary friendship. Therefore, I think I must say to the Chief Executive that section 3 of the Prevention of Bribery Ordinance must be amended irrespective of the inclination of yourself or any future Chief Executives*

PRESIDENT (in Cantonese): Mr CHENG, please stop putting forward any arguments.

MR ANDREW CHENG (in Cantonese): *..... I hope the Chief Executive can give us an answer which is more to the point and underpinned by concrete commitment.*

CHIEF EXECUTIVE (in Cantonese): I think it is rather difficult to amend the Prevention of Bribery Ordinance within the term of the current government, but your remarks do make sense. However, it will not be so easy to enforce section 3 of the Ordinance in the case of the Chief Executive. This issue was debated in the Chamber many times in the past, and I believe it can be raised for discussion again after the occurrence of all the events this time around. However, I very much hope we can have the confidence that the committee chaired by Mr Andrew LI will be able to put forward recommendations that are specific, clear and convincing. Any recommendation that requires the enactment of legislation will be put before the Legislative Council for deliberation.

Another point I hope Members can understand is that I have many friends. I am over 60 this year. Born in Hong Kong and having worked in the Civil Service for over 40 years, I have friends from various social strata. I can only say that the several friends I mentioned just now are my friends, good friends indeed, but not such close friends as mentioned by you, not friends close enough to affect my decision and impartiality when handling official business. I really hope you can accept my explanation.

MR TIMOTHY FOK (in Cantonese): *Chief Executive, regarding the lease of Central Ordnance Munitions Depot to Crown Wine Cellars in 2003, why did the Government decide to charge such a low rent for its use as a wine cellar? Were you then involved in the decision-making process? If so, did you declare your relationship with Jim THOMPSON regarding this matter?*

CHIEF EXECUTIVE (in Cantonese): In 2000, the Government conducted an in-depth evaluation study on the development of Hong Kong as a wine distribution and trading centre. It was then considered that many air raid shelters — known as bunkers — could be used as wine cellars. At that time, the Government tried to identify various people who might be interested in implementing the proposal and applying for using such places as wine cellars. But such attempts were of no avail.

According to our record, in 2002 the Crown Worldwide Group — a company owned by Mr Jim THOMPSON as mentioned by you — informed the Government of its intention of turning a bunker (that is, an air raid shelter) into a facility for wine storage. Since we already had such an intention and considered it feasible after our study, the then Financial Secretary endorsed in November 2002 the proposal of the then Economic Services Bureau to lease on a short-term basis the Central Ordnance Munitions Depot in Deep Water Bay Drive to the Crown Worldwide Group at the then prevailing market rent for a term of seven years for wine storage purpose. Let me reiterate that the depot was leased at the then prevailing market rent. Subsequently, the Government conducted an open tender again in 2010 on expiry of the lease. The company continued to rent it at the prevailing market rent. I was then the Chief Secretary for Administration and was not involved in the decision to grant the lease.

MR TIMOTHY FOK (in Cantonese): *You did not store any of your own wine there, did you?*

CHIEF EXECUTIVE (in Cantonese): I have a collection of wine purchased by myself. Fortunately, when I was Financial Secretary, there was a place for wine storage in my official residence. When I was Chief Secretary for Administration, my official residence was again fitted with a wine cellar. And, there is also a cellar for wine storage in the Government House. The wine storage capacity of all these places far exceeds the volume of my wine collection, so I have never used any commercially operated cellar, including the cellars or facilities of Mr Jim THOMPSON. Not even one single bottle has ever been so stored.

MR FREDERICK FUNG (in Cantonese): *President, concerning what the Chief Executive said about his life history in his opening speech, I actually want to add a few points about his background that he has not mentioned. Chief Executive Donald TSANG is Chinese. Chinese people uphold many traditional values, and I believe that as a man of his age, Chief Executive Donald TSANG must know many Chinese values. Chief Executive Donald TSANG is at the same time a Roman Catholic, so he must believe strongly in the many dogmas of the Roman*

Catholic Church. Just now, he also said that he had been holding public office for 40 years. Given these three features of his background, he must understand the meaning of fairness and justice. The fourth feature of his background

PRESIDENT (in Cantonese): Mr FUNG, please refrain from delivering a long speech.

MR FREDERICK FUNG (in Cantonese): *Alright. He was once the Financial Secretary, so he must be very sensitive to figures. In the case of his Japan trip, the \$188,000 he paid is at least 10 times higher when compared with commercial public transport fares. If someone invites me to a trip and I only have to pay an air fare of \$5,900* The amount of \$180,000 is actually nine or 10 times this amount. Given his background as described just now, he must know the difference between these figures.

I wish to ask the Chief Executive one question. His ordinary friends or good friends are so fond of offering him hospitality, allowing him to enjoy the relevant services at only 10% of the total costs; has it ever occurred to him, even for just one single minute or one single second, why they want to offer him such unsolicited hospitality for no apparent reason?

CHIEF EXECUTIVE (in Cantonese): I indeed will not describe my friends as offering me unsolicited hospitality for no apparent reason. Friends are friends. In my view, inviting people to travel on their private jets is nothing special to them. They have been doing this all the time. On my part, I adhere to the principle of not seeking any saving on travelling expenses. However, there is a big gap between this principle and what people can accept, that is, the rules that they think the Chief Executive should observe. I have already talked about this point.

As I have also said, when I offered to pay the jet owners the relevant fees, they all thought that I was so old womanish and said that there was no need for me to do so. Nevertheless, I insisted, because I must hold fast to the principle of not seeking any saving on travelling expenses. I hope Honourable Members can understand that the guidelines we deem unacceptable now were the rules I

adopted at that time, the very rules I considered consistent with my conscience. In retrospect, I notice a big problem, one which I have already told Honourable Members. Today, I apologize to you all because I have come to realize that this incident touches upon a value to which Hong Kong people, Honourable Members and my civil service colleagues are very sensitive. They all think that I was not sensitive enough at that time. I can appreciate their view. This explains why I have appointed Mr Andrew LI to assist us in drawing up new rules.

MR FREDERICK FUNG (in Cantonese): *President, I suppose the Chief Executive must know that as the duration and money value of hospitality increase, so will the difference between what you pay and the actual cost of hospitality. This is only normal. For instance, if you only pay normal transport fares for the hospitality of travelling on a car, a yacht, an aeroplane, or even a spaceship bound for the moon in the future, what you pay must be much lower than the actual costs.*

In that case, may I ask the Chief Executive whether it is true that under this set of self-devised rules, he has always allowed himself to jump at any offer of hospitality from his friends, especially the rich ones? Is this true? Or, will the Chief Executive, under the influence of Chinese and even religious ethics, think more favourably of certain people after receiving their hospitality, even to the extent of "remembering their grace unto him for a thousand years"? Does he have any such feeling?

CHIEF EXECUTIVE (in Cantonese): I do not think that I have taken any advantage of anybody, nor have they ever thought that their hospitality is any kind of advantage at all. Regarding my work, no conflict of interest has ever occurred. Let me say it once again: when considering the acceptance of such invitations, I always uphold the major principle that I will consider the acceptance of such invitations only in the absence of any conflict of interest.

I hope Honourable Members can appreciate one thing. I have been Chief Executive for almost seven years, during which I travelled overseas many times, both on business and for personal reasons. What I told Honourable Members just now is about whether I used commercial jets for leaving Hong Kong. There were only two occasions on which I did not travel on commercial jets. Please do

not say that I travel on private jets all the time and take advantage of other people. I have not done so. I have brought up such matters only for the purpose of explaining to Honourable Members as many things as possible and telling Honourable Members everything I can. I also understand that my current practices fall short of public expectations and the standards of conduct Honourable Members expect of me. I admit this.

PRESIDENT (in Cantonese): Chief Executive, can you answer some more questions?

CHIEF EXECUTIVE (in Cantonese): Yes, I can answer one more question.

PRESIDENT (in Cantonese): The Chief Executive will answer the question from one more Member.

DR JOSEPH LEE (in Cantonese): *President. Chief Executive, I believe this incident has not aroused the concern of civil servants and Hong Kong people only. I believe your team can likewise notice many problems, despite your account of certain events and apology at today's Question and Answer Session.*

I wish to ask the Chief Executive one question. Regarding your politically incorrect conduct this time around, do you have anything more concrete to tell us in addition to your apology? For example, if a Secretary of Department in your team commits the same mistake, will you allow him to get away by tendering a simple apology?

CHIEF EXECUTIVE (in Cantonese): I have already explained to Honourable Members a whole series of efforts I have made. First, I have repeatedly explained my approach and stance through the local electronic media and various correspondences. Moreover, I have also come to the Legislative Council today to ask for an opportunity for me to explain all the causes and circumstances and offer an account to Honourable Members. Besides, I have appointed a special committee to draw up new rules and approaches for future use. Furthermore, I

have promised Honourable Members that in case the ICAC wants to conduct an investigation, I will render my full co-operation. I think I have already done what I should do.

Let me explain once again to Honourable Members that what the public criticize me for will not happen among my team of accountability officials. The reason is that there is a system requiring them to obtain approval from their supervisors. But in the case of my post, such an arrangement cannot be possible, and this has led to all these conflicts. I very much hope that Honourable Members can understand this point.

DR JOSEPH LEE (in Cantonese): *President, frankly, the Chief Executive has not answered my question. My question asks him whether he can tell us any specific measures for handling such an incident. Here is what I want to ask the Chief Executive: he has talked about some measures for the future, but concerning his personal conduct, can he offer the public and his team an account of specific measures, so as to restore our confidence in him and his team's morale?*

CHIEF EXECUTIVE (in Cantonese): What I am doing here today and the letter I issued to civil servants are meant precisely and solely to achieve the very purpose mentioned by Dr Joseph LEE a moment ago: enabling them to know the outcomes of my reflection over these events and my follow-up efforts. I strongly believe all this can earn the compassionate understanding of at least some people and civil servants. I also hope to have Honourable Members' compassionate understanding.

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

MR RONNY TONG (in Cantonese): President, a point of order. Twenty Members are still waiting for their turns to ask a question. And, frankly speaking, even though the Chief Executive has already spoken a lot, many doubts still remain unresolved. Can the Chief Executive be requested to attend the

Legislative Council again as soon as possible, so as to give all other Members at least an opportunity to ask questions about this issue?

PRESIDENT (in Cantonese): Mr TONG, this does not constitute a point of order. Regarding your request, we will liaise with the Office of the Chief Executive.

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

(Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man shouted "Donald TSANG, step down!")

PRESIDENT (in Cantonese): Members will please remain silent.

(Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man kept yelling. Mr WONG Yuk-man left his seat, yelling as he stepped out to an aisle in the Chamber)

PRESIDENT (in Cantonese): Members will please remain silent.

MR WONG YUK-MAN (in Cantonese): Impeach the Chief Executive!

MR LEUNG KWOK-HUNG (in Cantonese): Donald TSANG, step down!

MR WONG YUK-MAN (in Cantonese): Impeach the Chief Executive!

PRESIDENT (in Cantonese): Members will please remain silent.

MR LEUNG KWOK-HUNG (in Cantonese): Donald TSANG, step down!

MR ALBERT CHAN (in Cantonese): Chief Executive, shame on you!

PRESIDENT (in Cantonese): The meeting has not ended.

(Mr WONG Yuk-man stood on an aisle in the Chamber, yelling)

PRESIDENT (in Cantonese): Mr WONG Yuk-man, leave the Chamber immediately.

(Security personnel came forward and attempted to assist Mr WONG Yuk-man in leaving the Chamber. Mr WONG Yuk-man continued to yell)

PRESIDENT (in Cantonese): Mr WONG Yuk-man, leave the Chamber immediately.

(Security personnel assisted Mr WONG Yuk-man in leaving the Chamber. Meanwhile, Mr WONG Yuk-man, Mr LEUNG Kwok-hung and Mr Albert CHAN kept yelling. Assisted by security personnel, Mr WONG Yuk-man left the Chamber)

MR CHIM PUI-CHUNG (in Cantonese): I protest against incompetent enforcement of rules.

PRESIDENT (in Cantonese): The Council is now adjourned.

MR CHIM PUI-CHUNG (in Cantonese): This is unfair to other Members.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council. The meeting suspended earlier will resume at 4.45 pm.

Adjourned accordingly at twenty-two minutes past Four o'clock.

