

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 11 January 2018

The Council met at half-past Ten o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

THE HONOURABLE CHAN KIN-POR, G.B.S., J.P.

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

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

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

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING, B.B.S.

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, S.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, B.B.S., J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE DENNIS KWOK WING-HANG

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, B.B.S., J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, S.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

THE HONOURABLE JIMMY NG WING-KA, J.P.

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE SHIU KA-CHUN

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN

THE HONOURABLE CHAN CHUN-YING

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG

THE HONOURABLE LAU KWOK-FAN, M.H.

THE HONOURABLE KENNETH LAU IP-KEUNG, B.B.S., M.H., J.P.

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

MEMBERS ABSENT:

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

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE FRANKIE YICK CHI-MING, S.B.S., J.P.

DR THE HONOURABLE PIERRE CHAN

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.M., G.B.S.,
J.P.

CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE PAUL CHAN MO-PO, G.B.M., G.B.S., M.H., J.P.
FINANCIAL SECRETARY

THE HONOURABLE MS TERESA CHENG YEUK-WAH, G.B.S., S.C., J.P.
SECRETARY FOR JUSTICE

THE HONOURABLE WONG KAM-SING, G.B.S., J.P.
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE NICHOLAS W. YANG, G.B.S., J.P.
SECRETARY FOR INNOVATION AND TECHNOLOGY

THE HONOURABLE LAU KONG-WAH, J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE JAMES HENRY LAU JR., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

DR THE HONOURABLE LAW CHI-KWONG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

THE HONOURABLE JOSHUA LAW CHI-KONG, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JOHN LEE KA-CHIU, S.B.S., P.D.S.M., J.P.
SECRETARY FOR SECURITY

DR RAYMOND SO WAI-MAN, B.B.S., J.P.
UNDER SECRETARY FOR TRANSPORT AND HOUSING , AND
SECRETARY FOR TRANSPORT AND HOUSING

PROF THE HONOURABLE SOPHIA CHAN SIU-CHEE, J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE EDWARD YAU TANG-WAH, G.B.S., J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE KEVIN YEUNG YUN-HUNG, J.P.
SECRETARY FOR EDUCATION

MR ANDY CHAN SHUI-FU, J.P.
UNDER SECRETARY FOR CONSTITUTIONAL AND MAINLAND
AFFAIRS, AND
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

MR LIU CHUN-SAN, J.P.
UNDER SECRETARY FOR DEVELOPMENT

CLERK IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., 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.

(While the Chief Executive entered the Chamber and walked towards the rostrum, a number of Members chanted: "Devoid of integrity, what rule of law to speak of, lackey mentality, shielding depravity.")

PRESIDENT (in Cantonese): Will Members please keep quiet.

The Chief Executive will first address the Council.

CHIEF EXECUTIVE (in Cantonese): President and Honourable Members, today is my first attendance at a Legislative Council meeting in 2018. May I first take this opportunity to wish you all success and good health in this new year. In response to Members' request, I will from this year onwards attend Council meetings more frequently to answer Members' questions. I am scheduled to attend the Council session next on 31 January for half an hour, and on that occasion I will take Members' questions right away without making any opening remarks. I am also ready to communicate and interact with Members from different political parties outside the setting of the Legislative Council, so as to listen to your views with a view to ensuring smooth implementation of government policies.

It is exactly three months today since I delivered my maiden Policy Address on 11 October 2017. I am very grateful to this Council for passing the Motion of Thanks for the Policy Address on 10 November 2017. While some may think that this Motion of Thanks proposed by Members is just a Council tradition that carries little practical significance, I still see it as an encouragement to me and my team. We will spare no effort in implementing the more than 200 initiatives set out in the Policy Address.

In fact, over the past three months, relevant bureaux have been industriously taking forward their work, including consultation with various Panels of the Legislative Council. On the development of innovation and

technology, the high-level inter-departmental steering committee chaired by me has held its first meeting, and the Secretary for Innovation and Technology has published the first Smart City Blueprint for Hong Kong. We have started drawing up a package of proposals to provide various support and ancillary facilities with a view to attracting local, Mainland and overseas universities as well as research and development ("R&D") institutes to set up biotechnology R&D laboratories in Hong Kong. We have also invited the Academy of Sciences of Hong Kong to make concrete proposals on how to pool together our competitive biotechnology research teams in Hong Kong. Regarding the financial sector, the Financial Leaders Forum chaired by the Financial Secretary has already held two meetings to set out the directions for a series of issues, which include amending the Listing Rules to respond to the needs of enterprises of the new economy. Also, the Hong Kong Quality Assurance Agency has launched the Green Finance Certification Scheme, and the Government will issue green bonds within this year.

On taxation, the Secretary for Financial Services and the Treasury tabled a bill at the Legislative Council yesterday for implementing the two-tier profits tax rate regime to reduce the tax burden on enterprises. As for creative industries, the Secretary for Commerce and Economic Development announced two days ago the Government's plan to launch a design and fashion project in Sham Shui Po. On strategic development, the Hong Kong Special Administrative Region Government entered into a Free Trade Agreement with the 10 member states of The Association of Southeast Asian Nations in November last year, and signed the Arrangement with the National Development and Reform Commission for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative last December. The Development Plan for the Guangdong-Hong Kong-Macao Bay Area will also be promulgated later this year.

On people's livelihood, we expect to launch the substantially enhanced and relaxed Working Family Allowance in April this year, and introduce the Higher Old Age Living Allowance in the middle of the year. In response to suggestions from Members and the public, the non-means-tested Public Transport Fare Subsidy Scheme to relieve public transport fare burden of commuters will be expanded to cover four more public transport services. Our aim is to launch the scheme within one year after obtaining funding approval from the Finance Committee of the Legislative Council. On improving labour rights, the Government obtained the support of the Labour Advisory Board in November last year on its proposal to increase the statutory paternity leave from three days

to five days. We will soon submit the bill to the Council. On abolishing the "offsetting" arrangement under the Mandatory Provident Fund System, the Government's stance has not changed. The Secretary for Labour and Welfare has redoubled efforts to come up with an improved proposal soon with a view to reaching consensus with both employers and employees.

On education, following the implementation of the measures under the \$3.6 billion new education resources, further studies on the eight key areas of education have also been commissioned step by step. Other key tasks such as increasing land supply, strengthening primary health care, and setting up the Commission on Children which require study, preparation and extensive public engagement are also progressing well, with concrete plans for action to be made public as soon as possible.

As many of the tasks mentioned above involve legislative amendments or manpower and funding requirements, their success hinges on the support and endorsement of this Council. Currently, the Council is scrutinizing 17 bills. In the coming few months, together with the two taxation bills tabled for First Reading yesterday, the Government will introduce a total of about 16 bills into the Council, including one on the inevitably controversial co-location arrangement at the West Kowloon Terminus and the other concerning the implementation of the National Anthem Law in Hong Kong. In addition, in the remainder of the current legislative session, the Government will table not less than 30 proposals for the Finance Committee and the Establishment Subcommittee respectively. We will also submit more than 80 funding applications to the Public Works Subcommittee, with total expenditure amounting to more than \$130 billion, and 44 000 jobs expected to be created by the public works projects involved.

For the well-being of our community, I sincerely appeal to Members to handle the tremendous amount of work mentioned above in an inclusive, pragmatic and vigilant manner. My colleagues and I will continue to listen to Members' views seriously and work closely with you all.

Lastly, I would like to state that the Government's work extends beyond its annual Policy Address. As a caring government that upholds justice, it is always our responsibility to "relieve our people's burdens". On the recent remuneration issue concerning the staff of government outsourced contracts, I have asked the Secretary for Labour and Welfare to chair an inter-departmental working group to examine ways of improving the existing mechanism of outsourcing in various

government departments. As regards the tragic death of a child due to physical abuse, the Labour and Welfare Bureau and the Education Bureau will take immediate action to look for ways to improve the existing mechanism to protect children from harm.

President, Honourable Members, having been the Chief Executive for half a year has given me increased optimism and confidence about Hong Kong's future, yet I also realize that challenges still abound ahead of us. My team and I will as always avoid no difficult task, make good use of our strengths and public resources to invest in Hong Kong's future and relieve our people's burdens.

Thank you, President.

(Mr James TO yelled in his seat)

PRESIDENT (in Cantonese): Mr James TO, if you continue to yell in your seat, I will rule that your behaviour is disorderly.

PRESIDENT (in Cantonese): The Chief Executive will now answer questions put by Members. As in the past, Members who wish to ask questions must press the "Request to speak" button to indicate their wish. Questions raised by Members should be as concise as possible. Members should not make arguments when asking questions.

After the Chief Executive has answered the question put by a Member, the Member may forthwith ask a short supplementary question on his/her question. The Member concerned only needs to raise his/her hand to indicate and does not have to press the "Request to speak" button again.

(Mr CHAN Chi-chuen held up a placard in his seat)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, please remove your placard.

(Mr CHAN Chi-chuen stood up, holding up a placard)

MR CHAN CHI-CHUEN (in Cantonese): President, would you pass this placard that reads "Bureaucrats shields one another" to Teresa CHENG and Carrie CHENG for me please?

PRESIDENT (in Cantonese): Please put down your placard.

(Mr CHAN Chi-chuen kept holding the placard)

MR CHAN CHI-CHUEN (in Cantonese): Teresa CHENG and Carrie CHENG, bureaucrats shielding one another. Shame on them!

PRESIDENT (in Cantonese): Please put down your placard immediately. Dr Elizabeth QUAT, please ask your question.

DR ELIZABETH QUAT (in Cantonese): *President, Chief Executive, due to the incessant incidents of law-breaking violence, including the illegal Occupy Central and the Mong Kok riot, over the past few years, frontline police officers tasked with enforcing the law have felt growing pressure. Some of them were even injured, hospitalized or sentenced to imprisonment for discharge of their duties. Moreover, there has been an increasing number of instances of malicious attack and smear campaign carried out in an organized manner against the Police, which brought tremendous impacts on law enforcement and the morale of the Police Force.*

How will the Chief Executive boost the morale of the Police Force? Will the Government improve the welfare and conditions of service of the Police Force? Will the Government provide the Police Force with more support and clearer guidelines on enforcement power so as to protect the legitimate interests and dignity of police officers and enable them to keep discharging their duties and upholding the rule of law fearlessly?

CHIEF EXECUTIVE (in Cantonese): I thank Dr Elizabeth QUAT for her question. I have always taken pride in Hong Kong's law enforcement departments including the Police. In fact, during my four-and-a-half-year service as the Chief Secretary for Administration, I would go abroad to promote

Hong Kong. Though the work was of economic and trade promotion in nature, every time I visited a place, I would often point out to the local business community in my presentation a quality that investors should take note: Hong Kong is an extremely safe city. Members may still recall that I would often have some figures ready on hand, which showed the latest crime rate of Hong Kong hitting a new low in over four decades, with so and so cases of crime, big and small, per 100 000 population. These achievements are hard to come by and owe solely to the tireless efforts of such law enforcement departments as the Police, the frontline police officers in particular.

In recent years, as a result of some political incidents, frontline police officers have felt immense pressure when maintaining public order. I have some profound feelings about this. That is why I have attended functions of the Police many times and given my support to our police officers for standing fast in their posts. Dr QUAT mentioned just now two issues specifically. The first is about guidelines on law enforcement. With the support of the Secretary for Security, the Commissioner of Police, I believe, will certainly listen to frontline police officers and the various police staff associations for their views on this issue, which hopefully will give them added assurance in carrying out their duties of maintaining public order. To those who wish to voice their opinions, march and demonstrate, I also appeal for their compliance with the law. They should by no means verbally insult our law enforcement officers.

On the welfare and remuneration of police officers, we have all along maintained an open attitude and are prepared to discuss this issue with the various associations. That said, whether or not the Secretary for the Civil Service can ultimately meet all the relevant aspirations depends on other considerations such as resources, policies and equal treatment for other civil servants numbering some 100 000. However, I can tell Dr QUAT that I attach great importance to the morale of Hong Kong police officers and, as the Chief Executive, I keep a personal interest in this matter.

I noted what Dr QUAT mentioned just now about the emergence of smearing campaigns or comments against the Police in recent years. I agree with her. If Members have the time to look up the relevant information, they will find that in the biennial Fight Crime Conference in 2015, I spent 20 minutes making clear how our Police Force had been subject to smear campaigns under unreasonable circumstances and presenting numerous figures, facts and photos as supporting evidence, in the hope of inoculating the community against those smearing comments and sparing police officers from unnecessary pressure.

DR ELIZABETH QUAT (in Cantonese): *Chief Executive, Hong Kong relies on the Police for the maintenance of public order. But police officers too are human, vulnerable to injuries and illnesses. And the number of police officers injured at work is in fact very high. Will the Chief Executive improve the protection for police officers in respect of occupational safety and health? Will health care protection for police officers injured at work be enhanced? They often complain about long waiting time for treatment of their injuries or illnesses, which affects their work. Is it possible to afford police officers injured at work speedy treatment, and those on duty who have fallen ill proper care as soon as possible, so that they can return to their posts and serve the public as soon as possible?*

CHIEF EXECUTIVE (in Cantonese): I thank Dr QUAT for this concrete proposal. We will definitely give it serious consideration.

MR JIMMY NG (in Cantonese): *President, the new taxation arrangements proposed by the Chief Executive in the Policy Address should indeed be effective in attracting many foreign investors or supporting some local start-ups and emerging enterprises. However, from the angle of enhancing Hong Kong's competitiveness, will the Government consider measures including, but not limited to, an extension or regularization of the waiver of business registration fees? Or, will the Government consider reviewing the Inland Revenue Ordinance ("IRO")?*

Sections 39E and 16EC of IRO, which Former Member LAM Tai-fai mentioned time and again, have suddenly gained particular importance these days. Why? Because we should now be offering full support and encouraging Hong Kong businesses to make investment and develop business in Belt and Road countries or in the Bay Area. The industrial sector, which is represented by me, in particular is eager to set up production plants in those places. However, the aforementioned provisions in law, which are rather old, serve to curb our motivation in doing so, since capital expenditure incurred on the purchase of machinery in Hong Kong for overseas production is not eligible for tax deduction.

CHIEF EXECUTIVE (in Cantonese): Thank you, Mr NG. Members should have noticed that the Financial Secretary is conducting a consultation with, among others, the Legislative Council on the upcoming budget. I know he had attended the meeting of the relevant Panel of the Legislative Council this week, gauging Members' views on the budget. I will therefore leave this issue to the Financial Secretary for his comprehensive consideration.

However, Members will certainly remember the new philosophy of financial management I set forth during the election period which, simply put, is to make investment for the future and relieve our people's burden. I therefore believe Secretary Paul CHAN will most certainly listen carefully to the views of all Members and, after giving consideration to our present public financial position, come up with a proposal that, hopefully, will have the endorsement or approval of Members.

Moreover, insofar as taxation is concerned, the current-term Government is approaching it with some new thoughts. While seeing tax as, of course, a source of revenue supporting the work of the Government, we also think of it as a very effective tool in itself. As Mr NG has pointed out, it can be used to upgrade the economic competitiveness of Hong Kong. That is why we have introduced the two-tier profits tax rate regime. Upon the conclusion of the relevant consultation later, we will study ways to provide enterprises with better incentives for investment in scientific research, and introduce a taxation measure. Therefore, we will keep listening to the views of all, through, for example, my recent attendance at the Summit on the New Directions for Taxation, and a review group on taxation chaired by the Financial Secretary.

As for section 39E of IRO specifically mentioned by Mr NG, I have done some research on it. Since as an official not tasked with fiscal management in the previous-term Government, I only got to listen to what Mr LAM, crying himself hoarse, had pointed out in this Chamber about why the relevant measure could not be changed or abolished. He had his justification. I, however, see an opportunity before us now. Since the Guangdong-Hong Kong-Macao Bay Area we are talking about has to do with the economy of the entire Bay Area, and there should be a barrier-free flow of people, goods, capital and information within the region, the free flow of machinery should also be considered. Therefore, the Financial Secretary and I will study the issue again and see how we can keep our tax regime abreast of the times, while maintaining the integrity of taxation and protecting tax revenue. Thank you, Mr NG.

MR KWONG CHUN-YU (in Cantonese): *Chief Executive, the person taking centre stage in today's Question and Answer Session is not you, Carrie LAM, but your trusted lieutenant, Ms Teresa CHENG, seated over there. This Secretary for Justice, who stands at the forefront in the defence of the rule of law, really made people gasp in amazement when she responded to questions about the unauthorized building works at her residence. One lie was told to cover up another. Today, the mass media reported, both in text and illustrations, that in the mortgage documents provided by her to a bank in 2008, there was no basement whatsoever. Chief Executive, this is very simple. Last night, she still had the audacity to call a press conference, claiming that because she had been so very busy that she had not taken any notice. She failed to take notice of even such a large basement. Does she think Hong Kong people are all fools?*

Chief Executive, she is now taking the lead in telling us that being busy trumps everything else and being busy permits having unauthorized building works in one's home. If she cannot set an example herself, how can she impose law and order on other people? I know that if I tell you to "DQ" (disqualify) Teresa CHENG, you would not be willing to do so because she is your trusted lieutenant. If she steps down, what face will you have? However, I wish to ask one question: Chief Executive, can I ask you to invite Teresa CHENG to come to the Legislative Council to have frank and sincere discussions with us, so as to give Hong Kong people an account of what this matter of unauthorized building works is all about and tell us the truth? Is this possible? President, please ask the Chief Executive this question on my behalf.

CHIEF EXECUTIVE (in Cantonese): First, I wish to respond to the comments made by a Member, it was probably Mr James TO, that since such an incident had happened in the community and Members were concerned about it, why I did not mention it in my address lasting eight minutes. Because I knew Members would surely ask questions about it, so I waited until Members have asked their questions to give my response, since ultimately, this is the Chief Executive's Question and Answer Session and I should talk about subject matters related to people's livelihood and the economy that the whole community is concerned about.

On Mr KWONG's question, the issue that he asked about in the final part of his question is, simply put, whether or not the person concerned will come to the legislature to give an account. I can discuss it with the Secretary for Justice

again after the meeting but we have already given an account. The Secretary for Justice has already done so. If Members should care to review the chronology of events, in fact, everything happened over the past week. On 5 January, according to the appointment and removal recommendations made by me and approved by the Central Authorities, I announced the appointment of Ms Teresa CHENG as the Secretary for Justice. The appointment came into effect on 6 January, so on the morning of 6 January, I oversaw her oath taking according to the law and she became the incumbent Secretary for Justice.

In the afternoon, when she received enquiries from the mass media and knew that officers of the Buildings Department ("BD") wanted to visit her property, she also notified me as soon as possible and gave me an account, just as she subsequently gave an account to the public. I understand the public's expectations for senior officials nowadays and I also understand that citing "cannot remember", "being very busy", "a lack of alertness" or "a lack of sensitivity" as the grounds is apparently unacceptable but here, I also hope that Members can look at this issue with relatively greater tolerance. This happened in 2008. Here, I am not trying to speak in defence of my colleague but society has to know that over the past decade, the policy on dealing with unauthorized building works has been changing. Some people say that I am in the best position to answer such queries because I served as the Secretary for Development for five years, so let me give Members an analysis based on my past experience. The policy on unauthorized building works has indeed seen great changes over the past decade. In 2010 or thereabout—I may have to check these dates on return to my office—at that time, only unauthorized building works posing immediate dangers were dealt with. After spending a decade on dealing with unauthorized building works posing immediate dangers, we proceeded to the next stage of dealing with building works that do not pose any immediate danger but are nonetheless also unauthorized, and they included what was referred to in simple terms as "the top, the middle and the bottom" at that time, that is, structures built on rooftops and podiums, in alleys and on ground floors without authorization, and then took actions according to the BD's schedule or after members of the public had lodged complaints.

I know that in the past, many people lacked alertness to this kind of unauthorized building works or took them lightly but as I said, this cannot be used as an excuse for the present situation. After the law enforcement officers of BD have made inspections and the Secretary for Justice, Ms Teresa CHENG,

now knows clearly that there are unauthorized building works in her property, she gave an account to all parties immediately and is cooperating fully with BD by making rectifications as soon as possible. This is where the issue stands now.

However, after the BD officers have taken one step further by entering the house to make inspections, are any other investigations now under way? Apart from issuing a removal order to demand removal of the unauthorized building works within a period of time, is any other follow-up action being taken? I cannot comment on this because I am not the law enforcement authorities, nor should I talk about the ensuing work on behalf of the law enforcement authorities in my capacity as the Chief Executive. However, there is one point I wish to make, and I have made it publicly, and that is, I have the clearest idea about the whole process of identifying and appointing politically accountable officials and I may even be the only person who has such full knowledge of the process of identifying these politically accountable officials, in particular, the process of identifying this Secretary for Justice. For this reason, I must make a clarification of the comment made by some people that since she knew more than half a year ago that she would take over the post of the Secretary for Justice, why she had not done anything for such a long time. This could not be further removed from the facts. Of course, I cannot tell Members on which day and at what time each thing happened and how many attempts of persuasion had been made or what discussions had taken place before Ms Teresa CHENG could be successfully invited to take up the post of Secretary for Justice, but I can say that the time was extremely short. In other words, before the announcement was made on 5 January, only a very short time was available for dealing with the appointment and Members can imagine how many things she, as a successful senior counsel and an international arbitrator, had to deal with before she could take up the post of the Secretary for Justice, which is a fairly sensitive one. This is also the reason why I said just now that I hope Members can adopt a more tolerant attitude in dealing with this issue. I can say that given the matters that she has to deal with and the pressure she has to bear, if this were to happen to me, I would not be able to bear it because one has to deal with public affairs and private affairs at the same time. Moreover, as an international arbitrator, she cannot possibly deal with all those arbitration cases which are near completion within a short time. In view of this, I also made a decision in the course of appointing her, that is, the Secretary for Justice is allowed to continue to complete about six arbitration cases within a short time. She said that after taking office on 6 January, if any income should arise from these six arbitration cases, she will not accept any of it but would hand it over to me for disposal. Of course, I will donate it to charity since there is no reason for me to take her income.

For this reason, I really hope that Members can adopt a tolerant attitude. Be it the speculations before or after her appointment, on inviting Ms Teresa CHENG, SC, to take up the post of Secretary for Justice, what I could hear was overwhelming approval and it was believed that she had sufficient qualifications and experience and that she is politically acceptable to all parties as a candidate for the post of the Secretary for Justice. For this reason, I really hope that Members can let her deal with this issue of unauthorized building works with focus and expeditiously, then devote herself to her work because a lot of upcoming legal work needs to be undertaken by someone with stamina, and as she said at the start of the legal year, to do so without fear or fright. Thank you, Members.

MR KWONG CHUN-YU (in Cantonese): *President, the problem of unauthorized building works involving Teresa CHENG is not simply a problem of unauthorized building works, rather, she is suspected of telling blatant lies and using one lie to cover up another. Just now, I heard the Chief Executive talk about tolerance, tolerance. What tolerance? The problem now is about breaking the law with full knowledge of it and taking the lead in breaking the law. The Secretary for Justice stands at the forefront in defending the rule of law, so how can she command trust from Hong Kong people? I wish to ask one question and President, you ask her this for me: Does she, Carrie LAM, believe that Teresa CHENG was not aware of all this? She only has to say whether or not she believes this is the case.*

CHIEF EXECUTIVE (in Cantonese): Based on the information that I have, I still believe that Teresa CHENG, SC, did not deliberately cover up this matter. She is sitting here today and is still the Secretary for Justice of the SAR Government. I am also confident that she will perform the duties of the Secretary for Justice with the greatest stamina and commitment, as I said just now.

(Dr KWOK Ka-ki stood up)

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, what is your point?

DR KWOK KA-KI (in Cantonese): *President, a point of order. I seldom ask any question but I hope that the Chief Executive can clarify a comment made by her in her address just now. Is she asking the Legislative Council to show tolerance to the Secretary for Justice's violation of the law with full knowledge of it? I want her to clarify this comment.*

PRESIDENT (in Cantonese): Dr KWOK, this is not a question that the Chief Executive needs to clarify. However, I will let the Chief Executive decide if she will respond to it. Chief Executive, do you wish to do so?

CHIEF EXECUTIVE (in Cantonese): I think everyone knows how to interpret this comment. Every time I step into this Chamber, I always remind myself of the need to be more tolerant, objective and calm, and observe the situation fully before forming my own opinion. Therefore, Members can make their own interpretations but it definitely does not mean tolerating my colleague in breaking the law with full knowledge of it.

MR SHIU KA-FAI (in Cantonese): *Chief Executive, a fire broke out at the Yau Ma Tei Fruit Market in October 2016 and 40 shop operators were affected. In fact, they have remained unable to resume business for more than a year, that is, they have lost their means of living. The Yau Ma Tei Fruit Market has actually a history of over 100 years in Hong Kong and many people know that apart from the wholesale business at night, in recent years, retail business is also done there and many members of the public are attracted to do shopping there.*

A couple of days ago, I found that the design base project, which Mr CHUNG Kwok-pan has all along campaigned to be launched in Sham Shui Po, was finally introduced. It also has the support of the Government and public living is benefited. Regarding the Yau Ma Tei Fruit Market, can the Government develop it into a tourist attraction and revitalize the whole Yau Ma Tei Fruit Market, so as to assist the victims and benefit the living of the Hong Kong public?

CHIEF EXECUTIVE (in Cantonese): Thank you, Mr SHIU Ka-fai. For a period of time, the SAR Government has proposed "addressing district issues at the local level and capitalizing on local opportunities". We may have done quite

a good job in respect of the former but there is a great deal of room for improvement in respect of the latter, that is, how we can fully understand local economic activities and inject new impetus into local districts.

I am pleased to hear Mr SHIU mention that a couple of days ago, Secretary Edward YAU announced the launch of a fashion project in Sham Shui Po. I heard Secretary YAU say that the Sham Shui Po District Council, in particular, its Chairman, considered this a big present to the Sham Shui Po District.

I can tell you that we also hope to give the Yau Tsim Mong District a big present, that is, the conservation and revitalization of the Yau Ma Tei Fruit Market, because it comprises some historical buildings and it can also be said that this trade represents the collective memory of the public. The current-term Government is working on how to develop it into an attraction that is conducive to the local economic activities, conducive to retailing and attractive to tourists. I hope I can give Members a full briefing later on but presently, some discussions are still taking place.

The Secretary for Home Affairs should be the one tasked with this job. A characteristic of the current-term Government is that with regard to each task, I will designate a person to take charge and having too many people follow up a task is not allowed. Therefore, on matters related to this task, you should not approach Secretary Edward YAU but should approach Secretary LAU Kong-wah to see when announcements will be made.

MR LAU KWOK-FAN (in Cantonese): *Chief Executive, the country has been developing at a tremendous pace in recent years and made fruitful achievements at the economic, cultural and social levels. More room for development will be brought forth in the future under such initiatives as the Belt and Road and the Bay Area. Many Hong Kong people travel to the Mainland for pleasure during holidays or even work and live in the Mainland. According to the statistics of the Census and Statistics Department, at present, about 520 000 Hong Kong people reside permanently in Guangdong Province. As at October 2015, more than 15 000 Hong Kong students were studying in tertiary institutions in the Mainland. Surveys have also shown that Hong Kong students were generally optimistic about the Mainland's economic prospects and willing to seek employment there. However, due to historical and institutional reasons, Hong Kong citizens are not entitled to full national treatment in the Mainland and thus*

encounter many restrictions in working, studying or living there. One of the main restrictions is that Home Visit Permits ("HVPs") do not serve as an identity document for various real-name registration purposes, making it difficult for them to use WeChat Pay, mobile phone services, etc., not to mention the various problems encountered when it comes to employment, home ownership, occupation and schooling of their children due to the household registration system.

The Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") met with the Governor of Guangdong last week and submitted our proposal suggesting that Hong Kong citizens should be accorded national treatment in Guangdong Province on a pilot basis insofar as employment, entrepreneurship, living and education are concerned, and the Guangdong Province has given a positive response. May I ask the Chief Executive whether the Government will proactively follow up the issue of according national treatment to Hong Kong citizens in the Mainland? If so, how will the Government do so specifically?

CHIEF EXECUTIVE (in Cantonese): I thank Mr LAU for the question. The Government will not only follow up but also actively strive for it. As a matter of fact, in his keynote speech on 1 July, President XI Jinping requested authorities of the Central Government to introduce measures that would facilitate Hong Kong people's studying, working and living in the Mainland as early as possible. Two batches of measures facilitating Hong Kong people have been announced in just six months.

The first batch of specific measures facilitating Hong Kong people was put forward during my visit to the relevant Mainland authorities in August. For example, from this academic year onwards, students from Hong Kong studying in Mainland universities will receive Employment Agreements and Employment Registration Certificates upon graduation so as to facilitate their employment in the Mainland. Besides, for the convenience of Hong Kong passengers taking the express rail in the Mainland, they may collect or purchase tickets with their HVPs using ticketing machines instead of at the counters. These measures announced back then are now being gradually implemented. If Honourable Members have time to visit my Facebook page, they will see that I have filmed some short videos showing how to retrieve express rail tickets with one's HVP using a HVP reading machine.

The second batch of measures was announced during my last duty visit, including the housing provident fund that everyone was keen to know about. That is to say, Hong Kong citizens working in the Mainland can enjoy national treatment as you have just said through voluntarily participation in the housing provident fund. The Central Government has also increased the quotas and amounts of scholarships for Chinese students from Hong Kong and Macao. In the past, Hong Kong citizens working in the Mainland could not enrol their children in public schools. Instead, their children must attend international schools charging high tuition fees. Now, various cities and provinces will introduce measures to enable children of Hong Kong citizens to enrol in local public schools, and Shenzhen has taken the lead.

As I have said, we will strive for it in an approach as you have mentioned. We will regularly ask Hong Kong citizens working and studying in the Mainland what facilitation measures do they also hope for. Once we have sorted out these requests, we will pass them to the Hong Kong and Macao Affairs Office of the State Council which has a taskforce largely dedicated to handle such requests by enquiring various ministries the possibility of according national treatment to Hong Kong citizens. I believe concrete measures facilitating Hong Kong citizens will be introduced batch by batch.

I have taken a brief look at the 16 recommendations made by DAB to Governor MA Xingrui, which were basically in line with the recommended measures sorted out by us. I also wish to strive for them by all means.

MR LAU KWOK-FAN (in Cantonese): *This is indeed good news. However, the issue of national treatment for Hong Kong citizens in the Mainland actually covers a wide scope and was handled separately by different Policy Bureaux in the past.*

National treatment concerns the relationship between Hong Kong and the Mainland and the sense of national identity of Hong Kong people, and it carries great significance to the implementation of "one country, two systems". May I ask the Chief Executive whether the Government will improve the existing rather passive and loose approach and consider establishing an inter-departmental committee of a higher level dedicated to the study and implementation of national treatment?

CHIEF EXECUTIVE (in Cantonese): The current-term Government is actually not loose. On the contrary, it is rather compact. The Constitutional and Mainland Affairs Bureau is responsible for the overall work, while the Chief Secretary for Administration heads a committee on matters relating to cooperation between SAR and the Mainland. Therefore, all matters relating to the Mainland will be coordinated at a high level and I, as the Chief Executive, will strive for them personally. Here, let me announce in advance that I will pay visits to various ministries in Beijing at the end of the month, just like the leading officials of other provinces and cities do, for the purpose of explaining to them why Hong Kong people hope to have such specific measures extended to them.

The question raised by Mr LAU prompted me to think: 2018 marks the 40th anniversary of the reform and opening up of the country. At the early stage of the opening up, Hong Kong people and enterprises all strove for foreign national treatment and foreign investor status, but now the situation has turned around in that they are all striving for national treatment. I feel that this highlights the fact that the country has become more prosperous, and that we believe local enterprise status and national treatment are more beneficial to our investment, work and living in the Mainland given the rapid development.

MR ABRAHAM SHEK (in Cantonese): *President. Good morning, Chief Executive. I would like to take this opportunity to welcome the Secretary for Justice. On behalf of my constituency, the Real Estate and Construction constituency, I welcome her decision to take over the Secretary for Justice position. Also, on behalf of the Business and Professionals Alliance for Hong Kong, I welcome her coming to the Legislative Council for the first time and hope that we may fully collaborate with her in her work in the next four years.*

Chief Executive, please do not worry, I will neither raise questions on the "curb" measures nor on property prices or land supply because you have already been questioned many times on these subjects. I have been commenting on the "curb" measures for seven years. Property prices are rising on the day, but the number of second-hand property transactions is dropping every day. But this is not my question, nor is it on political issues that interest many Honourable colleagues. My question is on a livelihood issue concerning the ethnic minorities who are not given equal opportunities in education. Although the Government has made a lot of efforts in this regard, we can see all actions but no result. Ethnic minorities from relatively underprivileged families, concentrating

mainly in Sham Shui Po, Yuen Long and Tuen Mun, cannot afford to send their children to international schools. Please give them a chance so that their children can enjoy equal opportunities in education just like our children do.

I have this question for the Chief Executive. A \$5 billion provision for education has been earmarked by her, in which \$3.3 billion has obtained funding approval from the Legislative Council. Will she consider allocating a sum from the remaining \$1.4 billion or providing separate funding for the development of education for non-Chinese speaking students? I understand that the Secretary for Education is keen on this aspect, but year after year, just like the "curb" measures that came one after another, no result can be seen. High property prices can be resisted, these students, on the contrary, do not have the chance to resolve poverty through education. May I ask her whether she will consider allocating \$500 million to the development of education for non-Chinese speaking students so that they can have equal access to education?

CHIEF EXECUTIVE (in Cantonese): President, Mr Abraham SHEK is really one of the most seasoned Members of the Legislative Council. He said he would raise questions neither on the "curb" measures nor the property market, but in just a few words, he has given vent to his dissatisfaction with the "curb" measures.

I am very much concerned about the livelihood issue raised by Mr SHEK. If we say Hong Kong is our home, it is home to the non-Chinese speaking people, too. The Commission on Poverty already made tackling the learning difficulties encountered by ethnic minorities or non-Chinese speaking students a priority in early years. As far as I can recall, several hundreds of millions of dollars was allocated for the implementation of a framework on learning Chinese as a second language in schools which has started to yield results. I do ask Secretary YEUNG regularly whether early intervention in their learning of Chinese, provision of more resources and implementation of small-class teaching will help them in learning Chinese, because after all, one must understand Chinese in order to integrate into Hong Kong society. Our efforts to this end will continue.

When the Free Quality Kindergarten Education Scheme was rolled out last year, I also heard from non-Chinese speaking parents that some kindergartens refrained from admitting their children and asked them to take their children

elsewhere because these kindergartens did not know how to teach their children. For this reason, we have allocated extra resources to kindergartens willing to admit ethnic minorities children. Mr SHEK can rest assured that our effort at the education for ethnic minorities students in the future will be continued and that it will not be limited to the remaining \$1.4 billion of the \$5 billion new resources for education after \$3.6 billion is spent. I reiterate, as I have said to Mr IP Kin-yuen, that for the sake of quality education and for the benefit of students, we are prepared to consider spending even another \$5 billion.

MR ABRAHAM SHEK (in Cantonese): *President, I will not raise more than one question. I just hope to take this opportunity to make a request to the Chief Executive. Every year, 3 000 to 4 000 elderly people, who have contributed a great deal to Hong Kong's development, fail to obtain a place in care and attention homes. I hope the Chief Executive can help these people live the remaining part of their lives more joyfully. This is a most humble request of mine. A report of the Public Accounts Committee has pointed out this problem but it seemed like a stone dropped into the bottomless sea. I hope the Chief Executive can do something about this.*

CHIEF EXECUTIVE (in Cantonese): Residential care services for the elderly have been a long-standing livelihood issue. We will try every possible means to solve the problems in terms of hardware and manpower. To this end, the Secretary for Labour and Welfare is following up with the welfare sector on the Special Scheme on Privately Owned Sites for Welfare Uses in the hope of increasing the supply of residential care places for the elderly. Yet, at the end of the day, we should step up efforts in assisting elderly people to age in place because many of them harbour a sense of resistance towards moving into elderly homes. Therefore, our elderly care policy in recent years has been encouraging ageing in place and in the community, and thus the Community Care Service Voucher for the Elderly was introduced and ageing in place will be enhanced. We will definitely make efforts in this connection.

MR CHAN KIN-POR (in Cantonese): *President, first of all, let me tell the Secretary for Justice that it is indeed commendable for someone as respectable as her with such status and capacity to join the Government since it is very hard to*

find capable people to join the Government in Hong Kong. Hence, I hope she can resist the pressure, properly handle the controversy this time and continue to uphold the spirit of serving Hong Kong.

Chief Executive, Hong Kong ranks among the top of the world in economy, security, health care, welfare and average life expectancy. However, a number of surveys have indicated that the happiness index of Hong Kong people is very low which I believe can be largely attributed to work and living pressure. Hence, for many years I have been hoping that the Government can introduce policies on promoting work-life balance to relieve employees' pressure. Happy employees make happy families which naturally make Hong Kong people happy, too.

Countries in Europe have spared no efforts in implementing work-life balance and have achieved remarkable results. President, please let me say a few more words on the measures adopted. Firstly, flexible working hours or work from home arrangement. For example, employees are required to work in office only from ten to four. For the rest of the time, it is up to employees to decide whether to do so or not according to their job requirements or family commitments. Employees can thereby allocate time for their family, such as brining their children to school, or developing their own interest.

Secondly, favourable holiday entitlement. This means companies offering holiday entitlement more favourable than the statutory requirement, such as on-the-job training leave, public service leave, family care leave, birthday leave and "recharging" leave, and so on.

Thirdly, a friendly and stress-free working environment. This means creating a relaxed working atmosphere through office design.

Fourthly, establishing a two-way sincere communication channel between employers and employees through which employees can talk about their pressure and employers can talk about their difficulties in carrying on the business. In doing so, friendly exchanges can be made in seeking a win-win situation. Employers may worry that these measures will affect company operation and increase costs. But there is really no need for such worries because studies have indicated that employers will not incur any loss but even gain from such measures as staff loyalty will thereby be heightened. Employees will work even harder and more efficiently and even the number of sick leave days will greatly decrease.

I would like to ask the Chief Executive for her view on measures promoting work-life balance. What can the Government do in this respect? Will she consider setting up an inter-departmental task force and investing, for instance, \$5 billion for encouraging companies to implement this policy so as to raise Hong Kong people's happiness index?

CHIEF EXECUTIVE (in Cantonese): First of all, I agree with the view of Mr CHAN. I really hope Hong Kong people can live happily. As Members may recall, the title of my first Policy Address highlighted sharing happiness.

Certainly, a lot can be done to achieve sharing happiness, for instance, relieving the pressure on students and employees. We may examine what can be done in various aspects. However, what should be done under what circumstances is also a question of balance. I say this because when Mr CHAN was talking about holidays, it seemed that Mr Tommy CHEUNG sitting in the front was frowning ... or was he falling asleep? I am not quite sure. *(Laughter)*

Therefore, it is a question of balance. There are representatives of both employers and employee unions here, and the role of the Government is to facilitate the forging of a consensus between them. As I have said, I was glad that the Labour Advisory Board could reach a consensus on paternity leave expeditiously so that the Government could introduce the bill on increasing paternity leave by two days as early as possible. However, further implementation of the measures mentioned by Mr CHAN Kin-por just now, in particular those that would impose additional costs on employers, may exert pressure on employers. Nonetheless, my colleagues and I will carefully study various views put forward by Honourable Members.

DR HELENA WONG (in Cantonese): *President, first of all, I must point out that I found her discernment to be really extraordinary. Since taking office, she has committed two wrongs. First, her discernment is apparently the most extraordinary for she has chosen a Secretary for Justice whose residence was found, within a very short time since taking office, to have a number of unauthorized building works and the same is true of her husband's detached house. The two houses are even connected by a door, which is also found to be unauthorized building works. She had to tender apologies to the public within a very short time after taking office.*

Another wrong is the co-location proposal, which the Hong Kong Bar Association describes as "... an unprecedented move" which is "the most retrograde step to date in the implementation of the Basic Law". Let me talk about the Chief Executive's discernment first, and then talk about the issue of co-location.

We have placed a placard here to express our greatest worry namely, the Chief Executive "condoning her subordinates in their wrongdoings and being servile to the higher authorities". As a fitting superior, it is sometimes necessary to offer help to subordinates but the way she condoned her subordinates is appalling. Members know clearly that after the occurrence of the incident of excessive level of lead in drinking water, no accountability official had to step down. Some members of the public demanded that officials drink water with excessive level of lead themselves and the Chief Executive said it was sort of humiliating ...

PRESIDENT (in Cantonese): Dr Helena WONG, may I remind you that this is not a debate session. In the Chief Executive's Question and Answer Session, Members can only ask one question.

DR HELENA WONG (in Cantonese): *President, I will surely ask my question.*

PRESIDENT (in Cantonese): Please come to it as quickly as possible.

DR HELENA WONG (in Cantonese): *President, I will surely ask my question. We can see that there are now problems with the Chief Executive's discernment. Not only that, there are also problems with her mentality, too. She leads the whole SAR and the Government but when the highest-ranking official was exposed to have carried out unauthorized building works, she could turn a blind eye to it and ask us to show tolerance to the Secretary for Justice, so what about the 160 000 civil servants under her management? A person can make mistakes out of ignorance, for example, small children lack mental maturity, so they may make mistakes out of ignorance. However, Teresa CHENG is not ignorant. She is a senior counsel and holds a professional qualification in civil engineering. She has also served as the Chairperson of the Appeal Tribunal*

Panel under the Buildings Ordinance for as many as six years. The Chief Executive also praised her for being an international arbitrator. It seems not only is the discernment of the Chief Executive faulty, even the judgment of the Secretary for Justice is also very faulty. If such a precedent is set, in the future, will the Chief Executive show tolerance when officials of whatever rank under her management make mistakes? If things go on like this, I do not know if the Government will still have any integrity and credibility to speak of.

PRESIDENT (in Cantonese): Dr Helena WONG, please ask your question immediately. Failing this, I will order you to stop speaking.

DR HELENA WONG (in Cantonese): *President, I know you are feeling very impatient. I will now ask my question. When I took my oath to become a Member of the Legislative Council, I said I would uphold the Basic Law. Paragraph 2 of Article 11 of the Basic Law stipulates that "No law enacted by the legislature of the Hong Kong Special Administrative Region shall contravene this Law."*

My question is: According to the procedures in the "Three-step Process", we have already taken two steps and now, the third step will be taken. If the Chief Executive asks the Legislative Council to follow the order of the Standing Committee of the National People's Congress ("NPCSC") issued recently in late December by enacting some unconstitutional legislation on co-location, this is really tantamount to forcing people to act against their will and a mission impossible. How can we pass legislation that violates the Basic Law? The Mainland only has to make a request and the NPC only has to say that there is no violation of the Basic Law and the relevant legislation will probably be passed due to the large number of Members in the pro-Government camp. It seems that the Chief Executive also has the mentality of a lackey when she told Members not to cite so many arguments advanced by the elites of the legal profession. Even if the Legislative Council passes the law, the Judiciary may still pursue this matter because we cannot approve the co-location proposal, which is unconstitutional, at the third step.

May I ask the Chief Executive if, for the sake of the speed and convenience of the Express Rail Link ("XRL"), she really thinks that everything can be sacrificed? The Hong Kong Bar Association criticized NPCSC for failing to cite clear and reasonable legal grounds, so is everything final so long as NPCSC says

that the Basic Law is not violated? Are Beijing's words final? Do we have to follow what NPCSC says blindly and ask no questions? How is this different from being a lackey? Has she thought clearly about this? Has she told Beijing this clearly? Is she going to say this to NPC?

PRESIDENT (in Cantonese): Dr Helena WONG, you have asked your question. Please sit down.

(Dr Helena WONG remained standing, speaking loudly)

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

(Dr Helena WONG continued to speak loudly at her seat)

PRESIDENT (in Cantonese): Dr Helena WONG, if you do not follow my order but continue to speak loudly, I will regard your behaviour as grossly disorderly.

CHIEF EXECUTIVE (in Cantonese): Before responding to the subject of co-location, first, I wish to say in reply to Dr Helena WONG that I do not tolerate unauthorized building works, nor do I condone the Secretary for Justice, Teresa CHENG, and think that no rectification is necessary. After learning about this matter, I immediately requested her to give explanations to the public to dispel public doubts. She also promised to make rectifications as soon as possible if it is proved that unauthorized building works exist. Therefore, I did not turn a blind eye to or tolerate unauthorized building works. I hope Members can adopt an objective and tolerant attitude rather than an aggressive one when they look at the whole incident.

Coming back to the issue of co-location, I often hear some members of the legal profession or Legislative Council Members say that there is no legal basis, yet the Government has not given them any explanation. For this reason, last night, I took out the transcripts of the speeches on co-location delivered by me on public occasions and there are 43 pages in total, all packed with words. The

legal grounds, the contributory factors and the results are all set out therein. They serve to clarify this matter and the root of this issue and represent the written record of my remarks.

I hope Members can adopt an objective and pragmatic attitude when they look at the issue of co-location. The thrust of this matter is that the SAR Government hopes Hong Kong can integrate better with our country's overall development, particularly with the XRL network, so it decided to build the 26-km Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. In the Central Authorities' plan of a "Four Verticals, Four Horizontals" or "Eight Criss, Eight Cross" XRL development pattern, there is actually no need for this 26-km section. Sometimes, I heard Members describe the Hong Kong section as an "appendix" because after coming to Hong Kong, it is not possible to transfer to other stations.

However, these 26 km are very important to Hong Kong as they allow us to integrate with such a huge XRL development network and also enable Hong Kong to play its role as a land transport, shipping and aviation hub. Passengers of the XRL network do not simply come to Hong Kong, they can also use the very convenient aviation hub in Hong Kong to go to other places.

Therefore, the nature of the matter is that while giving play to "a high degree of autonomy", we hope that this piece of infrastructure can be put in place. However, for this piece of infrastructure to yield its economic, social and transport benefits optimally, co-location must be introduced. I hope that Members will agree at least over this point. I have taken the XRL from Tianjin to Beijing, from Shanghai to Hangzhou and from Shenzhen to Guilin on three occasions to personally demonstrate to all people the great benefits of this fast, convenient and punctual mode of transport, be it to tourism or simply to the exchanges among people.

Next, our task is to find a legal basis for the relevant arrangement, to find a solid legal basis because Hong Kong is a place practising the rule of law where anyone can challenge government actions if they want. For this reason, we knew at an early stage that a very solid legal basis is required. I have talked about this point in public before. I take exception to most of the comments made by people opposing co-location but on just one point, I can see eye to eye with them, that is, "one country, two systems" should not be sacrificed and the

Basic Law should not be violated on account of the benefits of a railway. This is the very one point that I and my team, including Mr Rimsky YUEN, the former Secretary for Justice who has left his post, have all along insisted on.

We cannot be concerned just about the convenience, rather, we must find a solid legal basis for it. For this reason, we found this "Three-step Process". I do not have to recap the details of this "Three-step Process". The most important thing is that we have taken the second step in which NPCSC, in other words, the highest authority of the country, has conferred legal effect on it. Next, it still has to be referred back to the Legislative Council and the third step is to enact local legislation on the relevant arrangement. If local legislation cannot be enacted, the whole matter will stall and not come to fruition. Therefore, be it the first step or the third step, actually, they both show that the Central Authorities attach importance—paramount importance—to Hong Kong's "high degree of autonomy" under the Basic Law, which is stipulated in Article 2 of the Basic Law.

However, the Central Authorities also understand the situation, so they cited Articles 118 and 119 of the Basic Law, pointing out that Hong Kong wants to develop commerce or other industries, so it wants to undertake such a task. The Central Authorities are also aware that according to Article 7 of the Basic Law, although the land in Hong Kong belongs to the Central Authorities, we have full management right over it and can lease or grant it to organizations to carry out some tasks. Therefore, the Central Authorities provided a legal basis for Hong Kong to set up a Mainland Port Area to implement co-location as per Hong Kong's request.

However, regarding the comments of some members of the legal profession as quoted by Dr Helena WONG just now, which claim that this decision made by NPCSC has no legal basis and has castrated the Courts in Hong Kong, that it is founded on thin air and whatever NPC says goes, and to put in a blunt way, we are terrified when NPC shows its displeasure, I think all these comments are irrational and far off the facts. Therefore, no matter how hard I think about this, I can only think of one reason, that is, despite the passage of two decades since the reunification, some people still do not understand this constitutional order or do not even accept it. For this reason, they only look at the new order of the SAR under the Constitution and the Basic Law in their own ways.

I am now thinking very positively and actively ... I have read the article written by Prof Albert CHEN. To those who say that this matter has no legal basis, please read the 3 700-word article on the legal basis written by Prof Albert CHEN. I also agree with the viewpoint put forward by Prof Albert CHEN at the end of the article. He said that many legal issues are involved in the Decision of NPC this time around ... he sincerely hopes—and so do I—that members of the legal profession in Hong Kong and the legal experts and academics concerned on the Mainland can understand each other's legal viewpoints through rational communication and dialogue. He firmly believes that with such understanding, the people concerned in the legal profession in Hong Kong would no longer think that the Central Authorities made the decision on co-location this time around wilfully, maliciously or even with some ulterior motive, and experts and academics on the Mainland can also better understand the dissatisfaction and concern of some members of the legal profession over this Decision of NPC.

Therefore, as the Chief Executive, I am duty-bound to promote the development of a positive interactive relationship between the SAR and the Mainland. I will continue to work hard on this in the future.

(Dr Helena WONG stood up)

PRESIDENT (in Cantonese): Dr Helena WONG, please make your supplementary question as concise as possible because you have already used 12 minutes and 40-odd seconds.

DR HELENA WONG (in Cantonese): *The Chief Executive said she would not tolerate unauthorized building works, so I hope the Government can let us see Teresa CHENG being prosecuted for unauthorized building works.*

All right, what I asked you just now was: I could see the Chief Executive ...

PRESIDENT (in Cantonese): Dr Helena WONG, you can only ask a short supplementary question and should not make any arguments.

DR HELENA WONG (in Cantonese): *President, I only wish to ask the Chief Executive further ...*

PRESIDENT (in Cantonese): Dr Helena WONG, you have already asked your supplementary question. Please sit down.

(Dr Helena WONG remained standing and speaking)

PRESIDENT (in Cantonese): Dr Helena WONG, please sit down. Chief Executive, please answer.

(Dr Helena WONG remained standing and speaking)

PRESIDENT (in Cantonese): Dr Helena WONG, you have already asked your supplementary question. Please sit down immediately.

Chief Executive, please answer Dr Helena WONG's supplementary question.

CHIEF EXECUTIVE (in Cantonese): President, I could not hear Dr WONG's supplementary question.

PRESIDENT (in Cantonese): She asked you if any prosecution would be instituted.

CHIEF EXECUTIVE (in Cantonese): Prosecution? I am not the authority in charge of prosecutions. According to the Basic Law, the power of prosecution is exercised independently by the Secretary for Justice. However, on this matter, the Secretary for Justice has taken a measure, that is, to avoid any potential conflict of interest or giving any impression of a conflict of interest or bias, the Secretary for Justice has separately empowered the Law Officer (Civil Law) and Director of Public Prosecutions to deal with this matter, so Members can put their minds at ease.

However, since I have served as the Secretary for Development before, I found that Dr Helena WONG lacks a clear understanding of the Buildings Ordinance because according to her, a prosecution had to be instituted so long as unauthorized building works are found but I think this would scare a lot of Hong Kong people. Under the Ordinance, if unauthorized building works exist, no matter if one is aware of them or not, so long as unauthorized building works are found at your property, the Buildings Department will issue removal orders and Ir Dr LO probably knows better. If the unauthorized building works are removed within the specified period of time, no problem will arise after removal and no prosecution will be instituted. Prosecution happens only when the Buildings Department has sufficient evidence and grounds showing that the unauthorized building works were carried out deliberately and of one's own initiative.

Thank you, President.

(Mr Michael TIEN stood up)

PRESIDENT (in Cantonese): Mr Michael TIEN, what is your point?

MR MICHAEL TIEN (in Cantonese): *I only wish to point out that the Chief Executive's Question and Answer Session is not a debate session but Dr Helena WONG alone has used 15 minutes. This is unfair to other Members. I hope the President can take into consideration the fact that in the Question and Answer Session, each Member can only ask one question.*

PRESIDENT (in Cantonese): I have already reminded Dr Helena WONG of this.

DR CHENG CHUNG-TAI (in Cantonese): *As the people of Hong Kong can see clearly, in the response made by Carrie LAM in relation to the incident of Teresa CHENG's unauthorized building works just now, what she referred to as "tolerance" can actually be summed up as connivance. All along, she has upheld the theme of asking the people of Hong Kong to allow the SAR Government to connive at deliberate and personal violations of the law by its officials.*

In respect of the response made by the Chief Executive just now, I have deduced three simple reasons why the people of Hong Kong would directly demand Teresa CHENG to step down ...

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, please ask your question.

DR CHENG CHUNG-TAI (in Cantonese): *I will ask my question ...*

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, please come to your question direct. It is not a debate session now.

DR CHENG CHUNG-TAI (in Cantonese): *Firstly, being a distinguished Senior Counsel and a civil engineer, she said she did not see clearly that there were unauthorized building works at her home, thus proving her incompetence. Secondly, her personal violation of the law in her present capacity as the Secretary for Justice has tarnished the reputation of the Department of Justice. Thirdly, when the SAR Government handled this incident, one lie was used to cover up another, thus seriously undermining the barely remaining credibility of the SAR Government as well as Hongkongers' confidence in her. In light of these three points, it is quite reasonable to demand her to step down. I cannot accept that the matter can be disposed of with her mere attendance in the Legislative Council to give an explanation. This is what you referred to as tolerance, but it is in fact connivance.*

Hence, President, my question is very simple and straightforward: How will Carrie LAM explain why, when she handled the issues of Henry TANG's and LEUNG Chun-ying's unauthorized building works during the Chief Executive Election, she said the matter could not be resolved simply by paying money afterwards, with dozens of people going to Henry TANG's home to bore the floor and collect evidence, but today she has asked the people of Hong Kong to be tolerant of her? Should she not request the incumbent Secretary for Justice Teresa CHENG to take the blame and resign?

CHIEF EXECUTIVE (in Cantonese): First of all, I do not agree with what Dr CHENG said. I did not connive at anything. I have requested the Secretary for Justice to give a frank and open account, and she has undertaken to make expeditious rectifications. As regards how unauthorized building works are handled in Hong Kong, there are laws, policies and law enforcement agencies in place. Back then, when I served as the Secretary for Development, my attitude in handling unauthorized building works of senior officials and famous persons was the same as that of Secretary for Development Michael WONG, who told Members yesterday that we would treat everyone equally. We would not act differently because of the identity or status of the person suspected of conducting or having authorized building works. The only difference is that back then, I pointed out that if the person involved was a senior official, lawmaker or famous person, we would have to expedite the enforcement, otherwise the media would make enquiries every day. Therefore, to allay public concern, it was accorded priority in terms of the time of handling, with a view to clarifying the situation. Hence, the other two cases mentioned by Dr CHENG just now were given completely equal treatment.

DR CHENG CHUNG-TAI (in Cantonese): *Carrie LAM is trying to divert our attention. The problem cannot be resolved simply by passing the responsibility to an executive authority and following the administrative procedures. As she said very clearly just now, her appointment was based on her qualifications. The selection was made all by herself. The crux of the problem is whether she is undiscerning, or whether a loophole of total vacuum has appeared in the existing system of integrity check in the Hong Kong Government. Now the people are given the impression that only those who have broken the law and are involved in cases can become senior officials.*

I only wish to ask a very simple supplementary question: Will the Chief Executive admit there is a problem with her appraisal of candidates or her discernment, or did the Chief Executive adopt completely different standards for the integrity check during the appointment of the Secretary for Justice?

CHIEF EXECUTIVE (in Cantonese): I can reply that every principal official appointed by the Central Authorities upon my nomination has undergone an in-depth integrity check, but I certainly cannot disclose the details. However, just now as soon as Dr CHENG stood up, he talked about the executive authority

and administrative practices. The Buildings Department is not an executive authority. Rather, it is a statutory law enforcement agency. Similarly, NPCSC is not an executive authority. It makes decisions on a legal basis and does not just say something and call it final. I hope we will ascertain the facts about these issues in the future.

MR LUK CHUNG-HUNG (in Cantonese): *President, just now the Chief Executive said that an inter-departmental group would be set up to study incidents of labour disputes and problems of outsourcing. The Government did not seem to wake up until there were labour disputes. I am rather disappointed because right at the beginning of the current term of the Legislative Council, I proposed a motion requesting a comprehensive reform of the outsourcing system; before the Chief Executive's assumption of office, we visited the Office of the Chief Executive-Elect to speak on the necessity to reform the outsourcing system; and this Council has held a number of debates on the subject whereas various committees, large or small, have stated the necessity to reform the outsourcing system. Why did the Government wake up only after the occurrence of labour disputes? In fact, the Hong Kong Federation of Trade Unions ("FTU") has dealt with many cases of outsourcing, including a similar labour dispute brewing in Oi Man Estate which I have been handling recently. Over the past two years, FTU has dealt with disputes over severance payment arising from outsourcing, involving 974 workers and over \$14 million. I must emphasize that severance payment is only one of the problems of outsourcing. Is the Chief Executive aware of the workers' extremely low wages? Under the system euphemistically named the "two-envelop system" which in fact awards a contract to the lowest bid, 7% of the cleaning workers suffered a reduction in wages during the conversion of contracts. Their wages were reduced rather than being raised. The situation of security guards is even more serious with 29% of them being given a reduction in wages. Did the Chief Executive ever come to know that the workers' wages were even lower than the median wage in their industry? The Government has taken the lead in pushing down the wages. Facing hardship in everyday life, difficulties in employment and exploitation, workers ...*

PRESIDENT (in Cantonese): Mr LUK Chung-hung, please ask your question.

MR LUK CHUNG-HUNG (in Cantonese): *I will ask my question. Just now Dr Helena WONG spoke for a long time, right? I wish to ask the Government what it will do in several aspects: in respect of financial commitment, how will the new fiscal philosophy advanced by the Chief Executive be manifested? Will there be any new financial commitment? In respect of the tendering system, how can the "two-envelope system" be genuinely enforced? Regarding the service quality and taking into account labour interests and employees' remuneration packages, how will the assessment system be implemented? How will monitoring be conducted under the system? How will the demerit points system be enforced? I request that each government department having an outsourcing system should review within a short period whether any tricks similar to those in the earlier labour disputes have appeared during the conversion of contracts, such as defaulting on severance and long service payments. I hope the Chief Executive can give a firm reply.*

CHIEF EXECUTIVE (in Cantonese): I thank Mr LUK for his concern about the grass-roots workers. Perhaps just now when I spoke, I gave you the impression that we did not work until now and were wise after the event. As a matter of fact, shortly after our assumption of office, I already told the Secretary for Labour and Welfare that he should enhance monitoring and properly deal with the benefits and interests of grass-roots workers under the outsourcing system. Hence, the inter-departmental working group led by the Secretary for Labour and Welfare has actually commenced its work for a period of time. So Mr LUK can rest assured. We will complete the relevant tasks as soon as possible.

The tasks cover a number of aspects, including, as stated by Mr LUK just now, devising contracts for outsourced services, that means the required service standard, supporting manpower, as well as the benefits and severance arrangements for the contract staff of outsourced services. We will take all this into account. Besides, for the sake of openness, fairness and impartiality, the assessment system in open tenders also warrants our attention. However, regarding the root of the problem, I have recently looked at the wages mentioned by Mr LUK just now. About four or five of our major departments have employed 38 000-odd grass-roots workers, namely, cleaners, security guards and staff managing public toilets. I consider wages worthy of consideration and review. However, the root of the problem is that during the past period, up to the time the current-term Government took office and Mr Paul CHAN assumed office as the Financial Secretary, the departments had not received sufficient

resources at all. Not only were they not given any annual provision as per inflation. They even had to implement the "0-1-1" envelope savings programme. With a lack of resources, it was thus really difficult for the departments to draw up these contracts. For this reason, to tackle the problem at root, we should provide resources so that they will have sufficient room to address these issues.

Although the Secretary has not yet announced the 2018-2019 Budget, I can say—because it seems the public already know it—he has made provisions for a real growth of 3% for each department, except for the civil service salary payment because it has its own adjustment mechanism. When resources are more abundant, we can conduct the tasks in accordance with the new tender arrangements and new contractual requirements proposed by us later. If there is a need for an injection of extra resources, we are prepared to make such a financial commitment because from the angle of public finance, one of the ideas under my new fiscal philosophy is that money spent in one area can actually make savings in some others. I wonder if Members know that the number of cases of the Comprehensive Social Security Assistance owing to unemployment or low income has dropped for eight, nine and ten consecutive months. In other words, the people of Hong Kong have a strong spirit of self-reliance. As long as jobs are available, they are willing to work. If we can make better efforts for their legitimate rights and interests in employment to prevent them from falling back into the social security net, the Government can actually save much money on that front. I hope this mindset can enable the current-term Government to come up with more groundbreaking proposals to address the livelihood issues in society. Thank you.

MR LUK CHUNG-HUNG (in Cantonese): *If the Chief Executive said that the relevant departments and the Secretary have commenced their work, I think they are just working behind closed doors because member organizations or Members of FTU have tried for months to make an appointment with the Secretary to especially talk about the problems of outsourcing, but the time is yet to be fixed. I feel very disappointed.*

Moreover, I consider that in the long term, apart from reforming the system, should outsourcing be reduced and even abolished? The Government has outsourced not only the services but also the commitment which it should

have for workers. I hope that apart from reforming the system, the Chief Executive can, by all means, reduce the scale of outsourcing and even abolish it. Can she do so?

CHIEF EXECUTIVE (in Cantonese): This is difficult because I often hold that some tasks should be undertaken with such flexibility in the market. Not everything can be brought under the civil service establishment. In recent years, given the immense pressure we bear in a lot of work, the staff establishment of the Civil Service has kept expanding. In the coming year, it will hit the record high with a growth of over 3%. Hence, here I cannot undertake to completely abolish outsourcing and bring everything back under public services provided by the Civil Service. Nevertheless, the proper treatment of the contract staff of these outsourced services is definitely our concern.

As regards your wish to meet with Secretary Dr LAW Chi-kwong, this is easy. He seems to say he has offered you a few dates. Please contact CK at your earliest convenience. I think he can temporarily put other businesses aside to meet with FTU.

MS TANYA CHAN (in Cantonese): *President, I would like to ask the Chief Executive if she can be tolerant towards officials who lied to the public or to her?*

CHIEF EXECUTIVE (in Cantonese): Certainly not. This is a question of integrity.

MS TANYA CHAN (in Cantonese): *Fine. I have in hand—President, I have asked my first question, so do not worry—I have in hand a land search record from the Land Registry. It relates to the residence of Secretary for Justice Teresa CHENG, that is, House 4 of Villa De Mer in Tuen Mun, and a company called Sparkle Star Development Ltd is involved.*

As we all know, a property transaction involves several procedures. First, the Provisional Sales and Purchase Agreement; and next, the Sales and Purchase Agreement found in the land search record. Then there is the

Assignment which is also shown in the land search record, and if it is necessary to take out a mortgage loan, it is often arranged on the same day as the signing of the Assignment, and this can also be found in the land search record.

I have in hand the Sales and Purchase Agreement and the Assignment, as well as these pages of information on the mortgage loan. The most important document, as reported as headline news in the press today, is the Assignment, that is, the last document signed upon the full payment of some \$20 million. I have in hand also this plan which shows clearly the layout of all storeys of that House 4 of the Secretary for Justice, including the ground floor, the first floor, the second floor and the rooftop.

Secretary for Justice Teresa CHENG said yesterday that it would be for the professionals to determine whether or not a structure is unauthorized building works. But I have in hand this Assignment together with the description of that house of hers that I mentioned just now, which can also be found in the mortgage documents, and these documents should be comprehensible to professionals at law. The Secretary for Justice, being a member of the legal profession, should have known by inspecting the plan visually or with naked eyes that there was a basement in extra, and she should have understood by sheer common sense that there was no reference to any basement in the mortgage documents and yet, on these two documents there are her signatures. My question is: Is it because she was really too busy that she did not notice it when signing the agreement or did she still sign it even though she knew it and took no action deliberately? Most importantly, Chief Executive, she is suspected to have breached section 18 of the Theft Ordinance (Cap. 210) in obtaining pecuniary advantage from a bank by deception, and I am referring to her mortgage loan because in this document relating to her mortgage loan it is stated that there is no basement.

Can the Chief Executive believe it? She, being the Secretary for Justice, has legal knowledge and also a legal background, and she put down her signatures on these two legal documents, so she should be an expert, right? But she still did not know about it and not even by way of visual inspection as an ordinary person, and she put down her signatures without noticing that there was a basement and even took out a bank loan of some \$20 million. Is it not that she already breached the law knowingly?

CHIEF EXECUTIVE (in Cantonese): Ms Tanya CHAN is also a barrister, and on the question of whether it amounts to a breach of law that she mentioned just now, it is not proper for me to give an answer and not even lawyers should give an answer because it is evidence-based when it comes to prosecution and whether there is a breach of law. If the Buildings Department, in the course of its investigation, has the same suspicions as those mentioned by Ms CHAN, it will definitely probe into them. This should be handled by the investigating authorities.

MS TANYA CHAN (in Cantonese): *President, these are legal documents that I am talking about. Chief Executive, you took on her as the Secretary for Justice because she is an international arbitrator and an experienced senior counsel. These are legal documents, and I am not talking about unauthorized building works; and even if it is for the professionals to make a determination just as she said, then she is precisely one of these professionals. How come she did not notice it when putting down her signatures? Is it because the lawyer did not explain the details to her or did she commit this mistake knowingly or was she really too busy that she overlooked these words?*

CHIEF EXECUTIVE (in Cantonese): Sorry, President. It is impossible for me to answer her question on behalf of Secretary for Justice Teresa CHENG. But I can say that as I said in reply to another question earlier, I understand that the community has higher expectations of senior officials, which is right, and this is why I also have the same expectations of my team. I also understand that regarding the remarks made by Secretary for Justice Teresa CHENG over the last couple of days that she was too busy indeed, that she was too devoted to her business to the neglect of her private affairs, that the problem did not come to her attention at all and that she was not alert, from what I have seen today, it seems that some people may consider them incomprehensible and inconceivable. But if it is the fact, then it is the fact. However, I cannot specifically respond to those many legal opinions put forward just now by Ms Tanya CHAN here today.

(Mr CHAN Chi-chuen yelled loudly in his seat)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, this is the last warning. If you continue to yell loudly in your seat, I will regard your behaviour as grossly disorderly.

(Mr CHAN Chi-chuen raised a placard while seated)

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, please put down your placard.

MR MICHAEL TIEN (in Cantonese): *President, Chief Executive, as we all know, unauthorized building works have changed the destiny of Hong Kong. Had there not been unauthorized building works, the last Chief Executive might not have been that Chief Executive in history, and this has changed the destiny of Members in this Chamber, too.*

Honestly, I absolutely do not agree to taking no action to address the illegal structures and sitting on the problem, but if she is said to have committed the most heinous crimes and that she is too wicked to be pardoned, then I think these comments are going too far. In the many incidents that happened in the past, we rarely saw officials "beheaded", though they were already "injured from head to toe". Chief Executive, it was after so much effort that you finally got someone to take up this job but now, while she is having a hard time, you are also caught in an impasse but it is most tragic that your administration has been affected and everyone is rendered a loser. The biggest problem now is that when a member of the community becomes a member of the Government, he or she has to make a lot of changes, and many things that were not problems before will become problems. These incidents had invariably tormented the whole of Hong Kong every time they happened and wasted many talents who could have served Hong Kong, and I wonder if this is the reason deterring many people from entering this "hot kitchen".

I have been engaged in politics for such a long time and I have heard all sorts of reasons, such as being politically insensitive, not paying attention, not having the knowledge, committing the mistake inadvertently, and so on. Every reason sounded specious and yet, we would give everyone the benefit of doubt.

As I also said on the radio today, from my personal judgment, so far there is no evidence of an integrity issue on the part of Secretary for Justice Teresa CHENG and so, I can only give her the benefit of doubt.

Since we all know that there will be changes, is it possible for this to be institutionalized? Can we include this criterion in the integrity check in future, so that whether for houses, new flats or old ones, the Buildings Department will conduct inspections on every potential official under the accountability system and in case problems are discovered, works will commence immediately to deal with the problems? Even though such works may not be completed before an official takes office, at least the public will know that the problems are being taken care of rather than being concealed.

There is still a lot of time left. Chief Secretary, can you undertake to introduce such a mechanism to defuse all the "bombs" in future and become the first Chief Executive in the past two decades since the reunification who is willing to include this procedure in the integrity check?

CHIEF EXECUTIVE (in Cantonese): In view of this incident, some people have suggested that we should re-examine the criteria and procedures of the extended integrity check and on this point, I am willing to do so, and as a matter of fact, it can better allay future concerns. Having said that, I can assert that after this incident, this "hot kitchen" has become even hotter and it may be a big problem as to whether we can find anyone to carry out the integrity check for us. So, this is no joke at all, and we have to strike a balance in all issues. It is necessary to strike a balance between the public's right to know and the right to privacy, and with regard to our trust in a person and the specific, objective information that this person can provide, we also have to take an overall view of them. To give a brief reply to Mr TIEN's question, the Chief Secretary for Administration and I will re-examine the procedures of the integrity check which, as Members all know, is carried out by the Hong Kong Police Force.

MR MICHAEL TIEN (in Cantonese): *Chief Executive, I wish to give you my sincere commendation. You will be really brilliant if you are willing to do it. What I have just said is not meant to question a person's integrity. If you wish to make it a pleasant surprise, make sure that it will not turn out to be a shock. It*

is a pleasant surprise to see newcomers and in Hong Kong, smart people with a strong sense of political sensitivity who have never been engaged in politics before are so scarce that they may be no more than 10 in number. You got to have people who are smart and have a sense of political sensitivity and so, I hope you will not think that this has to do with her integrity ...

PRESIDENT (in Cantonese): Mr Michael TIEN, as you said earlier when you raised a point of order, this is not a debate and so, you should only ask a short follow-up question. Chief Executive, your answer please.

CHIEF EXECUTIVE (in Cantonese): I have heard his views.

MR CHARLES PETER MOK (in Cantonese): *President, in her opening address the Chief Executive did not mention a single word about the incident concerning unauthorized building works of the Secretary for Justice. This is actually an issue of the utmost concern to society which is also made headline news in the press every day. But when the pro-establishment Member asked her question at the outset, the police officers who are vested with public powers were described as if they are most pitiable. President, Chief Executive, the problem faced by Hong Kong now is that the pro-establishment camp and the Government cannot tell right from wrong. Members of the public are feeling more and more strongly that this society is unfair, for people with powers and money can ride roughshod over others in defiance of the law and yet, the Government is still asking the people to be tolerant of their deeds. Then who will be tolerant of the poor, the ordinary members of the public and law-abiding citizens in society? The Government is asking them to be tolerant and to accept the status quo. How can we take it easy at all?*

I have no idea whether the Chief Executive, before identifying and appointing Ms Teresa CHENG as the Secretary for Justice, had learned of the problem of her unauthorized building works, visited her residence and known that her husband is Mr Otto POON, especially as Mr POON may be involved in serious conflicts of interest in respect of works projects and land, for his company undertakes several hundred million dollars-worth government works annually. Insofar as relatives of senior civil servants are concerned, I believe there has never been a case involving such a significant conflict of interest before. When

officials of the Development Bureau or the Transport and Housing Bureau have to work with the Secretary for Justice in future, how can it be guaranteed that government works will be handled properly and fairly? Will the Chief Executive request Mr POON's company not to undertake government works in future or make claims against the Government for overruns amounting to millions or tens of millions or hundreds of millions of dollars?

CHIEF EXECUTIVE (in Cantonese): President, if the people of Hong Kong heard those remarks made by Mr Charles MOK just now, I think it would be even more difficult to get people to take up the office of a politically appointed official. Now that this fire has spread to family members of politically appointed officials and to the corporate business and activities of their family members and so, I appeal to Members to look at this matter impartially.

It does not occur to me that the pro-establishment camp and I myself cannot tell right from wrong, and I trust that Members in this Chamber also disagree that they cannot tell right from wrong. The community is concerned about many issues, and in my opening remarks I also cited issues of concern to the public, and the questions asked by the pro-establishment Members earlier were all about issues of public concern, so how come we are said to be unable to tell right from wrong?

On the question of possible interface, so to speak, between the work of the spouse of a Secretary of Department and the work of the Government, just now I did not have the time to explain that the delegation of authority by the Secretary for Justice is actually double-barrelled. Apart from delegating to the Law Officer (Civil Law) and the Director of Public Prosecutions the authority to handle any related civil and criminal matter arising from unauthorized building works at her residence and that of her spouse, she has also delegated to them the authority to handle any related civil and criminal matter arising from her spouse personally or the company involving her spouse. The Secretary for Justice will not handle or take part in the decisions on and legal proceedings for the related matters. Thank you, President.

MR CHARLES PETER MOK (in Cantonese): *President, I think not many people in Hong Kong carry on a business as large in scale as that of Mr POON and so, this incident will not seriously affect the Government in attracting competent people to join the Government. However, President, the point I wish*

to follow up is that in view of this situation, is the Chief Executive not going to adopt more measures against possible conflicts of interest in future? Is it still possible for government works to be contracted to companies of people involved in a serious conflict of interests? If such a practice continues, how can the public feel relieved? How can the other competitors in the engineering sector consider it fair?

CHIEF EXECUTIVE (in Cantonese): First, I have to clarify that the Government of the Hong Kong Special Administrative Region spends as much as \$80 billion on infrastructure per annum and as I also said in my opening remarks, in the coming six months, works projects to be tabled for Members' approval total \$130 billion. Therefore, Mr MOK should look at this matter sensibly, rather than casually describing a few hundred million dollars' worth of works as if they make up a material portion of works. I always encourage Members to refer to more figures in order to grasp the actual situation.

Second, we have to trust the institution. The Government has in place various systems, such as a tender system and the system of the Independent Commission Against Corruption ("ICAC"), to provide safeguards. If there is the view that as a Secretary of Department or a Director of Bureau has joined the Government, his or her spouse should therefore be barred from engaging in his or her own legitimate work and he or she can do nothing except to stay at home, I am afraid only one person can do so and this person is my husband who does not dare to work now. Members must look at this incident reasonably. So long as there are suitable institutional safeguards and declaration on conflict of interest and also mechanisms for investigating complaints and for prosecution against violations, we should trust these established institutional safeguards of Hong Kong, rather than stop doing everything. Such a passive approach is most unfavourable to Hong Kong. Thank you, President.

PRESIDENT (in Cantonese): The Chief Executive's Question and Answer Session ends here. The Chief Executive will now leave the Chamber. Members will please stand up.

(A number of Members chanted: "Devoid of integrity, what rule of law to speak of, lackey mentality, shielding depravity.")

PRESIDENT (in Cantonese): Will Members please keep quiet.

(While the Chief Executive was walking out of the Chamber, a number of Members continued to shout slogans)

ADJOURNMENT OF MEETING

PRESIDENT (in Cantonese): Council will resume at 12:30 pm to continue to deal with the remaining business on the Agenda of yesterday's Council meeting. I now adjourn the Council.

Adjourned accordingly at 12:04 pm.